Board Member Bootcamp

Mae Maloney, MSW
Leaders On Board
Leadership Greater Hartford

Virtual Meeting Norms

- We want to see you! Turn your camera on, if possible.

- We will keep you muted to minimize background noise and distractions.

- Raise your hand via the Zoom icon or in the camera.

- Use the chat feature to ask questions and make comments!

- We will have a formal break at about 1PM.
Welcome!

Leadership Greater Hartford

- Leadership Greater Hartford (LGH) develops, connects and inspires diverse leaders to build strong and vibrant communities.
- Leaders On Board (LOB) trains candidates on board service and helps them find organizations looking for new board members.

Mae Maloney, MSW
Senior Program Director
Leadership Greater Hartford
Pronouns: she, her, hers
Session Objectives

Participants will learn:
• The definition of a ‘nonprofit’ organization
• Ten basic responsibilities of nonprofit boards
• Individual board member responsibilities
• Differences between the roles of the board, individual board members and staff
• Common issues that face nonprofit boards

Your Turn!

• Share your name and organization
• What is something you hope to learn today?
• If you could have a nonprofit superpower, what would it be?
What is a nonprofit?

Groups that are tax-exempt under Internal Revenue Code Section 501(c)(3) as "public charities" because they are formed to provide "public benefit."

- The National Council of Nonprofits

A nongovernmental organization established for purposes other than profit making.

- BoardSource
Key Points

- Social benefit
- Focus on mission rather than profit
- No shareholder ownership or expectation of profit
- Tax exempt status under IRS tax code, section 501(c)

Nonprofits In Connecticut
(as of 2018)

All Nonprofits 18,602
501(c)3 Public Charities 11,860*
*(up 12.7% since 2013)

Total Revenue $ 27,749,714,350
Total Assets $ 73,001,637,801

Source: National Center for Charitable Statistics at the Urban Institute, 10/2018
Nonprofit Life Cycles

The Board is the organization, and is accountable to:

- Public trust
- Attorney General
- Internal Revenue Service
- Members (if you have them)
- Donors
- Mission (including beneficiaries)
- Cooperating Organizations
- Employees
Ten Basic Responsibilities

1. Determine mission and purposes, and advocate for them.
2. Select the chief executive.
3. Support and evaluate the chief executive.
4. Ensure effective planning.
5. Monitor and strengthen programs and services.
6. Ensure adequate financial resources.
7. Protect assets and provide financial oversight.
8. Build and sustain a competent board.
9. Ensure legal and ethical integrity.
10. Enhance the organization’s public standing.
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1. Determine mission and purposes, and advocate for them.

Be Sure
Make certain mission is clearly stated and enthusiastically supported

Review
Periodically review mission statement to ensure usefulness, currency

Ensure
Ensure mission guides planning, board and staff decision-making, fundraising, etc.
2. Select the Chief Executive

- One of the board’s most important actions
- Clearly define what is needed/expected from the ED/CEO before beginning search
- Plan for succession

3. Support and Evaluate the Chief Executive

- Effective board chair-CEO relationship is key to effectively sharing responsibilities
- Performance goals tied to strategic plan
- Provide ongoing feedback, keep process healthy and constructive
4. Ensure effective planning

- CEO often establishes planning process with Board leadership
- Board ensures comprehensive planning occurs
- Participates in strategic planning process
- Formally approves agreed-upon outcomes
- Uses goals to guide budgeting/other priorities

5. Monitor and strengthen programs and services.

- Ensure current and proposed programs align with mission
- Ask key questions, such as:
  - What data will help us assess effectiveness, financial condition and programmatic activity?
  - What difference are we trying to make?
  - How do we know we are making a difference or succeeding at our mission?
- Clarify board and staff roles in evaluating program effectiveness
6. Ensure adequate financial resources.

- **Work**
  - Work with staff leadership to ensure effective balance of revenue streams (earned income, gifts and grants) to support the mission

- **Support**
  - Support a culture of philanthropy with the organization

- **Identify**
  - Identify sources of private support, engage with and thank donors in concert with the development staff and plan

- **Lead**
  - Lead by example – personal philanthropy
Nonprofit Revenue
Source: Nonprofit Sector in Brief 2015 National Center for Charitable Statistics, The Urban Institute

- 47.5% Private contributions
- 32.5%
- 13.3%
- 4.9%
- 1.8%

2015 Contributions: $373.25 billion by Source (in billions of dollars – all figures are rounded)

- Corporations $18.45
- Bequests $31.76
- Foundations $58.46
- Individuals $264.58

SOURCE: Giving USA Foundation | GIVING USA 2016
7. Protect assets and provide financial oversight.

- Review and approve how the agency budgets, spends and generates income.
- Establish and follow financial and investment policies that balance short/long-term needs.
- Verify that the organization’s financial systems and practices meet accepted standards.

Safeguard the organization’s reputation by ensuring transparency and avoiding even the appearance of conflict of interest.

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**Starting a Nonprofit**

**SAMPLE Organizational Operating Budget**

<table>
<thead>
<tr>
<th>20XX</th>
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<tbody>
<tr>
<td><strong>SUPPORT &amp; REVENUE</strong></td>
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<tr>
<td>Contributions (Individual and Corporate)</td>
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<td></td>
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<tr>
<td>Foundation Grants</td>
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<tr>
<td>Government Fees</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
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<td><strong>EXPENSES</strong></td>
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<tr>
<td>Wages &amp; Related Costs</td>
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<tr>
<td>Programs [insert specific]</td>
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<td>Programs [insert specific]</td>
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<td>Programs [insert specific]</td>
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<td>Facilities</td>
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<tr>
<td>General Administration</td>
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<tr>
<td>Other</td>
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<tr>
<td>Fundraising</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$ - $ - $ -</td>
<td></td>
</tr>
<tr>
<td><strong>Net Surplus/(Deficit)</strong></td>
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8. Build and sustain a competent board.

- Often led by the Governance Committee
- Key responsibilities:
  - Clarify expectations for all board members
  - Assess board member performance and that of the board itself

9. Ensure legal and ethical integrity.

- **Compliance** – ensure organization adheres to appropriate federal and state laws, and its own by-laws and articles of incorporation
- **Transparency** – establish policies and ensure documentation of finances and compensation, publish annual reports and respond to reasonable requests for information
- **Accountability** – ensure organization adopts ethical standards for board and staff, has procedures for disclosure, records retention, audits and reports
Check Out the Organizations...

- **Articles of Incorporation**: an official statement of creation of an organization, filed with the Secretary of State’s office.
- **Bylaws**: the legal operating guidelines for a board.
- **Code of Conduct**: the formal or informal ethical standards expected of every member.
- **Conflict of Interest Policy**: (a) requires those with a conflict (or who think they may have a conflict) to disclose the conflict/potential conflict, and (b) prohibit interested board members from voting on any matter in which there is a conflict.

10. Enhance the organization’s public standing.

- **Advocating for your mission** – understand how public policy impacts your organization, help connect with policymakers to advance mission
- **Communicating with the public** – be prepared to explain what you do and how it benefits the public, how funds are used (elevator speech)
STRETCH BREAK
5 minutes

Nonprofit boards have legal authority to exercise their responsibilities, individual board members do not.
Legal Duties of a Nonprofit Board Member

Care
Pay attention to the organization’s activities and operations

Loyalty
Put the interests of the organization before personal and professional interests

Obedience
Comply with applicable federal, state and local laws; adhere to the organization’s bylaws; and remain the guardians of the mission

Avoiding Conflicts

<table>
<thead>
<tr>
<th>Serve</th>
<th>Serve the organization as a whole rather than any special interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoid</td>
<td>Avoid even the appearance of conflict of interest that might embarrass the organization</td>
</tr>
<tr>
<td>Disclose</td>
<td>Disclose any possible conflicts</td>
</tr>
<tr>
<td>Maintain</td>
<td>Maintain independence and objectivity</td>
</tr>
<tr>
<td>Accept/offer</td>
<td>Never accept/offer favors or gifts from/to anyone who does business with the organization</td>
</tr>
</tbody>
</table>
Meetings

- Be prepared for, and participate conscientiously in meetings
  - Ask timely and substantive questions
  - Maintain confidentiality of executive sessions
- Never speak for the organization unless authorized to do so
  - Suggest meeting agenda items

General Expectations

- Know the organization’s mission, purpose, goals, policies, programs, services, and needs
- Serve in leadership positions and take on special assignments willingly and enthusiastically
- Avoid prejudiced judgement on the basis of information from individuals or staff members
- Follow trends in the field
- Bring goodwill/sense of humor to deliberations
- Suggest appropriate nominees
Relationship with Staff

- Counsel the ED/CEO as appropriate, and provide support in difficult situations
- Avoid asking staff for favors or special requests unless in consultation with ED/CEO or board chair
- Remember that the ED/CEO is responsible for assessing staff performance, not the board

Fundraising

- Give an annual gift in line with your means
- As a board member, the organization should be one of your top charities
- Remember that giving one’s time and expertise are not substitutes for giving financial support
- Assist the development committee and staff by identifying donors and implementing fundraising strategies
Discussion Scenario
Common Issue #1: Decreased Funding

Your board is concerned about a significant decrease in the amount of funding that the state will be providing for your organization’s services. The board expects revenues to decrease by about 30% in the coming fiscal year and is considering what actions to take.

• What actions might a board take in an organization with a paid executive director and staff?
• How would this be different for an all-volunteer organization?

Discussion Scenario
Common Issue #2: Staff Performance

Your organization has begun to initiate a number of new programs. The board is impressed but concerned about “mission creep” as some programs do not relate directly to the organization’s mission. Others are concerned that the staff is being stretched too thin. The board is considering what actions to take.

• What actions might a board take in an organization with a paid executive director and staff?
• How would this be different for an all-volunteer organization?
Report Outs
Resources for Further Learning

- BoardSource - http://www.boardsource.org/
- Blue Avocado - http://www.blueavocado.org/
- CT Nonprofit Alliance - http://ctnonprofitalliance.org/
- Leadership Greater Hartford, Leaders On Board Program - https://leadershipgh.org/
- Pro Bono Partnership - www.probonopartnership.org