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Board Tune-Up Kit



A do-it-yourself manual for Board Tune-Up, Repair or Overhaul

Instructions

The Board Tool Kit provides guidelines and tools to improve your board's ability to fulfill its leadership and governance responsibilities.

Begin with a topic that addresses your most immediate needs, such as:

- recruitment
- board meeting effectiveness
- financial management
- fundraising

Using these tools will:

- Heighten the board's engagement as it works on reaching agreement on these central issues
- Encourage the board to work collaboratively with staff to develop tools that best fit the needs, capacities, history and culture of your organization.
- Guide ongoing change

All boards have similar responsibilities. There is however no one "right" way for a board to meet these responsibilities. Each board must find its own way. Sample tools and procedures are provided but they are only samples, not templates.

Caution

Use may lead to unexpected improvements in board leadership.

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I. RECRUITMENT

FIDUCIARY RESPONSIBILITIES OF NONPROFIT BOARDS*

Suggestions for use

This list covers the legally mandated fiduciary responsibilities. In planning for the work of the board, you will need to identify how these responsibilities will be fulfilled and whether the board has the needed skills.

The bulleted points are the documents that will demonstrate that you are meeting these responsibilities.

1. **Determine the Organization's Mission and Purpose** – It is the board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means and primary constituents served.
 - **Mission Statement** (with the date of the most recent Board review)
2. **Select the Chief Executive** – Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.
 - **Procedure used to determine the compensation of the CEO**
3. **Provide Proper Financial Oversight** – The board must assist in developing the annual budget and ensuring that proper financial controls are in place.
 - **Financial control policies**
 - **Investment policy**
 - **Procedure used for board review of the 990 prior to filing**
 - **Audit practice**
 - **Procedures for budget approval, financial reporting and periodic financial review**
4. **Ensure Adequate Resources** – One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission.
 - **Board member contribution and fundraising expectations**
 - **The current board approved Development Plan**
5. **Ensure Legal and Ethical Integrity and Maintain Accountability** – The board is ultimately responsible for ensuring adherence to legal standards and ethical norms.
 - **Conflict of interest policy**
 - **Procedures used to enforce the conflict of interest policy**

- **Document retention policy**
 - **Whistle blower protection policy**
 - **Anti-discrimination policy**
 - **Personnel policy manual**
6. **Ensure Effective Organizational Planning** – Boards must actively participate in an overall planning process and assist in implementing and monitoring the goals of the organization.
- **Most recent strategic plan**
7. **Recruit and Orient New Board Members and Assess Board Performance** – All boards have a responsibility to articulate their board recruitment strategy, orient new members, and periodically evaluate its own performance.
- **Board member expectations**
 - **Board member assessment procedures**
 - **Recruitment procedures**
 - **Orientation procedures**
 - **Board Manual**
 - **Job descriptions for board officers**
8. **Enhance the Organization’s Public Standing** – The board should clearly articulate the organization’s mission, accomplishments, and goals to the public and garner support from the community.
- **Statement of organizational values/ethics**
 - **Sample case for support for board member to customize**
9. **Determine, Monitor, and Strengthen the Organization’s Programs and Services** – The board’s responsibility is to determine which programs are consistent with the organization’s mission and to monitor their effectiveness.
- **Program, organization and board outcome objectives**
 - **Procedure for board monitoring of objectives**
10. **Support the Chief Executive and Assess His or Her Performance** - The board should ensure that the chief executive has the support needed to further the goals of the organization.
- **Procedure used to evaluate the CEO**

* Adapted from Ingram, Richard, *Ten Basic Responsibilities of Nonprofit Boards*. Board Source

Board Profile Worksheet

Suggestions for use

This worksheet can be adapted by organizations to assess their current board composition and plan for the future. The governance committee can develop an appropriate grid for the organization and then present its findings to the full board. Once completed, you can look back on this worksheet to identify any gaps in skills or perspectives.

Remember, an organization will need different board skills and strengths depending on its stage of development and other circumstances.

Current Members

	Count
Age	
20 – 34	
35 – 50	
51 – 65	
Over 65	
Gender	
Male	
Female	
Race/Ethnicity/Disability	
African American/Black	
Asian/Pacific Islander	
Caucasian	
Hispanic/Latino	
Native American/Indian	
Other	
Disability	
Resources	
Willingness to make a personally significant gift	
Willingness to help fundraise	
Access to individual major gift prospects	
Access to corporate and foundation prospects	
Community connections	

	Count
Personal Style	

Facilitator/mediator	
Spokesperson	
Strategist	
Visionary	
Areas of Expertise	
Administration/Management	
Entrepreneurship	
Financial management	
Accounting	
Banking and trusts	
Investments	
Fundraising	
Government	
International affairs	
Law	
Marketing and public relations	
Human resources	
Social services	
Strategic planning	
Physical plant (architect, engineer)	
Real Estate	
Representative of clients	
Special program focus (education, health, public policy, social services)	
Technology	
Other	

Board Prospectus

Suggestions for use

Just as the organization markets itself to a potential funder, equally it should market itself to a prospective board member. A board prospectus of no more than 2-3 pages should make the case to a prospective candidate for why they would want to join your board and what they could look forward to in terms of the interesting challenges they might become involved with.

- Our Mission: the social change we are committed to
- The impact we have had
- The change we could make
- The work of the Board in achieving that change
- Needed skills, representation and connections to resources

Appendix:

- Board list with affiliations
- Board member contract

Sample Board Prospectus

Mission

Willie Mae Rock Camp for Girls is a non-profit music and mentoring program that empowers girls and women through music education and activities that foster self-respect, leadership skills, creativity, critical thinking, and collaboration.

Statement of Purpose

The organization brings together girls and women from diverse communities and encourages them to explore self-expression through music, hone their critical thinking skills, build meaningful alliances with other girls and women, develop confidence in making healthy choices in their lives, and effect positive change in their communities and in the world. The organization operates a summer day camp, after school programs, and community events in New York City.

Accomplishments

- Rock Camp currently serves more than 350 girls and women annually through its programs, and is launching a year-round community-based after school program at a new facility in Brooklyn.
- This has been achieved with a relatively small operating budget of approximately \$200,000, a dedicated staff, and an active volunteer base of more than 120 women.
- Willie Mae Rock Camp for Girls has received the Union Square Arts Award and the Susan B. Anthony Award from the New York City chapter of the National Organization of Women, and its work has been covered by The New York Times, O and Elle magazines, MTV, National Public Radio, and many other media outlets.

Opportunities

- Board members have the opportunity to participate in an exciting chapter in the organization's growth, from start-up to established institution.
- The Board of Directors is a lively and dynamic group of women professionals from a wide variety of fields – the meetings are fun! Board members have the opportunity to volunteer at the organization's programs and work directly with the girls we serve (musical skills not required).

Board Duties and Responsibilities

The overall functions of the Willie Mae Rock Camp for Girls Board of Directors are to:

- (1) Set long-term direction for the organization
- (2) Advocate for and represent the organization in order to promote its welfare

- (3) Help bring resources to the organization
- (4) Monitor, oversee and assure the financial, program, ethical and governance integrity of the organization
- (5) Ensure that the organization's programs express its mission.

Board Member Expectations

Willie Mae Rock Camp for Girls Board members are expected to contribute to the organization in the following ways:

- Attend, to the best of their ability, all of the 4-5 Board meetings each year
- Lead or serve on one Board Committee
- Demonstrate support for Willie Mae Rock Camp for Girls' cause by promoting its good work, generating goodwill for the organization, encouraging support for its efforts, supporting its fundraising efforts and keeping informed about its programs and activities
- Make a personally significant annual personal financial contribution
- Be willing to accept individual assignments when requested by the Executive Director or the Chair
- Participate in Willie Mae Rock Camp for Girls' events whenever possible

Board work

Over the past few years, the Willie Mae Rock Camp for Girls Board of Directors has been engaged in a wide range of tasks, including the following:

- Spearheaded and coordinated the Parent Lounge, a casual cultivation event for camper parents
- Helped address projected budget gaps by brainstorming ideas for cost-cutting measures and additional fundraising efforts
- Supported fundraising events, from annual auction (all members on Host Committee responsible for selling ten tickets each) to NY Liberty game
- Attended Omega Institute retreat
- Participated in capacity-building efforts, such as working with consultants
- Reviewed annual income and expense reports, financial reviews, and projected budgets
- Reviewed camper applications
- Conducted post-camp phone survey with parents and campers
- Developed mission statement
- Reviewed program results and plans for expanded programs
- Identified resources, such as non-profit support organizations
- Solicited cash and in-kind contributions
- Recommended program ideas and fundraising ideas (such as the Volunteer-a-thon)

COMMITTEES

Beginning in 2011, the Board of Directors will have standing committees in the following areas:

- Finance
- Resource Development
- Board Governance

As new board members are added, there will also be a Program Oversight Committee.

BOARD RECRUITMENT

Willie Mae Rock Camp for Girls seeks new Board members to help shepherd the organization to the next chapter in its growth as one of New York City's most exciting cultural and educational non-profit organizations.

Candidates should have passion for the organization's mission and a shared vision for its future. The organization seeks members with skills, experience, and connections in the following fields/areas of expertise:

- Finance
- Small business
- Corporate sector
- Music industry
- Media/marketing/PR
- Education

Board of Directors

Board Member Job Description

Suggestions for use

This is an example of a statement of what board members will hold themselves and their colleagues accountable to, including standards for: contributions, meeting attendance and participation, committee service, etc. Having agreed expectations is a necessary in order to encourage high standards for board members, determine who should be re-nominated and inform prospective candidates of the expectations of membership.

The Governance or Executive Committee can review this statement and decide on what to propose to the board for consideration and adoption.

Board Member Job Description

[Organization]

The Board of Directors has a legal and ethical responsibility to ensure that the organization does the best work possible to achieve its mission and that it serves the interests of its various stakeholders in the achievement of that mission

[Mission].

Members of the Board will adhere to the fiduciary Duties of Care, Loyalty and Obedience. In that they will:

- Stay informed, conscientiously participate in the decisions of the board and use the same degree of care that they would apply to their own personal and business decisions
- Act in the best interests of the organization, disclosing any potential conflicts of interests
- Assure that the organization is in compliance with relevant laws and acts in furtherance of its mission

To these ends, the board will:

- Set organizational policies and establish strategic directions
- Provide financial oversight
- Assure there are adequate resources
- Sustain itself as a cohesive and committed governing body

- Select, support and partner with the Executive Director

To fulfill these duties board members agree to the following:

Board and Committee participation

- To attend and prepare for at least ___percent of board meetings and prepare for these meetings by reviewing materials and bringing materials to meetings, informing the board in advance of any meetings that they cannot attend.
- Be an active member of at least one committee or task force and will, if asked, be willing to take a leadership role.
- Be willing to accept individual initiatives and to share their professional expertise.

Board policies

- Will excuse themselves from discussions and votes where they have a conflict of interest.
- Maintain the confidentiality of board deliberations and publicly support the decisions of the board, including those with which they might have been in disagreement.
- Will support, whenever possible, the recommendations of the committees.
- Will encourage, enable and respect the participation and contributions of fellow board members.
- Will engage in open and respectful discussion and listen to and consider perspectives different from their own
- Will respect and support the executive director's authority, communicate ideas about program or administrative activities to the executive director rather than to line staff, refrain from making special requests of the staff, and avoid discussion of personnel matters with staff

Active Participation

- Will stay informed about what's going on in the organization and developments in field relevant to the organization.

Recruitment Procedures

Suggestions for use

Like any other board activity, recruitment requires the board to agree on the work that needs to be done in order to identify the candidates that will meet the board's needs. The process must include how the board will identify the needed skills and resources, and how the candidates will be identified, cultivated and reviewed.

Identification of recruitment priorities

- Solicit input from board committees and senior management regarding the board needs for expertise, representation, and access to resources
- Assess current board composition
- Define priority recruitment needs
- Create a board recruitment prospectus that identifies the needed board members and the board action priorities.

Candidate Identification

- Communicate needs to sources of board candidates, including:
 - BoardNet
 - LinkedIn
 - Local United Ways
 - Community Foundations
 - Corporate board placement programs
- Conduct other research for candidates with identified qualities.
- Solicit board and senior management recommendations.

Screening

- Obtain basic background material through the referral source.
- Determine priorities among potential candidates identified.
- Have candidates meet with member of the governance committee to assess potential interest and suitability.
- Have candidate interview with senior management.
- Have governance committee make recommendations to board.

Appointment

- Board votes on proposed candidates at board meeting.

Approach the recruitment process as you would any other process where you are attracting someone's interest by demonstrating your interest in them.

Essential materials

- Board prospectus
- Board member job description
- Organization materials

Getting the first date with a candidate

- Email, mail or phone
 - Brief statement of the difference you make in the world
 - What about them interests you? Skills? Experience? Passion?
- Follow up if there is interest
 - Send board prospectus, job description and organization materials
 - Arrange for a meeting
- First date
 - Prepare the questions that you will **ask about them** (see next page)
 - **Do not** prepare or give an elevator pitch (They have your prospectus, have visited your website and may have even looked at your 990)
 - Let the candidate **ask you** about the organization
- You're on your own from here

Candidate Interview Questions

Suggestions for use

In considering potential candidates you want to know about their skills and professional experience. Equally important, however, is to understand how well they will fit in the organization and work as part of the board team.

To ask	To be prepared to answer
Working styles	Working styles
What do you most enjoy about your work?	How do members of your board work together?
Have you worked on projects with teams? What did you like about that? What did you dislike?	Can you give me some examples of effective teamwork on your board? What have been some committee accomplishments?
What did you most like and dislike about prior volunteer and board experience?	What are the strengths of your board as a group? What are its weaknesses?
Can you give an example of how you have worked with conflicting points of view?	What strong disagreements have there been? How were they resolved?
Leadership	Leadership
What roles do you tend to take in group projects?	What are the opportunities to take a leadership role on your board?
Would you be willing to take a leadership role on a committee or project?	Are leadership positions rotated?
Engagement	Engagement
What's an example of something that was personally satisfying in your work life. ...outside of your work life.	What have been some of the projects that board members have taken on?

What about the mission of the organization resonates most strongly with you personally?	What are the opportunities for me to connect with the mission of the organization?
What would you like to gain personally and professionally from board service?	What has made this a valuable board experience for you? What is unique about this organization?
The Work	The Work
Would you be willing to work with a committee on [a specific deliverable]?	How might you use my skills?
Financial expectations	Financial expectations
Board members are expected to make a personally significant gift each year. Could you agree to that?	Do all board members make contributions? What is the average contribution?
Board members are expected to participate in fundraising to the best of their ability. This includes opening doors where possible and participating in the cultivation and solicitation of donors – not necessarily your own. Could you agree to that?	How has the board been engaged in fundraising?
	How does the staff assist the board in meeting their fundraising expectations?
Board Structure	Board Structure
Board members are expected to prepare for and attend ___ board meetings a year as well as to work on a committee and attend the annual retreat. Could you commit to that?	Does the board have an annual retreat? What issues were discussed at the last retreat? Does the board have written expectations? How are they enforced?

Board Handbook Contents

Suggestions for use

A well-prepared board manual is an essential part of the orientation process. This should provide the candidate all of the documentary material needed for an introduction to the organization and the board.

Contents

Organizational overview

- History of the organization
- Mission statement
- Strategic plan
- New developments

Staff

- Organizational chart
- Bios and contact information for senior staff

Programs

- Program overview
- Program statistics
 - Client numbers
 - Demographic statistics
 - Trends
 - Outcome data
- Brochures and flyers
- Program events calendar
- Grant application examples

Finance

- Most recent annual financial report and audit
- Current budget
- Most recent budget to actual report
- Most recent IRS Form 990
- Current funders

Policies

- Internal financial control
- Investment
- Personnel
- Program
- Conflict of interest
- Document retention
- Whistle blower

Board organization

- Officers and directors with bios and contact information
- Committees, chairs and members
- Committee and task force job descriptions

Board activity

- Calendar of board meetings
- 2 years of board minutes

Events and marketing

- Recent annual report
- Major event invitations
- Newsletters
- Press clippings

Organizational documents

- Certificate of incorporation
- By-laws
- Board responsibilities
- Individual board member responsibilities
- Directors and officers liability insurance policy

Orientation Procedures

Suggestions for use

When you have identified the right candidates, and have communicated your decision to them, you want to maximize both the value they will provide the organization and their sense of connection to the organization and the board.

The following orientation steps have proved valuable in achieving these goals, as you are “on-boarding” a new board member. Smaller organizations might combine one or more of these efforts.

New board members should:

- Be assigned a “board mentor” to guide them through the formal and informal workings of the board.
- Meet with senior staff to review programs.
- Visit program with a board member and/or the executive director.
- Meet with a board leader and executive director to review board manual, board responsibilities, board procedures and current challenges and opportunities.
- Meet with board chair to discuss committee and individual assignments.
- After six months, meet with one member of the board development committee to discuss how things are going, including any issues, etc.
- Avail themselves of opportunities to participate individually in board training.

Board Mentors

The role of a board mentor is to serve as a point of contact for new board members to help them to integrate into the structure and culture of the board.

This relationship is informal but should include at least the following:

- An in-person meeting early in the new member’s tenure to develop a relationship and to answer questions that may have arisen.
- A similar meeting half-way through the new member’s first year and occasional (at least monthly) check-in calls.
- An end-of-the-year meeting to assess the first-year experience.

II. Governance Assessment

Board Assessment Survey

Every board should regularly step back and ask itself how it is doing. This process will always surface areas in which the board thinks it can do better.

The survey should be anonymous so that each board member can be as candid as possible. The survey can be administered online through a service such as Survey Monkey. Feel free to delete, add or edit the questions.

The results should be compiled by either an outside party or a member of the board whose confidentiality can be relied upon, to maintain anonymity.

A summary should be discussed at a board meeting or as part of a board retreat to identify solutions to the areas identified as needing improvement.

Board Assessment Survey

Answer on a scale of one to five

5. Strongly Agree
4. Agree
3. Agree somewhat
2. Disagree somewhat
1. Disagree

(Skip any questions you cannot answer)

Board member experience

1. I have a clear idea of my role on the board, how I can have impact and what is expected of me.
2. I am satisfied with my personal performance in meeting the following responsibilities:
 - a. Attendance at board meetings
 - b. Preparing for board meetings
 - c. Contributing to the effectiveness of board meetings
 - d. Tracking program progress
 - e. Providing financial oversight
 - f. Providing guidance on organizational strategy and directions
 - g. Establishing board priorities
 - h. Being productive on a committee/task force
 - i. Making a personally significant financial contribution
 - j. Helping to fundraise to the best of my ability
 - k. Providing access to non-financial resources
 - l. Serving as an effective ambassador

3. How might the experience of serving on the board be more personally valuable to you? **(comment box)**
4. What aspects of the mission are personally most important to you? **(comment box)**

Assessing how we maintain a productive and engaging board culture

5. The board chair effectively facilitates board discussions and actively engages and encourages each board member in productive work.
6. The agenda for board meetings promotes a maximum of engaged discussion on important mission based goals and a minimum of reporting.
7. There is a sense of collegiality among board members and a mutual respect for the contributions of every member.
8. Board meetings begin and end on time.
9. Board meetings include staff or client reports that help the board to maintain a connection with the programs.
10. What recommendations do you have to make board meetings more effective?
(comment box)

The work of the board and committees

11. There is an annual process to establish the objectives for each committee.
12. There is a clear assignment of responsibility for management of committee progress.
13. Committee work is focused on achieving specific objectives.
14. The executive committee does not supersede or duplicate the work of the board.
15. Are there any specific issues you think should be addressed by a committee this coming year? **(comment box)**

Supporting and evaluating the executive director (ED)

16. The board has a clear understanding of the distinction between the oversight and support responsibilities of the board and the management responsibilities of the ED.

17. Board oversight is guided by policy decisions that include measures which guide operations and against which performance can be evaluated.
18. The board conducts an annual review of the ED based on mutually agreed objectives.
19. The board chair and the ED have an effective working relationship.
20. Board members do not interfere with the authority of the ED to direct the work of staff.

Financial Oversight

21. Financial information is presented in a way that enables board members to understand the implications for organizational sustainability and mission effectiveness.
22. The board approves the annual budget.
23. The board reviews budget progress on a regular basis.
24. The board reviews the audit report and has the opportunity to ask questions about the findings.

Program Oversight

25. Program performance is guided by board approved outcome measures.
26. The board regularly reviews progress towards achievement of those objectives.
27. The board is adequately informed about _____ issues.

Ensuring adequate resources and serving as advocates for the organization

28. Each board member makes an annual personally significant financial contribution.
29. Each board member is actively involved in fundraising.
30. Each board member is actively involved in utilizing personal networks for contributions, connections and expertise.
31. Each board member is involved with community activities that support the mission.

32. Board members have regular direct connection with the organization through program visits, conversations with staff and program participants, etc.
33. The board participates in an ongoing learning process; gathering the information needed to guide the achievement of the organization's mission/

Planning

34. Board and management are guided by multi-year strategic goals.
35. Board and management are guided by an annual work plan.
36. The work plan includes objectives for the board as well as for management.
37. Progress toward goals and objectives is regularly evaluated.

Board Development

38. Board recruitment is based on objective criteria that address the current needs of the board and the organization.
39. All necessary skills, stakeholders, and diversity are represented on the board.
40. The contributions of each board member are assessed on an annual basis and feedback is provided.
41. The chair and committee chairs receive feedback on their performance.
42. Leadership of the board is rotated on a reasonable basis and new leadership is developed and encouraged.

Personal Engagement

43. The number of individuals I have introduced to the organization over the last year:
 - a. 1-3
 - b. 4-7
 - c. 8+
44. Number of cultivation and solicitation meetings I have participated in over the last year:
 - a. 1-3
 - b. 4-7
 - c. 8+

45. I understand the contribution that is expected of me (Y/N)
46. I have agreed to make that contribution (Y/N)
47. My personal financial contribution this year was one of the largest contribution I made this year and an amount I regard as personally significant (Y/N)
48. Percentage of the financial report I have a comfortable understanding of:
- a. Less than 25%
 - b. 50%
 - c. 75%
 - d. 100%
49. Percentage of the materials sent to me I review to determine whether I have any questions:
- a. Less than 25%
 - b. 50%
 - c. 75%
 - d. 100%
50. Approximate hours spent monthly on board matters:
- a. Less than 5
 - b. 5-10
 - c. 10-15
 - d. 15+
51. Thinking about my involvement as a board member, what one or two things have worked especially well or poorly for me in the past year? **(comment box)**
52. What do you regard as your most significant contribution this year towards advancing the achievement of the mission? **(comment box)**
53. Is there anything else you would like to add that would improve the functioning of the board? **(comment box)**

Fiduciary Basics:

(Yes, No, Don't Know)

1. The board reviews the annual financial audit report and has an opportunity to ask questions about the findings.
2. The board has adopted financial controls.
3. The board regularly monitors financial performance and projections.
4. The board has adopted a personnel policy manual.
5. The board reviews the implementation of the personnel practices.
6. The board has adopted an investment policy.
7. The board reviews the 990 prior to filing.
8. Board meetings regularly include an executive session where the board meets without staff.
9. There are written expectations for the responsibilities of the members of the board.
10. New board members are provided with an orientation to the organization's programs and staffing, the procedures of the board, and the responsibilities of board members.
11. The board has adopted a policy on board member responsibilities for contributions and fundraising.
12. The board has adopted a policy to allocate the authority to speak on behalf of the organization.
13. There is an annual retreat to plan for the coming year and to make strategic decisions.
14. There is a board manual that details the operational procedures of the board
15. The board has adopted conflicts of interest, whistle blower protection and document retention policies.

Executive Director's Assessment of Board Governance

	1 - Completely 2 – Mostly 3 – Somewhat 4 – Not at all	Impact on You
1. Do your board members understand their legal governance responsibilities?		
2. Does your board set the near-, mid-, and long-term direction for your organization?		
3. Do your board members have a clear AND shared vision of the desired future of your organization?		
4. Do your board members have a clear AND shared view of what your organization is working to achieve?		
5. Has your board laid out a statement of what outcomes your organization must achieve AND do they track progress and respond when things seem off track?		
6. Does your board understand the financial resources your organization needs short-, medium-, and long-term?		
7. Does your board work to assure adequate resources (short-, medium-, and long-term)?		
8. Does your board work to assure that a positive public image is maintained for the organization?		
9. Does your board keep an eye on the organization's financial wellbeing and take proactive corrective action when required?		
10. Does your board monitor that plans are being implemented and goals being met?		
11. Does your board monitor your organization's programs and assess whether program results are worth the resources spent on them?		
12. Do all your board members stay adequately informed about your organization?		
13. Do all members attend meetings and actively participate in the work of the board, including special assignments?		
14. Are all your board members active "ambassadors" for your organization?		
15. Do your board members work at the right level – neither too passive (rubber stamping) nor too involved in operations (managing rather than governing)?		
16. Is your board composition right for your organization's needs today?		
17. Is every member clear about his/her individual responsibilities as a board member?		
18. Do all members respect and support decisions determined by a majority of the board?		

Governance or Management?

The distinction between the governance and oversight responsibilities of the board and the management responsibilities of the executive director is clear in theory but very unclear in practice.

For every functional area there are both board oversight and management implementation responsibilities. These are, however, overlapping circles. There are areas in which authority and responsibility are clear but areas of overlap which require creative negotiation. To the extent that one side does not occupy their part of the circle, the other may expand their authority to fill the vacuum. This is the better-but-not-great case scenario. The worst is where responsibility falls between the cracks.

"When boards micro-manage it is almost always because they have not been given the chance to macro-govern."

Richard Chait, Fisher Howe. The Nonprofit Leadership Team. Jossey-Bass, 2004, p.47

How can we define the different areas of responsibility so that the board's oversight role adds value to the pursuit of the mission, in addition to meeting the legally required fiduciary duties?

Conceptual framework

A useful starting point for defining the board responsibility to "set policy" and "provide oversight," is provided by John Carver's **Policy Governance** paradigm. Boards That Make a Difference.

Ends Policies

1. The board will direct the executive director to achieve certain results, for certain recipients, at a certain cost, through the establishment of ends policies.
2. Only decisions of the board acting as a body are binding upon the executive director. Decisions of individual board members, officers, or committees are not binding, except in rare instances where the board gives specific authorization.
3. As long as the executive director uses *any reasonable interpretation* of the ends policies, the executive director is authorized to make all further decisions, take all actions, establish all practices, and develop all activities.
4. The executive director shall provide regular reports on progress towards the ends policies.

Total Activity Analysis

The devil, of course, is in the details. For any given decision or activity, how do we determine whether it is a matter of "policy" or of "implementation?"

Total Activity Analysis is a way to reach operational agreements between board and staff about their respective roles.

Activity	What is the board oversight role?	What is the board volunteer role?
Providing services		
Designing, planning and monitoring services		
Developing and maintaining an understanding of need		
Maintaining good public relations		
Fundraising		
Financial management		
Staffing and training		
Management, coordination and supervision of work		
Facilities and logistics		
Clerical and secretarial work and communications		

Adapted from, Harris, Margaret Exploring the Role of Boards Using Total Activity Analysis. Nonprofit Management and Leadership, Vol. 3, No. 3, Spring 1993

Board Member Assessment Process

Suggestions for use

Once a board member job description has been agreed to and signed, it is then possible to assess how each board member has contributed to the board and the organization. This tool suggests a process for that assessment.

- Records will be maintained of each board member's fulfillment of the agreed expectations. Each board member will have a completed board resource development form (see next page) based on the expectations and their personal goals.
- There will be an annual assessment interview with each board member by the chair, the governance committee, or an ad hoc committee, to review the prior year and set personal goals for the next year.

Review of previous year's experience

- Satisfaction/high points?
- Were expectations met?
- Suggestions for improving the board's working relationships?
- Review of past year's assignments?
- Review of last year's financial commitment, event attendance, committee work, cultivation and solicitation work, etc.

Discussion of current year goals and objectives

- Overall engagement
- Committee work and leadership roles
- Financial commitment, event attendance, etc.
- Cultivation and solicitation activities
- Access to resources: vendors, in-kind gifts, etc.
- Special Interests (e.g., program volunteering, etc.)

Board engagement interview/survey

1. What have you gained from your work on the board this past year?
2. What would you like to gain personally in the coming year?
3. What do you regard as your most significant contribution this year towards advancing the achievement of the mission of the organization?
4. What aspects of the work of the board might you like to be involved in this coming year?
5. What suggestions do you have for how your experience as a member of the board might be improved?

Directors Report Card

Suggestions for use

Providing a review of a board members performance through a written document underscores the importance of the work of each board member and reaffirms that board membership is a "job". Two forms are provided.

The first is a retrospective comparison of current year and prior years' performance. The second is a prospective comparison of current year's commitments with actual performance.

Board of Directors		
Summary of activities for:	Member since January 2003	
Term ends:	2008	
2007 committee membership(s):	Development, Executive	
	2005:	2006:
Board meeting attendance:	71%	78%
Comm. meeting attendance:	3 of 4 (75%) – 1 by phone	4 of 4 (100%)
Total Annual Giving:	\$9,000	\$4,450
Getting:	+ 200K (Campaigns 1 & 2) (Company A, B, C, D)	+ 100K (Campaigns 1 & 2) (Company A, B, C, D)
Committee Participation:	Development	Development
Event participation:	Annual Meeting	Annual Meeting
Other Service:	Arranged 4 meetings with funders. Continues to leverage professional and personal relationships for organization, most notably securing Company is major supporter.	
Stated goals for 2006:	Goal for 2006: keep it up. She is eager to helpful, and wants to remain on the Development committee. (She also expresses strong preference that everyone attends meetings in person and not by phone.)	
Stated goals for 2007:		

Source: The Nonprofit Coordinating Committee of New York, Inc., (NPCC),
Modified from Executive Director Richard Berlin, Harlem RBI, New York, NY as reprinted in *Board & Administrator*.
April 2006 Vol. 22, No. 8

Board Member Resource Commitment Form
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Name _____ Date _____

Proposed FY _____

Participation

Board Attendance _____

Committee Assignments

1. _____
2. _____
3. _____

Program Visits _____

Financial Resources

Personal Gift _____

Matching Gift _____

Event Gifts _____

In-Kind Gifts _____

Other Resources

Host Event _____

Provide Meeting Space _____

Attend Site Visits _____

Volunteer _____

Resource Development

Cultivation/Solicitation of Prospects

1. _____
2. _____
3. _____
4. _____

In-Kind _____

Other _____

Board Member Date

Board Chair (or other) Date

Actual FY _____

Participation

Board Attendance _____

Committee Assignments

1. _____
2. _____
3. _____

Program Visits _____

Financial Resources

Personal Gift _____

Matching Gift _____

Event Gifts _____

In-Kind Gifts _____

Other Resources

Host Event _____

Provide Meeting Space _____

Attended Site Visits _____

Volunteer _____

Resource Development

Cultivation/Solicitation of Prospects

1. _____
2. _____
3. _____
4. _____

In-Kind _____

Other _____

Board Member Date

Board Chair (or other) Date

Board Report Card

Suggestions for use

This report summarizes the overall performance of the board. It underscores the importance of the work of board as a whole to the organization. This report could be provided as part of the board recruitment package, along with the other regular reports (financial, development, program outcomes, etc.). All board members should receive this annually.

Total number of directors in May, 2005:	25
Total number of directors in April, 2006:	25
Avg. attendance at board meetings in 2005-2006:	66.8%
Avg. attendance at board meetings in 2004-2005:	60.2%
% of directors making financial contributions in 2005-2006:	100%
% of directors making financial contributions in 2004-2005:	92%
Average contribution in 2005-2006:	\$445
Average contribution in 2004-2005:	\$381
Median contribution in 2005-2006:	\$200
Median contribution in 2004-2005:	\$150
Total board contributions in 2005-2006:	\$14,675
Total board contributions in 2004-2005:	\$10,300

Source: The Nonprofit Coordinating Committee of New York, Inc., (NPCC),
Modified from Executive Director Richard Berlin, Harlem RBI, New York, NY as reprinted in *Board & Administrator*. April 2006 Vol. 22, No. 8

III. Governance Procedures

By-laws

Suggestions for use

By-laws are the board's answers to important procedural questions. They provide a road map for how the board can operate. In addition to having them reviewed from a legal perspective, it is important to make sure that the operating rules fit with how the board wants to conduct its affairs.

The by-Laws should reflect **your** answers to these questions:

- How are board members elected?
- How are they nominated?
- What are their terms?
- Are there term limits?
- How can board members be removed?
- How are officers elected?
- What are the committees?
- How are new committees created?
- How are committee chairs and committee members selected?
- How are meetings scheduled?
- How can the board vote?
- Is there indemnification for board members?
- What policies have been established (conflicts of interest, nondiscrimination, whistle blower, etc.)?

Governance Manual Table of Contents

Suggestions for Use

The Governance Committee should maintain a binder of all of the board documents and procedures. This will serve as a resource for board members as well as introduction for new board members.

- I. Mission**
- II. Board of directors**
 - Role and Responsibilities**
 - Board Size and Composition**
 - Board Member Job Description**
- III. Board Structure and Procedures**
 - Meeting Schedule**
 - Sample Agenda**
 - Sample Minutes**
- IV. Committees**
 - Committee Charters**
 - Committee Management**
- V. Officers**
 - Job Descriptions**
- VI. Terms and Elections**
 - Nominating and Election procedures**
 - Board and Officer Terms**
- VII. DOCUMENT APPENDIX**
 - By-laws**
 - Recruitment Procedures**
 - Board Manual Contents**
 - Orientation Procedures**
 - Board Prospectus**
 - Board Member Assessment Process**
 - Board of Directors Report Card**
 - Board of Directors Fact Sheet**
 - Financial Checklist**
 - Executive Director Review**

Consent Agenda

Suggestions for use

The quality, efficiency and effectiveness of board meetings begins with the agenda. A consent agenda is a technique that involves sending all items that are purely for information (routine committee reports, routine financial and program data, minutes of prior meetings, etc.) in advance and adopting them in a single vote. Board members are informed that the items will not be discussed. Questions can be sent in advance.

This allows time for engaged discussions about items that require board input, speakers on issues of importance, and staff reports on exciting stories about their programs.

You can make gradual changes in board meetings by sending some reports in advance and by using the time to bring an interesting speaker or brainstorm a new initiative.

Sample Agenda

Approval of the Consent Agenda (5 min)	Chair Report
Informational committee reports	
Approval of Minutes	
Executive Director Report (5 minutes)	
Marketing Committee Report (30 min)	
Action Item: Approve proposed tag line	
Finance Committee, (20 min)	Action Items:
Approve investment guidelines	
Program Committee, (20 min)	Action Item: Board
input on defining the primary constituency	
Staff report: New developments in the employment program (15 min)	
Executive Session (10 min)	

GENERATIVE QUESTIONS

(From the Nonprofit Excellence Management Awards)

Suggestions for use

Once you have used the consent agenda to open up time at your board meeting, you might want to use the time to raise some of the “generative” questions that would engage the creativity of the board in thinking about the larger –“big picture”- questions about the organization’s work.

The following questions, taken from the application for the NY Community Trust Awards of Nonprofit Excellence in Nonprofit Management Awards , might promote such a discussion.

How does your mission guide the management of your organization?

How does your organization’s management focus on results?

How does your board of directors add value to your organization and help it perform better?

How does your organization ensure that it is diverse, culturally competent and responsive to emerging issues or communities?

How does your organization utilize and care for its human and technological resources?

Are you effectively telling the core story of how your organization makes a difference? How do you communicate with your constituencies?

Cite examples of creative program or organizational management practices that distinguish your organization’s work.

Board Management Plan

The board should have a management plan. An often-heard plight of executive directors and board chairs is a lack of nonprofit board performance. A major concern voiced frequently is "Why doesn't my board raise money?" The lack of engagement in fundraising, however, most likely applies to other areas of board responsibility as well.

Common answers are:

- We have the wrong board members
- Our board has too much dead wood
- We lack enough people with leadership initiative or the right skills
- Not enough of board members have the ability to give, etc.

Framework

While there may be some truth to each of these, underneath it all is a failure of management.

In a world of competing demands, the best intentions are not always accomplished. It is the intentions that have a management process that are the most likely to be achieved.

The effective management process is simple - - clear objectives and accountability. We apply this to our work and home life. For some reason we do not seem to think it should apply to nonprofit boards.

The needed structure for nonprofit board management is fairly straight-forward:

- Clear expectations for each board member upon joining the board and at each year anniversary.
- A process to evaluate their performance of those expectations.
- Specific deliverables for each committee, made new every year.
- A process to check on committee progress.
- Regular reporting to the board of progress towards its objectives.

Sample Board Management Plan

The Committees should be managed to assure that the board's responsibilities are met.

1. The executive committee will review the charters of the board committees to assure that all oversight and fiduciary responsibilities are assigned.
2. The executive committee, with invited committee chairs (or the board as a whole at its planning retreat) would annually determine the objectives for the committees.

3. The chair, vice chair or a designee of the chair would be responsible for maintaining communication with the committee chairs to monitor their progress, provide needed support and to determine when the committee is ready to make a recommendation for board decision.
4. The Executive committee would meet between board meetings to coordinate the committee work, determine the board agenda, and serve as a sounding board for the chair and the executive director on current issues.
5. Committees would meet between board meetings
6. Committee chairs, in collaboration with the staff liaison, will prepare the agendas for committee meetings and assign a member to prepare a progress report.
7. Committee chairs will provide regular progress reports to the board chair and the executive director.

Board meeting should be structured to focus on strategic issues

1. The board agenda would be organized around action recommendations of the committees or requests by a committee for board input. There might also be reports from staff highlighting program impact or outside speakers.
2. Committee reports and other routine information (minutes of the prior meeting, financial reports, and executive director's reports, etc.) would also be provided one week prior to the meeting and not generally discussed unless there is a concern that should be brought to the attention of the board. The chair may entertain specific questions about the reports.
3. There will be four 2-hour meetings and an annual planning retreat.
4. Board minutes will include only attendance, board resolutions, the votes taken, any specific statement of dissent requested by a board member, referrals of matters to staff or a board committee and a list of the reports provided.

Sample Committee Objectives

Finance

- Work with staff to develop a proposed budget
- Monitor the program and administrative budgets
- Prepare quarterly status reports to the board
- Present the 990 to Board for approval

Audit

- Recommend selection of the audit firm
- Approve the audit process and support the audit presentation to the board
- Monitor compliance with financial control policies and audit recommendations
- Propose a risk management plan

Program Outcomes

- Work with staff to establish program goals, objectives and indicators
- Quarterly review of staff reports on achievement of those objectives
- Recommend changes to standards as needed and/or corrective actions

Development/fundraising

- Propose an annual resource development plan
- Provide quarterly reports to the board on progress towards the plan objectives
- Design, support and monitor board fundraising activities

Strategic Planning

- Identify current strategic issues for investigation, board discussion and/or consideration at annual planning retreats
- Guide the planning process and monitor implementation
- Develop plans for long range planning as needed

Governance

- Determine the annual board needs for representation, expertise and connections.
- Identify and cultivate potential board candidates
- Recommend candidates to the board
- Nominate the board officers
- Provide for the orientation of new board members
- Propose expectations for board membership
- Review the performance of all board members whose terms have concluded.
- Propose policies for leadership rotation and succession
- Propose standards and procedures for determining executive director compensation and for the executive director Review
- Conduct biannual reviews of the by-laws and the board operating manual

Executive

- Provide the chair and executive director with advice and consultation on current organizational and board issues
- Be available when called by the chair to make emergency decisions
- Develop the board meeting agendas
- Conduct a review of the executive director based on agreed objectives

Committee Charters

EXECUTIVE COMMITTEE

The executive committee has the legal authority to act on behalf of the board on matters that require attention between board meetings, or on-going organizational concerns that do not require board-level review. The executive committee fosters the effective operation of the board by coordinating the work of the board committees and task forces. However, care must be taken that the executive committee doesn't "become the board."

Specific responsibilities include:

- Respond to the call of the chair to address special issues requiring decision between board meetings.
- Guide and coordinate the work of the board committees.
- Serve, as needed, in an advisory capacity to the executive director.
- Lead the annual evaluation of the accomplishments of the executive director and provide for a staff and board leadership succession plan.

Composition: The executive committee is led by the chair, and is comprised of the officers of the organization and other members as may be decided on by the chair. Note: The treasurer chairs the finance committee, and other officers (except the chair) may lead the other committees.

Staff Liaison: Executive Director

FINANCE AND AUDIT COMMITTEE

The finance and audit committee monitors the organization's financial records; reviews and oversees the creating of accurate, timely, and meaningful financial statements to be presented to the board; reviews the annual budget and recommends it to the full board for approval; monitors budget implementation and financial procedures; reviews internal financial controls; monitors budget assets; monitors compliance with federal, state, and other reporting requirements; reviews the organization's insurance coverage; and helps the full board understand the organization's finances.

The finance and audit committee also ensures that the organization has an independent audit of its financial statements annually; recommends the independent auditors for full board approval; receives the audit report and any other reports relating to the audit or to the assets and collection management practices of the organization; and periodically reports the auditor's findings and recommendations to the board.

In some organizations, especially larger ones, there are separate Finance and Audit Committees. In those organizations, the compliance functions described below are commonly assigned to the Audit committee.

In New York, all that is required is that the board members who oversee the audit be "independent", i.e. that they have no financial relationship with the organization.

Specific responsibilities include:

Budget

- The annual budget will be drafted initially by staff and reviewed by the finance committee for presentation to the board for approval.
- The proposed budget should include a comparison with the prior year and a narrative explanation for any significant changes and an explanation of the key assumptions underlying the proposal.

Oversight and Reporting

- Submit quarterly reports to the board of performance of the budget, the assets and liabilities, and cash flow projections including recommendations concerning any actions needed to achieve budget projections.
- Review and make recommendations to the board concerning fiscal management policies.
- Review the adequacy of the organization's internal control structure.

Compliance

- Monitor compliance with the organization's compliance policies (Conflict of Interest, Whistleblower, etc.).
- Review the findings of any examinations by regulatory agencies.

- Review the policies and procedures in effect for the review of executive compensation and benefits.

Audit

The committee will:

- Review the scope of the audit prior to its commencement.
- Annually review the performance and independence of the auditor.
- Recommends appointment (or reappointment) of the independent auditor.
- Review with the auditor, after completion:
 - Any material risks or weaknesses in the internal controls.
 - Any restrictions on the scope of review or the auditors' access to information.
 - Any significant disagreements between the auditor and management.
 - The adequacy of the organization's reporting process.

Investment Management

- Propose to the board an prudent investment policy. In New York, that must meet the expectations of the New York Prudent Management of Investment Funds Act
- Recommend an investment manager to implement that policy and report to the board on investment status.

Composition: The finance committee is chaired by the treasurer, and its membership is comprised of additional board members with expertise in finance, accounting, technology and management.

- **Staff Liaison: Financial Manager**

RESOURCE DEVELOPMENT COMMITTEE

All board members have a responsibility for resource development, either directly or indirectly. The resource development committee serves as the core unit for fundraising efforts. This committee is charged with providing dynamic leadership for activities that will increase philanthropic support including:

- Guidance in planning and approval of the annual resource development plan, which sets forth fundraising goals and the techniques and resources that will be used to achieve these goals.
- Management of board role in resource development, including assuring that all board members are making personally significant gifts and helping fundraise to the best of their ability.

Composition: Chaired by a board member, with additional board members, this committee will particularly be enriched by non-board members who have expertise in one or more of the following areas: special events; major donors; corporate philanthropy; fundraising strategy; community advisory; foundation philanthropy.

Staff Liaison: *Director of Development*

GOVERNANCE COMMITTEE

Mandate: The mandate of the governance committee is to give attention to the composition of the board - and the efficient and appropriate involvement of all board members to insure effective governance. The responsibilities of the governance committee include:

Recruitment

- Develop an annual recruitment plan that takes into account the expertise, perspective, judgment and resources needed in new board members.
- Review potential candidates and present nominees for the board's approval. All board and staff members can be helpful in identifying qualified candidates, but this Committee is responsible for leadership and coordination of the review process.

Orientation and Board Development

- Plan and implement an orientation program, including not only official briefings and printed materials, but individual mentorship to be sure that all board members have a comprehensive understanding of activities and issues.
- Design and implement an ongoing program of board information, education, and team building.

Board Development

- Provide ongoing counsel to the board chair and other board leaders on steps they might take to enhance board effectiveness.
- Regularly review the board's practices regarding member participation, conflict of interest, confidentiality, and so on, and suggest needed improvements.
- Periodically review and update the by-laws and board policy and practices.
- Take the lead in succession planning, taking steps to recruit and prepare for future board leadership.
- Nominate board members for election as board officers.

Assessment

- Recommend to the board policies about expectations for board members, reaching out to those whose commitment does not match expectations.
- Review the talents and interests of current and new trustees and recommend the committee assignments most appropriate for their involvement.

- Contact each board member eligible for re-election to assess his or her interest in continuing board membership and work with each board member to identify what he or she might be able to contribute to the organization.
- Initiate periodic assessment of the board's performance and propose, as appropriate, changes in board structure and operations.

Composition

- Other than as ex-officio, the chair of the board should not be a member of this committee. It should include both junior and senior members of the board and may include non-board members who represent important constituencies.

PROGRAM PLANNING COMMITTEE

Purpose

The purpose of the program planning committee is to promote, coordinate, and oversee program planning. It will attempt to link programs and services with its mission, markets, and resources.

Charge

1. Work with staff to recommend agreed-to program outcomes and metrics to evaluate progress towards those outcomes.
2. Develop a dashboard of program outcome metrics.
3. Assist the executive director in formulating, advancing, and communicating a programmatic vision for the future.
4. Identify strategic issues and options through ongoing analysis of internal strengths and weaknesses in relation to external opportunities and threats.
5. Promote and evaluate the continuous assessment and benchmarking of planning efforts
6. Ascertain the need for outside planning expertise and retain consultants as appropriate.

Officer Job Descriptions

Board Chair

General

- Ensures the effective action of the board in governing and supporting the organization and oversees board affairs.
- Acts as the representative of the board as a whole, rather than as an individual supervisor to staff.
- Engages and supports the members of the board and provides feedback on their performance.

Board Meetings

- Works with the executive director, board officers, and committee chairs to develop the agendas for board meetings, and presides at these meetings.
- Facilitates effective and respectful discussion.

Committees

- Recommends to the board which committees are to be established.
- Appoints volunteers to key leadership positions, including positions as chair of board committees.
- Works with committee chairs in seeking volunteers for committees and coordinating individual board member assignments.
- Communicates with committee chairs to be sure their work is carried out; identifies committee recommendations that should be presented to the full board.
- Shall be an ex-officio member of all committees.

External affairs

- Has the power to sign with the executive director, in the name of the organization, all contracts authorized either generally or specifically by the board.
- Speaks to the media and the community on behalf of the organization (as does the executive director).

Vice Chair

- Attend all board meetings.
- Serve on the executive committee.
- Carry out special assignments as requested by the board chair.
- Understand the responsibilities of the board chair and be able to perform these duties in the chair's absence.

Treasurer

- Attend all board meetings.
- Serve on the executive committee.
- Serve as chair of the finance committee.
- Manage, with the finance committee, the board's review of, and action related to, the board's financial responsibilities.
- Ensure the assets are protected and invested according to organization policy.
- Ensure the organization complies with organization and statutory reporting requirements.
- Work with the chief executive director and chief financial officer to ensure that appropriate financial reports are made available to the board on a timely basis.
- Assist the executive director and/or the chief financial officer in preparing the annual budget and presenting the budget to the board for approval.
- Review the annual audit and answer board members' questions about the audit.

Secretary

- Attend all board meetings.
- Serve on the executive committee.
- Provide written agendas in advance of board meetings and distribute appropriate background information on subjects to be discussed.
- Prepare and provide written minutes to board members.
- File the approved minutes and maintain the official list of board members.
- Certify and keep at the principal office of the organization the original or a copy of the by-laws as amended.
- Ensure that all notices are duly given in accordance with the provisions of the by-laws.
- Be custodian of the records and of the seal of the organization and affix the seal, as authorized by law or the provisions of the by-laws, to duly executed documents of the organization.

IV. Fundraising and Finance

“Elevator Speech”

Suggestions for use

An “elevator speech” is a short statement that would interest friends and colleagues to learn more about the organization. The resource development committee might work with staff to outline the key points, after which it’s up to board members to customize it to their personal experience. Board members should be asked to try to introduce these ideas into conversations with friends, not by making a speech but by identifying interests that the friend or colleague has that might connect with an aspect of the work of the organization. The goal is to generate enough interest that they might be willing to receive information or even attend an event or program.

Outline

- What is your service (mission)?
- What impact does your organization have on people and in the world?
- What’s your organization’s vision for the world?
- Who do you serve (anecdote)?
- What makes your organization unique?

Board Training

- Board members work in small groups at a board meeting to develop their individual cases for support.
- Board members role play with each other. The goal is to generate interest in the organization.
- Once board members are comfortable in speaking about the organization in this way, they can then use the skills to ask for contributions.

Financial Checklist

Suggestions for use

The entire board is responsible for financial oversight, not just the finance committee. It would be useful to set aside a portion of a meeting to assess the extent to which board members have the information to meet that responsibility.

Can board members answer the following questions?

- Is our cash-flow projected to be adequate?
- Are our cash-flow projections reasonable, objective and not overly optimistic?
- Do we have sufficient reserves?
- Are we regularly comparing our financial activity with what we have budgeted?
- What are the internal controls over expenditures?
- Do we have an external audit?
- Does our annual audit include a management letter?
- Are our key sources of income rising or falling?
- What is our investment policy?

Adapted from Leifer, Jacqueline C and Michael B. Glombs. *The Legal Obligations of Nonprofit Boards* and Steven Berger, *Understanding Nonprofit Financial Statements*. BoardSource.

IRS expectations for the Board's Role in Financial Compliance

Suggestions for use

The new IRS 990 expects that the board will take a very active role in financial oversight and monitoring. The 990 asks not only if certain key compliance policies are in place, i.e. conflicts of interest, whistle blower protection and document retention and destruction, but how the board assures *implementation* of those policies. The treasurer should update the board on its compliance with these expectations.

Some specific board expectations:

Review of the 990

The 990 must now be signed and attested by an officer of the board. The board must describe the process it used to review the 990 *before* it is filed.

Conflicts of Interest

The organization is asked to *describe the process* used to monitor and enforce compliance with its policy including whether the board and key employees are required to annually disclose any "interests that could give rise to a conflict."

The board is also required to disclose business relationships with any "current or former officer, director, key employee, substantial contributor or person related to such an individual."

Executive Director Compensation

The board must describe the *process* it used to determine compensation of the executive director, including whether there was a "review by independent persons, use of comparability data and documentation of the deliberation and decision."

Board Procedures

The board must disclose whether there are contemporaneous minutes of the board and key committees and how the organization's documents are made available to the public

Regulatory Compliance

The board must identify the states in which the organization should be registered because it solicits funds in that state, and whether the organization is in compliance with state and federal regulations.

The New York Nonprofit Revitalization Act of 2014

Audit Threshold

	Independent Financial Review required	Independent Audit required
Current law	\$100K-\$250K	\$250 K +
July 1, 2014	\$250 K-\$500K	\$500k +
July 1, 2017	\$250K-\$750 K	\$750 K +
July 1, 2021	\$250K-I million	1 million +

Audit Procedures

The audit must be overseen by an audit committee comprised of “independent” directors, or the board must designate independent directors to oversee the audit. They will also be responsible for administration of the conflict of interest and whistleblower policies.

The board or the committee must:

- Oversee the accounting and financial reporting process.
- Retain an independent auditor.
- Oversee the audit.
- Review the results of the audit and the management letter.

If revenues are in excess of \$1 million the board, or the committee, must also:

- Review the scope of the audit prior to its commencement
- Annually review the performance and independence of the auditor
- Review with the auditor, after completion:
 - Any material risks or weaknesses in the internal controls
 - Any restrictions on the scope of review or the auditors access to information
 - Any significant disagreements between the auditor and management
 - The adequacy of the organization’s reporting process

Conflict of Interest: Related Party Transactions

Transactions with “related parties” (including directors, officers and key employees) are prohibited unless the independent directors determine the transaction is: fair and reasonable and in the corporation’s best interests.

If there is a substantial financial interest, the directors must consider alternatives to the transaction and make a contemporaneous record of the decision.

The organization must adopt a conflict of interest policy that applies to the directors, officers and key employees. The policy must include:

- A definition of when a conflict occurs
- Procedures for disclosing conflicts
- A requirement that the conflicted persons not be present at or participate in any deliberations or vote on the issue
- A prohibition against the person with a conflict from attempting to influence the decision
- A requirement that the conflict and its resolution be documented
- A requirement that any new director must submit a written statement that identifies any entity in which such director is an officer, director, trustee, member, owner, or employee with which the organization has a relationship,” and any transaction in which the director might have a conflict. Such statement shall also be submitted annually.

Whistleblower Policy

If a corporation has 20 or more employees, and more than \$1,000,000 of revenue, the corporation must adopt a whistleblower policy to protect against retaliation towards persons who report suspected improper conduct. The policy must provide:

- Language clearly stating that no person who in good faith reports any action or suspected action that is illegal, fraudulent, or in violation of any policy, shall suffer retaliation or adverse employment consequences.
- Procedures for reporting and preserving confidentiality.
- A requirement that the policy be distributed to all directors, officers, employees and volunteers, and that a director, officer, or employee be designated to administer the policy, and to report to the audit committee, the directors, or another committees.

Enforcement

Any director, officer, member, or creditor can bring an action against the corporation for misappropriation of funds.

The attorney general can bring an action to rescind related party transactions that have not complied with the conflict of interest requirements as well as to remove directors or seek restitution. In the case of intentional conduct, the attorney general can require the payment of double the amount of any benefit improperly obtained.

Other Changes

Independent Chair

No officer or employee of the organization may serve as chair of the board.

Purchase or Disposition of Real Estate

Generally requires majority rather than 2/3 approval

Notices

Organizations with more than 500 members can post notices "by publication" on their web site. Proxies for membership meetings can be sent by email.

Meetings can be held via electronic video screen and email voting is permitted for actions taken by written consent.

Approvals

Major transactions such as mergers or dissolutions can be accomplished with only attorney general approval. They no longer require court approval.

Pre-approval by the state education department is no longer required for most organizations with an educational mission. Schools, libraries, museums and historical societies will still require pre approval.

Resources

New York Non-Profit Revitalization Act of 2013. Skody Scot & Co., CPAS, Brand K Partners, Edward Wildman

Not-for-Profit Alert. New Governance Rules for New York Not-for-profit Corporations. Gabriel Gershowitz. Weil, Gotschal & Manges, LLP

V. Executive Director Review

Suggestions for use

The board should provide the executive director with an annual review. The purpose of this review is not to find fault but is rather to make sure that the board and the Executive Director are on the same page, are communicating effectively, are clear on the priorities for the board as well as the Executive Director and that the Executive Director has the resources and support needed to achieve the objectives that the board expects.

Below is an outline for a review process that has been found to be very effective, followed by sample board and staff surveys.

- Executive director submits a year end summary of accomplishments and goals for the following year to the executive committee.
- Board members complete a survey of executive director performance based on strategic goals.
- Direct reports complete a survey to assess the executive director's leadership, supervision, collaborative skills, communication, etc.
- Executive Committee meets with the Executive Director to:
 - Review report and survey results
 - Discuss priorities for the following year
 - Consider areas in which the Executive Director might need additional staff support and/or professional development
 - Identify areas of board responsibility
- The executive committee and executive director present a joint report to the board.

On the following pages you will find samples for the board and staff surveys.

Assessment of the Chief Executive, Board Source, 2005, *The Nonprofit Board Answer Book: A Practical Guide for Board members and Chief Executives*. Board Source, 2007

Review Surveys

The performance levels are:

- 5. Excellent:** Possesses superior skills that generate results which exceed expectations.
 - 4. Very Good:** Demonstrates skills beyond the requirements of the position.
 - 3. Good:** Has the required level of skill to meet the expectations of the position.
 - 2. Fair:** Does not consistently meet expectations.
 - 1. Poor:** Demonstration of this competency is inconsistent or absent and job performance is persistently and adversely affected.
- NS Not sure:** You do not have enough information to assess performance in this area.

Board Survey

Strategic Orientation and Focus	Rating					
	5	4	3	2	1	NS
1. Leads the organization and makes decisions in accordance with its strategic direction						
2. Anticipates changes and scans the internal and external environment for new opportunities, challenges, ideas, and approaches						
3. Is an articulate and knowledgeable spokesperson for the organization						
4. Maintains the organization's standing as a leading literacy/grassroots organization, both within the nonprofit community and the public at large						
5. Cultivates lasting, effective relationships with key external constituencies						
<i>INTERPERSONAL SKILLS</i>	Rating					
	5	4	3	2	1	NS
6. Exhibits honesty and candor with the board, staff, and/or public						
7. Communicates and listens clearly and effectively, showing a genuine interest in the opinions of others						

Comments:

Comments:

Comments:

Internal Organizational Effectiveness and Management Skills	Rating					
	5	4	3	2	1	NS
8. Seeks and develops talent to ensure that the organization has the skills required to achieve its goals and that the talents of the staff are well utilized						
9. Is effective at setting personal priorities						
10. Ensures clarity around internal organizational priorities						
11. Is effective at fundraising						
12. Seeks out diverse input to address issues						
13. Fosters a work environment that encourages individual professional growth						
Works Successfully with the Board	Rating					
	5	4	3	2	1	NS
14. Understands the appropriate role of the board and is an effective partner with the board						
15. Works with the board to create an effective process for long range/strategic direction and planning						
16. Recommends new programs and the modification or discontinuance of current programs, as appropriate, to the board						
17. Uses board members' expertise effectively						
18. Provides the board with timely and appropriate information regarding issues, questions and activities of the organization						

Comments:

Comments:

Open-ended questions

1. Which of the executive director's accomplishments in the past year have been the most valuable to the organization?
2. What are the executive director's greatest strengths?
3. What are the areas in which the executive director needs the most improvement?
4. How should the board and the executive director best communicate information and ideas about developing plans?
5. What is your understanding of the areas of responsibility of the executive director and of the percentage of her time that should be devoted to each?
6. Which of the executive director's accomplishments in the past year have been the most valuable to the organization?
7. What are the executive director's greatest strengths?
8. What are the areas in which the Executive Director needs the most improvement?
9. What about the executive director's leadership inspires you to do your best at fulfilling your job?

Staff Survey

Interpersonal Skills	Rating					
	5	4	3	2	1	NS
1. Exhibits honesty and candor with the staff and public						
2. Communicates and listens clearly and effectively, showing a genuine interest in the opinions of others						

Comments:

Works Successfully with staff	Rating					
	5	4	3	2	1	NS
3. Builds a sense of teamwork and ownership across programs so that staff members are working collaboratively and toward common goals						
4. Delegates authority and demonstrates confidence in and reliance on others						
5. Encourages staff to be innovative in their ideas, and encourages and supports risk taking						
6. Creates an environment that welcomes differences of opinion, and fosters trust and cooperation						
7. Provides helpful job performance supervision and feedback						

Comments:

VI. Thoughts from the Coach Boat: selected blog posts

What to do with board meetings?

The Problem

For many organizations, board meetings are a problem rather than a solution. For staff, they create anxiety and time-consuming activity to "get ready," and mostly relief when they are finally over.

For board members, they are too often seen only as a "duty." Boards can be deeply engaged for episodic decisions, such as a CEO transition, a financial crises, merger, major strategic decisions, etc. Mostly however, board meetings are a time to see friends, offer reactions to the Executive Director's report, vote on technical matters or check email while reports are being read. Much of the agenda is designed to make sure that no one can later say that the board was not "informed."

On a well-functioning board, oversight and supportive work is accomplished in the committees. The leadership of the committees and the Executive Committee is trusted to bring matters to the board when there are concerns or when a board level decision is needed. There is usually very little that actually requires a meeting of the full board.

From a legal point of view, only one board meeting a year is really required--an annual meeting for a financial report and elections. Theoretically, all of the necessary business of the board could be accomplished in committee, voted on by the Executive Committee and ratified at the annual meeting.

We could reduce the number of board meetings or, in the alternative, think about how the meetings can be used to fully engage the attention of the board and to best serve the organization.

A proposal

In an important article, recently re-published, Ryan, Chait and Taylor, offer a suggestion.

*If boards approached the question of how to use down time explicitly, rather than lament the absence of a perpetually strategic agenda, they might in fact become more valuable assets to their organizations. Boards could construe learning about their communities or constituencies as vital, continuous preparation for governing...organizations could **use their meetings to promote learning by all board members**. Board members could construct and pursue a learning agenda through field work, meetings with other boards, or extended interaction with constituents.**

What a radical idea--using board meetings to provide opportunities for boards to develop a deep understanding about the organizations they govern!

*Problem Boards or Board Problem? William P. Ryan, Richard P. Chait, and Barbara Taylor, Nonprofit Quarterly, Winter 2012

Thoughts from the Coach Boat

What to do about board meetings?—continued

Groups are most effective when the members all share an experience of being part of the “In” group. Board dysfunction, such as board members seeking control or attention or, at the other extreme, disengaging, may be reactions to experiencing exclusion from an “In” group.

In a recent interview in the New York Times, David Rock, Director of the NeuroLeadership Institute, makes the point that effective group leadership creates an “In” group experience by encouraging the development of shared aspirations and goals. ([link](#))

Board meetings provide an opportunity to create the shared goals necessary to enable all board members to experience being part of an “In” group.

Meetings are also an opportunity to promote the creativity that many think is best encouraged by face-to-face conversation that promotes “creative serendipity” (what we of the pre-Silicon Valley generation used to call brain storming).

To the extent that we can clear routine matters from the board table, we can create opportunities for creative conversations to establish the shared goals and strengthen the “In” group experience.

Examples of fruitful topics for such conversations can be found in the “Eight Areas of Nonprofit Excellence” used for the New York Nonprofit Excellence Awards.

Imagine the creative policies and organizational work that could develop from board conversations around questions such as:

1. How do we measure the social change we are seeking to achieve and what do we need to do to maximize those outcomes?
2. How can the board maximize its ability to support the achievement of the mission objectives?
3. In addition to prudence, how does our system of financial management support the achievement of our mission goals?
4. Do the staff and board have the diversity and cultural competence to enable us to best meet the needs of the populations that are served?
5. How can we best support and strengthen our human capital?

6. Are we making the best use of available technology?
7. Do we communicate effectively with our stakeholders and how do we use information from them?
8. Does our resource development plan make effective use of the resources potentially available?

Interesting examples of board conversations that have led to significant social change were presented at the April meeting of the New York State Conference of Bar Leaders.

The board of the National Association of Women Lawyers decided to address the under-representation of women in leadership positions by adopting the specific objective of raising the proportion of women in legal leadership positions to 30% by 2015.

Through research, workshops and advocacy they have worked towards that objective in each leadership area, e.g. equity partners in law firms, tenured law school faculty, the judiciary, etc. Like all strategic initiatives, the exact goal may not be obtained but by setting a clear goal they have moved the needle.

In a similar vein, the board of the New York State Bar Association recognized that the objectives of "diversity" (the composition of the profession) and of "inclusion" (the distribution of leadership in the profession), while aligned, are very different. Following this, they created separate committees to pursue each objective.

It's not only lawyers who can have such creative board conversations.

Thoughts from the Coach Boat

The Executive Director is the "Board Coach."

I recently led a workshop for Executive Directors- **"The Board: What Can I Do About it?"**

Answers to a pre-workshop survey made it clear that the participants had solid ideas about where they needed to go.

- The board has become too inward looking, they need to re-engage the broader community for opportunities for mission and fundraising
- Increase dialogue between board members outside of meetings
- Create formal processes for on-boarding new members, evaluating current members and providing training for the board chair
- Foster more leadership from the Board Chair
- Enhance the relationship between the Board Chair and the ED
- Put processes in place for Board committees to deliver on stated objectives.
- Greater engagement with the life of the organization. Spend time connecting with staff and programs
- Change board roles from operational issues to fundraising and vision

There was one very frank comment that expressed the fear that may be behind the lack of commitment of some EDs to engaging their board;

"I am concerned that increasing engagement will lead to board members becoming overly involved in management issues"

The survey also revealed that the boards were no place near where the EDs knew that they needed to be.

Boards work well to the extent that they are experienced by their members as groups that they want to be a part of; groups that provide the value they seek from group membership.

We identified the qualities of valued groups.

- Mutually supportive
- Willing to compromise
- Valuing differences in perspective and skills
- A place for learning
- Fun
- Collegial
- Achievable and clear objectives
- Mutual accountability
- Open communication

Creating this environment can only happen if the ED accepts an active role as coach for the Chair who has the primary responsibility for the working of the board.

The qualities of the Chair identified by the group, included:

- Mission focused
- Leading by example and setting expectations
- Providing recognition for contributions
- Managing disagreement and facilitating decision making
- Keeping members connected with each other and with the mission
- Holding members accountable
- Unflappable

Where the Chair's ability to maintain the needed group dynamic falters, it is the responsibility of the Executive Director to coach the Chair in techniques for creating the group experience that will provide the motivation for the engagement of its members.

There is simply no one else there to do it.

Thoughts from the Coach Boat

Boards need a Chief Operating Officer

A complex organization requires both an Executive Director to provide overall leadership as well as some form of Chief Operating Officer to manage the day-to-day operational detail.

When it comes to the Board, however, we expect the Chair to fulfill both of these roles. It is an expectation that leads to burnout and/or a lack of attention to one or the other of these sets of responsibilities.

A recent article by Eugene Fram of the Rochester Institute of Technology on borrowing the concept of the "Lead Director" from corporate boards, focused my attention on this issue.

The best Board Chairs I have known focus on three non-delegable tasks:

- Maintaining an unwavering commitment to stand above the details in order to maintain focus on the strategic needs of the organization
- Motivating board members to devote the best of their capacities to the achievement of the mission
- Establishing a supportive and watchful partnership with the Executive Director.

Accomplishing this requires significant time as well as focus.

The management of the board is a responsibility in itself that includes:

- Maintaining contact with the Committee Chairs to assure that work on deliverables is on track
- Drafting board meeting agendas
- Assuring the timely distribution of the right materials for the board meeting
- Following up on action agreements from the board meetings
- Maintaining the calendar of board and committee meetings

Having responsibility for operational management of the board will distract the chair from the key leadership responsibilities.

A Solution

Rather than create a new position of a “lead director,” I have used available board officer positions for this role. The most likely candidate is the Vice Chair. The Vice Chair is elected based on perceived leadership abilities but has no specific duties, other than to be a member of the Executive Committee.

Besides enabling the Chair to focus on their key responsibilities, assigning the management work to the Vice Chair also creates a strong successor candidate.

Identification of “who’s next” is a challenge faced by every Chair. Having a potential, or even designated, successor, frees the Chair to devote the best of their attention to their important responsibilities.

In addition to its effectiveness in organizations I have guided, this structure has worked for me personally, both as a way to ease into accepting the position of Chair and as a way to make the position more effective once I have assumed it.

Action

- The first step is to develop a job description for the Chair.
- From there it will be possible to distinguish the non-delegable responsibilities of the Chair from those that can be assigned to the Vice Chair.

This is relatively easy to fix and will probably be welcomed by the Chair.

* Eugene, H. Fram. Can Lead Directors Help Improve Not-for-Profit Board Performance?

Working Boards: Who is governing whom?

The Challenge

Establishing a workable distinction between the governance responsibilities of the board and the management responsibilities of the staff is a continual challenge for every nonprofit organization.

Resolving this is made additionally complex when there is minimal or no staff; when board members deliver the programs and are at the same time responsible for the policy direction and oversight of the programs. The board members are, in effect, overseeing themselves.

An example

I recently led board planning retreats for three such organizations. The solutions to this dilemma developed by one, in particular, might be instructive.

Swish is dedicated to *"Engaging straight allies in joyful partnership with the LGBT community to achieve equality and freedom."* www.swishpride.org

Swish volunteers deliver direct services to LGBT teens and seniors, organize advocacy efforts and produce fundraising events. Board members have been involved in leading or co-leading all of those efforts, resulting in board member burnout and lack of time to attend to their strategic objectives

Solutions

To help bring some clarity to the conceptually different roles of the board, I suggested, firstly, that they divide the agenda of their board meetings into two sections. One for matters of oversight/policy (budget, financial oversight, strategy, board recruitment, etc.), and the other for items relating to program delivery.*

*See, Michael Burns, *Organizational Life Cycles. You and Your Nonprofit Board*, Terri Temkin, ed., 2013

In defining their oversight role, they identified three strategic objectives for their programs:

- Development of corporate partnerships
- Maintaining integrity of mission and vision in all programs and events
- Developing future leadership

To insure that their programs were structured to achieve these objectives, the board members needed to step back from active event leadership. Rather than leading the events, board members would be responsible for mentoring and guiding their "Super Volunteers" who would be given more operational responsibility and authority.

Board members would need to have the discipline to allow operational leadership to develop so that, as a board, they could concentrate on program integration and the achievement of their strategic objectives.

With these principles in mind they developed specific operational guidelines, including,

- A Board member agreement
- Board Committee charters and responsibilities

For copies of these documents, contact: info@swishpride.org

Overview

- This is, in actuality, simply an example of the challenge faced by every organization where board members play different roles when they switch between the “two hats” of fiduciary oversight and volunteer support.
- Board members of all nonprofits wear both of these “hats;” although the degree and nature of the volunteer support they provide will vary depending on the size of the staff and the needs of the organization.

Action

Boards need to develop specific understandings that when board members switch to a volunteer “hat” they are no longer in their “oversight” role but must accept direction, whether from the staff or from the board as a whole.

Thoughts from the Coach Boat

What is the role of the board? Another look.

In leading board workshops I have found it helpful to ask participants to look at the question of why we have boards by comparing not for profit boards with the boards of for-profit corporations.

If the for-profit board exists to provide oversight and strategic advice to protect the interests of the shareholders, who are the stakeholders whose interest the not for profit board should be protecting?

The stakeholder interests that the board of a not-for-profit should be considering are clearly much more diverse than the for-profit stakeholders and include:

- Clients
- The community
- The public interest in the social change
- Government
- Corporate supporters
- Foundation funders
- Individual contributors
- The organization
- Staff

There are never easy solutions for making decisions that respect all of these usually conflicting interests.

How, for example, should the organization:

- Collect data to demonstrate impact when the staff is over-burdened with client meeting client needs?
- Expand to new program space when to do so might impact on other community needs for that space?
- Eliminate unsustainable programs when some supporters have strong attachments to them?
- Adjust programs to a changing community?

How can the board of a not for profit enable itself to make decisions that take into consideration the interests and perspectives of these diverse stakeholders?

The challenge is not resolved by having representatives of each of these interests on the board. This may help but do they really “represent” the various communities with which they are nominally identified?

For me the answer is obvious. Board members must all spend time obtaining direct knowledge of the various stakeholder interests and concerns.

As stated succinctly by Ryan, Chait and Taylor*,

“How can a board develop strategy without direct contact with the operational realities...?”

“How can a board evaluate the performance of an organization without some direct knowledge of the enterprise?”

Or, as stated even more strongly by Ruth McCambridge, the Editor of the Non Profit Quarterly,

“It has always struck me as next-to-insane to bring people onto a board when they have no significant experience with the work of the organization.”

Board Stories Involving Humans. Nonprofit Quarterly, Governance Issue

In the same way that it is an essential part of the job of the Executive Director and the Board Chair to spend time getting to know the interests, strengths and capacities of the members of the board, the members of the board must spend time learning about the constituencies they serve.

Being out in the community talking about the organization is as much a part of the job as attending board meetings.

*Problem Boards or Board Problem? William P. Ryan, Richard P. Chait, and Barbara Taylor, Nonprofit Quarterly, Winter 2012

<http://www.boardcoach.com/downloads/Problem-Boards-or-Board-Problem.doc>