

# Board Responsibilities

Serving on the Board of Directors is a rewarding and important responsibility. This guide informs volunteer leaders of the unique aspects associated with governing a not-for-profit organization.

*"The board governs ...  
...the staff manages."*

**Leadership:** Volunteer leaders are responsible for the direction of the organization. The board governs, develops policy and sets a course for the future. Maintain focus on the mission and strategic goals -- avoid micro-managing the organization and staff.

**Management:** Paid staff and subcontractors are responsible for the **administration** of the organization. Staff act as partners to the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations.

## Unique Terminology

**Not-for-Profit** refers to the legal corporate status of the organization. (It does not imply an exemption from paying or collecting state sales tax.)

**Nonprofit** is the casual reference to Not-for-Profit

**Exempt Organization** is a reference to the IRS designation exempting the organization from paying most federal income tax (with exception of Unrelated Business Income Tax "UBIT.")

**IRS 501(c)(3)** tax-exempt designation most often refers to organizations with a religious, charitable, scientific or educational purpose.

**IRS 501 (c)(6)** tax-exempt designation refers to trade associations, business leagues and professional societies.

## Board Responsibilities

1. Determine and advance the organization's mission and purposes.
2. Select the chief paid executive (not staff) as well as CPA and attorney.
3. Support the chief executive and assess performance periodically - usually measured against the strategic plan.
4. Ensure effective organizational planning.
5. Ensure adequate resources (funds, time, volunteers, staff, technology, etc.)
6. Ensure effective resource management.
7. Determine, monitor and enhance programs and services.
8. Promote the organization's image.
9. Ensure legal and ethical integrity and maintain accountability.
10. Recruit and orient new board members and assess board performance.

(Adapted from Ten Responsibilities of Nonprofit Boards [www.boardsource.org](http://www.boardsource.org))

## Issues Facing Boards

1. Member Value, R.O.I., WIIFM
2. Technology Usage /Delivery
3. Scrutiny and Compliance
4. Competition
5. Relevance to Stakeholders/Members
6. New Revenue Sources
7. Diversity, Inclusivity
8. Generational Differences
9. Workforce
10. Leadership Development
11. Governance, Ethics, Values
12. Consolidation, Mergers
13. Image, Branding, Positioning
14. Favorable Member Experiences

## Insurance and Volunteer Immunity

State and federal governments have afforded certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open for legal suits. Insurance coverages add further protection for volunteers and organization.

## Directors and Officers (D&O)

Liability may cover legal defense for employment, copyright, and antitrust claims, for instance.

**General Liability** insurance covers property damages and injuries relating to the organization.

**Fidelity Bond** covers losses resulting from fraudulent or dishonest acts committed by an employee.

**Meeting Cancellation** covers the loss of revenue due to a cancellation, curtailment, postponement because of weather, strikes, etc.

(Contact legal and insurance counselors for assistance.)

## Legal Principles

**Duty of Care** requires leaders to use reasonable care and good judgement in making their decisions on behalf of the interests of the organization.

**Duty of Loyalty** requires leaders to be faithful to the organization, avoiding conflicts of interest.

**Duty of Obedience** requires leaders to comply with governing documents (i.e., bylaws, Articles of Incorporation, policies, etc.)

## Board Tools

The operating documents of the organization are available to leaders.

- Bylaws
- Articles of Incorporation
- Financial Statement (recent)
- Minutes (recent)
- Policy Manual
- Strategic Plan
- Organizational Charts

Treat information with confidentiality to protect goals, budget and intellectual property. (*"Knowledge is power."*)

## Rules of Order

**Agenda** is used to ensure that important business is covered.

**Motions** are proposals for action, beginning with the words, "I move we . . ."

A **Second** is required for the motion to be discussed.

**Amendments** may be made to most motions if they improve the intent or clarify the original motion.

**Tabling** lays the motion aside.

**Calling the Question** refers to ending the discussion and voting on the motion.

**Minutes** protect the organization by recording the time and location of the meeting, participants, and the outcome of the motions. They are not a place to record conversations, assignments, reports, etc. (Including reports and discussions can incriminate.)

**Voting** is the official action after discussion to adopt, amend, kill or table the motion.

**Quorum** is a majority of directors or the required number as set in the bylaws to conduct business.

**Recommended:**

[https://www.afsc.noaa.gov/Education/Activities/PDFs/SBSS\\_Lesson6\\_robots\\_rules\\_of\\_order.pdf](https://www.afsc.noaa.gov/Education/Activities/PDFs/SBSS_Lesson6_robots_rules_of_order.pdf)

## Committees

*Committees recommend > boards approve > staff and volunteers implement.*

**Standing Committees:** Identified in bylaws, appointed annually, ongoing committee work.

**Ad Hoc:** Formed for specific or immediate needs and disbanded upon completion of the work (a.k.a. Task Force)

## Common Sense

- It's a team; the board or committee is stronger than any individual.
- Respect the chairperson.
- Bring your calendar to meetings.
- Arrive on time.
- Prepare for meetings: Review materials, send advance materials.
- Bring needed files, paper and pen.
- Stick to the agenda.
- Listen more than you speak.
- Speak when you have an essential point.
- Respect the rules of order.
- Leave personal and political agendas at the door.
- Actions of the board belong to the board - support them - don't bad-mouth any action or person.

## Strategic Planning

"Strategic Governance" focuses the board on mission and goals. A strategic plan serves as a roadmap and framework. [A good board can "think past their tenure and beyond their experience."]

**Environmental Scan** - conducted to determine external and internal influences on the organization, as well as strengths, weaknesses, opportunities and threats (SWOT)

**Mission** - statement about what the organization is; whom it serves; and the services it provides; short with PR value.

**Vision** - Long-term desired outcome; what the organization will be in the distant future.

**Goals** - broad aims of the organization to advance the mission. Usually limited to 4 to 7 so as not to tax resources, volunteers, staff.

**S.M.A.R.T. Goals** - Specific, Measurable., Attainable, Realistic, Timely.

**Strategies** - fit under the goals as ways to achieve them. The steps necessary to advance the mission and goals.

**Action Steps** - fit within the strategies and identify the measurable actions to achieve the strategies and goals.

**Plan Champion** - the person (staff and/or volunteer) who keeps focus on the plan.

## Board Risks

Protect the organization. The board should be aware of fiduciary responsibility, contracts, audit results, insurance, IRS requirements, values and ethics, apparent authority, antitrust, etc.

**Public Records** requests for the organization's annual federal tax return (Form 990, 990-EZ) must be made available for the last three years. Significant fines occur for noncompliance.

**Antitrust Violations** occur when two or more persons from the same industry or profession discuss suppliers, processes, prices or operations. Remove yourself from any conversation that would change how business is conducted because of a joint- agreement among competitors.

**Apparent Authority** arises when a board chair, though not granting actual authority, permits a committee or chapter to behave as if it had authority. Authority rests with the chair (chief volunteer leader) of the board and may not be assumed by any other agent of the organization.

**Financial Audits** to protect board and staff. Appoint an audit committee.

## Summary of Board Objectives

- Add Value
- Make a Difference
- Protect the Organization
- Have Fun!

Credit: Robert C. Harris, CAE

Additional resource:

<https://www.councilofnonprofits.org/tools-resources/board-roles-and-responsibilities>