

# Non-profit Boards



Stewardship in Action



## Stewardship:

the careful and responsible  
management of something entrusted  
to one's care



# Why Boards?

By law, corporations are required to have a board of directors.

For profit – responsible to *shareholders*

Non profit – responsible to *the public*

# Duties of a Board



- Duty of Care
- Duty of Loyalty
- Duty of Obedience

# Duty of Care

- Actively participate in governance.
- Make reasonable inquiries concerning the operation of the organization.
- Investigate and respond to warnings and concerns.

# Duty of Loyalty

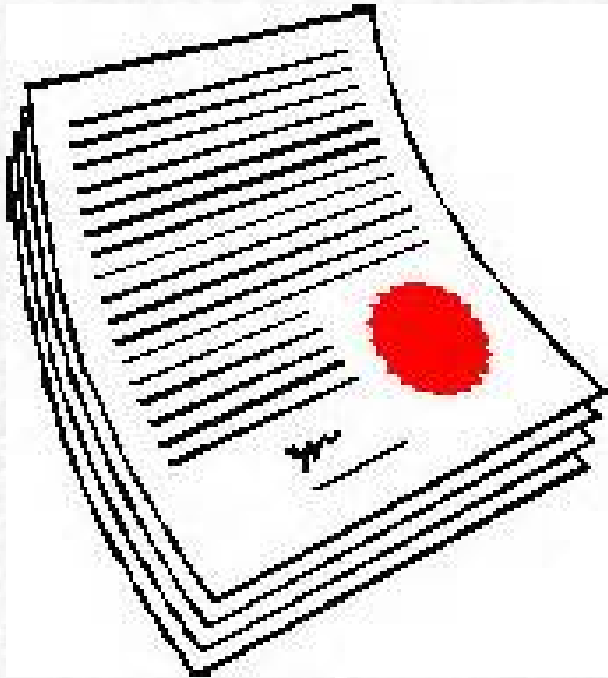
- Undivided allegiance to the organization.
- Avoid conflict of interest.




# Duty of Obedience

- Keep the organization focused on its mission.
- Make sure the organization is following its bylaws and other governing documents.
- Be aware of the state and federal laws and regulations governing nonprofits.
- Ensure proper internal controls.
- Ensure donations are used to further the organization's purpose.

# Organizational Governance



- Articles of Incorporation
- Bylaws
- Strategic Plan



“It is always easy to do  
right when you know ahead  
of time what you stand  
for.”

*Don Meyer*



# Rights of Board Members

Reasonable access to relevant information about the organization including:

- Management.
- Internal information about the organization.
- Organization's principal advisors (auditors, consultants, lawyers, etc.).
- Financial statements, minutes, and other records as appropriate.

# Due Diligence or Micromanagement?

“Surround yourself with the best people you can find, delegate authority, and don't interfere as long as the policy you've decided upon is being carried out.”

Ronald Reagan

# Five Primary Roles of a Board

- Choose the CEO
- Approve major policies
- Make major decisions
- Oversee performance
- Serve as external advocates

# The Primary Roles of Management

- Operate the organization in line with the board's direction.
- Make operational decisions and policies.
- Keeps the board educated and informed.
- Brings the board well-documented recommendations and information to support its policy-making, decision-making, and oversight responsibilities.

# Seven Guiding Questions

- Is it big?
- Is it about the future?
- Is it core to the mission?
- Is a high-level policy decision needed to resolve the situation?
- Is a red flag flying?
- Is a watchdog watching?
- Does the Director want and need the board's support?

*From: Distinguishing Governance from Management, Great Boards, Fall 2008*

# Personal Liability



What you don't know can  
hurt you.

# New IRS Form 990 Provisions

- Policy requirements/recommendations
  - Whistleblower
  - Conflict of Interest
  - Document retention/destruction

# Risk Management

Risk is anything that threatens the ability of the organization to effectively carry out its mission.



# Basic Risk Management

- Background Checks
  - Staff
  - Volunteers (including board members)

# Basic Risk Management

- Insurance
  - Property
  - Liability
  - D&O



# Basic Risk Management

- Financial
  - Audit
  - Reserve Funds
  - Sound fiscal controls/practices
  - Diversity of funding

# Ensuring Continuity

- Transition planning
- Building capacity of staff
- Building capacity of board members
- Crisis Planning





# How do we know it's working?

“The measure of success is not whether you have a tough problem to deal with, but whether it's the same problem you had last year.”

– John Foster Dulles



# Key Components of Success



having a clear vision for  
the organization



Leadership is the capacity to  
translate vision into reality.

Warren G. Bennis





# *Cover Story*

**Side Bar**

**Cover Story**

**Quotes**

**Feature Article**

**Photo**





Thank You!

Western Regional CAC

Brett Kelso, Outreach Coordinator

Maureen Fitzgerald, Project Director

[www.westernregionalcac.org](http://www.westernregionalcac.org)

