

Nonprofit Board Roles and Responsibilities





Board Roles & Responsibilities

Presented by
Cheryl Smith



C. Smith

About me

- CEO of Dewlyn Nonprofit Services & CommunityHeroes.us
- Nonprofit trainer for SCORE (multiple U.S. Chapters), private, faith-based organizations, and Udemy.com trainer.
- Nonprofit expert, consultant, and grant-writer.
- Author of book: ***21 Ways to Fund a Nonprofit.***
- Author of ***2-Page Mini Grant Proposals on Etsy.com.***
- Board Chair for a CASA Program
- Supports over 3,000 nonprofit organizations in the U.S. and abroad every year.
- Masters in Public Administration.
- Member of the American Grant Writers Association.
- 25 years nonprofit experience in the nonprofit sector.



Today's discussion

1. Board Duties
2. Board Roles
3. Fiduciary Responsibilities
4. Considerations before Joining a Board
5. Resources

Today's Thought

“Yesterday I was clever, so I wanted to change the world. Today I am wise, so I am changing myself.”

Rumi





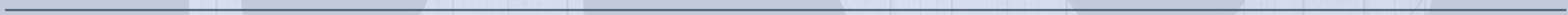
How many
nonprofits are
there?

- 10 million in the World
- 1.9 million in the United States

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Board Duties



Nonprofit Board Duties

The Key Responsibilities:

1. Sets the Organization Direction
2. Provides Oversight
3. Develops Policies
4. Appoints Officers
5. Hires the Executive Director
6. Ensures Necessary Resources
7. Represents the Community



#1: Sets Organizational Direction

- Develops the mission and vision.
- Maintains a focus on the mission and vision, and can also change them.
- Strategic planning.



#2: Provides Oversight

- Programs
- Budget
- Financials
- IRS 990



Annual IRS Requirement

Required Filings - Form 990 Options

The image displays three versions of the IRS Form 990, which is the Return of Organization Exempt From Income Tax. The forms are for the year 2011 and are marked 'Open to Public Inspection'.
1. **Form 990**: The full return, OMB No. 1545-0047. It is for organizations under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (excluding black lung benefit trusts or private foundations).
2. **Form 990-EZ**: The Short Form, OMB No. 1545-1150. It is for sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 1122(b)(1). All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form.
3. **Form 990-N**: The Electronic Notice (e-Postcard), OMB No. 1545-0088. It is for tax-exempt organizations and is prepared to file Form 990 or 990-EZ.

Public charities have 3 possible tax filing requirements – based on annual revenue:

- Form 990 (> \$200,000)
- Form 990-EZ (\$50,000 – \$200,000)
- Form 990-N e-postcard (<\$50,000)

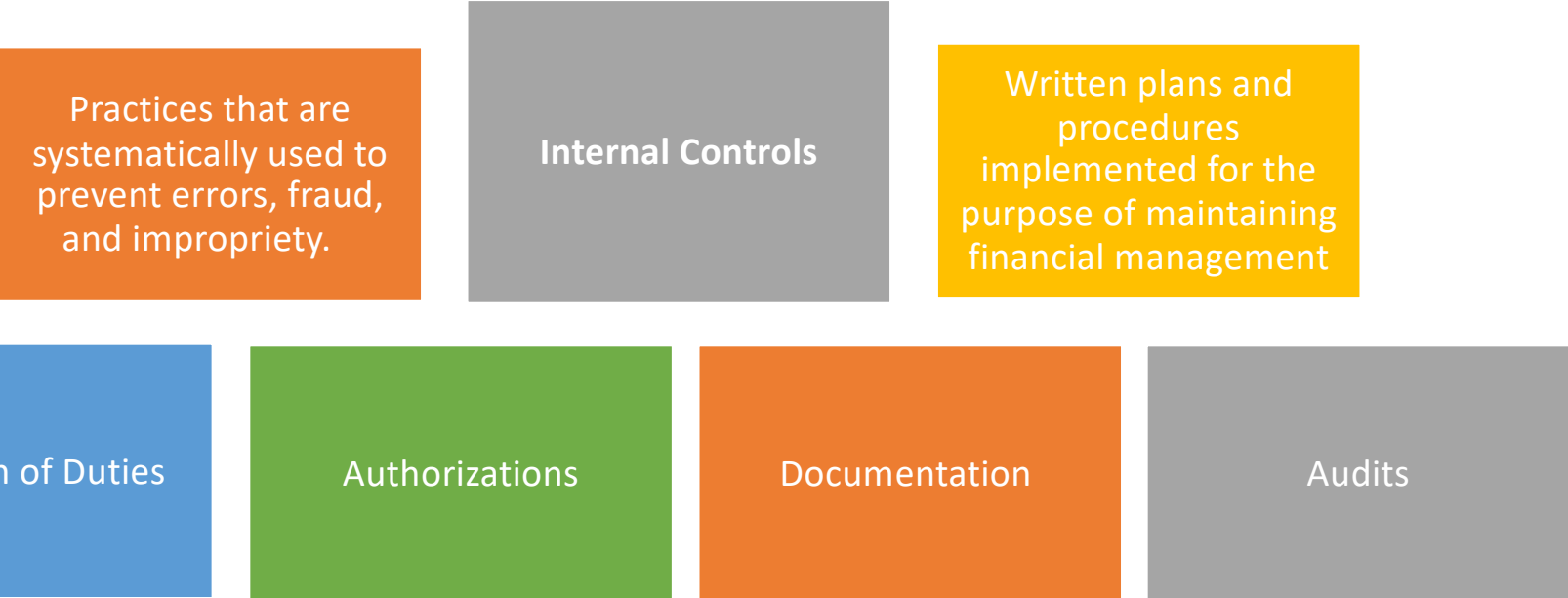
#3: Develops Policies

Examples:

- Bylaws
- Conflict of Interest
- HR Policies
- Code of Ethics
- Whistle Blower Policy
- Internal Controls



Nonprofit Key Policies



#4: Appoints Officers

Corporate Officers

High-level management officials hired or appointed by and serving at the pleasure of the board.

The highest-ranking officer is the Chief Executive Officer (CEO).



#5: Hires the Executive Director

Board Governance:

- Works with board in order to fulfill the organization mission as defined by the Board of Directors.

Financial Performance:

- Develops resources to ensure the financial health of the organization.
- Submit to the Board a proposed annual budget and monthly financial statements.

Mission and Strategy:

- Implementation of programs, strategic planning and community outreach.

Organization Operations:

- Hiring and retention of competent, qualified staff.
- Signs all notes, agreements, and other instruments made and entered into and on behalf of the organization.

#6: Ensures Necessary Resources

Uses the approved budget to determine resources needed.

- Identifies resources.
- Establishes plan for how these resources will be acquired.
- Determines board member involvement.
- Develops external relationships to assist.

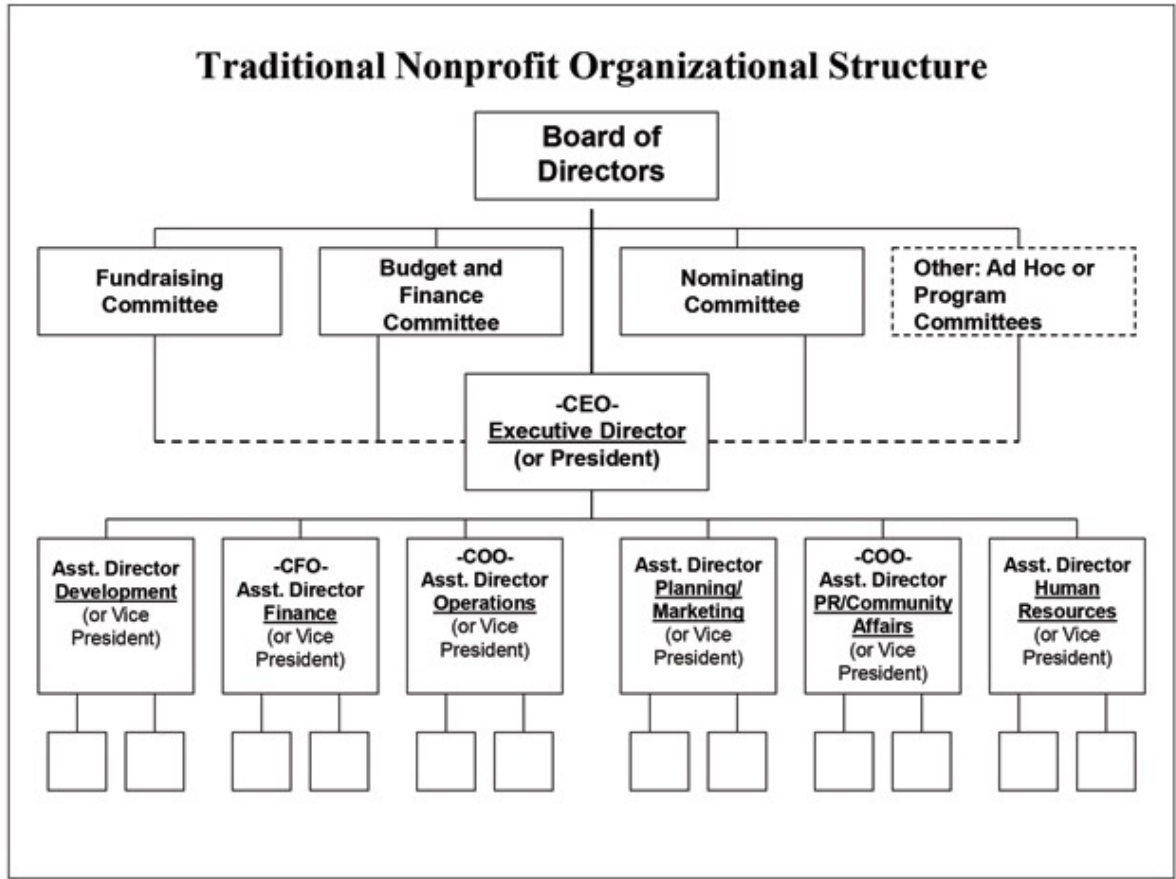


#7: Represents the Community

- Advocates for its cause.
- Stays abreast of issues faced by the community.
- Lives or works in community served.



Traditional Nonprofit Organizational Structure



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Board Roles



Board Chair

- Chief Volunteer of the organization.
- Provides leadership to the Board of Directors.
- Chairs meetings of the Board.
- Ensures strategic planning occurs.
- Appoints the chairpersons of committees.
- Monitors financial planning and financial reports.
- Plays a leading role in fundraising activities.
- Formally evaluates the performance of the Chief Executive.
- Informally evaluates the effectiveness of the Board members.

Board Treasurer

- Manages finances and fiscal matters of the organization.
- Ensures the development of an annual budget (either by the board or senior staff).
- Presents the budget to the board for members' approval.
- Ensures the development and board review of financial policies and procedures.

Board Secretary

- Maintains the records of the board.
- Records board meeting minutes.
- Ensures minutes are distributed to members.
- Understands the organization's legal documents (articles of incorporation, by-laws, IRS letters, etc.) to note applicability during meetings.

Board Member

- Prepares for, attends, and participates in board meetings.
- Volunteers for board assignments.
- Is an active participant in the board's annual evaluation and planning efforts.
- Participates in fund raising for the organization.

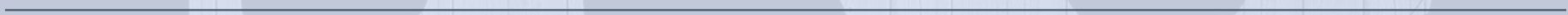
Board Committee Chair

- Facilitates committee meetings and distributes meeting minutes.
- Assigns work to the committee members and ensures that members have the information needed to do their jobs.
- Reports to the Board's Chair.
- Reports committee decisions or recommendations to the full Board.

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Fiduciary Responsibilities



Board Fiduciary Responsibilities

The Collective Board

- Setting Organizational Direction
- Ensuring Necessary Resources
- Providing Oversight

Individual Board Members

- Duty of care
- Duty of loyalty
- Duty of obedience

Individual Board Members

Three Fiduciary Responsibilities

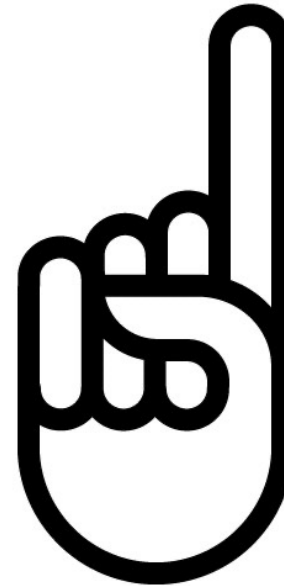
1. Duty of care
2. Duty of loyalty
3. Duty of obedience



1. Duty of Care

Must give the same care and concern to the board responsibilities as any prudent person would.

- Consider board composition
- Participate in board meetings
- Advance mission
- Monitor nonprofit activities
- Future planning
- Professional development
- Secure adequate insurance



2. Duty of Loyalty

Must place interest of the nonprofit ahead of personal interest at all times.

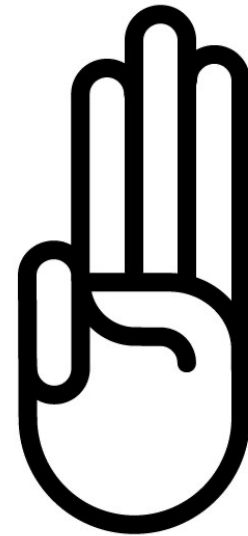
- Publicly disclose any conflicts of interest.
- Refrain from private benefit and any form of inurement.
- No unlawful activities.



3. Duty of Obedience

Ensure that nonprofit is abiding by all applicable laws and regulations.


- Carry out mission in accordance with purpose stated to IRS.
- Understand how fiduciary responsibilities relate to oversight.
- Engage in risk management



Breach of Fiducial Responsibilities

- Organizations may be subject to state and federal laws and penalties.
- Individual Directors can be held legally accountable for any harm caused. This includes possible lawsuits, board remove,, personal liability and other legal remedies





Before joining or recommitting to a nonprofit board:

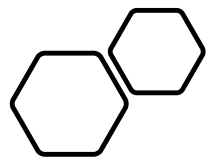
QUESTIONS to ask yourself:

- Are you interested in advancing a cause that you are passionate about?
- How much time can you devote to board work?
- Are you willing and able to assist the nonprofit organization with fundraising?
- Are you willing to work as a team?
- Are you looking forward to meeting and working with people outside of your usual professional and social circles?
- Do you understand the roles and responsibilities of being a board member?
- Do you see an opportunity for you to make a difference in the organization?
- Do you feel comfortable with the overall health of the organization?



Time & Commitment

Serving on a nonprofit board is rewarding, but there is a commitment of time, skills, and resources that must be evaluated by the prospective member and the organization.



Helpful Resources



- **BoardSource.org:** Live and online training and guidance for nonprofit boards.
- **CouncilofNonprofits.org:** A national resource and advocate for America's charitable nonprofits.
- **HarborCompliance.com:** A leading provider for nonprofit compliance solutions in the U.S.
- **Nolo.com:** Nolo.com helps consumers, small businesses and nonprofit organizations find answers to their everyday legal and business questions.
- **NonprofitAccountingBasics.org:** Nonprofit accounting basics.
- **NonprofitRisk.org:** Nonprofit Risk Management Center.
- **IRS.gov** (IRS Small to Mid-Size Organization Tax Exempt Workshop)

Final Thought

“Don't let what you can't do interfere with
what you can do.”

Unknown





Translate

View by Business Stage Find a Mentor Get Business Training Volunteer

SCORE Memphis

What can SCORE do for your small business?

The Memphis SCORE chapter provides business mentoring services and educational workshops to entrepreneurs and small-business owners located in Shelby County, western Tennessee, DeSoto County in Mississippi and eastern Arkansas.

GET BUSINESS EDUCATION





For the Life of Your Business

SCORE Memphis is a group of experienced business professionals who guide those desiring to start up a new small business or assist existing small businesses in improving their profitability.

Our volunteers are experts with experience in areas such as; accounting, finance, human resources, consulting, import/export, law, operations, production, retail, wholesale, manufacturing, sales, marketing, management, business plan preparation, strategic planning, and many other business disciplines.

We provide:

Volunteer [MENTORS](#) who share their expertise across many industries

Free, confidential business mentoring in person, via email or by video

Free business [TOOLS](#), templates, and tips here online

Inexpensive or free business [WORKSHOPS](#) (locally) and webinars (online 24/7)



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Our Services

1. Establish nonprofit organizations
2. Grant proposal-writing
3. Professional mentoring
4. Group coaching and training
5. Nonprofit grant lists
6. IRS-990-N filing



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