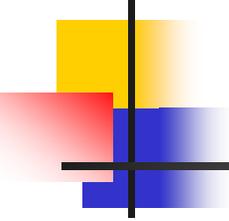


# Board Development 101: Roles & Responsibilities of Nonprofit Boards of Directors

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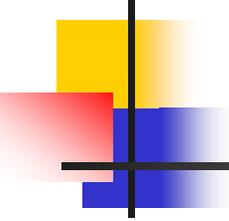
Presented by  
Brenda Page Smith, Ph.D.



# What are the responsibilities of the Board?

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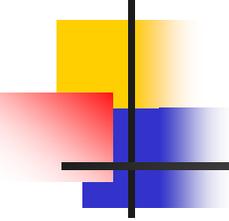
- Represent the public.
- Act as the representative of the government.
- Ensure funds are used for the organization's nonprofit purpose.
- Act as representative of the clients.
- Act as the representative of the donors, to ensure funds are spent for maximum impact.



# Formal responsibilities of boards of directors.

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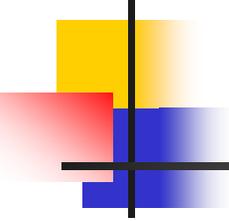
- To ensure that the organization stays in compliance with laws and regulations relating to nonprofit corporations.
- To ensure that the organization uses its resources towards fulfillment of its mission as stated in its tax-exempt purpose.
- To determine the organization's mission, strategies and program priorities.
- To hire a Chief Executive Officer (CEO) to manage the corporation.



## Two fundamental types of board responsibility:

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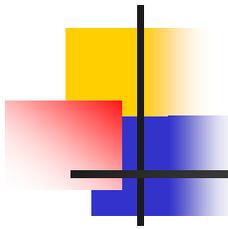
- Governance: the board acts as the formal representative of the public, *governs* the organization's affairs.
- Support: the board of directors help *support* the organization by volunteering, raising money, and advising.



# The board acts to govern the organization.

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- *Objective:* To represent the community's interests within the organization.
- *Process for action:* The board acts as a body.
- *Responsibilities:*
  - Determine mission and purpose.
  - Legal: Ensure compliance with federal, state, and local regulations, and fulfillment of contractual obligations.
  - Financial: Safeguard assets from misuse, waste, and embezzlement.
  - CEO: Select the Chief Executive Officer monitor & evaluate performance.



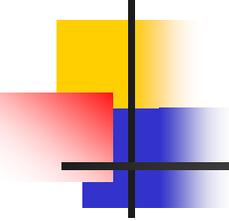
## Board governance - continued

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Planning: Determine strategies and overall priorities.

Programs: Determine the organization's program priorities, monitor implementation and conduct program evaluations to measure impact.

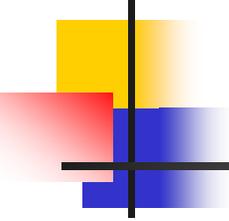
Efficiency & impact: Ensure a realistic budget that maximizes use of resources.



# The board acts to support the organization.

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- *Objective:* To represent the *organization's* interest in the community.
- *Process for action:* Board members act as individuals or through committees.
- *Responsibilities:*
  - Fundraising: Develop fundraising strategy; ensure adequate resources by raising funds and assisting staff in raising funds.
  - Public relations and community contacts: Act as ambassadors to the community on behalf of the organization and its clients.
  - Volunteer recruitment and volunteering

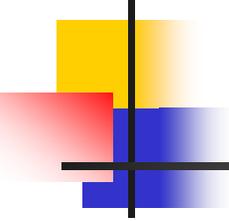


## Board support - continued

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Act as individual advisor: advise staff in areas of expertise, act as a sounding board for executive director and other executive staff.

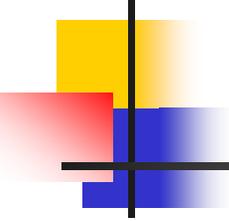
Lend names and personal credibility and reputation to the organization to use in brochures, grant proposals, and other formats.



## Specific Responsibilities:

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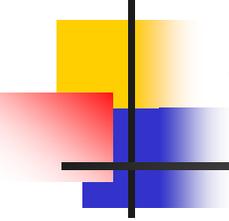
- Hire/support/evaluate/discharge CEO.
- Review and approve annual budget.
- Review and approve major organizational decisions, commitments, and plans including expenditures, loans, and leases.
- Evaluate progress toward program and financial goals.
- Ensure the continuity of the organization through development and recruitment of executive staff.
- In conjunction with executive staff, provide leadership on organizational transition, structure and planning.
- Conduct affairs of the board including board development, transition, and effectiveness.



# Board of Directors meet specific responsibilities through:

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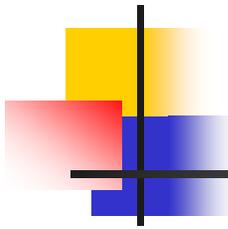
- Board Orientation
- Information Flow: Financial statements, reporting regarding programs and operations, planning
- Each Director's exercise of informed, independent judgment
- Appropriate Board organization and continuity
- Board meetings, agendas, minutes, documentation
- Appropriate committee structure
- Protecting assets of organization
- Determination of Board-Executive staff relationships and extent of delegation of management authority



## What a Board Handbook should include:

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- 1. A *welcome letter* signed by the Board President and the CEO, including an offer to take the new board member on a tour of the facility, to introduce the new board member to staff, and to get together to further familiarize the new board member with the agency.
- 2. Corporate and historical documents:
  - Description of programs and constituencies
  - Annual report
  - By-laws and amendments
  - Incorporation documents
  - Recent press articles
  - History of the organization



## Board Handbook - continued

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Brochures & other descriptive materials  
Strategic or Annual Plan  
Revised mission statement

- 3. Roster:

- Roster of board members, including occupations and other information

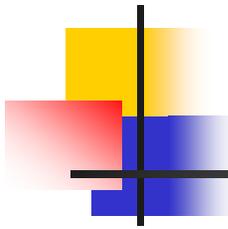
- Committee list: which committees exist and membership on each

- Resume of the CEO

- Names, titles and telephone extensions of staff with whom board members are most likely to interact

- Organizational chart

- 4. Calendar of meetings for coming year



## Board Handbook - continued

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- 5. Responsibilities:

- Statement of Agreement or job description for board members

- Conflict of Interest policy

- Conflict of Interest statement (two copies pre-signed by the board president, with one copy to be signed by the new board member and returned)

- 6. Financial information:

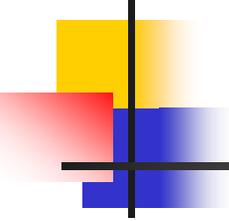
- Current budget

- Current financial statements

- Audit report for previous year

- Copy of insurance policy certificate for Directors & Officers insurance

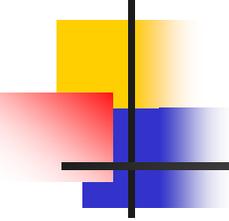
- List of funders and individual contributors



## Board Handbook - continued

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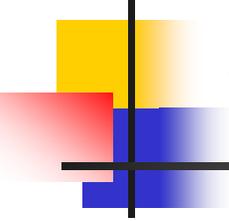
- 7. Working tools:
  - Membership application form
  - Contribution response envelope
  - Some letterhead and envelopes
  - Pins, cups, tee shirts or other materials



## References:

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- Technical Develop Corporation, Nonprofit Management Institute; American Bar Association, Corporate Directors Guidebook: *Massachusetts Nonprofit Organizations*, Massachusetts Continuing Legal Education, Inc., 1998 Revised Edition, “Duties and Liabilities and Directors and Officers”, Robert G. Bannish, Esq.; *Board Function and Composition*, Rick Smith, Support Centers of America, 1998.
- National Minority AIDS Council: Action Handbook for Boards.



# Tools

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- Sample Board Member Contract