



RGV FUNDING FORUM

Presented by Knapp Community Care Foundation and Valley Baptist Legacy Foundation

UNLOCKING YOUR INNER BOARD MEMBER



Presented by: Marion Lee, CFRE
Alexis De Sela, COO



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2:00 p.m. – **What is Governance?**

- Five models of governance
- 10 Basic responsibilities of nonprofit boards
- Legal personal responsibilities
- Why do we do this to ourselves?

2:30 p.m. – **What Model is your Board?**

- Identify your organization's model
- Determine strengths and weaknesses of your model
- Stages of nonprofit growth

3:00 p.m. – **Positives & Pitfalls**

- Wisdom, Wealth, and Work
- Meddling, Micromanagement, and Me First
- Case studies

3:30 p.m. – **Transitioning the Board**

- Is it time for a change?
- Where do we find new board members?
- The Dating Game
- Orientation

4:00 p.m. - **Adjourn**



What is Governance?

Five models of governance

10 Basic responsibilities of nonprofit boards

Legal personal responsibilities

Why do we do this to ourselves?



TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

1. DETERMINE THE ORGANIZATION'S MISSION AND PURPOSE

A statement of mission and purposes should articulate the organization's goals, means, and primary constituents served. It is the board of directors' responsibility to create the mission statement and review it periodically for accuracy and validity. Each individual board member should fully understand and support it.

2. SELECT THE EXECUTIVE

Boards must reach consensus on the chief executive's job description and undertake a careful search process to find the most qualified individual for the position.



TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

3. SUPPORT THE EXECUTIVE AND REVIEW HIS OR HER PERFORMANCE

The board should ensure that the chief executive has the moral and professional support she or he needs to further the goals of the organization. The chief executive, in partnership with the entire board, should decide upon a periodic evaluation of the chief executive's performance.

4. ENSURE EFFECTIVE ORGANIZATIONAL PLANNING

As stewards of an organization, boards must actively participate with the staff in an overall planning process and assist in implementing the plan's goals.



TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

5. ENSURE ADEQUATE RESOURCES

One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission. The board should work in partnership with the chief executive and development staff, if any, to raise funds from the community.

6. MANAGE RESOURCES EFFECTIVELY

The board, in order to remain accountable to its donors, the public, and to safeguard its tax-exempt status, must assist in developing the annual budget and ensuring that proper financial controls are in place.

TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

7. DETERMINE AND MONITOR THE ORGANIZATION'S PROGRAMS AND SERVICES

The board's role in this area is to determine which programs are the most consistent with an organization's mission, and to monitor their effectiveness.

8. ENHANCE THE ORGANIZATION'S PUBLIC IMAGE

An organization's primary link to the community, including constituents, the public, and the media, is the board. Clearly articulating the organization's mission, accomplishments, and goals to the public, as well as garnering support from important members of the community, are important elements of a comprehensive public relations strategy.



TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

9. FULFILL LEGAL DUTIES

Board members should have a sound knowledge of their fiduciary responsibilities. Those responsibilities fall into three categories: the standard of care (protecting the assets), the duty of loyalty (no conflict of interest, no improper loans), and the duty of obedience (act within actual authority of the Board).

10. ASSESS ITS OWN PERFORMANCE

By evaluating its performance in fulfilling its responsibilities, the board can recognize its achievements and reach consensus on which areas need to be improved. Discussing the results of a self-assessment at a retreat can assist in developing a long-range plan.

LEGAL PERSONAL RESPONSIBILITIES

Legal liability for nonprofit organizations has been increasing to the point where charitable immunity affords little guarantee that an organization and its board cannot be sued. Boards must prepare themselves to deal with the possibility of legal suits. Risk insurance and indemnification are worthy options that can minimize liability, but the best protection is for the administrators and the board to let their decisions be guided by a sound knowledge of their fiduciary responsibilities. Those responsibilities fall into three categories: the standard of care, the duty of loyalty, and the duty of obedience. Tremper and Babcock (1990).

STANDARD OF CARE A nonprofit board has a fiduciary responsibility to protect the assets of the organization. An organization's money, people, property, good will, and integrity are all considered assets. When a board member fails to protect them, the law considers the failure to be a breach in the duty of care. Consequently, a board member must always act in good faith and in the best interests of the organization.

In making good-faith decisions, the member may rely on information prepared by officers of the organization, by a committee of the board. The member can assume, with reasonable certainty that each source has acted responsibly and competently. However, because different states have varying degrees of protection for directors who delegate decision making to committees, board members and administrators are well-advised to check out the laws in their own state.



LEGAL PERSONAL RESPONSIBILITIES

DUTY OF LOYALTY In the eyes of the law, board members owe the nonprofit organization the loyalty of placing **its interests above all others**. The preponderance of breach of loyalty suits occurs in two areas: conflict of interest and improper loans to board members.

Conflict of interest occurs in two ways:

- When a board member makes decisions out of self-interest or in the interest of only part of the institution instead of for the common good of the whole organization;
- When an institution makes a transaction with a business or organization that has a financial connection with a board member or a board member's family.

When financial connections exist, it is incumbent on the board member to refrain from involvement in any decision-making that is related to the connection.

To protect an organization from legal repercussions, its board should require board members to sign a written policy statement on conflict of interest when they join the board. Where it is unclear whether conflict of interest exists, the board can vote to decide, but the safest course of action is to seek legal counsel.

DUTY OF OBEDIENCE Duty owed by agent (Board member) to principal (Board as a whole) to act within his/her actual authority and to follow the principal's instructions.



BOARDS: BOTH SIDES OF THE TABLE

Organization's Perspective	Potential Board Member's Perspective
Knowledge about skills , talents, financial capacity	Knowledge about mission, reputation, programs, staff, Board
Research interest in mission, time, other Board service, other family impacts	Research: GuideStar, 990s, Annual Report, Financials, Strategic Plan
Relationship to other Board members, attitude toward staff, interest in program	Meet the Board, staff, take a tour
Clear and concise information, one-page resume or bio, participation in meetings, events and committees, contribution of funds, other?	Clear and concise information, one-page job description, expectation of time, contribution of funds, other?
Questions: Lawsuit, Liabilities, Conflict of Interest, Wealth, Wisdom & Work	Questions: Lawsuit, Liabilities, D&O, Wealth, Wisdom & Work, Large Fundraising Campaigns
Why are you interested in joining this Board?	Why am I interested in joining this Board?



What Model Does Your Board Fit?

Exercise: Identify your organization's model

Determine strengths and weaknesses of your model

Positives & Pitfalls



Wisdom, Wealth, and Work

Meddling, Micromanagement, and Me First

Case studies

WISDOM, WEALTH AND WORK

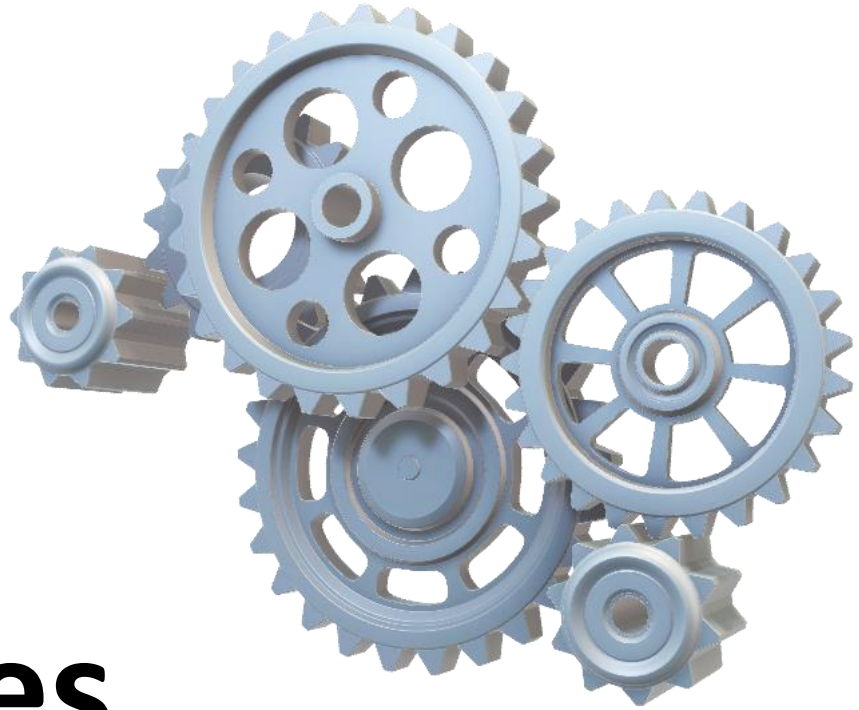
- Do you have the right people in the right place at the right time?
 - Energy
 - Resources
 - Experience



MEDDLING, MICROMANAGING AND ME FIRST

- Overstepping appropriate boundaries
- Staff responsibilities
- Day-to-day operational decisions
- Gossip
- Inappropriate sharing of data
- Self-interest above mission





Case Studies



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Transitioning the Board

Is it Time for a Change?

Where do we find new board members?

The Dating Game

Orientation

Board Recruitment



Is it time for a change?

Where do we find new members?

The Dating Game



Orientation



OUR TEAM



Marion Lee,
CFRE, CEO



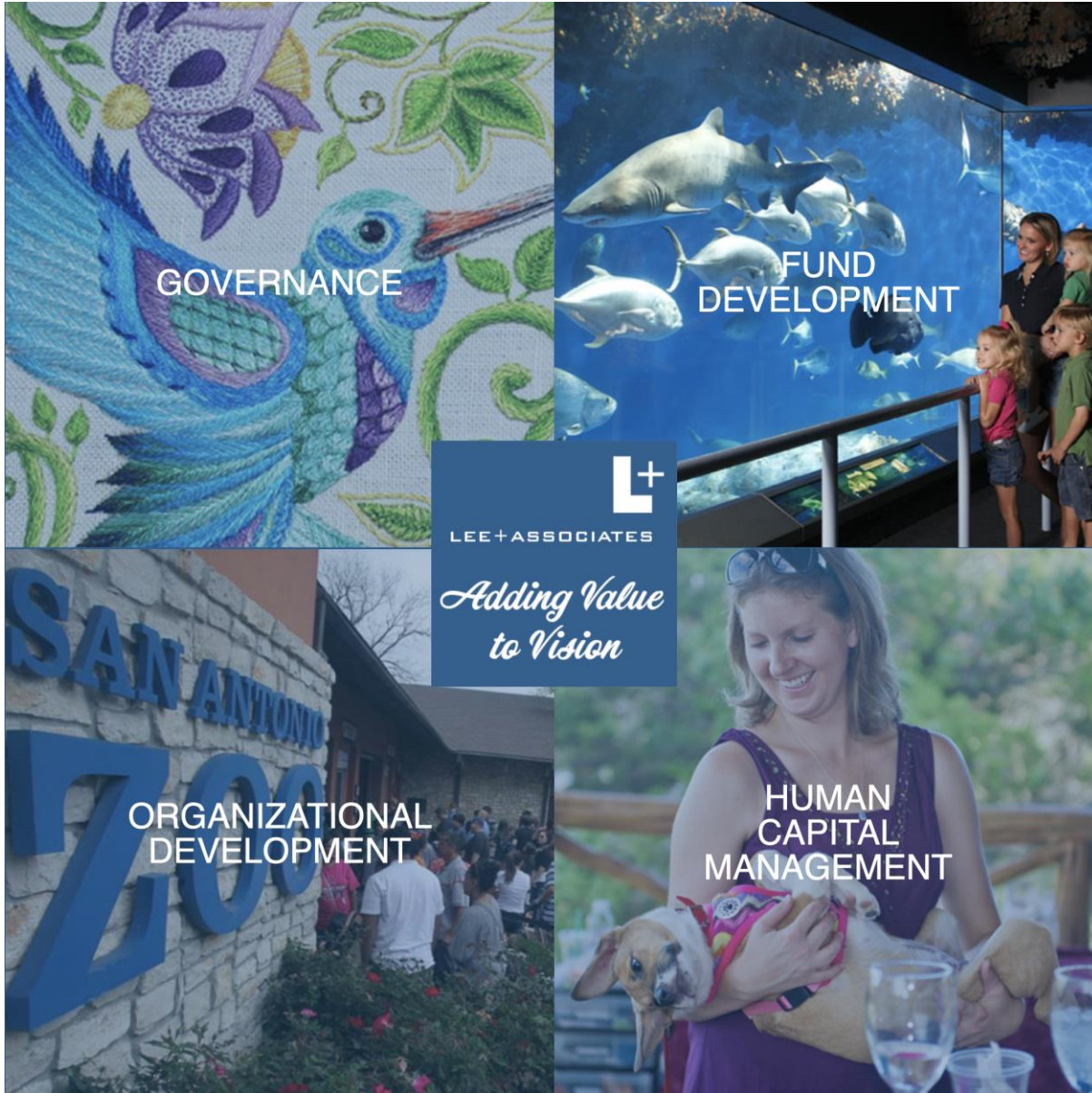
Amy Phipps



Priscilla Cortez



Joyce Penland
CFRE



Alexis De Sela
COO



Karen Kegg



Covita Moroney



Rhonda Serna