Oregon DOJ CVI Summit 2024

Effective Board Management

Presented by Tim Rusk, Nonprofit Association of Oregon

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The mission of the Nonprofit Association of Oregon is to strengthen the collective voice, leadership, and capacity of nonprofits to enrich the lives of all Oregonians.

www.nonprofitoregon.org

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Overview of NAO Programs

Capacity Building

Convening

Advocacy

Membership

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About the Presenter

Tim Rusk, Nonprofit Education Specialist, NAO

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Tim Rusk brings over 30 years of nonprofit work experience to his position as Nonprofit Education Specialist at NAO. He was executive director of an early childhood program in Central Oregon and led the organization from start-up, to a well-respected, tri-county program, and through a successful leadership transition when he left after 20 years. He loves learning, helping people succeed, applying best-practices, and being a part of a strong team. He graduated from UC Santa Cruz (go slugs!), has a Masters in Organization Development from Sonoma State University, and believes in the transformative power of working together for the common good.

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Agenda

1. Board Roles & Responsibilities

2. Board Management

3. Best Practices
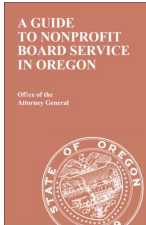
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Roles & Responsibilities

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Legal Duty
Oregon Attorney General's Office

A GUIDE TO NONPROFIT BOARD SERVICE IN OREGON

Office of the Attorney General

The board is legally responsible for *safeguarding the fiscal health of the organization and protecting its resources*.

- Duty of Care – pay attention

- Duty of Loyalty – make the nonprofit a priority

- Duty of Obedience – ensure compliance

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10 Responsibilities of Board

- Determine mission and purposes, and advocate for them
- Ensure effective planning
- Select chief executive
- Build a competent board
- Ensure adequate financial resources
- Enhance the organization's public standing
- Support and evaluate chief executive
- Protect assets and provide financial oversight
- Monitor and strengthen programs and services
- Ensure legal and ethical integrity
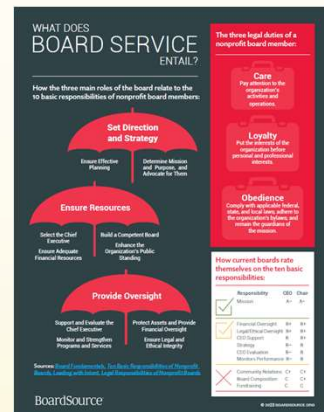
Two notes: Board decisions are made by a vote. Direction is set through policy.

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Organization & Board Lifecycle

Founding: Start up programs, volunteer-run, little funding, no professional staff

Expansion: Some programs, some paid staff, working board oversees governance, fundraising, other org or program support

Stabilization: Professional staff = management and program work, board = fundraising, oversight, setting policies and goals.

Crisis/Decline: Crisis or a big change happens (internal or external), interest goes away, mission/purpose accomplished.

Dissolution / Re-Founding: Legally dissolve the nonprofit and assign remaining assets to another nonprofit, or re-form

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Sample Board Member Job Description

Each individual board member is expected to

1. Know the organization's mission, policies, programs, and needs as well as understand its collective purpose

2. Faithfully read and understand the organization's financial statements and board materials in advance of meetings

3. Serve as active advocates and ambassadors for the organization

4. Fully engage in identifying and securing the financial resources and partnerships necessary for the organization to advance its mission

5. Leverage connections, networks, and resources to develop collective action to achieve the organization's mission

6. Give a meaningful personal financial donation

7. Help identify personal connections that can benefit the organization's fundraising and reputational standing, and influence public policy

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Job Description (continued)	**Each individual board member is expected to (continued)**
	8. Prepare for, attend, and conscientiously participate in board meetings
	9. Participate fully in one or more committees or taskforces
	10. Engage in learning opportunities to better understand the community we serve
	11. Respect the experiences of all who bring their voices and lived experiences into the boardroom and the organization
	Other responsibilities of nonprofit board members
	1. Uphold the legal duties and laws regarding nonprofit governance
	2. Follow the organization's bylaws, policies, and board resolutions
	3. Sign an annual conflict-of-interest disclosure and update it during the year, if necessary, as well as disclose potential conflicts before meetings and actual conflicts during meetings
	4. Maintain confidentiality about all internal matters of the organization
	5. Support decisions made by the board – "speak with one voice"

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Officers

PRESIDENT *	SECRETARY*	TREASURER*
• Preside at meetings • Sign documents & contracts • Prepare meeting agendas • ED performance review	• Schedule meetings • Meeting notice • Maintain meeting minutes • File corporate records	• Chair finance committee • Financial reports • Filing tax forms • Annual budget • Annual audit

* 3 officer roles are required in ORS 65.371 in addition to filling any other officer or board positions in your bylaws such as vice president, immediate past president, member at-large, etc.

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Board Committees

Committees are described in bylaws.

Common standing committees:
- Executive
- Finance
- Fundraising (potentially an ad hoc?)

Other possible committees:
- Board Recruitment & Development
- Audit
- Program (?)
- Advocacy and Public Policy (Standing?)

"Ad hoc" committees are short-term or project-specific

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Committees (continued)

The board has the authority to…

- Establish any number of committees and their size
- Eliminate committees with no work
- Determine whether they are standing or ad hoc
- Choose if non-board members will be allowed to join

Ultimately the board is responsible for the organization's actions and <u>cannot</u> delegate away their responsibility to govern.

All voting members of committees exercising the authority of the board <u>must</u> be directors.

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Board Management

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"Must –Have" Board Documents

1. Articles of Incorporation
   a) Filed with OR Secretary of State
   b) Typically, general language
2. Bylaws (no filing required)
   a) Name, location & purpose
   b) Election, roles, terms, and removal of directors & officers
   c) Membership
   d) Assigns powers & authority
   e) Fiscal year & cash vs accrual
   f) Process for amending bylaws
   g) Dissolution

3. Policies
   a) Board member review of IRS 990*
   b) Conflict of interest*
   c) Document retention & destruction*
   d) Executive review & compensation*
   e) Joint ventures*
   f) Public posting - 990, bylaws, policies, & financial reports*
   g) Whistle-blower (required in Oregon)
   h) Gift acceptance
   i) Anti-discrimination & equity policies
   j) Internal controls, procurement, & investment
   k) Personnel policies & operating procedures

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Board Management Documents

4. Board Processes
    a) Recruitment (membership matrix)
    b) On-boarding new board members
    c) Decision-making process
    d) Culture (consider writing it out)
    e) Assessment – board & executive
    f) Other operating procedures

5. Job descriptions – responsibilities & conduct
    a) Board member
    b) Board officers
    c) Executive director – (not usually a board member)

6. Agendas
    a) Regular board meetings
        i. Materials sent 1 week in advance
        ii. "Consent agenda" – Uses 1 vote to accept various reports and minutes from previous meetings.
        iii. Mission moment
        iv. Board business & accountabilities
        v. Strategic topics
        vi. "No surprises"
    b) Annual meeting – officer election & other annual business
    c) Board retreat – planning, education, & re-orientation
    d) Annual calendar (?)

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Board Calendar

- Regular and special board meetings
- Budget and annual work plan approval
- Annual meeting and election of officers
- Program monitoring and evaluation
- Board self-assessment & development plans
- ED/CEO performance & compensation review
- Risk assessment (review disaster plans, etc.)
- Fundraising & marketing events

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Voting Procedures

Generally, follow this format:

- The board chair identifies a decision that requires a vote.

- The board chair asks for someone to make a motion.

- Another board member seconds the motion.

- All present have an opportunity to ask questions and discuss

- The board chair asks for a vote

- Each board member votes "yay" or "nay", or "abstains" (doesn't vote).

- The motion and the result of the vote is recorded in the minutes

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Voting by Email

- All directors must provide an email address
- Email notice to directors must
  - ➢ describe proposed action and when it will be effective
  - ➢ give directors at least 48 hours to vote
- Director can change vote anytime up to deadline
- An affirmative vote of majority of directors in office is needed to pass the proposed action, unless bylaws require more
- Record of notice and email vote must be kept in minutes

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Voting & Meeting Minutes

- Decisions made by the board must be recorded, including:

  - Motion presented and its author

  - Second and who made it

  - Outcome of the vote

- Board Secretary is required "authorize" an official copy

  after they've been approved.

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Meeting Minutes

Organizations are <u>required</u> to record all actions taken by directors (with or without a meeting) and committees, and to keep all minutes as <u>permanent</u> records.

The minutes should include meeting details such as:

- Name of the organization

- Date and time the meeting started and ended

- Meeting location/format

- List of those present

- A description of the content/conversation is <u>optional</u>

- Results of any board business – votes, decisions, assignments, plans

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Retaining & Recruiting Board Members

Retention is directly related to their ability to see and feel their impact and feel like they belong.

- Effective and efficient meetings

- Active engagement

- Opportunities for personal development

- Connection to the organization & mission

- Regular check-ins

- Feedback and improvement

Recruitment means putting your plans into action

- Create a plan & process

- Dedicate time in meetings to discuss

- Offer regular tour dates w/ board & staff

- Provide other volunteer opportunities

- Create a plan to engage people outside your regular networks

- Create a matrix of attributes to see what perspectives or expertise is missing

- Reflect on board member terms, term limits, and impact of "founding" board members.

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Orienting New Board Members

Helps new board members feel like they belong and fully participate in meetings

Include current board members and staff

- Give them a tour

- Explain why the organization exists and how it makes a difference

- Provide a board notebook or something similar

- Talk through governing documents, strategic direction, and expectations

- Answer any questions - assign a mentor or buddy

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Board "Notebook"

- Governance documents - bylaws, etc.
- Policies
- Information about organization & issues the org. addresses
- Board contact list and committee roster
- Meeting agendas, minutes, and materials
- Meeting schedule or board calendar
- Financial statements
- Consider compiling key information into a governance plan

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"Effective Planning" could include...

- Business Plan – market research, financials, business functions, capital
- Strategic Plan – timeframe of 3 to 5-years with metrics & multi-year budget
- Annual Operating Plan – goals, metrics, & responsibilities
- Annual Budget – two audiences – managers & the public
- Marketing / Fundraising / Community Engagement
- Disaster & Emergency – fire, data-breach, personnel, theft
- Leadership / Succession – chief executive, board, etc.

Values, Culture, Belonging, Equity, Inclusion are embedded

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Best Practices

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Teams with clear roles & authority

Solid Ground Consulting © 2014

Governance		Management
Board Chair	⟷ Leadership Team ⟷	Chief Executive
Board Officers		Management Staff
Committee Chairs		Staff
Board of Directors		Volunteers
Staff serving as resources to the board		Board members serving as volunteers

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Slide 29

◄ BOARD CHAIR LEADERSHIP ◄   **TOGETHER**   **► CHIEF EXECUTIVE LEADERSHIP ►**

No micro-managing   No micro-governing

THE BOARD CHAIR & CHIEF EXECUTIVE PARTNERSHIP

Governance:[1]
Determine mission, vision, and values
Be purpose-driven
Select the chief executive Support & evaluate the chief executive
Ensure effective planning & strategy setting
Monitor & strengthen programs and services
Ensure adequate financial resources
Protect assets & provide financial oversight
Build a competent, inclusive, & equitable board
Ensure legal & ethical integrity
Enhance the organization's public standing

Board Development:
Initiation • Orientation
Sustainability • Preservation

Boardroom:
Mission-driven focus on governance tasks
Board focused on stakeholders
High functioning board focused on process, tasks, & outcomes

Shared Tasks:
Mutual respect, trust, & support
Reciprocal communications
Shared purpose & mission-driven
Context: for the good of the organization

Shared Responsibilities:
Social stewardship
Fiscal stewardship
Resource development
Succession planning
Strategic planning & program evaluation
Collective purpose

Shared Outcomes:
Mission impact
Organizational growth and sustainability
Healthy, functional organization
Change as a constant

Management:[2]
Commit to the mission, vision, and values
Advance the collective purpose
Lead the staff & manage the organization
Lead & manage fundraising
Follow the highest ethical standards, ensure accountability, & comply with the law
Engage the board in planning & lead implementation
Develop future leadership
Build external relationships & serve as an advocate
Ensure the quality & effectiveness of programs
Support the board

Staff Development:
Initiation • Orientation
Sustainability • Preservation

Workplace:
Mission-driven focus on management tasks
Staff focused on clients/customers
High functioning staff focused on values, process, tasks, & outcomes

[1] Source: *Ten Basic Responsibilities of Nonprofit Boards*
[2] Source: *The Nonprofit Chief Executive's Ten Basic Responsibilities*

BoardSource
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- 1-page map
- Clarifies roles
- Identifies tasks & responsibilities
- Framework for assessment
- Basis for conversation about your organization.

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Slide 30

Chief Executive & Board Chair Partnership

Maintain mutual trust & respect

Meet frequently – weekly/bi-weekly

Share information & perspectives

Stay in your own lane

Plan & accomplish tasks together
- *Agendas & calendars*
- *Planning – business, strategic, disaster*
- *People management*
- *Board development & member orientation*
- *Assessments & evaluation*
- *Policy - development, adoption, & use*

- Thought partnership
  - *Consider "what-if" scenarios*
  - *Feedback & blind spots*
  - *Safe-space for emotions & triggers*
  - *Prioritizing information & actions*
- Special projects
  - *Communication – the messages, medium, & messenger roles*
  - *Legal & compliance issues*
  - *Fundraising projects*
  - *Leadership succession*

NAO

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Chief Executive Expectations Policy

Responsibilities

Oversee work of the organization:
- Provide leadership
- Secure funding
- Manage staff
- Fiduciary management
- Spokesperson in the community

Support the board team:
- Keep the board informed – "no surprises"
- Work to see that the board fulfills its legal, organizational, and public role
- Ensure that the board does not micro-manage.

Conduct

- **Standards:** "highest ethical standards" and a reference to industry-specific ethic codes
- **Interpretation:** "reasonable interpretation"
- **Development:** expectations and ethics (AFP)
- **Asset Management:** net assets, internal controls, and purchasing practices.
- **Financial Management:** standard and expectations for financial practices and management
- **Risk Management:** insurance requirements, etc.
- **Personnel:** workplace culture and role of legal counsel
- **Board Communication:** what information gets communicated to the board and when

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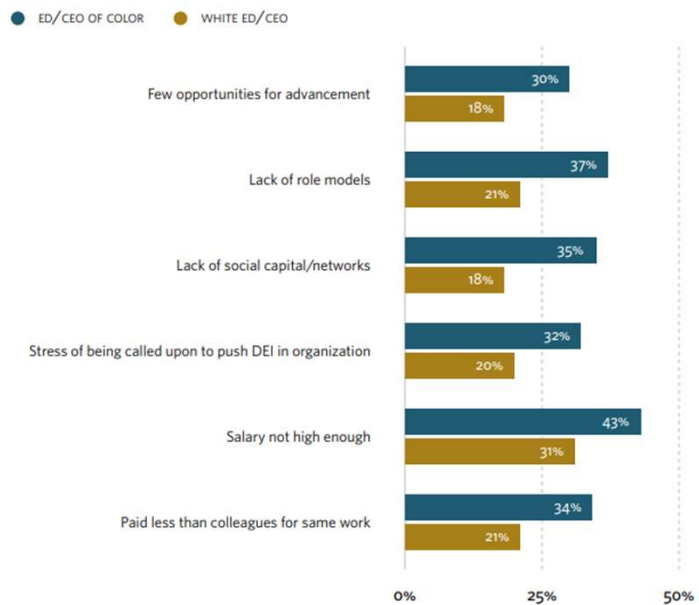
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NAO Nonprofit Health Check

| Your Board Governance | The Business of Your Nonprofit | Your People & Systems | Engaging Community |

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Board Governance

	Strategy – Governance – Risk Management
1	Leadership (board/staff) is guided by a clear and compelling mission and vision.
2	Board contributes to the organization's overall health (strategy, risk, finances).
3	Board members understand their legal rights and responsibilities and ensure the organization is in compliance.
4	Board uses the nonprofit's bylaws as an operating manual updating as necessary.
5	Board (and committees) meet with enough regularity to conduct business.
6	Board members follow a conflict of interest policy and file an annual statement.
7	Board roles, responsibilities, and expectations are clear and documented.
8	Board hires, oversees, and evaluates the Executive Director/CEO.
9	Board evaluates its performance (ideally annually or at least every 2 years).
10	The organization is up-to-date with all tax and corporate filings.
11	Corporate insurance is in place and aligned to organizations activities and assets.
12	Corporate documents, employee records, and assets are safeguarded.
13	Organization has a whistleblower policy; board members are trained annually.
14	Organization has necessary board, employee, and financial policies.
15	Board members are not compensated (except for expenses per an established organizational policy).

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Nonprofit Business

	Resource Development – Financial Health & Oversight – Strategy
1	Board members and staff have a clear understanding of the organization's business model.
2	Business model includes a diversity of revenue sources (contributed and earned).
3	At least one-third of annual budget expenses are spent on programs that pursue mission.
4	Board reviews and approves an annual budget and monitors performance.
5	Board reviews financial statements at regular board meetings.
6	Organization prepares monthly bank reconciliations.
7	Accounting system has capacity to track restricted and unrestricted funds.
8	Financial policies are in place outlining accounting standards (internal controls, separation of duties, delegations of authority).
9	Payroll prepared by a qualified staff or vendor; reviewed by someone outside of finance.
10	Independent audit is conducted annually by a certified public accountant.
11	Organization keeps complete, current and accurate financial records.
12	Organization consistently honors donor intent and contract obligations.
13	Organization has donor privacy policies and practices.
14	Board is engaged in revenue development and "friend-raising."
15	Donor acknowledgement occurs in accordance with IRS requirements.

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People and Systems

|	Human Resources – Operations – Strategy – Implementation
1	Employee and volunteer policies meet all federal, state, and local requirements.
2	Policies are documented, applied in a consistent manner, and updated as necessary.
3	Organization has a code of ethics that board members, staff and volunteers understand and uphold.
4	Leaders have the management skills necessary to guide and develop staff capacities.
5	Organization has effective and inclusive recruitment practices.
6	Job descriptions are in place for all staff and volunteer positions.
8	Organization chart depicts staff and volunteer roles within the organizational structure.
9	Employees and independent contractors are properly classified.
10	Employees and volunteers receive regular performance feedback.
11	Turnover of staff and volunteers is understood, monitored, and explainable.
12	Compensation and benefits for staff are aligned with industry standards for an organization of your size, and reviewed and updated as necessary.
14	The safety of people and assets are central in discussions around risk management.
15	Operational systems support effective and efficient delivery of mission critical work.
16	Beyond having policies that prohibit harassment and discrimination, the organization is taking steps to build a healthy culture of respect, dignity, and inclusion.
17	Organizational data and assets are safeguarded and backed up.
18	Contingency plans are in place for key positions and organizational functions.

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Engaging Community

	Governance – Strategy – Programming – Communications Leadership
1	All board members, staff, and volunteers are aligned in communicating the organization's mission and impact.
2	The organization actively engages community members and external stakeholders using a communications and engagement plan.
3	The organization actively engages and nurtures partnerships and networks to achieve mission impact.
4	Needs-based programming is in response to community and market demand.
5	Community is at the center of the organization's work.
6	Organization-wide understanding of who is served by the programs and why.
7	Programs use data and feedback loops to inform design and program development.
8	Strategies in place to build community awareness of the organization's mission and the goals of programs and processes.
9	The organization is involved in advocacy/systemic change activities and engages partners and community members in those efforts.
10	Diverse perspectives are considered when making decisions.
11	Decision-making and reward structures are mission-rooted and there is clarity on how decisions are made.
12	At least two-thirds of board members are independently appointed.
13	The organization commits to do no harm in its programing, processes and operations.
14	The organization actively anticipates and plans for reducing the barriers to participation in processes and programs.
15	The organization educates and provides analysis of issues pertaining to their mission.

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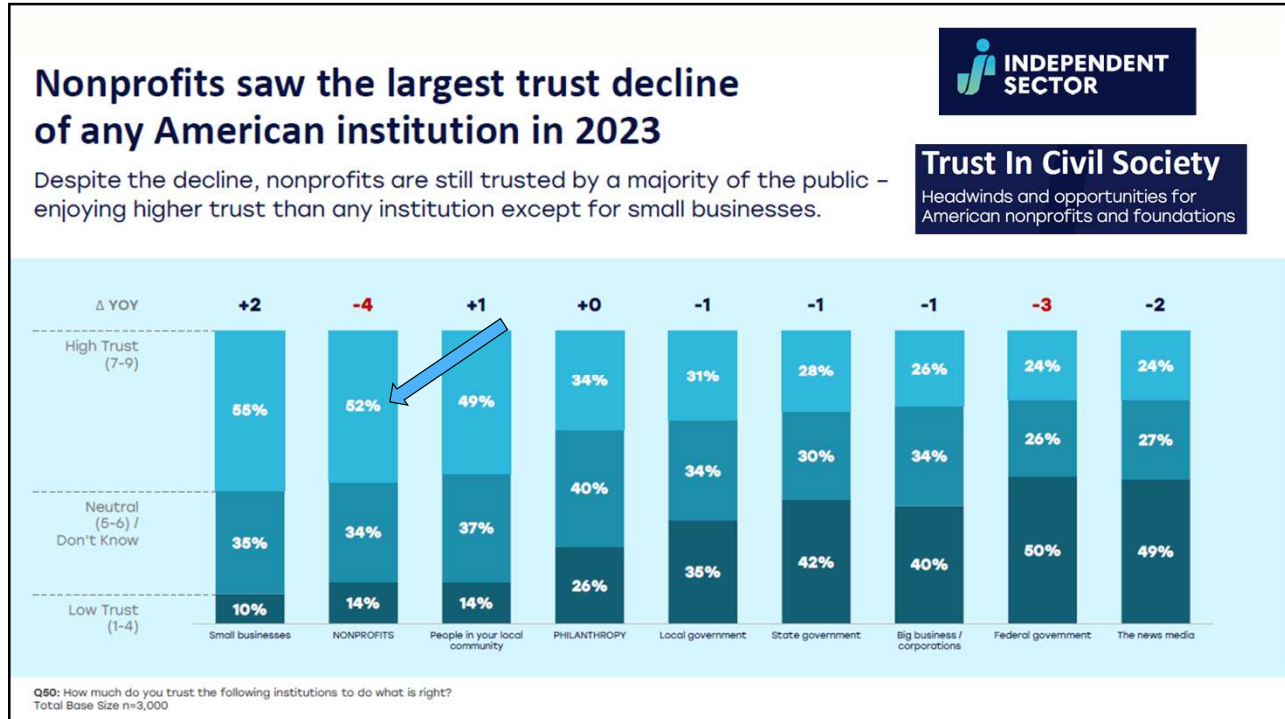
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Board Development

The board should assess its effectiveness regularly. Look for opportunities for improvement and seek training and education.

- NAO website – individual member accounts allow you to save resources

- BoardSource – packed full of great resources and materials

- Independent Sector – 33 Principles for Good Governance (1-pager & full report)

- Training & experiences to develop your team

- Race to Lead: Confronting the Nonprofit Racial Leadership Gap

- Bridgespan, Propel, National Council of Nonprofits, CompassPoint

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Questions?

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Thank You for Joining Us!

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