

Ten Basic Responsibilities of Nonprofit Boards

NCNB GOVERNANCE SERIES

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Appendix 1

Statement of Individual Board Member's Responsibilities

As boards of directors have basic collective responsibilities, board members are also entrusted with individual responsibilities as a part of board membership. The obligations of board service are considerable—they extend well beyond the basic expectations of attending meetings, participating in fund-raising initiatives, and making monetary contributions.

An interesting paradox, however, is quickly apparent as part of the ambiguity that shrouds board service. On the one hand, board members as individuals have no special privileges, prerogatives, or authority; they must meet in formal session to make corporate decisions. On the other hand, individual board members are expected to meet higher standards of personal conduct on behalf of their organization than those usually expected of other volunteers.

A clear statement of individual board member responsibilities adapted to the organization's needs and circumstances can serve at least two purposes: it can help with the process of recruiting new board members by clarifying expectations before candidates accept nomination, and it can provide criteria by which the committee responsible for identifying and recruiting prospective nominees can review the performance of incumbents who are eligible for reelection or reappointment.

Prospective and incumbent board members should commit themselves to:

General Expectations

- ◆ Know the organization's mission, purposes, goals, policies, programs, services, strengths, and needs.
- ◆ Perform duties of board membership responsibly and conform to the level of competence expected from board members as outlined in the duties of care, loyalty, and obedience as they apply to nonprofit board members.
- ◆ Suggest possible nominees to the board who are clearly women and men of achievement and distinction and who can make

significant contributions to the work of the board and the organization's progress.

- ◆ Serve in leadership positions and undertake special assignments willingly and enthusiastically.
- ◆ Avoid prejudiced judgments on the basis of information received from individuals and urge those with grievances to follow established policies and procedures through their supervisors. (All matters of potential significance should be called to the attention of the executive and the board's elected leader as appropriate.)
- ◆ Follow trends in the organization's field of interest.
- ◆ Bring good will and a sense of humor to the board's deliberations.

Meetings

- ◆ Prepare for and participate in board and committee meetings, including appropriate organizational activities.
- ◆ Ask timely and substantive questions at board and committee meetings consistent with your conscience and convictions, while supporting the majority decision on issues decided by the board.
- ◆ Maintain confidentiality of the board's executive sessions, and speak for the board or organization only when authorized to do so.
- ◆ Suggest agenda items periodically for board and committee meetings to ensure that significant, policy-related matters are addressed.

Relationship with Staff

- ◆ Counsel the chief executive as appropriate and support him or her through often difficult relationships with groups or individuals.
- ◆ Avoid asking for special favors of the staff, including special requests for extensive information, without at least prior

consultation with the chief executive, board, or appropriate committee chairperson.

Avoiding Conflicts

- ◆ Serve the organization as a whole rather than any special interest group or constituency. Regardless of whether or not you were invited to fill a vacancy reserved for a certain constituency or organization, your first obligation is to avoid any preconception that you “represent” anything but the organization’s best interests.
- ◆ Avoid even the appearance of a conflict of interest that might embarrass the board or the organization, and disclose any possible conflicts to the board in a timely fashion.
- ◆ Maintain independence and objectivity and do what a sense of fairness, ethics, and personal integrity dictate, even though not necessarily obliged to do so by law, regulation, or custom.
- ◆ Never accept (or offer) favors or gifts from (or to) anyone who does business with the organization.

Fiduciary Responsibilities

- ◆ Exercise prudence with the board in the control and transfer of funds.
- ◆ Faithfully read and understand the organization’s financial statements and otherwise help the board fulfill its fiduciary responsibility.









Fund-Raising

- ◆ Give an annual gift according to personal means.
- ◆ Assist the development committees and staff by implementing fund-raising strategies through personal influence with others (corporations, individuals, foundations).

Appendix 2

A Paradigm: The Evolution of Nonprofit Organization Governance

*Governance structures tend to change over time as
organizations evolve from . . .*

foundings		regional or national significance
small numbers of constituencies (or members)		extensive numbers of constituencies
small budgets and staffs		extensive budgets and staffs
modest or no reserve funds (absence of investment policy)		reserve funds and investment policy
small boards		large boards
use of the title of “executive director” for the chief staff officer		use of the title of “president” for the chief staff officer
use of the title of “president” for the chief volunteer officer		use of the title of “chair,” “chairman,” or “chairperson” for the chief volunteer officer
boards that operate as committees of the whole		boards that depend on effective standing committees

founders who dominate board membership (little turnover)

TO

board members chosen on merit, background, skills (reasonable turnover)

high dependence on board members who also serve as grassroots volunteers

TO

less dependence on board members who also serve as grassroots volunteers

board members who “represent” constituencies

TO

board members who are selected “at-large”

strong emotional commitment by board members to organization purposes

TO

less emotional investment and more use of board members’ expertise, skills, and influence

modest or no expectation for board members to make annual personal contributions or raise funds

TO

clear expectation for board members to make annual personal contribution (to serve as an example to others) and to participate in fund-raising

minimal standing policies (e.g., absence of personnel handbook)

TO

codification of board/organizational policies including sophisticated personnel policies and practices

no directors and officers liability insurance

TO

directors and officers liability insurance as well as several other coverages

no annual audit by certified public accountant

TO

annual audit by local or national audit firm