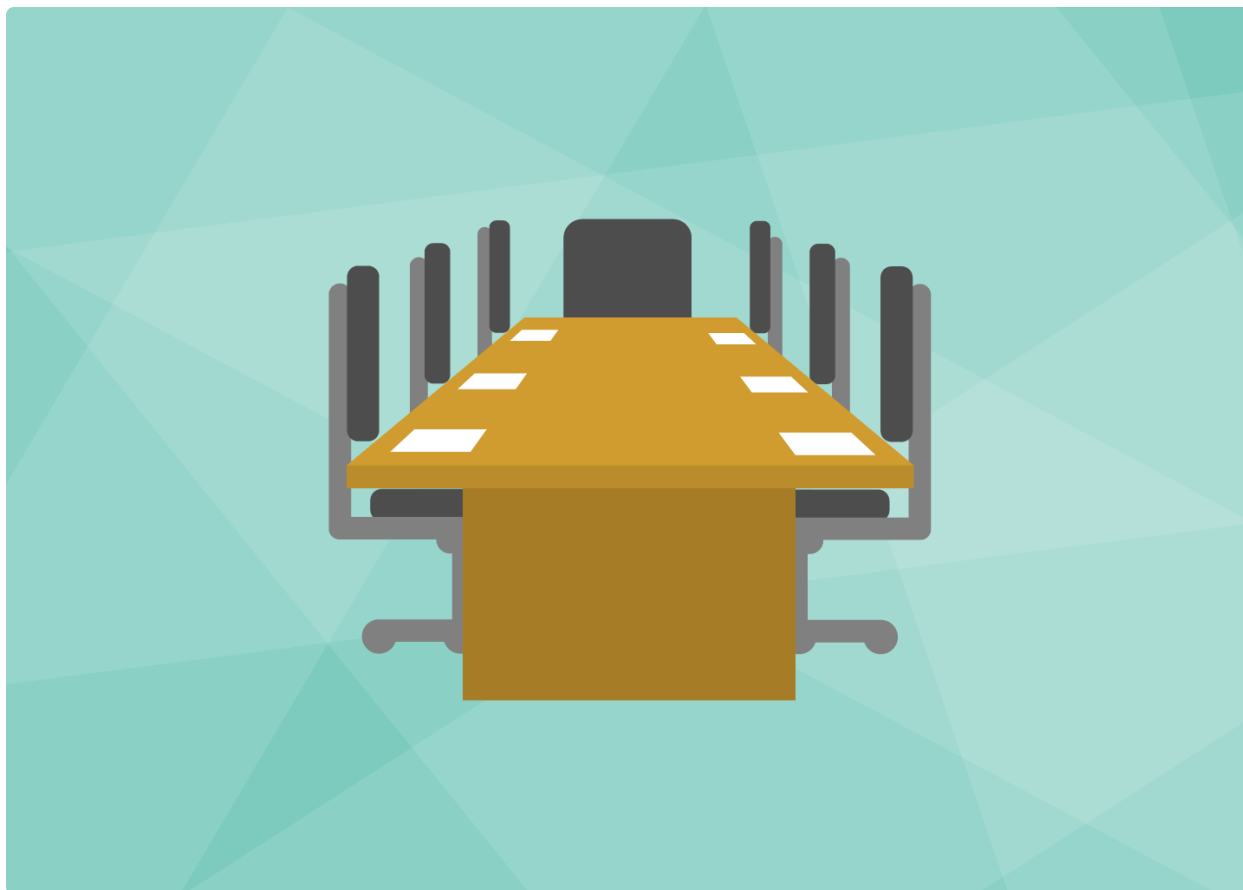


Nonprofit Boards: 7 Key Responsibilities for Good Governance

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Organizational Management

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This is a guest post from Jeb Banner, founder and CEO of [Boardable](#).

New board members often bring a contagious enthusiasm with them to board meetings, and these passionate individuals can breathe life into any nonprofit board. However, newcomers don't always have sufficient background knowledge to be a catalyst for growth.

It's up to the executive director and other board leaders to help them understand what exactly they should (and shouldn't) be doing to drive the mission forward. This way, they can effectively channel their energy into promoting organizational advancement and becoming valuable assets to the board.

Understanding Nonprofit Board Member Responsibilities

Ensuring that new and existing board members fully understand their core obligations will help them pave the way for your cause in a sound, legal manner.

At Boardable, we've worked with thousands of nonprofit boards to simplify board management and amplify their impact in their communities. After years of working with various causes, we're confident that we have a solid understanding of what capable governance looks like for nonprofits. Based on our knowledge and experience, we'll walk through seven core responsibilities of nonprofit boards, including:

1. Ensure effective organizational planning
2. Provide sufficient resources
3. Make sure the organization fulfills legal obligations
4. Provide proper financial oversight
5. Select and evaluate the executive director
6. Improve the organization's public standing
7. Recruit and orient new board members

As a leader of your nonprofit's board, it's up to you to hold members accountable and ensure they follow through on their legal and ethical duties. Ready to learn more about these basic responsibilities and promote good governance practices? Let's dive in.

1. Ensure Effective Organizational Planning

Organizational planning is perhaps the largest, most time-consuming responsibility held by nonprofit boards. It's up to your board members to allocate sufficient time in their regular board meetings to make realistic plans that align with the community's needs and the organization's mission.

Planning occurs at various levels depending on many circumstances such as the nonprofit's size and organizational complexity, but most boards focus on creating a comprehensive plan that accounts for each of the following topics:

- Mission statement and organizational purposes
- Current programs and services
- New programs and services
- Supporter development and retention
- Staffing (both current and projected)

- Financial projections, including income and expenditures

Part of effective strategic planning is periodically assessing the organization's progress toward achieving your previously set goals. Your board management tools may streamline this process by allowing you to monitor measurable goals like fundraising totals and volunteer hours. This way, board members can proactively follow up and ensure the organization's plans don't fall behind.

From here, your board and staff directors should meet every three to five years to realign on its strategic plans. This provides enough time for your organization to make progress but is also frequent enough that board members can quickly respond to changes.

2. Provide Sufficient Resources

After developing a comprehensive strategic plan, it's up to your board to provide sufficient resources in order to stick to those plans. This primarily means fundraising. **You should expect board members to become involved in some facet of raising funds for the organization.**

Whether they're leveraging their connections to generate revenue or donating their own money, a board member's responsibility is to assist in developing and carrying out a fundraising plan. Three primary opportunities for board members to get involved in fundraising include:



Reach out to their networks.

Most board members typically know prospective donors whose passions align with the organization's mission. They should be willing to leverage their personal and professional networks to help the organization grow financially.

Attend fundraising events

Board members should make every effort to attend public fundraising events *and* encourage their friends and families to attend. As we'll discuss later, publicly advocating for your organization goes a long way in enhancing your public standing.

Donate to the organization

Not every nonprofit requires board members to make personal financial contributions, but some nonprofits adopt this expectation to deepen commitment. Consider simply encouraging donations without pressuring board members. Nonprofits have found that requiring annual gifts can prevent board diversity and can communicate that you value your team's wealth over insights.

Effective fundraising is a major facet of the board's capabilities, commitment, and influence. A high-performing board will focus on successfully monitoring and guiding fundraising initiatives. Convey this expectation upfront, so everyone knows that they're expected to help raise revenue in some way, shape or form. This way, they'll be aware of their role and will be less likely to fall short of expectations.

3. Make Sure the Organization Fulfills Legal Obligations

Executive directors that hail from the for-profit industry often assume that nonprofits operate in a less-regulated environment, which is not the case. Tax-exempt organizations must adhere to several rules in order to maintain their status.

It's up to board members to be aware of applicable federal, state, and local laws and ensure the nonprofit meets those requirements.

Failure to do so can lead to several penalties. For instance, neglecting to file the IRS Form 990 return can lead to immediate penalties, including loss of your tax-exempt status, late fees, and the inability to accept tax-deductible donations, as explained in Jitasa's guide to Form 990 Filing.

Beyond tax-related repercussions, board members should understand the penalties for overpaying staff members, engaging in excessive lobbying or political activities, making poor bargains on behalf of the organization, and so on. Boards also need to be aware of state-level "Sunshine Laws" and other regulations about how nonprofits conduct operations. Disregard for these laws often leads to hefty fees and ultimately a poor public image. Ongoing board training is often the best solution for ensuring that members understand these legal obligations.

4. Provide Proper Financial Oversight

An important part of effective nonprofit management is ensuring revenue is properly managed. Because organizations are granted tax-exempt status by law to fulfill a public need, the board's obligations extend beyond the organization's stakeholders. As we mentioned in the last section, poor financial management puts this status at risk.

Your board members don't need to be nonprofit accounting experts, but they should have a good sense of how much money is coming in and coming out of your organization.

As part of providing sufficient oversight, the board should monitor all financial activities and ensure the organization's program spending is appropriate. A board management platform with document management capabilities will allow for securely dispersing various financial documents like your statements of cash flow, financial position, and functional expenses amongst the team.

In order to be responsible stewards of your organization's finances, board members should:

- Learn how to read and interpret financial statements
- Review and approve the nonprofit's budget
- Approve major organizational decisions, such as programming or other large expenditures

When developing and carrying out a financial plan, board members should proactively communicate with key stakeholders to discuss these goals, receive input, and share any progress. Overall, your board should work cooperatively with the rest of your team, taking their suggestions into consideration. Proper financial management can ultimately set programmatic growth in motion.

5. Select and Evaluate the Executive Director

Compared to other obligations, selecting the executive director undoubtedly has the greatest impact on the organization's daily progress and effectiveness. While other stakeholders (such as staff and major donors) may certainly express their opinions, the final hiring decision is the board's to make.

As a board enters the process, there are several steps they'll need to take from selection to evaluation, including:



1. Conduct an organizational assessment.

The board should first take time to determine the organization's major strengths and weaknesses. From here, they'll be able to establish specific characteristics and skills that the new executive director should possess to fulfill those needs.

2. Oversee the selection process.

Board members must reach a consensus on the executive director's responsibilities. Then, they should develop a comprehensive job description that articulates the necessary skills for the job and undertake a careful search to find the most qualified individual.

3. Conduct an annual evaluation.

According to [this resource](#), the board should assess the executive director on an annual basis to ensure they're fulfilling their obligations. These evaluations should include quantitative metrics (e.g. fundraising goal completions) as well as qualitative metrics (e.g. leadership and problem-solving skills).

4. Set compensation.

Your board of directors is also responsible for establishing the executive director's salary and benefits based on the current market. This amount should be attractive enough to retain the best possible talent for the position while not being excessive. To determine reasonable compensation, the board should conduct a review of similarly-sized organizations in the same geographic location to figure out how much they offer senior leaders.

As you know, the executive director holds substantial responsibility at the organization, including ensuring programmatic success, maintaining a stellar staff, and keeping efforts in line with the organization's long-term goals. As the group that works most directly with the executive director, your board members are the most qualified to select the right candidate for the job and see that they follow through on their commitments.

6. Improve the Organization's Public Standing

As part of their core duties, board members should publicly advocate for the organization to help maintain a positive standing within the community. **For the most passionate board members, this responsibility comes naturally.** When networking, they should aim to ignite that same enthusiasm for the cause in others, including their friends, families, and professional connections.

As volunteers, each board member has a degree of credibility with the public that varies from the organization's staff. Sharing their deep passion and knowledge for the organization's mission, goals, and needs throughout the community increases the probability for success.

When it comes to special events, expect board members to attend. This demonstrates support to the broader community, and it's difficult to garner support amongst the general public when those closest to the organization aren't seen supporting it. Plus, board members who take it upon themselves to proactively mingle help other guests learn more about the organization's programs and services.

Not only should an expectation of advocacy apply to their personal networks, but it also applies to public relations. When interviewing or interacting with the media, board members must support your nonprofit's mission and paint your organization in the best light possible.

Overall, your board members are the frontline advocates for your cause. Spreading the word helps your team flourish and increases visibility for all the impactful work the organization is doing. This will ultimately open up new doors and opportunities for your organization within the community.

7. Recruit and Orient New Board Members

Throughout their time on the board, board members should keep an eye peeled for potential new board members who would bring additional skills, insight, and experiences to the table. Your current members are the most knowledgeable on strengths and weaknesses in the boardroom and should be responsible for locating passionate recruits who are qualified for the job.

Steps for a successful board member recruitment

You'll want to form a committee of two to three board members to oversee the process. According to [Boardable's board member recruitment guide](#), here are the steps this group should take for successful recruitment:

1. **Determine what gaps need to be filled.** Just like the executive director selection process, the first step should be assessing what skills or experience levels are missing from the current board. Using this information, they should then develop position listings that accurately reflect qualifications and responsibilities.
2. **Reach out to qualified prospects and conduct interviews.** Instead of waiting for candidates to come to your nonprofit, the committee should proactively reach out to qualified individuals. Then, they should create a streamlined process for selecting, interviewing, and evaluating candidates.
3. **Create a shortlist and make final decisions.** Those overseeing the selection process should consider each candidate carefully, while making requirements and expectations crystal clear to potential hires. Once they've narrowed it down to two or three candidates, they should present them to the rest of the board for input and to make the final decision.
4. **Ensure there are no conflicts of interest.** Recruiting the best possible candidates means finding those who don't have competing interests or loyalties. Your board shouldn't play favorites by granting friends and families positions based solely on their relationships. Further, your recruits should be prepared to act in the best interest of the organization rather than making decisions for personal gain. Many nonprofits establish a conflict of interest policy to combat these challenges.

Not only should your board members oversee [the recruitment and selection process](#), but they should also assist in onboarding. They should train their successors and ensure these individuals have everything they need for success. At this point, ensure they're granted access to your board management platform and receive a manual with key documents to get them up and running. Those who are returning for an additional term can also serve as a friendly face in the boardroom.

Wrapping Up: Nonprofit Board Success

Your board is composed of fiduciaries who steer your mission toward a sustainable future. While this group has the potential to supercharge your work, there are many duties and rules your directors need to keep in mind. After all, *with great power comes great responsibility!*

By fulfilling all responsibilities covered in this article, your board members will be much more capable of exhibiting effective governance. Form this foundational knowledge of what they can (and can't) do upfront. Then, remember to openly communicate (both in-person *and* via remote board management tools) to remind them of ongoing duties. In turn, your entire mission will be in a promising position to flourish. Good luck!



Jeb is the founder and CEO of Boardable, a nonprofit board management software provider. He is also the founder of two nonprofits, The Speak Easy and Musical Family Tree, as well as a board member of United Way of Central Indiana and ProAct. Jeb is based in Indianapolis, Indiana.