



Board Best Practices

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# What is the board structure for a nonprofit organization?

The mission of a nonprofit may vary from organization to organization. It can range from sheltering the homeless to advocating for the members of the organization itself.

However, one thing that all nonprofit organizations have in common is a board of directors.

Nonprofit or not, the relationship between an organization’s staff and its board of directors is unique. Still, every board has a similar structure and more or less the same legal and ethical duties and responsibilities. A similar system is implemented to ensure proper oversight and progress towards the mission of the organization.

# Developing a nonprofit board structure

Creating a nonprofit board structure can seem intimidating when you're new to it. But keep in mind that nonprofit boards are very similar to their for-profit counterparts. They are both tasked with working towards the organization's best interests while following the necessary processes for legal and financial compliance.

Read on to learn more about the structure of the nonprofit board of directors.

## Role of Board of Directors in non-profit organizations

Nonprofit boards are usually made of unpaid volunteers accountable for the organization's performance towards its greater mission. These workers act as a governance committee, advocating in the nonprofit's best interest, and are responsible for oversight of the organization, including its public image, fundraising, and service delivery toward its mandate.

To ensure the board of directors acts in the organization's best interest, the board determines members' responsibilities and key performance indicators to measure their success.

Typically, the nonprofit board of directors is responsible for the following activities:

### **1. Creating a mission statement for the organization**

The mission statement is used to express the organization's goal, what they do to achieve this goal, and whom they serve.

A nonprofit mission statement should be regularly reviewed and updated to reflect the current environment. Board members, donors, and volunteers should align themselves with the mission to best serve the organization.

### **2. Strategic goals for operation**

To achieve the organization's goals outlined in the mission statement, the board of directors is also responsible for creating and implementing an operating strategy.

Smaller goals may be implemented to achieve the nonprofit's all-encompassing mission. The board of directors must be vigilant in identifying opportunities and risks posed, as would any for-profit business.

### 3.Oversight and management of the organization

Any nonprofit BOD is also responsible for the [operation of the organization as a whole](#). They are responsible for electing an Executive Director to implement the organization's strategy favoring its mission while ensuring the day-to-day operations are running smoothly.

#### Other tasks a nonprofit board encounters include:

- Approving budgets and managing finances
- Creating and implementing policies
- Organizing and conducting board meetings
- Implementing strategies and plans while monitoring their progress
- Hiring auditors and accountants when necessary
- Identifying and eliminating weaknesses
- Creating campaigns for fundraising
- Advocating for the organization in the community

As you can see, nonprofit board members also contribute to the organization in tangible ways like raising money, awareness campaigns, or offering their expertise and connections for free.

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## What does a nonprofit board consist of?

A board of directors oversees all organization activities, holds meetings periodically, and discusses and voted upon matters concerning the organization. The minimum requirement is one (1) annual meeting with all board members present; however, many nonprofits hold quarterly or annual board meetings in addition to an annual general meeting.

Board positions are not permanent, and many organizations have set term lengths for each member (between two to five years on average).

The nonprofit board's role is high-level governance like strategy, operations oversight, accountability, and officers of the organization's bylaws. On the other hand, management is a day-to-day operation of a nonprofit and is typically carried out by other volunteers not sitting on the board.

## What is the best structure for a nonprofit organization?

In a nonprofit organization, the organizational structure is crucial to its success. Organizations with nonprofit status may include boards of directors, executive (C-level) officers, managers, and administrators.

Depending on the size of your nonprofit, different structures may make more sense. However, the most important thing to remember regarding the organizational structure is that your board and staff members understand their positions concerning the nonprofit's mission.

Many nonprofits have large boards so that they can mobilize many board members to help with fundraising. Organizations are wise to focus membership size on roles so everyone is contributing valuable work.



## Nonprofit board structure chart

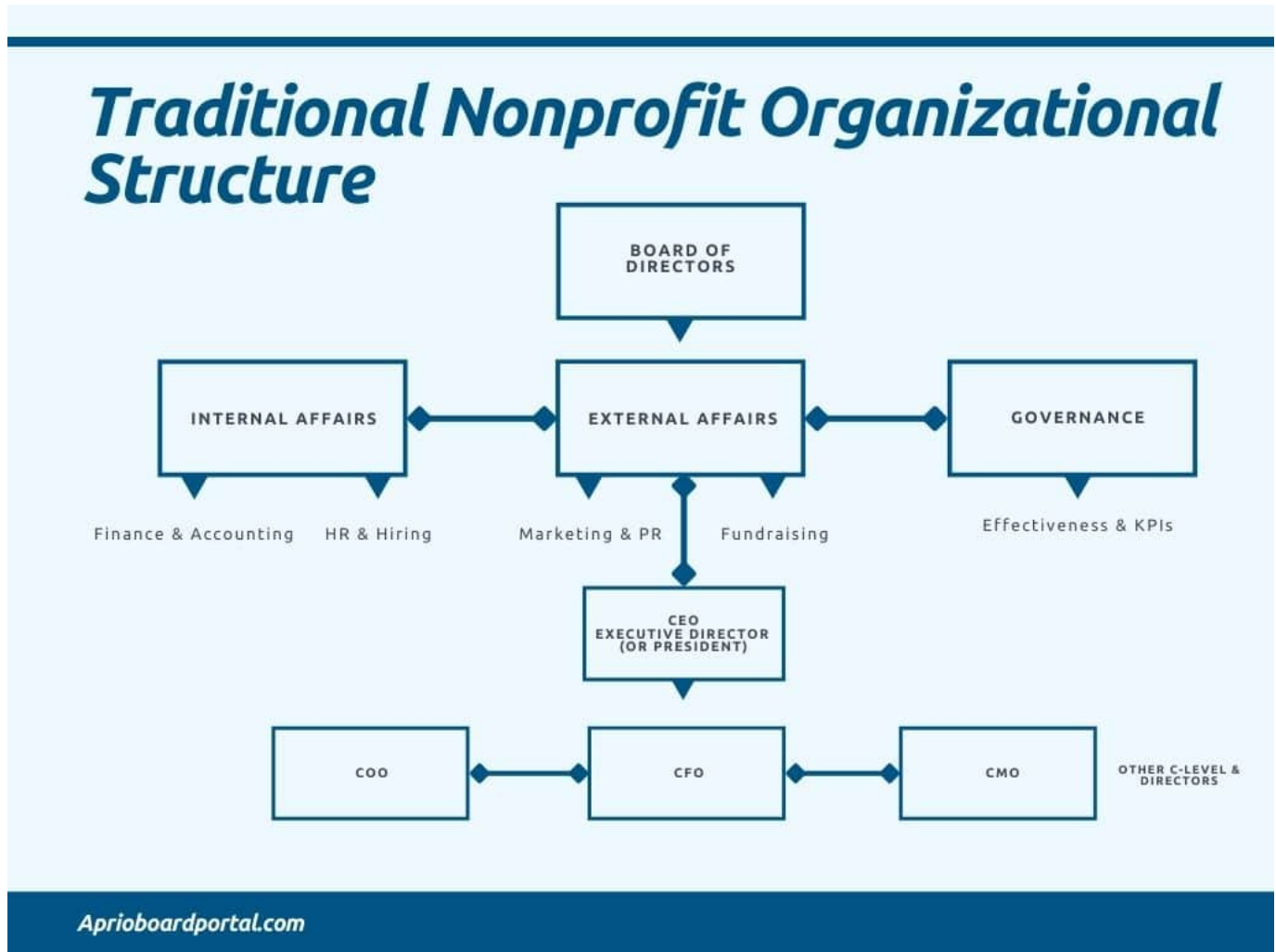
One way to better account for each member and their responsibilities is to form board committees. According to [Blue Avocado](#), an online magazine for nonprofits, nonprofits can streamline their operations by implementing and following a three-committee structure that includes Internal Affairs, External Affairs, and Governance. An Executive Committee may also exist (chairs of each of the three committees, plus the Board President) for holistic communication purposes.

### **There are several advantages to using this structure:**

- Board members are not splitting time between multiple committees
- Fewer committee meetings and more streamlined work
- Accountability is clear (thanks to the Executive Committee)
- It is easier to plan board meetings around this structure

Another model focuses on a structure of: Fundraising Committee, Budget and Finance Committee, Nominating Committee (focused on recruitment and performance assessment)

and other Adhoc committees as needed. In the chart below, you can see the relationship among the board members, various committees, and the staff of a nonprofit organization.

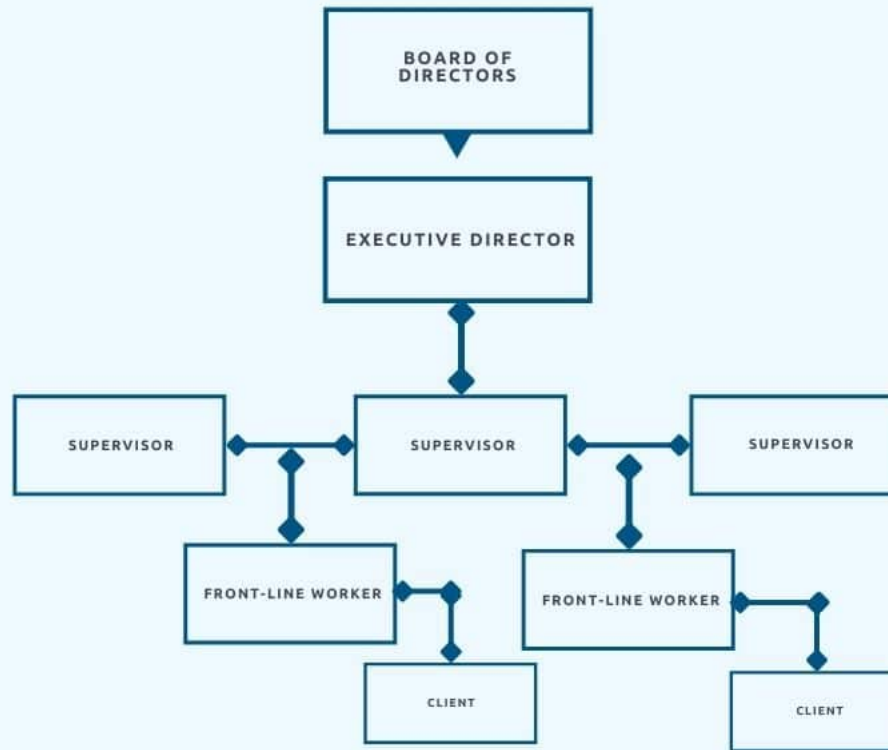


## Small nonprofit board structure chart

If you are a smaller nonprofit with just a handful of board members, committees may feel too structured to enable board members to contribute in multiple ways.

The structure for a small nonprofit might be simpler. The Executive Director typically creates a competent nonprofit board structure chart to ensure the management layer of the organization knows who they're accountable to and is working hard to meet the nonprofit's objectives. It can be as simple as the chart below.

# Organizational Chart for a Nonprofit



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## Nonprofit board member titles

When new board members join a nonprofit, they should be provided with a job position or description before they agree to contribute. During their orientation, their work and role will be discussed in the board meeting, so other members are clear on their title and position.

There will never be any two nonprofit board jobs alike. Chairpersons will have additional responsibilities, as will the Secretaries, Treasurers, and Vice-Chairs. A board may have committees, in which case the committee leaders would have unique responsibilities.

**For most nonprofit boards, there will be a total of six job descriptions required:**

- Board Member
- President or Chair
- Vice President or Vice Chair
- Treasurer

- Secretary
- Committee Leaders (optional)

The volunteer's responsibilities will be clearly outlined in each job description.

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## Nonprofit board committee descriptions

On larger nonprofit boards, Board committees perform a large portion of the board's work, complete their responsibilities after being delegated, make recommendations for discussion and action, and enhance board productivity.

As described above, nonprofit boards can efficiently function using different committee structures. One option is:

### 1. Internal Affairs Committee

The Internal Affairs Committee will tackle operating issues. This includes tasks like finance, accounting, human resources/hiring, and facilities. This committee should be staffed by the CFO, COO, and HR Director if these jobs exist within the organization.

#### Previous committees that can be included in the Internal Affairs Committee include:

- Finance/Audit Risk Committee
- Personnel Committee
- Compensation Committee

### 2. External Affairs Committee

This committee will handle external affairs like fundraising, PR, and marketing. If a Development Director or CMO exists within the organization, they will Chair this committee.

#### Previous committees that can be included in the External Affairs Committee include:

- Fundraising Committee
- Investment Committee



- Marketing Committee
- Communications Committee
- Programs Committee

### **3.Governance Committee**

The Governance Committee is therefore responsible for the overall health and operations of the board itself. This committee is responsible for finding new members, board orientation and materials, and performance evaluation of the board itself. This committee is staffed by the Executive Director and is accountable for the nonprofit board's overall effectiveness and key performance indicators as a whole.

### **4.Executive Committee**

An Executive Committee may also be composed of the Chairs of each other committees, including the Board President. This committee usually deals with issues that arise between board meetings but should never be used to usurp the board itself. Instead, this committee should liaise with the Board President and streamline communication between the three committees between meetings.

Similar roles can be conducted with different committee structures including a structure of four committees: Fundraising Committee, Budget and Finance Committee, Nominating Committee (focused on recruitment and performance assessment), and other Adhoc committees appointed by the board as necessary. Or a simple [three-committee structure](#) with a Governance committee, Finance or audit and risk committee, and an Executive committee.



## Nonprofit board member positions

In addition to Committees, nonprofit organizations also have board Officers. Officers are often chosen by recruiting board members who may be capable of more responsibility. The first officers must be elected by a board vote (usually during the nonprofit's first meeting).

There are usually four Officers: President or Board Chair, Vice President or Vice Chair, Secretary, and Treasurer, and the terms unique to each will be defined in the nonprofit's bylaws.

### 1. President or Board Chair

The president is the head of the board. They act as the supervisor of the business board affairs, and their goal is to keep the board aligned with the organization's greater mission. They may also be the CEO or Executive Director of the organization, but the roles themselves are separate.

### 2. Vice President or Vice Chair

The vice role is intended to provide succession planning for the nonprofit organization and ensure continuity as the vice member moves forward into the Board Chair or President role carrying forward knowledge and experience gained working alongside the prior leader. The vice role also provides a backup person to lead board meetings or stand in attendance if the President or Board Chair cannot attend.

### 3. Secretary

The secretary is in charge of records, [minute archives](#), and votes. They also track the activities of the organization per the bylaws. They will usually manage each board members' contact information and send internal communications regarding meetings and other ongoings.

### 4. Treasurer

The treasurer is responsible for keeping accounting records for the organization. They are a signatory on the bank accounts (but they shouldn't be the *only signatory*). The treasurer is also tasked with tracking the organization's financial condition and keeping other officers informed of the general health of the nonprofit.

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## Nonprofit board member roles and responsibilities

In general, the roles and responsibilities of nonprofit board members will largely depend on the organization's mission but are similar to the [roles and responsibilities of for-profit board members](#). However, there tend to be some typical board member roles and corresponding duties of this executive committee that we can explore here.

**The primary responsibilities of board members (no matter what their role) are defined below:**

- Demonstrate an understanding of and commitment to the organization's purpose
- Stay up-to-date on issues that affect the nonprofit
- Ensure that you are prepared for meetings by reading agendas, minutes, reports, and other pertinent documents
- Regularly attend board meetings and nonprofit events

- Actively participate in committee meetings by contributing skills and knowledge relevant to the held position
- Ask for clarification or additional information when necessary
- Monitor and understand the organization's financial health
- Do not engage in any conflicts of interest
- Understand and uphold confidentiality agreements
- Assure compliance with all applicable laws and regulations

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Want to learn more about board best practices? See these related posts:

- [Nonprofit Health Agency lessons in bringing electronic governance to boards](#)
- [How to run a board meeting](#)
- [Evaluating board portal vendors 2021: Top 10 board portal feature comparisons](#)



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