



# Board Roles & Responsibilities: Governance Basics and Promising Practices

## Meet Your Facilitator



- IDEAL Director at the Center for Excellence in Nonprofits
- I have worked in non-profits at all levels- volunteer, direct service, executive director, development and a board member.
- I LOVE nonprofits and I believe that community organizations fill a gap that no other entity can.
- I love snickers and tacos <3.



# CEN

*Center for Excellence in Nonprofits*

**Our mission is to improve the long-term sustainability of nonprofit leaders and organizations by offering the highest quality programs, consultation, training and community-building networks.**



# Goal: Inclusivity

- Prioritize your needs. We will take a 10-minute break around 6:45p.
- I would love to see your face and I recognize that is not always possible.
- There are many ways to engage: unmute, chat, private chat, emoji's.
- This is a co-learning space. I encourage you to share your individual experiences and ask questions.



# Who is in the room?

Name & Pronouns

1 skill you bring to  
any team you join

Something that  
concerns you  
about board  
leadership

# Land Acknowledgement

I respectfully give honor and reverence to those who lived, walked and thrived on this land prior to colonialism.

It is a privilege that I am joining you today from the lands of the California Valley Miwok Tribe.

*“If we think of territorial acknowledgments as sites of potential disruption, they can be transformative acts that to some extent undo Indigenous erasure. I believe this is true as long as these acknowledgments discomfit both those speaking and hearing the words. The fact of Indigenous presence should force non-Indigenous peoples to confront their own place on these lands.”*





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I

Inclusion

D

Diversity

E

Equity

A

Access

L

Liberation



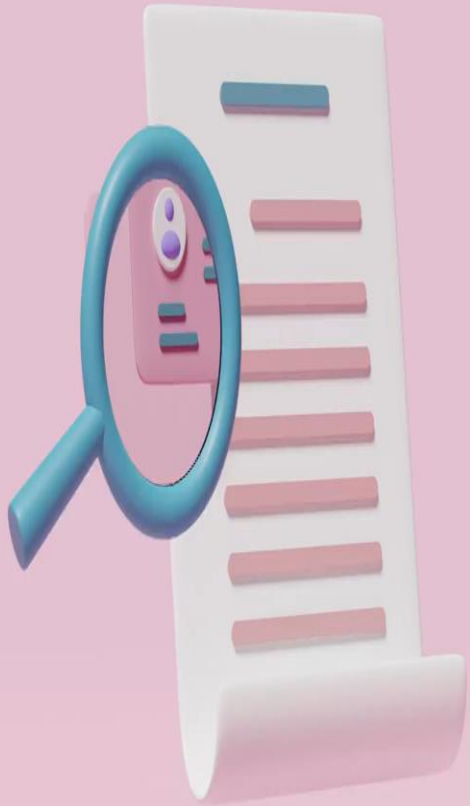
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# Objectives

- **Understand Legal Obligations:** Provide an overview of the legal obligations of a nonprofit board.
- **Define Roles and Responsibilities:** Clarify the roles and responsibilities of boards as a governing body.
- **Differentiate Board Work:** Explain the difference between the work of the board and the work of individual board members.
- **Distinguish Board and Staff Functions:** Highlight the differences between board functions and staff functions.
- **Learn Effective Practices:** Explore promising practices of highly effective boards.
- **Practical Tips for Board Members:** Offer practical tips to help new board members serve their agencies more effectively.



# The Beginning

Modern nonprofit governance in America traces back to early settlers, with many colonies established by private companies. For instance, the Massachusetts Bay Company's charter granted members perpetual succession, allowing them to appoint successors and elect officers. Thirteen men, chosen for their integrity and skills, managed the colonial government. The charter mandated regular government assemblies (at least quarterly) with a specified quorum and empowered them to enact laws and ordinances.



# Growth

The percentage of board members in the United States who identify as white men is approximately 58% as of recent data in 2023. This figure highlights the ongoing issue of lack of diversity within nonprofit boards, which tend to predominantly consist of white men despite efforts to increase representation and inclusivity ([Inside Philanthropy](#)) ([NonProfit PRO](#)).



# Why is Board Governance Important?



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# Board Governance



Board governance refers to the processes, practices, and structures that an organization's board of directors uses to direct and oversee the organization's activities and operations. The primary responsibility of board governance is to ensure that the organization achieves its mission and operates effectively, ethically, and in compliance with legal and ethical standards.



# Pop Quiz

How many non-profits are there in the US?

A. 1.8 Million

B. 900,000

C. 2.5 Million

D. 50,000



## **There are approximately 1.8 million nonprofits in the US.**

The number of nonprofits in the US in 2021 was close to 2 million. Of those, most were registered in California, Texas, and New York. Texas has about one nonprofit for every 4,000 people. The US nonprofit sector employs 11.9 million people, making it the third-largest industry by employment in the country.



# Different Types of Boards



“Working” Boards

“Governing” Boards

“Fundraising” Boards



# Working Boards

- Tend to actively facilitate the hands-on work of the program
- Many startup organizations begin with the working board



# Governing Boards

To Govern is to steer, to control & influence from a position of authority.

- Board Governance is a system of agreements, practices, & policies that help the board work effectively & make good decisions.
- Boards come in a variety of structures, compositions, etc., but they are always where the proverbial “buck stops.”



# Fundraising Boards

Actively engage and support the resource development.

- Boards - as a group - should understand and help create the vision for resource development strategies
- Boards monitor progress against fund development plans

# Private vs. Nonprofit Boards

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## Private Boards

- Board members represent the shareholders
- Profit is the bottom line
- Paid board members
- Chair and CEO are the same person
- Legalities, risk, and conflict of interest are different

## Nonprofit Boards

- Board members represent public interest
- Mission is the bottom line
- Most often volunteer board members
- Board Chair and ED/CEO separate
- Fundraising responsibilities

# Board vs. Board Members



GOVERNANCE	SUPPORT
Board acts as one body	Board members act as individuals
Staff acts under direction of Board	Board acts under direction of staff
Legal oversight	Acting as ambassadors
Policies	Volunteering
Financial oversight	Fundraising
Efficiency and Impact	Giving advice

# Typical Board Committees

Financial Committee

Audit Committee

Fundraising Committee

Governance Committee

Executive Committee



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# Legal Responsibilities

Nonprofit boards in California have several legal responsibilities that they must fulfill to ensure the proper governance and compliance of their organizations.

**Duty of Care:** Board members are required to exercise reasonable care when making decisions for the organization. This means they must act in good faith, with the care that an ordinarily prudent person in a similar position would exercise under similar circumstances. They should be informed, attend meetings regularly, and actively participate in discussions and decision-making.







## Duty of Loyalty

**Duty of Loyalty:** Board members must always act in the best interests of the nonprofit, rather than their personal interests or the interests of others. They should avoid conflicts of interest and disclose any potential conflicts that arise. This duty also includes maintaining confidentiality about the organization's affairs.

# Case Study- Duty of Loyalty

Hopeful Hearts is a nonprofit organization dedicated to providing mental health services to underserved communities in the city. The organization was founded by Dr. Sarah Lopez, a licensed psychologist with a passion for helping those in need. Over the years, Hopeful Hearts has grown significantly, expanding its reach and impact on the community.

Dr. Lopez serves as both the founder and executive director of Hopeful Hearts. She has a deep personal commitment to the organization's mission and has poured her heart and soul into its growth and success.



# The Challenge

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As Hopeful Hearts grew, so did its need for financial support. Dr. Lopez, being deeply invested in the organization's success, took on the responsibility of fundraising. She spent countless hours cultivating relationships with donors, organizing fundraising events, and seeking grants to support the organization's programs.





However, as the organization continued to expand, Dr. Lopez found herself stretched thin. She began to rely heavily on her personal network for fundraising, often soliciting donations from friends and colleagues. While this brought in much-needed funds, it also raised concerns among the board of directors.

The board recognized the importance of diversifying the organization's funding sources. They were concerned that Dr. Lopez's heavy reliance on her personal network could create conflicts of interest and potentially compromise the organization's integrity and sustainability.

# WWYD?



Considering Duty of Loyalty, how would you address this challenge as a board member?

# Key Takeaways

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1. Nonprofit board members have a duty of loyalty to act in the best interests of the organization.
2. Over-reliance on personal networks for fundraising can pose risks and conflicts of interest.
3. Diversifying fundraising sources is essential for long-term sustainability and integrity.
4. Open communication and collaboration between board members and executive leadership are crucial for addressing challenges and implementing solutions.
5. Training and support for staff and volunteers can enhance fundraising capabilities and contribute to organizational success.

Hopeful Hearts' experience serves as a valuable lesson in the importance of upholding the duty of loyalty and working together to achieve shared goals in nonprofit governance



# Additional Legal Responsibilities

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**Duty of Obedience:** Nonprofit boards are required to ensure that the organization complies with all applicable laws and regulations, as well as its own bylaws and mission. This means the board should ensure that the organization operates within its stated mission, uses its resources for its intended purposes, and follows all legal requirements for nonprofits.



**Financial Oversight:** The board is responsible for overseeing the organization's finances, including approving budgets, financial reports, and major transactions. They should ensure that the organization is financially stable and that resources are used efficiently and effectively.

# Additional Legal Responsibilities

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**Compliance and Reporting:** Nonprofit boards must ensure that the organization complies with all legal and regulatory requirements, including filing required documents with the California Secretary of State and the IRS. This includes maintaining accurate and complete records, filing annual reports and tax returns, and adhering to state and federal fundraising regulations.

**Hiring and Oversight of Executive Leadership:** The board is responsible for hiring and evaluating the performance of the organization's executive director or CEO. They should provide guidance and support to the executive leadership, set compensation, and ensure that the organization's mission is being effectively carried out.

**Risk Management:** Boards should identify and manage potential risks to the organization, including legal, financial, and reputational risks. They should establish policies and procedures to mitigate these risks and ensure the organization's long-term sustainability.



The first part of your California nonprofit bylaws should contain basic information about your company, such as its name, purpose, and address. The subsequent sections should serve as your nonprofit's operating manual, providing exact guidelines for running your organization. At the very least, your bylaws should include rules for:

- managing board members and meetings, including adding and removing board members
- taking votes and meeting quorum requirements
- compensating members and keeping financial records
- merging or dissolving your nonprofit
- amending your bylaws

A photograph of a breakfast table. In the foreground, a white coffee cup sits on a saucer to the left. Next to it is a folded newspaper. To the right, a white plate holds several golden-brown pastries. The background is softly blurred, showing a white mug and a vase of flowers. The word "Break" is overlaid in white text in the center of the image.

Break

What is  
resource  
development?



RELATIONSHIPS

# Board Member Responsibilities



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**Personal Giving:** Board members are expected to make financial contributions to the organization. This not only shows their commitment but also sets an example for other potential donors.

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**Donor Cultivation:** Board members can leverage their personal networks to identify and cultivate potential donors. They can introduce the organization to individuals or entities who might be interested in supporting the cause.

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**Fundraising Events:** Board members are often involved in planning and executing fundraising events. They might help secure sponsorships, sell tickets, or solicit donations for auctions or raffles.

# Board Member Responsibilities



**Major Gift Solicitation:** Board members, especially those with connections to high-net-worth individuals or businesses, may be asked to directly solicit major gifts for the organization. This involves making a compelling case for support and asking for significant financial contributions.



**Grant Writing and Research:** Some board members with expertise in grant writing or research may assist in identifying grant opportunities, writing grant proposals, or reviewing grant applications.



**Stewardship:** Board members play a role in donor stewardship, which involves expressing gratitude to donors, providing updates on how their contributions are making an impact, and ensuring that donors feel valued and engaged with the organization.

# Board Member Responsibilities



**Advocacy for Fundraising:** Board members advocate for the importance of fundraising within the organization. They help create a culture where fundraising is seen as essential for achieving the organization's mission and sustaining its programs.

**Setting Fundraising Goals:** Board members, often in collaboration with staff, set fundraising goals for the organization. They monitor progress towards these goals and help develop strategies to meet them.



# Board Term Limits

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# Term Limits: Pros

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- Bring new ideas and new perspectives
- Avoid stagnation, tiredness, boredom, and loss of commitment
- Provide opportunities to change and improve group dynamics
- Provide a respectful and efficient mechanism for exit of board members
- Enlarge your circle of committed supporters as members rotate off the board
- Enable the board to adjust its membership to reflect organizational changes and reflect the community it serves



# Term Limits: Cons

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- Potential loss of expertise or insight
- Potential loss of organizational memory
- Need to dedicate more time to the identification, recruitment, and orientation of new board members
- Need to dedicate additional time to building the cohesiveness and structure of the board as members rotate on and off

The downside of term limits can be mitigated  
by good governance practices.

# Responsibilities of Individual Board Members



Actively Participate

Be Informed

Fundraise/Donate

Promote the Organization

Safeguard Ethics & Values

Volunteer & Give Advice



# Legal Hat: The Three Duties

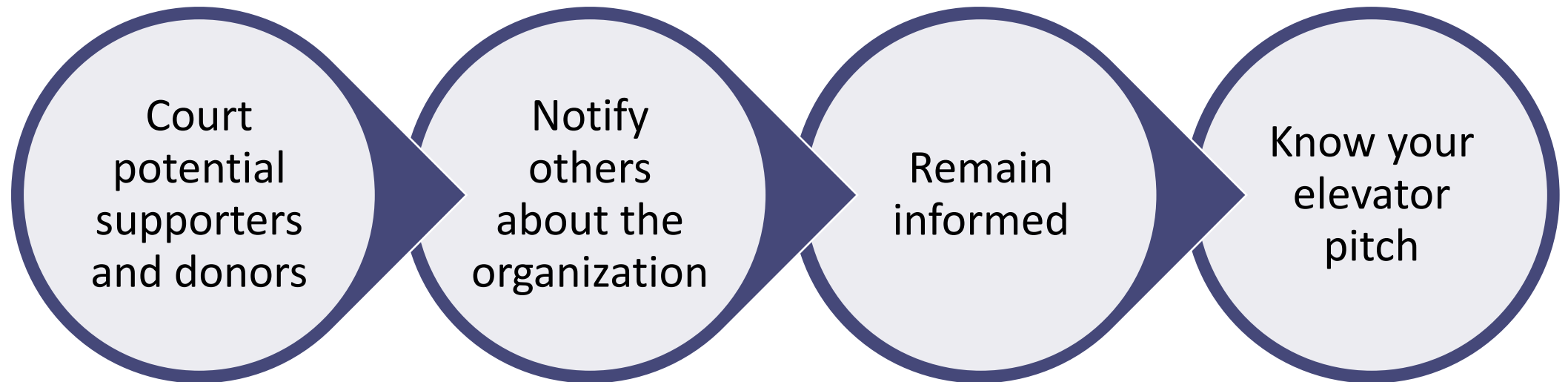
**Duty of Care**  
Use your best judgment, actively participate

**Duty of Loyalty**  
Avoid conflicts of interest, put aside personal interests for the good of the organization

**Duty of Obedience**  
Stay true to the Mission, obey the law, act ethically



# Ambassador Hat

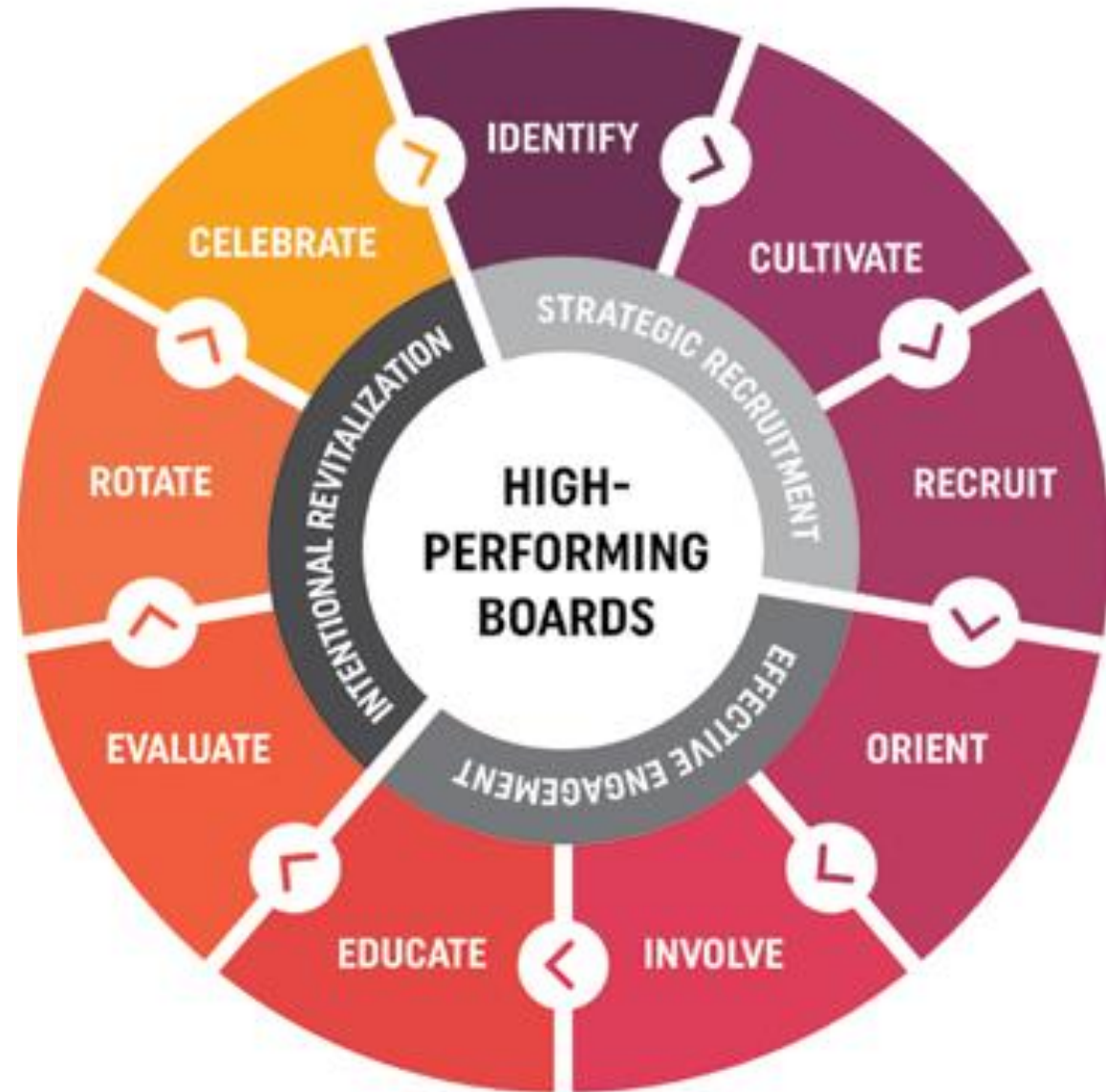




# Volunteer Hat

- Worn by a person who, by choice, undertakes or expresses a willingness to participate in board service
- Eager to use their strengths, interests, time, and talent to meet organizational goals

# The Board Building Cycle



# Myths about board leadership



**To qualify to be a board member you must be extremely wealthy, extremely educated and well known in the community.**

**False.** Good board leaders are committed to the organization and the mission, curious and willing to learn, engaged and energized about the organizations impact.

# Myths about board leadership



## **Boards are all powerful.**

**False.** Boards hold a lot of power within an organization. They can deny, decline and reject. However, the boards authority must coexist with other resources, information and relationships. The success of an organization is influenced by the community, the donors and the stakeholders as much (if not more) than the board.



## Resources



- BoardSource: provides nonprofit board resources with an extensive range of tools, trainings, and research to enhance board leadership.
- [A Modern Nonprofit Podcast](#)
- LBLA
- [Youtube: Nonprofit Ready](#)



# Takeaways



## Stay Connected with Us!

Be sure to view CEN's  
monthly newsletter for news,  
resources, and upcoming  
programs and events



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