Board of Directors Best Practices
• **Moderator:** Jamie Berglund, Spark

• **Panelists:**
  – Lynda Shafer, Greater Omaha Chamber of Commerce
  – Jeri Winkelmann, Community Action Partnership of Lancaster and Saunders Counties
  – Monica Zinke, Fresh Start
Board Responsibilities

• Hire, evaluate, set compensation for ED

• Legal and Fiduciary Duties
  – Understanding financial health indicators

• Advance the mission of the Organization
Board Responsibilities

- Governance
- Advocacy
- Board Development
  - Succession planning
- Fundraising
Board Responsibilities

• Duty of Care
  – Be informed

• Duty of Loyalty
  – Loyal to the interest of the organization

• Duty of Obedience
  – Obedient to organization’s articles, mission etc.
  – Public laws
Duty of Care

• Directors must be informed
  – Attend meetings regularly
  – Read material in advance
  – Ask questions
Duty of Care

• Do you know your nonprofit’s mission?
• Have you received training recently?
• Financial Health Indicators
Cash Position

• Observe the cash balance over time
  – Look at days cash on hand
  – Reserves
  – Understand the differences between for profit financial statements and nonprofit financial statements
Net Assets

• Look at trend over time
• Net assets are a measure of resilience and sustainability
Annual Audit

- You can learn a lot from a review of the most recent audit.

- Ask questions and then ask questions.
Duty of Loyalty

• The board member must always act in the best interest of the nonprofit
  – Be aware of conflicts of interest
  – Keep information confidential
Duty of Loyalty

• Do you know your nonprofit’s code of ethics?
• Have you signed a conflict of interest policy?
Duty of Obedience

• The board must act in accordance with its articles of incorporation and other legal documents, public laws
  – Do you have an opportunity to review the 990?
Lifecycles of Nonprofit Organizations

1. Grassroots
2. Start-up
3. Adolescent
4. Mature
5. Stagnation & Renewal
6. Decline & Shutdown
<table>
<thead>
<tr>
<th>Founder’s Board</th>
<th>Transition Board</th>
<th>Shared Governance Board</th>
<th>Institutionalized Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>An individual leader or a small group forms an organization run by volunteers</td>
<td>Hire a staff member who is usually the first executive director</td>
<td>Administration of programs delegated to executive director and staff; board assumes governance role</td>
<td>Sustainable organization</td>
</tr>
</tbody>
</table>

**Primary Challenges:**
- Managing programs without ongoing funding or sufficient professional staff
- Mission is everything
- Focus on keeping doors open
- Board is very involved in day-to-day operations
- New ideas threatening
- Service-raising is focus

**Primary Challenges:**
- Regular meaningful financial reports
- Limited systems for HR, finances, program outcomes, accountability
- Letting go of day-to-day focus
- Ensuring growth and sustainability
- Fund Development
- First strategic plan

**Primary Challenges:**
- Develop effective systems to delegate responsibility for program growth to staff
- Board culture meets all responsibilities of NP board
- Future focused
- Grow the board for organizational success; grow staff for programmatic success
- Fund Development

**Primary Challenges:**
- Remaining responsive to mission
- Sustainability
- Community engagement
- Accountability
- Fund Development
## Board Assessment/Recruitment Planning Tool

<table>
<thead>
<tr>
<th></th>
<th>Current Board Members</th>
<th>Prospective Board Members</th>
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<tbody>
<tr>
<td><strong>Age</strong></td>
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<td>Under 18</td>
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<td>19-34</td>
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<td>51-65</td>
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<td>Over 65</td>
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<tr>
<td><strong>Gender</strong></td>
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<td>Female</td>
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<td>Nonconforming or self-described</td>
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<tr>
<td><strong>Qualities</strong></td>
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<tr>
<td>Motivator / Leadership Skills</td>
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<tr>
<td>Availability</td>
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<tr>
<td>Personal connection to mission</td>
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<tr>
<td>Consensus Builder</td>
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<td>Good Communicator</td>
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<td>Strategist</td>
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<td>Visionary</td>
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<td>Bridge Builder</td>
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<td>Other (list)</td>
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<tr>
<td><strong>Area of Expertise</strong></td>
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<tr>
<td>Administration / Management</td>
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<tr>
<td>Entrepreneurship</td>
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</tbody>
</table>
Boards succeed when there are:

• No rivalries, dominance, bad communication
• No uncertainty about roles/responsibilities (within board, between board and staff)
• It’s strategic and not operational focus
• There is strategic membership
• Focus on mission
Best Practices

- Board buddies/mentors
- Board professional development
- Review after 6 months and one year on board
- Term limits
- Succession planning for board and key staff
Boards succeed when:

• Members are prepared and engaged
• Members give time, talent, treasure
• Members are ambassadors
  – have an elevator speech, and a 5-7 minute speech
  – Include the organization in their networks
If it’s not working...

If your ability to be a great board member has changed:

- Take a sabbatical
- Take a less active role
- Leave!
The Top 5

• Watch the finances
• Watch the ethics and legal practice
• Support your Executive Director/ CEO
• Be an advocate for the organization
• Fundraise and donate!
Resources

• Blue Avocado – blueavocado.com
• Board Effect – boardeffect.com
• Board Source – boardsource.org
• Cause Collective – causecollectivelincoln.org
• Joan Garry – joangarry.com
• National Council of Nonprofits – councilofnonprofits.org
• Nonprofit Association of the Midlands – nonprofitam.org
Thank you!!