

## **Board Leadership and Governance for Volunteer Nonprofits**

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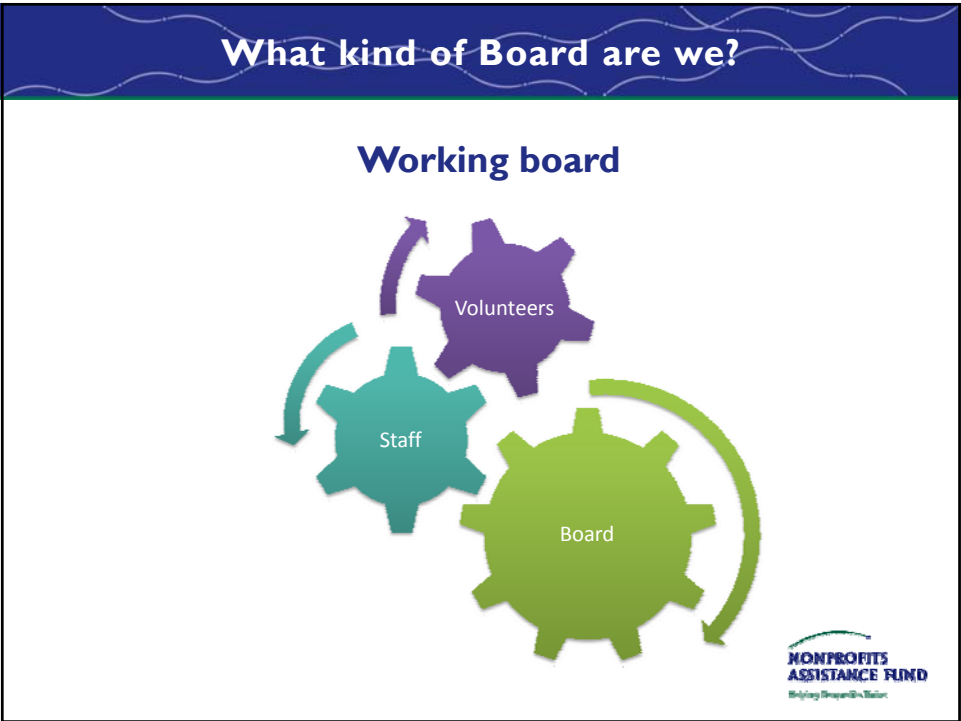
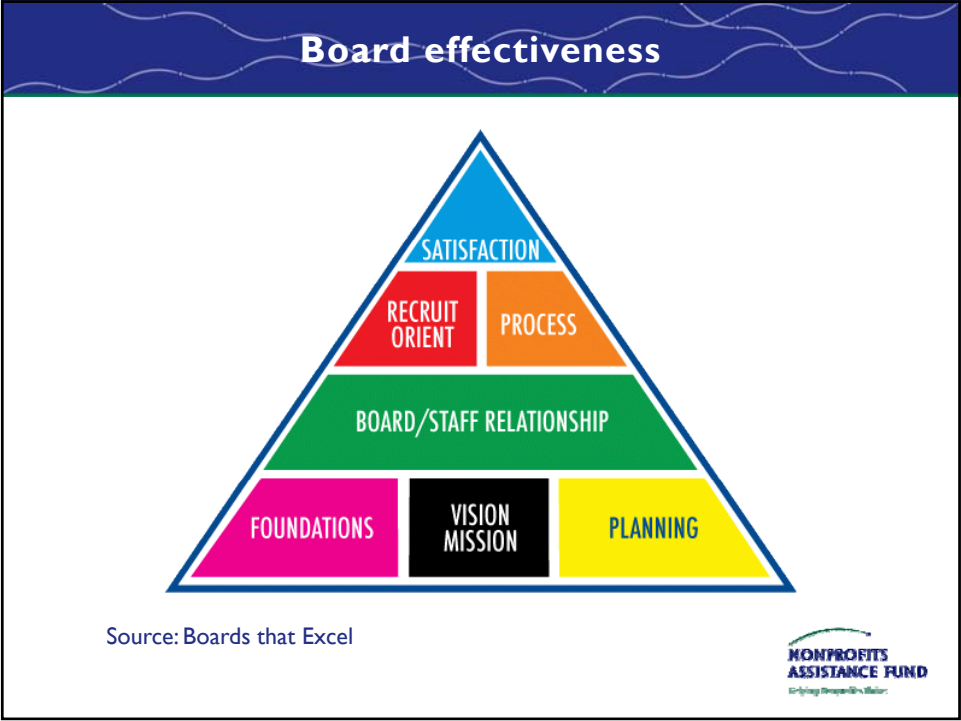


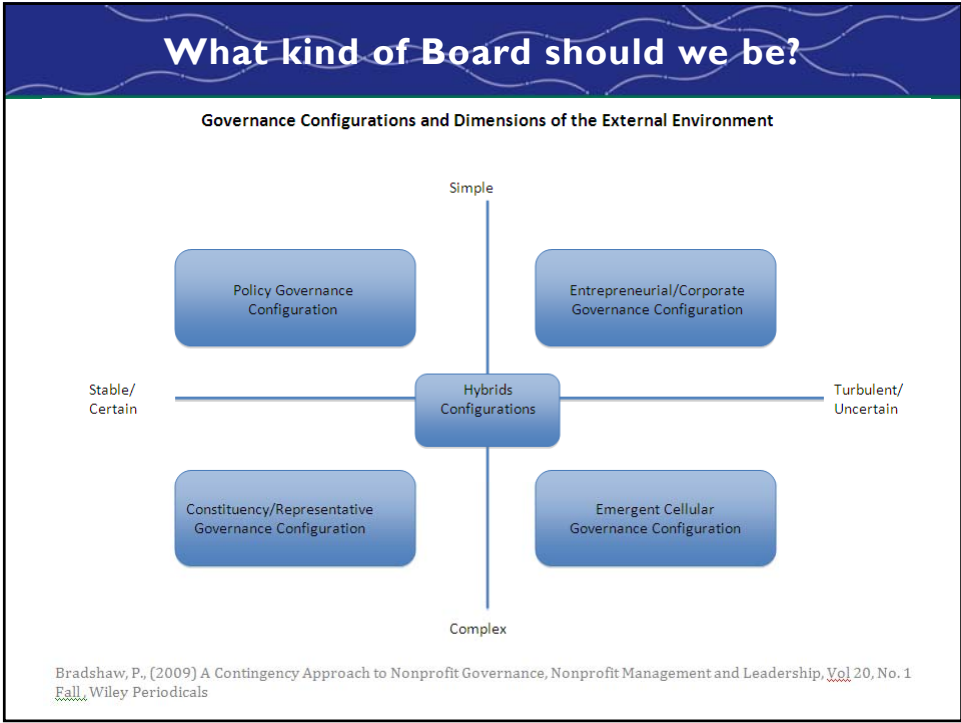
### **Governance**

Governance is how the board of directors, staff (if any), and volunteers work together to ensure the success of the organization.

Good governance is intentional.







# Handle the money and forms - Matrix I

- The board should be in control of bank accounts, authorizing and removing signers as necessary.
- Charities are businesses, and must register with the Internal Revenue Service if they want to have tax exemption.
- Failure to file a 990 form – even for a small organization – can mean a loss of tax exemption.

**NONPROFITS ASSISTANCE FUND**  
Helping Nonprofits Succeed

## Handle the money and forms - Matrix I

- All nonprofit boards must ensure adequate controls for handling money and reporting for grants, contracts.
- Financial policies don't have to be complex, but they should set tone and expectations.



## Keep legal, keep it safe – Matrix 2

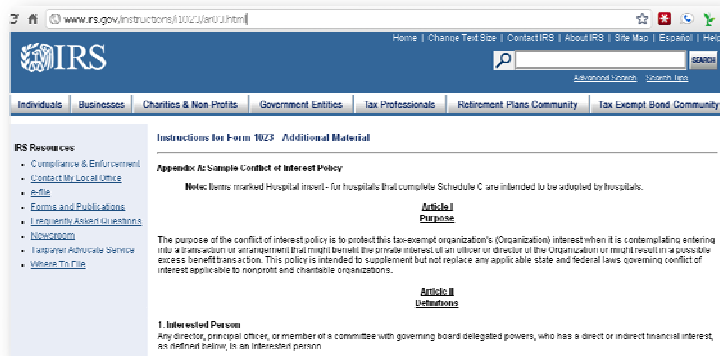
Every Minnesota nonprofit must:

- File with the Minnesota Attorney General's office if you solicit donations.
- File with the Minnesota Secretary of State.
- Get an audit if over \$750,000 in receipts.



## Keep legal, keep it safe – Matrix 2

- Understand and avoid “personal inurement.”
- Understand contract terms and ensure they are followed.
- Avoid Conflicts of Interest when possible, and record actions when conflicts do occur.



## Make big decisions – Matrix 3

- Strategic Planning.
- Mergers and acquisitions.
- Ending or beginning programs.



## Make big decisions – Matrix 3

- The board is keeper of the mission statement.
- Mission should come first and resources later. Don't change the mission to chase the money....
- .... But be ready to change the mission if the existing statement doesn't reflect the reality of the world.



## Accountability and reputation – Matrix 4

- Communicate what you are doing, and why you are doing it.
- The board speaks with one voice to the outside.
- Publish your board list, but know who speaks for the board and when (more in Matrix 9...).



## Get help when you need it – Matrix 5

- Adding contract staff.
- Wait – what *\*is\** a contractor?

### Determining Whether the Individuals Providing Services are Employees or Independent Contractors

Before you can determine how to treat payments you make for services, you must first know the business relationship that exists between you and the person performing the services. The person performing the services may be:

- An independent contractor
- An employee (common-law employee)
- A statutory employee
- A statutory nonemployee

In determining whether the person providing service is an employee or an independent contractor, all information that provides evidence of the degree of control and independence must be considered.

### Common Law Rules

Facts that provide evidence of the degree of control and independence fall into three categories:

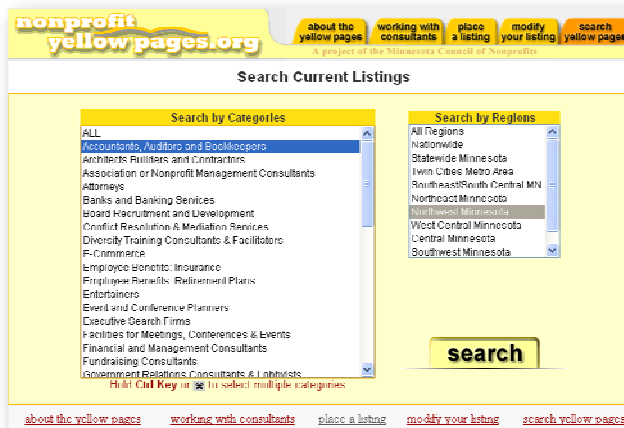
1. **Behavioral:** Does the company control or have the right to control what the worker does and how the worker does his or her job?
2. **Financial:** Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
3. **Time of Relationship:** Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

Businesses must weigh all these factors when determining whether a worker is an employee or independent contractor. Some factors may indicate that the worker is an employee, while other factors indicate that the worker is an independent contractor. There is no "magic" or set number of factors that "makes" the worker an employee or an independent contractor, and no one factor stands alone in making this determination. Also, factors which are relevant in one situation may not be relevant in another.



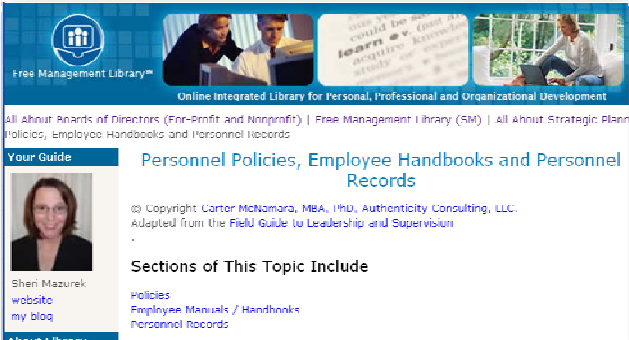
## Get help when you need it – Matrix 5

Finding contract staff – do they have to be close by?

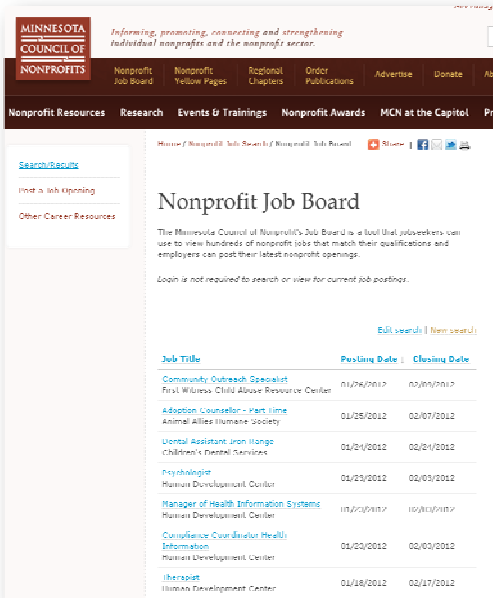


## Get help when you need it – Matrix 5

- Adding permanent part-time staff
- Adding permanent full-time staff



## Get help when you need it – Matrix 5





## Building and maintaining the board – Matrix 6

- What type of board are you?
  - Constituent elected?
  - Appointed?
  - Self-elected?
- Board terms? Staggered terms retain institutional memory.
- By-laws for number of members?
- Encourage transitions! Consider limiting consecutive terms.



## Building and maintaining the board – Matrix 6

Why do board members serve?

- Commitment/interest in mission
- Relationships
- Personal satisfaction and purpose
- Engaging board members
- Inspiring board members

Whose role is it to inspire and excite board members?



## Building and maintaining the board – Matrix 6

Think about the range of skills and constituencies

- Accounting/Legal/Marketing (the Usual Suspects)
- Clients
- Partner organizations

Create feeder committees to bring new board members

- Annual event committee
- Communications committee
- Fundraising committee



## Building and maintaining the board – Matrix 6

### Board Member Job Description Sample

XYZ Nonprofit  
Member of the Board of Directors

#### Mission

XYZ Nonprofit's mission is to...

For more information, please visit XYZ's website at [www.xyz.org](http://www.xyz.org).

#### Position

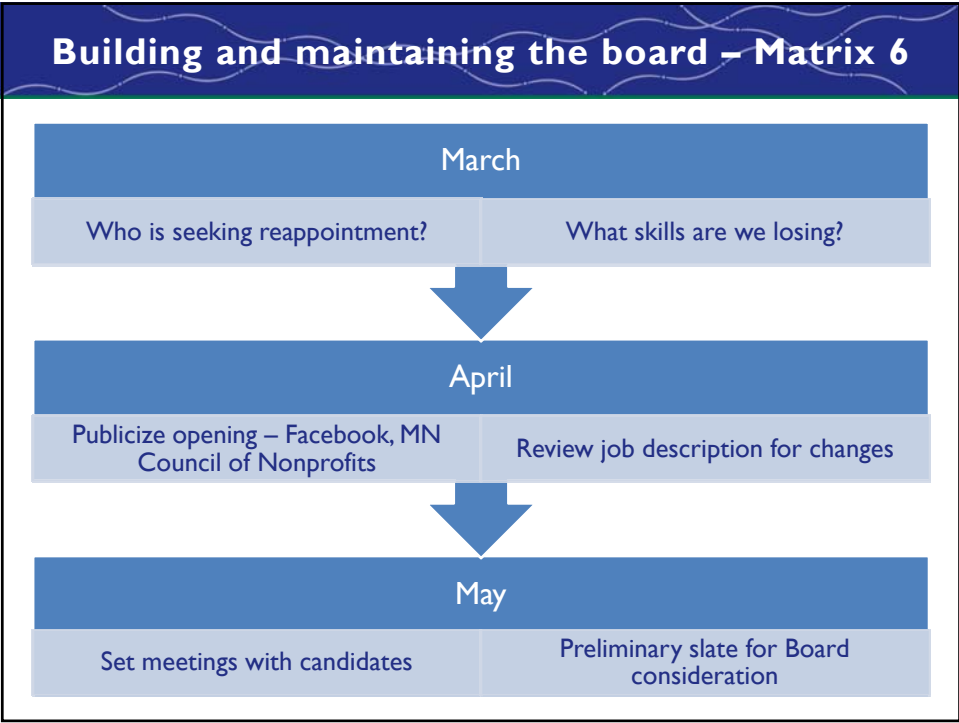
The Board will support the work of XYZ and provide mission-based leadership and strategic governance. While day-to-day operations are led by XYZ's chief executive officer (CEO), the Board-CEO relationship is a partnership, and the appropriate involvement of the Board is both critical and expected. Specific Board Member responsibilities include:

#### Leadership, governance and oversight

- Serving as a trusted advisor to the CEO as s/he develops and implements XYZ's strategic plan
- Reviewing outcomes and metrics created by XYZ for evaluating its impact, and regularly measuring its performance and effectiveness using those metrics; reviewing agenda and supporting materials prior to board and committee meetings
- Approving XYZ's annual budget, audit reports, and material business decisions; being informed of, and meeting all, legal and fiduciary responsibilities

- Board nominating committee.
- Set a calendar.
- Create and distribute a job description.
- Schedule first meeting in person, invite candidates to apply.





**Building and maintaining the board – Matrix 6**

- What board officers do you need or have?
- Nominations committee should also look to ensure a slate of officers from existing board members.
- Board Chair/President, Secretary and Treasurer are minimums.
- Vice-Chair, Committee Chairs are often board officers.
- What can the Executive Committee (the officers, usually) do in lieu of a full board meeting?



## Building and maintaining the board – Matrix 6

How do you orient new members?

- Board manual.
- In person meeting just for new members.



## Get the work done – Matrix 7

- Develop a full-board calendar.
- Set accountabilities for board members and committees with regular check-points.
- What will you \*not\* get done? Can that work be taken on elsewhere? Don't forget to communicate if you need to stop a program or service! (See Matrix 4)





## Support other volunteers – Matrix 8

Volunteer job description (when appropriate).

Tell them about their impact the day they volunteer

- You helped all these kids play ball today – thanks!
- You helped serve 60 meals to people who wouldn't have gotten them without your help – thanks!
- You helped get this mailing out, it could raise the money we need for the rest of the year – thanks!



## Support other volunteers – Matrix 8

- Thank you notes or calls from board members!
- Recruit new volunteers.
- Volunteer recognition.

A sign-up sheet titled "Classroom Volunteer Sign-up Sheet" with a red apple icon. It includes fields for "Name", "Phone #", and "How's what I can do to help out:". Below these fields is a large illustration of a schoolhouse with a bell tower. The sign-up sheet is from www.fun4fun.com.

## Ambassadors – Matrix 9

- Your board hat doesn't ever fully get removed. What you say will reflect on the whole organization.
- Decide key messages on controversial topics at the board meeting.
- Remind directors that dissention is for the board meeting, unity is for the public.



## Ambassadors – Matrix 9

- Ask each board member to set some outreach meetings each year. Explain what your group is and does, and learn what others are doing.
- Assign key partner meetings each year to ensure existing supporters are in the loop. Government officials and members of the press should be regularly updated on your work.
- Crisis communications can happen. Have a plan so most board members refer inquiries to a designated spokesperson.



## Pass on the covenant – Matrix 10

- Organizations have cultures, and volunteer board members can be key in maintaining – or changing – a culture.
- In addition to a mission statement, a statement of values can help pass on the culture.
- If you're not having some fun at even very serious work, you're not likely to last very long.



## Pass on the covenant – Matrix 10

How board meetings are conducted can influence the culture. Do you...

- Use Robert's Rules of Order?
- End on time after completing the agenda?
- Laugh?
- Bring in outsiders for learning and sharing?



## Board fundamentals – Off the matrix

### Non-negotiable responsibilities

- Mission and direction
- Legal responsibilities for reporting and compliance
- Stewardship of resources
- Duty of Care
- Duty of Loyalty
- Duty of Obedience



## Five questions for every board

Why are we here?

How do we define success?

How can **this** board be of most value to the organization?

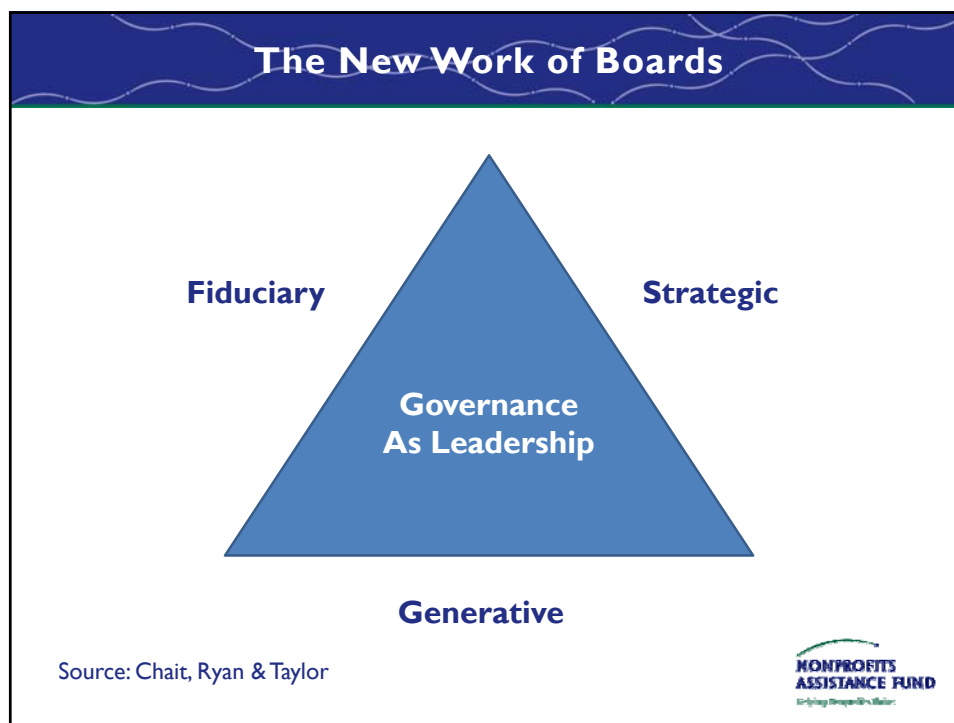
What behavior are we settling for?

What five things should we track?

Who else?

What else?





## Resources

- BoardSource E-Book *All Hands on Board* by Jan Masaoka:  
[http://www.boardsource.org/dl.asp?document\\_id=13](http://www.boardsource.org/dl.asp?document_id=13)
- Nonprofits Assistance Fund sample financial policy:  
[http://www.nonprofitsassistancefund.org/clientuploads/directory/resources/Financial\\_Policy\\_Example.pdf](http://www.nonprofitsassistancefund.org/clientuploads/directory/resources/Financial_Policy_Example.pdf)
- IRS sample conflict of interest policy:  
<http://www.irs.gov/instructions/i1023/ar03.html>
- Free Management Library:  
<http://managementhelp.org/>
- IRS independent contractor definition:  
<http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>
- MCN nonprofityellowpages.org:  
<http://www.nonprofityellowpages.org/>
- MCN Nonprofit Job Board:  
<http://www.minnesotanonprofits.org/jobs>

**NONPROFITS  
ASSISTANCE FUND**  
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**Thank you!**

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