



BOARDS IN GEAR



**Nonprofit Association
of Washington**

In partnership with



WASHINGTON
Secretary of State

Corporations & Charities Division

FINANCE UNLOCKED *for* NONPROFITS

- 1 Balance Sheet
- 2 Income Statement
- 3 Nine-Ninety
- 4 Giving
- 5 Oversight

Boards in Gear is part of a resource series on nonprofit fundamentals that includes *Finance Unlocked for Nonprofits* and *Let's Go Legal*. Connect to these resources and more at nonprofitwa.org/learn.



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Important Note: This information is provided for educational purposes only and does not constitute legal or technical advice. If you are unsure about anything covered in this guide, we suggest that you contact the appropriate agency or seek professional advice.

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Introduction to Boards in Gear

1. ABOUT THIS GUIDE

Boards in Gear, which intentionally abbreviates to BIG, recognizes the large role boards play in a nonprofit's success. The BIG guide draws from a range of resources across the nonprofit sector and is complemented by Nonprofit Association of Washington's *Finance Unlocked for Nonprofits* and *Let's Go Legal* guides. Designed to provide actionable information and tools to elevate your board practices, BIG has activities, worksheets, and reflection questions throughout the guide. This is a starting point and an invitation to be curious, ask questions, and share your learning with others at your organization.

Organized into five chapters, the guide covers the following: Connection to Cause, Responsibilities, Composition & Development, Board Operations, and Fundraising. The chapters aim to address a few basic questions about nonprofit boards' why, what, who, and how.

- Why does your organization exist? Why do you serve on the board?
- What is the role of a board member?
- Who serves on the board? Who works to reinvigorate the board over time?
- How does the board operate to advance a nonprofit's mission?

Thank you!

Washington State Office of the Secretary of State, Corporations & Charities Division



All the nonprofits who participate in *Boards in Gear* trainings and use the materials, your feedback helps guide efforts to create exceptional resources about nonprofit fundamentals.



Special thanks to RVC Seattle's Capacity Building Team for your insights and support.

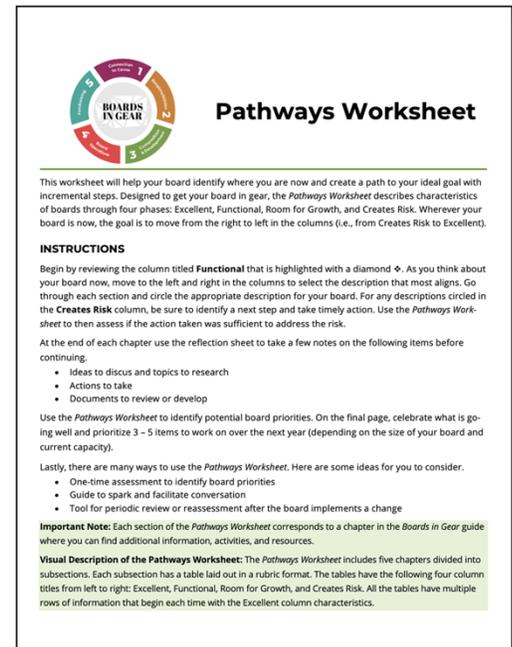
Accompanying this guide, you will find the *Boards in Gear Pathways Worksheet* that will help your board identify where you are now and create a path to your ideal goal with incremental steps. There is a *Boards in Gear* board game to bring some fun to your next board meeting and help you practice what you learn through the guide!

2. WHY GET YOUR BOARD IN GEAR?

You joined a nonprofit board because you care about the organization's mission. You want your contributions as a board member to positively affect the issues addressed by the organization. As a board, you want your nonprofit to thrive and make a difference in the communities served by your organization. Whether your nonprofit is just starting or is long established, getting your board in gear can help put your organization on a clear path forward.

Organizations have lifecycles or stages of development, like any living thing, so start from where your nonprofit is now. Your nonprofit may be newly created, experiencing growth, reaching a plateau, or nearing an end. Your board's work and focus areas will change depending on where your nonprofit is in its lifecycle and what is happening around the organization. Also, whether your organization has staff or is an all-volunteer endeavor heavily influences the board's role and scope.

Boards guide nonprofits towards mission achievement through a complex landscape of regulations, funding opportunities and challenges, other organizations, and many more considerations. To navigate the nonprofit landscape effectively, boards need to ask questions as organizational stewards, strategists, and sense-makers. Through oversight and technical work, board members steward the organization and ensure compliance with legal obligations. With foresight in mind, board members serve as strategists for planning and development. As sense-makers, board members consider the nonprofit within a bigger cause and explore what will best move the organization forward over time as communities and the world change.



3. HELP FOR NONPROFITS



Government

WASHINGTON STATE OFFICE OF THE SECRETARY OF STATE, CORPORATIONS & CHARITIES DIVISION

The Washington State Office of the Secretary of State, Corporations & Charities Division has information available on nonprofit corporations and charities in Washington, training resources, frequently asked questions, and a live chat option to support your organization.



WASHINGTON
Secretary of State

Corporations & Charities Division

- Corporations:
 - <https://www.sos.wa.gov/corps/>
 - Email: corps@sos.wa.gov
 - Phone: 360-725-0377
- Charities:
 - <https://www.sos.wa.gov/charities/>
 - Email: charities@sos.wa.gov
 - Phone: 360-725-0378, opt 1; 800-332-4483 (WA only)



Nonprofits

NONPROFIT ASSOCIATION OF WASHINGTON

Nonprofit Association of Washington (NAWA) convenes a powerful network of nonprofit organizations across Washington State to learn, advocate, and collaborate, so that nonprofits can achieve their missions. NAWA has learning opportunities and resources to help strengthen your nonprofit management practices and build connections with others around the state.



**Nonprofit Association
of Washington**

- <https://nonprofitwa.org/>
- Phone: 855-299-2922

501 COMMONS

501 Commons provides expertise to nonprofits through 30+ services, including a full range of management consulting, technology consulting, outsourced HR, accounting, IT infrastructure, and database management as well as professional development and board training, free information, and referral services.



- <https://www.501commons.org/>
- Phone: 206-682-6704

COMMUNITIES RISE

Communities Rise offers legal services, trainings, peer learning, and coaching. Communities Rise works with organizations, small businesses, and communities located in Washington State that have been impacted by systemic oppression to increase capacity and build power as well as community leaders in the broader nonprofit, public, and philanthropic sectors to create systemic change.



- <https://communities-rise.org/>
- Phone: 206-324-5850



Chapter 1

Connection to Cause

CHAPTER OUTLINE

1. Why is the connection to cause important?
2. Understanding the elements of connection to cause
 - A. Connecting mission to cause
 - B. Communication
 - C. Advocacy as a tool

Chapter 1 Summary: Connection to Cause

INTRODUCTION

A nonprofit's work exists within a larger cause and context of policies and regulations, circumstances, individuals, organizations, and agencies that affect the work. Board members are community leaders sharing their knowledge, experiences, and connections with the organization. Supported by the public, nonprofits operate for the public's benefit and board members are key organizational stewards. Board members serve as ambassadors and advocates for their organization's cause.

1. WHY IS THE CONNECTION TO CAUSE IMPORTANT?

Connecting your nonprofit's mission to the larger cause and advocacy efforts within a greater landscape of individuals, other nonprofits, and agencies strengthens the organization's ability to achieve its mission. Examples of causes might include hunger relief, environmental conservation, community development, etc. There is a connection to root causes and circumstances that created the need in the first place for the services provided by your nonprofit.

Organizations become part of a network ensuring the rules governing nonprofits provide the right level of oversight, and help, not hinder the work. Your nonprofit can expand their strategic vision to include a larger community of individuals and organizations working in the same area, such as government agencies or universities. When board members are aware of others working in the same space, there are chances to give a collective voice to the stories, challenges, and opportunities that exist for community members served by their organization.

**ACTIVITY**

Your turn: Think about your organization's mission as you reflect on the following questions. Use the space provided to write down your answers and action steps.

Ask yourself...**WHY:**

- As a board member, why is it important to connect your nonprofit's mission to the bigger cause?

WHO:

- Who are the key decision-makers and community leaders connected to your cause?

HOW:

- How might engagement of key decision-makers and community leaders connected to your cause help your nonprofit achieve its mission?
- How might your organization help guide decisions that would affect potentially burdensome oversight requirements or create access to critical data needed to better understand your cause?

WHAT:

- What can your board do to connect the dots between your nonprofit's work and larger issues effecting your cause?

Notes & Next Steps

2. UNDERSTANDING THE ELEMENTS OF CONNECTION TO CAUSE

There are several elements of connection to cause board members should understand. Developing a deeper knowledge of your nonprofit's work, including the causal relationships that create the need for your organization, makes the space to connect your mission to the larger cause, builds intentional communications, and embraces advocacy as a powerful tool.

A. Connecting mission to cause

Connecting mission to cause is important since the work of nonprofits is affected by and exists within a larger context of circumstances, individuals, organizations, and agencies. Board members should be able to convey the connection between the organization's mission and the cause the organization is working to advance. There are actions you can take to explore the connection between your organization's mission and cause.

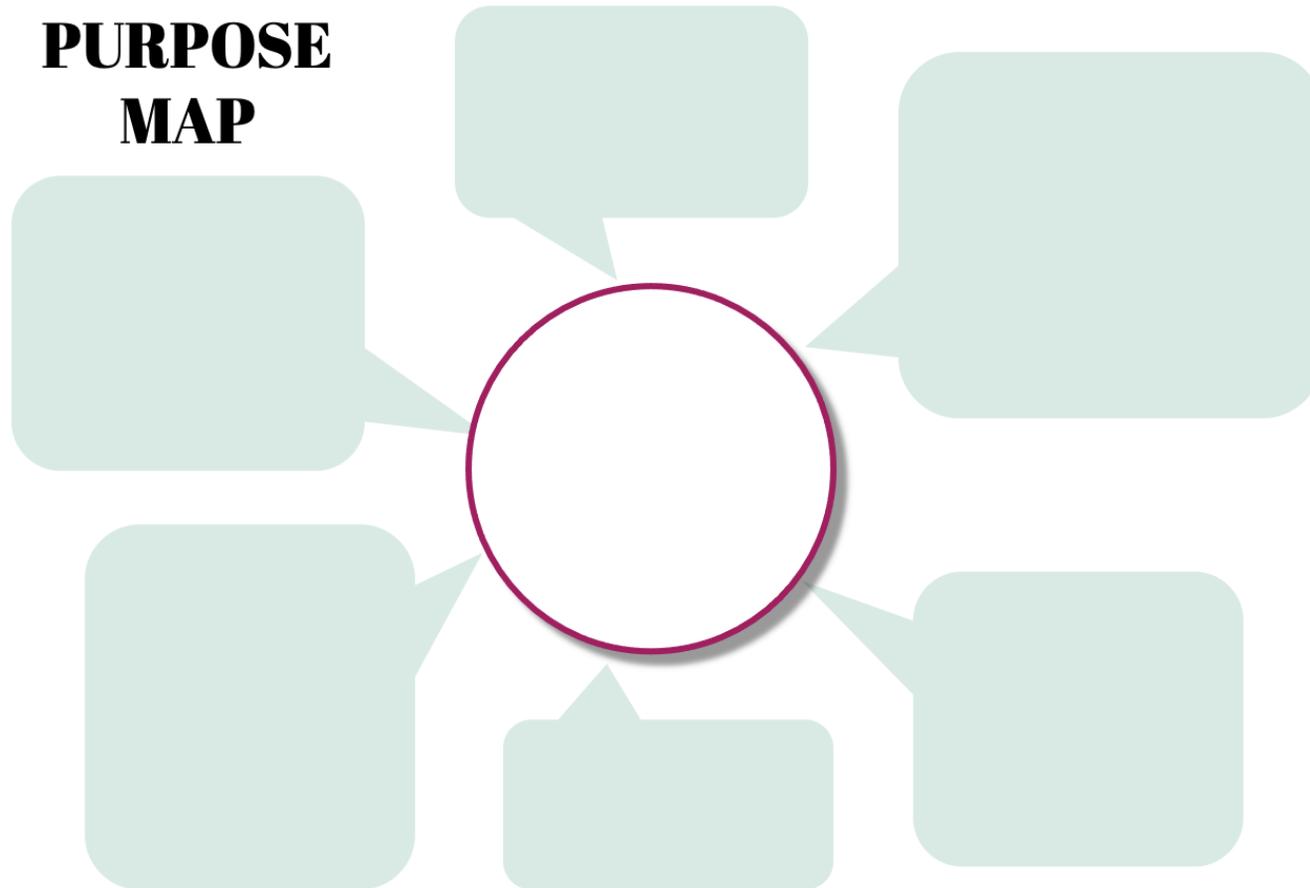
- **Think specifically about why your organization exists, the changes you hope to make, and the items you believe to be true and related to your mission.** Take your nonprofit's mission and ask yourself, "Why?" or "So what?" three times to help express a clear organizational purpose.
- **Develop a shared vision for the future** that includes what the world would look like if your nonprofit fully achieved its mission.
- **Thinking across sectors, map the people who have a role in shaping this envisioned world.** These individuals may include community leaders, elected officials, nonprofit leaders, private sector leaders, etc.
- **Identify other organizations working within the same cause as your nonprofit.** Consider if the organizations do similar or different work than your nonprofit. Determine if there are gaps not met or addressed by the organizations identified.



ACTIVITY: PURPOSE MAP

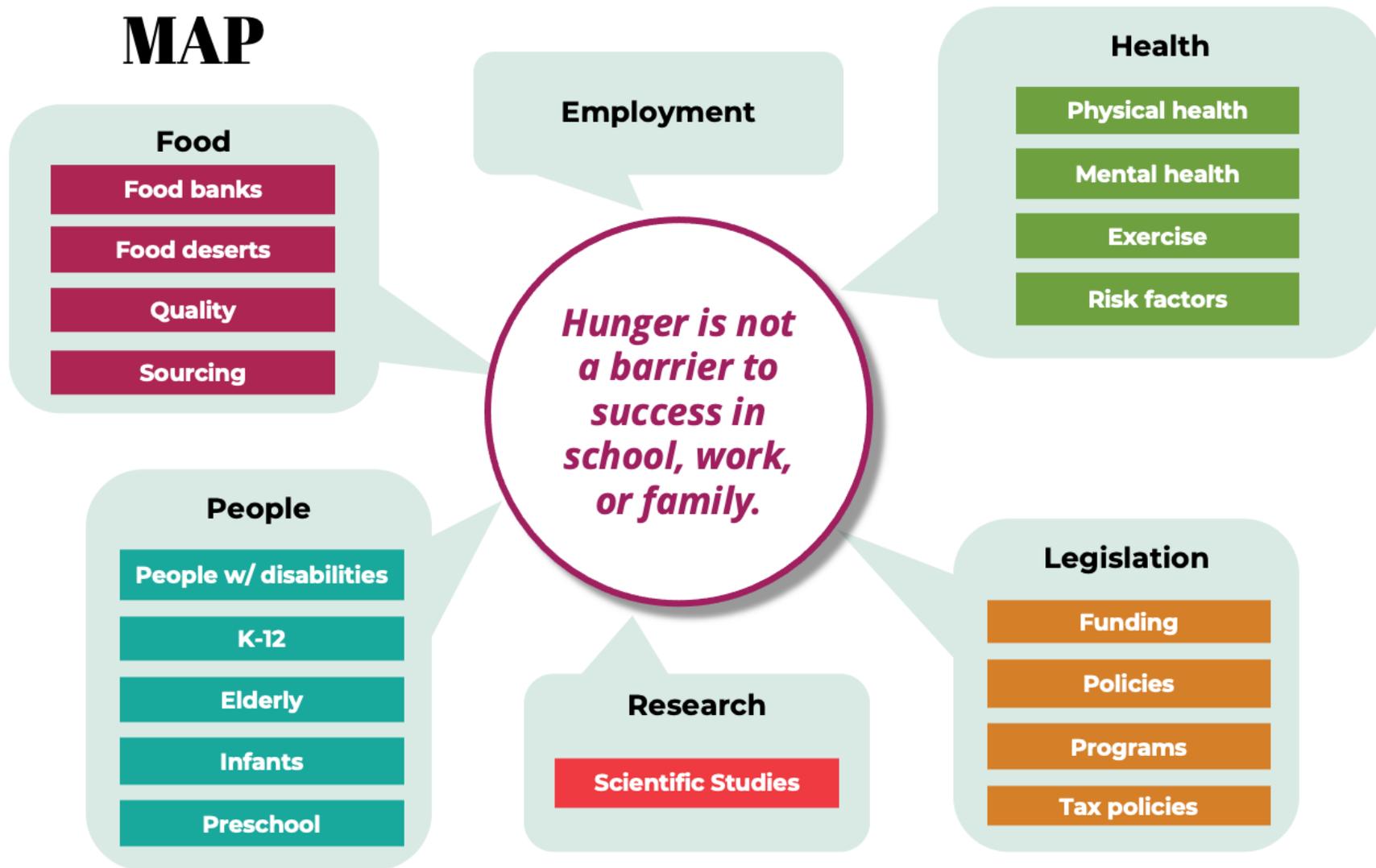
Purpose is where the cause your organization is working to advance meets your mission. Start this activity by taking your organization’s mission and asking three times – “Why?” or “So what?” – to help express a clear organizational purpose. Capture that purpose statement in the center circle. Next, map the key elements needed to move your purpose forward. Key elements are individuals, organizations, and agencies that care about your purpose and larger cause. Enter the key elements in the thought bubbles branching off the center. (A sample purpose map is available on the next page.)

**PURPOSE
MAP**



SAMPLE PURPOSE MAP FOR A FOOD BANK

PURPOSE MAP



B. Communication

Intentional communications elevate the compelling voice of board members, connecting the organization to larger causes of focus for key decision-makers and community leaders. Board members serve as ambassadors for your organization, building connections with the community, decision-makers, and potential supporters.

As board members deepen their understanding of the organization's work, weave new perspectives of the issues and opportunities into stories that show the impact your nonprofit is making. Board members should be able to describe the organization's mission, purpose, and values, as well as talk about specific program and service examples. Having materials like handouts and digital content (for sharing by email and social media) helps board members and others with intentional communication and community engagement work.

C. Advocacy as a tool

By partnering with policymakers, advocacy can be a powerful tool to advance your organization's cause. Knowing how to engage with advocacy and lobbying will help your organization be effective and compliant with applicable laws. Lobbying is allowed in an "insubstantial amount" of the organization's overall activity and must be reported on the IRS Form 990. There is no clear definition of "insubstantial amount," and Bolder Advocacy a program of Alliance for Justice notes a general best practice is that 3 – 5% of a nonprofit's overall activities may go towards lobbying.

Embed discussions in board meetings around bigger issues related to the cause your organization is working to advance. Include time to talk about public policy, and how policies affect your organization and the community members you serve. Also, provide space to discuss the opportunities and risks that exist outside your organization like funding shifts, policy climate, and trends, which could affect your work.



1. Connecting an organization’s mission to cause is important since the work of nonprofits is affected by and exists within a larger context of circumstances, individuals, organizations, and agencies.
2. Intentional communications support board members in serving as organizational ambassadors that build connections with the community, decision-makers, and potential supporters.
3. Advocacy can be a powerful tool to advance your cause. Knowing how to engage with advocacy and lobbying will help your nonprofit be effective and compliant with applicable laws.



Here are some questions to think about:

- What is a story you can tell that shows the impact your nonprofit is making?
- How could developing an advocacy plan in coalition with others help your organization navigate opportunities and challenges that arise?
- How would you describe the world we would live in if your nonprofit fully achieved its mission?

Reflections



Next steps:

- Take one of the activities or reflection questions in this chapter and discuss the concepts of connection to cause with others.
- For nonprofits considering expanding their advocacy work, review these resources and key documents.
 - Nonprofit Association of Washington – [Build a Movement!](#)
 - Bolder Advocacy – [Lobbying Under the Insubstantial Part Test](#)
 - Key organizational documents: Articles of Incorporation, advocacy plan, one-page handout for decision-makers, 501(h) election and lobbying tracking document (for organizations lobbying)



Chapter 2

Responsibilities

CHAPTER OUTLINE

1. Individual responsibilities
 2. Legal & fiduciary responsibilities
 3. Financial responsibilities
 4. Risk management
- Chapter 2 Summary: Responsibilities
-

INTRODUCTION

The board is entrusted to make certain the organization steadfastly pursues the stated mission, maintains compliance with all local, state, and federal requirements, and conducts activities with accountability and transparency. Board members should understand the components of individual responsibilities, legal and fiduciary responsibilities, financial responsibilities, and risk management. For nonprofits with staff, board members have additional responsibilities to address. Board members make strategic decisions that respond to new opportunities and risks. When board members' responsibilities are met, the board provides needed oversight to steward the organization's mission and valuable assets.

1. INDIVIDUAL RESPONSIBILITIES

Board members should understand their duties are to care for the organization and to work in the best interests of the organization. Their individual responsibilities towards the organization are defined by law and best practices. Board members make decisions as a board (govern together) and support as individuals (e.g., advise the executive director, bring network connections, serve as an ambassador to the community, etc.). Individual board members do not make decisions on behalf of the board. Remember, the executive director manages the organization, and the board governs by providing fiduciary, strategic, and generative leadership that advances the organization's work.

Board members should be committed to the mission and work of the organization. As individuals, board members add knowledge, resources, and connections to the development, implementation, and

evaluation of key programs and services. As you think about the aspects of individual responsibilities, also consider specific board roles like the board chair, other officers, and members. The board chair and officers along with board members should have position descriptions and training available to support their fulfillment of responsibilities. (More information on positions is available in Chapter 3. Composition & Development.)



Exploring Executive Leadership

The term executive director is used throughout the guide when referring to the role of executive leadership. Nonprofits can approach the role of executive leadership in many different ways. Your organization may have a single executive director, co-executive directors, or some form of distributed leadership. Exploring and establishing a leadership structure that works for your nonprofit is important.

2. LEGAL & FIDUCIARY RESPONSIBILITIES

Board members should understand there is a set of legal and fiduciary responsibilities that keep the organization in good standing with various government agencies and the public. For board members, there are three duties related to fiduciary responsibilities and the board should review these duties annually.

- **Duty of Care:** Board members must take reasonable care when making decisions, using diligence and independent judgment. Board members are expected to have a level of competence described as exercising the “care of an ordinarily prudent person in the like position” under similar circumstances.
- **Duty of Loyalty:** Board members should act in the best interest of the organization, putting the organization before self-interest. This is particularly important when the potential for personal gain exists and often arises when there is a conflict of interest.
- **Duty of Obedience:** Board members must make sure the organization is in compliance with local, state, and federal laws. Board members stay true to the organization’s mission and governing documents.

As of January 1, 2022, with the new Washington Nonprofit Corporation Act, there is an additional duty for board members and officers to share information with the board if a board member or officer has information that is important to the operations or relates to a violation or probable violation of law involving the organization.

Board members need to know the local, state, and federal requirements for the organization and ensure the organization is compliant with all requirements. In addition, board members should review and

approve the completed IRS Form 990 annually. When fulfilling these responsibilities, board members should have access to and regularly refer to key organizational documents like Articles of Incorporation, bylaws, budgets, and the strategic plan.

In Washington, nonprofit and charitable organizations need to register and stay up-to-date with the Office of the Secretary of State, Corporations & Charities Division. Nonprofit corporations have an annual report and charitable organizations have an annual renewal to complete. The resource on the following page outlines the requirements for nonprofit corporations and charitable organizations. Be sure to check which type of organization you are and remember you may qualify as both.

Another very important responsibility of the board is hiring the organization's executive director and completing the executive director's annual review. When the board provides the executive director a thorough and useful annual review, ongoing support, and investments in their development, a strong partnership and positive relationship between the board and executive director can emerge.

Stay Up-to-Date with the Secretary of State

Nonprofit and charitable organizations need to register and stay up-to-date with the Office of the Secretary of State.

- 1 Check which type of organization you are.
- 2 Note your key dates.
- 3 Put those dates onto your organizational calendar.

1

Nonprofit Corporation

WHAT IS IT? A private corporation for which no part of the income is distributable to its members, directors, or officers. It is formed to benefit the public, a specific group of people, or the membership of the nonprofit.

ANNUAL REQUIREMENTS

1. **What:** Annual Report
2. **When:** Last day of organization's incorporation month. A reminder will be sent to the registered agent at least 30 days prior to required filing date.
3. **Fee:** \$20 (revenues <\$500k/year)
\$60 (revenues >\$500k/year)

2 Your Incorporation Date: _____

Your Annual Report Filing Date: _____

For example: an incorporation date of March 3, 2002 would have an annual report filing date of March 31 each year. File online!

3



ADD TO CALENDAR

...and don't forget to update address changes if you move or change contact person.

Nonprofit and Charitable Organization

- ◆ 60% of charitable organizations are also nonprofit corporations.
- ◆ They include many of the organizations we know providing direct service, supporting the arts, or advocating for causes.
- ◆ They follow both sets of requirements to be in compliance with the Secretary of State.

Charitable Organization

or individuals soliciting on behalf of organizations

WHAT IS IT? An entity that solicits or collects contributions from the general public in Washington to be used to support a charitable purpose. May or may not be a corporate structure.

In Washington, includes organizations that:

- Raise at least \$50,000 annually in Washington; **OR**
- Pay anyone to carry out the activities of the organization.

ANNUAL REQUIREMENTS

1. **What:** Annual Renewal
2. **When:** No later than the last business day of the eleventh month after the end of the organization's accounting year. Earlier reporting welcome!
3. **Fee:** \$40

2

Your Accounting Year End: _____

Your Charities Filing Date: _____

For example: an accounting year of Dec 31, 2022 would have an annual renewal filing date of Nov 30, 2023.

Developed by:



Nonprofit Association
of Washington



WASHINGTON
Secretary of State

Corporations & Charities Division

For more information, visit the

[Office of the Secretary of State,
Corporations & Charities Division website.](#)

3. FINANCIAL RESPONSIBILITIES

A nonprofit's financial management practices are critical to the organization's ability to achieve its mission and protect its assets. Providing financial training opportunities for the board and facilitating regular conversations related to financial literacy is an important step in fulfilling these crucial responsibilities.

The board should regularly review the balance sheet and income statement as well as a cash flow statement, if possible. The board should contribute to the budget development, understand budget components, and approve the budget annually. The board is responsible for ensuring the organization has a sustainable financial plan that includes the right balance of income streams and is not overly dependent on a single funding source. Board members also need to monitor funds with donor restrictions to make certain funds are spent and reported on as directed.

Annually, the board should review policies and procedures related to the separation of duties and internal financial controls. The proper separation of duties divides bookkeeping functions, reconciliation and review, and check writing and check signing across at least two people. The review process should ensure no one person can initiate, approve, record, and reconcile a transaction.

4. RISK MANAGEMENT

Board members need to minimize various kinds of risks the organization may face. The board should review and plan for risk factors including legal, financial, regulatory, human resources, technology, and property. When needed, the board supports the executive director in taking action. The board should ensure Directors and Officers Insurance is in place and complete an annual review to make sure the coverage is appropriate and adequate.

The board needs to be aware of and understand the organization's Document Destruction Policy and Whistleblower Policy. The organization must be compliant with the Sarbanes-Oxley Act and should follow the best practices for governance, policies, and disclosure outlined in the IRS Form 990. An additional policy to have in place and review annually is a Conflict of Interest Policy. Board members and key staff members should complete and sign a conflict of interest form annually.

FINANCE UNLOCKED *for* NONPROFITS

1 Balance Sheet

2 Income Statement

3 Nine-Ninety

4 Giving

5 Oversight

Nonprofit Association of Washington's *Finance Unlocked for Nonprofits* guide provides information on the balance sheet, income statement, IRS Form 990, giving, and oversight (including separation of duties).

To reduce operational disruption, the board should maintain several emergency and long-term plans. For all the plans mentioned, board members and staff need to receive instructions about the plan and their role in activating or complying with the plan.

- Emergency and long-term **succession plans** for the executive director and other key organization staff and board members, which includes the board chair, are important to keep the organization's momentum during leadership transitions.
- A **general emergency plan** for disruption in the delivery of programs or services (e.g., weather, pandemic, strike, etc.) should be guided by local and state laws and include procedures for mitigating loss of physical/financial assets and providing for health and safety of workers.
- An **emergency communication plan** prepares a nonprofit in case of negative press related to the organization or the cause in which the organization is working.



ACTIVITY

Your turn: Think about your board member responsibilities and the collective responsibilities of the board as you reflect on the following questions. Use the space provided to write down your answers and action steps.

Ask yourself...

WHY:

- Why does it matter that board members individually and collectively know and act on their board responsibilities?

WHO:

- Who reviews local, state, and federal requirements to ensure the organization is compliant? Here are a few items to check:
 - Federal: IRS Form 990 (filed annually)
 - State: Annual Report (filed annually for nonprofit corporations)
 - State: Annual Renewal (filed annually for charities – organizations raising funds from the public)
 - Local: Business license, business and occupation tax, etc. (taxes and licenses vary by jurisdiction)

HOW:

- Over time, how is the organization’s mission reviewed for continued relevance?

WHAT:

- What oversight do board members provide the organization?
- What opportunities and challenges do board members need to anticipate and plan for?
- What role do board members play as stewards of the nonprofit’s mission within the community?

Notes & Next Steps



1. Board members have individual responsibilities towards the organization defined by law and best practices. Board members make decisions as a board (govern) and support as individuals.
2. Board members have three duties related to fiduciary responsibilities – Duty of Care, Duty of Loyalty, and Duty of Obedience. As of January 1, 2022, the Washington Nonprofit Corporation Act added the duty to share relevant information related to the operations or a violation of law involving the organization.
3. Financial management practices play a critical role in a nonprofit’s ability to achieve the mission and protect assets, and board members need to understand their organizational financial responsibilities.
4. An organization may face various kinds of risk, and the board should review and plan for risk factors including legal, financial, regulatory, human resources, technology, and property.



Here are some questions to think about:

- Thinking about your nonprofit’s current policies and plans (e.g., succession plans, emergency plans, etc.), what other policies and plans might you need to implement? Are the policies and plans up-to-date and effective?
- Typically, bylaws are reviewed every 4 – 5 years, do you know when your nonprofit’s bylaws were last reviewed? Is the board in compliance with the bylaws?

Reflections



Next steps:

- Make sure the following required documents are on file, and all board members have access to a copy of the Articles of Incorporation and bylaws.
 - Key organizational documents: IRS Form 1023 (application for federal tax-exemption), IRS Determination Letter, Articles of Incorporation, bylaws, Document Retention and Destruction Policy, and Whistleblower Policy
- Learn more about board roles and responsibilities as well as whistleblower protections for nonprofits on the National Council of Nonprofits resource pages – [Board Roles and Responsibilities](#) and [Whistleblower Protections for Nonprofits](#). Both resource pages include sample policies and more resource suggestions.



Chapter 3

Composition & Development

CHAPTER OUTLINE

1. Understanding your board culture
 - A. Artifacts
 - B. Behaviors
 - C. Underlying values
 - D. Assess your culture
2. Recruitment, selection, & orientation
 - A. Recruitment
 - B. Selection
 - C. Orientation
 - D. Conflict of interest
3. Evaluation & board development
 - A. Why is board evaluation important?
 - B. Evaluation approaches
 - C. Maintaining a strong board

Chapter 3 Summary: Composition & Development

INTRODUCTION

The board ensures the characteristics, qualifications, and experiences of board members effectively meet the organization's needs and are representative of the communities served. When the board is thoughtful about composition and development, the board can better provide organizational oversight needed to achieve the nonprofit's mission and steward valuable resources. Strong board composition makes certain the ideal people are in place with the skills and experiences needed to respond to new opportunities and challenges. Intentional board development can create space for community members served by the organization to bring their unique insights and experiences to the board.

1. UNDERSTANDING YOUR BOARD CULTURE

Regardless of the size of your organization, every volunteer, worker, donor, and funder that engages with your nonprofit will experience your board culture in some way. Culture is the way a group of people comes together. Your nonprofit's board culture stems from your procedures, policies, and practices. Your board culture matters in your organization's overall ability to achieve its mission, create meaningful engagement, and develop lasting relationships.

Aspects of culture are both visible and invisible, and culture is often compared to an iceberg because 90% of an iceberg is unseen below the waterline. Your organization should aspire to create a board culture that provides a stable foundation for the nonprofit, supports your mission and values, and welcomes board members with diverse experiences, abilities, and skills. You can explore the visible and invisible parts of your culture to better understand where the board is now and what changes may be needed. Strong board culture is vital to every nonprofit.

In an organization, culture includes the systems of knowledge shared by individuals engaged with the board – the values, beliefs, attitudes, and roles individuals take within the nonprofit. Culture, in general, shows up in three ways: artifacts, behaviors, and underlying values. We break this down with the following examples related to boards.

A. Artifacts

Artifacts are the “stuff” of the organization. This includes things that someone could see by moving around your workplace or interacting with your board. Some artifacts are less visible and may be known by specific board or staff members. Artifacts can be tools, documents, procedures, and more. Together, your artifacts represent visible or accessible indicators of your board and organization's policies and procedures. Artifacts may include:

- Incorporation documents
- Bylaws
- Whistleblower Policy
- Conflict of Interest Policy
- Board member reimbursement policy
- Board orientation packet

B. Behaviors

Behaviors are what you can observe or witness when people interact with the board's systems and implement procedures that are in place. Behaviors may include:

- Conversations and casual comments
- Participation and questions asked in meetings
- How people interact across the organization, like staff and board
- How individuals and committees respond when faced with a challenge or conflict

C. Underlying values

Underlying values are invisible elements that nevertheless shape a culture. A nonprofit may say having a board membership reflective of the community served by the organization is important, a priority, and crucial to advancing the work. The underlying beliefs must exist so that everyone on the board matches their words with aligned actions. The invisible elements may include:

- Values related to what matters within a board and organization
- Assumptions that common understandings are shared
- Attitudes about recordkeeping
- Attitudes about acceptable oversight behaviors
- Unspoken rules
- Beliefs and habits

D. Assess your culture

The first step in strengthening your board’s culture is to assess your current culture. Use the following “Know Your Board Culture” worksheet to note how you would describe your culture across the three aspects (artifacts, behaviors, and underlying values). Then describe how you want your board culture to be in the future. Remember, you can change the culture.

KNOW YOUR BOARD CULTURE WORKSHEET

We experience culture in three ways: through the **artifacts** (documents, tools, etc.) that we use/see, through **behaviors** that we do/see, and through **underlying values** that we do not see but we experience.

Current Board Culture: Where do you see alignment with your written policies, procedures, and practices across the three aspects of culture?

Artifacts Documents or other “stuff” that you can touch	Behaviors Behaviors and actions you can see and experience	Values Attitudes and assumptions you experience but do not see

Future Board Culture: What would you like to add/change to strengthen your board’s culture?

Artifacts	Behaviors	Values

Next Steps: Now that you have thought about your board’s culture and what you would like it to be in the future, write down three actions you can take to move towards that desired culture.

- 1.
- 2.
- 3.

2. RECRUITMENT, SELECTION, & ORIENTATION

The board should recruit and select individuals with a strong commitment to the organization's mission and success. The board should have a clearly documented process to recruit, select, and orient new board members to make sure the ideal people are in place and have access to the right information to best serve the organization. Your board's plan should describe the skills, experiences, connections, etc. you are looking for in new board members. The recruitment and selection process needs to align with board bylaws and governance documents as well as minimum requirements set by the Washington Nonprofit Corporation Act.

A. Recruitment

As you think about recruitment, begin by identifying an ideal size and composition of board members that allows the board to meet its responsibilities and make informed decisions. Also, set clear procedures for term lengths, limits, rotation (term staggering), and board member removal, which should all be outlined in the bylaws.

To meet the Washington Nonprofit Corporation Act requirements, 501(c)(3) tax-exempt organizations must have at least three board members (although, fulfilling board responsibilities may be challenging with such a small board). Without a strong board chair or president, having a large board (generally, greater than 15 members) may also pose challenges. In considering board officer positions, the board needs a president, secretary, and treasurer. Under the Washington Nonprofit Corporation Act, the president and the secretary may not be the same person. If a staff member serves on the board, their service is in an *ex officio* capacity, and they do not vote.

Assess your board and organization's current stage of development and think about where you want to be in the next couple of years. Make an intentional plan for outreach and relationship building that leads to new board member opportunities in support of the organization's growth areas, unmet needs, and deepening community connections. Creating a board matrix that lists current board members' skills, experiences, connections, areas of interest, personal demographics, board terms, and more can help you develop an outreach and recruitment plan. The board, or board development committee if you have one, should discuss categories and information to capture as well as the preferred formatting that will best support recruitment.

Ideally, your board membership is reflective of the community served by the organization and includes members with diverse skills, expertise, and experiences. Before beginning community outreach and recruitment efforts aimed at increasing board member diversity, the board should undertake deeper reflective work to understand the current board culture and operations. Also, consider if there are volunteers or individuals already involved in your nonprofit's work who would be ideal for the board. By taking these purposeful actions, the board may identify candidates or changes that need to occur to create a welcoming environment that supports all board members' participation.

The ability to clearly describe the board service opportunity, and the responsibilities if selected, is an important part of recruitment. Having a board member position description, a board application form, and any other key information pulled together for prospective board members is helpful. The following worksheet may assist you in crafting your own board member position description.



ACTIVITY: BUILD YOUR BOARD MEMBER POSITION DESCRIPTION

Whether you have a board member position description currently or not, taking a moment to pause and assess the position can be helpful. If you are creating a board member position description for the first time, use the prompts to spark and organize your thoughts. If you already have a position description, use this activity to identify any items that may be missing or need clarification.

Title: What is the position title? Is this a position description for a general board member or for a board officer role?

Purpose: What is the purpose of the position as it relates to the board and organization?

Term Length & Time Commitment: What is/are the term length(s) for the position? What is the anticipated time commitment for the position (i.e., 5 hours a month plus attendance at occasional events)?

Skills, Expertise, & Experiences: Thinking about your board and organization's current stage of development and where you want to go, are there any specific skills, expertise, and experiences board members need or must be open to learning?

General Responsibilities: What are the general responsibilities and expectations for the position?

Specific Tasks: Are there specific tasks the position may be responsible for completing or overseeing?

Other: For the position, are there other duties, important pieces of information, or guidance that should be included?

B. Selection

Creating a selection process that provides a positive experience for everyone involved takes forethought and intentional design. This includes responding to prospective board members in a timely manner, even those not invited to join the board. If you have new board member candidates who are not selected, those individuals are still part of your nonprofit's larger community, and you want continued good relations even if they are not on the board now. Remember, the first significant interaction with a new board member candidate may be through the selection process. Spend time planning, preparing, and shaping a deliberate selection process. When you complete your selection process it is important to thank all candidates by phone, email, or letter.

Unconscious or implicit bias is inescapable in a selection process, and your goal will be to minimize this as much as possible. During the selection planning process, you may decide to assemble a selection committee or team of people connected to your nonprofit. Think about the selection committee size – a few people provide more perspectives to the process, but too many people involved can be intimidating for a candidate. During the selection process, ensure you ask the same questions of each candidate. Setup a standard selection assessment or evaluation format that is transparent and explainable.

Before you begin reviewing new board member applications, take time as a team to discuss and question your implicit biases. Board members may be influenced by a candidate's appearance, age, manners, or other factors in their initial impression. Let go of snap judgments and dig deeper to make sure you are inviting the best person for the role to join the board.

C. Orientation

You made your selection, now is the time to onboard and set the new board members up for success. There are many board responsibilities and details to initially convey, so take time to prepare for your new board members to start. Also, consider how your board culture and organizational values tie into creating a welcoming environment for new board members.



ACTIVITY: BOARD ORIENTATION CHECKLIST

Sourced from Technical Assistance for Community Services (2004) and adapted into the following worksheet, the Board Orientation Checklist provides a solid starting place for developing your nonprofit’s own orientation process. Review each of the checklist items, mark whether this is something your board currently does, and capture any notes or next steps in the space provided.

Orientation Actions	Included in your orientation?	Notes & Next Steps
General – Board Orientation Process		
New Board members receive written notice of their selection to the board stating dates their term begins and ends, regular meeting dates, times, places, and information about the board orientation process	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Special meeting for new board members	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Orientation packet	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Personal phone call or meeting with an experienced board member	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Follow-up personal contact after the first three months of board service	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Orientation Actions	Included in your orientation?	Notes & Next Steps
Board Orientation Packet		
Statement of purpose or mission (if developed and adopted by the board)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Brief overview of organization programs and services	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Organization annual report with financial statements for the past fiscal year	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Up-to-date copy of the bylaws	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Personnel policies in brief, or brief overview of personnel system for larger organization including: staff organization chart, number of professional and non-professional staff, identification of any unions or employee bargaining associations, date of last major revision of personnel policies	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Policy statement and procedures formally adopted by the board	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Abbreviations and acronyms of agencies and programs with which the organization is connected	<input type="checkbox"/> Yes <input type="checkbox"/> No	
List of all board members' names, addresses, phone numbers, and terms of office	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Orientation Actions	Included in your orientation?	Notes & Next Steps
Committees: <ul style="list-style-type: none"> • List of committees with chairperson identified • If committees have regular meeting times and places, these are included • Board organization chart showing committee and sub-committee structure 	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Most recent financial statements and current annual budget	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Minutes for most recent board meeting	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Listing of facilities owned or rented by the organization for operations, including address, staff member in charge, and general purpose of the facility	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Board Orientation Meeting		
Opportunity for personal introductions among new and experienced board members	<input type="checkbox"/> Yes <input type="checkbox"/> No	
More formal introductions of new board members by the selection committee highlight new board members' background, skills, and experiences	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Brief presentations by experienced board members explaining board role and procedures	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Brief presentation by staff about scope of organization's services	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Orientation Actions	Included in your orientation?	Notes & Next Steps
Structured opportunity for small group discussion by interest areas (i.e., financial, personnel, programs, planning, fundraising)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Clear statement of board member expectations including role in organization fundraising	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Open-ended opportunity for questions from new board members	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Personal Contact with Experienced Board Member		
Discussion of new board member preferences for committee assignment	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Brief explanation on upcoming significant board decisions or events	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Specific commitment to greet the new board member at the next board meeting and provide personal introductions to board members with common interests	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Follow-Up Contact after Three Months of Service		
Opportunity for general comments about board service so far	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Inquiry into involvement with committees if no involvement yet; discussion of barriers and problem solving	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Request for feedback on orientation process	<input type="checkbox"/> Yes <input type="checkbox"/> No	

D. Conflict of interest

The board needs to ensure individual board members do not have any undocumented conflicts of interest that would affect the organization's wellbeing. The board's approved Conflict of Interest Policy should be reviewed and signed annually by all board members. A reasonable effort must be made to determine board independence. At least a majority of the board needs to be independent. Generally, this means that board members (or their family members) do not receive compensation (other than reimbursement for board-related expenses) or contracts with the organization. Loans to board members are specifically prohibited.

3. EVALUATION & BOARD DEVELOPMENT

Along with a process to coordinate recruitment, selection, and orientation of new board members, the board should establish a plan for evaluation and ongoing learning. Each year the board should reflect on their own practices, celebrate achievements, and create plans around areas of growth.

A. Why is board evaluation important?

Establishing an annual process to assess or evaluate the board's effectiveness can help identify areas that need clarification, potential skill or experience gaps on the board, and topics for ongoing board learning. Evaluating your work as a board and as an individual board member may bring up some uneasy feelings. Talk as a board to create a shared understanding around how an evaluation process will help strengthen board practices, ultimately supporting the advancement of the organization's mission.

B. Evaluation approaches

There are many approaches to board evaluation, and a good starting place is a self-assessment process. The National Council of Nonprofits has a resource page on [Self-Assessments for Nonprofit Boards](#) that includes practice pointers and a variety of resources. In addition, there are sample board self-assessments included in the resources accompanying this guide.

**ACTIVITY**

Your turn: As a board member, a simple first step is to assess your own board service. Read each question and think about whether this is something you currently do. If you answer yes to the following questions, you are likely fulfilling your board member responsibilities. If you mark no or not sure, you have just identified an area for growth. Use the space provided to write notes and next steps you may want to take. This activity is adapted from the National Council of Nonprofits Individual Board Member Self-Evaluation form.

Self-Evaluation Question	Do I do this?	Notes & Next Steps
Do I understand and support the mission of the organization?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Am I knowledgeable about the organization's programs and services?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I follow trends and important developments related to the organization?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I assist in organizational fundraising and/or actively participate in board giving through pathways set by the board?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I read and understand the organization's financial statements?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I have a good working relationship with the executive director?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I recommend individuals for service on the board?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I prepare for and participate in board meetings and committee meetings?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I act as an ambassador for the organization in the community?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	
Do I find serving on the board a satisfying and rewarding experience?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	

C. Maintaining a strong board

Strong boards reflect on their own practices, celebrate achievements, and create plans around identified growth areas. Convening a board development committee to coordinate the recruitment, selection, and orientation process as well as evaluation and learning may benefit your board. Based on your annual board assessment/evaluation, develop a learning plan that addresses your board's prioritized needs. Weaving the learning topics into board meetings is a great approach and an opportunity to engage different board members throughout the year to lead learning activities.

Generally, there are three areas of board learning that should be included in your plan.

- Learning about your organization (programs, services, etc.)
- Learning about nonprofit practices (finance, advocacy, fundraising, etc.)
- Learning about the larger cause in which your nonprofit is working

Lastly, think about how your organization trains and develops board officers. Consider how your board can strengthen pathways board members can take towards officer positions and mentoring opportunities when members step into these vital roles.



1. With a clearly documented process to recruit, select, and orient new board members, the board makes sure the ideal people are in place and have access to the right information to best serve the organization.
2. Recruitment and selection of new board members focus on individuals with a strong commitment to the mission and success of the organization.
3. The board needs to make certain individual board members do not have any undocumented conflicts of interest that would affect the nonprofit's wellbeing.
4. The board needs enough people serving to fulfill responsibilities, which includes clear leadership with officer positions. Board member and officer positions are outlined in writing.



Here are some questions to think about:

- What opportunities and challenges could the board prepare for through an intentional recruitment and selection process?
- How could better orientation help prepare new board members for their role overseeing and advocating for the nonprofit?
- What role does your nonprofit play in the community? How do you prepare board members to serve as ambassadors for the organization within the community?

Reflections



Next steps:

- Scan through the [Harvard Implicit Association Test](#) offerings. Choose 2-3 tests to take and schedule some uninterrupted time to take the tests. Review your results and think about how your implicit biases may affect your selection of new board members.
- Review your nonprofit's board orientation process. Then check out the following resources for more tips and practices to enhance your current process.
 - National Council of Nonprofits – [Board Orientation](#)
 - Joan Garry Consulting – [A Template for a Great Board Orientation](#)



Chapter 4

Board Operations

CHAPTER OUTLINE

1. Board meetings
 - A. Preparing for board meetings
 - B. Holding board meetings
 - C. Following up after board meetings
 2. Board committees
 3. Board & staff relationship
- Chapter 4 Summary: Board Operations
-

INTRODUCTION

Efficient and effective board operations are a key part of advancing an organization's work. Management consultant Peter Drucker is quoted as saying, "Efficiency is doing things right; effectiveness is doing the right things." Boards should have operational practices in place that align with their stage of development, board culture, and organizational values. The board needs to hold spaces and set up structures that provide oversight for the intentional growth and protection of assets. Strong board operations support board members' abilities to make strategic decisions in response to new opportunities and challenges. Ultimately, through efficient and effective operations, the board can better steward the organization on behalf of the community who entrusted the nonprofit with resources to make a difference.

1. BOARD MEETINGS

Regular board meetings should be scheduled, and notice provided in accordance with your nonprofit's Articles of Incorporation (Articles) or bylaws. Under the Washington Nonprofit Corporation Act, membership corporations are required to hold at least one member meeting per fiscal year. Unless the Articles or bylaws provide otherwise, a nonprofit's board meeting plans need to clearly outline whether board members can participate remotely, in person, or both. A board may conduct meetings using one or more means of remote communication (such as Zoom or other conference call software) through which

all board members may simultaneously participate with each other during the meeting. Also, the timing of urgent matters including new opportunities may not align with your scheduled board meetings, so the board should have procedures set for calling a special meeting if needed.

To allow the work of the board to progress, board members need to understand the importance of having a quorum at every meeting. Your board bylaws should outline the number of board members needed for a quorum, voting requirements, and expectations for adjourning and rescheduling when a quorum is not present. If not included in the nonprofit's bylaws, a quorum is a majority of the board members in office before a meeting starts. Bylaws can provide for a higher quorum requirement, like consensus-based decision-making, but the bylaws cannot allow for a quorum of fewer than one-third of the number of members on the board. Also, a quorum shall not be present at any time during a meeting unless a majority of the members present are at least 18 years of age. (Additional information is available on the [Washington Nonprofit Corporation Act – Board Quorum and Voting Requirements](#) page, RCW 24.03A.565.)

Ideally, every board member participates in meetings. Strong board culture recognizes and values the experiences, perspectives, and contributions of each board member, producing meeting spaces where board members feel respected and heard. To get the most out of your board's valuable meeting time, there are actions to take before, during, and after board meetings.

A. Preparing for board meetings

An important action in preparing for meetings is discussing meeting agendas, structure, and support materials as tools for the board's work. Each board's meeting space will look and feel differently based on the board's culture and organizational values. The board should identify a meeting format and content that facilitates decision-making, learning, and meaningful board experiences for all board members. Another item to address in preparing for meetings is to collaboratively create your board's meeting norms. To help ensure shared understanding, revisiting the meeting norms or expectations occasionally, especially when new board members begin their service, is a good idea.

In crafting a meeting agenda, the board may use a "consent agenda" to expedite routine items like meeting minutes, financials, or committee reports, which saves time during meetings for more strategic discussions. Consent agenda items are typically things discussed at every meeting and are likely non-controversial. If your board uses a consent agenda, make sure all board members understand the consent agenda process including how to deal with any requests to move an item off the consent agenda for further discussion.

Board members need access to materials like the agenda, financial statements (e.g., the balance sheet and income statement), and other support documents in advance of the meeting. Materials should be provided with sufficient time so board members can prepare to engage meaningfully in conversation and make informed decisions at meetings. Talk as a board to determine when you ideally want materials

prepared, and then work with the individuals who prepare the materials to find a process and timing that works for everyone. Whatever your board decides, board members need to know when materials will be available and how to access the materials.



ACTIVITY

Your turn: Think about your board’s most recent meeting agendas as you respond to the following questions. Use the space provided to write down your answers and any action steps.

Ask yourself...

Notes & Next Steps

- Do the agendas reflect the conversations the board needs to have at this time or stage of organizational development?

- How do the agendas balance discussion around the nonprofit’s past, present, and future?

- Do the agendas have a mix of oversight items, strategic work, and bigger picture connection to cause conversations?

- At meetings as the board moves through agendas, is the board checking tasks off or taking action towards meeting specific goals?

B. Holding board meetings

Whether your board meetings are in-person or held online, think about when in the day you are holding the meeting and consider providing space for board members to transition from one portion of their day to the next portion – your nonprofit’s board meeting. Setting timeframes for each agenda item can serve as a helpful guide during meetings, and maintaining flexibility is also important. Allow space for discussion and adjust as needed. If you feel the need to adjust the agenda during a meeting, check in

with board members to make certain priority agenda items are covered and people's time is respected. If an item comes up that is truly off-topic, have a process to note the topic, identify a future date for discussion, and hold the board accountable for following up.

Board members, especially officers, and any staff in attendance should have clear roles and an understanding of what is expected. A great way to engage board members in meetings is to rotate the committee or individuals who lead portions of the agenda, facilitate discussions, or organize activities. You may even invite board members to share counterpoints or ideas of opposition during a discussion to help identify potential challenges or opportunities the board might not otherwise uncover.

Everyone takes in information differently. During board meetings, be sure to provide breaks and thoughtful pauses that allow board members to process the information discussed, ask follow-up questions, and prepare to make decisions in the organization's best interest. Observe during your meetings who is participating the most and the least as well as who may be dominating conversations. Consider why you may be observing these dynamics in your meetings and have discussions to gain clarity on the desired meeting environment you aim to achieve.

Lastly, under the Washington Nonprofit Corporation Act, nonprofits need to keep permanently a copy of the following records:

- Minutes of all board meetings
- A record of all actions taken by the board by unanimous written consent
- A record of all actions taken on behalf of the nonprofit by a board committee

Important note: A written vote by email or other written record can only happen if there is 100% participation of all non-conflicted board members, and every board member affirmatively agrees to the proposed action ([RCW 24.03A.570](#)).

As you wrap up board meetings, confirm that any action items have a board member or committee assigned to take the lead on moving the work forward between the meetings. In preparation for future meetings, your board may choose to create a "check-out" process at the end of each meeting to provide an opportunity to see how people are feeling, recognize strengths, and identify areas of improvement.

C. Following up after board meetings

During board meetings many perspectives may be shared and discussed. After meetings, the board needs to communicate with a unified voice around decisions made and actions taken, which is especially true in times of crisis. The board should think through how big decisions are communicated to those who are affected and the larger community, if needed.

Frequently additional work emerges from meetings and setting an approach for tracking progress between meetings will support the board's overall efforts. An organizational dashboard that tracks key metrics (3 – 5 depending on your nonprofit's size) can help the board assess progress made. Select your

organization's measures, indicators, and goals, then set time increments to record information and assess progress.



ACTIVITY: CREATING AN ORGANIZATIONAL DASHBOARD

Think about 3 – 5 items that can show your organization's health and progress towards strategic priorities. Use the spaces below to write down the measure, indicator, and goal for each item identified. The first row provides a sample measure, indicators, and goals. After you complete the activity, you can turn the worksheet into a spreadsheet that includes column(s) for the time period (e.g., week, month, quarter).

Measure	Indicator	Goal/Unit
<i>Sample: Enough support from individual donors for us to meet our budget</i>	<ul style="list-style-type: none"> <i>Number of donors</i> <i>Amount of money from donors</i> 	<ul style="list-style-type: none"> <i>10 new donors per quarter</i> <i>\$1,000/month from donors</i>

In addition to regularly tracking progress, the board should establish an annual evaluation process to look at the board's overall effectiveness (more information is available in *Chapter 3. Composition & Development*). Specific to board meetings, the board should assess and discuss whether the level of board member contact is adequate to steward the organization. Think about board contact in terms of attendance and meeting frequency.

You hope every board member can attend every board meeting, and this is not always possible. For board members who may miss a meeting, having a structure in place (outside of the minutes) to convey meeting updates and details is a good idea. For example, pairing board members up as “board buddies” provides each person someone to connect with for updates if a meeting is missed or if additional clarification is needed on something.

2. BOARD COMMITTEES

The board can organize committees as needed to increase capacity, provide more informed decision-making, and better engage individual board members in work aligned with their interests or skills. The Washington Nonprofit Corporation Act states there must be a minimum of two board members on a committee. While people outside of the board may serve on a committee, only board members may serve as voting committee members.

Board committees may have delegated authority from the board to make decisions. Although, there are many things a board committee cannot do including: authorize distributions, change bylaws or Articles, make decisions on who is a board member or board committee member, authorize a substantial change to the organizational structure (such as a merger, selling a substantial amount of assets, dissolution, etc.), or change a board resolution unless allowed by a board resolution.

Each board committee should have a charter that describes the purpose, membership, level of authority, and documentation and communication expectations. Writing down these details allows committee members to understand the structure and function more fully. Reviewing committee charters annually can help ensure alignment with strategic plans and annual goals. Unless stated otherwise, committees should bring decisions and other key information back to the full board for review and final voting (if needed).

The number of committees formed by a board may vary based on current needs and the board’s size. The board may choose to include people outside of the board on committees, though the Executive Committee is usually held for the officers and executive director. The following list outlines several common board committees.

- **Executive Committee:** The officers and executive director consider decisions that need to be made, plan for meetings, and help set the calendar for the board’s work.
- **Finance Committee:** The treasurer, board members, and finance staff develop best practices for accounting and financial management. The finance committee takes responsibility for the annual Form 990 filing and audit (if required or deemed needed) and develops financial policy and direction for the best use of the organization’s finances (which may include drafting the annual budget).
- **Board Development Committee:** Board members and staff coordinate the recruitment, selection, and orientation process for new board members, lead board evaluations, and help develop learning plans to improve the board’s function.

- **Public Policy/Advocacy Committee:** Board members, staff, and community advocates develop initiatives, policies, and strategies for guiding and strengthening the nonprofit's advocacy efforts.
- **Diversity, Equity, Inclusion, and Accessibility Committee:** Board members, staff, and community participants assess current policies, practices, and procedures to improve the overall diversity, equity, inclusion, and accessibility (DEIA) of the organization, as well as help develop learning plans to deepen the board and organization's understanding and practices around DEIA.



Advisory Committees

A board may also decide to set up advisory committees. The Washington Nonprofit Corporation Act states advisory committees do not have delegated authority from the board and cannot make decisions on behalf of the board. Advisory committees make recommendations and provide information to the board or do work not required to be done by the board, such as organizing an event, recruiting volunteers, or developing a program evaluation. Anyone from the community may serve on such a committee unless otherwise stated in the bylaws.

3. BOARD & STAFF RELATIONSHIP

For organizations with staff, operating with clear roles and responsibilities between the board and staff strengthens relationships, minimizes interpersonal conflicts, and focuses everyone on the mission. This relationship may change throughout the nonprofit's lifecycle. For example, when a nonprofit first starts out, the board may have roles that function in a capacity similar to staff. As the organization grows and brings on an executive director, daily management is delegated to the executive director.

The board must understand the difference between board and staff functions. Examining the relationship between the board and staff is important. Assess if there are adequate opportunities for interaction, and whether the interactions help or hinder the work.

Approval of personnel policies that cover job classification, compensation, evaluation, and reporting are approved by the board, and the board makes certain all policies meet local, state, and federal regulations and laws. The board provides staff direction, support, and accountability through plans, policies, review of programs, and volunteering when appropriate. If approached intentionally, receiving advice and feedback from board members can be a valued part of building and maintaining communication and trust amongst staff and board.

The relationship between the board and the executive director is a particularly crucial partnership to understand and nurture. The board hires, supports, supervises, and reviews the executive director. The board should review the executive director annually and invest in their development. Regular and intentional communication between the executive director and board helps to ensure the alignment of

staff and board. The executive director serves as a bridge to the organization's daily management and happenings. In addition, the executive director keeps the board informed on activity progress, opportunities, and challenges. Close connection between the executive director and board, in particular the chair or president, helps everyone maintain the ability to make informed decisions. Also, the board needs to understand the organizational culture the executive director is building and actively partner to build an aligned board culture.



1. Efficient and effective board operations, which include regular board meetings, are a critical component of advancing a nonprofit’s work.
2. Nonprofits must keep a copy of the following records permanently: minutes of all board meetings, all actions taken by the board by unanimous written consent, and all actions taken on behalf of the nonprofit by a board committee.
3. Forming committees can increase board capacity for more well-rounded decision-making and create opportunities for board members to focus work on their areas of interest.
4. For nonprofits with staff, setting clear roles and responsibilities between the board and staff strengthens relationships, reduces interpersonal conflicts, and focuses people on the organization’s mission.



Here are some questions to think about:

- Why are efficient and effective board operations important to your nonprofit? How would you describe efficient and effective operations for your board and organization?
- Think about how your board is organized. How could a change to the way the board is organized enhance the board’s overall efficiency and effectiveness?
- To create more space to think about future opportunities and challenges, how can the board strengthen practices related to meetings and completing functions?

Reflections



Next steps:

- ❑ Explore the National Council of Nonprofits resources on [Effective Board Meetings for Good Governance](#) and [What Makes a Great Meeting?](#) for more tips and practices to try with your board.
- ❑ Review BoardSource’s resource page on [The Board-Staff Partnership](#) that includes guides, tools, templates, and infographics all in support of the board and staff relationship.



Chapter 5

Fundraising

CHAPTER OUTLINE

1. Roles & expectations
2. Planning & systems
3. Communications

Chapter 5 Summary: Fundraising

INTRODUCTION

Board members help nonprofits secure adequate resources for the organization in ways that allow for financial stability over time. Fundraising provides the essential resources to fulfill an organization's mission. Activities related to fundraising can also expand the community supporting a nonprofit's mission and connect more people to the larger cause the organization addresses. The board needs to conduct fundraising activities in a manner that upholds the public's trust in the organization's stewardship of contributed funds. Conducting fundraising in an ethical, professional way that follows local, state, and federal law is crucial for nonprofits.

1. ROLES & EXPECTATIONS

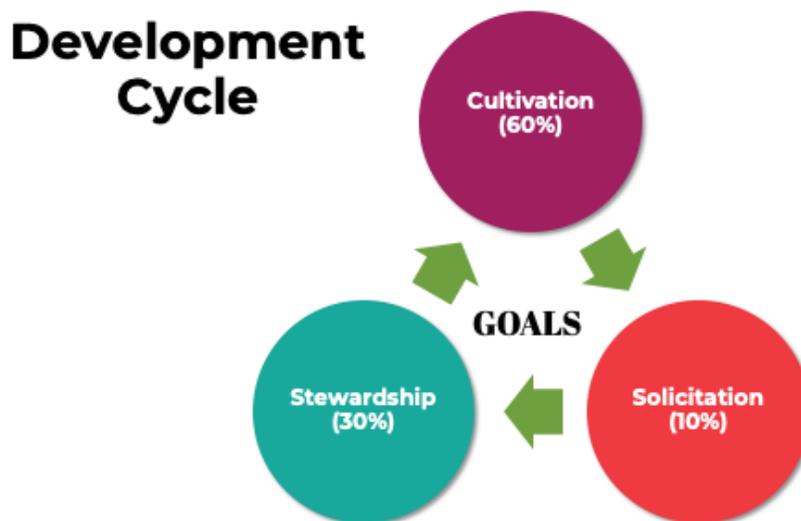
Each board member plays a role in fundraising and providing stewardship through budgetary accountability. Practices of board giving and engagement may include monetary and non-monetary contributions. The practices identified for individual board member giving and any other engagement indicators should align with the board and organization's stage of development, creating pathways for all board members to actively contribute to fundraising efforts.

Fundraising expectations need to be explicit and clearly shared during the board recruitment process. Ensure fundraising is part of ongoing financial discussions. A nonprofit's board members should feel accountable for the organization's budget and fundraising implications associated with securing adequate resources.

2. PLANNING & SYSTEMS

Guided by a plan or strategy that reflects budgetary and organizational goals, fundraising is a system of activities, events, and solicitations that require effort on multiple levels. There are many variations of development cycles presented in fundraising spaces, and each approach includes three major steps: cultivation, solicitation, and stewardship. Generally, in fundraising work, approximately 60% is cultivation (building relationships), 10% is solicitation (asking for gifts), and 30% is stewardship (managing gifts and relationships). Therefore, anchoring fund development by building relationships with current and potential donors is critical.

As a board, take time to discuss all the ways you can accomplish cultivation, solicitation, and stewardship in relation to your fundraising goals and the organization's mission. Work with each board member to identify their comfort area(s) in the cycle. Based on each board member's comfort area(s), develop an individualized plan for how they can best support the organization's fundraising activities. Remember to celebrate successful fundraising in all forms as a positive addition to the budget and organization!



As you think about planning, the board needs to know what kind of solicitations the organization is making as well as understand their individual solicitation activities are part of a larger fundraising plan or strategy. Explore and discuss multiple ways in which board members can participate in fundraising. Also in your planning, review your nonprofit's funding sources and discuss as a board if you feel there is currently adequate diversification to ensure organizational stability. When looking at funding sources, think about the consistency and reliability of the source as well.

To bring your fundraising plan to life, you need systems and policies in place across the organization to ensure fundraising happens in compliance with the law and best practices. Alignment of fundraising and financial reporting is essential for effective and timely information to reach individuals and institutions funding your nonprofit's work. The IRS regulates the donor documentation requirements needed to claim

a deduction as a charitable contribution, so having a system set up to process and acknowledge gifts properly is imperative.

As contributions come in from all your fundraising efforts, nonprofit accounting standards require organizations to classify contributed income in one of two ways: with donor restrictions and without donor restrictions. Reviewing financial statements monthly will help the board ensure a commitment to honor donor intent and comply with conditions and restrictions placed on donations.

Lastly, there may be times a nonprofit should not or may not want to accept a gift offered by a donor. Some gifts may create more difficulty or unanticipated expense than actual benefit for the organization. A nonprofit should consider adopting a gift acceptance policy that clearly states what types of gifts the organization will and will not accept. A gift acceptance policy helps manage donor expectations and provides direction to board members, staff, and volunteers who may support fundraising efforts.

ACTIVITY



Your turn: Think about all the possible ways your organization brings in funds including support (e.g., donations, grants, and special events) and revenue (e.g., admissions, earned income, and return on investments). Here are some questions to ask yourself. Use the space provided to write down your answers and any action steps.

Ask yourself...

- Where does the organization’s funding come from now?

- What percentage of the budget does each funding source make up (e.g., 30% is from foundation grants)? Over the next few years, would you like the percentages to change in some way?

- For funds with donor restrictions, do you know what the reporting and accounting requirements are? Is the organization following through on required reporting and complying with the funding conditions?

Notes & Next Steps

3. COMMUNICATIONS

Board members must have the tools, systems, and stories needed to be effective ambassadors and relationship-builders for the organization. Ideally, board members can share stories and outcomes to help communicate the value of the organization's work. To support fundraising efforts, board members need adequate training and resources to accompany their individualized plans and assigned tasks.

Training should help board members clearly speak to the organization's mission, values, programs, and fund development procedures. Procedures should include communications between board members, key staff, and/or fundraising leads following contact with a donor as well as a process for capturing any relevant information. Board members should know how to access current materials and resources for use in donor outreach. In addition, board members are given information on current and potential new donors, including background and history, to prepare outreach efforts appropriately.

Learn more about financial and legal considerations around giving and fundraising through Nonprofit Association of Washington's *Finance Unlocked for Nonprofits* and *Let's Go Legal* guides.

FINANCE UNLOCKED *for* NONPROFITS

- 1 Balance Sheet
- 2 Income Statement
- 3 Nine-Ninety
- 4 Giving
- 5 Oversight

Chapter 4. Giving



Chapter 3. Fundraising



1. Each board member has a role in fundraising and stewarding the organization through budgetary accountability.
2. The board uses planning to help map out and achieve fundraising goals.
3. Implementing policies and systems helps the board ensure the organization’s fundraising happens in compliance with the law and best practices.
4. Board members need training, tools, systems, and stories to be effective ambassadors for the organization and to make progress on assigned fundraising tasks



Here are some questions to think about:

- What would greater board engagement in fundraising look and feel like at your organization?

- How could greater board engagement in fundraising improve the oversight of funds received and allow your organization to be more strategic with fundraising?

- How can you use fundraising to grow the community committed to advancing the cause for which your nonprofit works?

Reflections



Next steps:

- Learn more about ethical fundraising practices and donor rights through the Association of Fundraising Professionals (AFP) resources on ethics, which includes [AFP’s Code of Ethical Standards](#) and [The Donor Bill of Rights](#).
- Explore the National Council of Nonprofits [Gift Acceptance Policies resource](#) to help you review your current policy for improvement areas or to get you started (samples included).
- Organize a thank-a-thon to call, write notes, or record short video messages to update donors on your organization and the impact their gift has made.



Additional Resources

Boards in Gear draws on the information and insights found in the following resources. Explore these resources to continue your board's learning.



Other Nonprofit Resources

National Council of Nonprofits

- Everyday Advocacy: <https://www.councilofnonprofits.org/everyday-advocacy>

Stand for Your Mission

- The Power of Board Advocacy – A Discussion Guide for Boards: <https://standforyourmission.org/wp-content/uploads/2019/08/S4YM-Discussion-Guide-Web.pdf>

BoardSource

- Leading with Intent – BoardSource Index of Nonprofit Board Practices: <https://leadingwithintent.org/>

Social Venture Partners

- SVP Organizational Capacity Assessment Tool: <http://www.socialventurepartners.org/san-diego/wp-content/uploads/sites/54/2013/06/Organizational-Capacity-Assessment-Tool-OCAT.pdf>

501 Commons

- Best Practice Materials for Nonprofit Boards: <https://www.501commons.org/resources/tools-and-best-practices/boards-governance/501CommonsBestPracticesforBoards.doc/view>

Minnesota Council of Nonprofits

- Principles & Practices for Nonprofit Excellence: <https://www.minnesotanonprofits.org/resources-tools/principles-practices-for-nonprofit-excellence>

Nonprofit Association of the Midlands

- Guidelines & Principles: <https://www.nonprofitam.org/page/GuidelinesandPrinciples>

Colorado Nonprofit Association

- Principles & Practices: <https://coloradononprofits.org/principles-practices>

After you work through *Boards in Gear*...

Take a moment to capture items you want to remember and action steps you want to take. For action steps, think about specifics related to the task (who, when, where, and how).

Connection to Cause	
Items to remember	Action steps
Responsibilities	
Items to remember	Action steps
Composition & Development	
Items to remember	Action steps
Board Operations	
Items to remember	Action steps
Fundraising	
Items to remember	Action steps
<p>Help your board identify where you are now and create a path to your ideal goal with the <i>Boards in Gear Pathways Worksheet</i>.</p>	