

Nonprofit Governance

*The Minnesota Youth Soccer Association
Winter Symposium:
Innovate, Elevate, Motivate*

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Agenda

- Nonprofit mandates
- Board member responsibilities
- Board challenges
- Your questions
- Wrap-up

Personal Reflections

- What is motivating you to be on a Board of Directors?
- What strengths do you bring?
- What are your personal goals?

Why Nonprofit Boards Exist

From “Executive Directors Guide: The Guide for Successful Nonprofit Management”, Third Sector New England, Linnell, Radosevich, Spack.

“...ensure that organizations uphold the ‘**public trust**’ in their charitable purpose and remain **worthy of the significant tax benefits...**”

“...required by law to be governed by a board of directors which **acts on behalf of the general public, does not stand to gain financially** from the charitable activities of the organization, and exists to provide **prudent oversight of the overall operations and direction** of the organization.”

Fiduciary Responsibilities of the Nonprofit Board

Fiduciary = Involving Confidence or Trust

Board Members must exercise duty of...

- Care “...best interest of the corporation...”
Active participation, be present, written records
- Loyalty “...put the good of the organization first and avoid engaging in transactions with the organization from which the director will benefit.”
Conflict of interest policy
- Obedience “...follow the organization’s governing documents...”
Follow statutes, know the governing documents, know & follow the law

State of Minnesota Nonprofit Board Requirements

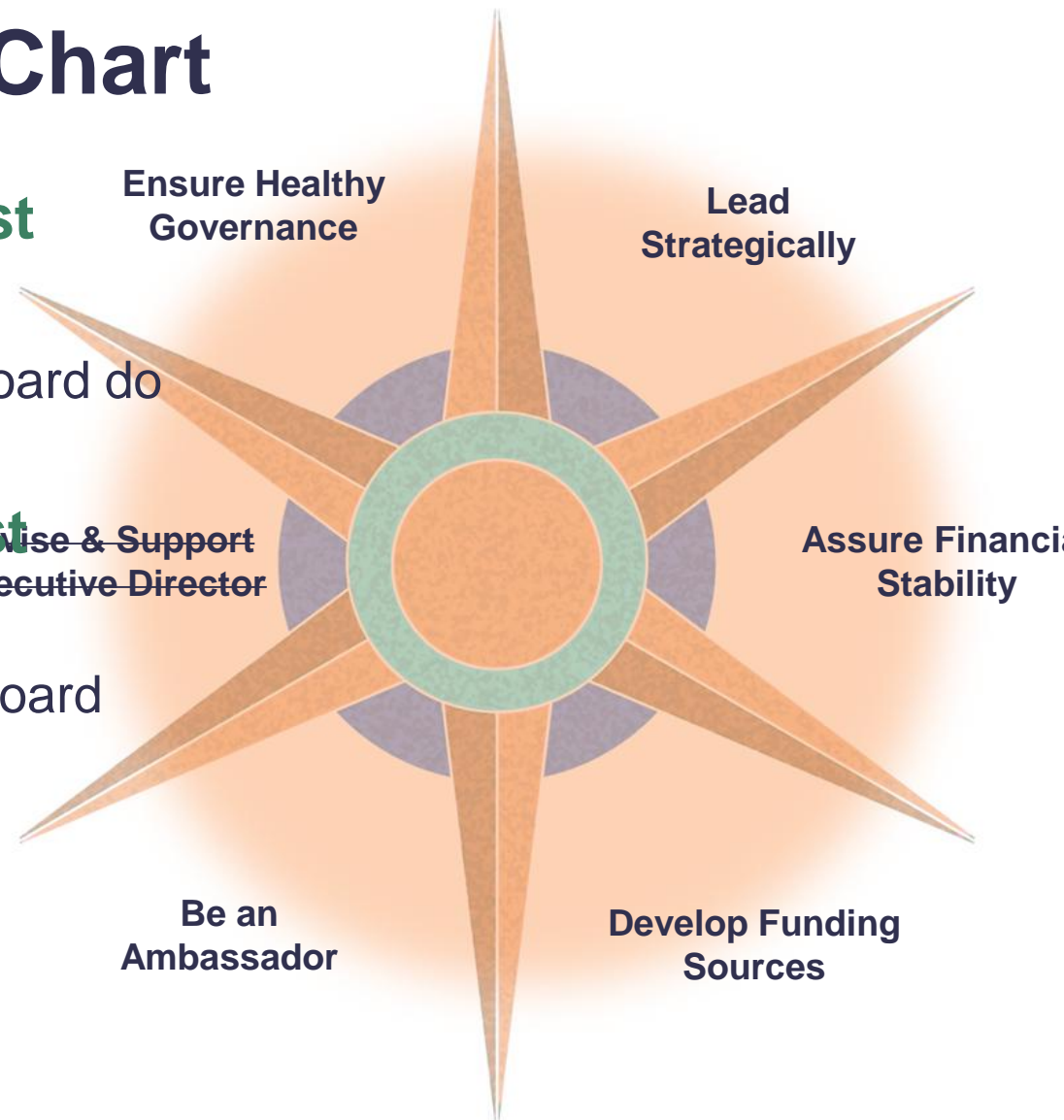
- Must have three separate board members.
- Must have positions of President and Treasurer
- Must file with the Secretary of State each year

Board Member Responsibilities



Fill In Your Own Chart

- Which two are you **most** comfortable with?
 - Which two does your board do well?
- Which two are you **least** comfortable with?
 - Which two could your board improve upon?



Lead Strategically

- Ensure strategic planning/thinking
- Monitor and evaluate programs, outcomes, impact and performance
- Require robust meetings

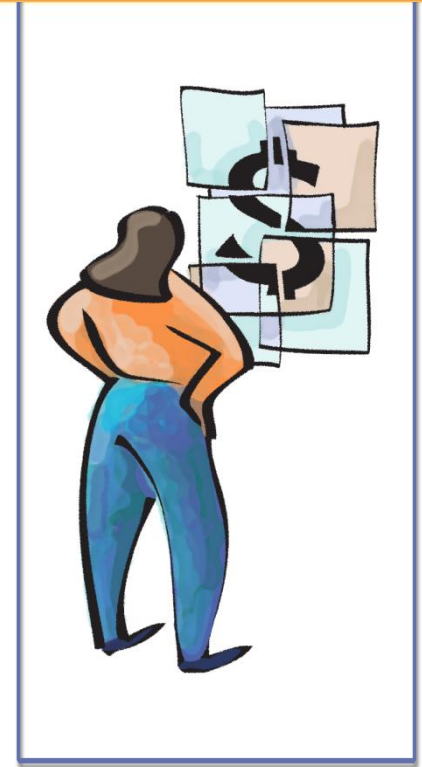


Strategies for Robust Meetings

- Bundle consent items together in a “consent agenda” topic
- Design sessions with an eye toward creating critical dialogue
- Frame questions around choices
- Put time limits and board role for each agenda item
- Provide thought-provoking articles about issues affecting your organization

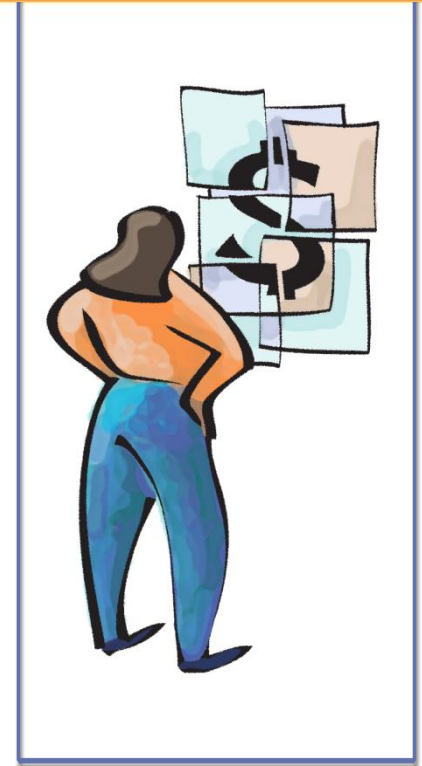
Assure Financial Stability

- Read and interpret financial statements
 - Need financially savvy board members
 - Know the basics – cash flow, income statement, balance sheet
 - Ask questions
 - Require good reporting



Assure Financial Stability

- Ensure compliance and legal requirements are met
 - Federal requirements: yearly electronic notice for all, 990 & IRS Schedule A unless under \$25,000
 - Note, new 990 has stricter guidelines regarding boards: independence, internal policies, board review of 990
 - State requirements: yearly filing unless under \$25,000, no staff, no fundraiser, or a religious organization; CPA audit if gross receipts \$750,000+ (new as of 5/09)



Develop Funding Sources

- Strategize revenue streams
- Contribute personally
- Ensure legal and ethical standards are met



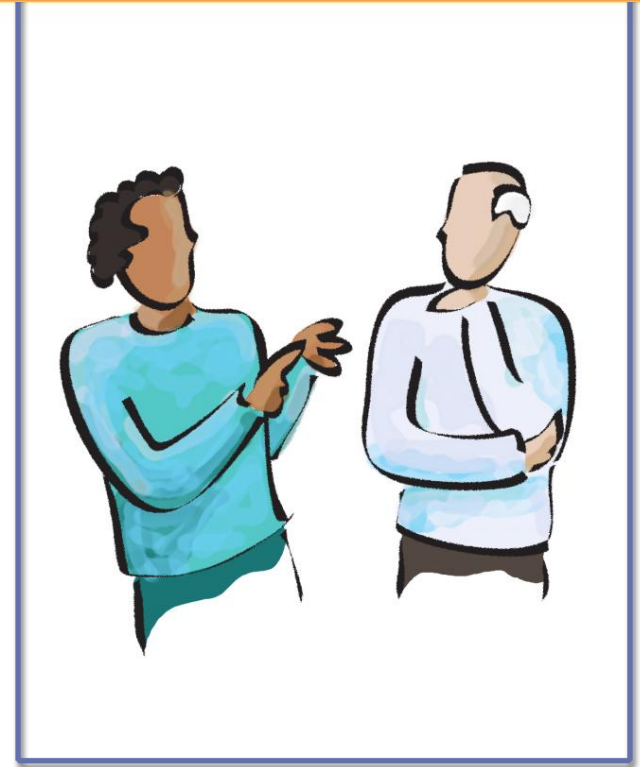
Develop Funding Sources

- Participate in fundraising efforts
 - Be active in identifying, cultivating, soliciting, and stewarding donors
 - Lots of ways to be involved
 - Provide names
 - Bring people to events
 - Speak at events
 - Host an event
 - Find auction items
 - Write thank you notes



Be An Ambassador

- Have an “elevator speech”
- Enhance the organization’s public image
- Support strategic alliances and collaboratives



Ensure Healthy Governance

- Expect stellar meeting attendance
- Create an inclusive culture
- Encourage Effective Committee Structure
 - Define membership
 - Be clear on purpose
 - Require documentation
 - Specify the time frame



**Boards have an average
of 5.6 committees**



Ensure Healthy Governance

- Participate in Board Development
 - Create a sense of team
 - Regularly conduct a board self-evaluation



Ensure Healthy Governance

- Help recruit and orient new board members
 - Be purposeful about board composition
 - Have a process
 - Seek or be a buddy to a new member



**77% of board members
receive a formal orientation**



Board Recruiting Process

1. Establish a Board Development Committee
2. Define and document expectations of board members
3. Analyze current board and define recruitment needs
4. Plan the recruiting and selection process
5. Recruit, interview and select candidates
6. Orient the new board member
7. Evaluate the process

Board Challenges

- Finding new people to serve
- Getting people to engage
- Troublesome board members

Finding New Members

- Advertise
- Build a pipeline
- Create a nominating committee
- Host a gathering for the “likely suspects” and ask them to identify names
- Ask, and ask again

Retention of Members

Orient, Involve, Relate, Engage

- Provide an Orientation
 - To program history, services, clients, etc.
 - To other members, structure and processes
 - Try buddy or mentor system
- Get new members involved right away
 - Committee or task force
 - Attending and/or assisting with an event
- Build a relationship
 - Personal calls, visits with chair or officer
 - Time to socialize with other members

Retention of Members

Orient, Involve, Relate, Engage *continued*

- Keep engagement high
 - Ensure meetings are lively and dynamic
 - Orient meetings around strategic plan or initiatives.
 - Swap stories that show program's success.
 - Bring new items each time (Role play the Ask. Test your financial IQ. Bring in "experts.")
 - Packets out ahead of meetings.
 - Evaluate periodically.

Dealing with Troublesome Members

- Not dealing with it is not an option if behavior discourages others
- Implement term limits
- Find the best way to involve member
- Offer member to support program in another way
- Try different facilitation techniques

Discussion Techniques

- Ask for arguments for and against an issue – prepare ahead of time.
- Survey and discuss:
 - What should be atop the board's agenda this year?
 - What are we overlooking at the org's peril?
 - What do you think of our three events planned this year?
- Fist to Five



Remember

- Can't do all aspects 100%
- One size doesn't fit all

Thank
you!