Welcome, everyone, and thank you for coming today. I hope you’re enjoying the donuts!

I'm glad you're all here to explore joining a nonprofit board. I'm Al Hernandez, in addition to overseeing donut distribution, I help nonprofit organizations find board candidates who can really contribute and make a difference.
That’s right: volunteering is, as you know, a way to give back to your community and to help causes that matter to you. In addition, volunteering as a nonprofit board member is an unparalleled leadership and professional development experience. In other words, you’ll not only be helping the community, you’ll be gaining skills and experiences that will help you in your professional career as well as in your “civic career.”
So let's get started. The structure of this session will be different from the other sessions you've attended this morning. You will direct the session.
What can I expect when I join a nonprofit board?

Nonprofit boards are very different from one another—just like nonprofits themselves range from universities to preschools, from the national Diabetes Society to its local chapters. So my answers will be generalizations, but what specifically would you like to know?
Question 1: What will the meetings be like?
The board will probably meet monthly, bi-monthly, or quarterly, usually at the organization’s location. Board meetings are usually 2 – 3 hours long, and include reports from the staff and/or board committees, and discussion on a few items.
Question 2: What might my role be?
You’ll be one of 8 to 20 members, all volunteers. Many boards expect each board member to participate on a committee that frequently meets monthly, such as the Audit/Finance Committee, the Fundraising Committee, the Governance (board matters) Committee, and so forth.
Question 3: What else should I expect?
You’ll probably be asked to make a personal financial contribution, and while some boards specify a minimum amount, most community-based boards simply ask that you make a contribution “at a level that is meaningful to you.” The more you put into a board, and the clearer you are on how you want to contribute and what you want to get out of it, the better your experience will be!
Why do nonprofits have boards, anyway?

Great question. One reason nonprofits have boards is because it’s the law . . . all corporations—whether nonprofit or for-profit—are required to have boards of directors.
The board has governance responsibilities—such as financial oversight, hiring the CEO, and making sure the organization is on the right track. Board members also have support responsibilities—such as helping out with a picnic for kids or speaking to schools on civil rights, or helping staff write press releases or prepare cash flow statements.

There’s a handout in your conference bag titled CompassPoint's Board Model for Governance and Support, and that has more information about the differences between the two roles.
Question 1: How are nonprofit boards different from for-profit boards?
The biggest difference between the two is who each board represents. For-profit corporations answer to their owners -- the shareholders. So their boards need to represent those interests, which typically involves ensuring that the company continues to make money. But nonprofits answer to you and me - the public - as well as the government, donors, clients, and patrons. The board represents the public interest—in effect, the shareholders are the public.

In addition, while many for-profit companies have their own executives on the board, in nearly all cases nonprofit boards are comprised of volunteers who are not on the staff.
Question 2: Can you explain the difference between the governing and supporting roles?
Sure. In the governing role, the board acts together, as a body. For example, the entire board -- not just the chairperson -- reviews budgets and makes decisions for the organization, such as how to allocate funds or evaluating the CEO.
When board members act individually, they're filling the supporting role. For instance, after the entire board creates and approves a fundraising plan, individual members might receive different assignments -- like making phone calls to donors or soliciting celebrity endorsements -- in order to implement that plan.
What roles do boards play in fundraising?

Ah, yes, fundraising. It’s hard to generalize, because each nonprofit has its own approach to fundraising, so the most important point is that you should ask about expectations before you join a board. Some nonprofits do rely heavily on board members to raise money, and ask board members to make sizable personal contributions, sell tickets to events, and ask their friends for money. But others have fundraising strategies that don't involve board members directly at all – here are some examples.

All boards are responsible for seeing that the organization has a strategy for getting the money it needs. Again, be sure to ask, “In what ways are board members expected to be involved in fundraising?”
By the way, you'll find a few handouts on fundraising in your conference bag. Both are great reading.

"True or False: Board Should Raise Money"
"Five Ways One Board Member Can Raise $100 to $5,000."
Question 1: If the board I join does want me to do fundraising, what would that mean?

Here are some typical ways that board members of community-based organizations help raise funds. See if there are some you would feel comfortable with, and be sure to ask what might be expected:

- Selling tickets to an event, such as an annual luncheon or art show
- Helping to organize a walk-a-thon
- Designating your United Way pledge to the organization
- Asking if your company makes grants and introducing yourself to the grants officer if there is one
- Introducing the staff director to someone you know who works at a foundation, or who makes significant personal donations
- Asking your local pizza place if they’ll donate a free pizza for a fundraiser
- Speaking at a city council meeting in support of funding for your organization
Question 2: Will I be expected to contribute my own money?

The answer depends on the specific organization you're joining. Some nonprofits do want their board members to make substantial personal donations. Many community-based nonprofits ask that each board member make a personal contribution—but at an amount that's comfortable. That might mean $10,000 for some board members and $25 from others.

There's an easy way to find out what's expected: Ask. It's a perfectly legitimate question when you're considering joining a board.
What kind of financial responsibility does a nonprofit board have?

Let me take a moment to stress how important it is for a nonprofit board to take responsibility for the organization's financial integrity and accountability. The board has to protect the public's interest and make sure that the organization is using its funds efficiently, as donors have designated, and in pursuit of the organization's goals.

Some nonprofits are now taking steps to adopt a "contract" between the board and the staff that outlines exactly what each group needs to do to make sure money is managed properly. In addition, many boards have conflict-of-interest statements that board and staff sign to ensure that no one is misusing the relationship with the organization.
We’ve put a couple of articles in your conference bag for future reference:

- A Board-Staff Contract for Financial Accountability
- Conflict of Interest Statements
- The Board and the Budget
Question 1: Does that mean I need some sort of financial background in order to serve on a board?

No. Not every board member needs finance skills—but at least someone on the board needs them. Once you join a board, you might want to ask the board treasurer or another board member to give you a basic overview of the nonprofit’s financial statements.
Question 2: What kinds of financial decisions does the board make?

Most boards review and approve an annual budget, review and approve the executive director’s salary, and select and hear from the external CPA auditor. In addition, boards or their finance committees often set investment policies and establish internal control policies such as which signatures should be required on checks. Again, each organization chooses to manage these functions uniquely, and part of your job is to ask questions and find out what your responsibilities are.
Are there any major legal issues I should be aware of as a board member?

AI: My colleague Theresa can help me with this question. She’s the Executive Director of a national nonprofit… Theresa?

Theresa: Well, I'm not a lawyer, and if you do need some real legal advice you should talk to one. However, there are a couple areas I do want to bring up.

First, remember that most states protect the personal, individual liability of board members acting in good faith. That means that, generally speaking, the organization can be held liable in, for example, a wrongful termination suit from a former employee, but the individual board members will not be held liable.

There are two areas where board members as individuals can be held liable: if the organization fails to remit payroll taxes to the government (such as withheld income tax), and where the board has acted negligently.
Session: Nonprofit Board Basics

On your handout, you'll find links to some terrific resources. Take a few minutes to follow up on these links -- they've got some really important information.

Nonprofit Risk Management Center
Articles from the *Board Café* newsletter
BoardSource website.
Question 1: Could you explain what "negligent behavior" is?
I think the easiest way to define negligent behavior is to give you an example. Suppose you're on the board of a community theatre and the roof falls in, injuring some patrons. If those patrons were to bring a lawsuit, ordinarily the organization might be liable, but not the individual board members. On the other hand, if the board had received a report saying that roof repairs were necessary, but the board voted to put the repair costs into next year's budget instead of this year's, individual board members could be held liable if a suit were brought against them.
Question 2: What should I do to protect myself from being held liable?
First, keep in mind that while there are occasional suits against nonprofit organizations, it's very rare for there to be suits against individual board members.

In addition, many nonprofits purchase Directors & Officers Liability insurance, which will pay both the legal costs and the settlement costs if necessary. If your organization is at risk for lawsuits, you might ask the board to consider purchasing this insurance.

In addition, you can protect yourself by being an active, informed participant in board meetings. If you voted against the delay in the roof repair, make sure your No vote is recorded in the minutes. Do the job you're there to do: Make sure taxes are paid properly. Maintain the organization's financial integrity. Make prudent financial decisions. If there's a legal or ethical question, talk to a lawyer who specializes in nonprofit law.
How can I find the right board to join?

I can see my colleague Hank is smiling. Hank, would you like to answer this question?

Thanks, Al. Let me tell you about two different ways I joined boards. In one case, I asked a former co-worker whether he knew of a good nonprofit organization looking for board members. To my surprise he was on a board of an organization working with autistic kids, and he encouraged me to join. I wasn’t especially interested in autism, but it would be fun to work with my friend. It’s been a great experience and I’ve also realized that I WAS interested in kids, and that was more important than being interested in autism.

In the other instance I knew I wanted to get more involved in immigration rights. At one time I thought I might be a lawyer, and I thought it would be rewarding to get in touch with legal matters. But I didn’t know anyone. Finally I just called a local center out of the phone book and asked them for suggestions, ended up meeting with them and two other organizations, and now I’m on one of those boards.
There's a *Board Café* article on “How to Find the Right Board” in your conference bag, as well as a link to BoardNetUSA.

How to Find the Right Board
BoardNetUSA Website
Question 1: What are some other ways to find a good organization?
There are board matching programs in many local communities—you can call your United Way or community foundation to see if there is one near you. You can also check out www.boardnetusa.org for a “classified ads” of organizations seeking board members. Don't forget to talk to your co-workers, your friends, or your company’s community relations coordinator for suggestions.
Question 2: What’s it mean when a board is described as a “working board?”

Some nonprofits—especially those in all-volunteer organizations or in start-up mode—have board members who are hands-on workers. Instead of a staff person, a board member might be in charge of maintaining the website, for example, or keeping the organization’s books. Such boards are sometimes called “working boards” because volunteer board members act as volunteer staff in some ways. You might enjoy that type of board if you want to be directly in touch with the organization’s work.

Other boards describe themselves as “working boards” when they mean simply that the board members actively take on assignments for various projects. Board members might write letters to the editor of the local newspaper, speak to classrooms, or organize an educational hour at each board meeting.
Question 3: What’s it mean when a board is described as a “founder-driven board?”

A founder-driven board might sound like part of an established organization, but that's not necessarily true. For example, Yahoo is a founder-driven company - the guys who started the company still play an active role in its day-to-day operations. So if you join a founder-driven board, expect to have a lot of participation from the people who started the organization.
Question 4: What other types of boards are there?
A transition board is one that might be leading the organization through a major turn-around, such as the departure of a longtime executive director or a climb out of a financial downturn. Such a board might mean a lot of “roll up your sleeves” work, with rewards to match.

Some boards—such as those of a hospital, the symphony, a dance troupe, an international aid organization or a research organization—might have boards that focus mainly on fundraising. Those are called… you guessed it! Fundraising boards.
What do I next?

Well, I hope this has answered a lot of your questions about joining the board of a nonprofit. As to next steps... start by talking to your co-workers and friends -- someone you know might already be on a nonprofit board. You can get a firsthand account of what it's like, and maybe you'll get an invitation to join a board.

Our e-learning site has a link to the BoardNetUSA website, where you can find nonprofits in your area who are seeking board members. I'll also encourage you to do the offline activities that are described in the eLearning course -- they're the best way to apply these concepts to the real world.

You should also subscribe to Board café, a free e-mail newsletter for nonprofit board members -- just go to www.boardcafe.org. And don't forget to go through the handouts in your conference bag. You'll find a lot of good information and resources there.
Again, I'd like to thank you all for your participation and your great questions this morning. I think we've got a roomful of fantastic future board members.