

Assembling a Board of Directors

Guidelines

These guidelines should not be taken as mandatory requirements but as helpful suggestions in building a non-profit's board of directors.

***A good board is the key to success.
An active board is essential.***

The board of directors of a nonprofit corporation is legally and financially responsible for the conduct of the organization. It is not a passive role but rather one that must be active for the good of the organization and for reducing liability of the individual directors.

1. How many members should the board of directors have?

In South Carolina the law states that:

SECTION 33-31-803. Number of directors.

- (a) A board of directors must consist of three or more directors, with the number specified in or fixed in accordance with the articles or bylaws.
- (b) The number of directors may be increased or decreased, but to no fewer than three, by amendment to or in the manner prescribed in the articles or bylaws.

2. Who should serve as members in the board of directors?

The varied talents and contacts of a board from diverse backgrounds can help an organization grow. A good board member is one that brings unique ability and perspective to a board and takes an active interest in the organization. Having a "well known" board member for the sake of their name can be more damaging than beneficial. Having board members who are connected in the community, are representative of your constituency and truly want to help the organization succeed are a better fit.

Board members should demonstrate the following:

- Dedication to the values, mission and vision of the organization.
- Courtesy, honesty and integrity.
- Candid dialogue.
- Behaving as a team player and participating in the group that is the board.
- Expressing individual opinions and perspective balanced with supporting group decisions.
- Asking difficult questions without being overzealous.
- Being comfortable with diversity and agreeing to disagree.
- Accepting that disagreement and conflict are part of doing the organization's business well and working with colleagues to resolve differences.
- Bringing issues to the boardroom and discouraging behind-the-scenes conversation that creates divisiveness.

3. What are the typical skills needed within a board?

The following are helpful:

- Financial expertise
- Investment experience
- Fundraising experience
- Legal expertise
- Property and facility management and construction
- Marketing
- Small business experience
- Personnel experience
- Not-for-profit management and governance

4. What are the key responsibilities of the board?

The board governs the organization and has specific fiduciary responsibilities for which it must be accountable. Responsibilities vary but generally include oversight of policy, budgeting, planning, fundraising, human resources, program evaluation and board development. One of the most important roles of the board is to hire an executive director for the organization and to give that person room to lead. The board should provide oversight and not become involved in day-to-day operations.

From "Ten Basic Responsibilities of Nonprofit Boards," published by the BoardSource

- Determine the organization's mission and purposes
- Select the executive staff through an appropriate process
- Provide ongoing support and guidance for the executive; review his/her performance
- Ensure effective organizational planning
- Ensure adequate resources
- Manage resources effectively (the buck stops with them, ultimately)
- Determine and monitor the organization's programs and services
- Enhance the organization's public image
- Serve as a court of appeal
- Assess its own performance

To help convey who does what regarding board and staff, the following activities are suggested to be done by board, staff or jointly.

Activity	Responsibility
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PLANNING:

Direct the process of planning	Board
Provide input to long range goals	Joint
Approve long range goals	Board
Formulate annual objectives	Staff
Approve annual objectives	Board
Prepare performance reports on achievement of goals and objectives	Staff
Monitor achievement of goals and objectives	Joint

PROGRAMMING:

Assess stakeholder (customers, community) needs	Staff
Train volunteer leaders (nonprofits only)	Staff
Oversee evaluation of products, services and programs	Board
Maintain program records; prepare program reports	Staff
Prepare preliminary budget	Staff
Finalize and approve budget	Board
See that expenditures are within budget during the year	Staff
Solicit contributions in fundraising campaigns (nonprofits)	Board
Organize fundraising campaigns (nonprofits)	Staff
Approve expenditures outside authorized budget	Board
Insure annual audit of organization accounts	Board

PERSONNEL:

Employ Chief Executive	Board
Direct work of the staff	Staff
Hire and discharge staff member	Staff

Decision to add staff (nonprofit)	Board
Settle discord among staff	Staff

COMMUNITY RELATIONS:

Interpret organization to community	Board
Write news stories	Staff
Provide organization linkage with other organizations	Joint

BOARD COMMITTEES:

Appoint committee members	Board
Call Committee Chair to urge him/her into action	Board
Promote attendance at Board/Committee meetings	Joint
Recruit new Board members	Board
Plan agenda for Board meetings	Joint
Take minutes at Board meetings	Joint
Plan and propose committee organization	Joint
Prepare exhibits, material and proposals for Board and Committees	Staff
Sign legal documents	Board
Follow-up to insure implementation of Board and Committee decisions	Staff
Settle clash between Committees	Board

5. What Information should Board Members have?

Here's a suggestion for what written documents the board should have. Some of this same information should be presented and discussed at board meetings.

Compliance, financial & legal oversight

- **Form 990:** Annually-review by the board president before submission, distribution to full board. Federal Form 990 is required for nonprofits with revenue of \$25,000 or more per year. Board members should know that the form has been filed, and what it says to the public about the organization.
- **Audit:** if the organization has one: Copy of full audit to board president, treasurer, and Finance Committee. Board members are aware they can ask for full copy.
- Monthly or quarterly **financial statements**, showing year- to-date income and expenses compared to budget, to the Finance Committee and the full board. Organizations will choose their own appropriate set.
- **Salaries**, benefits and perks for the top staff (such as the top five paid staff or the director-level staff), and a salary rate chart showing the range of salaries for each category of employee-annually.

- **Directors & Officers Liability Insurance**, if the organization purchases it. Proof of purchase to whole board annually.
- (If necessary) In executive session, documents related to **legal actions**, lawsuits, or settlements. (*For more about executive sessions, see the Nonprofit FAQ at <http://www.idealists.org/npofaq/19/57.html> -- Ed.*)

Strategic information

- Occasional articles about the "industry"-whether childcare, wetlands management or civil rights-articles that talk about trends in funding streams, changes in approach that are moving into the field, including articles that praise competitors/colleagues in the field
- Articles (from journals or written internally) about the funding and political environment in which the organization works
- Periodic reports on program work, statistics, and impact
- Annual updates on clients/patrons/members: who used our services or facilities? To what degree did we reach our intended audiences?

Information that supports board cohesion and leadership

- Brief bios about board members, and updates on their professional accomplishments, personal news, and other volunteer activities
- When reporting on an item, show specific ways that board members can help (if the item is a city council hearing, asking board members to attend and speak; if the item is a large donation, asking board members who know the donor to make a thank-you phone call).
- Appreciation for individual board members
- Appreciation for the board as a whole in its governance work (such as evaluation of the executive director)

For further clarity, suggestions or advice please refer to the resources listed below or seek legal assistance. Thank You.

Resources:

- http://www.ask.com/bar?q=non-profit+board+of+directors&page=1&qsrc=178&ab=9&u=http%3A%2F%2Fwww.nonprofit.pro%2Fnonprofit_board_directors.htm
- <http://www.nptimes.com/howtos/boards.html>
- <http://www.scstatehouse.gov/code/t33c031.htm>
- <http://www.idealists.org/if/i/en/faq/526-245/3-1>
- <http://www.managementhelp.org/boards/boards.htm#anchor579041>