



Glossary of Terms:

Course 2 - Module 2: Board Structure

Advisory Committee: Provide advice and support to the organization and its board but has no legal or formal responsibilities; provide guidance and insight on particular issues.

Audit Committee: This committee, or the combined finance and audit committee, selects an independent auditor and serves as a link between the auditor and the board. It ensures that the auditor has full access to financial and related records, reviews the auditor's report and submits it to the board, and arranges for the full board to meet with the auditor. They oversee the external audit process, financial reporting process, and pay attention to risk assessment and risk management, including internal controls.

Board: Governing body of a nonprofit organization. Individuals who sit on the board are responsible for overseeing the organization's activities and meet periodically to discuss and vote on the affairs of the organization. The board should focus on the organization's mission, strategy, and goals.

Bylaws: Legal operating guidelines for a board.

Development Committee: The development committee provides input and insight into the organization's fundraising strategy and engages board members in their individual and collective fundraising roles.

Executive Committee: The executive committee typically performs policy work on behalf of the board and acts as liaison to the chief executive. Some executive committees coordinate strategic planning and conduct executive searches. This committee is more prescribed as its membership is derived from the organization's bylaws.

Executive Session: A special meeting-within-a-meeting that provides an opportunity for the board to meet privately to handle sensitive and confidential issues, foster robust discourse, and strengthen trust and communication.

Finance Committee: The finance committee supports the board's responsibility for oversight of the organization's fiscal health. It recommends policies to the full board to safeguard the organization's assets, ensures the completeness and accuracy of its financial records, and oversees proper use of resources.

Governance Committee: This committee builds a board that meets the organization's needs and supports good governance by engaging board members in ongoing education and formally assessing the board's performance.

Standing Committee: Permanent tasks; help manage ongoing board activities.



Sunshine Laws: Also called open meeting laws, are state laws that were written to provide transparency and accountability in government. They impact nonprofits that receive or disburse state funds; perform a government function or have a government contract; have government officials on the board or whose board is appointed by government officials.

Task Force Committee: Very specific tasks that can be accomplished within a specific time frame; should be related to the strategic direction.



Board Officer Succession Planning

Leaders have a lot to do with the quality of a team. A board without experienced leadership is often a group without direction.

Every board needs to plan for board officer succession: how to identify leadership qualities, elect the best candidates for the positions, train the officers for their roles, and ensure timely rotation. Serving as an officer is an added responsibility but it also provides an opportunity for a board member to show special commitment and improve his leadership skills.

Role of officers

An officer is a board member with extra duties. Most state laws require certain officers within each board. These roles are defined in the bylaws. The following positions are common in boards.

- **Board chair.** The most demanding task lies on the shoulders of the chair. He or she is the chief volunteer officer and role model for the board. Her responsibility is to develop the board as a cohesive and effective team.
- **Vice chair.** The vice chair fills in when the chair is not able to carry out the duties. Some boards also have a *chair-elect* who is a chair-in-waiting. This position provides for automatic succession when the term of the chair is up.
- **Treasurer.** The treasurer keeps the board on top of the finances.
- **Secretary.** The secretary keeps the minutes and the board records. The tasks of this position are more and more often filled by a staff person.

On some boards the positions of secretary and treasurer are sometimes held by one person if the bylaws allow it. More detailed job descriptions for officers can be found in the BoardSource publication, [*The Nonprofit Policy Sampler*](#).

Electing officers

Most often, the governance committee prepares a slate of candidates. If the committee reflects the composition of the board and is fair and open-minded, it should be able to create a sensible slate. When this is the case, board members can consider the committee's recommendations well-founded and sound. Through open discussion, the board makes the final choices from the slate. If the governance committee has not earned the trust of the rest of the board members or the role of the committee is unclear, officer election can become confrontational.



Some boards look to the governance committee to facilitate the election process. The committee collects nominations from board members, communicates back and forth with candidates, and finally recommends one candidate who emerges as the best choice for each position. Finally, the board confirms the nominations.

In membership organizations, the corporate members — besides electing the board — may also elect the officers. As it is much easier for board members to assess the qualifications of candidates and the needs of the board than for the entire membership to bear this responsibility, it makes sense to strengthen the role of the governance committee in the eyes of the members. Explain the role of the committee and show that the members can trust its recommendations.

Lack of candidates

What should a board do when there are no willing or capable candidates? Here are some ways to deal with that difficult situation.

Long-term solutions:

- Ask the preliminary question: Why don't we have candidates for all of the officer positions? Only by defining the underlying reason are you able to find a long-term solution.
- Assess your recruitment criteria. Bring in new board members with leadership experience. Let candidates know they are encouraged to take on officer responsibilities.
- Evaluate your training and leadership development opportunities. Help willing candidates learn and obtain the tools they need to take on added duties. Serving as committee chairs is an excellent occasion to learn.

Immediate solutions:

- Analyze the job descriptions and expectations. If any are too demanding, divide the responsibilities. Having too much to do may act as a deterrent for potential candidates. If really necessary, create a co-officer or assistant officer position.
- If you have a chair-elect position, discuss its benefits. Is long-term commitment too demanding for some candidates? How could this person share the duties?
- Consider shortening the overall term lengths to make the commitment more acceptable.
- As a last resort, determine if the present officer would extend his term by a year to provide training time for his successor. This action should not serve as an option to delay necessary leadership change. It might also necessitate an amendment in the bylaws.



Term limits

Officer term limits should be tied to regular performance evaluation. Before a candidate can be re-elected, he or she must go through peer approval. Term limits also permit other board members to have a chance to exercise their leadership skills. It is easier to avoid stagnation, undue concentration of power, and continuous inadequate leadership if the positions come with a set term. For instance, a two-year term allows an officer to have an impact by accomplishing a specific agenda. Ultimately, the board always has an option to re-elect an exceptionally effective leader for a consecutive term — providing the bylaws allow for an additional term.

Removal of officers

The bylaws should spell out the process for board officer removal. Removal is necessary when a major disagreement cannot be solved by other methods. Reasons for removal could include not fulfilling board requirements or inappropriate behavior. Each board needs to determine the gravity of the charges on a case-by-case basis. Each board must determine whether the officer-in-question will be removed from the position or be asked to leave the board.

101 Resource | Last updated: May 19, 2016



Consider a Path Rarely Taken

1. Take a few minutes to reflect on:
 - The size of your board
 - The committee structure of your board
2. List all of your board's standing committees in the left column of the first table, and all other committees in the next table.
3. Think about the committees you have listed. Could any of the work of these committees be done as a task force? Could any of the work be tackled by an advisory council rather than the governing board? Are any really organizational committees? If so, enter the following: "TF" for a task force, "AC" for advisory council, or "O" for organizational. Or enter "E" if it could be eliminated.

Your Board's Standing (S) Committees	Should the work of the committee be done by a task force (TF), advisory council (AC), or organizational (O) or eliminated (E)?

Your Board's Other Committees by Type	Should the work of the committee be done by a different type (S, TF, AC, or O) or eliminated (E)?

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Board Committee Membership:

Who Should Serve on Which Committee?

While determining the membership of your board committees is often more art than science, it pays to take a strategic approach.

- Each of your board members has specific skills, experiences, and interests that may match well with a specific committee. Keep this front of mind during the selection process.
- Ensure that your committee membership reflects the diversity of your board. This allows for varying perspectives and helps to ensure that all aspects of an issue or task receive adequate consideration.
- To develop individual board members' knowledge of the organization and board, occasionally rotate board members in and out of different committees.

It is also important to note there is no optimal committee size. It strongly depends on the purpose of the committee, scope of its work, and the size of the full board. A committee should always be small enough to keep all members thoroughly involved. Group dynamics can determine effective working relationships and consequently the size of the group.

The simple tool that follows is designed to help you with the committee selection process. It focuses on the five most common board committees. This does not mean that your board should have these five committees. Only ongoing board activities warrant a standing committee. Other activities are best addressed by time-limited task forces.





GOVERNANCE COMMITTEE

The governance committee's main role is to institutionalize best practices in three areas: strategic board recruitment, effective board engagement, and intentional revitalization. This includes handling board self- assessment, board development, and ensuring the board is diverse.

Because the governance committee will, to an extent, perpetuate the board, its members should be both visionary and strategic as well as a microcosm of the board. The governance committee should include people who:

- have a diverse range of backgrounds and a variety of experiences
- are active in the community and in a wide range of circles
- understand human dynamics and relationship building
- have experience with organizational development
- are respected by the board
- know the organization well
- are knowledgeable of good governance practices
- are willing to question present practices
- can leave personal agendas behind
- have experience in group performance evaluation

GOVERNANCE COMMITTEE

Governance Committee Charter: (Insert your committee charter here.)

Governance Committee Chair: _____

Areas of Expertise/ Leadership Qualities	Current Committee Members A B C D E	Potential Committee Members A B C D E	Notes
Human resource expertise			
Governance expertise			
Organizational development expertise			
Has community connections			
Well respected by board colleagues			
Knowledgeable of organization			
Other			



DEVELOPMENT COMMITTEE

Because fundraising is such an important role for many governing boards, many boards choose to create a development committee. The development committee typically works with the board chair, the chief executive, and development staff to provide valuable input for developing the fundraising plan and engaging the entire board in fundraising. It goes without saying that every board member, including the development committee members, should make a meaningful personal contribution according to his or her means to the organization. By doing so, each member demonstrates his or her commitment and trust in the organization, which also enables him or her to function as a more credible fundraiser and inspire other donors.

The development committee should look for members who:

- can communicate effectively and enthusiastically about the organization's mission
- are knowledgeable about the organization and its community and constituencies
- have community connections and networks
- have good people skills and engaging personalities
- are comfortable talking about money and finances with others
- have access to individual, corporate, or foundation resources
- radiate confidence and trust
- have fundraising and/or marketing experience

DEVELOPMENT COMMITTEE

Development Committee Charter: (Insert your committee charter here.)

Development Committee Chair: _____

Areas of Expertise/ Leadership Qualities	Current Committee Members ABCDE	Potential Committee Members ABCDE	Notes
Fundraising experience			
Marketing experience			
Strong communications skills – writing and public speaking			
Financial management skills and experience			
Leadership skills			
Key community and constituency connections			
Other			



FINANCE COMMITTEE

Some nonprofits have one finance committee that carries out all of the duties associated with financial oversight. Others have separate finance, audit, and investment committees.

BoardSource recommends organizations that conduct an independent audit have a separate audit committee or task force for added accountability. Separate investment committees are needed when an organization accumulates sizable reserves, manages an important planned giving program, or has an endowment that requires special attention.

The core functions of the finance committee are to:

- oversee organizational financial planning
- monitor that adequate funds are available for the organization
- safeguard organizational assets
- draft organizational fiscal policies
- anticipate financial problems
- ensure the board receives accurate and complete financial information for review
- help the rest of the board understand financial statements and the general financial situation of the organization
- make sure federal, state, and local reporting takes place
- sustain the committee itself

In general, staff prepare the budget and monitor income and expenditures on a daily basis. The finance committee provides oversight by reviewing financial statements and the budget and ensuring that the board's policies and strategic priorities are reflected in the budget.

When reviewing financial reports, the finance committee asks the questions, "Are we on track? If not, why not?" Even though some board members may be "afraid" to serve on the finance committee, you should consider asking all board members to serve at least one term on the finance committee. This allows them to optimize their knowledge about the organization's finances and participate fully in financial oversight.

The finance committee should look for members who have experience in the following:

- Budgeting
- Real estate
- Investments
- Operating a business
- Banking
- Accounting, specifically knowledge of nonprofit accounting and GAAP (generally accepted accounting practices)



FINANCE COMMITTEE CONTINUED

FINANCE COMMITTEE

Finance Committee Charter: (Insert your committee charter here.)

Finance Committee Chair: _____

Areas of Expertise/ Leadership Qualities	Current Committee Members A B C D E	Potential Committee Members A B C D E	Notes
Financial planning experience			
Budgeting experience			
Real estate experience			
Investments experience			
Accounting experience			
Experience running a business			
Banking experience			
Attention to detail			
Willing to ask questions, raise flags			
Other			



AUDIT COMMITTEE

The principal responsibilities of an audit committee are to manage the audit process, select the independent auditor, review the audit report with the auditor, present the report to the full board, use the independent auditor as an advisor, and ensure compliance with all reporting requirements.

In some smaller organizations, the finance committee takes on the duties of an audit committee. However, as a form of internal control, BoardSource recommends separating the audit from general financial oversight and suggests using another work group to oversee the audit. This helps ensure that those overseeing the process are objective and “independent” and free to make unbiased judgments about internal financial procedure.

It is also important to note that some states have laws that require some nonprofits to create and maintain an audit committee and that, if the organization also has a finance committee, it must be separate from the audit committee.

While the finance committee and audit committee should not have overlapping membership if at all possible, the experience and skills required for each committee are very similar. If, due to a limited number of board members, the committees must share members, it is strongly recommended that the same person not serve as the chair of both committees.

The audit committee should look for members who have experience in the following:

- Accounting
- Banking
- Investments
- Financial management

If you have a limited number of board members with this experience, it is acceptable for non-board members with this expertise to serve on the audit committee, as long as they do not participate in any formal deliberations and vote.



AUDIT COMMITTEE CONTINUED

AUDIT COMMITTEE

Audit Committee Charter: (Insert your committee charter here.)

Audit Committee Chair:

Areas of Expertise/ Leadership Qualities	Current Committee Members A B C D E	Potential Committee Members A B C D E	Notes
Accounting experience			
Banking experience			
Investments experience			
Financial management experience			
Attention to detail			
Willing to ask questions, raise flags			
Other			



EXECUTIVE COMMITTEE

The executive committee is a small group of board members — usually including the board chair, other officers, and the chief executive as an ex officio member — that often has the authority to make decisions on behalf of the full board. Committee chairs may also sit on the executive committee. Its overarching role, like the role of all committees, is to help the board do its work in the most efficient way. Its specific duties vary considerably from board to board and are largely dependent on the context of the board.

More and more boards are asking if they need an executive committee. Executive committees have been known to assume so much autonomy that they take over board decision making, leaving the rest of the board complacent, disengaged, or even alienated. Because of this, many boards responsibly choose to not have an executive committee.

Unlike other board committees, the executive committee's membership should be addressed in the organization's bylaws. As stated above, the list of members who may serve on the executive committee typically includes the board chair, other officers, committee chairs, and the chief executive in an ex officio role.

In general, executive committee members should be:

- respected by the board
- know the organization well
- have no personal agendas
- have a diverse range of backgrounds and a variety of experiences

EXECUTIVE COMMITTEE		
Executive Committee Charter: (Insert your committee charter here.) _____		
Executive Committee Chair: _____		
Executive Committee Membership as Stipulated in Bylaws: _____		
Board Position	Current Committee Members A B C D E	Notes



A Good Nonprofit
Executive Summary Date
Xxx Committee Meeting

Work Accomplished: 1-5 key items that occurred since last meeting

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•

•

Changes from Plan: Any deviations from strategic plan or committee goals

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Approval needed from Board and/or Questions for Board Input

•

•

Major Initiatives: 1-5 key items that will be the focus until the next meeting

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Recommendation to the Board

Recommendation to Board for Action or Input

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Rationale to Support Recommendation

-

-

-

Major Items which Caused Hesitation

-

-

Budget and Resource Impact

-

Next Steps

-

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Annual Board Calendar

<u>Annual Board Calendar</u>		
<u>January</u>	<u>February</u>	<u>March</u>
<u>April</u>	<u>May</u>	<u>June</u>
<u>July</u>	<u>August</u>	<u>September</u>
<u>October</u>	<u>November</u>	<u>December</u>

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Sample Agenda

Everyone's Good Nonprofit Board Meeting Agenda

December 15, 2018

5:30 – 7:00 p.m.

Everyone's Good Nonprofit's Office

Attendees: Board of Directors, Executive Director and Leadership Staff

Mission: The mission is to promote better board engagement

Please bring: An open mind, preparedness, and a willingness to engage

Time	Item	Purpose
5 Minutes	Welcome Overview of agenda Two members describe how they put the mission into action since the last meeting	Set stage
30 Minutes	Strategic Thinking How to get the right people on the bus for new revenue strategies? How to better use community collaborations to fulfill mission? What will it mean to govern differently as we grow and expand staff?	Brainstorming and Discussion via Strategy Café
2 Minutes	Consent Agenda	Decide
20 Minutes	Committee Work Finance Committee: New Investment Policy Governance Committee: Characteristics of new board members?	Discuss and Decide
10 Minutes	Mission Moment Stakeholder input	Inquire
10 Minutes	Routine Executive Session With and without CEO	Reflection
5 Minutes	Questions to Consider Board members provide questions to discuss at future board meeting	Build culture of inquiry
5 Minutes	Board Meeting Evaluation and Adjournment	Close

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Board Meeting Evaluation

	OK	Needs Improvement	Suggestions for Improvement
1. The agenda was clear, supported by the necessary documents, and circulated prior to the meeting.			
2. All board members were prepared to discuss materials sent in advance.			
3. Reports were clear and contained needed information.			
4. We avoided getting into administrative/management details.			
5. A diversity of opinions was expressed and issues were dealt with in a respectful manner.			
6. The chair guided the meeting effectively.			
7. Board members participated responsibly.			
8. Next steps were identified and responsibility assigned.			
9. All board members were present.			
10. The meeting began and ended on time.			
11. The meeting room was conducive to our work.			
12. We enjoyed being together.			

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