



THOUGHTWARE®

# Not-For-Profit

**BKD**  
CPAs & Advisors

Everyone needs a trusted advisor. Who's yours?

## Board Roles

**BKD** LLP  
CPAs & Advisors

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# Who are you?

My Story (and I'm sticking with it)



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the  
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YMCA



DRURY  
UNIVERSITY



LIVE UNITED  
United Way

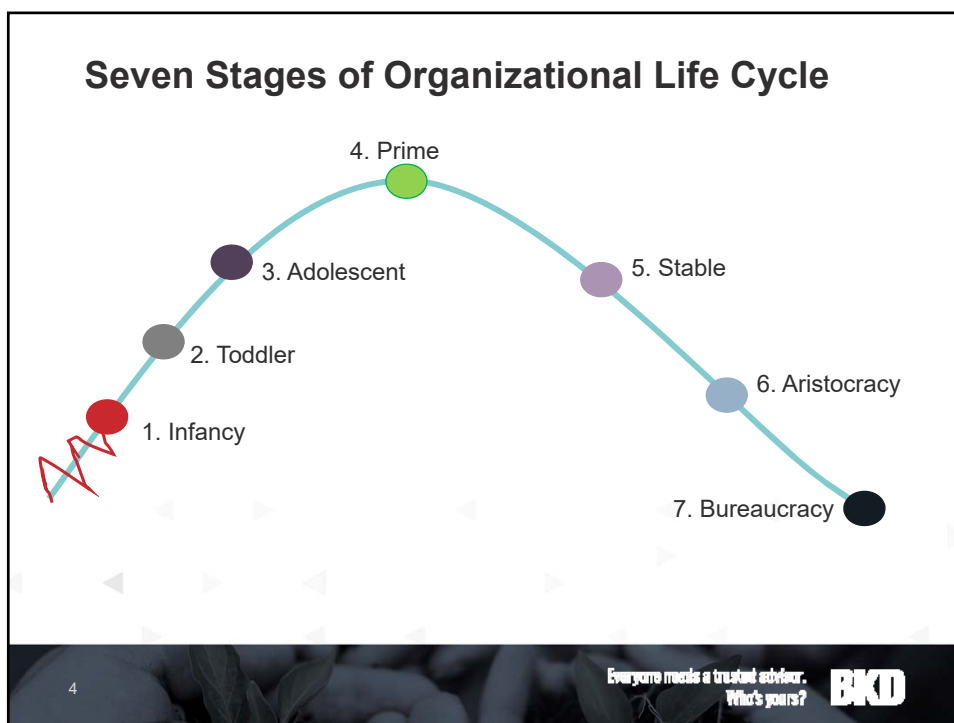


ELEVATE LIVES



NPMO  
NONPROFIT MISSOURI

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Infancy	Toddler
Founder's vision & energy	Hires first paid staff
Few systems or policies in place	Moves from "crisis" mode
Angel board – friends & family	Focus still on activities
Raise all money, use personal \$	People spread thin, overwhelmed
Publicity due to newness of idea	See need for planning, structure

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Adolescent	Prime
Conflict: Passion or structure	Staff work well, mutual respect
Set goals, formalize system	Systems support growth & innovation
Threat: Shift away from founder	Focus on results, reaching stated mission
Fundraising more organized	Decisions based on facts, risk assessment
Board/volunteers still lack depth of understanding for policies	Development staff skilled
	Board/volunteers have needed expertise & connections

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## Stable

Programs/services recognized by peers

Widespread support through \$

Employees take pride & satisfaction

Employees have competitive salaries & benefits

## Aristocracy

\$ directed to image more than new programs/services

Focus on "how" things are done more than on "what" is being done

Endowments use to offset shortfall

Little attention paid to lower-level gifts; focus is on top contributors only

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## Bureaucracy

- Resources drying up, decline is obvious
- Lacks focus; becomes myopic, inward focus
- Energy spent on fighting internally rather than fighting for organization's mission
- Staff layoffs, eventually CEO fired
- If new leadership does not emerge, funds run out & organization eventually closes

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## Starting-Point Truths About Nonprofit Boards

There is no one-size-fits-all solution for all organizations, including boards.

Leading experts agree there are certain structures, policies, and practices that consistently work better than others.

All organizations – young or old – experience a metamorphosis that requires fine-tuning and, sometimes, a major overhaul.



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## Starting-Point Myths About Nonprofit Boards

When people join nonprofit boards:

**They know what to do and how to do it.**

**They know how to be good board members.**

**They know how to be engaged.**

Being successful in a for-profit business or other industry almost guarantees one will be successful in helping a nonprofit.

Serving on a board somewhere else qualifies one to serve on this board.



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The board has the **ultimate authority and responsibility** for the performance of the organization, even if it employs people in executive leadership roles.

The board is morally **accountable to the community and to the people they serve.**



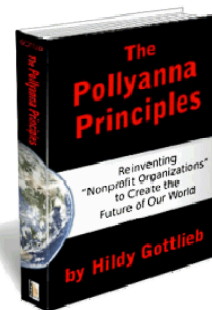
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**Governance is the act of  
leading, guiding, & making decisions  
on behalf of the community**

Nonprofits boards must be conscious of the impact of their decisions as they create the future of their organization, the future of lives the organization touches, and the future of the community overall.



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## Building a Strong Organization

Roof

Build walls

Pour foundation

Test/prepare ground

Have a plan/purpose/goal

PR, Marketing, Fundraising

Programs, services offered

Board, senior leadership

Proven need & path to success

Clear purpose & strategy

<https://kerishull.com/wp-content/uploads/2017/04/new-construction-home.jpg>

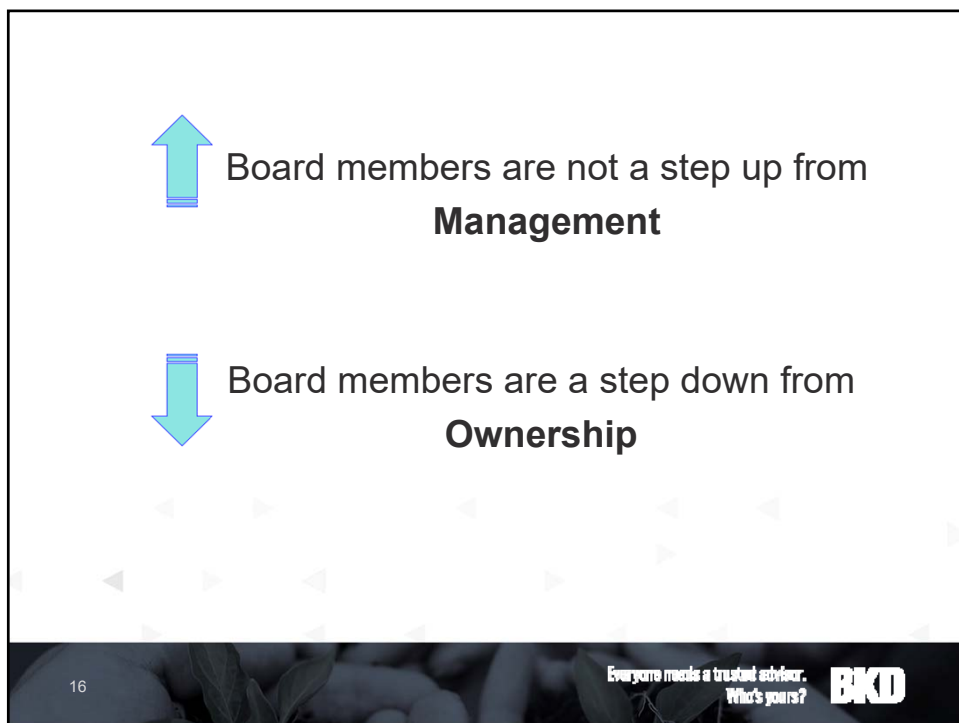
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## Three Legal Responsibilities

### 1. Duty of Care:

Board members must use their best judgment in all dealings with the organization.

Regularly attend and participate in board meetings, attend special events/fundraisers and other organizational activities.

Raise proper and necessary questions.

Provide careful oversight.

Delegate with care, considering qualifications

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## Three Legal Responsibilities

### 2. Duty of Loyalty:

Board members must act in good faith to advance the organization's interests.

Will not authorize or engage in transactions except those that provide the best outcomes for the organization.

Will not allow a conflict of interest, that is, where they might benefit or if they are involved in multiple organizations.

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Lives Under Construction  
Boys Ranch  
near Branson, Missouri

recent newspaper headline:



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## Three Legal Responsibilities

### 3. Duty of Obedience:

Board members must stay true to the organization's mission and to applicable laws and regulations when making decisions.

Confidentiality

Obedience to bylaws

Federal & state laws



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## Core Responsibilities

### 1. Lead the organization:

Discuss, debate, review, adjust and approve strategic direction -- **are we still relevant?**

Set mission, vision, values. Establish measurable goals & outcomes.



[https://nl.wikipedia.org/wiki/March\\_of\\_Dimes#/media/Bestand:Salk\\_March\\_of\\_Dimes\\_poster.jpg](https://nl.wikipedia.org/wiki/March_of_Dimes#/media/Bestand:Salk_March_of_Dimes_poster.jpg)  
<https://www.owler.com/company/gph>

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## Be Guardians of the mission!

Avoid Mission Drift



Harvard mission information: <https://www.thecrimson.com/article/2016/1/19/secular-harvard-esteller/>

<https://www.harvard.edu/about-harvard/harvard-glance/history>

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## Core Responsibilities

### 2. Establish Policies

Be proactive in establishing policies that will guide the operations.

Conflict of Interest	Financial procedures
Whistleblower, Grievance	Document Retention
HR-Hiring/Firing, pay	Gift Acceptance
Data/Cyber security	Anti-Terrorism



<https://www.wbdg.org/space-types/courthouse-courtroom>

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## Core Responsibilities

### 3. Secure essential resources

Make sure the organization secures the resources that it needs to accomplish its mission, vision, and goals.

### 4. Ensure effective resource use:

Ensure the organization makes effective use of its resources.



<https://cdn.windowsreport.com/wp-content/uploads/2019/03/There-was-a-problem-connecting-to-the-server-Excel.jpg>



<https://www.bectechnconsultants.com/wp-content/uploads/2014/11/old-computer.jpg>

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## Core Responsibilities

### 5. Lead and manage CEO/ED

Provide direction, support and performance feedback.

**Annual reviews and consistent feedback**

**Training**

**Encouragement**



[https://images.slideplayer.com/42/11422255/slides/slide\\_42.jpg](https://images.slideplayer.com/42/11422255/slides/slide_42.jpg)

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## Core Responsibilities

### 6. Engage with community & constituents

Actively help the organization develop and sustain important relationships.

Open up new circles –  
your office, civic groups, church, etc.



<https://www.facebook.com/131621713576137/photos/a.131622226909419/376457025759270/?type=1&theater>

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## Core Responsibilities

### 7. Ensure and enable accountability

Make certain the organization has established standards and implemented systems by which to ensure that it is accountable and effective in serving the community and people it exists to serve.

**Proper Controls/System**

**Have Necessary tools?**

**Compliance**

**Surveys & Assessments**

**Independent Audits**

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## Core Responsibilities

### 8. Ensure board effectiveness (3 parts)

- Right people on the bus
- Wrong people off the bus
- Moving in right direction



<https://icons8.com/icons/set/bus>

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## Core Responsibilities

### 8. Ensure board effectiveness (3 parts)

#### A. Recruitment of members

Be picky!

Identify Gaps (who do we need)  
Committee select, board approves

#### B. Orientation of new members

Provide job description

Training

History, Programs, Policies, PR/Marketing

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## Core Responsibilities

### 8. Ensure board effectiveness (3 parts)

#### C. Evaluation of members

##### Term limits

2-3 years – enforce them.

##### Leadership

Service of President, V.P., etc.

##### Accountability - Termination

We love you, but...



[http://www.clipartguide.com/\\_pages/1552-0911-0523-0039.html](http://www.clipartguide.com/_pages/1552-0911-0523-0039.html)

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## Board Member Agreements

- Will attend 75% of meetings & fundraisers/special events
- Will give & get \$\_\_\_\_\_
- Will serve on a committee(s)
- Will represent organization in community, with my contacts
- Will excuse myself on discussions/votes if conflict of interest
- Will abide by set policies & procedures

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What happens when board members don't do what they are supposed to do?



### Poor performers ...

It's not fair to other board members

It's not fair to staff

It's not fair to your organization



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## Five Ws of great board members

**Want** (passionate about the cause)

**Willingness** (willing to make commitment)

**Wisdom** (smart, know cause, sound judgment)

**Wallet** (can bring resources—not just money—to organization)

**Wallop** (have influence with key people)

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## Committees

at least 90%  
engagement

Each committee should

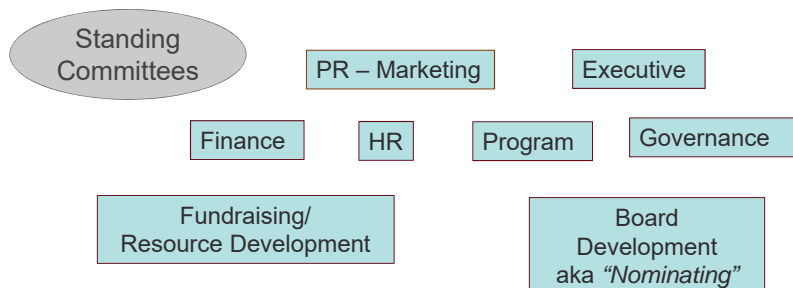
- Have one to two board members
- Have a specific task or purpose
- Have a community rep (CAL)
- Have a chair appointed by board
- Make recommendations to the full board

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## Committees

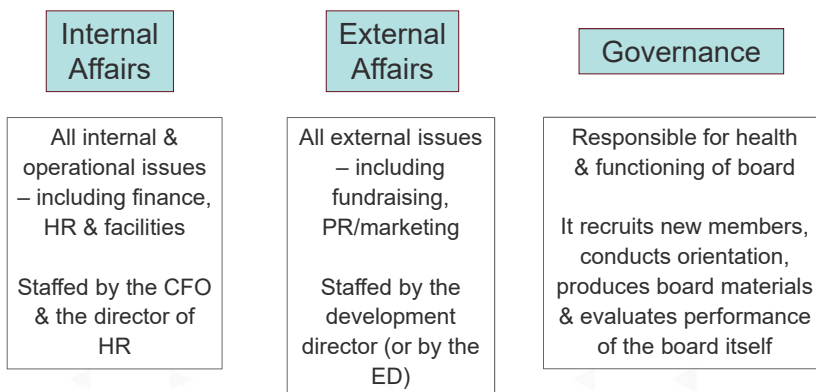


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## Committees



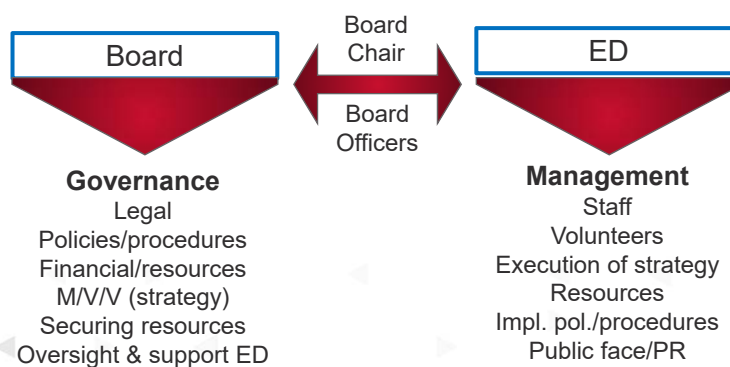
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## Understanding Roles

Clear distinction between these roles  
is part of good governance

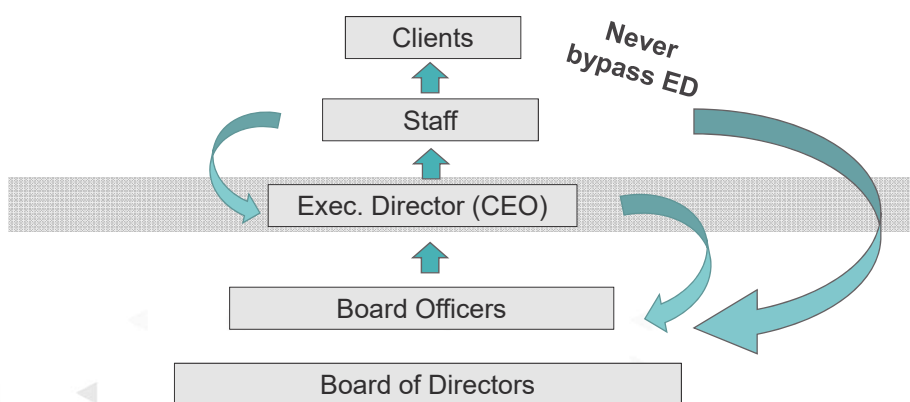


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## Nonprofit Organizational Chart



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## Collective Responsibility or Collective Voice

“Board” is a collective noun, meaning it represents many, not just one.



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# Questions?

# Thank You!

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