



# NonProfit Board Certificate Program

The City of Bloomington Volunteer Network

February 2, 2012, 8:30 a.m.-12:30 p.m. – City Hall Council Chambers

**8:30-9:30 AM**                      **The Nonprofit Board in Today's World: The Roles and Responsibilities of Board Membership**

*What does "being on a board" mean to you?*

- ❖ The role of a board in a nonprofit
- ❖ The scope of the nonprofit sector & the role of a nonprofit in the community
- ❖ What it means to be a board member

**9:30-10:30 AM**                      **The Law and Nonprofit Board Members: Legal Responsibilities and Liabilities of Board Membership**

*As a community member – what do you expect from local nonprofit organizations?*

- ❖ The nonprofit as a legal entity
- ❖ The legal "duties" of board members
- ❖ Sarbanes-Oxley and nonprofit boards
- ❖ The legal liabilities of board members

**10:30-11:30 AM**                      **Financial and Fundraising Duties of Nonprofit Board Members: Providing Fiduciary Oversight and Funding Resources**

*What is a reasonable level of "profit" for a nonprofit organization?*

- ❖ Nonprofit budgets and financial reports
- ❖ How does fundraising work?
- ❖ Making a fundraising call – some guidelines
- ❖ Other financial resources: Earned Income, Investments, Grants, and Contracts

**11:30-12:30 Noon**                      **Being a Productive Board Member: Assessing a Board Position – and Filling that Role Effectively**

*What would you want to know before joining the board of a nonprofit organization?*

- ❖ Nonprofit board recruitment
- ❖ Board meetings, committees, and ongoing operations
- ❖ The board and strategic planning
- ❖ The board role in evaluating the nonprofit – and the Executive Director
- ❖ What might the future of nonprofits – and boards – hold?

**Presenter:**                              **Al Lyons, PhD**  
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# Resources for Nonprofit Board Members

**BoardSource:** [www.boardsource.org](http://www.boardsource.org)

This is probably THE national service organization for nonprofit boards. BoardSource has numerous publications, links, and other resources for board members and nonprofit leaders. Always a good place to start when looking for an answer to a board-related question!

**The Chronicle of Philanthropy** - [www.philanthropy.com](http://www.philanthropy.com)

The Chronicle, published every other week, is a prime news source for people involved in the philanthropic enterprise. The web site offers a summary of the contents of the current issue of The Chronicle, a list of forthcoming conferences and workshops, job opportunities in the non-profit world, and other information.

**The Nonprofit Quarterly** - [www.nonprofitquarterly.org](http://www.nonprofitquarterly.org)

Values-based management information and proven practices. Can also sign up for free e-newsletter.

**The NonProfit Times** - [www.nptimes.com](http://www.nptimes.com)

Website of the popular monthly newspaper covering all aspects of nonprofit work, including volunteers.

**Philanthropy Journal** - [www.philanthropyjournal.org](http://www.philanthropyjournal.org)

An online daily newspaper, Philanthropy Journal, publishes state, national and international news on fundraising, giving, managing, volunteering, innovation and technology in the philanthropic community.

**Philanthropy News Digest** - [foundationcenter.org/pnd/](http://foundationcenter.org/pnd/)

A daily news service of the Foundation Center, Philanthropy News Digest (PND) is a compendium, in digest form, of philanthropy-related articles and features culled from print and electronic media outlets nationwide.

**Independent Sector**, [www.independentsector.org](http://www.independentsector.org)

**Foundation Center**, [www.fdncenter.org](http://www.fdncenter.org)

**Giving USA**, [www.aafrc.org/gusa/mission.cfm](http://www.aafrc.org/gusa/mission.cfm)

**GuideStar**, [www.guidestar.org](http://www.guidestar.org) (especially IRS 990 forms)

**National Center for Charitable Statistics, Urban Institute Center for Nonprofits and Philanthropy** (also has IRS 990 Forms), [nccs.urban.org](http://nccs.urban.org)

**The New Nonprofit Almanac In Brief**, Access at:

[www.nccsdataweb.urban.org/kbfiles/797/Almanac2008publicCharities.pdf](http://www.nccsdataweb.urban.org/kbfiles/797/Almanac2008publicCharities.pdf) OR

[www.urban.org/publications/411664.html](http://www.urban.org/publications/411664.html) and click to the link for the free download.

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# Self Inventory

1. What does "being on a board" mean to you?
  
2. Which sector(s) represent your most passionate interests?
  
3. Why do you want to be a board member? What do you want to get from your service?
  
4. What would you want to know before joining the board of a nonprofit organization?
  
5. As a community member - what do you expect from local nonprofit organizations?
  
6. Identify and prioritize the top 5 organizations on whose board you would like to serve.
  - 1.
  - 2.
  - 3.
  - 4.
  - 5.
  
7. Identify and prioritize the top 5 reasons you would like to be on the board of those organizations.
  - 1.
  - 2.
  - 3.
  - 4.
  - 5.
  
8. Identify and prioritize the top 5 things you expect from others (such as staff and other board members) in your chosen organizations.
  - 1.
  - 2.
  - 3.
  - 4.
  - 5.



# Sample Operating Statement

Operating Statement for \_\_\_\_\_  
(organization name)

For the year ending \_\_\_\_\_

REVENUES:	Total
<b><u>Unearned Income: Private Contributions</u></b>	
• Individual Donations	
• Foundation Grants	
• Business Support	
• Special Events (Net)	
<b><u>Unearned Income: Government</u></b>	
• Government Grants	
• Government Contracts	
<b><u>Earned Income:</u></b>	
• Fee for Service/Program Service Revenue:	
• Other Income	
• Investment Income:	
• Dues/Membership Fees	
<b>TOTAL REVENUE:</b>	
<b>EXPENSES:</b>	
Program Services:	
General Administration:	
Fund raising:	
<b>TOTAL EXPENSES:</b>	
<b>NET INCOME:</b> (Increase in Net Assets)	



# Sample Balance Sheet

Balance Sheet for \_\_\_\_\_ As of \_\_\_\_\_  
(organization name) (date)

ASSETS	\$	LIABILITIES	\$
<b>Short Term Assets</b> <ul style="list-style-type: none"> <li>• Cash and cash equivalents</li> <li>• Cash available for operations</li> <li>• Temporary cash investments</li> </ul> <b>Total cash and cash equivalents</b>		<b>Short-term Liabilities</b> <ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Accrued Expenses</li> </ul> <b>Total Short-term Liabilities</b>	
<ul style="list-style-type: none"> <li>• Promises to give</li> <li>• Receivables and other assets</li> </ul>			
<b>Long term ("Fixed") Assets</b> <ul style="list-style-type: none"> <li>• Investments: Restricted</li> <li>• Investments: Unrestricted</li> <li>• Property and equipment</li> </ul> <b>Total Fixed Assets</b>		<b>Long-term Liabilities</b> <ul style="list-style-type: none"> <li>• Long Term Debt</li> <li>• Mortgage</li> </ul> <b>Total Long-term Liabilities</b>	
<b>TOTAL ASSETS</b>		<b>TOTAL LIABILITIES</b>	
		<b>Net Assets</b> <b>Unrestricted</b> <ul style="list-style-type: none"> <li>• Undesignated (deficit)</li> <li>• Board-designated</li> </ul> <b>Total unrestricted</b>  <b>Restricted</b> <ul style="list-style-type: none"> <li>• Temporarily restricted</li> <li>• Permanently restricted</li> </ul> <b>Total unrestricted</b>	
		<b>TOTAL NET ASSETS</b>	
<b>TOTAL :</b>		<b>TOTAL:</b>	



# What are the legal responsibilities of nonprofit boards?

By: BoardSource

Under well-established principles of nonprofit corporation law, a board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization. Several states have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty and the duty of obedience.

## Duty of Care

The duty of care describes the level of competence that is expected of a board member, and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

## Duty of Loyalty

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.

## Duty of Obedience

The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission.

## References

Bruce R. Hopkins, *Legal Responsibilities of Nonprofit Boards* (BoardSource 2003).  
<http://www.boardsource.org/Knowledge.asp?ID=3.364>

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# What should I know before joining a nonprofit board?

## Questions Prospective Board Members Should Ask

Serving as a board member is one of the most challenging and rewarding of volunteer assignments. While appointment or election to a board is an honor, board members have important legal and fiduciary responsibilities that require a commitment of time, skill, and resources. Prospective board members do themselves a service and show that they are serious about the commitments they make by asking some basic questions before joining an organization's board. You can find the answers from the board member who issues the invitation to join; the chief executive of the organization; the board chairperson; other board members, current and former; or written materials. Long-time board members might also benefit from an organization review that answers these questions.

### Ask questions about the organization's programs

- ❖ What is the organization's mission?
- ❖ How do its current programs relate to the mission?
- ❖ Can I visit the organization to observe a program firsthand?
- ❖ Does the organization have a strategic plan that is reviewed and evaluated on a regular basis?

### Ask questions about the organization's financial status

- ❖ Is the financial condition of the organization sound?
- ❖ Does the board discuss and approve the annual budget?
- ❖ How often do board members receive financial reports?

### Ask questions about the organization's clients or constituencies

- ❖ Whom does the organization serve?
- ❖ Are the organization's clients or constituencies satisfied with the organization?

### Ask questions about the structure of the board

- ❖ How is the board structured?
- ❖ Are there descriptions of the responsibilities of the board as a whole and of individual board members?
- ❖ Are there descriptions of board committee functions and responsibilities?
- ❖ Who are the other board members?
- ❖ Is there a system of checks and balances to prevent conflicts of interest between board members and the organization?
- ❖ Does the organization have directors and officers liability coverage?

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### Ask questions about individual board members' responsibilities

- ❖ What are the ways that you think I can contribute as a board member?
- ❖ How much of my time will be required for meetings and special events?
- ❖ How are committee assignments made?
- ❖ What orientation will I receive to the organization and to the responsibilities of board service?
- ❖ Does the organization provide opportunities for board development and education?
- ❖ What is the board's role in fund-raising?
- ❖ Will I be expected to make a specific annual financial contribution?
- ❖ What role will I play in soliciting donors?

### Ask questions about the board's relationship to the staff

- ❖ Is the board satisfied with the performance of the executive staff?
- ❖ How do board members and senior staff typically work with each other?

### Evaluate your interest in serving on the board

Once you are satisfied with the information you have received, it is time to evaluate your own interest in serving on the board. Ask yourself the following questions:

- ❖ Am I committed to the mission of the organization?
- ❖ Can I contribute the time necessary to be an effective board member?
- ❖ Am I comfortable with the approach and tone of the organization's fund-raising efforts?
- ❖ Can I contribute financial support consistent with the organization's expectations of board members and with my own means and priorities?
- ❖ Can I place the organization's purposes and interests above my own professional and personal interests when making decisions as a board member?

### Background Materials

Selected background information can provide a useful overview of the organization, the board's work, and the responsibilities of board members. Helpful material includes:

1. the organization's annual report
2. the most recent audited financial statement
3. the long-range program and financial plan
4. a list of current board members, titles, and all affiliations
5. a description of board members' responsibilities
6. a board organization chart
7. a staff organization chart
8. the organization's newsletter, brochure, or other publications
9. newspaper or magazine articles about the organization
10. a brief biography of the chief executive

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