

# The Nonprofit Board Governance Guide: Everything You Need to Know



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Your board probably already has some organization in place – formal committees with delegated responsibilities. However, board governance takes the idea of defining board organization and responsibilities a step further by implementing a set of policies and procedures in the nonprofit organization.

Your board governance will cover everything from the scope of responsibility for the board to legal issues and meeting guidelines. Questions about what the board needs to know, make decisions about, and directly control can all be answered by governance.



# What is the Purpose of a Nonprofit Board?

Your board is the guiding force of your nonprofit. The collective group of board members will allocate resources, help carry out your mission, and take steps to protect your nonprofit status. Your board members are not employees. Instead, they advise, steer, and aid your nonprofit.





## An Expert Weighs In: Board Governance Best Practices

We spoke with Boardable advisor and board governance expert Kim Donahue and picked up some valuable insights into best practices for board governance and how it should serve a nonprofit.

“Nonprofit boards should think of governance as the blueprint for the organization they strive to be,” Kim says. “Good governance provides the framework needed for the board to make good decisions, be effective ambassadors for the nonprofit, and set goals that further the mission.”

Kim shared that having policies in place that define the rules for your board and the way it functions prevents problems and uncomfortable conversations. Well-established boards frequently have a wider range of policies—often because

they’ve run into trouble in the past and had to define a specific guideline for future use. When you can point to an existing policy to make decisions and to support the decisions you’ve made, you avoid uncomfortable situations and conversations.

“When nonprofits think of themselves as businesses, they thrive. **Nonprofits are businesses** and need to function just like any other business. The only difference is that nonprofits need to comply with specific guidelines and regulations.”

Some of the best practices Kim recommends include defining the essential board members your nonprofit should have, creating and implementing key policies, and looking to the future when it comes to diversity and inclusion.

# Important Policies Every Nonprofit Board Should Have in Place

There are four key policies that can protect your nonprofit and board, define the way you handle conflicts and issues, and give you a way to manage any questions that could arise. While your nonprofit may need some policies that directly reflect the industry you work in or your unique needs, most nonprofits should have the following policies in place:

## 1. Whistleblower Policy

It is not a legal requirement to gain or keep your nonprofit status, but a sound and detailed whistleblower policy is still recommended. The purpose of a whistleblower policy is to protect employees from retaliation if they report misconduct in the workplace. Your whistleblower policy allows everyone on your board and in your nonprofit to have a voice and facilitates reporting and response to workplace problems. As Kim says, “A whistleblower policy sets the expectation that not only does the board take ethical problems seriously, but that anyone at the nonprofit who sees an issue will be listened to.”

Without a whistleblower policy, you could inadvertently misstep or handle an issue inappropriately. A whistleblowing policy should outline what your nonprofit considers to be whistleblowing, how whistleblowers are protected, and best practices for handling whistleblower complaints, reports, and issues. When you establish these policies in advance, you know what to do and can act swiftly and decisively when needed. People are often blindsided by an unexpected

revelation, so your whistleblower policy guides you through an already difficult problem.

## 2. Conflict of Interest Policy

This essential policy can prevent a lot of problems when it comes to the way your nonprofit and board interact with personnel needs and influence. You must have a specific policy in place to define what your nonprofit considers to be a conflict of interest; a comprehensive policy will best prevent unwanted or uncomfortable conversations.

According to Kim, a typical conflict of interest issue can arise when board members with good intentions try to help friends or family members who are connected with the nonprofit. She shared a recent conflict in which a board member wanted the nonprofit to hire his daughter for a key marketing role: “Conflicts of interest can be subtle and even accidental. Perhaps this board member’s daughter was perfectly qualified for the position. However, it is impossible for this relationship to not affect others in the workplace.”

Having a close family member working for the organization would cause a conflict of interest for this member and could cause unintentional bias when that employee’s concerns or programs are discussed or evaluated.

The nonprofit was able to avoid an uncomfortable conversation (and to avoid annoying a key board member) by pointing to an existing conflict of interest policy, one that specifically outlawed the hiring of family members related to board members.

Other potential conflicts of interest include using or hiring a business associated with a board member for key services (though many board members do donate services to the boards they serve on, which is acceptable). Carefully defining what your board considers to be a conflict of interest can help you avoid problems and ensure you always have a policy in place to defer to when a potential concern arises.

### 3. Gift Acceptance Policy

Well-meaning employees and members of the community can and do offer gifts to your board members and key employees. This can be an awkward situation for the recipient if it seems to imply an obligation or favor expected in return. Having a policy in place can help recipients navigate the conversation. A well-designed policy that is clearly visible on your website, in your handouts, and in your employee manual can prevent many issues. This policy might outline the value of gifts that are allowed, an explicit statement of gifts not incurring reciprocal favors, or an outright no-gift policy.

### 4. Item Acceptance Policy

Your board should also define the type of items you accept as donations, if you allow the community to donate. This can alleviate several problems.

According to Kim, “One common and unfortunate issue that nonprofits face is donations that do not align with the mission or that create a burden for the organization. For example, well-meaning supporters who donate old electronics (including outdated printers and monitors) are actually creating a burden for a nonprofit, since these items can be costly and difficult to dispose of.”

Other problematic donations include perishable food, broken or outdated appliances, clothing, and household items in poor repair. Often, kids’ gear that no longer complies with current law (outdated cribs, car seats, and other items) fall into this category.

Operating without an item acceptance policy also means that your community could expend energy and resources in ways that cost them time and money, but don’t actually help the population you serve. You won’t end up being a dumping ground for unwanted items if you define your item acceptance policy, but you will get the things the people you serve desperately need. Your policy should be defined by the board and officially posted on your website and any location that accepts donations for you.

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# Governance: What Officers are Required for a Board?

The actual number of officers that are needed for a board to operate effectively is relatively small. Most boards begin with the basics and then expand over time and as needs arise. According to Kim, the basic, required board members include a board president, a vice president, a secretary, and treasurer. For boards that run very lean, the secretary and treasurer can be combined into a single role. These can be broken down later when growth requires it.

“Be sure that your bylaws also spell out officer election procedure, term limits, and basic qualifications and duties of each role,” Kim says. “Again, spelling out expectations and procedures ahead of time limits difficult conversations and confusion down the road.”



# Board Governance and Documents

You can rapidly overwhelm your board with too much paper, so part of governance is determining which documents your board members need and when they should have them. Providing too many files all at once makes it difficult for your members to access and absorb the information they need most – [see our ebook on alternative solutions for board books](#) if you feel like you need help with organization.

What documents are essential and should be covered in your board governance policies? While every nonprofit is different, here are some of the things to consider including in your plan, according to Kim.

- **Agenda and Minutes:** These items help your members always have up-to-date details on meetings and recent history. Check your state laws to see if there are requirements for how long you keep these records and whether they need to be publicly accessible.
- **Bylaws:** These ensure your meetings run smoothly and that members know your expectations. They also spell out procedures for common issues from voting procedure to board member attendance.
- **Strategic Plans:** Whether they are long-term or short-term, board members need to document strategic plans to be able to provide you with the best insight and assistance for moving forward.
- **Your History and Mission:** Members should always know who your nonprofit serves, and why you do what you do. It's a good idea to review your history and mission at board retreats and make sure everyone is on the same page.
- **Board Expectation Agreement:** This essential document outlines exactly what you expect from board members in detail, avoiding miscommunication or unwanted results. It should include topics such as attendance, personal donations, fundraising support, ambassadorship efforts, and anything else your organization expects board members to do.
- **Board Member Job Description:** Specific details of what board membership looks like and how directors serve your board helps prospective members decide if board service is for them.
- **Committee Charges:** Details about what a committee does, who is responsible for it, and how decisions are made set this reporting structure up for success.
- **Legal Documents:** From your articles of incorporation to your legal status and other essentials, have important legal documents available for board members to easily access.
- **Financials:** Budget, financial statements, and your last annual audit results are among the important documents that boards need to make decisions. Again, check with local laws about requirements for what needs to be made public and how long documents need to be retained.
- **Contact Details:** Maintain this information for the current board, any active emeritus members, and key executive employees. Identify who emergency contacts are in various situations and consider [making contact info shareable](#) (as desired) among board members.
- **Calendar:** A clear, easy-to-understand calendar of your upcoming events, activities, and important dates for your nonprofit—updated every meeting—ensures better attendance.

“Be sure that your bylaws also spell out officer election procedure, term limits, and [...] duties of each role.”





## Governance: Diversity and Inclusion

Since board members often suggest or nominate people they know from their own fields and experiences, it is easy for a board to lack diversity. When your board is overly homogenous, you miss out on valuable insights and fresh ideas, simply because the majority of your members have similar experiences.

As Kim says, “If your nonprofit is stocked with executives who do not live in the community you serve and who are not connected with it (other than wanting to support and help) you miss out on valuable insights into true needs and critical initiatives that could benefit the community. If you’re collecting and handing out canned goods, when what the community really needs is warm coats for winter and utility assistance, you won’t be an effective resource for the very people you hope to serve.”

When you deliberately include board members with different life experiences and backgrounds,

your entire organization benefits. Nonprofits that commit to diversity and inclusion expand their sphere of influence and ensure they are truly serving the population they have chosen to serve.

Diversity and inclusion are important for all nonprofits but absolutely essential for those organizations dedicated to serving a local community. If your board members are all from the local community, you’ll have plenty of insights, but you won’t get input and ideas from a wider scope. This could limit your ability to serve, even if you know what your target community needs.

Including a wide range of voices in your board means you don’t end up with a group that does not understand the needs of the community it serves and that you benefit from fresh ideas and input. Making inclusion and diversity part of your governance plan ensures your board has what it needs to properly guide your nonprofit.



## How Can You Make Sure Your Board is Diverse?

Looking around the table and noting the race, gender, and age of your board members is a good start—the more “alike” your members are, the more you are **missing out on diversity**. This casual method helps determine how diverse you are—and a board grid can help you determine the best ways to diversify as you move forward.

Use the attached grid to determine where your board is strong, and where you need to increase diversity. Using a board grid gives you all the benefits of a diverse board and gives you a strategic way to plan for the future. Find a copy of **Boardable’s Profile Grid** here and map out a stronger, more inclusive future for your brand.

Protect your nonprofit board from problems with potential donors, your own members, or even the law by making sure your board has all the information it needs. From the right makeup of officers to crucial bylaws, taking the time to talk through your values and priorities—all are good first steps to creating board governance. Getting governance right from the start allows your board to define a clear path to success and ensures you are truly able to operate as a cohesive, functioning group.

As Kim says, “At the end of the day, you owe it to the population you serve to be the best board you can be. Good board governance, that blueprint for operations, is critical to fulfilling your mission.”

# Boardable's Profile Planning Grid

## BOARD MEMBERS

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Year that board term ends																

## AGE

Under 30																
31-45																
46-55																
56-65																
Over 65																

## GENDER

Female																
Male																
Transgender																
Gender Nonconforming																
Prefer not to answer																

## RACE/ETHNIC BACKGROUND

Black/African-American																
Asian/Asian American																
White/Caucasian																
Hispanic/Latino																
American Indian/Alaska Native																
Native Hawaiian or Pacific Islander																
Two or more races																
Prefer not to answer																



## MARITAL STATUS

Married

Married with children

Domestic Partnership

Domestic Partnership with children

Single

## EMPLOYMENT STATUS

Salaried

Part-time

Self-employed

Retired

Community Volunteer

Veteran

Client/Beneficiary

Disabled

## AREAS OF EXPERTISE

Fundraising

Buildings/ Facilities Mgt

Marketing

Public Relations

Finance/Banking/  
Investment Mgt

Human Resources

Education

Nonprofit

Ministry

Legal

Information Technology

Government



## OTHER

### FUNDRAISING EXPERIENCE

Event planning

Grant writing

Major gifts

Raffles/Auctions

Stewardship/Donor  
Management

Gift Solicitation

### COMMUNITY CONNECTIONS

Corporate

Foundation

Media

Government

### COUNTY OF RESIDENCE

County 1

County 2

County 3

County 4

### EXPERIENCE AS A BOARD MEMBER?

Yes

No

# About Boardable

**Built by nonprofit leaders, for nonprofits.** Boardable empowers you to work more effectively with your boards and committees. We know the frustration you feel (and the hours you lose) just from organizing a meeting via email, phone, and text. We've lived it. We're from the nonprofit world, too. After looking around for the right tool but not finding it, we decided to build it. Boardable is a software platform that centralizes all communication between you and your board. Find the best meeting times, securely store all of your documents, archive discussion threads and more—all in one place.

For more information, to schedule a demo, or to sign up for your FREE trial, visit us at [boardable.com](https://boardable.com).



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