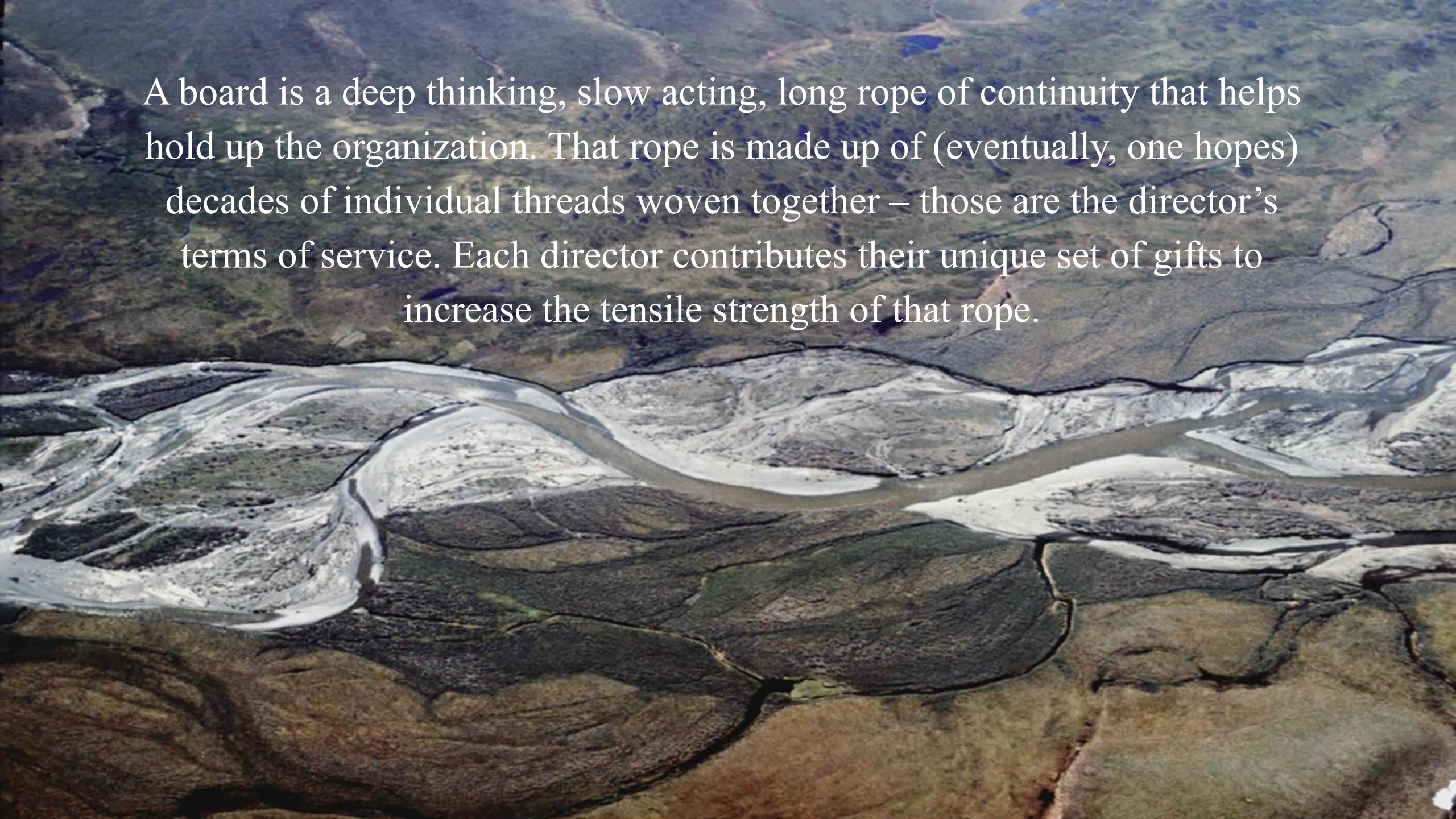


Explore the “what,” “why,” and joy of nonprofit board service

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An aerial photograph of a braided river system. The river consists of numerous interconnected channels of varying widths and depths, separated by sandbars and gravel bars. The water appears light brown or tan, contrasting with the darker, more vegetated banks. The overall pattern is complex and organic, resembling a network of paths or a woven fabric. The text is overlaid on the upper portion of the image.

A board is a deep thinking, slow acting, long rope of continuity that helps hold up the organization. That rope is made up of (eventually, one hopes) decades of individual threads woven together – those are the director’s terms of service. Each director contributes their unique set of gifts to increase the tensile strength of that rope.

A wide-angle photograph of a coastal scene. In the foreground, the water is a dark, muted blue-grey with gentle ripples. In the middle ground, several large, dark grey rock formations protrude from the water. The background features a forested coastline with more rock formations under a heavy, overcast sky with grey and white clouds. The overall mood is somber and atmospheric.

What if...we created a board?

AK-GUTSY

A person wearing a red jacket and dark pants is walking across a vast, frozen lake. The ice is cracked and textured. In the background, there are snow-capped mountains under a clear blue sky. The scene is set during what appears to be late afternoon or early morning, with soft lighting.

Awareness and Resources
for Colorectal Cancer
Patients and Survivors.

AK-GUTSY Mission Statement

We promote awareness of and resources for colorectal patients and survivors in Alaska.

A nonprofit mission statement is a one or two-sentence statement describing why your organization exists and what you do.

- Describes what you do to external stakeholders.
- Motivates the team
- Serves as the North Star.

AK-GUTSY

1. We have a board of the minimum 3 directors. (AS-10.20.086)
2. We have Articles of Incorporation filed with the state. (10.20.151)
3. We have written our bylaws. (10.20.056)
4. We have decided who is running the day to day operations of the nonprofit.
 - Our business is run by our director who does all the admin work.

For purposes of this example we are leaving out all discussion of the banking, IRS and other monetary obligations of the nonprofit.



“Because every organization is unique and is in a different place in its evolution, there is no single model of governance to emulate. All governing boards, however, share a common set of basic responsibilities. And there is a body of best practices and organizational principles that are broadly accepted and practiced. These responsibilities and best practices, in turn, provide a frame of reference for assessing board performance. Likewise, they call for the articulation of clear expectations for those who serve on boards.” *BoardSource*

What. The Helpfulness of the Alaska Statutes.

All Nonprofit Corporations in Alaska governed by the Alaska Statutes

Title 10. CORPORATIONS AND ASSOCIATIONS Chapter 10.20. ALASKA NONPROFIT CORPORATION ACT

A. Non-profit corporations are organized for some purpose other than making a profit.

Non-profit Corporations may be organized under this chapter for any lawful purpose, including, but not limited to, one or more of the following: charitable; religious; benevolent; educational; civic; patriotic; political; social; fraternal; literary; cultural; athletic; scientific; and professional, commercial, industrial, or trade association purposes.

— AS 10.20.005

A. The statutes set up the basic make up of what the Board of Directors.

A domestic (Alaskan) non-profit corporation is controlled by a Board of a minimum of three (3) titled official positions. AS 10.20.86

The officers of a corporation consist of a president, one or more vice presidents as prescribed by the bylaws, a secretary, and a treasurer. Each of the officers shall be elected by the board of directors at the time and in the manner prescribed by the bylaws. Other necessary officers and assistant officers and agents may be elected or appointed by the board of directors or chosen in the manner prescribed by the bylaws. Two or more offices may be held by the same person, except the offices of president and secretary. AS 10.20.121

A. **BONUS FYI: The IRS grants tax-exempt status, not the State of Alaska.** The IRS may have the expectation that certain language regarding the organization's purpose, dedication, and distribution clauses are included in the articles of incorporations filed with this state for the IRS to grant tax-exempt status. For more information regarding Federal taxes go to the [IRS](#). For more information regarding local taxes, including sales tax, contact your local municipality or government. For further assistance consult a tax accountant or CPA.

Overarching Legal Duties of a Member of a Board of Directors: Fiduciary Duty

Fiduciary Duty is the requirement to act reasonably, prudently and in the best interests of the organization, to avoid negligence and intentional misconduct, to avoid conflicts of interest that are harmful to the organization, and to abide by all applicable laws, rules, and the organization's governing documents.

Broken down to:

Duty of Obedience

Duty of Loyalty

Duty of Care

Duty of Confidentiality

Duty of Loyalty

Definition: Ensure that the nonprofit's activities and transactions are

1. Advancing its mission
2. Recognizing and disclosing conflicts of interest
3. Making decisions that are in the best interest of the nonprofit corporation; not in the best interest of the individual board member (or any other individual or for-profit entity)(self-dealing)
4. Acting in good faith

Classic example: You are the curator of a museum and while on a business trip you find a piece you decide to add to your personal collection. This usurps the corporate opportunity.

Duty of Obedience

Definition: Ensure that the nonprofit obeys applicable laws and regulations; follows its own bylaws; and that the nonprofit adheres to its stated corporate purposes/mission.

In short, the duty of obedience requires that directors see that the corporation's purposes are adhered to and that charitable assets are not diverted to non-charitable uses.

Classic Example: accepting a donation for a specific project but spending that money on something else or not following the financial policies requiring separation of duties when handling money.

Duty of Care

Definition: Take care of the nonprofit by ensuring prudent use of all assets, including facility, people, and good will.

Adhere to a code of ethics

Classic Example: if a corporate board consistently hires the same contractor for company-related construction projects without vetting other vendors, the board may be accused of violating its corporate duty of care to shareholders by showing favoritism. Without accepting bids from other contractors, the board *could* end up paying unnecessary costs and ultimately violate its fiduciary duty (of care).

Duty of Confidentiality

Definition: Board members are reminded that confidential financial, personnel and other matters concerning the organization, donors, staff or clients/consumers may be included in board materials or discussed from time to time. Board members should not disclose such confidential information to anyone.

Classic Example: While nonprofit board meetings are usually open to the public, board members may want to discuss certain issues privately. The board may go into executive session and ask guests (executive director or other staff) to the meeting to leave during this part of the discussion. Some reasons for executive session include, employee discipline, an employment contract, performance or compensation matters.

The director's responsibility, best practices

- Board members are expected to exercise the duties and responsibilities of their positions with integrity, collegiality, and care. This includes:
 - Making attendance at all meetings of the board a high priority.
 - Being prepared to discuss the issues and business on the agenda, and having read all background material relevant to the topics at hand.
 - Cooperating with and respecting the opinions of fellow Board members, and leaving personal prejudices out of all board discussions, as well as supporting actions of the Board even when the Board member personally did not support the action taken.
 - Putting the interests of the organization above personal interests.
 - Representing the organization in a positive and supportive manner at all times and in all places.
 - Showing respect and courteous conduct in all board and committee meetings.
 - Refraining from intruding on administrative issues that are the responsibility of management, except to monitor the results and ensure that procedures are consistent with board policy.
 - Observing established lines of communication and directing requests for information or assistance to the executive director.

Back to the AK-GUTSY Board

We keep 3 things in mind as we move forward.

1. Our mission statement.
2. All of the legal duties we just reviewed.
3. That we are building a board because we are building a business.
(the only difference between a for-profit and non-profit business is where the money goes)

5 years later....

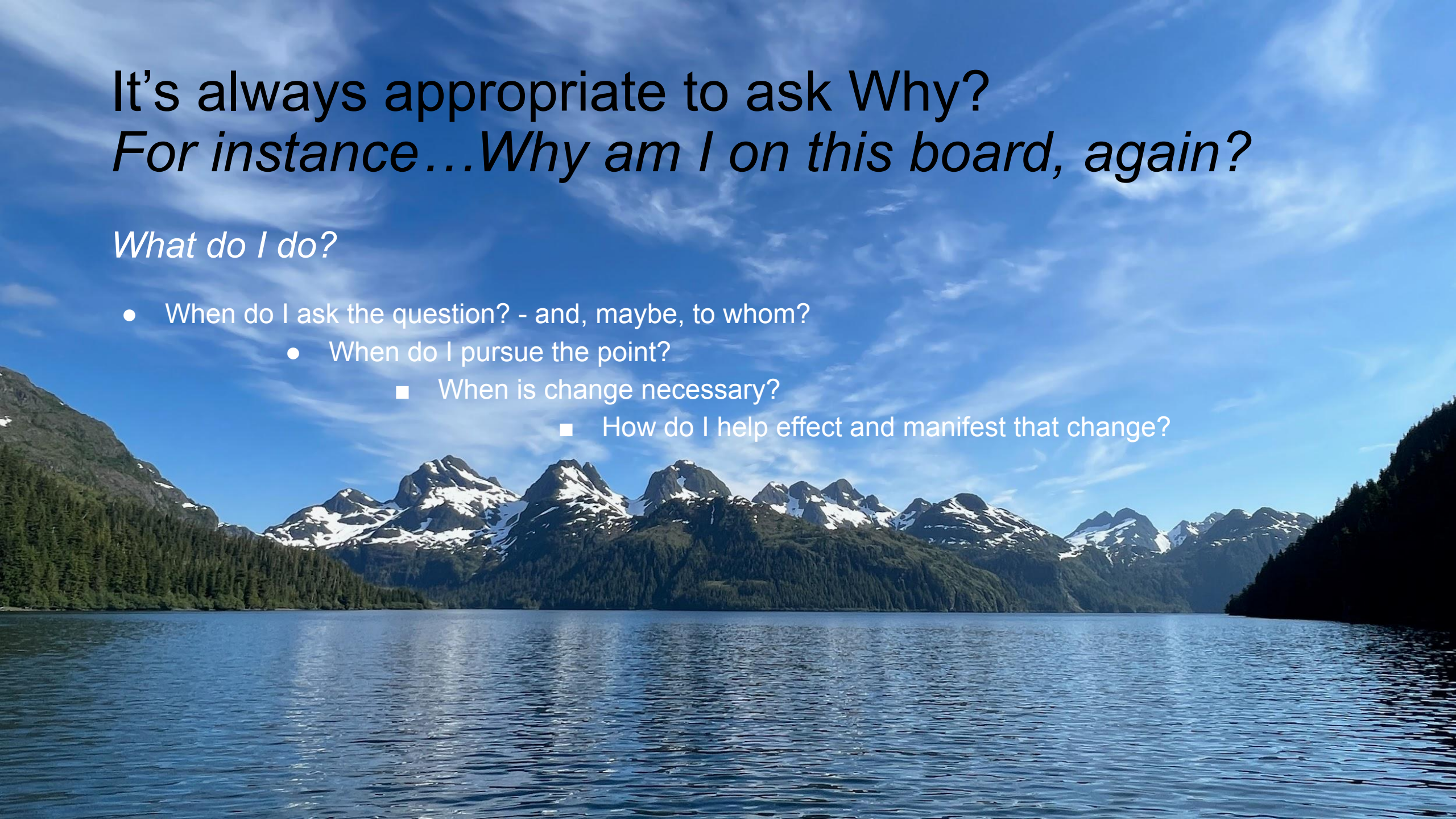
Complication 1 — BOD-CEO conflict

Our organization has been wildly successful. We have an executive director position and a complement of staff. Our board has grown to 11 strong members. However, it's being Alaska, it can be tricky keeping top management, and we've had some turn over of our ED - we're on our 3rd in 5 years, and the latest one, while an exciting visionary and a whiz with money, is a firebrand who doesn't have experience with boards.

- lack of connection
- lack of alignment
- lack of information
- lack of knowledge

- lack of relevance
- lack of impact
- lack of interest
- frustration

- lack of respect
- don't feel heard or understood
- lack of worth
- *lack of time*



It's always appropriate to ask Why?
For instance...Why am I on this board, again?

What do I do?

- When do I ask the question? - and, maybe, to whom?
 - When do I pursue the point?
 - When is change necessary?
 - How do I help effect and manifest that change?

A scenic view of snow-capped mountains overlooking a blue body of water. In the foreground, the dark blue water is visible, with several whale fins and backs breaking the surface. The mountains in the background are covered in snow and partially obscured by a layer of mist or low clouds. The sky is a clear, pale blue.

8 years later....

Complication 2 — over expansion and mission creep

With support from an Alaskan leadership development agency, our firebrand CEO is learning to work *with* the board and not *in spite of* the board. The board is learning how to understand operations without meddling in them. With the CEO and the Board in alignment, there's no slowing the momentum — and the organization has found itself spread too thin, doing too many things.

How do I help the board see what it can't see, that it doesn't know it's not seeing?

No matter how diverse your board is in its ways of thinking and seeing, there are always blind spots.



Ways to think about your unique assets

When we think of whom we want on our boards, we can think about lawyers, philanthropists, entrepreneurs, members of our group (ie, cancer survivors), educators, etc. But there are other dimensions to consider as well. Making sure the board is balanced in these areas will improve board function, will encourage the board to see success in more forms, and will allow directors the opportunity to be seen as more than a checked box. If you spend your day banking, you may want your volunteer time to be spent accessing a very different set of your interests and skills.

WEAVERS: I see the through-lines of connectivity between people, places, organizations, ideas, and movements.

EXPERIMENTERS: I innovate, pioneer, and invent. I take risks and course-correct as needed.

FRONTLINE RESPONDERS: I address community crises by marshaling and organizing resources, networks, and messages.

VISIONARIES: I imagine and generate our boldest possibilities, hopes and dreams, and remind us of our direction.

BUILDERS: I develop, organize, and implement ideas, practices, people, and resources in service of a collective vision.

CAREGIVERS: I nurture and nourish the people around me by creating and sustaining a community of care, joy, and connection.

DISRUPTERS: I take uncomfortable and risky actions to shake up the status quo, to raise awareness, and to build power.

HEALERS: I recognize and tend to the generational and current traumas caused by oppressive systems, institutions, policies, and practices.

STORYTELLERS: I craft and share our community stories, cultures, experiences, histories, and possibilities through art, music, media, and movement.

GUIDES: I teach, counsel, and advise, using my gifts of well-earned discernment and wisdom.



Why does your board act or look different from someone else's board.

Qualities that affect how your board is organized and run:

- The organization's mission and purposes
- the organization's size and complexity
- whether the operating budget is large or small
- whether or not the organization is member-based
- the main sources of revenue
- whether the organization has a large staff or none at all.

Other things that maybe shouldn't but do affect it:

- the pool of available board members
- the effectiveness and style of the CEO and how they interact with the board.

The JOY:

If you're not feeling any joy - if you're consistently not getting as much energy as you're giving - then it's not a good fit, or your board needs to adjust itself.

The joy is where you may feel particularly passionate and able to make a unique contribution to your board.



Questions?

Meanwhile, here are some resources

<https://boardsource.org/>

<https://moorenonprofitlaw.com/>

<https://www.commerce.alaska.gov/web/cbpl/Corporations/EntityTypeFAQs.aspx>

[Ten Basic Responsibilities of Nonprofit Boards](#), by Richard Ingram

A few examples of board member expectations

INDIVIDUAL BOARD MEMBER RESPONSIBILITIES

GENERAL EXPECTATIONS of a

Know the organization's mission, purpose, goals, policies, programs, services, strengths, and needs.

Serve in leadership positions and undertake special assignments willingly and enthusiastically.

Avoid prejudiced judgments on the basis of information received from individuals; urge staff members with grievances to follow established policies and procedures through their supervisors. All significant matters coming to you should be called to the attention of the chief executive and/or the board's elected leader as appropriate.

Follow trends in the organization's field of interest and keep informed.

Bring goodwill and a sense of humor to the board's deliberations.

Suggest to the appropriate committee possible nominees for board membership who are clearly women and men of achievement and distinction and who would make significant contributions to the board and organization.

MEETINGS

Prepare for and conscientiously participate in board and committee meetings, including appropriate organizational activities when possible.

Example of an Effective Job Description for Your Nonprofit Board Members

Board Member Roles & Responsibilities:

- Select, support and evaluate the Executive Director/CEO
- Define and oversee the mission of Your Non-Profit Board
- Review and approve the budget
- Approve policies and monitor their effectiveness
- Provide strategic guidance
- Ensure financial solvency and help raise resources
- Ensure continuous board improvement

As a committed member of this board, I will:

- Share YNPB's work and values in the community, represent the organization, and act as an ambassador
- Act in the best interests of YNPB, and excuse myself from discussions and votes where I have a conflict of interest
- Attend at least a majority of board meetings per year (75%)
- Participate in the board's annual meeting
- Participate in at least one board training event and an annual board evaluation to identify ways in which our board can improve its performance
- Serve on at least one board committee (standing or ad hoc)
- Make an annual financial contribution that is meaningful and significant for me
- Understand my roles and responsibilities and become sufficiently knowledgeable about YNPB's operations to make informed decisions:
 - Read the materials sent to the board and come prepared to board and committee meetings
 - Arrive at meetings on time and stay for the full agenda unless I have otherwise notified the board or committee chair
 - Ask for clarification on any matters or material that I do not understand before making a decision
 - Listen carefully to other board members and staff with an open mind and an objective perspective
- Actively work towards decisions and solutions that are in the YNPB's best interests (speaking with one voice)
- Hold YNPB to a high standard of performance and actively help to make this a world class organization
- Respect the confidentiality of the board's business

I can expect the board chair to call me and discuss my responsibilities if I don't fulfill these commitments to YNPB.

In turn, YNPB will be responsible to me in several ways:

- I will be provided quarterly financial reports and periodic updates of YNPB activities
-
- Opportunities will be offered to me to discuss with the executive director and the board president YNPB's programs, goals, activities, and status; additionally, I can request such opportunities
- YNPB will help me perform my duties by informing me about issues in non-profit governance and by offering me opportunities for professional development as a board member
- Board members and Executive Director will respond in a straightforward fashion to reasonable questions I have that I feel are necessary to carry out my fiscal, legal and moral responsibilities to YNPB
- Board members and staff will work in good faith with me towards achievement of our goals

If the organization does not fulfill its commitments to me, I can call on the board chair and executive director to discuss these responsibilities.

•Signed: _____ Date: _____

•Member, YNPB

•

•Signed: _____ Date: _____

•President, YNPB

The Board's responsibility, as a whole

1. Determine mission and purposes, and advocate for them.
2. Select the chief executive.
3. Support and evaluate the chief executive.
4. Ensure effective planning.
5. Monitor and strengthen programs and services.
6. Ensure adequate financial resources.
7. Protect assets and provide financial oversight.
8. Build and sustain a competent board.
9. Ensure legal and ethical integrity.
10. Enhance the organization's public standing.

Duties of a Director vs Duties of the Board

The first step to an effective board is to minimize the ambiguities that inevitably surround its responsibilities. This means embracing good governance practices, beginning with a comprehensive job description for the board itself.

Although they are intimately linked, the *board's legal authority* and the *responsibilities of its individual members* are distinct. The board's legal *authority* and board member's *responsibilities* are complementary; although interdependent, they are not precisely synonymous. While the board's authority is rooted in state and federal law and regulation, the responsibilities of individual trustees are not. Put another way: Individual board members have no legal authority except when they make decisions as part of a legally constituted corporate body — i.e., as an officially convened governing board acting consistently with its own bylaws.

“Because of their many roles, board members need more than enthusiasm for a cause, passion for a mission, or just “good intentions.” They need to understand all of their stewardship responsibilities and perform all of their duties, while remembering that it is the governing board that holds legal authority rather than individual board members.”

WHAT:

Board of Directors Overall

The *board of directors (BOD)* is the governing body of the nonprofit, responsible for the ultimate direction of the management of the affairs of the organization.

- a. Ultimate responsibility for actions or inaction of the nonprofit organization rests with the BOD.
- b. The board can act legally only by consensus (majority vote of a quorum in most cases) and only at a *duly constituted and conducted meeting*, or by *unanimous written consent* (in most states, boards cannot act by mail or electronic ballot).
- c. Board acts together. An individual board member may disagree with a board decision but publicly supports the BOARD decision.
- d. An *individual* board member has no individual management authority simply by virtue of being a member of the board. However, the board may delegate additional authority to a board member such as when it appoints board members to committees. In a similar fashion, an *officer* has only the management authority specifically delegated in the bylaws or by the board (although the delegated authority can be general and broad)