

NONPROFIT BOARD BASICS

Board size, terms, officers, duties of officers are set according to the organization's bylaws.

Board Size: Ideal size is 9 – 17, too large a board will lose board cohesion, too small will not provide enough people to share the load and limits fundraising capacity. Texas law requires a minimum of three board members. An exception might be an organization with the stature to command higher board dues where extra people bring extra money in which case, an Executive Committee would be required to enable efficient board oversight.

Term Limits: Must Have. Multiple terms are allowed and terms may be for up to three years. Example:
Board members may serve two 3-year terms
Board members may serve three 2-year terms
Board members are eligible to be re-nominated after a year off the board and may continue to serve on committees and/or the Advisory Council.

There are some who dispute this because they don't want to lose a really good board member. One option is to create "Emeritus" board positions for those really special people or founders. Boards can also vote to waive the term limit for another year when the organization is in the middle of a major campaign or a crisis.

Officer Terms: There are no hard and fast rules and most organizations do one or two-year terms for officers, but again, officers can serve longer under special circumstances.

Frequency of Meetings: For an established organization in good order, board meetings should be quarterly or every other month (six meetings per year) and follow the organization's fiscal year. Monthly meetings may be required for new organizations who are still in start-up mode, or in the case of a dealing with a challenging situation although there is always an option for a "Special Call" board meeting if something comes up in between regular meetings. Utilizing a committee structure is an effective way of dealing with specific areas of governance that don't require the entire board to meet. An Executive Committee can also be a good way to deal with unexpected issues that arise in between meetings. The bylaws should also include a provision to allow a phone meeting should something urgent arise, email votes if urgent business requires the board member's attention, and the option for "Special Call" meetings in case of a crisis or urgent situation.

Duration of Board Meeting: Most can be done in one hour, and generally not more than 90 minutes unless there is a serious issue or major opportunity to be discussed. If your board meetings are generally dragging on longer than 90 minutes, review the past few meetings to determine what is causing them to be excessively long and work the board chair to remedy the issue.

Committees - Standing Committees: Audit (can be part of Finance Committee), Nominating Committee (can be the Executive Committee if there is one), Finance Committee (helps develop budget, oversees finances), Executive Committee is needed if the board is large, or it combines Finance, Nominating, and Audit Committees. The Executive Committee should include the board officers and may include non-board officers but should not include people who are not board members.

Ad Hoc or As Needed Committees: Strategic Planning, Governance (for updating bylaws and policies), Program Committee if new programs are being developed or current programs expanded but should not usurp Artistic Director role. Fundraising or Revenue Development Committee is also a possible committee especially if there is a capital campaign. Another option if there is a Development Director on staff is to have a board member designated as a liaison to represent the board members interests in participating in fundraising strategies and goals.

*** Executive Director should be on every committee except Audit Committee, Board President should serve on all committees***

Don't have extra committees just to have committees. Make sure they serve a real purpose and make use of the board members valuable time. Committees not needed: Personnel Committee or Marketing Committee. Again, if this expertise exists on the board, appoint a Board Liaison to work with appropriate staff in these areas.

Advisory Boards/Councils: Not required, but usually a place for board members who roll off the board so they can stay involved, or for prospective board members who are under consideration. Can also include people who bring special expertise who prefer not to be on the board, "big" names that help give credibility, big donors who prefer not to be on the board but want to be recognized, volunteers who play a major role in helping the organization and possibly stakeholders who are the focus of the organization's mission.

Officers: President, Vice President, Secretary and Treasurer. Past President and President-Elect are anachronistic concepts that should not be part of high-functioning board governance. In a small board, the Secretary and Treasurer can be combined. Texas law prohibits the same person serving as both President and Secretary. Additional officers in larger board can include a First Vice President, Asst. Treasurer, Asst. Secretary if additional officers are needed. Chair and President can be interchangeable titles, or another option would be to have both but clearly define the role of each. The Chair would focus on external activities such as representing the organization with public officials, donors, and community leaders. Essentially be the chief ambassador for the organization. The President would focus on internal affairs and preside over the governance and administration of the organization including being the official board signatory for grants and legal documents and would work closely with the Executive Director and staff as needed.

Ex-Officio Board Members: These people are generally liaisons from a primary funder such as a local government, foundation, or other stakeholder in the organization. They serve as a conduit to the organization they represent and are involved to provide advice or guidance, or to ensure that your organization is compliant with any requirements imposed by a funder or government entity. They do not have voting privileges because they do not have fiduciary responsibility. They would not be included in Executive Sessions and should refrain from discussions where they have a conflict of interest.

Mandatory Give or Get: All organizations must require all board members to provide a minimum contribution which can be a combination of their own donation and other funds they raise from their company or by other means. A board member that provides substantial and meaningful In-kind support may provide that in lieu of a cash contribution, but this should not be used to give a pass to a board member with the capacity to contribute.

Board Commitment Form: When a new board member is brought in, it is a good idea to ask them to sign a "Board Commitment Form" where they agree to abide by the organization rules, attend at least 75% of the board meetings, and to fill in an annual financial commitment that should equal or exceed the board-mandated minimum. The form should also include their personal information including their home and business addresses, phone, emails, spouse or partner name, and any other board affiliations. A sample form is included in this section of Art-Works.

Annual Board Report Card: This is a helpful tool to make board members accountable (see samples in this section of Art-Works). There are two report cards that can be used. One is the individual board member report card that is used as a self-assessment. This need not be turned in, but some organizations ask that these be turned in to the board president so he or she can confer with board members who appear to have need of help with their board duties. The second is the Group Board Report card where board members are asked at the end of each fiscal year to assess the board as a group. These should be turned into the Executive Director who will then compile a spreadsheet to show where the strengths and weaknesses exist so that an effort can be made to improve. The spreadsheet report would not attribute the scoring to each individual board member, just list them as Board Member 1, Board Member 2, etc. to encourage frank assessment.

Self-Dealing: The accrual of financial or other tangible benefit to a "disqualified person" of organizational assets. A disqualified person is a board member, donor, or staff member who has significant authority over the organization. Self-dealing can take the form of improper payments or compensation, transfer of organization

assets like real property, securities, or misappropriation or misuse of organizational assets. Even the appearance of self-dealing can be detrimental to an organization. To avoid this, it is best practice not to compensate board members for services or make substantial loans to board members or staff members. There are substantial legal and financial penalties for organizations that are determined to have engaged in self-dealing.

Firing a Board Member: Secure their resignation or manage them out. Ask the Board President or a group of board members to meet with the problem board member and let them know their behavior is inconsistent with the organization's expectations and let them know that if they are unhappy with the direction of the organization that they should consider resigning.

Use an annual report card to assess board member performance. If board members have failed to attend the required number of meetings, or pay their board dues, these violations of the board governance rules are grounds for dismissal.

Board Retreats: This topic will be covered in more detail in separate piece, but the basics include the following suggestions. Don't have the retreat first thing in the fiscal year. Give a month or two to let new board members get their bearings and to allow essential items like approving budgets and inducting officers be accomplished. Use a seasoned outside facilitator who can be a neutral referee and keep things moving forward. Take no more than four hours unless it is a crisis retreat. Create an agenda with input from the Executive Director and the Board President. If there is pre-work required for board members to accomplish before the retreat, make sure they get it in ample time to review and complete before the retreat. Once the retreat starts, establish ground rules, then do an ice breaker exercise to develop camaraderie. Ask the board members to define success for the retreat and do some future casting to create a sense of purpose and goal setting. Bring in outside expertise if needed to address a particular issue or topic. If possible, schedule retreat in a neutral location away from the organization's office. Try to schedule far enough in advance to accommodate everyone's schedule to ensure 100% attendance. Follow through on action items agreed at the retreat.