



Libby V & Associates
Nonprofit Champions
Your Success - Our Success

BOARD GOVERNANCE

Thursday, February 20th

TODAYS

Agenda

A Nonprofit Board's Fiduciary Obligations

The Role of Board Minutes

Best Practices for Board Minutes

The Role of a Governance Committee

The Role of the ED/CEO in Board
Governance

Setting the Tone at the Top





A Nonprofit Board's Fiduciary Obligations

1. Duty of Care
2. Duty of Loyalty
3. Duty of Compliance
4. Duty to Maintain Accounts

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Duty of Care



Duty of Care

- Attending and participating in board and committee meetings
- Establish policies and revisit them
- Know the facts, analyze the probable result of your actions, exercise sound judgement and keep reasonable records

Those who regularly miss meetings, are inactive or fail to conduct adequate research before making decisions are not fulfilling their duty of care.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Board Members Should

- Prepare for board meetings by reading and reviewing reports, minutes and other materials distributed for the meeting.
- Attend board and committee meetings and record all actions taken or decisions made.
- Ask questions and obtain the information necessary to make informed decisions.

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Board Members Should

- Review the performance of the charity's executive director or chief executive officer.
- Exercise independent judgment; do not blindly follow the staff's requests.
- Oversee the executive director and ensure that the charity's purposes are fulfilled efficiently and follow sound business standards.

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Duty of Loyalty



Duty of Loyalty

- The duty of loyalty requires that the interest of the charity and its objectives take precedence over a board member's personal interests or those of family or friends.
- Trustees or board members always must act fairly and in the best interest of the organization without concern for their own interests.

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Board Members Should

- Establish a written policy for dealing with conflict-of-interest situations. These should include procedures for written disclosures from board members concerning business dealings with the charity or those seeking to do business with the charity.
- Not engage in any transaction that hurts the charity or in any activities that compete with the interests of the charity or result in any personal advantages based on the charity's business dealings.
- Use caution when entering into any business relationship between the organization and a board member. Avoid this scenario entirely unless the board determines that the transaction is in the best interest of the charity.

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Board Members Should

- Comply with a written policy for disclosing conflicts of interest, appearances of impropriety and business dealings involving board members.
- Disclose any financial interest and abstain from discussions and votes on transactions when the charity proposes to enter into a business relationship in which a board member holds an interest.
- Avoid diverting opportunities available to the charity for personal gain.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Duty of Compliance



Duty of Compliance

- Board members have a duty to be faithful to the organization's purpose and mission. They also must adhere to the organization's governing documents and to laws and regulations that relate to the charity and its operations.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Board Members Should

- Understand the charity's articles of incorporation, constitution, bylaws, codes of conduct, codes of ethics and any other governing documents.
- Be familiar with state and federal laws relating to nonprofit entities, fundraising and tax-related issues as well as legal issues connected with the organization's charitable purposes and operations.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"





Board Members Should

- Comply with state and federal registration and reporting requirements, including filings with the appropriate State Attorney General's Office and the Internal Revenue Service.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Duty to Manage Accounts



Duty to Manage Accounts

- Board members are responsible for the charity's financial stability and accountability. They accomplish this primarily by establishing procedures to help the organization operate in a fiscally responsible manner.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Board Members Should

- Develop policies and procedures that protect the organization's business interests and operations.
- Develop annual budgets that provide clear direction for all organizational spending. The budget should be a blueprint of the board's program plans and should be routinely monitored, tracked throughout the year and revised as necessary.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Board Members Should

- Ensure maintenance of accurate records of all income, expenditures, transactions and activities throughout the year — for the board and in all organizational operations.
- Establish appropriate internal accounting systems, including checks and balances, so one staff member or volunteer does not have total control over finances and so theft and improper spending can be identified quickly.
- Prudently invest and reinvest assets.

This content is from the Ohio Attorney General's "Guide for Charity Board Members"



Board Members Should

- Develop fundraising goals and policies and assist the organization in acquiring resources for its programs.
- Make certain that fundraising appeals are presented honestly and fairly by monitoring the performance of fundraising professionals and volunteers.
- Insist on the best value for goods and services through comparisons and an informed bidding process.
- Ensure that board minutes are kept to indicate board approval of expenditures and investments and to show that informed discussions were held before approval of such transactions.

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THE ROLE OF BOARD MINUTES

NONPROFIT BOARDS SHOULD TAKE MINUTES OF THEIR MEETINGS FOR SEVERAL IMPORTANT REASONS...

1. Legal Compliance

2. Accountability & Transparency

3. Protection Against Liability

4. Continuity & Institutional Memory

5. Grant & Funding Requirements

6. Clarification & Avoiding Misunderstandings



#1.

Many jurisdictions require nonprofits to maintain meeting minutes as part of their corporate records .

If the nonprofit is audited or involved in legal proceedings, minutes provide a record of compliance with laws and regulations.

#2.

Minutes document key decisions, ensuring board members and stakeholders understand the rationale behind them.

They create a historical record of actions taken and discussions held.

#3.

Well-documented minutes show that board members fulfilled their fiduciary duties (duty of care, loyalty, and obedience).

They can serve as evidence that the board acted responsibly in case of disputes or legal challenges.

#4.

Minutes help new board members understand past decisions and ongoing initiatives. They prevent the board from revisiting issues unnecessarily or making inconsistent decisions.

#5.

Many grant providers and donors require nonprofits to keep formal records of board decisions as

part of accountability and governance practices.

#6.

Minutes provide a clear record of what was discussed and decided, reducing confusion or disagreements about previous meetings.

Final Note:

To be effective, meeting minutes should be clear, concise, and include key details such as the date, attendees, motions made, decisions taken, and action items.

BEST PRACTICES FOR WRITING NONPROFIT BOARD MEETING MINUTES

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EFFECTIVE MEETING MINUTES SHOULD BE CLEAR, CONCISE, AND ACCURATE WHILE SERVING AS A LEGAL AND HISTORICAL RECORD. BELOW ARE KEY BEST PRACTICES TO FOLLOW:

STEP 1. PREPARE BEFORE THE MEETING



Use a Standardized Template



Know the Agenda



Use a Standardized Template:

Include sections like date, time, location, attendees, agenda items, motions, and actions taken.

Know the Agenda:

Reviewing the meeting agenda in advance helps structure the minutes.

STEP 2. RECORD KEY INFORMATION ACCURATELY



Basic Meeting Details



Attendance



Approval of Previous Minutes



Basic Meeting Details:

Date, time, location (physical or virtual), and the person presiding over the meeting.

Attendance:

List board members present, absent, and any guests.

Approval of Previous Minutes:

Note whether prior meeting minutes were approved or corrected.

STEP 3. DOCUMENT DECISIONS, NOT CONVERSATIONS



Record Actions Taken, Not Discussion Details



Summarize Key Points



Use Clear, Neutral Language



Record Actions Taken, Not Discussion Details:

Example: Instead of “Lengthy debate on budget concerns,” write:

“The board discussed the proposed budget and approved a 10% increase in program funding.”

Summarize Key Points:

Keep notes concise but include important context.

Use Clear, Neutral Language:

Avoid subjective language (e.g., instead of “heated argument,” say “discussion ensued”).

STEP 4. ACCURATELY RECORD MOTIONS & VOTES



Format for Motions:

“[Board member name] moved to approve the annual budget. The motion was seconded by [Board member name] and passed unanimously (or state vote count).”



Abstentions & Conflicts of Interest



Abstentions & Conflicts of Interest:

Document any board member who abstains from voting due to a conflict of interest.

STEP 5. ACCURATELY RECORD MOTIONS & VOTES



List Action Items & Responsibilities



Set Deadlines



List Action Items & Responsibilities:

Example: “John will research grant opportunities and report back next meeting.”

Set Deadlines:

Clarify when follow-ups should be completed.

STEP 6. REVIEW & DISTRIBUTE MINUTES PROMPTLY



Draft Minutes Soon After the Meeting



Board Approval



Secure Storage



Draft Minutes Soon After the Meeting:
While details are fresh, prepare a draft for review.

Board Approval:
Minutes should be reviewed and approved at the next board meeting.

Secure Storage:
Store minutes safely as part of the nonprofit's official records.

STEP 7. MAINTAIN CONFIDENTIALITY



Balance Transparency & Privacy



Use Executive Session for Sensitive Discussions



Balance Transparency & Privacy:

Avoid recording sensitive legal issues or personal matters in excessive detail.

Use Executive Session for Sensitive Discussions:

If needed, create separate minutes for confidential sessions.

THE ROLE OF A GOVERNANCE OR BOARD DEVELOPMENT COMMITTEE

THE COMMITTEE'S PRIMARY RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO:

1. Board Recruitment and Nominations

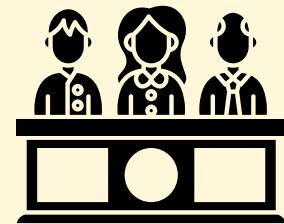
2. Board Member Development

3. Board Evaluation and Governance Practices

4. Leadership Development and Succession Planning

5. Compliance and Ethical Governance

6. Committee Oversight



#1.
Identify, recruit, and recommend new Board members with diverse skills, experiences, and perspectives aligned with the organization's mission.
Ensure the Board reflects the organization's ecosystem.

#2.
Plan and implement orientation programs for new Board members to integrate them effectively.
Develop and oversee continuing education or training for all Board members.

#3.
Coordinate self-assessments and peer evaluations of the Board to measure its effectiveness minimally every other year.
Review and recommend updates to Board policies, bylaws, and procedures to ensure best practices in governance.

#4.
Develop leadership pipelines by identifying potential candidates for Board leadership roles (e.g., committee chairs, officers).
Lead efforts to ensure effective succession planning for key Board positions.

#5.

Ensure compliance with applicable laws, regulations, and the organization's governing documents.

Promote transparency and uphold ethical standards within the Board and across the organization.

#6.

Monitor the structure, composition, and effectiveness of all Board committees.

Provide guidance to the other committees to ensure all committee charters, goals, and work plans align with the organization's strategic goals.

Recommend changes to committee charters or structures to support strategic objectives.

**THE ROLE OF THE
EXECUTIVE
DIRECTOR/CEO IN
MEETING THE
GOVERNANCE
STANDARDS**



THE CHIEF EXECUTIVE MUST ENSURE THE CAA MEETS THE ORGANIZATIONAL STANDARDS

The Board should work together with the ED/CEO to ensure that board agendas, minutes, calendars, training, orientation, and committees are structured in a way to meet the Standards

Keeping the board informed on the Organizational Standards may become part of the ED/CEO report to the board and it is appropriate for the board to inquire about Standards compliance.

The Executive Director (ED) or CEO of a nonprofit plays a crucial role in ensuring the organization meets governance standards. Their responsibilities in this regard include working closely with the board of directors, ensuring compliance with legal and ethical guidelines, and fostering a culture of accountability and transparency. Below are the key areas where the nonprofit ED/CEO contributes to meeting governance standards:

#1.
Ensure the organization complies with federal, state, and local laws governing nonprofits (e.g., IRS 501(c)(3) regulations).
Maintain up-to-date filings for tax-exempt status, annual IRS Form 990, and state charitable solicitation registrations.
Implement policies to prevent conflicts of interest, fraud, and financial mismanagement.

#2.
Work in partnership with the board to develop, review, and implement governance policies.
Provide board members with timely and relevant information for informed decision-making.
Facilitate board training and orientation on fiduciary responsibilities, governance best practices, and strategic planning.
Support the board in evaluating its performance and adherence to governance standards.

#3.
Uphold and enforce ethical standards, ensuring that the organization operates with integrity and tr

ansparency.

Develop and implement policies related to ethics, whistleblower protection, and conflicts of interest .

Model ethical leadership by fostering a culture of trust and accountability among staff and stakeholders.

#4.

Oversee budgeting, financial reporting, and internal controls to maintain transparency and accountability.

Work with the board and finance committee to ensure sound financial management and risk assessment.

Ensure an annual independent audit or financial review, as required.

#5.

Ensure that the organization's programs and operations align with its mission and strategic goals.

Collaborate with the board to develop and implement a strategic plan.

Monitor organizational performance and report outcomes to the board and stakeholders.

#6.

Ensure adherence to fundraising regulations and ethical standards (e.g., AFP Code of Ethics).

Provide accurate and transparent donor stewardship and financial reporting.

Implement donor privacy policies and best practices in gift acceptance and donor-advised fund management.

**BELOW ARE THE KEY AREAS WHERE THE
NONPROFIT ED/CEO CONTRIBUTES TO MEETING
GOVERNANCE STANDARDS:**

1. Compliance with Legal and Regulatory Requirements

2. Board Engagement and Oversight

3. Ethical Leadership and Organizational Integrity

4. Financial Stewardship and Accountability

5. Strategic Planning and Mission Alignment

6. Fundraising and Resource Development Compliance

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SETTING THE TONE AT THE TOP

The Board Chair and CEO must work collaboratively to set the tone at the top.

COMPLIANCE AND ETHICAL PRACTICES START WITH THE BOARD.

COE DEVELOPED CSBG ORGANIZATIONAL STANDARDS Category 5 Board Governance

1. Set the Tone at The Top

2. Think Globally

3. Put It on Paper

4. Assign Responsibility and Require Accountability



#1.

Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive is interdependent. They build this partnership through trust, candor, respect, and honest communication.

#2.

Exceptional boards shape and uphold the mission, articulate a compelling vision, and ensure the congruence between decisions and organizational values. They treat questions of mission, vision, and core values not as exercises to be done once, but as statements of crucial importance to be drilled down and folded into deliberations.

#3.

Exceptional boards allocate time to what matters most and ensure the congruence between decisions and core values.

#4.

Exceptional boards institutionalize a culture of inquiry, constructive debate, and engaged teamwork that leads to sound and shared decision making.

COMPLIANCE AND ETHICAL PRACTICES START WITH THE BOARD.

5. Communicate

6. Work with an Attorney

7. Compliance with Integrity

8. Continuously Improve



#5.

Exceptional boards are independent-minded. When making decisions on behalf of the organization, board members put the interests of the organization above those of the chief executive, themselves, or other interested parties.

#6.

Exceptional boards promote an ethos of transparency and ethical behavior by ensuring that donors, stakeholders, and interested members of the public have access to appropriate and accurate information regarding finances and operations.

#7.

Exceptional boards govern with full recognition of the importance of their fiduciary responsibilities, developing a culture of compliance through appropriate mechanisms for active oversight.

#8.

Exceptional boards ensure that the organization's resources are balanced with its strategic priorities and capacities. Individual board members extend the reach of the organization by actively using their own reputations and networks to secure funds, expertise, and access.

COMPLIANCE AND ETHICAL PRACTICES START WITH THE BOARD.

9. Follow Through Promptly and Effectively

10. Trust, but Verify

11. Get Up-to-Speed and Stay Up-to-Date



#9.

Exceptional boards track the organization's advancement towards mission and evaluate the performance of major programs and services.

#10.

Exceptional boards make form follow function when it comes to their own operations. To provide stable leadership to the organization, they invest in structures and practices that transcend individuals and thoughtfully adjust them to suit changing circumstances.

#11.

Exceptional boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value that they add to the organization.

#12.

Exceptional Boards revitalize themselves through planned turnover, thoughtful recruitment, and intentional cultivation of future officers.

SHAREABLE!





[After you scan the QR code you will find a folder which contains the following:]


1. Board Meeting Agenda Template
2. Board & Committee Meeting Minutes Template

The Board Chair and CEO must work collaboratively to set the tone at the top.

Questions?
Thank you!

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