

NONPROFIT BOARD OF DIRECTOR: ENGAGEMENT AND TRAINING

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May 18, 2022

Frances Patterson Croft

- JD from Univ. of Mississippi
- Trained in Representation of Tax Exempt Organizations and Nonprofit Board Management
- Leadership training and women's pathways to leadership
- Strategic planning and Bylaws



Women's Foundation of Mississippi

Our mission is **economic security for women**. We invest in organizations and activities across the state because we know that when women are economically safe and secure – so are their families, and so are their communities.

We are a public foundation: the only state-wide grant maker focused on women and girls.

- A 501c3 public charity
- We combine resources to support our area of expertise

We raise funds each year to support both our annual operating needs and to build our endowment resources.

- Giving Circle
- Women We Honor, Lois Kennedy Endowment Fund



When Women Thrive, Mississippi Thrives

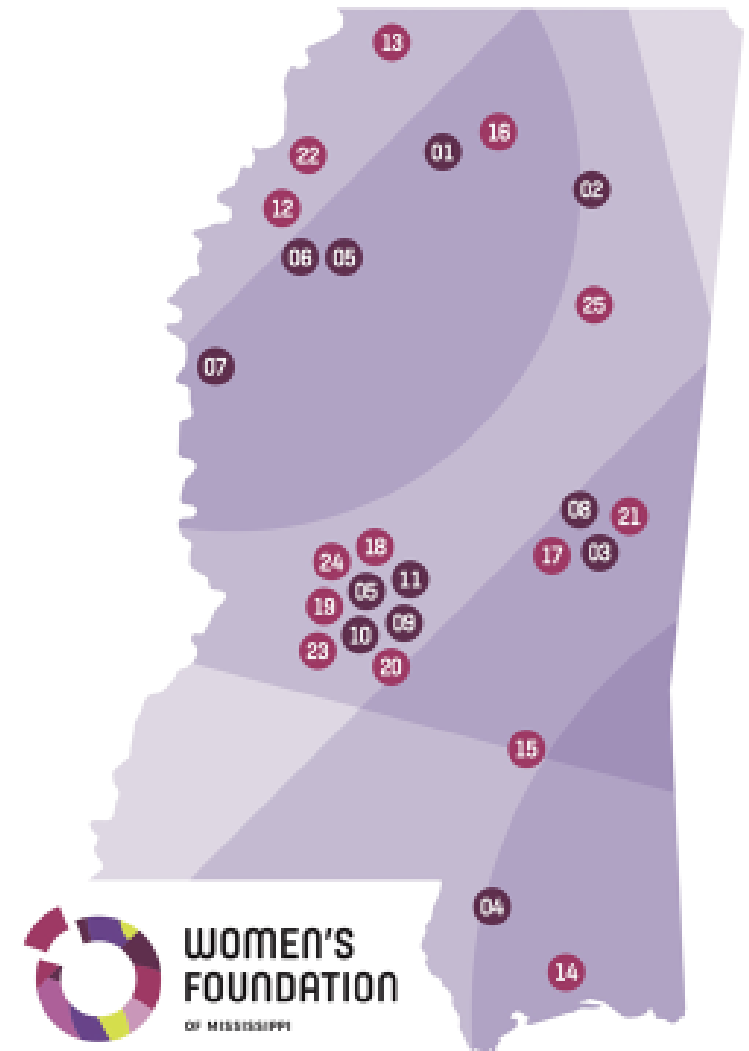
We make **grants**, conduct **research**, provide **education and awareness**, and advocate for change in the following focus areas:

Grant Focus:

- Access to (2-year) degrees and skills training
- Two-generation approach
- Healthy Women

Community Engagement & Leadership Development:

- MS Women's Policy Institute
- She's on Board
- Consider This
- Thrive@Work



When
Women Thrive
Mississippi Thrives



AN EDUCATED BOARD IS AN ENGAGED BOARD.

AN EMPOWERED BOARD IS AN ENGAGED BOARD.

A WELL TRAINED BOARD IN AN ENGAGED BOARD.

WHAT IS ENGAGEMENT?

- If you feel comfortable and knowledgeable, you are more likely to take on and complete a task.
- If you are excited about a task and feel like you can do it well, you are more likely to volunteer.
- If you deeply understand the workings and mission of the organization, and it aligns with your own passions, you will be more engaged.



BOARD ENGAGEMENT

When you ask for more “engagement” from your Board, what does that mean?

Coming to Board meetings

Studying your topic area

Giving Money/Donations

Reaching out to get to know you

Showing up at events

Being an ambassador for your org
in the community

Helping you get meetings with donors
(“door opener”)

Serving on a committee



BOARD DUTIES AND RESPONSIBILITIES

- What is a Board of Directors?
- What is a tax-exempt organization?
- Who is a fiduciary?
- What are the Legal duties of a Director:
 - Duty of Care,
 - Duty of Loyalty, and
 - Duty of Obedience



FIDUCIARY RESPONSIBILITIES

- A board member is a “fiduciary” of the charity.
- A “fiduciary” is required to act in the best interest of the organization and not to engage in transactions that further their own interests at the organization’s expense.



BOARD DUTIES AND RESPONSIBILITIES

- What documents should you ask to see as a Board member?
- How much liability does someone take on when they join an organization as a member of the Board of Directors?
- The Volunteer Protection Act of 1997
 - Protection but still requires Directors to make sure their organization stays compliant with IRS guidelines and maintains its tax-exempt status.



FURTHER LEGAL RESPONSIBILITIES OF A BOARD MEMBER:

- Attend all board and committee meetings regularly.
 - Send calendar invites
- Have a thorough knowledge of the organization's charter and bylaws.
 - Ensure all Board members have a copy
- Heed corporate affairs and keep informed of general organizational activities.
 - Do not keep your board in the dark.



FURTHER LEGAL RESPONSIBILITIES OF A BOARD MEMBER:

- Ensure that minimum legal / technical requirements are met.
- Record personal conduct and register dissent officially.
 - Who is keeping the minutes? Are they shared before the meeting?
- Avoid any semblance of self-dealing.
 - Conflict of interest ... yearly disclosure requirement (990)
- Make no financial profit except as provided for in bylaws.
 - Who is keeping track of conflict of interest forms?



DUTY OF CARE

- Take care of the nonprofit by ensuring prudent use of all assets
- Duty to be informed:
 - To affirmatively investigate facts in order to determine that a reasonable basis exists for accepting such facts
 - Reasonable person would make further inquiries that the facts might not be as presented, have a duty to inquire further to determine validity of facts
- AKA the “duty to ask questions”



DUTY OF LOYALTY

- Ensure activities are advancing mission
- Make decisions in best interest of the nonprofit corporation
- Recognize and disclose conflicts of interest
- Maintain confidentiality of any personal or sensitive information acquired during service to the board



CONFLICT OF INTERESTS

- Board members are not allowed to profit or benefit unduly from their service on a charity board.
- Board members cannot be paid salaries.
- Cannot use information gathered at board meetings to benefit themselves or their families.
- SAME holds true for members of a board committee.



CONFLICT OF INTERESTS

3 Levels of ETHICAL Behavior:

1. Obeying the law.
2. Decisions where the right action is clear, but one is tempted to take a different course.
3. Decisions that require a choice among competing options.



QUESTIONS TO ASK:

- Is this transaction a conflict of interest or could it be perceived as such by others?
- Is it prohibited by the self-dealing rules under the Internal Revenue Code?
- Even if the transaction is not prohibited by the self-dealing rules, is it unfair to the organization? i.e., does it improperly benefit another person or organization?

Continued



QUESTIONS TO ASK CONT.

- Does the transaction create an appearance problem?
 - How would it look on the front page of **tomorrow's newspaper** or to the organization's founders?
- Has the organization followed its own conflict-of-interest policy and processes **AND** documented that fact?

SEPARATE LEGAL VIOLATION = breach of the fiduciary duties owed to charitable organization by their board members and organization managers



CONFIDENTIALITY

How big is Mississippi?



DUTY OF OBEDIENCE

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

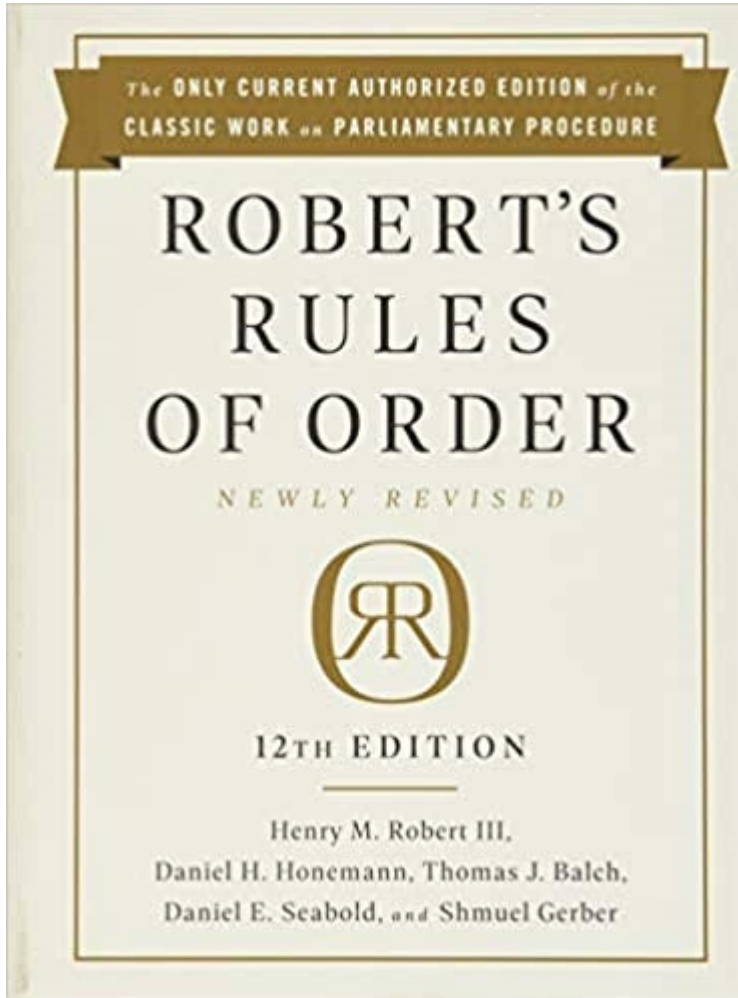


BYLAWS:

- ✓ Main governing document for nonprofit corporation,
- ✓ Supplement the statutory legal rules and guide how nonprofit is managed,
- ✓ Assist actions and decision-making of the board, and
- ✓ Helps to prevent and resolve conflicts or disagreement.



ROBERT



- ✓ Robert's Rules of Order, often simply referred to as Robert's Rules
- ✓ Run an efficient meeting.



BOARD LANDSCAPE SURVEY

- 2nd Chance Mississippi
- Delta Health Center
- Disability Rights Mississippi
- Exchange Club Family Center of Oxford
- Faith in Women
- Ronald McDonald House Charities of MS
- Junior League of Jackson
- Local Jackson area schools
- Methodist Children's Homes of Mississippi
- Mississippi Children's Museum
- Mississippi Center for Justice
- Mississippi Museum of Art
- Mississippi Symphony Orchestra
- The Little Lighthouse, Central Mississippi
- Women's Foundation of Mississippi
- **YOU!** Today's attendees filled out a survey before attending.



BOARD LANDSCAPE SURVEY

- Financial Commitment levels:
 - Range from \$0 to \$10,000 (give and get)
- Size of Board: range from 4 to 40 people
 - Average size was 14 people
- Meetings: range from 2 times per year to monthly
 - Majority have a Board meeting each quarter



BOARD LANDSCAPE SURVEY

Using the information from today's attendees:

- Do staff attend Board meetings? 14 yes and 8 no
- Does 100% of your Board contribute financially to the organization? 12 yes and 11 no
- Does your board have subcommittees? 16 yes and 7 no



BOARD LANDSCAPE SURVEY

Using the information from today's attendees:

- What are the main functions that your board serves to support your organization?
 - Fundraising
 - Community outreach
 - Financial/legal oversight
 - General operations oversight
 - Select/evaluate leadership
 - Recruit/train new board members
 - Strategic Planning



WHAT DO BOARDS NEED?

- Top skills desired in potential Board Members:
 - Fundraising !!!
 - Financial skills
 - Public relations and advertising
 - Networking
 - Connections to donors
 - Business/strategic planning*



BOWL OF GUMBO



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ADDITIONAL BOARD DUTIES

- Strategic Planning – attend and participate in retreats
- **Fund development**
 - Endowments,
 - planned giving,
 - grants,
 - event income, and
 - annual giving (individual donors/corporate partners).

Take time in Board meetings to ensure that your Board really understands the differences in these options.

Why would you encourage a donor in one direction over another?

This is empowering information. Do not assume they know.

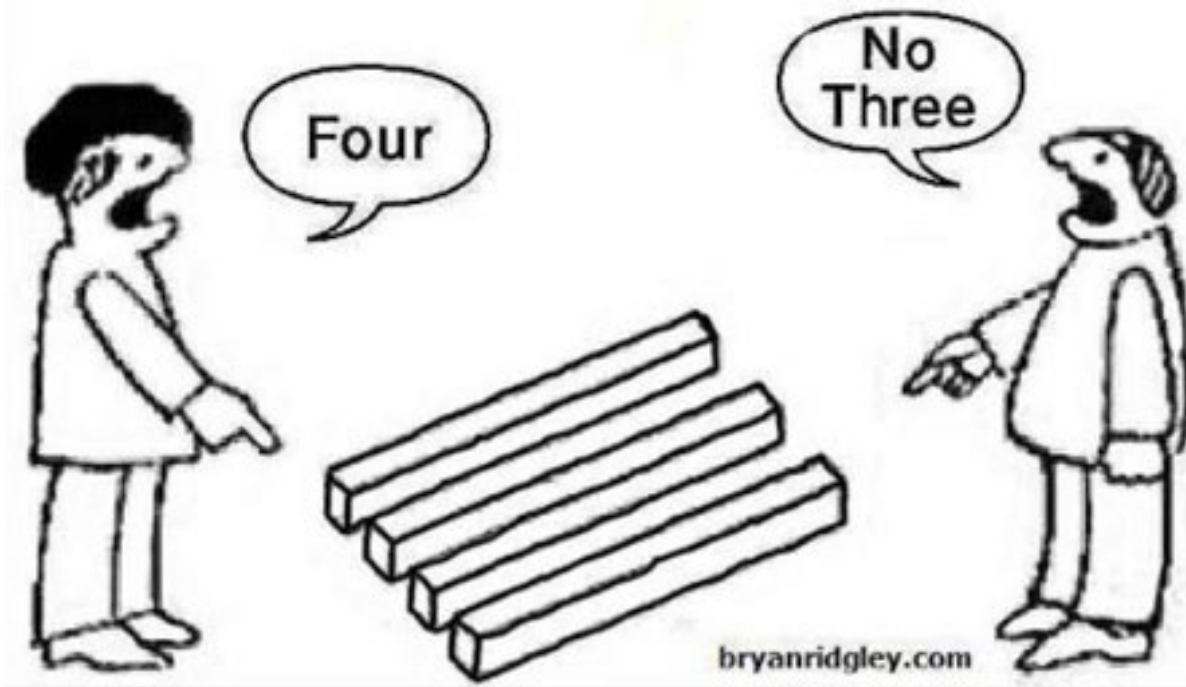


BOARD AND STAFF

- Board's relationship with the organization's chief executive/staff can be wonderful and it can be sticky
 - Check out your employment manual for whistleblower policy
- Evaluation of Executive Director (or staff) as a Board responsibility
- Something to consider Executive Session without the staff and then without ED as regular part of Board your Board meeting



ALL FOR ONE AND ONE FOR ALL



- Conflict resolution as it related to board disagreements
- Agree to Disagree - at some point in every organization, Board members WILL disagree. This is ok! **It means everyone is paying attention.**
- Questions are good! Key is to keep respectful conversation.
- Questions **BOOST ENGAGEMENT**



CRUCIAL CONVERSATIONS

- Necessary for Accountability
- If you avoid crucial conversations, you miss the opportunity for leadership development.
- If you do not follow up (Duty of Care, Loyalty, Obedience), you are not meeting your requirements as a Board member or Executive Director.
- Lead with kindness.
- **When stakes are high, opinions vary, and emotions run strong....** "Tools for Talking with Stakes are High."



WHEN YOU NEED TO LEAVE ...

- Why or when would someone need to resign from the Board of Directors?
 - Term limits
- How to leave - dated/signed Resignation letter



QUESTIONS, ANSWERS, DISCUSSION



QUESTIONS, ANSWERS, DISCUSSION

- Zoom vs. In Person Meetings
- Motivate to volunteer and delegation of tasks
- “But that is how we have ALWAYS done it”
- Recruit diverse membership
- Share information without overwhelming



Thank you for your commitment
and dedication to Mississippi and
to the nonprofit training process.

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