

# Role of the Board

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Community Foundation  
LORAIN COUNTY

# Welcome! Today's Agenda

**9:00**

## **Welcome**

Cindy Andrews, President & CEO, Community Foundation Lorain County  
Kevin Donovan, Board Chair, Community Foundation Lorain County

## **Small Group Breakouts**

### **The Role of the Board: An Overview**

Elizabeth Voudouris, President, BVU

### **Duties of Care, Loyalty, and Obedience**

Gayle A. Reeves, Esq., FAUVER CO., LPA

### **Panel: The Role of the Board**

Magistrate Charlita Anderson-White, Lorain County Juvenile Court  
Cindy Andrews, President and CEO, Community Foundation Lorain County  
Gayle A. Reeves, Esq., FAUVER CO., LPA  
Moderated by Elizabeth Voudouris

**11:30 AM**

## **Closing and Next Steps**

Kimberly Simpson-Kee, Director, Nonprofit Engagement, BVU  
Cindy Andrews, President & CEO, Community Foundation Lorain County





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# HOW BVU WORKS



# How BVU Engages Professionals

## Board Matching

- ▶ Recommends and prepares candidates for board positions
- ▶ Based on needs expressed by nonprofit organizations, and interests and abilities of individual candidates

## Skills-Based Volunteering

- ▶ Engage skilled professionals to help nonprofit organizations address specific operational or functional issues
- ▶ Greatest demand from nonprofits in the areas of human resources, marketing, finance, legal, IT, business planning, facility management and process improvement
- ▶ Get involved either on an individual basis or with a group to tackle a larger and/or multifaceted project

## Direct Service Volunteering

- ▶ HandsOn Team Volunteer Projects

# How BVU Serves Nonprofits

## Build Stronger Boards

- ▶ BVU is committed to strengthening diversity, equity and inclusion on nonprofit boards.
- ▶ BVU refers business professionals to serve on nonprofit boards, committees, and young professional groups through the Board Matching and Linking New Leaders programs.

## Strengthen Nonprofit Governance and Management

- ▶ Nonprofit Consulting Center - BVU staff provides: Governance consulting; Leadership Succession and Executive Transition consulting; Strategic Planning consulting; and merger feasibility consulting.
- ▶ Customized Board Trainings to address particular and timely issues.
- ▶ Skills-Based Volunteering connects business professionals to nonprofits where they use their professional expertise to deliver on high-priority projects.

## Education, Resource Referral and Networking

- ▶ Over 40 trainings and networking events that address nonprofit governance and management topics.
- ▶ Resources on the nonprofit sector, volunteerism, and corporate community involvement.





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# Sector Trends

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# Nonprofits Faced a Confluence of Challenges in 2020

- COVID-19/SIP
- Economic Downturn
- Racial Justice
- Elections

# 1

## Proliferation of Nonprofit Organizations

Over 1.3 million active nonprofit organizations

- Provide 11.4 million jobs
- 5.4% of GDP (\$887 billion to US economy)

Nonprofits in Ohio: 40,521

- 3rd largest industry employer in the state

Nonprofits by county:

Cuyahoga	15,599
Summit	4,640
Lorain	2,037
Lake	1,591



# State of the Sector in Ohio

Ohio's Attorney General and Philanthropy Ohio conducted a 2nd statewide survey in August 2020

## Ohio NPO COVID-19 Survey STATS:

- ▶ 61% operate at moderately or severely reduced capacity
- ▶ 2/3 deliver services differently
- ▶ 14% cut or furloughed staff
- ▶ 86% saw decrease in earned revenue
- ▶ 50% saw decrease in donated revenues
- ▶ 15% of board seats filled with people of color

BVU conducted a 3rd survey of nonprofits in NEO in January 2021

## BVU NONPROFIT STABILITY INDEX:

- ▶ 58% will make long-term changes to how they deliver services
- ▶ 89% are able to deliver services through virtual platforms
- ▶ 54% cut or furloughed staff (July survey)
- ▶ 92% reported that COVID has had a negative impact on revenue streams
- ▶ 71% saw decline in earned revenue
- ▶ 84% saw decline in event revenue
- ▶ 71% are dissatisfied with the diversity of their Board of Directors

# 3

## Strategic and Financial Pressures

- Increasing demand
  - Shrinking resources
  - Reduction in government funding
  - 501-C3 “nonprofit” is tax status, not business model
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## 4 Strategic Alliances

- Economies of scale
- Avoid duplication
- Sustainability
- 68% collaborate to provide programs

## 5 Increased Scrutiny and Transparency

- Outcome metrics
- 990
- Executive Compensation



## 6 Funding

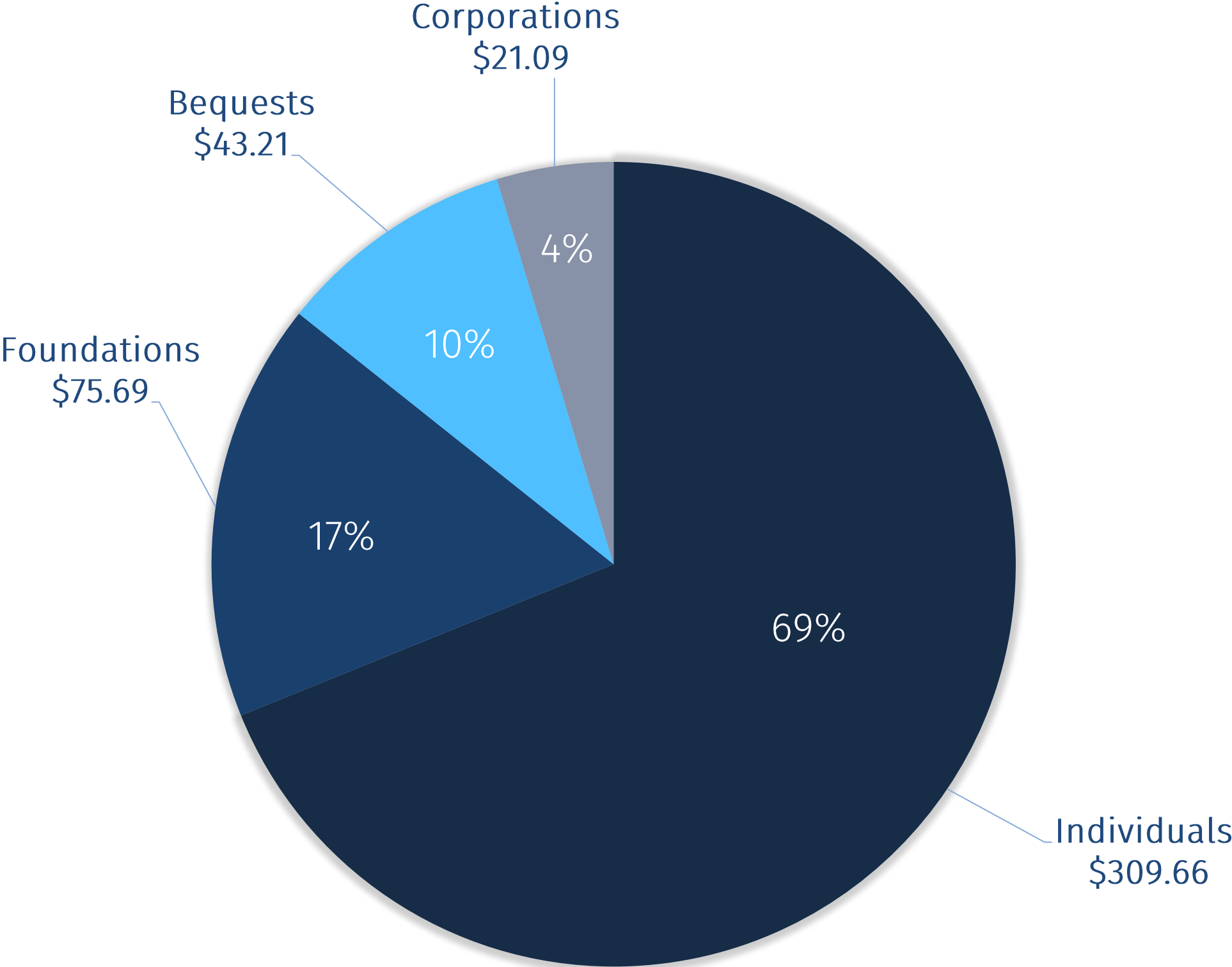
- Charitable contributions are significant source of revenue

## 7 Technology

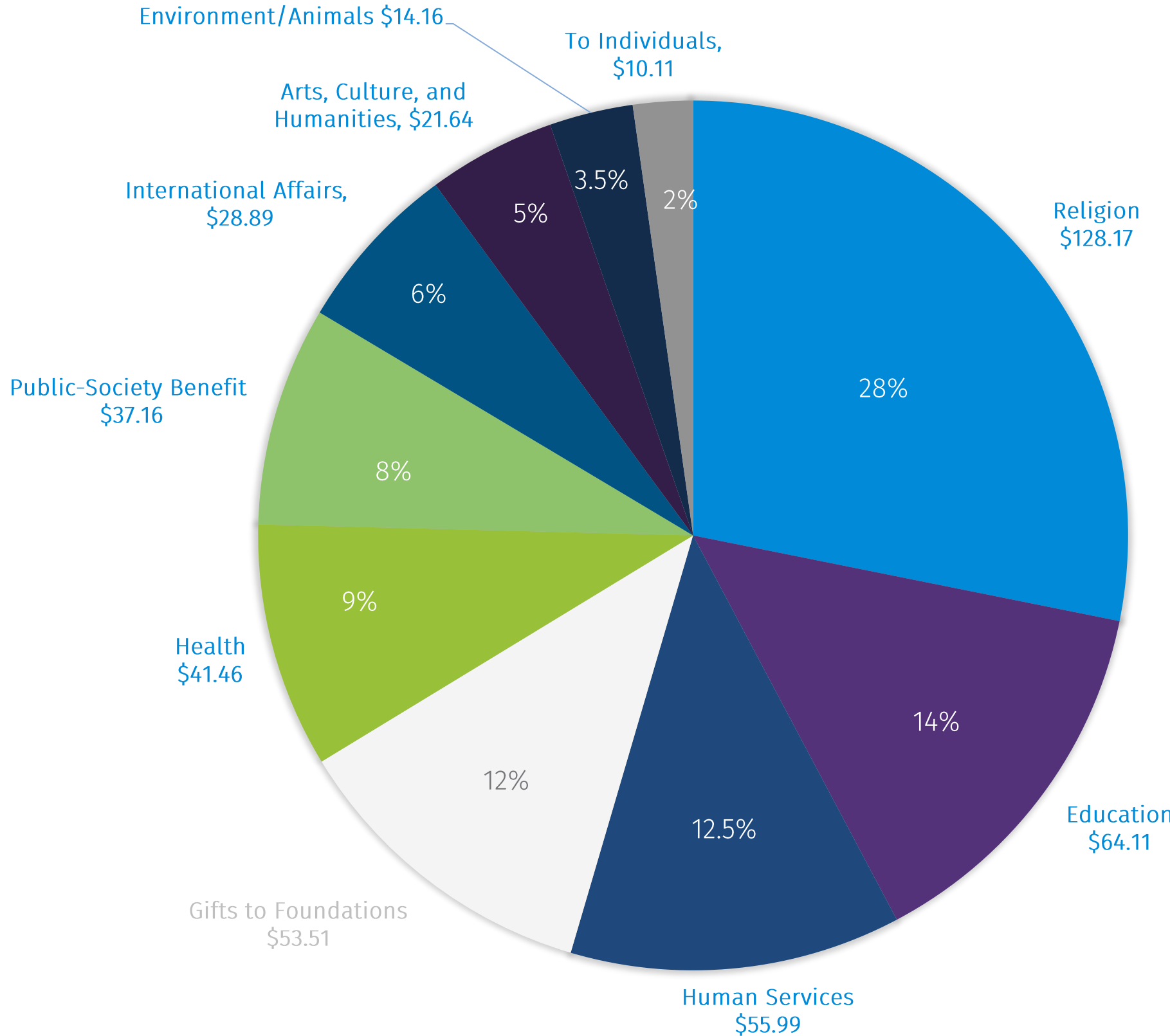
- Greater utilization of technology and social media
- Online giving increased 21% in 2020

# Funding Trends

Total 2019 contributions: **\$449.64 billion**



2019 contributions **by source**  
(by percentage of the total)



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2019 contributions **by recipient organization**  
(by percentage of the total)



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# The Role of the Board of Directors

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# Authority

The board of directors bears the primary responsibility for ensuring that a charitable organization fulfills its obligations to the law, its donors, its staff and volunteers, its clients, and the public at large.

## Basic authority (§1702.30(A), O.R.C.):

“all of the authority of a corporation shall be exercised by or under the direction of its directors.”



# The Board Functions as a Team

The role of the board refers to the board as a whole, a unit, a team. Individual board members do not have authority or individual rights

**Accountability and responsibility rests with the full board...**

Not the Chair

Not the CEO

Not individual board members



# 1 Determine mission, vision and strategic direction

- Scan internal and external environment
- Review and modify strategic plan
- Monitor performance based on key milestones and success factors

# 2 Establish and strengthen community relations

- Ambassadors
- Talking points
- Crisis/transition communications strategy



## 3 Select and support the chief executive

- Partnership
- CEO performance evaluation and process to set compensation (990 requirement)
- Succession plan
- Open doors

## 4 Develop funding resources

- Individual, annual, financial contribution
- Donor identification
- Donor cultivation

## 5 Provide financial oversight

- Adequate accounting skills
- Annual budget
- Regular financial statements and cash flow reports
- Annual audit
- Investment policies

## 6 Ensure legal and ethical integrity

- Duties of care, loyalty and obedience
- Board has the authority as a group, not as individual members
- 96% of nonprofits carry Directors and Officers Liability Insurance for their boards

# 7

## Develop the board

- Governance Committee
- Adopt best practices
- Review and update bylaws periodically



# There Is a Great Difference

**Between Sitting on a Board  
and Serving on a Board.**





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# Best Practices of Governance

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# 1 Define the unique “work” of your board

- Lifecycle of nonprofit

# 2 Strengthen board member engagement

- Clarify expectations and accountability (81% have written job descriptions for board members; 52% conduct annual assessment)\*
- Orientation
- Engage new board members on at least one committee right away
- Buddy system

\*excerpt from BoardSource’s Leading with Intent.  
(2019)



### 3 Build constructive partnership with the CEO

- Annual compensation and evaluation process – 80%
- Open and honest communication
- Annual one-on-one meeting

### 4 Structure effective meetings

- Set dates early; begin and end ON TIME
- Engaged board members do their HOMEWORK BEFORE board meetings
- Board portal
- Consent agenda – 57%
- Dashboard report – 44%
- Executive Session – 61%

## 5 Seek competent and diverse board composition

- Average board size – 15 members
- Race/ethnicity – 84% Caucasian
- Age – 17% under 40 years old

## 6 Ensure relevant board and committee structure

- Average number of committees – 4.8
- Average number of board meetings – 6
- Executive Committee – 78%
- Average board tenure – 6 years (2 three-year terms)

# Why is Diversity Important in the Nonprofit Board Room?

Better  
decision-  
making

Diverse perspectives are better qualified to identify the full range of risk and opportunity

More  
responsive

Diverse boards reflect the communities they serve, which improves the ability to comprehend and respond to environmental and external changes and trends

Stronger  
access

To resources that are important to achieving the mission diverse connections with policy makers, donors and collaborative partners

Better  
pipeline

Boards that are not diverse risk becoming stagnant

Mission  
alignment

Diversity is part of the organization's mission and essential to develop and deliver programs that support the mission

\*excerpt from BoardSource's Board Governance Index: Is Your Board "Normal"?,  
(by Ruth McCambridge, January 2015)



# 7

## Effective communication and deliberation

- Create culture of trust, transparency and inquiry
- Ensure that board functions in all three modes:
  - **Fiduciary:** Legal responsibility for oversight and stewardship
  - **Strategic:** Ensure a winning strategy; decisions about resources and programs
  - **Generative:** Serve as source of leadership & deeper inquiry; explore root causes, values, optional courses and new ideas

# 8

## Succession plan for the chief executive and the board chair

- 34% have a written CEO Succession Plan
- Qualities to seek in a board chair:
  - Ability to build constructive partnership with CEO
  - Fosters trust
  - Resolves conflicts, builds consensus
  - Frames and discusses strategic questions
  - Establishes clear expectations for board members

# DURING COVID-19:

## How will the board be more engaged?

- ✓ Recovery Task Force
- ✓ Executive Committee – meeting more frequently?
- ✓ Board – meeting more frequently?

## What is the role of the board during these uncertain times?

Financial oversight and forecasting

Guard mission (mission drift)

Diversity, Equity and Inclusion Task Force

Secure sufficient resources

Ambassador

Help CEO plan for recovery



“ Board members should not feel like “docile mushrooms (warm and in the dark).” ”

McFarlan and Epstein  
Nonprofit Boards: A Guide, 2009

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## Resources for Board Members

**Business Volunteers  
Unlimited (BVU)**

[www.bvuvolunteers.org](http://www.bvuvolunteers.org)

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**BoardSource**

[www.boardsource.org](http://www.boardsource.org)

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**Independent Sector**

[www.independentsector.org](http://www.independentsector.org)

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**Nonprofit Finance  
Fund**

[nonprofitfinancefund.org](http://nonprofitfinancefund.org)

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# Board Service Readiness? YES/NO

1. I am interested in advancing a cause that I feel excited about.
2. I am curious to learn about issues facing our community.
3. I am interested in learning about leadership in a new environment.
4. I am interested in meeting people outside my usual professional and social circle.
5. I am comfortable making a personal contribution to a nonprofit organization.
6. I can imagine asking others to contribute financially to a cause that I am passionate about.
7. I have enough autonomy in my schedule to accommodate board and committee meetings.
8. I am patient and collegial when working as part of a team.
9. I can commit the time necessary to be an exceptional board member.

\*excerpt from BoardSource

# Sample Question to Explore Board Opportunity

Meeting with the chief executive and board chair to discuss:

- ✓ Mission and scope of programs
- ✓ Revenue structure and key funding sources
- ✓ Key challenges facing the organization in next 3 years
- ✓ Key opportunities for organization growth
- ✓ Strategic plan
- ✓ Relationship between chief executive and board
- ✓ Role of the board
- ✓ Expectations of individual board members (\$, time, events)
- ✓ D&O insurance
- ✓ Tour of facilities





# Thank you

BVU connects businesses and nonprofits, creating connections to better our community.





# Today's Panelists



**Magistrate Charlita  
Anderson-White**  
Lorain County Juvenile Court



**Gayle A. Reeves**  
Esq., FAUVER CO., LPA



**Cindy Andrews**  
President and CEO  
Community Foundation  
Lorain County



# BVU Refers Board Matching Candidates:

- BVU meets with nonprofit leadership to understand their needs
- Candidates are interviewed and referred based on nonprofit organizations needs and candidate interests and expertise
- Role of the Board training

## Board Matching Program



- A speed dating style event to connect young professionals (YP) and nonprofits
- Nonprofits recruit for YP groups, board or committee seats

## Linking New Leaders



# Ask the Expert Virtual Event

- 60 minute virtual consults
- Taking place: March 9-11
- Topics include:
  - Governance
  - Succession Planning
  - Marketing
  - Human Resources
- The link to sign up: <https://handson.bvuvolunteers.org/asktheexpertevents>



people who care • causes that matter

# Connect to a Cause

**September 16, 2021**

**8 am to 8 pm**

Day of giving to  
Lorain County non-profits



## **[VIRTUAL] Latinx Challenges / Two-Day Sessions**

**March 10<sup>th</sup> & 11<sup>th</sup> 9:00am-5:00pm (must attend both days)**

**Space is limited**

**Contact Britt to sign-up**



# Thank you

BVU connects businesses and nonprofits, creating connections to better our community.



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flickr.com/photos/bvu



BUSINESS ENGAGEMENT  
NONPROFIT EXCELLENCE