CompassPoint
NONPROFIT SERVICES

6 i]`X]b[˙Gi W¨YggZ¨``6 c UfXg

DUˇĥ%

8   ˙k   ˙   ˙

k   ˙   ˙ĥ

h

U   ˙#

h   **Director, CompassPoint**

Disclaimer

All material is provided without any warranty whatsoever, including, but not limited to, the implied warranties of merchantability or fitness for a particular purpose. Any names of people or companies listed in this book or in its companion computer files are fictitious unless otherwise noted.

Copyright

TABLE OF CONTENTS

Consider taking these classes which build on today's session:

- **Building Successful Boards—Part 2: Board Composition, Structures and Practices**
- **Recruit the Board Your Organization Needs**

COURSE LEARNING OBJECTIVES

Governance and Legal Obligations

- Understand the purpose of a nonprofit board and the legal obligations of nonprofit board members.

Leadership Competencies

- Have an articulated set of desired leadership competencies for board members.
- Have a clear personal purpose and understand how it supports governance.

Multiculturalism, Power and Board Culture

- Understand how multiculturalism is aligned with governance and underpins board work.
- Have an understanding of the different uses of power in board work.
- Understand components of positive board culture.
- Understand how a board can create a culture of philanthropy.

Board and Staff Partnership

- Understand the distinction between governance and management support; understand the board's roles and responsibilities in each area.
- Understand the interdependent governance relationship between the ED and the board.
- Have identified ideas for how to strengthen the partnership between the board and staff.
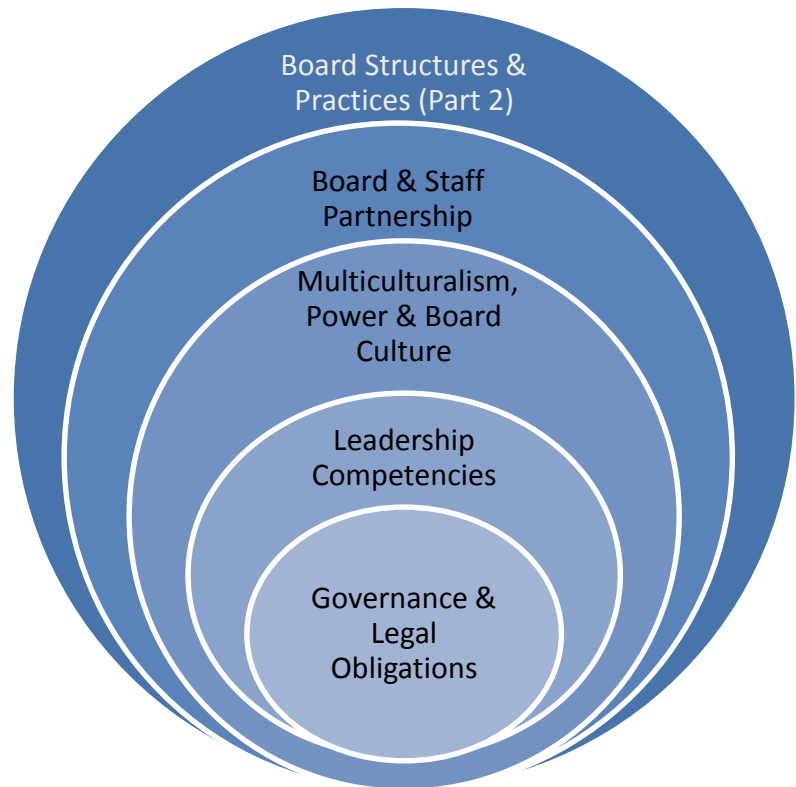
PART 1

GOVERNANCE AND LEGAL OBLIGATIONS

GOVERNANCE

1. Nonprofit Governance

Nonprofit governance is the provision of guidance and direction to a nonprofit organization so that it fulfills its vision and reflects its core values, while maintaining accountability and fulfilling its responsibilities to the community, its constituents and government with which it functions.

—The Alliance for Nonprofit Management's Governance Affinity Group

What words stand out to you and why?

✓ _____

✓ _____

✓ _____

✓ _____

✓ _____

PURPOSE AND LEGAL OBLIGATIONS

2. Purpose of a Nonprofit Board

All nonprofit organizations are legally required to have a board. Although the specific responsibilities may vary due to mission focus and different phases of an organization's existence, the basic role and purpose of all nonprofit boards remain the same. There are legal and ethical reasons that nonprofit boards are required and these reasons shape the foundation for good governance.

> The board is a surrogate public, representing the public's interest as it carries out its programs and activities. As a surrogate public the board's accountability is external and directed at the state attorneys general and the IRS.
>
> —Pamela Leland
> Embracing Interdependence: The Relationship Between the Board and the CEO

Legal Reasons

State laws explicitly indicate that nonprofit corporations need a board to assume the fiduciary role for the organization's well-being. These laws designate overall responsibility and liability to that board. In its role as representative of the public—its clients, donors, volunteers, and general public—the board must ensure that the organization uses its funds efficiently, as donors have designated, and in pursuit of the organization's goals. In sum, nonprofit organizations provide services to the public in lieu of taxes.

Ethical Reasons

One of the key ethical reasons to have a board is to create a structure that functions to assure the public and all individual stakeholders that the organization is in good hands. The board assumes the responsibility for the achievements, or lack thereof, within the organization. Its role in this capacity is to go beyond the legal requirements and ensure that the organization not only does things right, but does the right thing.

3. Standards of Care

In addition to the board's responsibilities as a governing body, individual board members are bound by their legal obligations: the duties of care, loyalty, and obedience. These duties serve in the courts as the test for their compliance if a board member's performance or decisions ever become a legal issue.

Under well-established principles of nonprofit corporation law, a board member must meet these standards of conduct in carrying out his or her responsibilities. States typically have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty, and the duty of obedience.

✓ Duty of Care	✓ Duty of Loyalty	✓ Duty of Obedience
The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board member has a duty to exercise reasonable care when he or she makes a decision as a steward of the organization.	The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information or resources obtained as a member for personal gain, but must act in the best interests of the organization.	The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission.

Advantages of Tax Exemption

When a nonprofit incorporates and obtains its tax exempt status (at both the federal and state levels) they are eligible for have several advantages, they:

- Do not pay corporate income tax on income made by the corporation;
- Can accept donations that are then tax-deductible to the donor;
- Are eligible for foundation and government grants that are only for nonprofits;

- Are eligible for the nonprofit bulk mail postage rate; and
- Are eligible for state and county tax benefits in some areas.

The government has granted these tax advantages to nonprofits for several reasons. Nonprofits provide services to society which may not be provided through the commercial sector. Community-based nonprofits can often perform important community roles that are less successful when done by government agencies. Finally, nonprofits may speak out for groups or advocate for issues that would not be done by either the commercial or government sectors.

Form 990: Required Federal Annual Information Return

Called the Form 990, this is an organizations' federal annual information return. It is similar to an annual tax return, but since 501c3 organizations do not pay income tax, it is more appropriately called an information return. It is required for organizations with revenues in excess of $25,000 annually (there are some exceptions, such as religious organizations).

It is critical that the information included be accurate for compliance reasons, but it is also important because the 990 is public and accessed by donors, community members, regulators and the media.

The Form 990 was substantially redesigned in 2009. Some areas of major changes in reporting requirements from the earlier Form 990 include a new governance section and substantial revisions to the reporting of the organization's compensation of officers, directors, trustees, key employees, and highest compensated employees. For example, Part VI, Governance, Management, and Disclosure, is a newer section that asks questions about the organization's governance structure, policies and practices. Your board should carefully review the Form 990 and the instructions to make sure reporting requirements are in check.

Legal Questions?

California's Office of the Attorney General—For California regulatory information: www.oag.ca.gov/charities

IRS—For Federal Regulations and Tax Information: www.irs.gov/Charities-&-Non-Profits

Nonprofit Law Firms—For legal help, informative blogs, resources and publications. Two firms among many to try:
- The NEO Law Group: www.attorneyfornonprofits.com
- Adler & Colvin: www.adlercolvin.com

EXERCISE

Name specific activities that you or other board members have recently fulfilled in each of the following areas:

DUTY OF CARE	DUTY OF LOYALTY	DUTY OF OBEDIENCE
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓

HIGH PERFORMING BOARD PRACTICES

High performing boards have the following practices in place to ensure standards of care are met:

Directors and Officers (D&O) Insurance

Despite the increasing number of lawsuits, board members have been held personally liable in only a very few cases. D&O offers peace of mind for board members who may be reluctant to join the board for fear of jeopardizing their personal assets, and D&O may cover the legal fees if there is a suit.

Directors and officers insurance provides coverage for "intentional" actions taken by a board of directors and will provide defense against allegations of illegal acts such as harassment and discrimination. It will not cover insurance for illegal acts. This means that if an organization and/or individual is found guilty of intentional discrimination or harassment, the insurer, which defended the lawsuit, will not be able to pay any damages awarded by the court and will likely seek reimbursement for the cost of the defense. Therefore it is critical that you: keep your employee handbook updated and in compliance with current law; clearly and promptly document each employment action; consider making "at will" the standard of employment; follow your employee handbook to the letter; conduct candid, thorough annual reviews; make a prompt, thorough investigation of allegations of harassment or discrimination, and seek legal advice before taking an employment action[1].

Consider purchasing D&O insurance, but never consider it a substitute for common sense, practical wisdom, and informed judgment. Most organizations purchase D&O insurance through their insurance brokers. If you do purchase D&O insurance, carefully investigate the coverage, exclusions, and time period for which the policy is applicable. Each year, send copies of the paid certificate to board members.

---

[1] Source: Nonprofit Directors and Officers, Key Facts about Insurance and Legal Liability, published by the Nonprofits' Insurance Alliance of California, PO Box 8507, Santa Cruz, CA 95061 or at www.niac.org.

Conflict of Interest

A conflict of interest exists when a board member, manager, officer, or management employee has a personal interest that is in conflict with the interests of the organization, such that he or she may be influenced by this personal interest when making a decision for the organization.

—Exceptional Board Practices: The Source in Action, BoardSource

There are two kinds of conflict of interest: potential and actual. The *potential* for a conflict of interest arises in situations in which a condition exists where he or she could act in ways that are is in conflict with the interests of the organization. If this person does not properly disclose the conflict and recues her/himself from the discussion, then an actual conflict of interest may exist.

Most boards will have potential conflicts from time to time. It is not necessary to completely avoid all *potential* conflicts as long as the following safeguards are in place to manage conflicts appropriately.

✓ Ensure that a conflict of interest policy is signed by all board members at the time they join the board and renew it annually. The statement may be a simple declaration or it may require detailed information about the board members' financial interests.

> **ALERT!**
>
> Nonprofit organizations incorporated in the state of California are <u>required</u> to have a conflict of interest policy.
>
> See The Nonprofit Risk Management Center www.nonprofitrisk.org for a sample conflict of interest policy.

✓ Establish disclosure as a normal habit or practice. Board members should find it customary for someone to say, for example, "This next agenda item relates to joining a collaborative with other mental health agencies that receive county funds. Because I am on the staff of one of the agencies involved, I have a potential conflict of interest and I am going to excuse myself from the room for this discussion." In another situation a board member might say, "I have a personal relationship with the Program Director and as a result feel that I must resign from the board. I would like to continue as a member of the Fundraising Committee, but not as a board member." Disclosures and excusal from voting should be recorded in the meeting's minutes.

✓ Third, if major purchases are involved, at least three competitive written bids should be obtained to ensure that prices and product are comparable if there will be a financial benefit to a board member.

Conflict of Interest Guidelines

Excerpted from "Now You See It, Now You Don't: Conflict of Interest Demands More Than Just a Policy" by Mel Gill, Synergy Management and Consulting Associates. Printed in Nonprofit Quarterly, March 21, 2007.

Here are some guidelines that can help organizations define conflict of interest and frame formal conflict of interest policies:

- A conflict of interest may be real, potential, or perceived.
- Board members are considered to be in a conflict of interest under the following circumstances:
- when they—or when members of their family, business partners, or close personal associates—could personally or professionally benefit, directly or indirectly, financially or otherwise, from their position on the board;
- when they use their position on a board to the disadvantage or detriment of a third party;
- when they solicit or obtain preferential treatment related to services received from or rendered to the corporation, including contracted work, employment, or honoraria;
- when circumstances arise that compromise, or appear to compromise, the ability of board members or staff to make unbiased decisions;
- when they appropriate financial or other resources for personal use (e.g., information, property, equipment, supplies, transportation, training);
- when they seek, accept, or receive material personal benefit from a supplier, vendor, individual, or organization doing or seeking business with the corporation;
- when they are involved in the contracting, employment, supervision, grievance, evaluation, promotion, remuneration, or firing of a family member, business associate, or friend of the director;
- non-pecuniary interests may present a moral conflict of interest, if not a legal conflict.

Board members may create a moral conflict under these circumstances:

- when their personal interests conflict with the interests of members or clients or are otherwise adverse to the interests of the corporation;
- when their membership on the board or staff of another organization could create interests that conflict with the interests of the corporation or its clients and where their activities on one board might materially affect their capacity on another board.

Managing Conflict of Interest

Even with the best policies and practices, conflict of interest issues will arise and need to be managed. Below are some principles and procedures for managing conflicts of interest:

- Board members should disclose conflicts of interests early and often.
- Conflict of interest should be a regular item on every board agenda and periodically discussed by the whole board.
- In cases where a board member may not perceive that a conflict of interest exists, it is the responsibility of other board members who are aware of a real, potential, or perceived conflict of interest on the part of a fellow board member to raise the issue.
- If the board is contemplating a financial transaction with a board member, the process should be conducted through a fair and open process in which board members who have no personal or business interests in the matter make the final decision about awarding contracts.
- Finally, the organization should report annually (for example, on its Web site or in its annual report) any conflict of interest disclosures and their disposition in relation to any financial transactions.

Standard of Care Guidelines

The following general guidelines are based on the standard of care duties. These guidelines can do a great deal to protect the organization, its clients, and the personal assets of individual board members. Include guidelines in orientation material and the board handbook.

- Act at all times with the benefit of the (nonprofit) corporation and its charitable purpose in mind.

- Attend board and committee meetings and make sure your vote is recorded. A board member can be found liable for either supporting an act of the board or not opposing an activity—even if he or she is not aware of the activity due to absence from a meeting. See that a written record of each board meeting is kept and approved.

- Disclose all possible conflicts of interest, abstain from voting when you feel that some conflict may exist, and avoid self-dealing activities. Discourage business dealings between board members and the organization.

- Be familiar with organization bylaws and ensure that they are followed.

- Make sure state and federal statutory regulations are met, including but not limited to filing annual information returns (such as IRS Form 990), remitting withheld payroll taxes and employer-paid taxes, and submitting payroll reports.

- Stay informed. Review all program reports carefully; request and review regular and timely financial statements and other financial reports; ask questions.

- Seek advice from competent experts, such as lawyers, accountants, and other professionals in their respective fields.

- See that the organization has written and up-to-date personnel policies, complies with employment law, and follows these personnel policies and laws.

- Make sure the organization's bylaws include an indemnification clause. An indemnification clause states that the nonprofit organization, within its financial abilities, will cover most legal fees or judgments against a board member.

GOVERNING MODES

Effective governance by a board of trustees is a relatively rare and unnatural act.

—Richard Chait, Governance as Leadership

Governance as Leadership

This framework[2], by Chait, Ryan and Taylor, posits that there are three modes of governance. When a board is able to work well in all three modes, the board achieves "governance as leadership." Each mode fulfills different dimensions of governance—all equally important. When a board excels in only one or two modes they are not adding as much value to the organization as when they are operating in all three. Given the nature of the governance issue at hand, the board should choose the appropriate mode to guide discussion and decision making.

Governance Mode 1: Fiduciary
This type of governing is related to oversight, financial discipline, mission adherence, and upholding the interests of the organization. The law recognizes fiduciary responsibilities as a board member's duties of care, loyalty and obedience.

Typically questions asked while governing in this mode:

- What do we hold in trust and for whom?
- How do we know the organization is fulfilling its mission?
- How do we describe our fiduciary performance to stakeholders?
- What is the evidence that we are trustworthy?
- What is our financial health?
- Are we in compliance with all local, state and national laws?

---

[2] Adapted from *Governance as Leadership: Reframing the Work of Nonprofit Boards* by Richard Chait, William Ryan and Barbara Taylor, 2005.

Governance Mode 2: Strategic

This mode focuses on purpose, performance and organizational impact. Its main activities are strategic thinking while governing in this mode, the organization names "big hairy audacious goals" (BHAGs). The focus is envisioning and shaping an organization's direction and future. Example questions asked while governing in this mode:

- How do we innovate?
- Do we want to be a social justice organization? How might that effect community and government support?
- Do we relocate our programs and services to be more accessible to our constituents, or do we re-tool our programs to meet the needs of this neighborhood?
- Where is our field headed? What are the new trends that we will need to consider?
- Are we market competitive? What is our competition doing?

Governance Mode 3: Generative Thinking

Modes 1 and 2 are typically well practiced while most organizations struggle to work in the domain of mode 3. Modes 1 and 2 provide both the "where are we going" and the "how are we going to get there" aspects of governance. Mode 3 however is often the most overlooked mode of governance—and very few boards are able to fully put it into practice.

It is the process by which we choose which frameworks to use in our problem solving; how we conceive of ideas and how we ultimately make sense of things. It's the meaning-making mode where we engage in inquiry to frame questions, which generate dialogue, which then lead to new ways of understanding.

> Generative thinking is a cognitive process for deciding what to pay attention to, what it means, and what to do about it.
>
> —Bill Ryan, Governance as Leadership

Key characteristics of a generative board:

- *A different view of organizations identity and purpose* – generative thinking is not linear
- *A different view of leadership* – enable organizations to move forward with complex problems that defy the one right answer solution.
- *A different mindset* – beyond fiduciary and strategy
- *A different role* – the board is an added value
- *A different way of thinking* – boards that are intellectually playful and inventive not just logical and linear
- *A different notion of work* – frames higher-order problems in addition to other duties; asks catalytic questions not just operational

- *A different way to do business* – retreat meetings, robust conversations, organizational learning

When a board fosters a culture of inquiry, by operating comfortably in the generative mindset it creates the following benefits:

► Empowers the board

► Engages the collective mind

► Exploits board assets

► Enriches board work

► Enhances board performance

EXAMPLE: VIOLENCE PREVENTION AGENCY—SHOULD WE START AN ART PROGRAM?

Fiduciary	• What are the costs of expanded personnel, art supplies and required facilities? • Can we afford it? Can we get additional funding or charge fees? *Intended action:* Approve/not approve a new program plan
Strategic	• What is the competition? • How will we measure the impact or success of the new art program? *Intended action*: Form committee to identify/scan local competitors and develop evaluation metrics
Generative	• What is the relationship between arts and keeping kids safe? • Is an arts program aligned with who we are? • How will this impact our other programs? • Why arts? Why not sports, science or nature? Are there other kinds of programs that would be better? *Intended action:* Form task force to interview community leaders, parents, local government and other service providers about this new idea. Research best practices of violence prevention programs across the state to learn about other innovative programs. Bring more information to the board for further discussion.

EXERCISE

Choose a topic and identify a 1-2 questions appropriate for each mode.

TOPIC EXAMPLE: Open a new office in a nearby county.

_____

Fiduciary	
Strategic	
Generative	

PART 2

LEADERSHIP COMPETENCIES

LEADERSHIP COMPETENCIES

Leading Within a Movement

Leading Within the Community

Leading the Organization, Program, or Project

Leading (with) Others

Leading Self

Example Competencies by Leadership Domain

Leading Self:
Self awareness and self management

- Identifying personal purpose
- Increasing self-awareness
- Ability to self-manage
- Acknowledging and bringing forth strength and power in self
- Becoming aware of own cultural values/assumptions
- Committing to personal change

© 2014 CompassPoint Nonprofit Services. Adapted from the work of Center for Creative Leadership, Grantmakers for Effective Organizations, David Day, and Building Movement Project

Leading (with) Others:
Social awareness and relationship management

- Relating to and understanding others
- Developing others
- Acknowledging and bringing forth strength and power in others
- Engaging in inquiry and openness
- Engaging in responsible feedback
- Coordinating efforts and building commitments
- Empathizing with multiple perspectives
- Awareness of the cultural values/assumptions of others
- Addressing dominant – non-dominant group dynamics

Leading the Organization, Program, or Project:
Ability to interpret and adapt to the context within a system, entity, organization

- Setting vision and strategy
- Problem solving & decision-making
- Team building
- Managing change
- Succession planning and creating shared leadership
- Fosters the ability to imagine, envision and create new realities
- Identifying systemic patterns
- Surfacing un-discussable issues

Leading Within the Community:
Ability to navigate within systems often without positional power or authority:

- Collaborating
- Communicating effectively
- Networking
- Acting as a community steward
- Advocating and engaging in systemic change

Leading Within a Movement:
Ability to engage stakeholders from different sectors, communities and disciplines

- Creating and contributing to a larger vision for social justice
- Engaging in cross-organizational work
- Building relationships with other agencies, groups, and individuals;

- Engaging constituencies
- Transferring trust, power, and responsibility from older leaders to younger ones
Understanding how race, class, gender, and other cultural factors impact work

Discussion:

1. **What leadership competencies would you prioritize as most important for your board members?**

2. **How have you communicated these leadership expectations to board members?**

3. **How do you support board members' leadership development to fulfill these expectations?**

_____

_____

_____

_____

EXERCISE

Perspective Wheel:
What is your primary motivation to serve—your *board* personal purpose?

A circular wheel divided into eight equal segments, each labeled:

- Professional Development
- Commitment to Region or Locale
- Something Else
- Passion for Specific Field Area
- Interest in Governance
- Relationship Building, Networking, Connection to Community
- Commitment to a Particular Population
- Social Justice/ Social Change
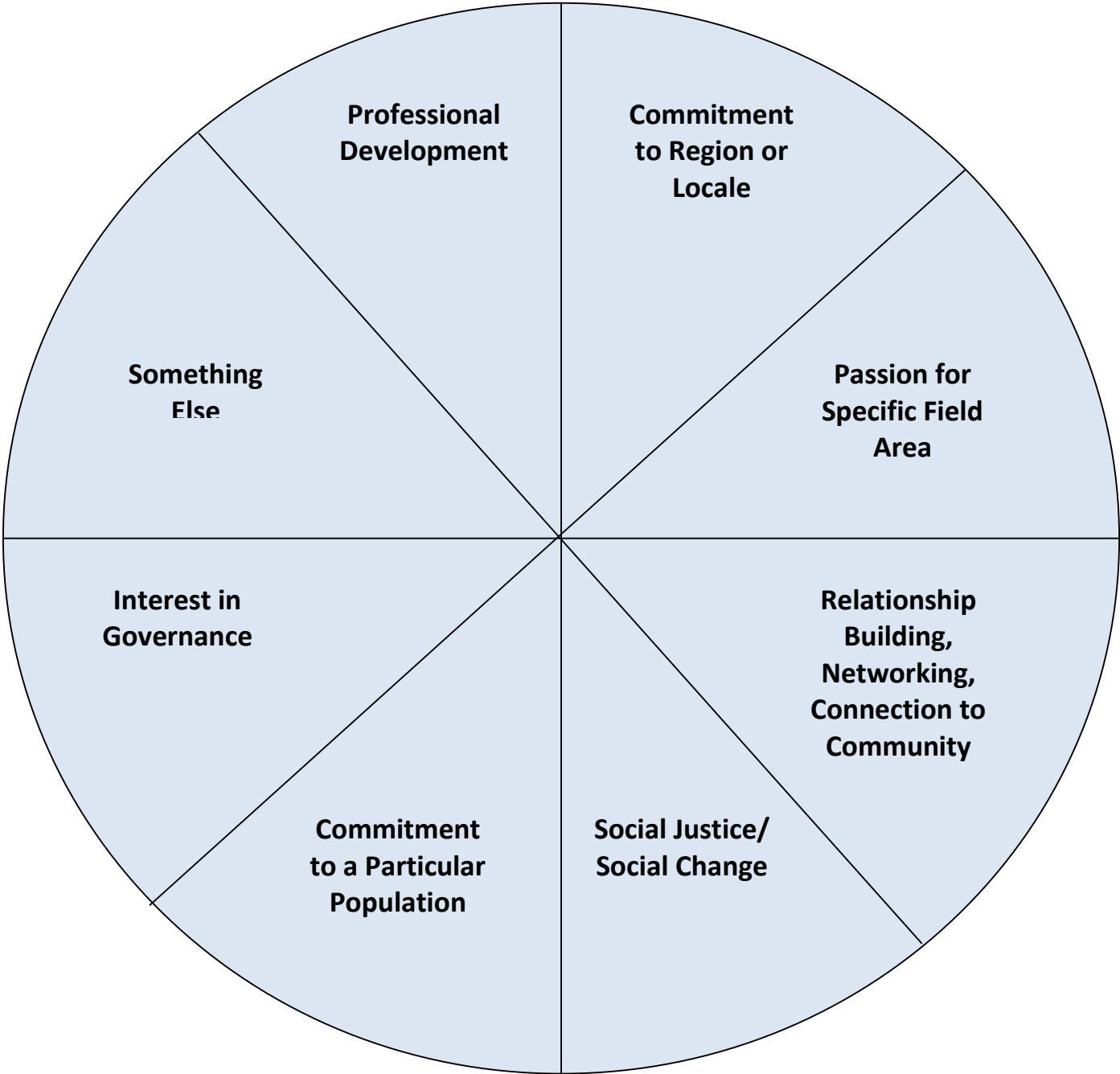
PART 3

MULTICULTURALISM, POWER AND BOARD CULTURE

MULTICULTURALISM, POWER AND BOARD CULTURE

1. Multiculturalism

Multiculturalism Defined:
The practice of appreciating cultural and social differences within personal interactions, group and organizational practices. Leaders and groups that operate in a multicultural framework strive to have inclusive practices, to understand and work to undo social and economic inequity, and the imbalance of power held by privileged social groups. Transformation and reconciliation are often the goal in a multicultural process.

Good governance fosters multiculturalism. Board work is fundamentally about furthering organizational practices that are for the benefit of the community and therefore respectful, inclusive and valuing of cultural differences.

Discussion

- **In what ways does <u>your</u> board support multicultural practices?**
- **What are opportunities for you to bring a focus on multiculturalism into your board?**

_____

_____

_____

_____

2. The Role of Power in Board Work

Types of Power

Power Over: Is often linked to domination and control, the power to command compliance. It is so much a part of our society that we are accustomed to its language. Many systems function by imposing "power over" through coercion and threats. Positional leaders in nonprofits, like other institutions, often use "power over" simply by restricting information and narrowing the number of individuals given decision making power or who can influence decisions.

Power With: The kind of power shared or given to respected individuals; social power, influence wielded among equals; power to suggest and to be listened to. When we act together, we have collaborative power. Many nonprofit leaders also exercise "power with".

Power from Within: As individuals with have endless reserves of power within: creativity, immanence, spirit, soul depending on your world view; the sense of bonding and connection with other human beings and the environment; willingness to participate as an agent of change.

> It does a disservice when board members don't take full responsibility for how and when they wield—and at times withhold—their power.

Power Under: When we give up the power we have, when we say we can't instead of we won't. "Power under" can also be a conscious giving up of power, in order to follow. In some instances nonprofit leaders hesitate to use their positional authority and can make inappropriate choices of when to use "power over" and "power with".

Power is always at play in our nonprofit organizations—at the board level, staff level, and in between.

Considerations:
- Power can be constructive: When accompanied by responsibility and accountability and builds the power of the group.

- Power can be destructive: Oppressive and lacking in accountability.

- Differences in social power (race, class, gender, nationality, etc.) impact structural power inside organizations and on our boards.

- The most effective boards acknowledge their power and wield it appropriately.

- Governance is collective by definition and meant to foster collective power.

Discussion:

- ✓ **What kind of power does your board exercise and in which circumstances?**

- ✓ **When *you* personally exercise power, what kind and in what circumstances?**

- ✓ **What conversations about power do you need to have with your board? With the ED/Staff?**

Power Over

Power Within Self

When Do You Use?

Power With (collective)

Power Under

_____

_____

_____

_____

_____
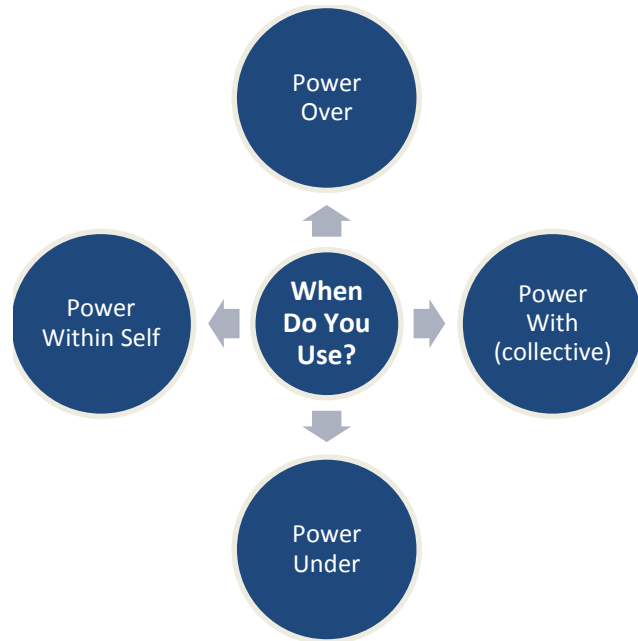
Sources: *Asian Journal of Public Administration, Power Within and Without the Organization: The Issue in Perspective, Terry Casey; VISIONS, Inc.; The "Haves" and "Have-Nots" Within the Organizations, Elizabeth A. Hoffmann; Truth or Dare: Encounters With Power, Authority and Mystery; and Mayeno Consulting.*

3. Board Culture

Whether it is stated explicitly or not every board has a culture. Board culture is expressed in myriad ways, such as: how your meetings are run, the way members communicate with one another, how relaxed or formal processes are, and how the board engages with staff, donors, and the community.

Your board culture may be fostering good governance and supporting positive engagement or it might be a hindrance to governance and fully engaging your present and future board members. There are numerous dimensions to culture and they will affect your board's dynamics. The way to ensure positive and strong board dynamics is to intentionally instill systems and practices that enhance the board's effectiveness and performance. Consider these components of board culture (among many others):

Culture of Inquiry

The culture of inquiry is necessary for a board to engage in candid discussions of complex issues that encourage dissenting opinions to be voiced. Disagreement does not mean disloyalty nor does consensus equal unanimity. Boards that foster this culture are not afraid to question complex, controversial, or ambiguous matters or look at issues from all sides. Inviting inquiry, dialogue and debate increases the quality of the outcome and it makes board service more interesting and gratifying. Generative thinking discussed in part 1 supports a culture of inquiry.

Culture of Respectful and Open Communications

To ensure a positive board culture, many organizations will adopt communication agreements that support group process and ensure that all voices are heard. See the sample list in the following high-performing section. To support a culture of inquiry in addition to fostering respectful and open communications, consider these practices:

Trust—when there is trust, board members feel comfortable sharing a different opinion or challenging a process. Arguments can be respectful, not personal and understood to be exercising duties of care, loyalty and obedience. To build trust:

- Ensure that all process is transparent
- Include social forums and fun experiences for board members to get to know one another
- Provide easy access to information and organizations documents
- Encourage different viewpoints by explicitly inviting counter-opinions
- Institute board self-assessments so that performance is regularly discussed and concerns are addressed

- Share leadership throughout the board so that power is not concentrated in a few individuals who might dominate (whether intentionally or not)

Information sharing—it's critical to keep board members informed of the field, sector and environment that impact the organization's work. Regularly bringing in outside perspectives (articles, blogs, experts, etc.) fosters the ability to ask new questions and consider different possibilities that were previously unknown.

Generative thinking—as explained in the previous section, generative thinking is predicated by a culture of inquiry. Board agendas include open-ended questions to widen the frame of possibilities versus narrow or limit the range of discussion.

Adapted from "Curious Boards" by Nancy Axelrod in Exceptional Board Practices, BoardSource, 2007.

HIGH PERFORMING BOARD PRACTICES

High performing boards have the following practices in place to foster multiculturalism and ensure a healthy and positive board culture:

Sample Communication Agreements

Boards should regularly evaluate their communication efforts by asking questions such as:

- "How well are we living up to these agreements?"
- "Have we incorporated them so well that they have become ingrained?"
- "When we don't honor them, how should we hold ourselves accountable?"

1. Be fully present and choose for yourself when and how to participate. This is always an invitation, never an invasion; an opportunity, not a demand.

2. Try on new ideas and perspectives. Open your mind to new ideas. Be open to change; change does not imply blame or criticism of the past.

3. OK to disagree, not OK to shame, blame, attack or discount yourself or others. Seek instead, through deep listening and open questions, to help each person find his/her own clarity.

4. Speak from the "I" and be self-focused. Speak your truth. Be willing to experience and express discomfort. Accept and expect non-closure.

5. Step Up: Participation and listening. Slow down and pay attention to the voice of the inner teacher. Stay engaged and act in ways to help others stay engaged. No dominating, no hiding.

6. Be aware of intent and impact. It is possible with the best of intentions to have a negative impact. Be open to learning and seeing "hard realities with soft eyes." Turn from reactive judgment to compassionate inquiry.

WATCH OUT!
The Five Dysfunctions of a Team

1. **Absence of Trust**: Unwillingness among team members to be vulnerable within the group. Team members who are not genuinely open with one another about their mistakes and weaknesses make it impossible to build a foundation of trust.

2. **Fear of Conflict:** The failure to build trust is damaging because it sets the tone for the second dysfunction, the fear of conflict. Teams that lack trust are incapable of engaging in unfiltered and passionate debate of ideas. Instead they resort to veiled discussions and guarded comments.

3. **Lack of Commitment:** Without team members having aired their opinions in the course of passionate and healthy debate, team members rarely, if ever, buy-in and commit to decisions, though they may feign agreement during meetings.

4. **Avoidance of Accountability:** Because of the lack of commitment and buy-in, team members develop an avoidance of accountability. Without committing to a clear action plan, even the most focused and driven people hesitate to call their peers on actions and behaviors that seem counterproductive to the good of the team.

5. **Inattention to Results:** Failure to hold one another accountable creates an environment where this dysfunction thrives. Inattention to results occurs when team members put their individual needs above the collective goals of the group.

Excerpted from the Five Dysfunctions of a Team by Patrick Lencioni. Jossey Bass, 2002.

Inquiry Based Agendas

✓ **Ban Report Outs**: During board meetings replace verbal "report-outs" with questions on the agenda to provoke discussion. To help this shift from information transmittal and oversight to inquiry and discussion, design agendas with questions posed by topic area. If there are no relevant questions, then the information is included in the board packet but is not reviewed in the meeting. This reinforces preparation and makes time for more meaningful discussion.

✓ **Themed Board Meetings**: Identify the 1-3 most important questions that your board must answer this year and use those "hot topics" to create themes for each board meeting. This will help draft meaningful questions for the agenda and signal to the group the importance of the discussion.

✓ **Consent Agendas:** To ensure more time for robust discussion, adopt a consent agenda format to handle uncontested, routine business that does not require discussion. Typical items in a consent agenda: acceptance of minutes, final approval of items already vetted, and acceptance of routine reports. Such items are grouped into one agenda item and the entire set is approved in one motion.

> **WATCH OUT!**
> **Consent Agendas**
>
> Although consent agendas are a good efficiency mechanism, be careful that important items that really do warrant discussion are not pushed through without proper vetting. To ensure that items are indeed appropriate for the consent agenda, provide sufficient background materials in the board packet that is distributed ahead of time. Allow members to request that an item be pulled out of the consent packet if they feel a discussion is necessary.

WHAT ARE YOUR HOT TOPICS?

What are the three most important questions for your board to answer this year? These questions are the basis for your board meeting themes and inform how you build your agendas. Discussion of hot topics also ensures that board meetings are engaging and focused on the "right" questions.

More on creating board agendas in **Building Successful Boards—Part 2: Board Composition, Structures and Practices**. See www.compasspoint.org for upcoming dates.

4. Culture of Philanthropy

Another dimension of board culture is the way in which the board supports and engages in fundraising activities. Frustration among executives and boards related to the board's role in fundraising runs deep. Many of the issues can be traced to culture—specifically an under appreciation and misunderstanding of what a culture of philanthropy is and how it relates to board service.

While familiar to fundraising professionals, the term culture of philanthropy is not yet well understood nor commonly used across the sector. Not to be confused with institutional grant making or the act of giving money as a donor, a **culture of philanthropy refers to a set of organizational values and practices that support and nurture development within a nonprofit organization.**

In her book, Strategic Fund Development, Simone Joyaux, ACFRE, writes that organizations that can answer "yes" to the following have a "culture of philanthropy." She adds that when this type of culture is in place, "each volunteer and every employee feels it. Clients and donors recognize it whenever they connect with the organization."

> ✓ Most people in the organization—across board and staff positions—act as ambassadors and engage in relationship building.
> ✓ Everyone promotes philanthropy and can articulate a case for giving.
> ✓ Fund development is viewed and valued as a mission-aligned program of the organization.
> ✓ Organizational systems are established to support donors.
> ✓ The executive director is committed and personally involved in fundraising.

The ability to foster and develop a culture of philanthropy is essential to an organization's success. Individuals' beliefs and perspectives cannot be at odds with its principles. In other words, a culture of philanthropy has little chance of taking hold when people think asking for money is distasteful or just hate doing it. In *UnderDeveloped*, a CompassPoint study of fundraising challenges, respondents—especially in smaller nonprofits—reported low levels of engagement in fund development among their staff and board. If board members don't adopt this major shift in thinking and come to embrace fund development as a central and valuable part of board work, rather than an unpleasant distraction, fundraising success will continue to elude too many organizations.

See UnderDeveloped: A National Study of Challenges Facing Nonprofit Fundraising by Jeanne Bell and Marla Cornelius, CompassPoint Nonprofit Services, 2013.

How Do We Get There? Suggested Practices to Foster a Culture of Philanthropy

- ✓ Have workplace discussions about what people give to, what they volunteer for & why. Recognize everyone's philanthropy.
- ✓ Create opportunities for staff, board and volunteers to understand how money, mission and constituent engagement are all linked in achieving impact.
- ✓ Make an annual gift to your organization that is personally significant to you & your income. Ask everyone else to consider doing the same.
- ✓ Hold annual board orientations that include experiences in your programs, hearing from a donor, and training in cultivation and asking.
- ✓ Have board members and staff talk to donors outside of fundraising campaigns. Organize a thank-a-thon, so people get to know why individuals give money to the organization, what they care about.
- ✓ When donors ask to be taken off a list, their info updated, to discuss a concern, get it done and make sure that it becomes a part of their donor record so that other people understand the donor's need and preferences.
- ✓ When the fundraising begins, involve clients, constituents, members. Give them opportunities to give back as donors and as solicitors.
- ✓ Take shaming and guilt tripping out of the fundraising process. Get comfortable with hearing "no" "not now" "I can't".
- ✓ Learn about different traditions of giving towards the common good.
- ✓ Have a workplace discussion on how your mission and work is a part of achieving the common good.

Creating a Culture of Philanthropy on the Board

High performing boards nurture a culture of philanthropy. Use this sample questionnaire to assess the culture of philanthropy on your board and then frame a discussion based on the results. Then, create an action plan for your board based on what you discover.

- ✓ To what extent does our board understand fund development and value it as a mission-aligned program of the organization?

- ✓ Fund development strategies and fundraising plans should be derived from a viable business model and current economic realities. How well does our board understand this?

- ✓ A culture of philanthropy means that everyone accepts and celebrates the beauty of philanthropy, giving, and donors, no matter the type or size of gift. How does our board talk about philanthropy, volunteerism, and the generosity of time and money?

- ✓ Values drive behavior and practice. What are our values and how do we behave and operate from them to support fund development?

- ✓ There is a distinction between The Board and individual board members. The collective Board is responsible for ensuring sufficient resources. Individual board members are responsible for participating in fund development. How well does our board understand this?

- ✓ All board members should have a role in fund development that is based on skill, interest, passion and strengths. How do we customize roles accordingly? How do we enable members to succeed?

- ✓ Does everyone on the organization act as ambassadors and engage in relationship building?

- ✓ Fundraising committees don't raise money. They coordinate, educate, and support everyone to raise money. Do we need a committee? How should it function?

- ✓ The Board should hold itself and its members accountable for performance. How do we evaluate our performance in philanthropy and then take action as needed?

PART 4

ROLES AND RESPONSIBILITIES

ROLES AND RESPONSIBILITIES

1. Clarifying Roles and Responsibilities

Responsibilities of nonprofit boards are of two fundamental types: governance and management support. On one hand, the board, acting in its legal capacity governs the organization. Additionally, board members—as individual volunteers—provide support to the staff in areas of management.

Governing Role

As discussed in Part 1: The board's primary responsibility is to govern the corporation. In the board's governing role, some responsibilities include:

- ✓ Ensuring mission and purpose; that overall strategies, policies and priorities are in place
- ✓ Ensuring organizational performance and impact.
- ✓ Ensuring compliance with laws and regulations and fulfillment of contractual obligations.
- ✓ Fiduciary oversight, safeguarding assets from misuse, and ensuring maximum use of resources.
- ✓ Selecting/monitoring/evaluating/terminating the executive director/CEO.
- ✓ Ensure that the board is well run with effective governance practices and processes in place.

These governing responsibilities are performed by the board as a body or group: for example, while the board hires and evaluates the executive director and the board chair might coordinate these activities, he or she does not have any authority outside the collective.

Board members only have authority when they act together. No individual board member—regardless of whether he or she is an officer—has authority outside of the collective governing process.

Management Support Role

Individual board members are also a valuable resource in the form of management support to the organization. In their management support role board members provide expertise, thought-partnership, access to resources, and ambassadorship. These efforts provide "added value" to the organization. Some responsibilities could include:

- ✓ Fundraising: Contributing to the organization's fundraising success as appropriate to the individual (such as making a financial contribution, volunteering at fundraising events, making business contacts for the organization, soliciting cash and non-cash contributions, etc.)
- ✓ Speaking engagements: Acting as ambassadors to the community on behalf of the organization and its clients
- ✓ Attending and volunteering at events
- ✓ Consultation or advising staff in areas of expertise, providing technical assistance
- ✓ Providing thought-partnership to the CEO and staff, acting as a sounding board.
- ✓ Participation on organizational committees

On the outside looking in, or on the inside looking out?
When acting in its governing role, the board represents the interests of the community. It asks: Is this organization using public and private resources to benefit the community and the public? In a sense, the board stands in the community, looking through the door into the organization. But at the same time, board members also represent the organization's interests to the community-acting as ambassadors to the community.

Who's in charge? Who's in charge now?
In organizations with paid staff, there are other times when board members act as individual volunteers to support or help the staff.

Boards and staff often get confused over these differences. For example, in many boards there is tension over whether and how the board should be involved with fundraising. This tension can be cleared up through the chart below: In its governing role, the board-acting as a body is responsible for seeing that there is a realistic plan for bringing in the funds the organization will need, and for monitoring progress on the plan.

But in the support role, board members as individuals also help carry out that plan. In this role, they often act with direction from staff. For example, staff might generate a list of people who need to be called for an upcoming event, and distribute those names among the board members who have volunteered to do so. In this kind of work, the staff organizes and is responsible for the work, and delegates it to board members acting as individual volunteers.

When there is ambiguity or role confusion, try distinguishing between the board's governing role and board members' supporting role in discussions. This simple approach, based on a deeper understanding of governance, can often clear-up confusing and frustrating discussions.

BOARD ROLES & RESPONSIBILITIES

GOVERNANCE Legally Mandated	MANAGEMENT SUPPORT Value Add
Purpose: The board acts to *govern* the organization	**Purpose**: Individual board members act to provide *management support* to the organization
Perspective: Representing interests of community and the public *Outside* looking in.	**Perspective:** Representing interests of organization to the public *Inside* looking out
Process for action: The board acts as a *collective* body	**Process for action:** Board members provide support to staff as *individual volunteers*
Type of Responsibility: Governance fulfills a legal responsibility to the community therefore is a mandated function. Board has authority.	**Type of Responsibility:** The level and type of support expected from individual board members is at the discretion of the CEO, not legally mandated, and dependant on specific organizational needs. ED CEO/staff have authority.
Role: Exercise duties of care, loyalty and obedience	**Role:** At the CEO's invitation, provide expertise, thought-partnership, access to resources, ambassadorship
Example Activities • Hire, evaluate, terminate (as appropriate) CEO • Monitor finances, approve budget, ensure financial and programmatic sustainability • Board development, management and governance effectiveness • Manage the audit	**Example Activities** • Fundraising activities • Speaking engagements • Attending events • Consultation/advising staff on technical issues • Participate on organizational committees

The CompassPoint framework for Governance and Support was first developed by Jan Masaoka and Mike Allison in the article *Why Boards Don't Govern*; it has been updated and adapted for this course.

2. Creating a Strong Staff and Board Governance Partnership

Good governance requires that healthy relationships among staff members and board members exist. Broadly speaking, there are three dimensions to the board-staff relationship.

1. The lines of authority and processes that keep board and staff roles distinct, respectful, and mutually supportive

The board framework of governance and management support above provides guidance for appropriate and mutually beneficial board and staff interaction. When board and staff members work closely together, ensure that roles and decision making lines are clear upfront so that misunderstandings do not occur.

2. The special relationship between the board and the executive director/CEO

Because the success of the board will be determined, in part by the ED, the ED is required to spend a significant amount of time developing, managing, communicating with and inspiring the board.

Daring to Lead, CompassPoint's research series of executive leadership, found that long-tenured EDs spend about 20% of their time on board development—which they credit as one key to their success. In order to rely on their boards for support, early in their tenures, veteran executives had recruited the right talent for their boards and then worked with them to develop a healthy board/executive relationship.[3]

WATCH OUT! Transparency of Board Work
This relationship between the executive director and the board has implications that reach beyond the ED. Because much of this work is done outside the purview of staff, they might not understand the purpose of the board and how their work is meaningful. This can amount to confusion, at best, and distrust and suspicion at worst. Considering the significant amount of time an ED is spending with her/his board, it is important for the rest of the staff to understand what this work means to the entire organization and how staff can appropriately participate in board work.

3. A shared accountability for ensuring the organization achieves its mission

Most importantly, everyone in an organization—from staff to board—has a responsibility to align their work with the organization's desired outcomes. This shared accountability for ensuring the organization achieves its mission is another way of saying, "we are all responsible for governing our organization."

---

[3] See Daring to Lead Studies, CompassPoint (2001, 2006, 2011)

3. Interdependence

While the board is ultimately responsible for governance, they do not govern alone or without guidance. That guidance comes in the form of a partnership with the executive director who shares responsibility for ensuring that the organization is legally, effectively, and ethically carrying out its work of protecting the public's interest. After all, it's typically the CEO who provides the information, context, and insight that a board relies on in order to do its work.

Embrace the reciprocal relationship between the CEO and the board as neither independent nor dependent, but rather an interdependent leadership partnership that is grounded in deep trust and mutual accountability.

THE BOARD/CEO PARTNERSHIP CONTINUUM

Independent   ∞   Dependent

Interdependent

Challenges when the board acts independently of staff	Benefits of an interdependent leadership partnership	Challenges when the board is overly dependent on staff

4. The Executive's Role in Governance

Pamela Leland, in her article, "Embracing Interdependence: The Relationship Between the Board and the CEO" urges executives to embrace the reciprocal relationship between themselves and their boards as neither independent nor dependent, but rather an *interdependent* leadership partnership that is grounded in deep trust and mutual accountability. As Leland writes, "good governance is often due to the active engagement of the CEO who supports and facilitates positive board leadership."

Embracing, enabling, and educating

Below are three tangible strategies for executives to shift the dynamics away from feelings of potential resistance, reluctance, and resentment towards a more powerful embracing, enabling, and educating leadership partnership.

Resistance		Embracing
"My board doesn't take responsibility for their own work. Why do I have to cajole them when they should be attending to their own affairs?"	⟶	"I take responsibility for my board's success. What do I need to do to ensure that they have the necessary support and information to do their job well?"
Reluctance		Enabling
"My board is disengaged. I understand that they are busy and I don't want to ask for too much, but I can barely get them to come to meetings."	⟶	"How can I tap into the strengths, passion, and interests of my board to motivate and energize them so that they are excited to engage?"
Resentment		Educating
"My board doesn't understand what our staff even does. They want to get involved in the day-to-day work and don't see that they're micromanaging."	⟶	"It's my job to create appropriate opportunities for the board to engage in our work so that they better understand what we do. I need to support their education regarding our respective roles in governance and management."

5. The Role of Board Chair

The board chair is one of the most challenging and impactful leadership positions on the board. A good chair inspires a shared vision, builds and nurtures future board leadership and manages the work of the board. It demands high-engagement, commitment, self-awareness, and leadership integrity. It also requires strong relationship building and facilitation skills.

One of the most essential components of a successful chair is her/his ability to develop a strong relationship with the CEO. Chairs should:

- ✓ **Communicate:** Have regular face-to-face meetings with the executive director and communicate by e-mail frequently. Have a "no surprises policy", share information, celebrate successes, address potential problems, and determine action plans.

- ✓ **Mutually Understood Expectations:** The chair should have a job description just as the executive does. Discuss expectations of each role and unsure they are mutually agreed to. When expectations change, discuss and update each role accordingly. Address any ambiguities that arise between the leadership roles directly, settling them as soon as possible. If uncertain about a task, share in its execution.

- ✓ **Respect Boundaries**: The board chair manages the board and understands that the CEO manages the organization. Clarify boundaries frequently.

- ✓ **Support and Trust the Executive**: Mutual support and trust are essential to this leadership partnership. The chair must support the ED whenever possible. If the chair has a concern, s/he should raise it immediately with the ED and work towards resolution.

> A good chair runs a good meeting. A great chair also runs between meetings.
>
> —Jeanne Bell, CEO, CompassPoint

Board Chair Responsibilities

The titles chair and president are often used, though we prefer chair so as to avoid confusion with the chief executive who is at times also the president of the corporation. As the positional leader of the board, the chair *manages* the work of the board. Specific duties include:

✓ **Board Management:** The chair ensures effective action of the board in governing and supporting the organization and oversees board affairs. Ensures that board matters are handled properly, including preparation of pre-meeting materials, committee functioning, and recruitment and orientation of new board members. While some of these duties (e.g. recruitment) might be delegated to a committee, the chair must ensure they are taken care of.

✓ **Community Ambassadorship**: Although all members play the role of ambasaador, the chair is often called on to represent the organziation in the community.

✓ **Board Meetings:** Unless an alternative structure is in place, such as shared facilitation or rotation (see running meetings in section 5), the chair is responsible for developing board agendas in collaboration with the executive director and facilitating meetings. During meetings, the chair ensures full participation of board members and that meetings run smoothly and meet stated objectives.

✓ **Structure and Practice**: The chair ensures that appropriate board structures— committees, processes, practices—are in place to support the board's work. The chair seeks members for committees and coordinates individual board member assignments. The chair ensures that committees carry out their work and communicate with the full board. The chair ensures that governance practices are in place and that there are structures to support them (such as board recruitment, board assessment, etc)

✓ **Executive Director**: The chair coordiantes a process for search and selection when hiring an executive director. Convenes board discussions on evaluating the executive director and negotiating compensation and benefits package; conveys information to the executive director.

✓ **Enagaging Board Members**: Reaches out to members periodically to ask about their experience serving on the board. The chair ensures that all members are engaged and contributing in a way that is meaingul to them. If members are disengaged, it is the chair's responsibility to contact the board member and discuss the issue.

EXERCISE

Freaky Friday: Role Reversal

LILA, Executive Director

Lila is an ED of *Youth Bay Area*. There is a board of 12 people, some of whom are active, but some are disengaged. She relies on her board to roll their sleeves up and actively participate in activities in addition to regular board meetings. One person in particular, Larry, misses a lot of meetings and doesn't follow-up on commitments he has made. When he is present, be brings good ideas and Lila appreciates his perspective. Despite the fact that his views are useful, his lack of engagement is frustrating. It is demoralizing for the others that do participate, and it is tiring for Lila who has begun to resent the fact that she constantly has to chase him down. Lila now avoids Larry and secretly wishes he will resign.

LARRY, Board Member

Larry has been on the board of *Youth Bay Area* for 2 ½ years. He joined because his daughter was enrolled in their program and Larry was impressed with their work. When Lila invited him onto the board he was glad to join. His hope was that he could provide some value, but he didn't know exactly how and Lila never talked with him about what she hoped he would contribute. The Chair suggested that Larry join the finance committee since he has a business background, and not really knowing what that would entail he agreed even though finance is not his interest. Larry finds the board meetings boring—the youth programs are rarely discussed—and when he does offer his opinions it seems as though his comments fall flat. He really doesn't enjoy the finance committee but feels stuck. He's frustrated because he doesn't know why he is there, additionally; Lila is acting strange towards him.

1. Find a partner. Decide who is Person A and who is Person B:

2. Person A is Lila and B is an interviewer.
    - Person A: As Lila, explain the nature of the conflict, what you are concerned about and how you feel about Larry.
    - B asks: What do you need from Larry? What do you want him to do?

3. Person A literally switches chairs and now assumes the role of Larry. B will interview A again.
    - Person A: As Larry now, explain the nature of the conflict, what you are concerned about and how you feel about Lila.
    - B asks: What do you need from Lila? What do you want her to do?

4. Person A: Switch chairs back to Lila. B asks:

- How did you contribute to the situation with Larry?
- What are you responsible for?
- What can you do to resolve the issue?

5. Person A: Switch chairs back to Larry. B asks:
   - How did you contribute to the situation with Lila?
   - What are you responsible for?
   - What can you do to resolve the issue?

NOTES

_____

_____

_____

_____

_____

_____

SUGGESTED READINGS AND RESOURCES

Publications

The Best of the Board Café, by Jan Masaoka, A CompassPoint-Wilder Book, 2003.

Governance as Leadership: Reframing the Work of Nonprofit Boards, by Richard Chait, William Ryan and Barbara Taylor, 2005

Beyond Financial Oversight: Expanding the Board's Role in the Pursuit of Sustainability, by Jeanne Bell, CEO of CompassPoint (Nonprofit Quarterly Spring 2011)

Daring to Lead 2011: A National Study of Nonprofit Executive Leadership by Marla Cornelius, Rick Moyers, and Jeanne Bell (CompassPoint 2011). (download at: www.daringtolead.org)

UnderDeveloped: A National Study of Challenges Facing Nonprofit Fundraising by Jeanne Bell and Marla Cornelius, (CompassPoint 2013). (download at: www.compasspoint.org)

Strategic Fund Development: Building Profitable Relationships that Last third edition, by Simone Joyaux, CFRE. (John Wiley & Sons, 2011).

On-line Resources

BoardSource increases the effectiveness of nonprofit organizations by strengthening boards of directors through our highly acclaimed consulting practice, publications, tools, and membership program (www.boardsource.org).

Blue Avocado is a free nonprofit online magazine for community nonprofits. The Board Cafe, is a regular column in the magazine and features common questions and issues regarding nonprofit board service (www.blueavocado.org).

California Association of Nonprofits (CalNonprofits) is a policy and advocacy organization serving California nonprofits (www.canonprofits.org).

CompassPoint Nonprofit Services has blogs, research reports, educational programs and archived articles from the Board Café available for free (www.compasspoint.org).

Independent Sector is a forum for charities, foundations, and corporate giving programs. It has resources and information regarding legislation, policy and current issues facing the sector (www.independentsector.org)

The Nonprofit Quarterly Special board issue is:
http://www.nonprofitquarterly.org/winter2012.html
(www.nonprofit quarterly.org)

The Nonprofit Risk Management Center helps nonprofit leaders become risk aware and provides tools and resources to help leaders identify and appreciate critical risks and take action (www.nonprofitrisk.org).