



Realizing Profitable Potential through Change

NONPROFIT BOARD OF DIRECTORS – WHY DO THEY EXIST?

Being a member of a nonprofit board of directors isn't just about showing up to a meeting because you believe in the cause. It brings a lot of responsibilities and key opportunities for the success of the organization. So what are some of the board's responsibilities?

Let's review a few of them:

1. **Determine Mission and Purpose** – The Mission clarifies why the organization exists. What purpose will it serve? Here's a great article <http://nonprofit.about.com/od/nonprofitbasics/a/mission.htm>
2. **Select your Chief Executive** – You have to have a captain of your ship. Who will be the leader?
3. **Effective Organizational Planning** – Just like you would create a business plan for your business, your nonprofit should have one as well. How is this organization going to operate? What services and programs will it offer, etc?
4. **Review of the Programs** – Even though you do not need to generate a profit for stockholders, your programs should be tracked to ensure that they can sustain themselves. Are you bringing in as much as you are spending? If you can only help 100 people, you do not help 1000 and then wonder where the funds will come from.
5. **Ensure Ethical and Legal Integrity** – the board has a responsibility to ensure that the organization is operating legally and ethically.

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6. **Proper Financial Oversight** – A nonprofit organization should operate from a fiscally fit perspective. You should not spend more than you bring in. You have to understand there will always be more need than you probably can meet with your given resources. The key is to select which dollars will be allocated to which programs/needs, create the budget for the expected cash inflow and outflow and at the end of the day, you need to stick to the budget.

7. **Drive Community Involvement** – The Board and Executive Director should be setting the example for the perception of the organization. They should be driving both monetary and time involvement of the board and outside donors.

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How do we make the community see that we add value and that we are good stewards of their money? People are very giving when they know their time and money will help others in need. The goal is for your nonprofit board of directors to ensure we are setting expectations high and fulfilling the mission we set out to do.

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