

Before Saying “Yes” to Serving on a Board

My friend was asked to join a board of directors. I could see that he was flattered and considering the invite. I don't think he knew what questions to ask about serving on a board. Here's a checklist *prospective board members* may want to consider.

Area of Consideration

Reason for Asking the Question

Organizational Purpose

- May I have a copy of the mission statement?
- Can you provide me with the strategic plan?

*Do I agree with the mission, vision, values and work of the organization?
Is there a roadmap for board and staff or will we wander from issue to issue?*

Finances

- What is the annual budget and what is set aside as savings?
- What are the major sources of revenue?
- Is there an audit of the funds?
- Does the board have access to a CPA?
- May I have a copy of the Information Return, IRS Form 990?
- If exempt from federal tax, what is the IRS designation?

*Does the organization have sufficient resources?
Are they dependent on grants or have diverse revenue sources?
Are funds accounted for and audited to protect against diversions?
If I have questions, can I rely on a financial professional?
The 990 provides details about the organization, all public record.
There are distinctions in foundations, trade associations, etc.*

Expectations

- How frequent, and long, are the meetings?
- How long is the term of office?
- Will there be an orientation of the board and access to information?
- Are there added expectations, such as serving on committees, raising funds or political activities?
- Is the board reimbursed for meeting attendance?

*How much time is expected from board volunteers?
Is this a 1, 2 or 3 year term? How many years do I want to contribute?
Will I have the information needed to be a good board member? How much will I have to read?
How much extra time will be required?
Will expenses come out of my pocket; can I afford this?*

Risk

- Is the board covered by Directors and Officers Liability Insurance?
- Do the bylaws have an indemnification clause?
- Is the organization incorporated?
- Does the board have access to an attorney?

What about risks and insurance coverage?

If I had to defend myself in a case, would the association reimburse me (and have sufficient funds?)

If incorporated, there tends to be a corporate veil to avoid attacks on individual directors.

If I have questions, can I rely on access to legal counsel?

Compliance

- Is the board required to disclose conflicts of interest?
- Are there policies established to guide the board in decision making?
- How does the organization avoid any potential violation of antitrust laws?

Do I have any conflicts with interests of the organization?

Will I have access to the policies established by prior boards?

If antitrust violations were to arise is there a measure in place to curtail such activity?

Technology

- Are meetings held in person or by conference calls and other means?
- Is there a board portal to access information and documents?
- Is technology and social media used to enhance communication?

Will conference calls or webinars be used to supplement regular meetings of the board? Can I attend by conference call if I cannot get to the meeting?

Where do we archive the documents I'll need to study and be an astute board member?

Is the website state of the art and software in place to enhance communications?

Board service is rewarding. It is needed to advance the mission and goals of nonprofit organizations. Before saying "yes," ask a few questions about the expectations.

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Note: Bob Harris, CAE, offers free governance tips at www.nonprofitcenter.com.

