



## Finding the Right Board

### Questions to Ask Nonprofit Organizations that Interest You

- What Does the Organization Do?
- What is its mission?
- What are its programs and business activities?
- What is the organization's vision for the future?
- What impact is it looking to have on society?
- What are the organization's plans over the next three years?
- Is there a strategic plan in place?
- Does the chief executive give the board an annual business plan and budget? (If these exist, ask to see them.)
- What are key issues affecting the nonprofit's work now?
- What issues are anticipated in the next two to three years?

### Ask to See an Annual Report

- Many nonprofits produce an annual report, but don't be surprised to learn that there isn't one.

### How Well Does the Organization Function?

- Is the organization's tax exempt status current? (It should be. If not, contributions to it may not be tax deductible.)
- Does the organization carry D & O insurance? (Remember joining a nonprofit board carries personal liabilities; you should expect the organization to provide insurance coverage.)
- How stable is the organization financially?
- Does the board anticipate issues that might have a significant impact on revenue or expenses?
- How stable is the organization, from a management perspective?
- Is the board satisfied with management?
- What is the relationship between the board and the executive director?

### Ask to See the Most Recently Completed Interim Financial Statements

- How current are they?
- Do they include budget variance information?
- Remember this is a nonprofit; you can expect different performance standards than you see in business. If the financial situation alarms you, ask questions. Again, read the notes to the financial statements.
- Interim losses or negative variances from budget are most likely signs of trouble, but they may be cyclical and therefore anticipated in the annual plan.
- If unexpected, what course of action does the nonprofit plan to correct the problem?
- How would you feel about that course of action if you had financial responsibility for the organization?

## **Ask to See the Most Recently Completed Audited Financial Statements**

- Read the notes to the audited financials; they will give you useful details about the organization, such as the nonprofit tax status, methods of accounting for contributions, and any pending lawsuits that might have a material financial impact.

## **How are Cash Flow Issues Managed?**

- If you are not familiar with nonprofit balance sheets, you may be surprised by the scarcity of financial resources. If you are concerned, ask if the organization has functioned with its current level of assets for a long time.

## **How Does the Board Function?**

- What takes place at a typical board meeting?
- In addition to discussing this, you can ask to see copies of the minutes of a few recent board meetings. You should ask to attend one or two meetings as an observer.
- What is the style of board interaction?
- Does the agenda suggest the board is being used in a way that will interest you?
- Does the board's style of functioning fit yours?
- Are there reasons to believe that board activity will change in the foreseeable future?
- How often does the board meet?
- What does the nonprofit expect or require from its board members in terms of time?
- What does the board expect in terms of committee participation?
- Are you expected to become a candidate for board leadership?
- What does the nonprofit expect or require from its board members in terms of personal contributions and fundraising solicitations?
- What are the board's practices for developing future leaders from within itself?
- What is the recruitment process for new board members?

## **Ask to See a Copy of the Corporate Bylaws**

- These will spell out in detail the structure and activities of the board.

From the *Business Professional's Guide to Nonprofit Board Service*, by Dambach, Tessier, Weisman, published by BoardSource



## Resources

### Local Resources:

**Center for Nonprofit Management** [www.cnmdallas.org](http://www.cnmdallas.org) - a 501(c)3 nonprofit organization dedicated to increasing the performance and impact of nonprofits through education, consulting and capacity building services. Some listed below.

- [Membership Listing](#) with website links to over 600 local nonprofits
- [Resource page](#) with nonprofit FAQs, various reports, research and sample documents.
- [Public Seminars](#) – an ongoing calendar of seminars on a variety of topics relevant to managing and governing a nonprofit organization.
- [Opportunity 501](#) – a nonprofit job listing for Texas
- [Board Training](#) – ongoing training for existing boards to gain a shared vision

**United Way of Metropolitan Dallas** [www.unitedwaydallas.com](http://www.unitedwaydallas.com) – Partner listing with website links to 95 nonprofits in the area.

**DonorBridge** [www.donorbridgetx.org](http://www.donorbridgetx.org) – a database of reliable, insightful information about local nonprofits; easy-to-understand insights regarding each organization's management, governance and the effectiveness of its programs.

**Community Council of Greater Dallas** [www.ccgd.org](http://www.ccgd.org) - a 501(c)3 nonprofit organization, is a clearinghouse of health and human service organizations and they have a searchable database and a published directory, [www.refersoftware.com/ccgd/](http://www.refersoftware.com/ccgd/)

**Volunteer Center of North Texas** [www.volunteernorthtexas.org](http://www.volunteernorthtexas.org) – a 501(c)3 nonprofit organization, has a searchable database [www.handsonnorthtexas.org](http://www.handsonnorthtexas.org) of volunteer opportunities in the area.

### National Resources:

**Board Net USA** [www.boardnetusa.org](http://www.boardnetusa.org) – unique website revolutionizing the way nonprofit boards and new leaders find each other.

**Board Source** [www.boardsource.org](http://www.boardsource.org) - a 501(c)3 nonprofit organization dedicated to improving the effectiveness of nonprofit organizations by strengthening their boards of directors.

**GuideStar** [www.guidestar.org](http://www.guidestar.org) - a 501(c)(3) nonprofit organization that has an online searchable database of nonprofits nationwide providing information that advances transparency, enables users to make better decisions, and encourages charitable giving.

**Charity Navigator** [www.charitynavigator.org](http://www.charitynavigator.org) - a 501(c)(3) nonprofit organization that acts as an independent charity assessor; evaluating the financial health of over 5,500 of America's largest charities.

### **Workbooks/Articles/Toolkits:**

*Recruiting a Stronger Board, A Board Source Toolkit* . Board Source 2009. Available via pdf at [www.boardsource.com](http://www.boardsource.com)

*The Principles Workbook, Steering Your Board Toward Good Governance and Ethical Practice*. BoardSource & Independent Sector, 2009. Available via pdf at [www.bouardsource.com](http://www.bouardsource.com).

*Meeting, and Exceeding Expectations, A Guide to Successful Nonprofit Board Meetings* by Outi Flynn. Board Source 2009.

*Nonprofit Lifecycles, Stage-Based Wisdom for Nonprofit Capacity* by Susan Kenney Stevens. [www.stagewiseenterprises.com](http://www.stagewiseenterprises.com)

*The Business Professional's Guide to Nonprofit Board Service* by Dambach, Tessier, Weisman available from BoardSource.

*Nonprofit Board Answer Book, Practical Guidelines for Board Members & Chief Executives* by Robert C. Andringa, Ted W. Engstrom. National Center for Nonprofit Boards, 1998.

*Boards That Make a Difference, A New Design for Leadership in Nonprofit and Public Organizations* by John Carver. Jossey-Bass, 1997.