

## **Board Members as Stewards**

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### **BY WAY OF INTRODUCTION**

We've all heard these "job descriptions" (if we can call them that) for nonprofit board members.

- Give! Get!! Get Off!!
- Wit. Wisdom. Wealth.
- Time. Talent. Treasure.

And the list goes on.

In my opinion, these clichéd statements do not adequately define the roles and responsibilities of nonprofit boards. They are more complex, much more, and include the following.

### **BOARD ROLES AND RESPONSIBILITIES**

- **Fiduciary**-Ensure that complete and satisfactory records are kept (as required by law).
- **Fiscal**-Keep records properly; account adequately; use resources wisely; honor donors' requests; practice responsible fundraising
- **Administrative**-Hire and manage the CEO. (Note I said *manage*, not "micromanage," a pitfall that nonprofit boards often fall into.)
- **Policy**-Adopt policies that will help ensure that the board's legal responsibilities for oversight are met.

What about *Stewardship* you wonder? Glad you asked. That is the subject of this brief article, as it is perhaps the principal role of a nonprofit board.

Looking at this responsibility from a macro point of view, I think there are two broad tasks:

1. Ensure that that the organization is operated for charitable purposes, not for private benefit.
2. Ensure that the organizations assets/funds are held "in trust" for use in meeting its charitable mission and used effectively.

### **TYPES OF STEWARDSHIP**

Kevin Monroe, founder and managing partner of X Factor Consulting, is on the right track, I believe, when he breaks nonprofit board stewardship into four types.

### 1. **Stewardship of Assets and Resources**

This seems to be the most obvious area for boards and indeed, it is an important area. The board is responsible for protecting the organizations assets and resources as well as ensuring they are used to advance the organization's mission. Yet not every member is an expert at reading financial statements and many lack confidence in asking appropriate questions related to the organization's finances.

### 2. **Stewardship of Mission**

Being the steward of the organization's mission, it is the board's responsibility to keep the organization focused on its mission and ensuring all organizational activities and resources advance the mission.

### 3. **Stewardship of Community Trust**

Your board has a responsibility to maintain the trust of those you serve (clients), those who partner with your organization to serve (funders, stakeholders, partners), and those that benefit from your service (directly or indirectly)

### 4. **Stewards of Reputation**

Your organization's reputation is undoubtedly one of its most vital and valuable resources. The board's stewardship also includes the organization's reputation and image in the community.

## **WHAT DOES IT TAKE**

Successful fulfillment of these duties requires the following personal qualities:

1. **Active participation**-The board cannot fulfill its legal responsibilities without being active participants in the management of the organization.
2. **Informed participation**-The board must ensure that it has enough information about the operations of the organization to determine if it is being operated in ways that fulfill its mission and are fiscally responsible.
3. **Loyalty**-The board must be focused on promoting the health and wellbeing of the organization, not any private interest. All potential conflicts of interest must be disclosed. Great care must be taken to ensure that any transaction between the nonprofit organization and a board member, their families and businesses, are "fair and reasonable," that there was full disclosure, and that the transaction was "clearly in the best interest of the charity."
4. **Obedience**-The board must adhere to the Articles of Incorporation and the Bylaws, as well as all relevant state and federal laws. The board should also be

thoroughly familiar with all other policies established by the board to govern the organization and adhere to those.

5. **Due Care** – Make decisions and carry out actions for the organization with “the care an ordinary prudent person in a like position would exercise under similar circumstances.”

**IN CONCLUSION**, boards that are serious about their sustainability are also serious about their stewardship responsibilities. To paraphrase Josiah Stamp, there are some boards that dodge their stewardship responsibilities. However they cannot dodge the consequences of dodging their responsibilities.