Tips for Effective Boards & Committees

Part 1:
• Introduction
• Structure
• Roles
• Responsibilities
• Recruiting
• Communication

What makes a board effective?

Tips for effective boards and committees
• Communicate a clear purpose
• Establish an appropriate structure for the organization
• Understand their roles and responsibilities
• Recruit dedicated members
• Communicate effectively
• Lead effective meetings
• Fulfill the mission
• Remain accountable and keep accurate records

Clear Purpose

"The Purdue Master Gardener Program, sponsored by Purdue Extension, is a volunteer training program designed to meet the gardening information needs of the community. The purpose of the program is to teach people more about growing plants and to more effectively provide plant-related information. Specifically, the program aims to provide information and technical assistance about gardening and home horticulture through trained and certified volunteers." (Purdue Master Gardener Program Policy Guide MG-5-40)
What is a mission statement?

- Why was the organization formed?
- Who does it serve?
- What makes this organization unique?
- Important for communicating the organization's purpose to members and helps to focus the board's work.

Mission Statement Example

“The _________County Master Gardener Association in partnership with Purdue Extension, promotes home gardening education, sound environmental practices to protect our natural resources, and fosters these skills and values in the communities of _________County.”

Appropriate Structure

By-Laws

Organization's operating manual

- Size and responsibilities of board
- Procedures for meetings
- Election and removal of officers
- Financial management policies
- Conflict of interest policies
- Dissolution of the organization
- Amendments
- Standing Committees

Articles of Incorporation

An organization's “birth certificate”

- Submitted to Indiana Secretary of State to incorporate a nonprofit organization
- Biennial status reports/forms are required
- https://inbiz.in.gov/BOS/Home/Index

Tax-Exempt Status

- Incorporating as a nonprofit does NOT result in tax exemption.
- Tax-Exempt status:
  - Apply for “Employee ID Number” (EIN) from the Internal Revenue Service
  - Internal Revenue Service grants 501(c)(3) tax-exempt status to organizations who apply
  - Apply for a Indiana Dept. of Revenue “Taxpayer ID Number” and state sales tax exemption (proof of 501(c)(3) needed)
  - Organizations should consider consulting an attorney to assist with the process.
Becoming a 501(c)(3)

- Becoming a 501(c)(3) tax-exempt nonprofit organization triggers reporting requirements with the Internal Revenue Service. Process below is for SMALL nonprofits (less than $50,000 per year normal income from all sources)
  - $275 filing fee with IRS
  - 3 page form submitted to IRS online
  - Usually approved within 90 days
  - Must still comply with nonprofit requirements (Articles of Incorporation, By-laws, Board of Directors, tax ID #)

Board Size

- Board size can affect efficiency
  - Consider purpose, goals, and activities
  - Large (>15 members)
    - Greater representation
    - Difficulty scheduling meetings and making decisions
  - Medium (7-15 members)
    - Representation and engagement of members
    - Some challenges operating
  - Small (<7 members)
    - Less representation/diversity of ideas
    - Easier to schedule meetings, make decisions, work through difficult issues

Committees

- Standing – established in By-laws, Nominating, By-laws, Education, etc.
- Ad-hoc – formed by the board for special projects
  - Each committee must have a clear need, responsibilities, and purpose
  - Be sure committees have adequate leadership
  - Re-evaluate committees often. Does the organization still need current committees? Are they operating efficiently?

Roles and Responsibilities

- Board’s Primary Responsibilities
  - “The Board of Directors is the governing body of a nonprofit. Individuals who sit on the board are responsible for overseeing the organization’s activities...”
  - Fulfill the organization’s mission
  - Oversee the organization’s finances
  - Communicating with members and people served by the organization.

Legal Duties of Board Members:

- Duty of Care
  - Participate in decision making on behalf of organization
  - Exercise their best judgment in this role
- Duty of Loyalty
  - Put the interests of the organization before their personal and professional interests in their role as board member and decision maker
- Duty of Obedience
  - Ensure the organization complies with applicable federal, state, and local laws and adheres to its mission

Source:
- https://boardsource.org/fundamental-topics-of-nonprofit-board-service/roles-responsibilities/
Committees' Role

Carry out the work of the organization according to each committee's specific purpose and in fulfillment of the organization's mission.

Equip New Board Members

- New officer/board member training
- Officer/board member handbook with clearly defined responsibilities, timeline for activities, by-laws, etc.
- Mentoring of new members by experienced board/committee members
- Update job descriptions regularly
- Regular trainings/board retreats
- Evaluate performance of board or committee annually

EMG Associations & Purdue EMG Program

- EMG Associations - separate nonprofit organizations that support the Purdue EMG Program purpose
- Members are active Purdue EMG volunteers
- Volunteer and education hours approval resides with EMG County Coordinator
- County EMG Coordinator advises associations on: finances, by-laws, officer duties, committee structure, etc.
- Membership in the local EMG association is encouraged but not required

Recruit Dedicated Members

Recruiting Board & Committee Members

- Seek diversity and unity
  - Diversity: Age, ethnicity, race, Experience, Skills, Knowledge/expertise
  - Unity: Commitment to purpose, Willingness to work as a team
- Communicate responsibilities as part of recruitment efforts
- Not every member is ready to serve on a board or committee

Questions to Ask Before Accepting

- How committed am I to the board or committee’s purpose/goals?
- Can I attend the meetings?
- Do I have time to do the work?
- Do I understand my role and responsibilities? Expectations?
- What do I expect from serving?
- Am I willing and can I work with the other members?
- Am I willing to not attend but be an active participant in the meetings?
- Can I endure possible conflict or disagreement?
Interpersonal Communication

- Effective communication within an organization begins with working on our own interpersonal communication skills.

- Effective interpersonal communication includes:
  - Speaking
  - Listening

What makes someone a good listener? Speaker?

Organizational Communication

- Develop a plan for communicating information to the membership – Who? What? How? When? How often?
- Develop a plan for communication between board and/or committee members.
- Choose the correct method for the situation

Acknowledgements

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- Leading Effective Boards and Committees (PPT) by Dr. Janet Ayres, Retired Purdue Extension Specialist, Community Leadership Development
- Leading Effective Meetings (PPT) by Steve Yoder, Purdue Extension Community Development Educator

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Questions?

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Tips for Effective Boards & Committees

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Part 2:
• Leading effective meetings
• Board Mission/Vision
• Accountability
• Recordkeeping

Lead Effective Meetings
Effective meetings don’t just happen. They require planning, attention to detail, and meeting management skills.

What makes meetings effective?
1. On your own, jot down 3 ideas about what makes meetings effective.
2. Choose the #1 idea from your list.
3. Each person in breakout room shares their top idea.
4. As a small group, select your top idea to share with the larger group.
5. Select someone from your small group to report back to the larger group.

What makes meetings effective?
Some factors to consider:
• Pre-meeting education
• Agendas
• Responsibilities of leader and group
• Facilitation skills

Pre-Meeting Education
• Why is pre-meeting education for board members important?
• Info Packet
  • Agenda
  • Minutes
  • Financial report
  • Committee reports
  • Copies of newsletters, newspaper articles, etc.
  • Distribute one week in advance of meeting
**Financial Report**

- Board Members are responsible for the fiscal well-being of the organization.
- Regular financial reports are critical!
- Monthly financial report:
  - Year-to-date income and expenses
  - Current account balance(s)
  - Financial updates on special projects like fundraisers, events, etc.

**The Agenda**

- Identify Topics
- Provide timeframe
- Create accountability
- Clarify objectives
  - Information
  - Discussion
  - Decision

**The Agenda**

- Consider the order of agenda items
  - Up front: Topics needing creative energy
  - In middle: Controversial topics
  - At end: More mundane topics

- Consider the Consent Agenda
  - Routine items only
  - If any item requires discussion, move to regular agenda

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**Responsibilities of the Leader**

What are some key responsibilities of a meeting leader?

- Prepare agenda in consultation with committee chairs and key staff
- Keep focus on the agenda
- Keep meeting moving along
- Facilitate discussions & decision making
- Delegate work to committees or individuals

**Responsibilities of the Group**

What are the key responsibilities of the group?

- Be prepared—read your information packet in advance
- Speak concisely and stay on topic
- Participate in a constructive manner
- Take responsibility for assigned tasks
- Assist the group in achieving its purpose
Facilitation Tips

- Encourage participation
- Summarize lengthy discussions
- Guide the group in the decision-making process
- Know when to move discussion to the committee level
- Know when to move to next agenda item
- At the end of each agenda item, summarize & clarify direction

Fulfill the Mission

Goal-Setting

- Review the purpose of the organization
- Engage in discussion on how to effectively accomplish this purpose
- Set goals and assign tasks to members
- Unbiased, trained facilitator leads the discussion

Annual Reporting to the State

- Indiana Secretary of State
  - All non-profits required to report “Business Entity Report” biennially
  - Failure to complete Business Entity Report will result in loss of corporation status
  - Register to use the new online system
  - https://inbiz.in.gov/bos/home/index
### Annual Reporting to the State (Con’t)

- Indiana Department of Revenue (annually – Form NP20)
  - Required for state registered nonprofits (for sales or employment taxes) or if you file a 990 or 990EZ
  
  [http://www.in.gov/dor/3506.htm](http://www.in.gov/dor/3506.htm)

- Indiana State Board of Accounts
  - Required only for non-profits that receive federal, state, or local grant funds.
  - Online reporting through GATEWAY

### Annual Reporting to IRS

All 501(c)(3) non-profits are required to report annually

- Nonprofits with <$5,000 gross receipts/year are tax exempt without 501 (c)(3) status
- 990N required for all nonprofits earning <$50,000/yr. and don’t own real estate.

- Form 990, if gross receipts <$250,000/yr. or nonprofits who own real estate.
- Form 990 EZ, if gross receipts >$50,000/yr. and >$250,000/yr. and don’t own real estate.

### Annual Reporting to IRS (Con’t)

- Form 990 and 990EZ only needed if nonprofit doesn’t qualify for using 990N.
- Consult a tax preparer for help with 990 and 990EZ.
- If no reports are filed within three years, organization will lose its non-profit tax-exempt status

### Financial Responsibility

The board has responsibility for the financial well-being of the organization. These duties include:

- Sharing financial reports with membership
- Developing an annual budget
- Attending to the budget throughout the year
- Obtaining an outside audit
- Attending to long-term financial well-being of the organization
- Raising funds to carry out the group’s mission

### Risk Management

- Consider possible liabilities to the organization (properties owned, types of activities, amount of money involved.)
  - Procedures to handle money
  - Liability insurance to cover organization events
  - Directors and Officers insurance

### Record-Keeping

All organizational records should be filed, kept up-to-date, and stored in a secure location.

- Articles of Incorporation
- By-laws
- Meeting minutes
- Financial records
- Insurance records
- Conflict of Interest forms
- Other official records
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