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Before board service, ask tough questions

By Kelly Otte
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Some of the bad things that happen to board members happen because they don't ask any questions about what service will entail. Bob Harris, a local nonprofit treasure, offers the following tips for people thinking about joining a board.

You've been asked to serve on a board of directors. Before saying "yes," ask a few revealing questions of the board's officers, nominating committee or the paid executive.

1. Why are you asking me? Find out what skills they are seeking. You might be asked because of your influence in the community, your passion or skills. Has the composition of the board been carefully planned? Run if they are just looking for warm bodies.
2. Does the organization have subsidiaries or related organizations? You might think you're serving on a basic board, but then find out this position is responsible for a subsidiary foundation, a for-profit corporation, local chapters or a political action committee.
3. What about insurance? If directors and officers (D&O) insurance covers the board, how large is the policy? The insurance expense in the budget usually covers D&O, general liability, a surety bond and possibly meeting cancellation. If someone says, "Don't worry about insurance, we're covered by volunteer immunity," be very cautious!
4. Are there pending lawsuits or claims against the association?
5. What's the board's relationship to committees? Committee structure might add to the board's work. If the organization adheres to the principles that "committees advance the work of the board" and "the board doesn't do committee work at the board table," you're in luck.
6. Does the board think strategically? Ask to see a strategic plan. Find out how old it is. Is the plan collecting dust, or is it concise and compelling? When is the next planning retreat?
7. What's in the leadership (board) manual? The leadership manual should have everything necessary to be a knowledgeable board member. If there is no such manual for board members, maybe it's the wrong organization for you.
8. How long is the term? Will you be expected to serve a second term? Are there term limits? The answers should be in the bylaws.
9. What's the organization's tax status? Some associations are for-profit corporations, while others have lost their tax-exempt status. Don't assume the organization is not-for-profit and exempt from paying federal income tax until you ascertain the facts.
10. How are conflicts of interest handled? Effective in 2008, the IRS Form 990 asks, "Does the organization have a written conflict of interest policy?" As a new director, you'll want to consider if you have any conflicts that you'll be expected to disclose.

11. How frequently does the board meet? Find out now how much time you'll be expected to set aside, then add the time needed for preparation, travel, onsite attendance and followup.

12. Does the organization have a regular financial audit? Ask to see it and check whether the group received good marks in the CPA's management letter.

Your nomination won't be revoked because you ask revealing questions. If you get the right answers, you'll be eager to make a favorable impact on the community, the members and stakeholders you will be representing.

Bob Harris is the chairman of The Nonprofit Center, a nationally recognized association management company based in Tallahassee. He can be reached at info@nonprofitcenter.com. Visit his website at www.nonprofitcenter.com for an array of helpful materials.

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Notes on Nonprofits
