



Glossary of Terms

Course 2 - Module 3: Board Chair and Executive Director Partnership

Accountability: An organization's ability to answer questions regarding appropriate expenditure of funds and/or outcomes that demonstrate progress toward its mission.

Advocacy: Any action that speaks in favor of, argues for, recommends, supports, defends or pleads on behalf of others or a cause. Includes public education, regulatory work, litigation, work before administrative bodies, lobbying, and voter registration or education.

Board: Governing body of a nonprofit organization. Individuals who sit on the board are responsible for overseeing the organization's activities and meet periodically to discuss and vote on the affairs of the organization. The board should focus on the organization's mission, strategy, and goals.

Board Chair: Needs to be a strategist, knowledgeable about the organization and board practices, a coach, and a conciliator.

Bylaws: Legal operating guidelines for a board.

Chief Executive: The chief professional officer of the organization, also called CEO or, in many nonprofits, executive director.

Evaluation/Performance Review: Clarify the roles and expectations between the board and the chief executive.

Fiduciary: A fiduciary is a person responsible for the oversight, administration, investment, or distribution of assets belonging to another person or to an organization. Fiduciary duty requires board members to stay objective, unselfish, responsible, honest, trustworthy, and efficient. Board members, as stewards of public trust, must always act for the good of the organization, rather than for the benefit of themselves. Board members need to exercise reasonable care in all decision making, without placing the organization under unnecessary risk.

Mission Statement: A brief description of the organization's approach to selling them need it was created to address.

Vision Statement: A written description of what the organization intends to achieve at some point in the future, either in terms of the organization itself were in terms of the impact the organization will have had on the community.



Worksheet: Board/Chief Executive Responsibilities

10 Basic Responsibilities of Nonprofit Boards	NOTES on how to improve?	Chief Executive's 10 Basic Responsibilities
FIDUCIARY		
1. Support the chief executive and assess his or her performance	<input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs Improvement Notes:	1. Support the Board
2. Determine, monitor, and strengthen the organization's programs and services	<input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs Improvement Notes:	2. Ensure the quality and effectiveness of programs
3. Protect assets and provide financial oversight	<input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs Improvement Notes:	3. Exercise responsible financial stewardship
4. Ensure legal and ethical integrity	<input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs Improvement Notes:	4. Follow the highest ethical standards, ensure accountability, and comply with the law
STRATEGIC		
5. Determine mission and purpose	<input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs Improvement Notes:	5. Commit to the mission



<p>6. Ensure effective planning</p>	<p><input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs</p> <p>Notes:</p>	<p>6. Engage the board in planning and lead implementation</p>
RESOURCE DEVELOPMENT		
<p>7. Select the chief executive</p>	<p><input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs</p> <p>Notes:</p>	<p>7. Lead the staff and manage the organization</p>
<p>8. Ensure adequate financial resources</p>	<p><input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs</p> <p>Notes:</p>	<p>8. Lead and manage fundraising</p>
<p>9. Build a competent board</p>	<p><input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs</p> <p>Notes:</p>	<p>9. Develop future leadership</p>
<p>10. Enhance the organization's public standing</p>	<p><input type="checkbox"/> Does Well Improvement <input type="checkbox"/> Needs</p> <p>Notes:</p>	<p>10. Build external relationships and serve as an advocate</p>

General Notes:



Worksheet: Leadership Team Questionnaire

Please spend a few minutes completing this questionnaire and then share your responses with your leadership teammate. By completing the statements below and sharing them with your teammate you will take steps toward developing or strengthening an effective leadership team for your organization. The more up-front and clear you can be, the more likely it will be that your leadership experience will be something you enjoy and appreciate.

1. I think we need to check in with each other

Several times a month _____

Once a week _____

More than once a week _____

Whenever one of us has a question or information to share _____

2. My order of preference for our communications is:

Face-to-face meetings _____ E-mail _____

Telephone _____ Text _____

3. What I value in a working relationship is:

4. Something that generally bothers me in a working relationship is:

5. Something that I find challenging in my position at this point is:

6. What you could do that would be most helpful to me in fulfilling my role is:

7. What I can offer as a contribution to our working relationship is:

8. In my opinion, other important elements to building a positive working relationship are:



Next Steps

Characteristics of Effective Board/Staff Partnership: Challenges and Best Practices

	Ways you have ensured this characteristic is part of the board/staff partnership	Improvements to ensure this characteristic is part of the board/staff partnership
1. Shared understanding of the mission and vision		
2. Clear roles and responsibilities		
3. Open and honest communication		
4. Mutual respect		
5. Two-way evaluation		



Executive Director Evaluation Survey Form

1. Overall organizational performance	
a. Works with the board and management staff to develop strategies for achieving mission goals and financial viability.	<input type="checkbox"/> Outst <input type="checkbox"/> Very Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
b. Appropriately provides both support and leadership to the board.	<input type="checkbox"/> Outst <input type="checkbox"/> Very Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
c. Demonstrates quality of analysis and judgment related to progress and opportunities, and need for changes.	<input type="checkbox"/> Outst <input type="checkbox"/> Very Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
d. Maintains and utilizes a working knowledge of significant developments and trends in the field (examples: AIDS/HIV, environmental law)	<input type="checkbox"/> Outst <input type="checkbox"/> Very Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
e. Builds respect and profile for the organization in its various constituencies. Supports the overall field/movement in which the organization works.	<input type="checkbox"/> Outst <input type="checkbox"/> Very Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
f. Establishes ambitious goals for excellence and impact and initiates, maintains, and adapts programs with excellence and impact	<input type="checkbox"/> Outst <input type="checkbox"/> Very Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
g. Comments on overall organizational performance:	



2. Community leadership	
a. Serves as an effective spokesperson. Represents the organization well to its constituencies, including clients/members/patrons, other nonprofits, government agencies, elected officials, funders, and the general public	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
b. Establishes and makes use of working relationships with organizations and individuals in the field.	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
c. Sees that communication vehicles are developed and utilized well.	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
d. Comments on community leadership:	
3. Administration and Human Resources	
a. Establishes and leads an effective management team	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
b. Recruits and retains a diverse staff (as the organization has identified diversity)	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
c. Maintains appropriate balance between programs and administration	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
d. Ensures that procedures and organizational culture maximize volunteer involvement	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
e. Ensures compliance with relevant workplace and employment laws	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
f. Sees that employees are licensed and credentialed as required and that appropriate background checks are conducted	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
f. Ensures that job descriptions are developed and that regular performance reviews are completed and documented	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
g. Leads staff in maintaining a climate of excellence, accountability, and respect.	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
h. Comments on administration and HR:	



4. Financial sustainability and mission impact	
a. Assures adequate control and accounting of all funds, including maintaining sound financial practices	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
b. Sees that programs and activities are developed, executed, modified and dismantled to maximize mission impact	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
c. Works with the staff, finance committee and the board to prepare budgets, monitor progress, and initiate changes (to operations and/or to budgets) as appropriate	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
d. Sees that official records and documents are retained; sees to compliance with federal state and local regulations (examples: Form 990, payroll withholding)	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
e. Develops realistic, ambitious plans for acquiring funds	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
f. Jointly with the president and secretary of the board, conducts official correspondence for the organization, and jointly with designated officers, executes legal documents appropriately	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
g. Successfully involves others in fundraising and in earned income generation.	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
h. Establishes positive relationships with institutional funders such as foundations, government agencies, churches, corporations, and so forth.	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
i. Establishes positive relationships with individual donors.	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
j. Comments on financial sustainability and mission impact:	

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5. Board of directors	
a. With the board chair, appropriately involves/does not involve board members in decisions	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
b. Provides appropriate leadership to the board	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
c. Sees that board members are kept fully informed in a timely way on the condition of the organization and important factors influencing it	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
d. Sees that board committees are appropriately supported	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
e. Works with the board officers to ensure that the board's is effective as a body and that recruitment, involvement and departures of individual board members are effective	<input type="checkbox"/> Outst <input type="checkbox"/> V Good <input type="checkbox"/> Fine <input type="checkbox"/> Impr Needed <input type="checkbox"/> Don't know
f. Comments on the board:	

6. Are there additional comments you would like to make that are not within the above categories?



Senior Staff on Executive Director Review

Please help the board of directors conduct its review of the executive director's performance over the last year by sharing your thoughts. Your comments will be shared with the members of the board of directors, but your name will not be identified with specific comments. Please submit this to _____ via _____ by _____ date.

1. Overall organizational performance

2. Community leadership

3. Administration and HR

4. Financial sustainability and mission impact



<p>5. Board of directors</p>
<p>6. Miscellaneous</p>
<p>7. Are there any specific suggestions for professional development or individual workplan that the board might consider recommending to the executive director?</p>



How to Determine Reasonable Compensation for Nonprofit Key Employees

Make sure you know how to do a comparable compensation analysis before you set salaries for your key employees.

By Stephen Fishman, J.D.

A nonprofit's key employees are classified as "disqualified persons" by the IRS and are subject to special restrictions. Key employees include those who hold top-level positions such as the CEO; CFO; highly compensated employees--those who earn over a threshold amount; and substantial contributors.

The IRS says that a key employee who works for a nonprofit can only be paid a reasonable amount. Any amount above the reasonable threshold is an excess benefit that can result in IRS sanctions. Nonprofits would love to have concrete guidelines about how much is reasonable. Unfortunately, there aren't any. The IRS simply says that compensation is reasonable if the amount paid would ordinarily be paid for:

- comparable services
- by comparable enterprises (whether nonprofit or for profit), and
- under comparable circumstances.

In other words, you have to look at what other people doing similar jobs for similar organizations are paid. Your nonprofit and a comparable organization should be competing for the same pool of talent.

Comparable compensation data. The single most important element in determining whether an employee's compensation is reasonable is comparable compensation data—that is, data about how much compensation is paid by similar organizations for people working in comparable positions.

Comparable services. In determining whether one person's services are comparable to another's, you should consider such factors as the type of work and skills involved, whether the job is full time or part-time, the size and scope of the organization, the number of employees managed, the budget or assets managed, and whether the person manages multiple functions or departments.

Comparable enterprises. In determining whether another nonprofit (or profit) organization is comparable to your own, you should consider whether it is similar in:

- size—by budget, revenues, number of employees, and persons served, and
- mission—for example, a small private school should not be compared to a hospital or performing arts group.



Comparable circumstances. Consider such circumstances as whether the organization is located in a similar geographic area—for example, whether it is urban or rural, and whether the cost of living is similar.

Other factors. Other factors can be considered as well. Depending on the circumstances, these may include:

- the nonprofit's geographic location
- economic conditions
- the employee's duties and past performance history
- the amount of time the employee spends on the job
- the person's compensation history
- the employee's background, skills, education, and experience
- whether the employee has actual written job offers from other organizations, and
- how much other employees at the nonprofit are paid, and the availability of similar services in the nonprofit's geographic area.

A recent study of nonprofit CEO compensation by Charity Navigator, a nonprofit that evaluates and rates charities, found that, other than comparable compensation data, the most important additional factors are the nonprofit's size, mission, and location. The study reported that:

- Nonprofits with total budgets greater than \$13.5 million paid higher than average compensation, while those with under \$3.5 million paid less than average.
- Nonprofits in the Northeast and Mid-Atlantic regions paid above average compensation, while those in the South, Southwest, Midwest, Mountain West, and Pacific West paid less than average.
- Nonprofits whose mission were in the areas of the arts, culture, humanities, public benefit, and health paid more than average compensation, while those involved with animals, the environment, human services, and international affairs paid less than average.

If this all sounds pretty subjective, that's because it is. The compensation nonprofits pay their employees for doing similar jobs can vary widely.

There are a lot of resources for compensation data reports for nonprofits compiled by geographic region, sector, budget, type of organization, and so on. You can find many options online (like Guidestar) although you will probably have to pay for the report. It's good assurance though that you have done your required compensation analysis in case the IRS ever asks.

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