

BEST PRACTICES

For ELCA Campus Ministry

A BOARD GLOSSARY

This glossary is provided to provide a common reference for terms and concepts used in the area of board development. Additional terms related to ELCA Campus Ministry Policies and Procedures can be found at the beginning of those documents. Appreciation is expressed to BoardSource for providing these definitions.¹

A

Accountability

a board's sense of responsibility, building of trust, and credibility with the public and constituents

Ad hoc committee

a temporary committee or task force established to address a specific issue

Advisory council

a group created to advise and support a nonprofit and its board, also called advisory group, advisory committee, or advisory board; usually focuses on a specific issue

Advocacy

representing an organization through articulating the mission and supporting and defending the organization's message

Annual campaign

a fundraising program that occurs annually to help raise basic operational funds

Articles of incorporation

an official statement of creation of an organization; it is filed with the appropriate state agency

Assets

all money and property owned by an organization

Audit

a review of financial and/or legal transactions and activities of an organization

B

Board cycles

a term used to describe the evolution of an organization's board from creation to full operation and establishment

Board development

a process of building effective boards and educating board members about their governance role

Board member

a person sharing the responsibility and liability for the organization with the rest of the members of the board

Board member agreement

a verbal or written commitment outlining board member expectations

Board member profile grid

a tool helping identify desired characteristics and gaps on a board

Board of directors

governing body of a nonprofit or for-profit corporation; the board has specific legal and ethical responsibilities to the organization

Bylaws

the legal operating guidelines for a board

¹ BoardSource, Web site: www.boardsource.com

Bylaws amendment

a change to the original bylaws of an organization; the bylaws themselves should outline amendment procedures

C**Capital campaign**

a fundraising program to help raise funds for major capital projects or an endowment

Case statement

a tool used in fundraising to help articulate the purpose and goals of a specific campaign

Charitable contribution

a tax-deductible donation given to a nonprofit organization

Charter

the legal organizational document for a nonprofit; also known as the articles of incorporation or articles of organization

Code of conduct

the high ethical standards expected of every board member

Confidentiality clause

a board policy defining unauthorized and improper disclosures of confidential information by board members

Conflict of interest

a situation in which the personal or professional concerns of a board member or a staff member affect his or her ability to put the welfare of the organization before personal benefit

Consent agenda

a component of the meeting agenda that groups routine items and resolutions as one agenda item

Constitution

this usually refers to the organizational documents of an organization

D**D&O (Directors' and Officers') insurance**

insurance that protects board members and top staff personnel from liability created by board decisions or actions

Determination letter

an official notification by the IRS stating that a nonprofit is recognized as a tax-exempt organization

Development

a term used to describe all methods of obtaining funding or support for an organization

Direct marketing

a fundraising method relying on a one-to-one form of communication

Dissolution of nonprofits

the formal procedure by which a nonprofit ceases to operate or exist; involves filing with the state and distribution of assets

Diversity

inclusivity; equal opportunity; collective mixture of participants

Donor-advised funds

donations given to an entity in which the donor retains some control over how the funds are spent

Due diligence

an expectation that a board member exercises reasonable care and follows the business judgment rule when making decisions

Duty of care

an expectation that a board member exercises reasonable care when making decisions

Duty of loyalty

an expectation that a board member remains faithful and loyal to the organization

Duty of obedience

an expectation that a board member remains obedient to the central purposes of the organization and respects all laws and legal regulations

E

EIN (Employee Identification Number)

a number issued by the IRS to all corporations

Endowment

a fund or collection of assets whose investment earnings support an organization or a specific project

Ex officio

"by reason of their office"; a person serving on a board due to his or her position rather than through elections

Executive committee

a committee that has specific powers, outlined in the bylaws, which allow it to act on the board's behalf when a full board meeting is not possible or necessary

Executive session

a meeting of a board in which no staff are present

F

Feasibility study

a first step for a capital campaign to determine whether adequate support exists to launch the campaign

Fiduciary duty

a responsibility of board members and the nonprofit board as a whole to ensure that financial resources of an organization are sufficient and handled properly

Foundation

a tax-exempt nonprofit organization that normally distributes funds rather than running its own programs

Fundraising

a wide variety of activities that help generate donations for an organization

G

Governance

the legal authority of a board to establish policies that will affect the life and work of the organization while holding the board accountable for the outcome of such decisions

Governance committee

a committee responsible for recruiting, orienting, and training of board members

Grant

funding provided to an organization through a foundation or government source

Group exemption

IRS tax-exempt recognition of all organizations under an already recognized 501(c)(3)

I

In-kind donation

a donation of products or services instead of money to a nonprofit by a company or individual

Incorporation

a legal process in which a group is created and recognized by the state as an entity separate from the individuals who manage or govern it

Incorporator

a person or group who signs and delivers the articles of incorporation to the appropriate state agency

Indemnification

a guarantee by an organization to rely on its own resources to pay board members' legal costs for claims that result from board service

L

Lead gift

a major gift, usually from a board member to launch a capital campaign

Liability

any legal responsibility, duty, or obligation

M

Membership organization

a nonprofit that grants its members specific rights to participate in its internal affairs

Mentoring

an orientation tool where an experienced board member helps teach new board members about the organization and the work of the board

Micromanagement

this usually refers to a manager who is paying too much attention to details and is not focusing on the big picture

Minutes

a legal written record of what occurred during a meeting

Mission

the fundamental purpose and reason to exist for an organization

Mission statement

this describes the needs the organization was created to fill and answers the basic question of why the organization exists

N

Nonprofit organization

an organization established for activities other than profit making

Nonprofit sector

this includes organizations that are independent from government and not part of the for-profit business sector

Not-for-profit

a term that usually refers to an activity rather than to a nonprofit organization as an entity

O

Officer

a board leadership position; typically refers to the chair, vice chair, secretary, or treasurer

Open meeting laws

also called "Sunshine Laws"; state regulations that require government agencies and some nonprofit organizations receiving public funding to open at least some of their board meetings to the public

Operational reserves

a reasonable buffer against unforeseen, seasonal, irregular, or exceptional cash shortages

Orientation

educating board members on their roles, responsibilities, their organization, and how the board works

P

Planned giving

gifts through wills, bequests, or trusts

Policy

a written plan used to influence and determine decisions or actions about a specific issue

Policy manual

a book in which all policies are compiled

President

a term used to describe the chief volunteer officer or the chief staff officer of an organization

Q

Quid pro quo contribution

a donation that is given with the condition that the donor receives something in return

Quorum

a minimum number of people required at a meeting in order for business to be conducted

R

Retreat

a day or weekend event where the board or staff go to a location outside of the office or board room and focus on a specific issue or a specific group of issues; examples include orientation, strategic planning, or self-assessment

Robert's Rules of Order

a parliamentary procedure used to conduct meetings

S

Secretary

an officer position that involves taking minutes and keeping records and archives of the board

Self-assessment

a process by which the board evaluates its own performance

Staggered term limits

an organizational structure where board members' terms expire in alternating years

Sunshine laws

also called open meeting laws; state regulations that require government agencies and some nonprofit organizations that receive public funding to open at least some of their board meetings to the public

SWOT analysis

a tool for strategic planning; focuses on strengths, weaknesses, opportunities, and threats

T

Tax-deductible donation

a donation in which the donor can deduct the amount of the donation from his or her taxable income

Term limits

a restriction on the number of consecutive terms that a person can serve as a board member

Third sector

a term used to describe the nonprofit sector, as it is separate from government and the for-profit sector

Transparency

a system of operation that allows outsiders to see how the organization operates, makes decisions, and uses resources; an important aspect to ensure the public trust in an organization

Treasurer

a board officer position that is responsible for coordinating and ensuring financial oversight of the organization

V

Values statement

a written description of the beliefs, principles, and ethical guidelines that direct a nonprofit's planning and operations

Vice-chair

a board officer whose main duty is to replace the chair when the chair is not able to carry out his or her duties

Vision

a picture or a dream of a desired future

Vision statement

a written description of the ultimate desired objective of the organization

Volunteer

a person working without compensation

Volunteer Protection Act

a law that protects volunteers from personal financial liability when acting for an organization

360-degree evaluation

a form of employee evaluation in which supervisors, subordinates, and colleagues participate in the evaluation

501(c)(3)

refers to public charities and private foundations as defined by the IRS