

# APTITUDE TEST

## Does Your Current Training Adequately and Continually Prepare Your Board to Serve?

Answer These 6 Questions to Find Out.



Without proper training and education, even the most well-meaning board member can take actions that jeopardize your organization. Standing on the frontline of nonprofit governance, they face a minefield of unfamiliar rules, regulations, and compliance requirements.

Of course, many nonprofits provide board training. But, that training is often little more than a brief, basics-only orientation session for board newcomers.

Your answers to these questions should provide a good picture of your current training efforts – and further opportunities to keep your board focused and sharp in the battlefield!



- |              |   |                          |                          |
|--------------|---|--------------------------|--------------------------|
| <b>»» Q1</b> | Do your board members fully understand – and fulfill – their fiduciary obligations to the organization (duty of care, duty of loyalty, duty of obedience, etc.)?  | <b>YES</b>               | <b>NO</b>                |
|              |   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>»» Q2</b> | Do they understand that their role is to provide high-level leadership and oversight to the organization – not day-to-day management?   | <b>YES</b>               | <b>NO</b>                |
|              |   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>»» Q3</b> | Does your board understand your organization's financial statements and audit reports – from accurate accounting to understanding reports on internal controls from your CPAs?  | <b>YES</b>               | <b>NO</b>                |
|              |   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>»» Q4</b> | Are ongoing training opportunities (onsite classes, webinars, written materials, etc.) provided throughout the year – for both new recruits and veteran board members – on topics such as regulatory changes, compliance issues, and steps for fulfilling fiduciary responsibilities? | <b>YES</b>               | <b>NO</b>                |
|              |   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>»» Q5</b> | Does your board have a solid understanding of your nonprofit's funding model and primary revenue sources, including restricted or designated funds?   | <b>YES</b>               | <b>NO</b>                |
|              |   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>»» Q6</b> | Does your board understand the importance of an accurate Form 990 filing – and review and approve the form annually?  | <b>YES</b>               | <b>NO</b>                |
|              |   | <input type="checkbox"/> | <input type="checkbox"/> |

## An Untrained Board Can Unfortunately Be a Dangerous Board

If you answered “no” to one or more of these questions, then you could be sending your board members into battle without proper preparation for duty.



»»» **Q1** Do your board members fully understand – and fulfill – their fiduciary obligations to the organization (duty of care, duty of loyalty, duty of obedience, etc.)?

**A1** Board members who do not understand the serious issues involved in fulfilling their fundamental legal responsibilities could be held liable for any negative consequences of their actions. With a veritable army of prying eyes watching your nonprofit, it is more critical than ever to prepare your board to live up to these duties.

»»» **Q2** Do they understand that their role is to provide high-level leadership and oversight to the organization – not day-to-day management?

**A2** If you want your board members to live up to their role as vision-keepers, then they need to understand that their primary duty is to set policy and provide high-level leadership, not manage staff or oversee the organization’s day-to-day activities.

»»» **Q3** Does your board understand your organization’s financial statements and audit reports – from accurate accounting to understanding reports on internal controls from your CPAs?

**A3** The unique nature of nonprofit accounting often requires board members to wrap their heads around some unfamiliar concepts. Plain and simple, board members can’t make sound financial decisions if they don’t understand the numbers. Plus, they’ll need to understand the critical role of strong internal controls (e.g., segregation of duties).

»»» **Q4** Are ongoing training opportunities (onsite classes, webinars, written materials, etc.) provided throughout the year – for both new recruits and veteran board members – on topics such as regulatory changes, compliance issues, and steps for fulfilling fiduciary responsibilities?

**A4** Without ongoing training for both new recruits and veterans, your board can easily be blindsided by new challenges – and potentially miss opportunities. We are all aware of the complexities and constant revision of governmental regulations, and accounting requirements are regularly changed, as well. A number of accounting pronouncements impacting nonprofit organizations have been recently issued that will result in revisions to your financial reporting – so even your long-term board members should be updated on these changes as they occur.

»»» **Q5** Does your board have a solid understanding of your nonprofit’s funding model and primary revenue sources, including restricted or designated funds?

**A5** A board that doesn’t understand where the money comes from – and any associated strings – risks alienating donors, funders, and granting agencies.

»»» **Q6** Does your board understand the importance of an accurate Form 990 filing – and review and approve your organization’s Form 990 each year?

**A6** The IRS asks very directly on Form 990 whether your board received – and reviewed – the information being provided about your nonprofit’s finances and governance practices.



## Next Steps for Making an A+ on Your Board’s Training Program

Effective board training is mission critical. Click here to download our **CRInsight Board Member Boot Camp: The Nonprofit Guide to Basic Training**. This in-depth guide is packed with insights and actionable suggestions for ensuring your board “troops” are properly equipped and ready for action.

Or, schedule a complimentary 30-minute consultation to learn more about what should be included in your board training program or to schedule customized training for your organization’s board.