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BLOG POST

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The Importance of a Well-Rounded Nonprofit Board

Nonprofit board members are some of the most passionate people you will meet.

While this passion for the mission is undoubtedly an important quality for the board to have, it is not enough on its own. Steering a nonprofit through uncharted territory – such as the current economic climate, increasing overhead costs, the talent shortage, or new requests from funders and donors – requires nonprofit board members to have a diversity of knowledge.

A well-rounded board is key to organizational well-being and mission delivery. As organizations look to the year ahead, it may be an opportune time to reflect on their current board composition and identify gaps they need to fill.

Financial Acumen

Nonprofit boards need to have members experienced in various areas that can support the organization's operations, and financial strategy should be no exception. Board members with a strong financial background or business experience can help organization leadership navigate economic uncertainty, rising operating costs, liquidity management, and other financial-related decisions.

As Giving USA recently reported, 2022 was one of the worst years in philanthropy history. Giving dropped 10.5% after inflation, marking only the fourth time that donations have fallen since Giving USA started keeping track in 1956. This, coupled with inflation-driven increases in operating costs, makes it especially important for nonprofits to have a solid financial footing. Many organizations have been forced to do more with less in the past year, and their approach to managing their finances in the next one will be key to sustaining and expanding mission delivery.

Financial professionals on a board can help their organization measure more than just program impact and success. These board members can identify key metrics to determine how well their organization is weathering the current financial climate and their level of preparedness for the future.

Communicating Impact

Board members also play a central role in communicating organizational impact. They often have established personal and professional networks that they can leverage (as appropriate) to garner support for the mission.

While impact reports showcase how the organization is supporting the community, board members can add important context. When equipped to do so, board members can help potential funders contextualize the data, taking into consideration the organization's growth stage and external factors impacting their work. For example, amid the mentioned rising overhead costs,

board members can help advocate for indirect cost coverage needs, explaining how funder and donor dollars will sustain organizational infrastructure at a critical time.

Board members may also be able to help the organization communicate impact via Form 990. Board members with legal and financial backgrounds can not only flag potential compliance concerns within the Form but can also help craft a powerful narrative in support of the organization. Read more about what board members should look for while reviewing [Form 990 here](#).

Fostering Talent

As the employment landscape continues to evolve, having board members with experience in human resources (HR) or talent development can help organizations enhance their recruitment and retention efforts.

Beyond addressing compensation, board members with such a background can work alongside organization leadership to bolster the overall employee experience, considering the benefits and culture adjustments that foster an even stronger working environment. From remote and hybrid work policies to professional development programs, there are many components that make up the employee experience, and as new workforce needs emerge, the right board members can help their organization remain competitive.

Filling Gaps

Board members should also serve as champions of their own membership, working with leadership to address any gaps that need to be filled.

A strong board is tailored to the unique needs of the organization it serves, and while passion for the mission is a requirement, it should not be the only consideration. Dedication to the mission combined with the acumen needed to set the organization up for success is essential to the health of the organization and its ability to continue supporting constituents in the immediate term and long into the future.