



Regions Wealth Podcast

Episode 51: Serving on a Nonprofit Board

Serving as a non-profit board member can be an excellent way to further support a cause you're especially passionate about. However, ensuring you have the time and commitment to fully support the non-profit is just the first step. In this episode, Marcie Braswell, Head of Endowments and Foundations at Regions Bank joins us to discuss the factors prospective board members should consider before making a commitment.

Episode Transcript

Sarah Fister Gale, Host:

Welcome to Regions Wealth Podcast, the podcast that tackles life's challenges with financial experience. I'm your host, Sarah Fister Gale.

Serving as a board member can be an excellent way to further support a non-profit or cause you're especially passionate about. However, before making the decision to join a nonprofit board, there are several factors to consider, and ensuring you have the time and commitment to fully support the nonprofit is just the first step.

Joining me remotely is Marcie Braswell. She's head of endowments and foundations at Regions Bank. Marcie, thanks for speaking with us today.

Marcie Braswell:

Thank you so much for having me.

Sarah Fister Gale:

So Marcie, in this episode of Regions Wealth Podcast, we're talking about serving on nonprofit boards. We've taken some frequently asked questions and developed characters who need your help. However, before we jump into that, I'd love to learn a little bit more about your experience as head of Endowments and Foundations at



Regions Bank. What does the role entail, and how does your group help support the health and success of nonprofit organizations?

Marcie Braswell:

Sure, thank you. So, I lead our endowments and foundations group at Regions, and we specialize in working with nonprofits. We guide our nonprofit clients through the dynamics of stewarding their investible assets, the assets held for their long-term sustainability and their long-term growth. And we offer custom solutions and share best practices to improve the administrative elements of the nonprofit. Our goal is to make it easier for the nonprofits to make a difference in the community.

Sarah Fister Gale:

So it sounds like you work closely with the administrators, the boards of directors, to help them make investment decisions?

Marcie Braswell:

That's exactly right. Yes. We work with them both on the investment side, with their investible assets, their endowment fund, as well as on the administrative side, offering where we see best practices, sharing those with the nonprofit in an effort to help alleviate some of the burdens that they face and make life easier for them.

Sarah Fister Gale:

Wonderful. So, let's jump right in and listen to the first story.

Regina:

"Hi there. My name is Regina. I've been asked to serve on the board of a nonprofit whose mission I feel really deeply about. Although I feel incredibly honored that they'd want me to join their ranks, running my small business and keeping tabs on my three teenage sons keeps me busier than I've ever been. When I say "yes" to an opportunity, I make sure that I can give 110%. If I can't, I typically turn it down. With that in mind, I'd want to make sure that I'm prepared for the time and responsibilities of serving on another board. I also want to consider whether I'm a good fit for this new role—and whether it will feel like a life-giving experience. Also, I'm currently serving on the board of another nonprofit and I'm uncertain if that would be deemed a conflict of interest. With all of that in mind, what questions should I be asking before giving my reply?"

Sarah Fister Gale:



Okay. So there's a lot to unpack there. Let's start with the basics. What are the most important questions someone in Regina's position should ask themselves before agreeing to serve on a nonprofit board?

Marcie Braswell:

Regina off the bat hits my first qualifier in that she's passionate about the nonprofit, she's passionate about the mission. So she passes that with flying colors, but I think understanding more about the time commitment is one of the questions I would ask. So, what are those time commitments? What is expected of her in addition to time? Would she be serving on multiple committees? Is there a financial commitment involved? Many boards have a financial requirement, so whether it's a personal donation or to raise a certain amount for the nonprofit. I would ask questions about term limits—who serves on the board currently and what is the term for board service? Those are just a few of the questions I would ask.

Sarah Fister Gale:

You raised an interesting point about time. How much time is typically involved with being a board member and how can Regina discern whether or not she has the time to devote to another board?

Marcie Braswell:

So time commitment really varies depending upon the board. The nonprofit may have a document that lays out the expectations and that will be a great place to start to try to judge how much time that nonprofit expects. But you know, you have board meetings, so you would want to understand the frequency and length of the board meetings. You may also be asked to participate in committee meetings, so understanding the frequency and time commitment associated with those. So it can be quite time consuming. It really though does depend on the nonprofit.

Sarah Fister Gale:

Would it be appropriate for her to ask other board members what that time commitment is or what's really involved?

Marcie Braswell:

Absolutely. I would ask the executive director and get the executive director's impression of how much time is involved. And then ask either the board chair or some of the board members what their experience has been. We all judge time differently and



come at it from a different perspective. So getting some various viewpoints on it can give her a better indication of how much time might be required.

Sarah Fister Gale:

What about skills? How can Regina tell if her experience will benefit the board?

Marcie Braswell:

Many different skillsets are important to a nonprofit. One type are subject matter experts related to the mission of the nonprofit. For instance, if it's a healthcare nonprofit, members in the healthcare industry serving on the board could offer valuable insights. For an educational nonprofit, a teacher or someone involved in education might make a great board member. In addition, nonprofits also need experts related to the business of running the nonprofit. Think about fundraising, information technology, marketing, human resources, legal, accounting—all of these areas play into running a business as well as running a nonprofit and can be helpful for board service.

Sarah Fister Gale:

So you shouldn't assume just because you're not, say, an expert in healthcare, you wouldn't be appropriate for a healthcare board if you have some of those business skills?

Marcie Braswell:

That's right. You might have a background in human resources, which is invaluable to nonprofits because they often have employees.

Sarah Fister Gale:

Excellent point. Excellent point. So are there any risks related to joining a board that Regina should be aware of that could potentially affect her role as a businesswoman in the community?

Marcie Braswell:

As a board member, you're a fiduciary. Generally speaking, the board is responsible for oversight and for governance of the nonprofit, and board members have legal duties. They have a duty of care to participate in the governance and to provide operational oversight in the nonprofit and to exercise reasonable skill in decision making. They also have a duty of loyalty to place the interests of the nonprofit above their personal interests. And they have a duty of obedience, complying with the applicable laws, and obedience to carrying out the mission of the nonprofit. So you do have those obligations, and there's a legal risk associated with those.



Sarah Fister Gale:

That's interesting. So, what if there's litigation? Is she protected from litigation that the nonprofit might face?

Marcie Braswell:

I would want to understand whether there's a director's and officer's policy, often called a D&O policy, and what does it cover in order to mitigate the risk? Because yes, board members can be responsible for litigation that the nonprofit faces, and a D&O policy can help mitigate the risk. But it's important to understand that you're a fiduciary and you can face that litigation.

Sarah Fister Gale:

That's interesting. Regina mentioned she's already on a board. Can she serve on two boards at once? Or is that automatically a disqualifying conflict of interest?

Marcie Braswell:

It is not an automatic disqualifier. For instance, she might serve on the board of an education related nonprofit and might also serve on the board of a local arts organization. She may not want to serve on the board of two similar nonprofits. For instance, they may compete for the same donor dollars, and she may not want to be put in that position. And she may not want to serve on two nonprofits where the decision of one nonprofit impacts that of the other nonprofit.

Sarah Fister Gale:

So are there any other personal or financial conflicts of interest that people considering joining a nonprofit board should consider?

Marcie Braswell:

Sure. There can be a financial conflict, for instance. And that might arise if Regina or her family has a financial interest in a transaction involving the nonprofit. The nonprofit should have a conflict of interest policy and potential conflicts should be managed in accordance with that policy.

Sarah Fister Gale:

And are there any other complications that can arise from serving on two boards at once?

Marcie Braswell:



Time, of course. We've talked about the importance of making sure there's sufficient time to tackle all that the nonprofit is asking you to do. And if you're serving on two boards, you're basically doubling your time commitment. When you make the commitment, you want to stand by that commitment. So that's why all the pre-work is essential. And if she's concerned about the time element of it, there are many different ways to serve a nonprofit, to be involved in a nonprofit. For instance, she could serve on the committee of a nonprofit without being on the board.

Sarah Fister Gale:

Excellent. So Marcie, let's pause here and listen to the second story.

Steven:

"Hi. My name is Steven, and I've been asked to join the board of a brand new nonprofit. Not only is the cause near and dear to my heart, but as an accountant, I know that I could be a big help to the board, particularly as they work to iron out their finances and develop their financial policies. However, because the organization is still quite young, I'm not sure exactly what I might be dealing with. I know everyone's hearts are in the right place, but I get the sense that it's been stressful getting the nonprofit on its feet. Knowing that you've worked with many nonprofits, I'd love to hear your thoughts on this. What are some factors I should consider before signing onto the board of an early-stage nonprofit?"

Sarah Fister Gale:

So Marcie, as head of endowments and foundations, I know you've worked closely with a significant number of nonprofit organizations. Based on your experience, what are the hallmarks of a strong nonprofit?

Marcie Braswell:

You know, if I think about that question in relation to Steven and his questions, I think one of the hallmarks is transparency. Ask to look at documents. Ask to speak to other board members or those served by the nonprofit. A strong nonprofit is very transparent about its financials, about the work that it does, about the impact that it makes. That transparency may flow through on its website on the information it makes available to the public as well as to the board members and to potential donors of the organization.

Sarah Fister Gale:



And what question should someone in Steven's position be asking the nonprofit before agreeing to serve on that board?

Marcie Braswell:

In addition to what we were talking about in connection with Regina and understanding time commitment, I would also want to understand what the finances are. I would ask for copies of the financial records, any audited financials, any results of an audit. Steven has a background as an accountant and he has that specialized knowledge, so I would focus my questions around the finances of the nonprofit, including the cash flow statement and any other bookkeeping information they may be able to provide.

Sarah Fister Gale:

And what are some red flags that Steven should be on the lookout for?

Marcie Braswell:

He wants to make sure that there is a positive cash flow, that there's nothing irregular in the books, that the nonprofit is meeting its financial obligations. He could also reach out to funders and ask about their experience with the nonprofit, and is the reporting that they provide to the funder make sense? Is it timely? Does it provide the information that that funder needs? And given Steven's background, he also may want to ask to speak to the current CFO to get an understanding of those records—of cash flow, of how bills are paid, who has control over the finances. For instance, is there dual control over the funds?

Sarah Fister Gale:

And how important is it to investigate the relationship among the board members and between the management and the board?

Marcie Braswell:

It's really critical. You are giving up your time and your resources for the nonprofit, and you want to do it in an environment that is friendly and open and inviting. So I think that relationship among board members as well as between the board and the staff is so crucial. And you know, it's one of those things—you know it when you see it. When you see that cohesive group working together, it inspires confidence in the nonprofit and it really is a good working environment for a future board member.

Sarah Fister Gale:



Okay. And what about compliance? Is it important to learn how the management of the nonprofit approaches compliance?

Marcie Braswell:

Oh, absolutely. So, you want to make sure that you understand what policies and procedures they have in place and how they follow those. You want to make sure that the board has adopted good governance type policies and is following those policies.

Sarah Fister Gale:

What about insurance? Should Steven investigate what sort of insurance the nonprofit maintains before signing on as a board member?

Marcie Braswell:

Yes. And this again would be a director's and officer's policy for protection and mitigation of potential liability as serving on the board. But in addition, depending on the type of nonprofit, if there are employees, then their workers' compensation policy. If the nonprofit owns its building, then what kind of insurance does it have to cover that? It's very dependent on the type of nonprofit, but yes, I would want to make sure I understood what type of insurance a nonprofit has based on its operations.

Sarah Fister Gale:

So Marcie, at the end of these conversations, we like to ask our guests to share some key takeaways. What key takeaways would you offer listeners who are considering joining a board themselves?

Marcie Braswell:

The first is to make sure the mission is aligned with your values, with your interests so that it's a rewarding experience for you and for the nonprofit. Make sure the time commitment works for you. It's an honor to be asked to serve on a board, but if the timing isn't right for you, there are plenty of other ways to be engaged and to add value to the nonprofit. And then make sure there are good relationships among the board members and between the board and the management. You want it to be an enjoyable experience. And I'd say, to make an educated decision about all of those things, don't be afraid to ask questions. There's so many nonprofits doing really great work in our communities. The goal is to find one that's the right fit for you.

Sarah Fister Gale:

I love that. I love that. So Marcie, thank you so much. This has been such an interesting conversation.



Marcie Braswell:

Thank you so much for having me.

Sarah Fister Gale:

That was Marcie Braswell. She's head of endowments and foundations at Regions Bank.

And thank *you* for listening. We've covered a lot of ground across four seasons of Regions Wealth Podcast, and have answered a lot of questions. Be sure to visit regions.com/wealthpodcast to explore all past episodes in the series.

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