**Ruth McCambridge:** Hi, and welcome. My name is Ruth McCambridge, and I am the Director of Content here at the Nonprofit Financial Commons. Welcome to each of you. You are more than more than an audience. You are participants in what we've designed as a big knowledge exchange system for people who are working in nonprofits. That means that you are the experts, and that we're all working hard to improve our practices wherever we happen to be, in the smallest to the largest organizations.

**Ruth McCambridge:** Today, we’ve got a much-requested webinar, which is looking at the role of nonprofit boards in the financial oversight of nonprofits. It’s gonna be a very interesting session. We not only have two very skilled practitioners, but we also have an internationally known scholar on the topic of boards in our own Kate Barr, who has enormous experience in the trenches with various kinds of boards for various kinds of organizations.

**Ruth McCambridge:** Before we go forward, I do want to say that we have a sponsor for today's webinar, and that is Bill.com, which is a leading financial operations platform for small and midsized businesses and nonprofits, including the Nonprofit Financial Commons. We use Bill.com. It automates your finances to help you thrive and provides an integrated platform that helps businesses more efficiently control their payables, receivables, and expense management. Hundreds of thousands of nonprofits and small businesses rely on Bill’s proprietary member network of millions to pay or get paid faster. For more information, you can go to bill.com.

**Ruth McCambridge**: I do want to reiterate that NFC is a unique place, and it is really designed to disrupt information that is not useful to us and to create information that is useful to us — in reality, in our trenches. And we know that nonprofit finances are not like for-profit finances, and each of you understand this as a professional, and each of you brings that expertise to this platform. So, as we're doing this, this session today, I want you to keep present in the chat section, which is very, very active during most of these webinars. Make sure that when you can answer each other's questions that you do, and feel free to pose your own questions. They will either be answered by one of your peers in the chat, one of the moderators, or the panel itself. Which includes, as you… I’ll introduce you to Kate, Dave, Keven, and Jane.

**Ruth McCambridge:** Finally, I have a special message, and I just want you to hold on to this for a little bit, which is… and oh! Before I say anything else, this is a question everybody always asks, which is, by the way, we will send you the recording of this. We'll send you the slides, we'll send you the transcript, everything, after this webinar. So, you don't need to ask that question. We automatically do it. We just started sending out the chat itself as a result of people asking for that, the last few webinars. So, you will get a full documentation of this session.

**Ruth McCambridge:** Now, I want to just… something… a special message to you, which is, we are a nonprofit ourselves. You are our members. We serve you. That means we're accountable to you, but also means that we have to be dependent on you for your contributions, intellectually and out of your experience, but also financially. At the end of this session, Amanda will be asking you, for those of you that can, to donate somewhere relative to the value that you found in not just this session, but in past sessions as well. Please wait for that, and we'll drop a link into the chat that will allow you to make that pretty free of any kind of trouble. So, I do want to say that we are, in every way… you are our community. We have to depend on you, and we hope that you can always depend on us.

**Ruth McCambridge:** So, moving on to the next slide. Always, in these webinars, we have moderators that are present to not only listen to you online and help get your questions through the panelists, but also to answer simple questions and otherwise engage with you and help you in case there's anything that goes wrong. You'll find them… I think they both introduced themselves already, actually, in the chat, so you'll find them there. Just say “hey” to them. And use them —they're there for you.

**Ruth McCambridge:** Going on to the next slide. Okay. And here's our wonderful panel of presenters. Kate Barr is one of our co-founders at the Nonprofit Financial Commons. She's also very well known as the founder of Propel Nonprofits, and she's well known as an advocate for nonprofit financial policy and understands absolutely soup to nuts about everything having to do with nonprofit finances. David Renz is really well known across the globe, really, for his understanding of governance — and not just boards, but governance in the nonprofit sector. So, he brings his own very updated brand of an understanding of, what does it mean to take responsibility for finances in the governance function?

**Ruth McCambridge:** Keven Ambrus is the chief financial officer of the Wilder Foundation. And Jane Thompson, the president of A Gift for Teaching. These last two are our case studies for today. Essentially, what they bring are the stories that bring all of our theories, skills, knowledge, to life. We always include one or two practical presenters in each one of the webinars, so you can see how things are applied.

**Ruth McCambridge:** With that. I'm going to hand it over to you, Kate, and I'm very excited to be a part of this today.

**Kate Barr:** Thanks, Ruth, and thank you everyone for joining us today, and to everyone who's here on the panel and our moderators. We're really happy to talk to you about this topic. This is our simple agenda for the day, and what we really are getting down to are really responding to questions that have come up through the Forum and other webinars and other conversations in the Commons, but also, of course, throughout the sector of, how do we actually help our boards be a meaningful participant in the financial activities of the organization, and hopefully beyond that oversight role?

**Kate Barr:** So, the way that we're going to approach this today? Essentially, to me it boils down to these 4 key questions: Why does the board have a financial role? What is it, and what are they supposed to do? How? And who? And so, we're going to do that. But I want us to start with this really important foundational question, because it comes up so often when we're talking about finance and boards. And that is that boards have a fiduciary obligation — a fiduciary responsibility — and what this means, if you have been to any board training or read any materials about nonprofit boards and finance… (Oops, so sorry, I flipped ahead.)

**Kate Barr:** The word “fiduciary” comes up, and it's these 3 duties, right? The duty of care, duty of loyalty, duty of obedience. And we can go into all of what those actually mean. But I want to elevate this word, because this tends to dominate the conversations we have about boards and finance. And if we stop at the fiduciary part, the “making sure money is used correctly,” which is important, we’re losing so much of the opportunity to really have the boards govern, and how they actually are part of an organization and the finances.

**Kate Barr:** So, we want to stop for a minute and ask you a couple of questions about how you see your board and how they are fulfilling their financial responsibilities for the organization. So there are two questions that Amanda is gonna put up as a poll for you. The first question is, how would you rate your board on their fulfillment of their financial oversight role? Kind of that classic fiduciary, their financial oversight role? So how would you rate your board on their financial oversight? So, take a minute and answer one of those. Are they great at it? Okay? Do a poor job? How did they do?

**Amanda Nelson, NFC:** Okay, I will publish the poll as soon as we have most of them.

**Kate Barr:** Okay, good. Thanks, Amanda.

**Kate Barr:** Okay, so “good” and “average.” So, they're doing okay. Ten percent or so said “excellent.” Doing okay. And some, though, “fair” and “poor.”

**Kate Barr:** But now I want to go on and ask you a second question here, and that is, how would you rate your board on how well they bring together financial considerations and decisions with strategic considerations and questions? How well do you bring all of that together as they govern? So, Amanda will bring up that second poll.

**Amanda Nelson**: And… good.

**Kate Barr:** And we'll talk a little bit about even what this looks like. But, how would you… at the beginning here, how would you rate your board on bringing strategy and finance together in planning considerations, discussions? I'll give you a second for that.

**Kate Barr:** Okay, so, not so great. Very few say “excellent,” 17% say “good,” and otherwise kind of average. And then quite a few of you say, “This is actually an area I would say ‘fair’ or ‘poor.’” And that's actually why exactly we're having this session today. So, thanks, Amanda, for those polls.

**Kate Barr:** So I want to share with you — if you haven't seen it, the organization BoardSource, every two or three years, does a really in-depth, really substantive survey, called the *Leading with Intent* survey, where they ask board chairs and executive directors to rate a whole list of ways that boards are working with organizations, and one of the questions is exactly this one: “How would you grade the board’s performance in financial oversight?” And it's actually pretty close to the way that all of you were ranking them, more on the excellent side, and quite a few in that kind of average range. And this is the financial oversight role in the BoardSource survey. This is one of the one or two top rated activities that both board chairs and executive directors rate their boards. Top rated is financial oversight.

**Kate Barr:** But I think it's relevant that there's not even a question on the survey about whether or not the boards are being strategic financially, and I think that maybe this is just kind of, you know, we measure what we measure. And so this is maybe a sign for that.

**Kate Barr:** Well, when we think about it, and really what we want to talk about today, is the fact that the board's role financially is far more than oversight and fiduciary. That, frankly, fiduciary includes more than oversight. That really it's the fiduciary, that oversight, it is the strategy, and how the mission has a financial role, and it weaves together. And then, what about the future? Those generative, or opportunistic, or opportunity-looking questions. All of these are part of the board's role financially.

**Kate Barr:** And, as Ruth said, we are absolutely benefiting from the wisdom of David Renz. And so, Dave, I'm gonna let you take it from here and kind of delve into what you mean by all of this.

**David Renz:** Great. Well, I appreciate the opportunity to be with you. If we can, go to the next slide. But I do want to build for a second, even, on the slide that Kate just articulated. The distinction she made was developed in the mid-nineties by a trio from Harvard who were doing a study, trying to look, frankly, for new and unique ways of understanding, in practice, of governance and the work of boards. I do, by the way, differentiate; governance and boards are related closely, but they are not the same thing. Boards are the structures that are legally required to be accountable in the system of a nonprofit, or, for that matter, a for-profit corporation. Governance is essentially a — and the board is the leader of governance. But the fact of the matter is your governance system is stronger when you involve others.

**David Renz:** Now, it's entirely logical. Most of you probably expect that your executive director or CEO is part of that governance process. Maybe some other executive roles as well. They're not on the board necessarily. Sometimes people put folks on the board simply so they are part of the governance system. But governance needs to be bigger and broader in perspective that really gets back to the core essence of what we're talking about here.

**David Renz:** The framework, and the book it came from — the book’s called *Governance as Leadership*. It's by Richard Chait, Bill Ryan, and Barbara Taylor — and they highlighted something. At first, I kind of wondered if it was really appropriate to separate them out. I've concluded it's absolutely right. (Only took me 25 years to figure that out.) But the reality is,

they said, “Okay, everybody kind of knows about fiduciary responsibilities. So, that's great.” They call that Type 1 governance. Type 2 governance is strategic governance, the kinds of things that for the most part, frankly, you see, being done in strategic planning — connecting, of course, but not limited to, the financial side. And then the next step of, or the broadest and probably least often thought of, is the construct of generative governance. That's the broader, bigger picture. Generative thinking in the organizational sense is fundamentally about where and how does our organization and the work we do fit in the larger context of our community, the needs of our clients, the world at large. And so, it's really much more at the theory of change level of thinking, if you use that phrase.

**David Renz:** I was amused a little bit because Chait, Ryan, and Taylor explained that they thought boards were generally doing a good job of fiduciary governance, but not so great on strategic and generative. I read that in the book and thought to myself clearly, “They're not hanging out with us in the middle of the country,” because I wouldn't say the average board in the middle of America is actually doing that well on fiduciary, and we'll come back and apply a little more about that in a minute.

**David Renz:** That said, the theme of our session here is something that I've really been pushing and encouraging folks to try to make sense of for their own organization for a long time. And that's… I like to — by the way, I've spent a lot of my time focusing on leadership *and* management, and I don't consider them the same thing. Leadership is about motivation. It's about the vision, the perspective of how we're going to be moving ahead. It inspires, it encourages people, all of those kinds of things. Management — by the way, neither is better, but there's a time and place for each, and they have to intersect back and forth. Because management is about planning in the operational sense, organizing, creating roles, monitoring performance, and putting fixes in place if you need, if things aren't coming out the way you expect in your plans. Well, my analog for the financial side of the nonprofit enterprise is that the board should be engaged in financial leadership with the executive or the executive team, depending on your size. And what I think that means in in the broad context is that financial leadership is about guiding the organization to the two key pieces of what we have to worry about: maximum mission impact while also ensuring that we have effective financial performance that yields financial sustainability.

**David Renz:** Financial management grows out of — and we have to cycle back and forth in that, but the financial management part of this, which is more, but not limited to, the management of the organization, is making sure we have effective and efficient use of our financial resources so that they are in fact enabling us to implement the programs and services of the organization.

**David Renz:** So, if we could look at the next slide, when I work with boards, what I explain and try to encourage them to think about is: The board's role in the financial aspects of the enterprise actually start with, as you've heard already in our conversation, start with the mission and vision of the organization and the strategic direction. So, setting a strategic plan in place is actually an initial step in the financial leadership process of the organization. And we then move through that process by saying, “Okay, if this is our mission and our vision, this is where we're going with our strategic direction, the next layer of that leadership is to ensure we get the resources we need to accomplish that mission.” Well, what does that look like? If you're a conventional philanthropically supported nonprofit. Of course, it's getting donations, gifts, grants. In other cases, it's other parts of the so-called business or revenue model. (We'll get back to that phrasing later on.) That then leads to the next phase in the process, which is, we bring the resources in, hopefully, and the board’s work with the executive leadership is to ensure that we're making effective use of those resources.

**David Renz:** But here's the leadership twist that I think of a lot of folks on boards don't necessarily think about, and that is, just pure fiduciary duty means, “Let's make sure nobody's stealing from us.” But the leadership part of it is, are our resources going to effectively advance the mission, vision, and goals that we've set out for the organization? In other words, are we achieving the social impact and benefit that we exist to achieve?

**David Renz:** And frankly, the last part of this leadership cycle is the accountability part. It doesn't stop with making sure that we are generating programmatic performance. It concludes, in a sense, in the cycle with, “Are we being accountable? Are we reporting and helping those, including particularly those who invest in our work, understand why we're worth investing in, and how we've been good stewards of those resources?” All of those things intersect, in a sense, with what we would sometimes call the revenue model, or the business model. The “business model” meaning… my quick version of that is, the business model is the image from “resources come in, and this is the value delivered, and that's what drives the system.” The revenue model, as I use the phrase, refers to the beginning part of the process, which is, what are the actual types of revenue that we have, and the variations in there?

**David Renz:** We just looked at that third slide here, and we'll move on to the next topic. What I encourage — could I see the next slide? (**Kate Barr:** Oh, yeah.) The way I encourage boards to actually think about this — and frankly executives, too — but it helps. I invite boards when they start to become a part of an organization, the members, “Do you understand the nonprofit as a financial creature?” At best, we understand that resource cycle, which means, how do those resources — particularly money, but not limited to that — how do those resources get secured? How does the money actually flow in? Anybody who's gotten a federal grant or contract knows that there are performance criteria. Depending on the grant, you may not even get paid until after you've delivered the service. So how do the funds flow in?

**David Renz:** And then, how are they allocated? That, in practical terms, means budgeting, but there are multiple ways you can engage in the budgeting process. And then, how are the funds actually managed, operationally applied to the purposes and use that they have?

**David Renz:** Closing out with those last two points that I was just raising a minute ago, which is, how do those funds actually connect to the results that we've achieved? (Ideally, the results we've promised.) But, exactly how did they match, and how have we been accountable for the use of those funds? The most obvious part of that in the nonprofit world that for-profit folks don't get is the use of restricted funds. But accountability comes in many forms, and part of the board's challenge is to help the organization understand what are the multiple ways that our key constituents hold us accountable, or want to hold us accountable, for what we accomplish? Kate?

**Kate Barr:** Thanks, Dave. Thank you for the master class in three slides of some of the really (**David Renz:** Sorry.) — no, no — key questions. So, I want to pick up on what Dave was talking about and summarize it to what I think we think are these four really key elements of this moving the board beyond monitoring into really kind of strategic and generative work. One of them is exactly what Dave was just talking about, but it is how to help and get board members to understand, actually, the financial model of the drivers of the organization. If you don't like the word “business model,” come up with your own description, but the business enterprise of the organization. Because that's so critical, and so embedded in the other questions. The second is, how can we, whether you are a board member or a leader of an organization, bring that money, and bring that finance and strategy together, to really make it actionable and something that the board can really dig into and understand. One of the very tactical and really key things is, how do we make financial information meaningful for the board, so that they can do that. More than just financial reports, making it meaningful. And then, being really clear about roles and decision points.

**Kate Barr:** And, of course, we have to caveat that all of this is going to be contextual to your organization: the life stage, the budget size, the staff size, who's on the board, all of that. And so, we always have to keep that in mind.

**Kate Barr:** But let me just quickly talk about these four key elements, and then we'll talk to Jane and Keven about how they do this in practice. The first is this business model. Just as Dave was saying, we know that board members join our organization's board for all kinds of reasons, and we invite them on for a lot of different reasons. But it's pretty rare that a board member joins the board and actually understands your specific enterprise. You know, if you have board members who are coming from business, or from other nonprofits, or government, or who are community volunteers, they have their own knowledge of financial activities, maybe based on their background, their experience, their learning. Rarely do they also know, “Oh, you are a government-funded nonprofit; this is how it works,” and all that goes with it. And fortunately, the Financial Commons has done this series of webinars about the different key business models, these six ones that we have listed here, that would be really useful primers for your board members to understand. Because think about how, if your board members don't understand what those key revenues and expense drivers are, or really the external environment for it — so if you're a government-funded, and your state has a budget deficit that's gonna have an effect on you. How all of these happen, how those considerations have to come up during planning strategy setting, and all of that. So, how the boards understand the operations of the organization will be a night-and-day difference in how you can do this work.

**Kate Barr:** The second key element is how finance strategy and, I'm going to also say, values play with each other. There's a phrase that is sometimes used, “No money, no mission.” And I actually really resist that, because that makes it sound like they're over here, and you kind of bridge the two. Actually, they're together. And so I put this cycle together, thinking that, really, what it is is your *impact strategy*, the work you do to have an impact in your community; your *business model*, how the revenue happens, the expenses, the cash flow, all of that; how you build in *adaptability*, both financial, people, relationships, community engagement; and then the organizational *values*. All of these are continually interplaying with each other, and the more that you can elevate that, make that visible. And, as you're having discussions at the board level or executive level about really important questions at the organization, all four of these should be on the table. Not just one, not just the other, but all four of them should be on the table.

**Kate Barr:** The third is how to make information meaningful for board members to have financial talk discussions. And there I think there are two things to keep in mind.

One is that boards need financial information for different purposes. They are a fiduciary, so there is that oversight role. So, they need that kind of compliance information. They need a financial report. They need an audit. They need a 990. But they also need to be evaluative, like, “How well are you using the resources? Is it actually” — Dave talked about this — “Are your resources actually being used to further the work of the organization?” And to reflect your values, because that comes up in vendors, compensation, HR policies, all of that. Sometimes they need information for planning and forecasting, which might be strategic; it could also be pretty generative. So, then you need a different kind of information. And sometimes they need to make a decision. Are we gonna buy a building? Are we gonna expand? Are we gonna contract? How are we gonna do that? And think about when you're making a decision, “should we grow the organization,” think about how the business model is relevant. Because if you are primarily funded with foundation grants and the board says, “Yes, let's double in size,” and if they’re coming from a business model where you just get more customers… well, you don't just get more foundations, right? And so how these all interplay is how these really need to all be understood together.

**Kate Barr:** But the second thing, and I feel that this is a really key thing that we need to think about, because this is where we, as financial leaders in an organization, need to own our responsibility. The financial information — if it is not made meaningful, board members will act with whatever you give them. So, I think that there are these five steps to making financial information meaningful. Producing accurate, timely, consistent financial reports is important. That's great. So, now you have a financial report. If you stop there, and hand that financial report to the board but don't do anything else with it, now your board members are going to have to understand it, analyze, and interpret it. They're going to do their own thing, and they will respond to what you gave them. But consider if you are able to take these additional steps: Understand it yourself. Make terminology clear. Unpack any kind of jargon, or “What's a restricted grant?” all of that. Analyze it, so that you know what's important. This may be in comparison to budget, forecast, previous year, your peer group, or just your own expectations. Interpret it: What's the context? So. if there is a deficit that you did not expect, what was going on. If there are growth opportunities that are really going even faster than you thought, what's going on? What's the context? Bring the interpretation. And this is where you can really lift up for the board and say, “This is what's important. That financial report that showed variances to budget? The variance in the printing expense isn't what's important; what's important is this new earned revenue that's really being successful and what can we learn from it.” And then you have to communicate it, and I think that you would find that if you spend more time being really interpretive — analysis, interpretation, communication — you will make an enormous difference in your board’s ability to really be strategic.

**Kate Barr:** So, I hit the four key elements. And we're gonna talk after the panel about the who — who's involved, what the roles are, that fourth element. But right now I'm very eager to bring our panel on, with Keven and Jane, so I'm going to stop sharing screen for a minute here, and we're going to have Keven Amrus and Jane Thompson. Great. (Okay, wait just a second; I have to rearrange my screen just slightly here for a minute.)

**Kate Barr:** So I'm gonna start with you, Jane, and ask you to quickly introduce A Gift for Teaching — the organization, your size, all of that — and a little bit about the board.

**Jane Thompson:** Thank you, Ruth [sic]. I'm pleased to be here with all of you today. I hope what I can share will be helpful to everyone. I'm the president of A Gift for Teaching, which is based in Orlando, Florida. We're a homegrown grassroots nonprofit that was founded in 1998 by community philanthropist Gary Landwirth. But today, 25 years later, we are now central Florida's primary provider of free supplies for teachers working in those most underserved schools, and for their students who need them the most. So, we provide opportunities for public school teachers throughout the school year to shop in person at two different free supply store locations. Teachers can also place online orders. We have a mobile unit that travels around Orange County, so we are always looking for ways to reach them in the greatest way, and all of that is made possible through free learning tools that are donated and supported through generous community partners.

**Jane Thompson:** Now. we have… there's 15 of us on our team, four of whom are part-time. Our annual operating budget is about $1.4 million, but our total budget, including the donated and distributed in-kind product every year, is closer to about $13 million at the moment. And we currently have 25 board members.

**Kate Barr:** That's great. So, Keven, I’m gonna have you do the same thing, just introduce Wilder Foundation, organization, all that.

**Keven Ambrus:** Absolutely. So, first, let me just say it's an honor to be here, and I'm very grateful to have this opportunity, so, well, thank you very much. Again, I'm Keven Ambrus. I'm the CFO of the Amherst H. Wilder Foundation. We've been around a very long time. We were founded by a businessperson in the Saint Paul — we're in St. Paul, Minnesota. We were founded by a businessperson. It's been over a hundred years, and one of the things that he did, him and his family, they left their inheritance to the organization with some very specific stipulations. And one is that we use our power and our financial wellbeing to enhance the St. Paul community. And so, what we are is, we're a social services organization. We have programs dealing with child development, aging services, housing. We do Meals on Wheels. We have a mental health program, which is approximately 50% of our revenue. And we have a research program where we do lots of things for the community. One of the main things we do is we have a homeless study.

**Keven Ambrus:** Our staff is about 425 people. A budget of $55 million dollars. And what makes us unique as a nonprofit is we have an endowment of $145.8 million dollars. Our board size is about 19 people, and we will be growing that by one or two more people. So that's Wilder in a nutshell.

**Kate Barr:** Thanks, Keven. Thanks, Jane. So, I'm gonna go back and forth, and then ask you both some questions. We had the chance to talk before this, but, for Jane, tell us, who are the key players for finance on the board? I mean, do you have a finance committee? A treasurer? Who are the key operators on the board when it comes to working with you on finances?

**Jane Thompson:** Well, we do have a treasurer, who is a member of the executive committee as well, and the treasurer leads the finance committee, which is currently made up of four additional board members. I think the thing that keeps more of our board engaged in the financial oversight of A Gift for Teaching is that we have we have quarterly meetings together with the finance committee and the executive committee, and that has just stood us in really good stead over the last few years, and it just broadens that knowledge base of the more nitty-gritty of the financials.

**Kate Barr:** And then, since financial information is such an important part of how boards interact with finances, tell us just a little bit about financial information. Who does it go to? How does it flow? What kind of information did they get?

**Jane Thompson:** Well, we provide monthly to our finance committee and executive committee updates on our monthly revenues and expenses and reports. But our board meets bimonthly, and those are really the big — so, six times a year, we are providing a financial snapshot to everyone that really shows how we are tracking against our goals and what the financial health overall of the organization is, including restricted funds, unrestricted funds. We do use an operating budget model and keep our restricted funds very separate. And we provide, in addition to that, a detailed revenue sort-of budget. We keep an eye on, we know where all of our sources of revenue are coming from, and we like to see how we're performing on those at every juncture as well.

**Jane Thompson:** And then the other big thing for us — I mean, given that the largest part of our financial picture is the product we give away on an annual basis, which is hovering around $12 million a year right now — there's an operation scorecard, and that really breaks down how we're achieving our benchmarks in delivering on our programs. So, that's really the thrust of what they all see.

**Kate Barr:** I want to follow up; one of the things that you had told me when we were talking is that you had made the change at your board a while ago — a few years ago, I think — to a consent agenda, so that the board’s getting the financial information but it's not necessarily getting talked about. But, you did something really interesting about that. Tell me, tell us about that.

**Jane Thompson:** Well, probably about five years ago, when we'd been using a consent agenda model for quite a while, I expressed to one of our board chairs at the time, “Do you really think they're really reading everything that we send them in advance?” And you know, of course, the consent agenda, what it did was it allowed us to move away from a treasurer or board chair, someone having to give detailed updates at each board meeting about all these reports. But I just wasn't sure. And so, this particular board chair, she said to me, “Well, how about this? Work with me and give me the highlights. Give me what you're seeing. What do you want the board to make sure… what do we want them to know?” So the board chair, in their report now, and this has continued, just spends a few minutes before asking anyone if they have any questions on any of the reports, which very often they don't — until we point out specific things. And that has been really, really good.

**Kate Barr:** I just love it because it's such a great example of how to do that interpretation and making it meaningful without actually having to beat anybody's head over it. Right? So, yeah. But just doing that. So, Keven, let's shift to you and talk a little bit more. I mean, Wilder is such a significantly larger organization, certainly, than mine or Jane's. Who are the players? Do you have a finance committee? Who's involved? And then tell us also about financial information and how it flows.

**Keven Ambrus:** Yeah, very similar to Jane. We have a finance committee which is chaired by a Treasurer, and there's five people on that finance committee, and that makeup is primarily of business leaders. There's one in particular that has lots of experience with mergers & acquisitions, was a CFO of a major corporation here in the Twin Cities. But that's kind of the makeup of the finance committee. We meet monthly, actually, which is very interesting. And from a reporting perspective, I produce a monthly… it’s primarily a scorecard of our key performances. Right? It’s a KPI — key performance indices. But I meet personally with the treasurer on a monthly basis. And those conversations are, basically, the topics cover our variances. We really don't spend a lot of time on the things we're doing well; we talk about the risk and opportunities. And when we meet with the board… you know, it's very interesting, Jane, to hear you say you have a consent agenda, because we do too, but we also have a hybrid. So, we have a consent agenda, but there are three or four slides out of the finance deck that I present at the board meetings, which is very interesting, because I think it was the same thing, where the board chair was concerned that people weren't reading the full package, so they kind of carved out the important parts of the finance deck for me to review and go over.

**Kate Barr:** So, again, it's those key, “Here's what's meaningful for you” (**Keven Ambrus:** Absolutely) rather than going into all the details. Yeah. And then, for both of you, does your finance committee spend more time on all of the details?

**Keven Ambrus:** I can go, Jane. (**Jane Thompson:** Okay. Yeah.) So, I would say “no.” I would say, where the finance committee spends an awful lot of time is with the forecast. We don't really spend a lot of time dealing with what I call the rear-view mirror view. We look at the windshield. We're very focused on what's coming in the future for us. And because we are a little bit unique because of the endowment, we spend an awful lot of time on understanding our use of the endowment, because it's capped, and so I do a lot of reporting on how we're using the endowment and verifying that we're not going to go over our cap.

**Kate Barr:** What about you, Jane?

**Jane Thompson:** Well, similarly, I mean, that's really the purpose of the quarterly meetings, that where we bring the finance and the executive committee together, it's more about, “How are we doing? Are we on track? What are some key indicators that something might change before the end of our fiscal year, or as we're starting to build our budget for the next year?” So, same thing, Keven; I like that — little more forward-looking than backwards.

**Kate Barr:** And then, the big question that we're really addressing today is how to get the boards… more than finance, but really think about the financial and strategic connection. So, how does that happen? Are there specific questions or strategic goals you've been thinking about where the financial elements really become front and center? Jane, how have you done that?

**Jane Thompson:** I was thinking about this, and I hope this is relevant to some of the people on the call, and especially running an organization that's quite a bit different and smaller than Keven's. But we, for years, had one annual fundraising… it wasn't a gala; we tried to make it much more fun than that. We recognized pre-pandemic that the time had come to put that event to bed and to rest, because there's so much more we can engage our community with related to our mission. And so, our goal was to, how do we replace that revenue but build something that has far more depth in terms of how you're engaging with your community, how they can participate? We moved to an event that we call the Great Big Backpack Build. It's amazing. It happens every June, and it’s more successful financially. It's led to so many more deepened relationships with partners in the community. So, that's a perfect example. And I think every time we're at a place together with the board where we're looking at, “Hmm… It's time to shake things up. And how is that gonna relate to how we can make a bigger impact through our mission?” So that's —

**Kate Barr:** No, it's a great example, because, I mean, there's a fundraiser, that's impact — I mean, it's mission right there. Yeah, that's beautiful. Keven, how about you? What are some examples of how you bring that strategy and finance together?

**Keven Ambrus**: Yeah, I like to use the analogy of a car and a road, or a highway. When I first got here, we were not using dashboards and KPIs. I likened that to, you’re driving a car without a gas gauge. You know there's a limited amount of miles you can go, but you don't know how far you can go. So, one of the first things we decided to do was to implement having dashboards. Now I have a gas gauge. But I don't know what road I'm on, and that is the strategic plan. So, what we did was, we said, “Okay, we'd like to be able to understand how far we are going, according to that road, that strategic plan.” So, one of the things we do is, when we do our budget, we ask some very specific questions. One of the first questions we ask is, “How is this related to the strategic plan?” And if it's not, should we be doing it? Or is there something else we should be doing?

**Keven Ambrus:** So, we created a three-year strategic plan, and with our budgeting process. we make sure that the budgets support the strategic plan. And then, by having what I now call my gas gauge, I can measure to see how I'm performing, or how far I'm going on that strategic plan. So, linking the strategic plan to the budget, and then being able to measure it with our KPIs, is how we make sure everything's connected.

**Kate Barr:** Yeah, yeah, yeah, that's great. Yeah. I have often joked that one of the signs that you have a strategic plan that's not connected is when your strategic plan has a couple of really bold, visionary goals, and then the goal number 4 is, “build a financially sustainable business model” — end of sentence. Instead of really considering, how does that happen? That, and that they're not separate.

**Kate Barr:** I’m going to ask you one more question, then we're gonna go to the questions that… Dana is gonna lead us through some of the questions from participants. My last question is, how do you orient, or train, or get board members to understand your business? You talked about your endowment, Keven; Jane, you have these products, these in-kind contributions that's really different than what most businesses do. How do you orient and train them? Jane, how do you do it?

**Jane Thompson:** Well, we… I have a management team, and very often, members of the management team join me, along with some of the executive committee board members, and we do a new board member orientation session with them. We provide them with everything they need to know about their role, about the organization, taking them through the budgets. And. Of course, that comes with trying to make sure that they understand that we operate with this very lean, mean, operating budget. But our impact — and, you know, if anyone goes to our 990, it looks like we're this big organization, but no. They get the picture pretty quickly; it's very easy to do so if you're walking through our 30,000-square-foot warehouse and really see what's happening.

**Jane Thompson:** And we tend to give new board members, unless they're very intentional and very specific when they join the board, we give them a couple of months to start to figure out where they want to go. And we use task forces a lot. There's probably one or two different ones that are bubbling up. So, it's interesting to watch where they go. And I have one quick, funny story. Years ago, someone very high up with Wells Fargo in our community joined our board, and he said, “*Please* don't ask me to sit on the finance committee. Could I be on the event committee?” So, that's definitely a very good overview and orientation.

**Kate Barr:** Keven, how about you? How do you orient or train a board member on Wilder’s business?

**Keven Ambrus:** You know, very similar to what Jane's organization is doing. We have an onboarding session for all new board members. I get the opportunity to sit down with them at least three times throughout their new year, and I walk them through the budget. I don't get down to the minutia; what I try to do is to make sure they understand what I call the “gotchas” —make sure they understand, like, here are the drivers of our business model. I spend a little time on the minor things, but I make sure they understand that 60% of our revenue comes from government contracts, and so they know that if the government's having a down year, we're most likely going to have a down year. I also make sure they understand that 60% of our expenses are payroll related, so we're not going to cut our travel expenses into having a good year. If there are cuts that need to be made, where we have to go right away is payroll, because it's the largest expense. So, I just kind of walk them through to make sure they understand the high-level sides of our business, both from a revenue-expense and risk-opportunity. Where it becomes difficult for us is understanding the endowment. It’s a very complicated thing, and I know it's not something I'm going to be able to educate people on in one session, which is why we do the three-session minimum.

**Kate Barr:** Great, thanks. Well, thanks, both of you. And now we're gonna bring Dana Britto on to start to look at some of the questions that have been coming through on the chat. Dana? Oh, and Dave is back! Good.

**Dana Britto, NFC Moderator:** Thank you all for all of your answers. Special thanks to Keven and Jane for sharing your experiences. And yeah, we've had quite an active chat happening, for sure. Some of the themes that have come up — the importance of the education piece, which I think you both talked about. Jane and Keven, people want to see your operating scorecards, so I have a targeted question for you all about that in a bit. But I think there's one interesting question, and we received a similar question in the registration leading up to the webinar, is this question around when boards can do more harm than good. So, and then, particularly in the chat, really thinking about being thoughtful about the frequency at which you're reporting to board members, and what information that you're sharing. Can you talk a little bit more — and again I extend the question to Kate and David, as well — a little bit more about what it might take to keep boards out of, or prevent and mitigate any potential for, micromanagement, and getting them more to the strategic level, like we've been talking about? Any strategies, tips? Understanding that that level of micromanagement may — and the level of that — might look different depending on where your organization is, your organizational life cycle, but really… trying to [get] real practical tips for trying to keep the board at the right level and prevent any micromanagement, to the extent that it could exist.

**Keven Ambrus:** I'll go. It's one of the reasons. I have a separate monthly meeting with our treasurer. I think making sure that you develop a good relationship with whoever the finance lead is for the board, it can help to prevent that micromanagement, right? And so, I have very frank conversations around what I see as management control items versus what I see as board-related control items, and I'll give you one quick example. If anyone's out there applied for ERC money, and received ERC money, it can be a topic of confusion, right? Because the government's giving you this money. Is that something that management controls, or is that something that the board should have some input in? I just have very frank conversations with our treasurer to say, here's my take on it, and it's a back-and-forth — like, what's your take? And sometimes, you have to realize you might have to have a compromise on it. But just developing a good relationship with that that lead person for the board from a finance perspective will help eliminate or reduce that micromanagement.

**Jane Thompson:** That's an excellent example. I've been in my role a long time now, 18 years, and so a lot has changed in my experience with our board. From the very beginning, when I followed in the footsteps of a very, very beloved founder, I was extremely fortunate in that I had a board member who was the CEO of a credit union, so he knew fully what it was like to report to a board, and he was really the one who kind of checked our board when he thought they were overstepping into some management-related issues at a certain point. And reminding everyone, “Yes, we're here to support our new leader. We've hired her to manage the organization. We're here to drive the strategic goals of this organization.” So, I count myself very, very lucky. I'm very proud when my team come back from our community’s sort of philanthropic training program, and they'll come back and tell me, “God, everyone was complaining about their boards, and I don't get it.” So, yeah.

**David Renz:** I guess I’d like to add —

**Dana Britto**: David? Yeah, go ahead, please.

**David Renz:** I'd like to chime in from a couple of perspectives. First of all, to Jane and Keven, I truly commend you for having grown the capacity in your organizations to develop an obviously at-level of effective financial leadership and management performance with regard to the board, specifically. I would want to underscore a couple of the points you made about how you prepare your board members, and candidly, that starts before they ever join the board. The way you recruit people and what they think you're recruiting them to do and be makes a huge difference on what kind of behavior they'll exhibit. Once they show up. Role clarity is really confusing, and in the absence of us helping people understand what their role is, they're gonna do what occurs to them. Now, some people are wired to micromanage because that's how they experience life. Other people think globally, and you know, it's… I worked with a board that, every time we were talking about budget problems for next month, the guy who was the global thinker kept talking about how we really needed to pay more board attention to global warming. And it was kind of like, “We got a budget issue to deal with here. Could we focus?” So, clarifying that is important.

**David Renz:** I want to underscore one of the things you guys both pointed out, which is how and what you report. Boards — Kate said this first, but everybody’s said it in one way or another — boards are very reactive creatures, and I don't mean that pejoratively. They're not the full-timers, and so they're coming in, and they're meeting you at whatever level you invite them in. When I get calls from people about, “my board’s always micromanaging,” one of the first things I ask about is, well, show me your agendas. Send me a couple of your minutes of your meetings. And the very executives who are complaining about micromanagement, when I look at the agenda, it's “what color should the napkins be at the gala,” and then they're mad when people are micromanaging. Well, don't *do* that. Let's train them, help them understand what the level of perspective is, and then let's deliver it to them in that way

**David Renz:** I will say one of the things I've done, particularly to try to help boards of smaller organizations, is that I developed what I call a “discussion worksheet.” Because it's not comprehensive, but it covers a full array, not just of financial, but an array of lots of things that are going to come up. And I call it a discussion worksheet because the intention is to get the board and executive leadership to talk in a retreat or side meeting, preparation coming on, “What are the roles of the chief executive? What are the roles of the board?” And the continuum — I didn't invent this, although I adapted it from something I found 30 years ago — is, the answers are “this is the board's job”; or “this is the board's job, in consultation with the executive”; or, “this is the executive’s job, in consultation with the board”; or, lowest level, is, “this is the executive’s job, and they may or may not consult with board members if they need advice, but this is not a board decision matter.”

**David Renz:** To that end, I've also actually become a fan of agendas that make very clear on an agenda what the purpose of each of the items is. I cannot tell you how often I've seen informational report items go to a board, and a member decides to turn it into a decision event. It's kind of like — by the way, the three types are: Is it a decision item? Is it a monitoring item? Or is it informational? And the informational, ideally, would often be looking out into the future. But some folks are just like, “I'm here to make decisions. So, if you don't give me any, I'll make them up.” Well, that doesn't help in very much. So, helping people clarify those roles. And frankly, one of the things, it's an unnatural act for me, ’cause I tell people something, and then I want them to just do it. I mean, I want them to honor what we said. Turns out you gotta keep going back and reminding people of what the differentiations in roles are, ’cause a) they forget, or b), they didn't get it the first time I said it and I wasn't clear. So, I gotta own that and say, “Well, let me… you know, when things don't go right, how about using it as a teachable moment?” And not to chide people, but to help them make sense of something.

**Dana Britto:** In the interest of time, maybe one more question. Like I said, lots of interest in these operational scorecards, and my colleague Wade also included a link to a prior webinar that the Commons did on dashboards and encouraged people to access that as well. But, really quickly, Keven and Jane — I think, Jane, you mentioned one instance of this. Can you talk through — again, very high-level and briefly — the presentation of your scorecards, and more importantly, instances where those indices or indicators actually helped facilitate strategic decision-making?

**Jane Thompson:** I just keep going back to, one of our main sources of revenue was this event we were working on annually, and we started to see a smaller and smaller net revenue. You know, it's all about who's in the room on the night of, and it was just crazy. But it's funny, because since I was invited to participate, I've been digging around a lot in your website. And I, too, Wade, have checked out the dashboards and KPIs, because, like all of us, we always think there’s got to be something better out there, right? But no, the snapshot is very simple. We benchmark ourselves against previous year budget, year-to-date budget, and actuals. And it's where you can just see, very, very plainly, very quickly, how you're doing. And there are times when we have to share that we are behind our budgeted goal, but this is why. That's very simple. The detailed revenue spreadsheet is a lot easier, because everything that's in red just lets everyone see, “All right… well, but perhaps we've already exceeded our goals somewhere else in another source of revenue.” And that's really, we find, just about as much as our board wants to see. But I do think that had I been able to participate in the poll question earlier, I probably would have ranked my board pretty high on that first question, because I do think they come away with a good sense of understanding of how we're doing after each board meeting.

**Dana Britto:** So, Kate, thanks, and Keven and Jane, thanks so much for sharing your experiences. I pass it back to you, Kate.

**Kate Barr:** Thank you, and thanks Keven and Jane and Dana. You'll be back in a few minutes, because Dave and I have just a little bit more to go over as we wrap up this topic, and then we will finish with one more round of questions from the participants. So, Dave, why don't you talk about this concept?

**David Renz:** Sure. I created this little thing — and, by the way, all the slides that are the ones I've used in this presentation come directly out of a regular board member development series that I run here in the Midwest every year. Just trying to help, by the way. *The Essentials of Effective Board Service* is the name of the series, and not surprisingly, the key chunk of it is about the financial side. This slide actually comes out of an earlier setting-the-stage part of the session and series that I offer, but it's related directly to the point I made a couple of minutes ago with regard to that little discussion worksheet, and if folks want, it's something… you know, I made it, so I can give it to NFC to post if it's a resource that belongs on the website.

**David Renz:** What I think most people don't get unless they've lived in a fairly hierarchical, large organization, business or governmental, maybe nonprofit, is that there are three layers to the system, and in a very broad sense, what I think is important is for people to recognize that — I then match this with kind of an org chart, which is overlapping circles of Venn diagrams — but the highest level in the organization, of strategic direction, leadership, etc., is that governance level, the things we've been talking about. And governance is always board work, although it often would include the executive director. It may include a CFO, or somebody else, if you're big enough for that. And then the next layer down, and it does overlap, is the management, the chief executive of the organization and other people in management roles. And the largest part of the organization is operations. And that's done by staff and volunteers.

**David Renz:** And so, my point using this graphic is to highlight for folks that you need to clarify how far down into those operations should the board go in your organization's case. This takes us back to a point I do want to make — in fact, it's one of the things that gets the most conversation in these sessions — because I highlight that that small to medium-sized nonprofits actually have a more complicated challenge with regard to this than large ones do. We’ve got an $18 billion — well, actually, it's not quite that big; it's probably about $15 billion — art museum in town. Their governing board works only in governance. They have a management team of 25, six C-suite, so to speak, officers. This is a nonprofit. That board lives in governance.

**David Renz:** And, by the way, for those of you who follow the governance stuff. The policy governance model tends to amplify awareness of the governance. And that model says boards should stay out of management and operations unless there's a true imperative to get down into it. Well, for smaller organizations, that's not realistic; in a smaller organization that's all volunteer and the board is almost all volunteer, board members are actually playing all three layers of these roles, and one of the fights I regularly see in those settings is that you'll have two or three people dealing with operations, another one thinking at management, and a couple of more thinking at governance. And they're talking by each other, ’cause they're not focused on which level. And, by the way, the executive at best, the board chair at best, helps facilitate clarity by focusing in on, what level of question are we addressing now? In mid-size nonprofit organizations, the board always lives in governance. But you might think of this from a functional perspective. HR, finance, marketing, fundraising… It's not unusual that the board stays at the governance level for several of those functional areas, but it gets into management, or even a little bit into operations, in some others —fundraising being one of the most common areas where board members tend to get drawn a little more into operations, at least parts of the operation of fundraising, because they're helping with prospecting and connections and all that.

**David Renz:** So the highlighting here is just about the imperative for the board to think in advance, in concept with the executive leadership, about, “Where is the board? Where is the executive leadership, where’s the operations? And where does the board, and how, come into connection down below?” Because in principle, as I imagine, you mostly don't.

The reality is, it’s the executive director that reports to the board. Everybody else reports to the executive. Any time the board goes around the executive, you're short circuiting the capacity for the organization, to actually hold the executive to hold people accountable.

**Kate Barr:** Yeah, thanks, David. I think that this is a key question that I think we're also seeing, both before in the questions that came in at registration and now, which is the “who.” How do you recruit the right people to the board? Who are those people who you need to have on the board? And that understanding of what their roles are will be a really important, meaningful thing.

**Kate Barr:** This slide is just an essential laundry list of all the financial roles that you might have at the board level, officially at the board level, and at the staff level. Now, not every organization is gonna have every single one of these functions. I imagine the Wilder Foundation, for example, probably has an investment committee and investment advisors, while many of us don't. But that board chair, board treasurer, executive committee, audit finance committee — if you have those roles, to be really clear about what their roles are. I think that your visual, Dave, is really helpful about: Where do you live? Where do you belong, in each of these? And then the same thing at the staff level. Not that those staff isn't doing that management and operations, but how do they interact with the board, and who is accountable to board members? Who is staffing the finance committee or the audit committee? How much interaction is there with each of these key staff members — and outside advisors, sometimes? Because if you outsource your accounting or outsource your finance, you are not outsourcing financial leadership. You have to remember: You cannot outsource financial leadership or strategy. And so, how are those getting done internally?

**Kate Barr:** So, when we think about how to recruit for, particularly, these board roles, this is where I think it's important to think about, recruit for your organization. What are the roles that you have? Who are already the players? Who's the players on staff? And this helps us break away from the idea that there is a one-size-fits-all — that every board, for example, has to have a CPA; that every board treasurer has to be an absolute financial expert or an auditor; that every finance committee member has to be a financial expert. Now, it sounds like, when Keven was talking about Wilder Foundation, that is a group of finance people. But I have been on boards of arts organizations in particular where, I will tell you, no one is better managing cash flow than a working artist. And so, if you are a smallish organization,

I'll tell you: Entrepreneurs, small business owners, artists, people who are kind of operating an enterprise of their own, are incredibly savvy to finance even though they don't have an accounting degree and couldn't tell you a debit or credit.

**Kate Barr:** But we have to fill the job we need, and not just what's on the list that we need. And it's not necessarily that we go looking for a board treasurer. We may, but we also should be going to look for a great board member who has some financial skills, or who would be interested or have the aptitude for a financial leadership role. And, of course, then it also depends a lot on who's on our staff. So, if we have a highly qualified finance leader, CFO, we need probably a little bit less of that technical expertise at the board level.

**Kate Barr:** There are a couple of practical tools I just want to talk about. But first… we don't have time to go into all of the details of how this plays out, but organizations, if you are in a young startup, emerging life stage, you are gonna have a different level of financial needs at the board level. Especially if you are an operating organization with an all-volunteer organization, your board members are probably gonna have to play a hands-on role. And I think Dave alluded to this: Sometimes your board members are governing, and sometimes they're volunteering, and it's helpful to make that distinction between, right now, I am the volunteer bookkeeper, and then I go to a board meeting, and I'm actually governing. And so, making that distinction. But if an organization is in a really difficult financial condition, the board is probably gonna get a little bit more hands-on, or at least the finance committee, in helping to really make some decisions — again, that hopefully tie back to that impact, strategy, values, adaptability, and mission, so these contextual matters will always matter.

**Kate Barr:** Some of these have come up in the chat, but there are some tremendous resources on the Financial Commons website that’ll be useful for all of this, including the “5 Business Models Revealed” webinar series that you can use with your board or send to board members. We've already talked about the Dashboards, the Ratios, the Reserves, some of the other previous ones. And there's a whole resource collection. And then there will be some sent along with the recording of this webinar when you get it.

**Kate Barr:** This, again, has come up, which is the idea of, what are your financial report formats? This is a snapshot of what a dashboard looks like, with the classic red, yellow, green. But again, this immediately — as Jane was saying, if it's red, they pay attention, and so immediately grabs the question of what's meaningful and important, and what's probably most important on a dashboard, of course, is what you put on it, because what matters for your organization isn't necessarily the same for others. But it doesn't have to be a dashboard. It could be a narrative report. It could be some kind of executive summary or some other kind of a report format. It doesn't even have to be a written report. It could be the report from the executive, from the board chair, as Jane was describing.

**Kate Barr:** One thing I just have to point out is, we have to remember to that board members come to our organization, and they bring their own knowledge and experience and assumptions, and so sometimes just be prepared to debunk some of the financial myths that we've maybe been challenged with and trying to debunk for years. But we do have to be ready to debunk some of these with board members. So just be prepared to how to answer the question of, “We're nonprofit; we shouldn't have a profit.” “We can't charge fees.” “We should act more like a business.” All of, “Risk — we should have no risk whatsoever, instead of ‘we should just manage risk’” That lower overhead matters more than any other financial indicator, and that there's any such thing as a one-size-fits-all benchmark. “Every nonprofit should have 90 days of cash.” So, it's understandable why board members come to boards with these assumptions. Just be prepared. How will you address them? How do you unpack them and debunk them?

**Kate Barr:** And then we touched on this, both Jane and Keven touched on it, and it's come up a little bit is, how do you train and orient board members to your finances? Often, it's in new board member orientation. In that BoardSource survey that I referred to earlier, the question about how board members are trained and oriented to finances, 90% of the responses said that that board members learned how to read the financial reports, but only 60-some reports said that board members were oriented to the actual financial model of the organization.

**Kate Barr:** Is it orientation? Is it information with the financial reports? A glossary unpacking some of these phrases? You might help a board member understand what a restricted grant is, but they will forget, because they have other things going on inside their head. And so, you need a refresher. So it could be that there's a little glossary that goes with every financial report to remember. It could be an annual primer, it could be a refresher, presentations with outside auditors or others, presentations with the Financial Commons. I know there are board members here on the on the webinar, so that's a great model for how to learn.

**Kate Barr:** And I just wanted to leave you, before we go back to the Q&A, this is what Dave had referred to, that governance as leadership model, with the fiduciary, strategic, and generative. This is that format. But there, on this reference, you will also see the reference to the book. If you are interested in learning more about governance as leadership. But I'm going to turn it back to Dana here for more Q&A.

**Dana Britto:** Thanks. So, we got quite a few questions about this leading up to the webinar and have received some additional questions about this in the chat. I think, Kate, you had had the slide that sort of outlined the roles between both staff and board, but I think there's a lot of curiosity about what should be happening at each of those levels — particularly, you know, what's the distinction? And, in the context of financial oversight, of what the finance committee does, the treasurer themselves, the full board? How to bring in the lead executive and the lead finance person? So, can you talk a little bit more, not just about the roles, but the activities that fall, or can typically fall, under each of those categories?

**Kate Barr:** Yeah, I can respond, from my perspective and experience, is that again, it's all contextual to the organization. But, let's just say, in general, if one of the ways that you can help a board move out of minutia is by having an effective finance committee, and we could have a whole other session about how to effectively use a finance committee, because sometimes finance committees are so underused; you get talented people, and then you ask them to look at financial reports instead of talk about it. Because, I think, ideally, the finance committee probably spends more time, above all else, thinking about the finances. But again, hopefully, they're also — I loved Keven's comment about the windshield. Even the finance committee should be paying more attention to the windshield than the rear-view mirror, but also really having a strong understanding of that business model. Because if the finance committee does, then it simply prepares for the board. It doesn't mean that the board has abdicated to the finance committee, but it's that great preparation for that analysis and interpretation to the board. So, I think, more time and analysis, if anything else. I don't know what any of the others would comment, from your experience.

**David Renz:** I guess I'd like to underscore two things with regard to that. Perhaps not surprisingly, I agree completely with Kate, and see that all the time. But one of the things that is a problem for committees, including finance committees at times, is that they don't know — again, this is role clarity, but with regard to functions instead of individual people roles — what's the role of the finance committee in the financial leadership and management system? And laying this out, conceptualizing it, and then helping people make sense of that. I mean, there's almost a calendar year cycle for parts of it. Ideally, you're creating a budget, and then it's getting adopted before you get into your next fiscal year for which the budget exists. And then, what are the incidents that occur through that year in terms of monitoring and the kinds of questions that come up then? And as you get toward the end of the cycle, you've got your financial reports, you've got your audits. I think there are a lot of boards that don't understand that the auditors work for the board. They should work with the executive leadership. But the auditors work with the board.

**David Renz:** And the other key point that I'd like to underscore, at least from my perspective, is you should only have committees where you have so much work, either in terms of volume or expertise or unique challenges, that the board needs that help, because, at its worst, committees break work away from the board, and it becomes all siloed and disconnected. So, the board needs to be the place where this gets brought back together. And so, finance committees ideally will help tee up a discussion of substance with the board about the financials but connecting the dots with the strategic direction — to Keven's point, where does this fit relative to what our strategic plan would imply we need and want?

**Dana Britto:** So, we have time for one more question. And again, we hit, we touched on this a little bit, I think. Definitely seeing in the chat and in some of our registration questions, challenges around board recruitment, and particularly at the treasurer level. So, the question is twofold, for Jane and Keven in particular, and to the extent that you have this knowledge, any history around how your board treasurer was recruited or came into the mix of the board? And then, any additional tips on, given the seeming dearth of finance people, tips for choosing and really supporting someone in the role of treasurer, and maybe even reimagining the qualifications for that role at the board level.

**Jane Thompson:** Keven, I'll go first, because I — probably you might have more to add, but you did share with us that all of your finance committee were businesspeople, and that is the same for us. I mean, we've always had the head of audit services for Deloitte. We've had someone from PwC. Our current treasurer is the CFO for a credit union; prior to that, the CFO for a media company. And all of them came up as members of the finance committee and eventually succeeded to their roles. That's the picture for us. I would say there's probably more people in general on our board with financial acumen than anything else. We strive more to find the good marketing people, or the good people who aren't afraid to ask for money. So that's just been our experience in Orlando, with A Gift for Teaching.

**Keven Ambrus:** Yeah. And with us, the makeup of mainly financial or business people being in the finance committee was driven by the fact that we were, at some point in our history, having a difficult time managing our endowment use, and so that kind of drove that request to have business-minded people on the finance committee. However, I agree with what Kate said. I don't necessarily find it a necessity that you have to be a finance or a business person to be treasurer, or to be on our finance committee. I would welcome having someone who has a passion about our mission and is willing to ask the right questions and have the difficult conversations. I see it as my role to make sure that I'm providing the right information to the finance committee. So, you don't have to be a finance person — that example that Kate put up of the dashboard; you don't have to be a finance person to see red and go, “Hey, maybe that's something I should ask about.” And so I don't necessarily see it as a requirement that you have a financial background to be treasurer or to be on the finance committee. But what I do see as a requirement that you have a passion for what the organization is trying to accomplish.

**Dana Britto:** Fantastic. Well, thank you all for your input, and your questions. And to the participants, if you have more questions, please keep them coming in the chat and also visit our forums. We'll send a link in a bit. But I'll pass it off to Kate to wrap us up.

**Kate Barr:** Pass it back to me. And I'm gonna go back to the screen for just a couple of more slides. You will get these slides, as Ruth said, and so these are some key takeaways that you can review after you get the slide deck back. But otherwise, I'm gonna turn it over to Amanda Nelson from the Financial Commons.

**Amanda Nelson:** Thank you, Kate, and thank you to all of our presenters for providing an incredibly enlightening and empowering webinar.