

THREE WAYS TO BE A BETTER BOARD MEMBER

KNOW AND GROW: If you are a director of a nonprofit organization, here are ways you can go above and beyond to bolster the financial sustainability of your organization.

1

Stay on Top of Donor Trends

You can gain insights from today's donors who are:

- Volunteering more while directing more donations to the organizations where they volunteer.
- Revisiting family philanthropy mission statements and family giving patterns to develop future giving plans and determine types of organizations to support.
- Focusing on the impact of their giving and what they can do to solve problems and create change.
- Working with family members or “next generation” philanthropists to create philanthropic legacies.
- Highlighting organizations incorporating environmental, social, and corporate governance (ESG) into their investment strategy and asset allocation decisions.
- Becoming more sophisticated in how they deploy their charitable assets through deferred gifts, split-interest trusts, donor advised funds, impact and mission-related investing, and giving circles.

To keep up with these donor trends, your organization should maintain an infrastructure that provides flexible reporting and enables transparency. Donors are actively evaluating organizations they support, conducting “risk/return” analyses, and expecting nonprofits to be more accountable, more transparent and to have sound investment and operational practices.

2

Govern and Manage Risk

To help ensure your board understands its governance responsibilities and stewardship obligations, your organization should:

- Create a committee to regularly inform board members of their legal obligations and educate them regarding their responsibilities as stewards of charitable assets.
- Institute an on-boarding process for new board members.
- Establish policies and procedures governing both the board and the charitable organization as a whole, especially policies related to travel and reimbursement, human resources and conflicts of interest.

(continued)

2 / Govern and Manage Risk..

With respect to conflicts of interest, the board should help ensure:

- The proper policies and procedures are in place to address conflicts of interest for board members and executive staff members.
- Its confidential information and intellectual property are safeguarded by requiring board members and employees to sign confidentiality and nondisclosure agreements.
- A plan for addressing perceived conflicts of interest.

3

Help Ensure a Good Leadership Succession Plan

- Build a strong infrastructure for the organization and support the next generation of leaders, at both the board level and among staff.
- Consider creating a board profile grid listing the desired skills for board members based on the organization's current and future leadership needs, including considerations of race/ethnicity, age and gender.
- Institute term limits to help ensure new thoughts and energy surround the organization's work.
- Create structures to help ensure succession by supporting "junior" boards or committees where potential board members can learn more about the organization's priorities and witness good governance in action.

QUESTIONS? WE HELP YOU FIND ANSWERS

Northern Trust's Foundation & Institutional Advisors are committed to helping you sustain positive relationships with your donors. We also recognize the importance of timely, accurate and highly attentive service. Foundation & Institutional Advisors combines the expertise and perspective gained through generations of service to affluent families with the investment management and custody infrastructure required by large institutional clients.

To learn more about how we can put our expertise and resources to work for your organization, contact us or visit northerntrust.com/FIA.

Darius A. Gill, CFA, National Practice Executive, 312 444 7153, DAG9@ntrs.com

This information is not intended to be and should not be treated as legal advice, investment advice or tax advice and is for informational purposes only. Readers, including professionals, should under no circumstances rely upon this information as a substitute for their own research or for obtaining specific legal or tax advice from their own counsel. All information discussed herein is current only as of the date appearing in this material and is subject to change at any time without notice.

This information, including any information regarding specific investment products or strategies, does not take into account the reader's individual needs and circumstances and should not be construed as an offer, solicitation or recommendation to enter into any transaction or to utilize a specific investment product or strategy