

**Beyond Governance**  
**Exploring the Intersection of Board Practices and Structure and Executive Leadership in North**  
**Carolina Nonprofits**

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## **ARP Prompt**

### **Can We Build It? Yes, We Can! Effective Board Governance**

Nonprofit board effectiveness is a multifaceted concept that involves various best practices and strategies to enhance organizational performance. Nonprofit boards play a critical role in the governance and strategic direction of their organizations. Effective board governance is essential for ensuring organizational accountability, sustainability, and achieving mission-driven goals. However, many nonprofit boards face challenges related to governance practices, board member engagement, diversity, and alignment with organizational objectives. This ARP asks you to assess nonprofit board effectiveness. In undertaking this problem, you are encouraged to conduct the following research steps, at a minimum:

1. Conduct a literature review of frameworks and best practices for board effectiveness, considering the relationship (as appropriate) between board effectiveness and organizational performance.
2. Select and justify a sample of nonprofit organizations to evaluate. Develop and apply a methodological approach to examine board structure and governance practices including those espoused and in use, drawing on your literature review to buttress your analysis.
3. Make actionable recommendations directly based on your findings that can be implemented by nonprofits to improve board effectiveness. You should consider the leadership and management implications of this problem.

## **Executive Summary**

Nonprofit organizations rely heavily on their boards for governance, strategic planning, and mission alignment. However, many struggle to structure their board to best align with organizational goals. This project aims to gather insights from executive directors (EDs) of North Carolina-based nonprofits regarding their boards' structure and best practices. It also explores how organizational factors, such as board size and organizational age, affect performance measures like revenue and assets. To address these questions, a mixed-methods approach was used. First, qualitative data was gathered through interviews with six executive directors from North Carolina 501(c)(3) nonprofits with revenues exceeding \$25,000. These interviews focused on board effectiveness, governance practices and alignment between the board and executive leadership. Second, stratified random sampling was used to identify one hundred North Carolina nonprofits by selecting ten organizations from each category. Quantitative data were collected from IRS Form 990-EZ filings for these nonprofits, providing details on board size, revenue, expenses, assets, liabilities, organizational age, and personnel expenses. Linear regression was used to assess how board sizes and organizational factors impacted nonprofit financial performance metrics. Findings from the qualitative data revealed that EDs felt confident in achieving their organizational missions and securing resources, considering board engagement and alignment as crucial for success. However, they noted room for improvement in ED/board alignment and increasing board effectiveness. The quantitative analyses showed nonprofits in later stages of their lifecycle with larger board sizes were more likely to have more assets and manage larger balance sheets including total revenue and expenses. To improve nonprofit governance, this project recommends NC nonprofits with budgets exceeding 25,000\$ implement a formal process to monitor their board performance that include self-assessments and retreat. Strengthening the relationship between the ED and the board through regular communication, strategic planning, and diversified board recruitment is also essential for alignment and success. Additionally, this project findings support a more active role for executive directors in interpreting organizational policies. Finally, nonprofits may benefit from formalizing their board structure and processes, and growing their board size as their financial footprint grows.

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## Introduction & Problem Definition

Nonprofit organizations are governed by a body of members known as the board of governors, board of trustees or simply the board. Members of the board can be elected or appointed. As nonprofits vary in size, IRS-designated category and funding sources, so do their board sizes and composition. Nonprofit boards facilitate the function of internal governance within an organization to prioritize stakeholders' interests and provide strategic planning (Scott and Rivera 2017). As a result, the board of directors is where the buck stops when there are concerns about nonprofit finances or outcomes. Effective boards drive organizational success as they effectively set and monitor organizational goals and provide clear policy and oversight (Green and Griesinger 1996). The National Council of Nonprofits also makes the case for a strong board of directors that serves as a fiduciary ensuring fiscal responsibility and boosts its culture by advocating for its mission ("Board Roles and Responsibilities," National Council of Nonprofits 2025). However, the specific structure and function of nonprofit boards can vary greatly depending on several organizational factors, as elements such as size, mission, workforce composition (paid staff members vs volunteers), and the environment in which the organization operates all influence board dynamics (Mintzberg 1983, Kramer 1985). For example, nonprofits with complex missions and goals that operate in an uncertain environment may need a larger board size with members who can assist the organization in navigating the complexity of its environment (Pfeffer 1973).

Many scholars acknowledge the lack of high-quality guidance on how nonprofits can compose an effective board (Ostrower and Stone 2001, Miller-Millesen 2003), and agree that solutions imported from for-profit industries do not yield favorable results in nonprofits (Alexander and Weiner 1998). Many nonprofit boards face challenges related to governance practices, board member engagement, performance, diversity, and alignment with the executives. This project aims to capture insights from North Carolina nonprofits executive directors into their boards' best practices and effectiveness in driving organizational performance, and the impact of different organizational factors (including the board size and organizational age) on financial performance measures such as revenue, expenses, total assets,

liabilities and personnel expense ratio. This project aims to produce a set of recommendations that promote more effective board governance in North Carolina nonprofits and leverages organizational factors including organizational age to provide guidance on how to best structure and right-size the nonprofit board.

## **Literature Review**

This thematic review will discuss common expectations of nonprofit boards under Carver's legacy governance model (Carver 1990, Carver & Carver 1997). It will also present other scholars' research who challenged the rigid policy governance theory and tested its validity. The review will also revisit nonprofit's board best practices and inclusive governance including the work of Brown (Brown 2002) and Miller-Millesen (Miller-Millesen 2003) as well as BoardSource Leading with Intent initiative (BoardSource 2013), while highlighting the present knowledge gap this project aims to bridge.

## **The Nonprofit Board Expectations Through Carver's Lens**

John Carver's Policy Governance Model has become a cornerstone in nonprofit board governance (Carver 1990, Carver & Carver 1997). In his work, Carver advocated for a strict separation between the board and the organization's executive leadership, with the board focusing on strategic oversight and the executive team handling day-to-day operations. According to Carver, the board has a highly prescriptive role of setting the organizational goals and purpose (the ends), hiring an executive to achieve these goals, defining the executive authority, expectations and limitations (policy setting) and monitoring the executive key performance indicators ideally linked to organizational goals. In this model, the board delegates the day-to-day management tasks to the executives. Interestingly, Carver's model was solely based on expert opinion and observations, prompting many in the field of public administration to proceed with caution and demand further testing and validation of this framework (Cornforth & Edwards 1999). That said, scholars continued to build on Carver's principles of the means, the ends and executive effectiveness to measure nonprofit effectiveness. These principles will also be used in this project as proxies to organizational performance and effectiveness.

### **Policy Governance Model vs. Reality**

Many scholars took issue with Carver's tendency to absolve the board of its responsibility while shifting the blame to poor execution by the executives (Mulhare 1999), and argued against the universal effectiveness of the policy governance model and its utility in organizations already experiencing financial struggles (Williams 2010). Notably, Nobbie and Brudney delivered the strongest rebuttal to Carver's decades later (Nobbie & Brudney 2003). They successfully put the policy governance model to test by conducting the highest quality evaluation and the first controlled study of its kind with an experimental sample of thirty-two nonprofit organizations. The study included three arms; an experiment arm where organizations fully implemented Carver's model and two control arms including a random sample of control nonprofits and another group of nonprofits that implemented the National Center for Nonprofit Boards' (NCNB) training. Notably, nonprofits following the Carver Policy Governance model did significantly better on both achieving goals and job satisfaction among executives compared to the random sample group, but no significant difference was detected compared to nonprofits trained by the NCNB. Furthermore, nonprofit in all three arms performed similarly on outcomes of internal policies, resource allocation (funding and asset acquisition) and revenue-to-expenditures ratio. In other words, the investment and practice of implementing any governance model (not necessarily Carver's) within a nonprofit improved goal achievement "the ends" and executive job satisfactions but had no impact on the "means" or the fiscal performance. Nobbie and Brudney's work also used a combination of organizational factors, board practices and executive measures to track nonprofit effectiveness. These measures will be highlighted in the following section and used throughout this project as proxies for measuring nonprofit effectiveness and success.

### **Measures of Nonprofit Effectiveness**

Below are metrics used in this project to track nonprofit effectiveness:

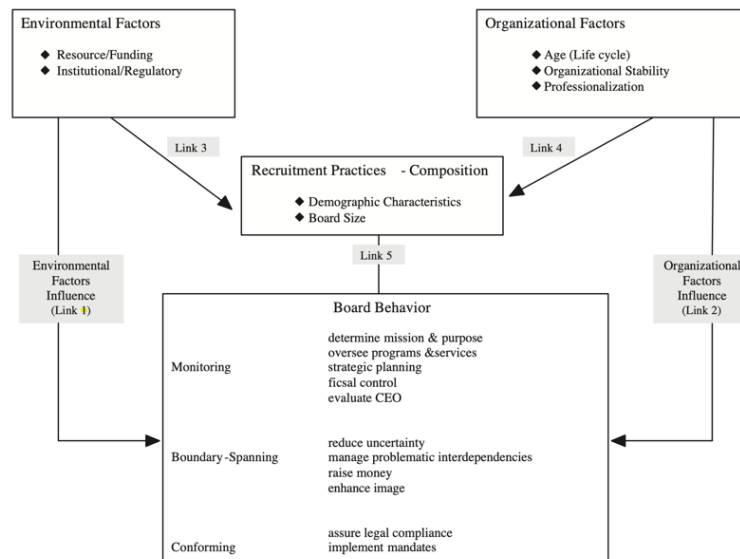
1. **Goal Attainment “the ends”:** which requires the organizational goals to be well defined and quantifiable (Price 1972). Inquiring about the organizational executive’s impression of goal achievement can help assess this outcome (Nobbie and Brudney 2003).
2. **Financial Success:** Tools borrowed from the business world can help assess this outcome such as revenue-to-expenditures ratio over time (Steers 1977, Greenlee & Bukovinsky 1998). Surveying the board or executives’ perception of success in obtaining resources such as grants and assets is another way to evaluate the organization’s financial success.
3. **Internal Processes, also known as policies or “the means”:** This measure speaks to how well the information flows between the board, executives and team members (Cameron & Green 2015). The means can be measured by surveying executives or team members on how they rate the overall effectiveness of organizational policies (Nobbie and Brudney 2003).
4. **Executive Role Satisfaction:** Both Steers and Carver support the notion that effective board governance drives executive satisfaction within their role. Satisfaction surveys are often used to assess this outcome (Nobbie and Brudney 2003).
5. **Executive (CEO) Effectiveness Performance:** which is interchangeable with the organizational performance according to Carver. The executive performance can be evaluated by seeking input from the nonprofit board chair (Nobbie and Brudney 2003).

### **Nonprofit Boards’ Best Practices and Inclusive Governance**

Understanding determinants and factors that predict a board behavior is of significant value. While many scholars have established the role of an effective board in achieving organizational outcomes, board members do not operate in silos and many factors within an organization can change the board structure, size, characteristics and recruitment processes. Below is figure 1 adopted from a review by Miller-Millesen which highlights links between the organizational factors (such as age, stability, professionalization) and environmental factors (funding and regulations) as well as their influence on the board behavior and composition (Miller-Millesen 2003).



**Figure 1.** Theory-Based Typology of Board Behavior.



As part of a broad effort to strengthen and support nonprofit boards, BoardSource launched an initiative called “Leading with Intent” which surveyed thousands of nonprofit leaders to better understand their boards’ structure, practices, performance, and culture (BoardSource 2013). As part of the initiative’s key findings, the report advocated for better board/executive alignment on their tasks, roles and responsibilities to achieve the organizational goals. The report also underscored the importance of the routine assessment of board’s performance, and reiterated dissatisfaction in efforts to diversify nonprofit boards, a concept rooted in the practice of inclusive governance (Brown 2002). Stakeholders, defined as “any group or individual who can affect or is affected by the achievements of the organization’s objectives” (Freeman 1984), need to have their interests represented on the nonprofit board.

Brown further studied the prevalence of inclusive governance and the impact of implementing inclusive practices on the board diversity. He concluded that more inclusive boards “were not necessarily heterogeneous in board member composition”. Evans, Keunzi and Stewart offered a more nuanced approach to the impact of the diverse board. While diverse boards performed slightly better in implementing diversity-related practices in recruitment and policies, they had limited to no impact of

organizational size and effectiveness (Evans, Keunzi and Stewart 2024). In summary, BoardSource Leading with Intent initiative along with Brown's work paved the way for what is now known as the Board's Best Practices and Inclusive Governance. In this project, BoardSource Recommended Governance Practices (BoardSource 101 Resource 2023) will be used to further inquire about the board's best practices in different nonprofit organizations and is referenced as well in the project's appendix B.

### **Literature Summary**

Different models of policy governance within nonprofits help set expectations for the executive/board relationship and the nonprofit board structure. As noted, the literature provides answers to how to track organizational outcomes and loosely connects the board best practices and effectiveness to organizational performance. However, many nonprofits still face challenges related to the board governance practices, engagement, and alignment with the executives on organizational objectives. In addition, further guidance is needed on how to "right-size" and structure an effective board based on organizational age, goals and financial performance. While reflecting on board structures for local nonprofits in North Carolina, there is little guidance available on how to best structure a nonprofit board. Chapter 55 of NC General Statutes only requires a minimum of one person serving on a nonprofit board (North Carolina General Statutes, § 55A-8-03), while the NC Center for Nonprofits recommends having five to seven active members on the board of directors (North Carolina Center for Nonprofits 2025). There is a gap in the literature on how nonprofit board structure (including size) and adherence to best practices influence organizational performance. This project aims to explore how nonprofit executives perceive their boards, examining the board's structure and practices, as well as the impact of organizational age on overall organizational performance.

### **Research Design**

Effective board governance is a complex task as illustrated in the literature review, and many nonprofit boards face challenges related to governance practices, board member engagement, diversity, and alignment with organizational objectives. This project uses a mixed-method approach first to capture

insight from nonprofits executive directors into their boards' best practices and effectiveness in driving organizational performance, and then explores the impact of different organizational factors including the board size and organizational age on financial performance metrics.

RQ 1: How do executive directors of North Carolina nonprofits perceive the nonprofit board impact on organizational performance, measured by goal attainment, internal processes, financial success and board effectiveness and best practices?

Considering the different elements addressed in this question, it will be broken down into three sub-RQs:

RQ 1.1: How do executive directors perceive the board's impact on the nonprofit goal attainment and internal processes?

RQ 1.2: In what ways do executive directors believe the board contributes to organizational effectiveness and financial success?

RQ 1.3 How do executive directors perceive the impact of a nonprofit board size, composition and practices on its effectiveness?

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RQ 2: What impact do the size of a nonprofit board and the age of the organization have on its financial performance, as measured by total revenue, expenses, assets, and liabilities in a single fiscal year for nonprofits in North Carolina?

To simplify this question, it will be divided into two separate questions:

RQ 2.1: What impact does the size of a nonprofit board have on its financial performance measured by total revenue, expenses, assets and liabilities in a single fiscal year?

RQ 2.2: How does the age of a nonprofit organization influence its total revenue, expenses, assets, and liabilities in a single fiscal year?

## **Key Terms and Variable List**

**Organizational Performance:** In this project, this will be defined and measured by a combination of factors including goal attainment, internal processes (policies or means), financial success and board effectiveness and best practices. Financial performance will be determined by measuring different financial metrics including total revenue, total expenses, total assets, liabilities and personnel expense ratio.

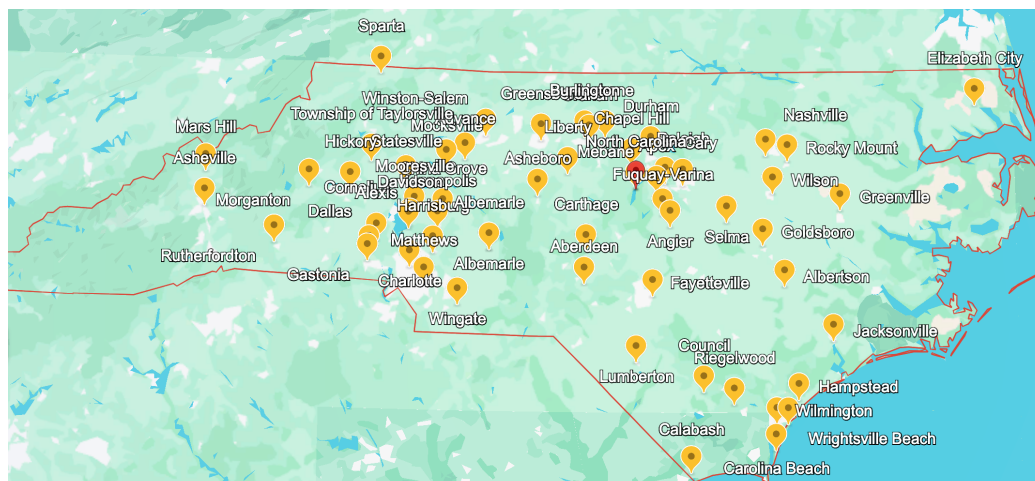
**Board Best Practices:** This project will use BoardSource Recommended Governance Practices as proxies for the board best practices, which emphasize the importance of clear roles, regular self-assessments, effective communication, and strategic oversight to ensure boards operate efficiently and uphold accountability, transparency, and strong governance (BoardSource 101 Resource 2023). A summary of BoardSource Recommended Governance Practices is provided in Appendix B.

## **Unit of Analysis & Sampling:**

This section outlines the units of analysis and sampling methods used in this project, which combined both qualitative and quantitative approaches. Data for research question 1 were gathered from interviews conducted with NC nonprofit EDs. The unit of analysis for RQ 1 is the North Carolina nonprofit organization. For this project, only tax-exempt nonprofit organizations operated exclusively for religious, charitable, scientific, testing for public safety, literary, educational, or other specified purposes under IRS Section 501c (3), with total revenues exceeding \$25,000, will be studied. This is consistent with other controlled empirical studies (Nobbie and Brudney 2003). To gather further information and primary data on executive perception of the nonprofit board (RQ 1), a total of ten executives of NC nonprofits were initially contacted, and a total of six interviews were conducted with executives of nonprofits that meet the project criteria (501c3 nonprofits located in NC with total revenues exceeding \$25,000). The overall response rate was 60%, and all executive directors included in these interviews were UNC MPA alumni.

To address research questions 2 (RQ 2), a total of one hundred nonprofits in North Carolina were included in this quantitative analysis. The unit of analysis for this part of the project is the North Carolina nonprofit organization. This study's sample size ensures nonprofits from different categories are adequately represented. Furthermore, a similar sample size was used in the literature to study board performance and organizational effectiveness (Andrés-Alonso 2009). Stratified random sampling was used by selecting ten organizations that meet inclusion criteria from each nonprofit category using alphabetical sorting (A-Z), a feature provided by ProPublica.org. The one hundred NC nonprofits included in this study spanned a large geographical area across the state (see figure 2).

**Figure 2.** Location of nonprofits sampled in the quantitative data is illustrated using google earth.



## Methods, Sources of Data and Research tools

This study uses qualitative and quantitative (mixed) methods. Studies with similar goals have relied on quantitative analyses (Andrés-Alonso 2009) and mixed methods (Nobbie and Brudney 2003). Research Question 1(RQ 1) explores the executive's perspective on their nonprofit boards structure, performance, best practices and alignment with the ED on the organization's goal and effectiveness. A total of six structured (scripted) interviews were conducted with executive directors and explored their organizations' goal attainment, mission alignment and achievement, resource acquisition, executive/board dynamics, and the board effectiveness including the board best practices. Surveys and questionnaires provided by the chief executive officers (CEOs) of organizations have been used in the literature as tools

to determine organizational effectiveness by evaluating internal processes (the means), executive effectiveness, and goal attainment (the ends) (Carver 1990; Steers 1977; Nobbie and Brudney 2003). Some of the questions were adopted from the board self-assessment questionnaire (Jackson and Holland 1998). A full interview protocol including the required interview questions is provided in the appendix A, and impressions were recorded immediately following each interview. Qualitative data acquired from these interviews were deductively and manually coded.

Research questions (RQ2) hypothesizes that differences in the size of a nonprofit board and organizational age are associated with differences in organizational financial performance. Key variables of interest include numerical interval data: the board size excluding the chief executive officer and organizational age (independent variables obtained from public filing data), the organizational total revenue, total expenses, total assets and liabilities owned by the organization (dependent variables- all measures serving as surrogates for financial performance) (Nobbie and Brudney 2003). Secondary data publicly available from tax filings were obtained using forms 990-EZ filed to the IRS and publicly available via ProPublica.org, including nonprofit board size, financial performance metrics (total revenue, expenses, assets, liabilities, salary expenses and personnel expense ratio measured by dividing salary expenses to total expenses) and organizational age. Organizations lacking a public filing for the fiscal year 2023 as well as organizations with a single person serving as an executive and a board chair were excluded. This dataset was then uploaded to the statistical analysis software SPSS available via UNC virtual lab, and linear regression analyses were conducted using the board size and organizational age as independent variables, and total revenue, total expenses, total assets, total liabilities and personnel expense ratio as dependent variables (five in total). These analyses aim to uncover any relationship between organizational age and the nonprofit board size and measures of financial performances.

**Data Cleaning:** Qualitative data gathered through the interview process were obtained from automatically generated Zoom and Webex meeting transcripts, except for one interview conducted in person. Each meeting was recorded, and the transcripts were generated immediately after the meetings.

Each of the interview questions represented a larger theme and data were compiled into a single document, before they were deductively and manually coded. Quantitative data were collected from ProPublica and 990-EZ filings into an excel sheet. The columns included the name of each nonprofit, nonprofit subcategories, board size (excluding the president/CEO), general board composition, total revenue, total expenses, Revenue/Expense Ratio, total assets, total liabilities, salary expenses, nonprofit location, personnel expense ratio (salary expenses/total expenses) and organizational age.

## **Analysis**

RQ 1: How do executive directors of North Carolina nonprofits perceive the nonprofit board impact on organizational performance, measured by goal attainment, internal processes, financial success and board effectiveness and best practices?

In this report, executive directors interviewed will be referred to as ED1, ED2, ED3, ED4, ED5 and ED6. The categories of nonprofits included in the interviews spanned housing/ shelter (1), housing/home repair (1), health, general and rehabilitation (2) and human services, multipurpose (2). ED1 and ED6 represented human services nonprofits, while ED 2 and ED4 represented the health nonprofits and ED 3 and ED5 represented the housing and home repair nonprofits. Three of the six nonprofits had an annual revenue between \$130,000-800,000 while three exceeded one million dollar. Using the interview transcripts, deductive coding was used to detect responses relevant to metrics of organizational performance. Deductive codes used keyword density to identify words frequently mentioned by executive directors that correlated with metrics of organizational performance. Themes provided in the finding's sections were generated using a combination of the interviewees responses and questions asked in the scripted interview process (provided in the appendix). Deductive codes used are highlighted in detail in the codebook section.

**Codebook:** For the theme “goal attainment”, the codes used were (goals, plan, strategic) which were mentioned in the compiled ED transcript 32, 31 and 45 times, respectively. For the theme “ED/Board Alignment”, the codes used (align, relationship) were mentioned 48 and 19 times. To capture responses

related to the board size and compositions, codes used (board, size, composition) were mentioned 277, 14 and 17 times, respectively. To capture responses relevant to the theme of internal processes, codes included the following keywords (policies, decision, interpretation) which were mentioned 46, 70 and 14 times. Codes (funding, resources, fundraising, grant), mentioned 38, 14, 20 and 11 times, were used to identify the theme of resource acquisition. The code (meeting, mentioned 33 times) helped identify the board meeting frequency, and the codes (performance, effectiveness, monitor, mentioned 36, 13 and 16 times) were used to identify responses relevant to the theme “Monitoring the Board Effectiveness and Performance”.

RQ 2: What impact do the size of a nonprofit board and the age of the organization have on its financial performance, as measured by total revenue, expenses, assets, and liabilities in a single fiscal year for nonprofits in North Carolina?

The sample board sizes included in the quantitative data collected ranged from one board member (excluding the president/ED) to twenty-two, had a median board size of six and a mean board size of 6.75. The upper quartile board size was 9 while the lower quartile of board size distribution was 3.75. Linear regression was conducted using the board size and organizational age as independent variables, and total revenue, expenses, assets and liabilities as dependent variables. Unstandardized Coefficients Beta were obtained from reports generated by SPSS, along with p values, adjusted R squares and constants as highlighted (see table 1). The original SPSS outputs and tablets are provided in appendix C.

**Table 1.** Linear regression analysis results using the board size and organizational age as independent variables.

<b>Independent Variables</b>	<b>Total Revenue</b>	<b>Total Expenses</b>	<b>Total Assets</b>	<b>Total Liabilities</b>
Board Size	183382.903*	170190.413*	381801.690***	83516.039
Organizational Age	49070.738	41139.607	84513.959**	15963.771
Adjusted R Square	.079	.071	.193	.032
(Constant)	-916248.970	-769528.296	-2029839.758	-213847.917

\*p ≤ 0.10; \*\*p ≤ 0.05; \*\*\*p < 0.01



## Limitations

While the mixed-method design of this project strengthens its findings, there are several limitations to consider. Regarding the credibility, trustworthiness, and transferability of the findings, it is important to note all executive directors who participated in the interviews held a master's degree in public administration. This homogeneity of educational background could introduce bias, as the sample primarily reflects organizations led by highly skilled executive leadership, potentially limiting the transferability of the findings to nonprofits led by executives with different qualifications. Furthermore, only six out of ten interview invitations were accepted, narrowing the range of perspectives from other executive directors. This limited sample size may affect the dependability and confirmability of the findings, as the responses may not fully represent the broader spectrum of leadership within North Carolina's nonprofit sector. Additionally, the timing of the interviews, scheduled right after the holiday season, also posed challenges, as many executive directors were out of office when the invitation emails went out. This factor may have impacted the authenticity and plausibility of the data, as the responses may not have fully captured the typical operational dynamics of nonprofit boards during other times of the year. That said, the project successfully met its minimum goal of five interviews strived for confirmability by grounding conclusions in the respondents' perspectives to reflect the true experiences of executive directors within the selected organizations.

The quantitative data gathering and analysis had a few limitations. Initially, the stratified sampling process was planned to incorporate ProPublica's "best match" feature. However, this feature favored organizations with large annual budgets (over one million dollars), potentially introducing bias. To improve the reliability of the sample, the stratified sampling method was revised to select the first ten organizations in alphabetical order within each nonprofit subcategory. The sample selected was geographically diverse (see Figure 2). Additionally, the secondary data used for this study came from nonprofits' most recent public tax filings for fiscal year 2023. While focusing on a single year helps control for large-scale economic downturns, it limits the ability to consider other environmental factors

that might affect the organizations, potentially impacting the study's external validity. To mitigate this, Research Question 1.2 was updated to specifically reflect the use of data from a single fiscal year, ensuring the conclusions drawn are valid within the specified timeframe.

## Findings

RQ 1.1: How do executive directors perceive the board's impact on the nonprofit goal attainment and internal processes?

**- Confidence in Goal Attainment:** The EDs provided a different perspective on goal attainment and confidence in achieving the organization's mission, which was detected by using the codes (goals, plan, strategic). Most were confident in their organization's ability to deliver on the nonprofit promise and mission. ED 2 attributed such confidence to the organization's clear, structured strategic plan with SMART (specific, measurable, attainable, reliable and time-bound) goals that are tied to an action plan, while ED 5 linked their high confidence to the organization's track record in adaptability and strong community partnership. ED 3 was the least confident in goal attainment and expressed concerns over a recent organizational departure from time-bound strategic goals and plans to a flexible, theory-of-change framework. This shift was in part promoted by external funders and may jeopardize achieving the nonprofit's long-term goals.

**- Internal Processes & Decision Making:** To capture responses relevant to the theme of internal processes, codes included the following keywords (policies, decision, interpretation). Executive directors unanimously affirmed their active role in shaping, interpreting, and clarifying policies, often offering real-world examples and practical context to help the board understand how policies impact their organizations. The EDs described decision making as collaborative in nature. Some boards focused on high-level strategic guidance, while others were more directly engaged in the decision-making process. The EDs generally led the day-to-day operations but worked closely with the board on critical, mission-aligned decisions.

Examples of Internal Processes:

*“Because the board is highly engaged in the details, especially financial details, there can be a tendency to get pulled into the day-to-day operations.”, Executive Director 3.*

*“My role often involves educating the board on how these areas of work function, including the technical aspects of our programs, industry standards, and evolving practices.”, Executive Director 5.*

RQ 1:2: In what ways do executive directors believe the board contributes to organizational effectiveness and financial success?

**- Executive / Board Alignment and Opportunities for Improvement:** Codes used to identify this theme included (align, relationship). The vast majority of EDs felt the board and executives were fully aligned. The EDs often described their relationship with the board as trusting, respectful, collaborative and supportive. Some described the board as engaged, balanced, advisory, dynamic, mission-driven, informal and complimentary. All executive directors felt there was room for improvement when it comes to their relationship with the nonprofit boards in areas below:

1. **Communication & Engagement:** Several EDs (1, 5 and 6) emphasized the importance of enhanced communication with the board to ensure they are consistently informed and more actively engaged.
2. **Strategic Direction:** ED3 and ED4 called for clearer alignment on long-term strategic shifts, particularly with new frameworks (like the theory of change) and high-stakes projects.
3. **Board Expertise:** ED2 and ED5 saw a need for a broader skill set within the board and a deeper understanding of operational complexities, especially as their nonprofits expand.
4. **Formalizing Decision-Making for Larger Projects:** ED4 stressed the importance of structuring discussions around major, capital-intensive projects to ensure better informed decision making.

- **Resource Acquisition:** Codes (funding, resources, fundraising, grant) were used to identify the theme of resource acquisition. While reflecting on resources acquired over the last five years, the EDs across the board reported a positive trajectory in their organizations' ability to acquire external resources (table 2).

**Table 2.** Funding sources for each organization along with an estimated total annual budget.

	<b>Nonprofit Funding Sources</b>	<b>Total Budget</b>
<b>ED1</b>	Federal funding (~\$7M), block grants (~\$2-3M) local grants (~\$4M)	~\$15 million
<b>ED2</b>	Federal grants, local health foundations, Office of Rural Health, local health department (Not a Federally Qualified Health Center).	~\$2 million
<b>ED3</b>	Strategic fundraising, donations, grants (including federal and state COVID-19 funds). Capital campaign raised \$2.5 million. Operating reserve of \$1.8 million.	~\$3 million
<b>ED4</b>	Fundraising from milestone events, specific project and hospital support.	~\$200,000
<b>ED5</b>	Contract-based model with local governments, federal funding (~\$1-2M), local government (bond funds and general funds). Transitioned from grant-based to contract-based.	~\$8 million
<b>ED6</b>	Pharmaceutical industry (60-70%), individual donations, public fundraising, exploring local and state funding. Focus on long-term sustainability and new partnerships.	~\$600,000–700,000

RQ 1.3: How do executive directors perceive the impact of a nonprofit board size, composition and practices on its effectiveness?

- **Nonprofit's Board Size and Composition:** Codes used included (board, size, composition). Most EDs felt their boards' size and composition were suitable for their organizations. Of note, the smallest board size among these nonprofits was 7 and the largest was 13. ED1 noted while the board size is at the minimum set by bylaws, the composition is well-balanced with a mix of private sector, public sector, and stakeholder representatives. ED2 also found the board size (11-13 members) appropriate but noted the board composition had room for improvement. ED3 appreciated their board's diverse expertise in finance, fundraising, and governance, but cautioned the board from reverting back to its working board roots. ED4 believed the board's size (13 members) worked well. ED5 commended the board's strategic counterbalance in decision-making. ED6 felt the board composition was well-balanced but recommended

enhancing geographic and skillset diversity by bringing in legal expertise for better policy and compliance oversight.

**- Inclusive Governance, Decision Making and Board Performance and Effectiveness:** Similar to “Leading with Intent” initiative launched by BoardSource, the interviews inquired about the board’s role in communicating decisions to stakeholders, the frequency of board meetings and the mechanisms in place to monitor the board’s effectiveness and performance, if any. Most boards did not have a direct role in engaging internal stakeholders and focused primarily on oversight, governance, and strategic direction. That said, board members were more engaged in external communications with stakeholders such as donors, funders, and the broader community, particularly in instances where the decision was significant, involved fundraising, or required community engagement (ED3, ED5, and ED6).

Examples of Board Governance Structures:

*“Our board practices are designed to ensure strong governance while also supporting operational efficiency and sustainability.”, Executive Director 3.*

*“We have a detailed Board Manual that sets out the roles and responsibilities of board members. It includes attendance requirements and outlines our conflict-of-interest policies, among other things.” Executive Director 6.*

**- Board Meeting Frequency:** The code (meeting) was used to identify this theme. The frequency of board meetings across the organizations varied but generally followed a monthly or bi-monthly schedule. Most organizations met monthly, with meetings typically lasting between 1 hour to 2 hours. For instance, ED4 and ED6 held monthly meetings, with ED6 also having additional meetings with the board chair. ED1 and ED2 met every other month, with ED2's executive committee also meeting monthly. ED3 held quarterly meetings, with monthly check-ins or committee meetings as needed. ED5’s organization held 10

meetings per year, alternating between virtual and in-person formats, with in-person meetings lasting longer to allow for more in-depth discussions.

**- Monitoring the Board Effectiveness and Performance:** the codes (performance, effectiveness, monitor) were used to identify responses relevant to this theme. All EDs but 3 and 6 stated their nonprofits lacked a formal mechanism to monitor the board's effectiveness and performance. ED3 noted their organization conducted an annual self-assessment, held retreats to evaluate governance practices, and used performance metrics like fundraising targets to monitor board engagement. ED6's organization employed a self-evaluation process where board members assessed both their individual performance and that of the board. All EDs interviewed expressed interest in developing a structured process to monitoring their board performance and effectiveness.

Examples of Board Performance Monitoring:

*"There are no current board performance metrics. I would like to see more active involvement from the board on committees and in chairing those committees. Ideally, the board should drive these activities, rather than the ED and staff.", Executive Director 2.*

RQ 2:1: What impact does the size of a nonprofit board have on its financial performance measured by total revenue, expenses, assets and liabilities in a single fiscal year?

Based on the results of the linear regression analysis (see table 1), there was a significant relationship between the board size and most financial performance metrics of nonprofit organizations. Assuming a cutoff p value  $\leq 0.10$  represents statistical significance, larger boards were associated with larger balance sheets including total revenue, total expenses and total assets, but not total liabilities ( $p=0.116$ ) in a North Carolina nonprofit. In other words, an increase in the size of a North Carolina nonprofit board correlated with an increase in a nonprofit financial footprint measured by its revenue, expenses and assets.

RQ 2.2: How does the age of a nonprofit organization influence its total revenue, expenses, assets, and liabilities in a single fiscal year?

While evaluating the relationship between organizational age and financial performance, the picture was less clear. There was a significant relationship between organizational age and total assets acquired by a nonprofit, meaning older, more established organizations were more likely to own expensive assets. Linear regression analyses exploring the relationship between organizational age and total revenue, expenses and liabilities did not reach statistical significance ( $p=.106$ ,  $0.146$ ,  $.350$ , respectively). Of note, there was no relationship between nonprofit board size, organization age and personnel expense ratio.

**Putting it Together:** This project uncovers valuable insights into a sample of nonprofit boards in North Carolina, seen through the lens of executive directors. Most of the boards in the organizations interviewed met on a monthly or bi-monthly basis, with executive directors playing an essential role in guiding decision-making in a collaborative manner alongside the board. While executive directors generally felt supported by their boards, many organizations lacked a formal process for monitoring board performance and effectiveness. Executive directors shared suggestions on how to improve the dynamics between the board and executive leadership, as well as ideas for implementing best practices for governance. Additionally, the quantitative data support the need to expand board size as organizations mature and their fiscal responsibilities and operations grow. These findings align with previous studies that show a correlation between a nonprofit board size and its overall performance (Brickley 2010, Aggarwal 2012). Throughout the interviews, executive directors emphasized the value of expanding the board to diversify its skill sets and enhance governance, reinforcing the importance of thoughtful board growth as nonprofits mature.

## **Recommendations**

The following recommendations aim to help nonprofits improve their board effectiveness by providing guidance on board performance monitoring, executive/board dynamics and right sizing the board based on organizational age and financial footprint:

### **Recommendation 1: Implement a process to monitor the nonprofit board performance championed by the board chair or president.**

Many nonprofits surveyed in this study lacked a formal process for monitoring board performance, though most executive directors agreed that implementing such a system would be highly valuable. Board evaluations are essential for promoting key public service values such as accountability, leadership, and transparency, which are crucial for strengthening nonprofit governance and effectiveness. However, implementing these evaluations can be challenging from a leadership perspective, as it requires the board to be receptive to feedback and willing to adjust its practices. Literature also suggests that external pressures on boards to change do not always lead to positive outcomes (DiMaggio & Powell 1991; Miller-Millesen 2003). Based on these findings, this project recommends several strategies to improve board effectiveness. First, nonprofits should implement annual self-assessment questionnaires to encourage ongoing reflection on board performance. In addition, scheduling regular governance retreats will provide the board with opportunities for deep discussion and alignment on responsibilities. It is also important to establish clear, measurable performance metrics, such as fundraising targets, to track board engagement and effectiveness. Furthermore, executive directors emphasized the responsibility for overseeing board evaluations should rest with the board chair or president, rather than the ED, to avoid potential internal conflicts. Finally, nonprofits should conduct board assessments at least every two years to foster continuous improvement.

### **Recommendation 2: Take on steps to strengthen the relationship between the executive director and the board.**



While most executive directors in this study reported positive relationships with their boards, they identified several areas for improvement to strengthen these partnerships. Key findings focused on enhancing communication and engagement through regular check-ins and a structured communication plan. Additionally, formalizing decision-making processes for large, capital-intensive projects was seen as crucial for better governance, and executive directors emphasized the need to revisit organizational policies and bylaws regularly to ensure they stay relevant. These findings align with core public administration values of diversity, objectivity, due process, and respect, as outlined in inclusive governance principles (Brown 2002), BoardSource's "Leading with Intent" initiative, and the public service values emphasized in the Network of Schools of Public Policy, Affairs, and Administration (NASPAA) programs (Svara 2018). Formalizing decision-making processes supports due process by creating clear and well-structured frameworks.

Considering these findings, this study recommends North Carolina nonprofits similar to those studied implement regular check-ins between the executive directors and the board. Most EDs suggested a monthly cadence to these check-ins is appropriate. In addition, organizations may benefit from formalizing strategic planning and structuring decision-making for large projects. Practically, these steps can be implemented with help from an executive board committee followed by a formal board approval process. Finally, this project findings underscore the importance of periodically reviewing policies and bylaws, which can be completed every 2-3 years. These steps, grounded in public administration values, offer a clear path toward stronger, more effective governance.

**Recommendation 3: Ensure active role for executive directors in policy interpretation (the means).**

Based on the findings of this study, the executives interviewed had a very active role in shaping, interpreting, and clarifying policies and internal processes, particularly those directly linked to operational duties. A key public service value at play here is collaboration, which was mentioned by all the executive directors when describing their relationship with the board. These findings align with Nobbie and Brudney's research (Nobbie & Brudney, 2003), which noted improvements in both executive satisfaction with internal processes and board performance in models where executives are tasked with reasonable

interpretations of policies and where board members refrained from engaging in day-to-day management concerns. From a nonprofit management perspective, these recommendations favor a board that is less involved in the daily operations and more focused on the tasks of governance and strategic planning. To implement these findings, nonprofits need to clarify roles and responsibilities by defining the distinct roles of the board and executive directors through formal role descriptions. Furthermore, nonprofit should enhance collaboration through communication by establishing regular, structured communication channels between the board and the executive team. This could involve quarterly strategic review meetings where the executive team provides operational updates and the board offers high-level guidance, to ensure both parties remain aligned on organizational goals and respect their defined roles.

**Recommendation 4: Describe a formal nonprofit board structure and processes in the organizational bylaws.**

The executive directors interviewed as part of this project largely agreed that a one-to-two hour long, monthly or bi-monthly board/executive meeting cadence is advisable. From a managerial/leadership standpoint, implementing flexible hybrid or virtual formats can enhance participation which is essential to the board's success. Nonprofits are highly encouraged to adopt a board attendance policy in their bylaws. Under North Carolina law and as part of the board members Duty of Care (North Carolina General Statutes § 55A-8-30), board members must discharge their duties with "the care an ordinarily prudent person in a like position would exercise under similar circumstances.". The Guidebook for Boards of Directors of North Carolina Nonprofit Corporations interprets this statement to mean that repeated absences from board meetings show indifference and may violate the duty of care (The Guidebook for Boards of Directors of North Carolina Nonprofit Corporations 2003, p25). BoardSource Recommended Governance Practices also notes "Every board should have a meeting attendance policy and enforce it" (BoardSource 2016, Appendix B). Naturally, values of ethical standards, accountability, competence, respect for the rule of law, professionalism, stewardship and responsibility among others are at play.

Alongside regular meetings, board size and structure should evolve in tandem with the nonprofit's growth. Data from linear regression analyses shows that most North Carolina nonprofits with annual

budgets exceeding 25,000\$ and expanding balance sheets and growing assets tend to have larger boards. Similarly, organizations with more years of operation were more successful at acquiring assets. Based on these results, increasing the size of a nonprofit board can be viewed as a natural step in its growth process. This correlation aligns with previous research suggesting a link between board size and overall nonprofit performance (Brickley, 2009; Aggarwal, 2012). From a leadership perspective, it's critical to focus on effective recruitment strategies to ensure that nonprofits are bringing in qualified, diverse, and skilled board members who can support this growth (Brown 2002). Nonprofit leaders need to be mindful of the public service values of diversity, inclusiveness, cultural competence, public interest and trust, and decision making based on all perspectives as they expand their board and recruit new members.

To formalize these structural changes and processes in the boards, nonprofits should adopt a regular meeting schedule, with suggested cadence of either monthly or bi-monthly meetings, and also adjust the board size in response to the nonprofit's financial responsibilities and maturity. Additionally, the adoption of a formal board attendance policy within the bylaws is critical to ensuring that board members remain engaged and fulfill their responsibilities. By implementing these recommendations, nonprofits will empower their boards to govern effectively and foster accountability and long-term sustainability and growth of the organization.

## **Conclusion**

Many nonprofits in North Carolina continue to face challenges related to board structure, governance practices, engagement, and alignment with executive leadership on organizational objectives. Despite this project limitations including the relatively small sample size of executive directors interviewed, the qualitative data gathered through executive interviews provide nonprofits with valuable, evidence-based insights to enhance their performance, and shed light on best practices for boards and how effective governance can drive organizational success. Additionally, the quantitative analyses offer a deeper understanding of how various organizational factors, such as board size and the age of the organization, impact influence financial performance metrics, including total revenue, expenses and assets. One caveat that limits the generalizability of these findings include the reliance on data from a

single fiscal year and the inclusion criteria of nonprofits with budgets exceeding 25,000\$. Nonetheless, the recommendations provided in this paper are designed to guide North Carolina nonprofits in structuring their boards in ways that best serve their organizations. This project puts the principles of public administration front and center by providing applicable suggestions to the unique needs of the nonprofit sector, with the hope that organizations can better align their boards with their overall goals and promote stronger performance and more effective governance.

Future research opportunities may build on these findings by expanding on the insight gathered in this study to include executive directors with a broader educational, professional and demographic background. In addition, including fiscal performance data from multiple fiscal years when studying the impact of factors such as board size and age has the potential to provide cohesive, big picture conclusions for nonprofits interested in improving their board composition and effectiveness.

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## Appendix A

**Interview Protocol:** As part of the interview arrangement process, I contacted a total of ten nonprofit executive directors between mid-December 2024 and early January 2025 requesting to conduct interviews to better understand the nonprofit executive board dynamics. A list of local executive directors in North Carolina who were also UNC MPA alumni was obtained from the MPA program. The templated below was used in these emails:

“Dear \*\*\*,

I hope you have had a great holiday season! My name is Amro Ilaiwy. I am a physician at WakeMed and an MPA candidate at UNC School of Government. I am currently working on my applied research problem (capstone) project, with an expected graduation date in April 2025. My project focuses on understanding the functions and composition of nonprofit boards in North Carolina from the executive director perspective. I hope to achieve this goal by conducting interviews with EDs who can speak to their experiences working with the nonprofit board of directors to achieve the organization’s missions and goals.

Given your extensive experience and leadership as an Executive Director at \*\*\* and a UNC MPA Alumnus, I would truly appreciate including your insight as a local nonprofit leader into my qualitative data. The ideal interview would take approximately 45 minutes, but I can accommodate shorter time frames, and I would be happy to schedule it at a time that is most convenient for you. I can conduct the interview via zoom, in-person or via phone depending on your preference (I live in Apex and work in Raleigh).

Please let me know if you would be open to this conversation and if there is a time that works best for you. Your input will be anonymous, and I am happy to share a list of the interview questions beforehand. Thank you again for your time and I look forward to hearing from you!

Best,

Amro”

Six out of the ten executive directors agreed to proceed with an interview, all but one interview was conducted virtually either via zoom or Webex. Meetings were recorded and the transcript was available for use in qualitative data analysis. One interview was conducted in-person, and the author transcribed the entire interview manually and to the best of his abilities, and the interview text was recorded immediately after the interview concluded.

**Interview Questions:**

- Based on your knowledge of the organization's goal and strategic plan, could you please speak about the organization's path to achieving these goals and how confident you are in the ability to achieve them? (goal attainment)
- Can you share examples of how the executive/s and the board are aligned on fulfilling the organization mission? What opportunities for improvement do you foresee in this relationship? (goal attainment, ED/Board Dynamics)
- How would you describe your relationship with the board? Do you think the board size and composition is well-positioned to best serve the organization? (ED/Board Dynamics)
- As an executive, do you provide interpretation to the board's policy? If so, to what extent? (executive effectiveness)
- How would you describe the decision-making process within your organization? What role does the board assume in communicating these decisions to stakeholders within the organization? (board best practices)
- In the past five years, to what extent has your organization been able to acquire the resources it needs from the external environment? (Resource Allocation)
- Could you speak to the board practices including the frequency of ED/board meetings and the mechanisms in place (if any) to monitor the board effectiveness and performance? (Board Best Practices)

## **Appendix B**

Here's a summary of the BoardSource Recommended Governance Practices as highlighted in the following link, accessed on February 26, 2025 <https://boardsource.org/wp-content/uploads/2016/10/Recommended-Gov-Practices.pdf>:

### **Essential Practices**

**Meeting Attendance:** Every board member must make it a priority to attend all board meetings and to miss a meeting only under exceptional circumstances.

**Term Limits:** The board should adopt term limits.

**Strategic Board Recruitment:** The board must be strategic about member recruitment and define an ideal composition for itself based on the organization's priorities at any given moment.

**Strategic Planning:** The board must play a substantive role with management in developing, approving, and supporting organizational strategy.

**Budget Approval.** The board must approve the annual budget.

**Chief Executive Job Description:** The board must develop a written job description for the chief executive and together with the chief executive define the annual expectations.

**Chief Executive Evaluation:** The board must evaluate the chief executive's performance annually; the evaluation should be written and involve the full board.

**Audit:** Every charitable organization (excluding houses of worship and those exempt from filing Form 990) with \$1 million or more in revenue should undertake an audit annually. It is the board's role to select the auditor and meet with him or her in an executive session without staff present to discuss the results.

### **Leading Practices**

**Consent Agendas:** The board should include consent agendas in its board meeting agendas.

**Executive Sessions:** The board should have regularly scheduled executive sessions.

**Board Diversity and Inclusion:** The board should be intentional in its recruitment and engagement of diverse board members and foster a culture of inclusivity.

**Board Evaluation:** The board should conduct a comprehensive self-assessment approximately every two

years to evaluate its own performance.

Board Orientation: The board should formalize its new member orientation process.

Bylaws Review: The board should review the bylaws periodically and ensure timely amendments when necessary.

Chief Executive Serving on the Board: The chief executive should be an ex officio, non-voting member of the board.

Board Job Description: The board should have a written job description outlining the responsibilities of the full board and of individual board members.

Managing Conflicts of Interest: The board should adopt a conflict-of-interest policy that defines what a conflict of interest is and how it is managed. The board and senior staff should sign annual conflict-of-interest statements, disclose known potential conflicts, and recuse themselves from participating in discussions and voting when conflicts do arise.

Personal Giving: If the organization engages in fundraising, every board member should make a meaningful personal contribution according to his or her means (while not conflicting with any legal stipulations); the board should attain 100-percent board giving.

Board Retreat: The board should include an annual retreat in its meeting schedule.

Board Size: The board should determine its optimal size based on its needs.

Committees: The board's standing committee structure should be lean and strategic and complemented by the use of task forces.

Executive Committee: If the board has an executive committee, its purpose and authority level must be defined in the bylaws.

Governance Committee: The board should either form a governance committee or ensure that the function of that committee is carried out.

Form 990 Posting: The nonprofit should post its Form 990 on its own Web site.

### **Compliance Practices**

Meeting Frequency: The board should have more than the one annual meeting required by law.

Executive Compensation: The board must formalize a process for setting appropriate compensation for the chief executive and approve the compensation package.

Review of IRS Form 990: The full board should review the Form 990 before it is filed.

Document Destruction and Retention: The board must ensure that no records are destroyed when the organization is under federal investigation.

Whistleblower Process: The board must ensure that no employee is punished or discriminated against because he or she reported improper conduct.

### Appendix C

Below are the original outputs and tablets generated by SPSS for the dependent variables of total revenue, total expenses, total assets and total liabilities:

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	OrgAge, BoardSize <sup>b</sup>	.	Enter

a. Dependent Variable: TotalRevenue

b. All requested variables entered.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.312 <sup>a</sup>	.097	.079	3670420.70000

a. Predictors: (Constant), OrgAge, BoardSize

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14079523475846 9.250	2	70397617379234 .620	5.225	.007 <sup>b</sup>
	Residual	13067828471533 51.500	97	13471988114983 .006		
	Total	14475780819118 20.800	99			

a. Dependent Variable: TotalRevenue

b. Predictors: (Constant), OrgAge, BoardSize

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics
		B	Std. Error	Beta	t	Sig.	Tolerance
1	(Constant)	-916248.970	755087.380		-1.213	.228	
	BoardSize	183382.903	93404.269	.205	1.963	.052	.856
	OrgAge	49070.738	30110.500	.170	1.630	.106	.856

#### Coefficients<sup>a</sup>

Collinearity Statistics		
Model	VIF	
1	(Constant)	
	BoardSize	1.169
	OrgAge	1.169

a. Dependent Variable:  
TotalRevenue

Collinearity Diagnostics <sup>a</sup>						
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	BoardSize	OrgAge
1	1	2.641	1.000	.03	.03	.04
	2	.206	3.581	.15	.24	.96
	3	.153	4.148	.82	.73	.01

a. Dependent Variable: TotalRevenue

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	BoardSize, OrgAge <sup>b</sup>		. Enter

a. Dependent Variable: TotalExpense

b. All requested variables entered.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.299 <sup>a</sup>	.089	.071	3419426.78614

a. Predictors: (Constant), BoardSize, OrgAge

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11145473189772 4.500	2	55727365948862 .250	4.766	.011 <sup>b</sup>
	Residual	11341705159382 74.500	97	11692479545755 .406		

Total	12456252478359 99.000	99			
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a. Dependent Variable: TotalExpense

b. Predictors: (Constant), BoardSize, OrgAge

Coefficients <sup>a</sup>							
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics
Model		B	Std. Error	Beta	t	Sig.	Tolerance
1	(Constant)	-769528.296	703452.335		-1.094	.277	
	OrgAge	41139.607	28051.458	.154	1.467	.146	.856
	BoardSize	170190.413	87017.016	.205	1.956	.053	.856

Coefficients <sup>a</sup>		
Collinearity Statistics		
Model	VIF	
1	(Constant)	
	OrgAge	1.169
	BoardSize	1.169

a. Dependent Variable:  
TotalExpense

Collinearity Diagnostics <sup>a</sup>						
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	OrgAge	BoardSize
1	1	2.641	1.000	.03	.04	.03
	2	.206	3.581	.15	.96	.24
	3	.153	4.148	.82	.01	.73

a. Dependent Variable: TotalExpense

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method



1	BoardSize, OrgAge <sup>b</sup>	.	Enter
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a. Dependent Variable: TotalAssets

b. All requested variables entered.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.457 <sup>a</sup>	.209	.193	4520032.51859

a. Predictors: (Constant), BoardSize, OrgAge

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52440812942438 2.250	2	26220406471219 1.120	12.834	<.001 <sup>b</sup>
	Residual	19817773150046 59.800	97	20430693969120 .203		
	Total	25061854444290 42.000	99			

a. Dependent Variable: TotalAssets

b. Predictors: (Constant), BoardSize, OrgAge

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics Tolerance
		B	Std. Error	Beta			
1	(Constant)	-2029839.758	929871.475		-2.183	.031	
	OrgAge	84513.959	37080.338	.222	2.279	.025	.856
	BoardSize	381801.690	115025.052	.324	3.319	.001	.856

### Coefficients<sup>a</sup>

Collinearity  
Statistics

Model		VIF
1	(Constant)	
	OrgAge	1.169
	BoardSize	1.169

a. Dependent Variable: TotalAssets

#### Collinearity Diagnostics<sup>a</sup>

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	OrgAge	BoardSize
1	1	2.641	1.000	.03	.04	.03
	2	.206	3.581	.15	.96	.24
	3	.153	4.148	.82	.01	.73

a. Dependent Variable: TotalAssets

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	BoardSize, OrgAge <sup>b</sup>	.	Enter

a. Dependent Variable: TotalLiabilities

b. All requested variables entered.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.227 <sup>a</sup>	.052	.032	2072148.55359

a. Predictors: (Constant), BoardSize, OrgAge

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22685970122421 .875	2	11342985061210 .938	2.642	.076 <sup>b</sup>
	Residual	41649856392993 9.800	97	4293799628143. 710		
	Total	43918453405236 1.700	99			

a. Dependent Variable: TotalLiabilities

b. Predictors: (Constant), BoardSize, OrgAge

Coefficients <sup>a</sup>						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics Tolerance
	B	Std. Error	Beta			
1	(Constant)	-213847.917	426287.162	-.502	.617	
	OrgAge	15963.771	16998.986	.100	.939	.856
	BoardSize	83516.039	52731.699	.169	1.584	.856

Coefficients <sup>a</sup>		
		Collinearity Statistics
Model		VIF
1	(Constant)	
	OrgAge	1.169
	BoardSize	1.169

a. Dependent Variable:  
TotalLiabilities

Collinearity Diagnostics <sup>a</sup>						
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	OrgAge	BoardSize
1	1	2.641	1.000	.03	.04	.03
	2	.206	3.581	.15	.96	.24
	3	.153	4.148	.82	.01	.73

a. Dependent Variable: TotalLiabilities