



## Boards of Directors in All- (and Almost All-) Volunteer Organizations<sup>1</sup>

### Introduction

Much of the literature on nonprofit Boards of Directors assumes that the organization has staff who manage operations, while the board is responsible for governance – setting organizational direction; providing financial, program, and regulatory oversight; raising funds; and hiring and evaluating the chief executive. Yet many, perhaps half, of U.S. nonprofits are all-volunteer organizations (AVOs), and their boards have both governance and operational/programmatic roles. In addition, many nonprofits are *almost* all volunteer – they may have part-time program staff, but all major management and operational decisions are made by the board. While many AVOs and almost-AVOs are unincorporated or have not sought federal tax-exempt status, this document focuses on Boards of Directors of AVOs that are incorporated and operate as 501(c)(3) tax-exempt organizations (and tax-deductible for donors). Other than some regulatory requirements, however, Board duties do not depend on the nonprofit’s legal status.

“Through all-volunteer organizations, people conquer alcoholism, clean up beaches, care for the dying, coach basketball teams, advocate for gun control, rescue abused animals, raise their voices in song, publish literary journals, raise scholarship funds, preserve history, serve as volunteer fire departments, organize protest marches, exchange heirloom seeds, host visitors from foreign countries, change public perception about the disabled, help adoptees and birth parents find each other, and in thousands of ways make our communities work better.”

-- Jan Masaoka, *Blue Avocado*

### Why Some Nonprofits are All-Volunteer

A nonprofit organization can be all-volunteer for several reasons, such as the following:

- **Start-up:** A newly formed nonprofit often goes through a temporary all-volunteer period as it gets started, begins providing services using volunteers, and then raises money that will eventually support staff.<sup>2</sup> It often becomes *almost* AVO before obtaining the resources needed to hire an Executive Director/chief executive.
- **Loss of funding:** An established nonprofit that has operated with staff, sometimes for years, may lose funding when key funders change priorities, its services are seen as less needed, or poor economic conditions lead to budget cuts or reduced donations. The organization may use volunteers to continue operating as it seeks new funders, refines its, or benefits from improved economic conditions.

<sup>1</sup> Prepared by Emily Gantz McKay of EGM Consulting, LLC in September 2024.

<sup>2</sup> For more information on stages of nonprofit organization development, see “Typical Stages in the Life Cycle of a Community-Based Organization,” <https://egmc-dc.com/wp-content/uploads/2024/05/Typical-Stages-in-the-Life-Cycle-of-a-Community-based-Organization-May-2024.pdf>.

- **Limited access to funding:** A nonprofit operating in a community with limited resources or serving a locally unpopular target population (like recent or undocumented immigrants or transgender youth) may lack public approval and support and be forced to operate on a volunteer basis unless or until local attitudes change or it is able to attract resources from outside the area.
- **Preference:** Some organizations intend to be all-volunteer. For example, sports clubs and immigrant-focused home-town societies connecting immigrants from the same community of origin often expect to operate long-term without staff, depending upon volunteers and limited funding from membership fees or small donations.

Some AVOs and almost-AVOs do pay people as consultants or contractors to carry out specific tasks, like an IT specialist who sets up a computerized system for scheduling and tracking volunteers or referees for youth baseball games. Almost-AVOs may have part-time or even full-time staff who help implement programs. But while AVOs and almost-AVOs “sometimes pay people to work, they don’t pay people to manage. The job of management is done by the volunteer leaders, usually the board.”<sup>3</sup> *This is the crucial difference between AVO (and almost-AVO) Boards of Director and the boards of staffed nonprofits with paid chief executives.*

*AVO Board priorities and expectations depend on whether it sees this situation as short- or long-term.* Boards of AVOs that view their all-volunteer status as temporary often have a very different perspective from boards that intend to maintain their AVO status. While the governance requirements and challenges are the same, temporary AVO boards are likely to spend a considerable amount of time on fundraising. This is likely to include researching, developing relationships with, and applying for funds from institutional sources like foundations and corporations and local, state, and/or federal government agencies. They may also seek funds from individuals, through social media, other online sources, meetings or canvassing, membership dues, and/or fundraising events. Established nonprofits that lost funding may spend time rethinking their programmatic priorities and strategies.

A focus on resource development calls for board members and perhaps other volunteers with various types of public and private sector, institutional and individual fundraising experience and expertise, contacts with potential donors, and a willingness to spend time fundraising.

### **Legal Duties of All Nonprofit Boards**

All boards of tax-exempt nonprofits, including AVOs, have certain legal responsibilities. They are often described in state nonprofit laws and guidance as these three duties:

1. **Duty of Care:** Familiarize yourself with the organization’s programs and finances and participate in governance, regularly attending and actively participating in meetings and events.
2. **Duty of Loyalty:** Always act in the best interest of the organization, even if the action is not in your own personal or professional interest.

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<sup>3</sup> Jan Masaoka, “Boards of All-Volunteer Organizations,” *Blue Avocado*, July 15, 2008.

- Duty of Obedience:** Help ensure that the board and the organization comply with all applicable laws and regulations, and that its activities are consistent with its mission, governance documents (Articles of Incorporation and Bylaws), and policies.

### Ten Jobs for AVO Boards

This matrix from a BoardSource eBook on the boards of all-volunteer organizations summarizes the governance and the management/operational and leadership roles of the Board.<sup>4</sup>

### The Board Responsibility Matrix

The board as the <i>governors</i> or <i>trustees</i> of the organization.	The board as <i>managers</i> and <i>leaders</i> of the organization.
Responsibilities	
In its <i>governance</i> role, the board fulfills its responsibilities by acting as a collective body.	In its <i>management</i> and <i>leadership</i> roles, board members fulfill these responsibilities through their actions as individuals.
Objectives	
<b>Objective:</b> To ensure that the organization fulfills its legal and financial responsibilities and fulfills its responsibilities to the community.	<b>Objective:</b> To ensure that the organization’s work is accomplished and to represent the organization to the community
<ol style="list-style-type: none"> <li>Handle the money and file the forms. Safeguard assets from misuse, waste, and embezzlement.</li> <li>Keep it legal and safe. Ensure compliance with federal, state, and local regulations, and fulfillment of contractual obligations.</li> <li>Make big decisions for the future.</li> <li>Make sure the organization is accountable to its constituencies, and protect the organization’s reputation.</li> <li>Get help when you need it.</li> <li>Plan for arrival and departure of individual members.</li> </ol>	<ol style="list-style-type: none"> <li>Get the work done.</li> <li>Support other volunteers so they can successfully contribute to the organization’s work.</li> <li>Be ambassadors to the community. Lend names and personal credibility and reputation to the organization.</li> <li>Pass along the covenant. Provide leadership in spirit.</li> </ol>

### The Dual Responsibilities of AVO Boards

**Governance:** The board of an AVO has most the same governance roles and responsibilities as other nonprofit boards – e.g., providing fiscal and program oversight, giving direction for the

<sup>4</sup> Jan Masaoka, “All Hands on Board: The Board of Directors of an All-Volunteer Organization, E-Book Series, prepared for BoardSource, 1999.

organization, evaluating results, fundraising, establishing and maintaining relationship, arranging for member and succession. The main difference between the governance roles of the boards of staffed and AVO nonprofits is the lack of personnel responsibilities. If you are an AVO board member, you do not hire, supervise, evaluate, and if necessary terminate the chief executive. You do not approve personnel policies, or authorize and approve funding so the chief executive can fill other staff positions, or resolve staff grievances that could not be successfully handled through internal procedures.<sup>5</sup> Those personnel-related responsibilities begin once an almost-AVO hires even part-time staff, as the board needs to deal with payroll and legally-required fringe benefits and to establish at least basic personnel policies.

**Operations:** As the Board Responsibility Matrix suggests, an AVO (or almost-AVO) board has roles that staffed nonprofits delegate to the chief executive. *The NVO board is responsible for operations, including management.* Thus if you are an AVO board Treasurer, you typically keep the books and report to the board about financial status rather than receiving fiscal reports and other information from accounting staff. Your board not only sets vision and goals and authorizes programs, it also carries out those programs or recruits, trains, and oversees volunteers to do so, and it assesses program success. To the extent that fundraising is needed, your board raises funds, often with the help of volunteers. Board members ensure that required reports to the IRS and state or other entities are submitted on time. You oversee or carry out all the tasks usually delegated to management, administrative, and program staff. Even if your nonprofit hires some program staff, the board retains operational management responsibility until you hire a chief executive.

## Operational Roles for AVO Boards

When you structure your AVO board, consider both governance and operational responsibilities – and keep them separate. For example, establish one or more committees or task forces to carry out necessary tasks and/or recruit volunteers to help. This includes tasks related to administration, program management, and program operations. These tasks are often carried out by board members or, in the case of program operations, supervised or overseen by board members. For example:

- **Administrative:** Opening the mail, recording membership dues or donations and getting them deposited, and submitting required forms and reports to the state and the Internal Revenue Service (IRS) – usually carried out or supervised by board members, with the Treasurer involved in fiscal-related tasks.
- **Program management:** Providing overall management of operations as well as structuring and supervising specific activities, whether obtaining agreements with principals for after-school tutoring, organizing youth sports leagues, establishing a food pantry and food distribution procedures, or obtaining Department of Justice accreditation from the Department of Justice for the organization and for representatives so volunteer attorneys

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<sup>5</sup> For more information on nonprofit governance roles, see “Nonprofit Boards: Fiduciary Duties, Responsibilities, and Operating Principles, on the EGMC website at <https://egmc-dc.com/wp-content/uploads/2022/04/Nonprofit-Boards-Fiduciary-Duties-Responsibilities-and-Operating-Principles.pdf>.

can provide immigration legal assistance – often carried out by the board Chair or a small group of board members, sometimes with help from other volunteers with special expertise, and overseen by a board committees or task forces. Sometimes the organization has a board member who functions like a chief executive on behalf of the board; this is often but not always the board Chair.

- **Program operations:** Providing tutoring or other after-school services to youth, coaching sports teams, packing bags of food for distribution and helping to distribute them, and providing immigration legal assistance – often carried out by a combination of board members and other volunteers and overseen and supported by volunteer managers or board committees or task forces.

## Common Challenges for AVO Boards

AVO boards may encounter many of the same challenges as other nonprofit boards but also face some special issues because they are working boards with both governance and operational/programmatic roles. Here are some common challenges and ways to address them:

1. **Organizing to carry out both governance and operational tasks.** AVOs have flexibility in how they organize their boards, but it is easier to do the work if you establish a clear structure and a process for choosing your leadership. A well-defined structure – with board size, member terms, officers, and committees or task forces with clear responsibilities – encourages power and information sharing, fair division of tasks, and recognition of hard work. If your organization is incorporated, your state may require a certain minimum number of board members or specify required board officers. If you are a membership organization, your state may have requirements about annual meetings and member involvement in adopting or revising your Articles of Incorporation or Bylaws or in selecting board members. Your Bylaws should reflect those requirements
2. **Ensuring that governance tasks receive needed attention.** Most people become involved in organizations because of the work they do, and would prefer to spend their time on services or advocacy rather than reviewing financial reports or discussing regulatory issues. However, AVOs must fulfill governance roles. You might accomplish this by having a small group of board members with the skills and interests needed to handle governance tasks who serve on a Governance Committee that focuses on these roles. Be sure you have enough people involved in governance (whether board members or volunteers who assist them) to ensure “segregation of duties,”<sup>6</sup> which minimizes the chances of mishandling funds. This means, for example, that the person who opens the mail and deposits membership checks or donations should not also review monthly bank statements.
3. **Meeting regulatory requirements.** Sometimes small AVOs are not aware that if they are incorporated nonprofits, they have state as well as federal reporting and other regulatory requirements. For example, some states require annual reports. In many states, you must register with the state and provide a disclosure statement if you plan to fundraise in that

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<sup>6</sup> “Organizational Structure: Role in All Volunteer Organizations,” Nonprofit Accounting Basics, Greater Washington Society of CPAs, March 4, 2024.

state. The IRS allows nonprofits with annual gross receipts (revenues) below \$50,000 to file an e-Postcard called a Form 990-N, which a board member can easily prepare and send. However, if you have gross receipts above \$50,000 but below \$200,000 and assets of less than \$500,000, you must file a Form 990-EZ. It is much simpler to prepare than the Form 990 required of nonprofits with larger budgets and assets but complex enough that you may need advice from an accountant or accounting firm to complete it correctly.<sup>7</sup>

- 4. Recruiting and developing needed board expertise.** Boards of AVOs need many of the same types of expertise as other nonprofits – fiscal management (amounts may be smaller, but there is still money to be managed), fundraising, nonprofit regulation, law, and program assessment, as well as expertise in the nonprofit’s program areas, whether community organizing and mobilization or education, immigration, or housing services. Often, the process begins with recruiting volunteers with governance and administrative as well as program expertise, recognizing active, reliable volunteers and providing training and leadership roles with mentoring from experienced volunteers, then making them a pool for board recruitment.
- 5. Managing leadership succession.** All boards need to plan for leadership changes. Sometimes board members, especially founding members or long-term leaders, oppose changes in strategy or new initiatives. They see the organization as “their baby” and don’t want to let new board members or volunteers take on real responsibility.<sup>8</sup> This may make effective volunteer leaders reluctant to join the board. Like all nonprofits, AVOs survive and thrive when they are open to new ideas – and an AVO is especially dependent on board creativity, since it has no staff to propose a changed vision or new strategies.
- 6. Separating governance and operational roles.** Board meeting agendas can help by grouping governance items and dealing with them for a specified part of the meeting, then taking up operational topics. Boards can maintain committees or task forces that do one or the other. The first requirement is to be sure that board members understand governance versus operational roles -- which means providing orientation and training that describe governance and operational duties and how to differentiate them.
- 7. Ensuring that individual board members follow board directives when involved in operations.** The board as a body makes governance decisions, like setting strategic directions for the organization or authorizing new programs. Individual board members who help to implement programs do not have authority to change those directions or make major changes in those programs; they must follow the board’s decisions and instructions. This is true for all nonprofit boards, but making sure Board directives are followed can be more challenging for AVOs since operations are carried out by board members and other volunteers, not delegated to paid, full-time staff.
- 8. Planning – and following the plan.** A flexible but specific written plan that presents your Board’s shared understanding of directions and strategies helps both board and other

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<sup>7</sup> For more information, instructions, and copies of the forms, see the IRS website, <https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in>.

<sup>8</sup> Jan Masaoka, *Blue Avocado*, *op. cit.*

volunteers maintain focus and meet operational goals.<sup>9</sup> The planning process should be inclusive, with input sought from members (if you are a membership organization), current volunteers, and other community leaders and organizational partners. Because volunteers rather than staff must implement the plan, they need to understand and support it. The plan should also be shared with the broader community and current or potential partners and donors. Volunteers need to understand how their work fits into the plan. Operational committees or task forces should report back to the board on their progress towards stated goals, and the board should review and, if needed, revise the plan annually.

- 9. Safeguarding key documents.** An AVO with no physical office has no location for securing and storing key documents. Hard copies of files tend to follow the board Chair and/or Secretary. However, they can get lost after multiple transitions. Procedures are needed that prevent the loss of core documents: Articles of Incorporation (original and amended), Bylaws (including each amended and dated version), and minutes (because they document board decisions), plus program-related records like agreements with the school system or accreditation documents from the Department of Justice for immigration legal representation. Some AVOs keep these documents in a binder or Documents Box that is passed on from leader to leader. Most authorities now accept scanned documents as authentic, so scanning all important materials is extremely helpful; be sure multiple board members have access to the electronic files. If your AVO has a website, consider a board-members-only section that includes all key documents.
- 10. Being prepared to change roles if the organization hires staff.** If your organization decides to hire staff, the board's work will change. If these are initially program staff, then the board retains management responsibilities, but must begin to deal with personnel matters (recruitment, selection, training, supervision, payroll, personnel policies, assessment, sometimes termination) and needs policies and procedures to handle them. Once you hire a chief executive, the board needs to delegate operations to that person and focus on governance roles. Because services can seem more interesting than governance tasks like reviewing financial documents, it can be difficult for board members to let go of operational tasks and avoid micromanaging their first staff. Be sure the board is prepared for the changes and that members recognize that the board needs to delegate and to be supportive of those staff, while at the same time providing necessary oversight.

## Sum-Up

All-volunteer organizations play a crucial role in meeting a huge variety of societal needs. The boards of AVOs have dual responsibilities: governance and management/operations. They lack the personnel-related duties of staffed nonprofits but otherwise have similar governance roles. In addition, they do the programmatic work, directly and through other volunteers.

Many other nonprofits, especially young organizations, are temporary AVOs. Their intent is to become a staffed organization. To hire that first paid chief executive, their boards must become

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<sup>9</sup> "The Unique Work of the Board of an All-Volunteer Organization," Volunteer, Blog Posts, Bailey Leadership Initiative, undated.

active fundraisers. The board also needs to prepare for its changing role, as it delegates management/operational responsibilities, takes on personnel-related duties, and supports the chief executive without micromanaging. Members may continue as program volunteers, but as volunteers they are now accountable to the chief executive rather than the board. As staffing and services expand, board meetings focus on governance tasks typical of staffed nonprofits, and face and address a somewhat different set of challenges.

## Bibliography

**All Hands on Board: The Board of Directors of an All-Volunteer Organization.** Jan Masaoka, E-Book Series, BoardSource, 1999.

<https://www.compasspoint.org/sites/default/files/documents/All%20Hands%20on%20Board.pdf>

The oldest document in this bibliography, but still largely relevant. (The next reference is a more recent, summary discussion by the same author, a highly respected nonprofit expert.) Describes AVO board members as “a group of people who have volunteered not only to do the work, but to be responsible for the organization.” Appropriate for use by both incorporated and unincorporated organizations. Discusses terminology and types of AVOs, and lists and describes the board’s governance and management/leadership (operational) responsibilities in plain language. Includes a checklist to assess these functions as well as numerous resources, though many are now outdated.

**Boards of All-Volunteer Organizations.** Jan Masaoka, *Blue Avocado*, July 15, 2008.

<https://blueavocado.org/board-of-directors/boards-of-all-volunteer-organizations/>

Describes the variety and importance of all-volunteer organizations and the responsibilities and challenges of their Boards. Describes their critical role of “recruiting new leaders and turning over responsibilities to them” and the need to “establish a tone for the organization.”

**Organizational Structure: Role in All Volunteer Organizations.** Nonprofit Accounting Basics, Greater Washington Society of CPAs, March 4, 2024.

<https://www.nonprofitaccountingbasics.org/organizational-structure/role-all-volunteer-organizations>

A concise description of Board roles and responsibilities in AVOs, including challenges associated with being responsible for not only governance but also management of operations in the absence of staff. Discusses the importance of separating these roles, and the challenges faced by an AVO if it hires staff and needs to “let go of the operational tasks and start focusing on its primary role: governance.”

**The Unique Work of the Board of an All-Volunteer Organization.** Volunteer, Blog Posts, Bailey Leadership Initiative. <https://baileyleadershipinitiative.com/the-unique-work-of-the-board-of-an-all-volunteer-organization/>

Describes the “additional board skills and abilities” needed by AVO boards, such as the ability to wear multiple hats, create and follow an organizational plan, and volunteer for routine tasks.