

## **Legal Responsibilities of the Board of Directors**

“Board volunteers must place the larger interests of the organization above personal or factional concerns.”

- The Board of Directors is charged with the overall management and supervision of the corporation. They have the power and duty to carry out whatever transaction the corporation itself has the power and duty to carry out in furtherance of its charter.
- Maintain complete and accurate minutes and financial records.
- Selection, supervision, and removal of executive personnel.
- Fix compensation plan, fringe benefits and retirement plans.
- Select successor trustees and directors.
- Make administrative policy decisions; i.e., level of staff, public relations, labor relations.
- Enact charter and by-law changes.
- Make financial and investment decisions.

Many of the above duties that must be directly performed by the Board will depend to some extent, upon the size of the organization, its complexity and available staff. Areas of delegation to executive personnel should be clearly understood by all.

## **Board of Director’s Standards of Conduct**

“Director and Officers shall discharge the duties of their respective positions in good faith and with a significant degree of diligence, care and skills.”

- In conducting his/her supervisory activities, the Director has the ability to place reasonable reliance on the information and reports of others. These can include financial statements provided by accountants, information provided by legal counsel and report of Board Committees and outside experts. Reliance on any of these sources will not, however, relieve the Director of the need to exercise ordinary prudence and good judgment.

Actions of good faith:

- Attend all Board and Committee meetings. If unable to attend, able to show a valid reason for absence.
- Have a thorough knowledge of the duties and provisions within the by-laws and charter.
- Heed corporate affairs and keep informed of the general activities and operation of programs.

- ❑ Ensure minimum statutory technical requirements are met, and filing annual reports.
- ❑ Register dissents in the minutes or by letter.
- ❑ Avoid any semblance of self-dealing or enrichment. Discourage any business transactions between directors and the corporation, unless conducted entirely openly and with stringent safeguards. “Private inurement” can cause loss of IRS 501 (c)(3) tax exempt status.