

## Ten Basic Responsibilities of Nonprofit Boards

1. Determine the organization's mission and purpose. It is the board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served.
2. Select the chief executive. Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.
3. Provide proper financial oversight. The board must assist in developing the annual budget and ensuring that proper financial controls are in place.
4. Ensure adequate resources. One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission.
5. Ensure legal and ethical integrity and maintain accountability. The board is ultimately responsible for ensuring adherence to legal standards and ethical norms.
6. Ensure effective organizational planning. Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
7. Recruit and orient new board members and assess board performance. All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate its own performance.
8. Enhance the organization's public standing. The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community.
9. Determine, monitor, and strengthen the organization's programs and services. The board's responsibility is to determine which programs are consistent with the organization's mission and to monitor their effectiveness.
10. Support the chief executive and assess his or her performance. The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.

BoardSource

## **What are the legal responsibilities of nonprofit boards?**

Under well-established principles of nonprofit corporation law, a board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization. Several states have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty and the duty of obedience.

### **Duty of Care**

The duty of care describes the level of competence that is expected of a board member, and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

### **Duty of Loyalty**

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.

### **Duty of Obedience**

The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission.

## **What are the responsibilities of individual board members?**

### **Individual Board Member Responsibilities**

- Attend all board and committee meetings and functions, such as special events.
- Be informed about the organization's mission, services, policies, and programs.
- Review agenda and supporting materials prior to board and committee meetings.
- Serve on committees or task forces and offer to take on special assignments.
- Make a personal financial contribution to the organization.
- Inform others about the organization.

- Suggest possible nominees to the board who can make significant contributions to the work of the board and the organization
- Keep up-to-date on developments in the organization's field.
- Follow conflict of interest and confidentiality policies.
- Refrain from making special requests of the staff.
- Assist the board in carrying out its fiduciary responsibilities, such as reviewing the organization's annual financial statements.

### Personal characteristics to consider

- Ability to: listen, analyze, think clearly and creatively, work well with people individually and in a group.
- Willing to: prepare for and attend board and committee meetings, ask questions, take responsibility and follow through on a given assignment, contribute personal and financial resources in a generous way according to circumstances, open doors in the community, evaluate oneself.
- Develop certain skills if you do not already possess them, such as to: cultivate and solicit funds, cultivate and recruit board members and other volunteers, read and understand financial statements, learn more about the substantive program area of the organization.
- Possess: honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, community-building skills, personal integrity, a developed sense of values, concern for your nonprofit's development, a sense of humor.

### Additional Resources:

<http://boardsource.org/> in addition to the information above *boardsource.org* provides in-depth research and guidance to non-profit boards through a subscription membership

<http://www.aam-us.org/museumresources/ethics/index.cfm> - the American Association of Museums website offers information and guidelines for museum (non-profit) ethics – of particular interest is the section on developing and managing business support.

[http://www4.compasspoint.org/p.asp?WebPage\\_ID=652](http://www4.compasspoint.org/p.asp?WebPage_ID=652) – the *board café* a free website and newsletter specifically for non-profit boards

<http://www.asu.edu/copp/nonprofit/asst/index.htm> - ASU Center for Non-profit Management – includes services available through the university.

We also have information in a professional collection of materials at the Arizona State Library – unfortunately the system is currently down for service and I can't access the

bibliography of materials. I'll provide them in the near future and/or bring copies to the January meeting.