

## The Board of Directors' Role in a Nonprofit Organization

The BOD has three primary legal duties: The “duty of care”, “duty of loyalty” and “duty of obedience”.

1. Duty of Care: Take care of the nonprofit by ensuring prudent use of all assets, including facility, people and good will.
2. Duty of Loyalty: Ensure that the nonprofits' activities and transactions are, first and foremost, advancing its mission. Recognize and disclose conflicts of interest. Make decisions that are in the best interest of the nonprofit corporation – not in the best interest of the individual board member (or any other individual or for-profit entity).
3. Duty of Obedience: Ensure that the nonprofit obeys applicable laws and regulations, follows its own bylaws, and that the nonprofit adheres to its stated corporate purposes/mission.
4. Organizations also have officers, typically from among the board members, who are given a higher level of responsibility compared to other board members. Initial officers are elected by the board; this vote usually takes place during the organization's first meeting. Much like board members, officers usually serve terms. Typically, a nonprofit has three officers serving the role of president, secretary and treasurer. Officer roles and their terms should be specifically defined by the organization's bylaws.
5. The president heads up the board and supervises all of the business and affairs of the board. While the president can also serve as the CEO of the organization, keep in mind that these two roles are separate; an individual cannot be compensated to hold an officer position.
6. The secretary keeps the minutes of the board of directors. Additionally, the secretary is responsible for keeping track of the organization's activities to make sure the actions of the organization are in accordance to the organization's bylaws. The secretary usually keeps track of the board members' contact information in order to inform the board about meetings and updates on the organization.
7. The treasurer keeps account of the receipts and disbursements in the organization's books. Additionally, the treasurer is responsible for keeping track of the organization's financial condition. This is an important role because it keeps the other officers and board members informed about the financials.

8. Though officers are typically board members there are no guidelines or requirements that suggest an organization cannot elect an individual outside the board to be an officer for the organization (unless the officer roles described in the organization's bylaws state otherwise). It is possible for an individual to hold two separate offices, with the exception that the president cannot also serve as the secretary.
9. It is best practice to find individuals within the community who have passions and experience that aligns with the nonprofit's mission. There are no IRS guidelines in place to determine who is certified to be on a board; any individual can become a board member. There are guidelines, however, that help public charities avoid inurement.