

BEING A BOARD MEMBER: MORE THAN AN HONOR

Charities are required by law to have board members to ensure integrity and accountability in their governance.

Legal Duties: Charity organizations' boards have fiduciary obligations to ensure the mission of the organization is honored and its resources are used wisely in support of that purpose. There are state and federal laws (such as found in Ohio Revised Code Section 1702) pertaining to board members' fiduciary duties. There are 4 specific legal areas of responsibility:

Duty of Care:

A trustee has the responsibility to be active in the charity's affairs.

- Prepare, attend, and participate in board meetings.
- Stay informed about organizational operations and ensure staff follow the board's policies.
- Ensure the charity's purposes and operations are fulfilled efficiently and follow sound business standards.

Duty of Loyalty:

The interest and objectives of the charity take precedence over a board member's personal interest. Board members must always act fairly and in the best interest of the organization without concern for their own interests.

- The organization should utilize and enforce a conflict-of-interest policy.

Duty of Compliance:

Board members have a duty to be faithful to the organization's purpose and mission.

- Understand the organization's constitution, rules and regulations, and any other governing documents.
- Understand the laws pertaining to non-profit entities.
- Ensure the charity complies with state and federal registration and filing requirements.

Duty to Manage Accounts:

Board members are responsible for the charity's financial stability and accountability.

- Develop, or ensure there are policies and procedures that protect the organization's business interests and operations.
- Review annual budgets and financial reports.
- Prudently invest and reinvest assets.
- Ensure proper accounting systems and oversight of them.

Trustees can be held individually responsible for breaches of fiduciary standards within a charity. Service on a charity's board requires being a responsible steward of its funds.