

Your Rights, Roles and Responsibilities as a Nonprofit Officer

Understanding Your Role as a Board Member

In this article you will learn:

1. Duty of Due Care
2. Duty of Loyalty
3. Duty of Obedience
4. Other Duties Expected of Non-profit Officers

Board members are recruited for a variety of reasons. Some are talented fundraisers. Others bring credibility and prestige. Whatever the reason, the board member's principal role is stewardship. Proper non-profit stewardship requires:

- active participation.
- a clear understanding of the charity's programs, people, resources and mission.
- a focus on that mission.
- a familiarity with the organization's articles of incorporation and bylaws.
- that the organization's assets be applied to its charitable mission.

NOTE: It is the board's job to hire the chief executive officer. The board has the right to hire outside advisors at the charity's expense to assist with a particular matter.

It is **not** the board's job to manage day-to-day operations. The board should periodically review the chief executive's performance, and has the authority and responsibility to replace the CEO if necessary.

Part of CEO oversight requires setting CEO pay. Compensation should be reasonable for the job and compare favorably to similar executives. The CEO's salary, and the salaries of key executives, may be important to donors, beneficiaries and the community-at-large. Compensation will be reported and will be publicly available.

Understanding Your Rights as a Board Member

In order to carry out your legal responsibilities as a board member, you must be able to make informed decisions. The law permits you to rely on information from the charity's staff, its lawyer, its accountant, outside advisors and committees.

Your right to information includes reasonable access to:

- management.
- internal information.
- principal advisors, such as auditors and lawyers.
- financial records.