

A Nonprofit Board of Directors - What is a Board?

One of the most common questions regarding setting up a Nonprofit is “who is doing what, exactly?”

The formality of the names and terms can seem daunting and it's sometimes easy to confuse roles.

Below, we break down each of the roles and responsibilities of the Directors and the Officers in Nonprofits, giving you the clarity needed to run your Nonprofit efficiently and utilize the skills and talents that the people joining you in this venture have.

The Board of Directors:

The Board of Directors manages the high-level affairs and financial management of the Nonprofit. In the overall management structure, they are at the top. They are responsible for critical decision making, goal setting, budgeting, management-level hiring, strategic planning, setting governance policies, and direction of the Nonprofit (Section 3.01).

The Board of Directors establishes the mission statement and vision for the Nonprofit and then forms a plan to accomplish that mission. All of their decisions should be filtered through the question of “will this further my charitable purpose?”

Directors are required to perform their duties in good faith, with ordinary care, and in the best interest of the Nonprofit (Section 3.02). What does that mean? Good faith is shown by honesty and faithfulness to duties and obligations to the Nonprofit and those the Nonprofit works with. Acting with ordinary care means doing what a reasonable person in a similar position would do under similar circumstances. And acting in the best interests of the Nonprofit means putting the mission, needs, and interests ahead of their own private or business interests.

The Board must hold at least one meeting annually, but it is recommended that a meeting is held more often and documented whenever a decision is being made (Section 4.02). Documentation is accomplished through meeting minutes or unanimous written consent in place of a meeting. Stealing from the real estate world - document, document, document! If you have our Company Assistance Program, we can draft those for you.

The Board of Directors votes on the Officer positions yearly (or however often you and your Board have decided) (Section 5.01). They can appoint and remove current Officers by a majority vote (Section 5.10). Please note that an Officer cannot remove an Officer or Director.

Generally, the Board is also responsible for organizing fundraising for the Nonprofit - whether that is working with the Officers and volunteers to orchestrate an event or using their connections to bring in donations. The Board should make sure that the Nonprofit has adequate financial resources to carry out its charitable purpose.

That's all well and good, but why aren't specific duties outlined? Great question!

Every Nonprofit is different. What one Director may need to do for one Nonprofit may not need to be done for another Nonprofit. For example, one of the duties of the Directors of a shared-housing Nonprofit may be to locate suitable housing in surrounding communities.

This duty would be irrelevant to a Nonprofit that is focused on providing scholarships to kids to attend college. You and your Board can create specific duties and requirements that coincide with your mission for your Directors via Resolution to your Bylaws.

The Board of Directors is not involved in the day-to-day operations of the Nonprofit. The Board of Directors does, however, delegate certain roles to officers, who carry on the Nonprofit's activities.



The Role of Officers:

President:

The President has general charge and control over all the Nonprofit's business affairs, carries out the day-to-day activities (Section 5.02), is responsible for keeping the Board of Directors informed of what is going on with the Nonprofit, and typically presides as the Chairman at Board Meetings.

The President is authorized to execute contracts and agreements and bind the Nonprofit to obligations. The President can sign checks on behalf of the Nonprofit as well. The President is the one who takes the mission of the Board and helps make it a reality. They typically oversee staff and volunteers.

Especially in a small Nonprofit, the President may wear many hats. They may be the ones creating and running all of the fundraising events, overseeing social media campaigns, applying for grants, etc... The President ultimately should be carrying out the mission of the organization and leading others in doing the same.

Vice President:

The Vice President has the same authority as the President and steps in to fill the role whenever the President is absent (Section 5.02). The Vice President supports the President in making sure everything runs smoothly.

Secretary:

The Secretary is responsible for giving notice for all meetings of the Board of Directors and keeping minutes of the meetings of the Board of Directors (Section 5.04). The Secretary organizes the paperwork for the Nonprofit and keeps track of everything. If you have our Company Assistance Program we can help you draft the meeting minutes. A great place to store all of your meeting minutes is in your BOX account, but you're welcome to store them wherever you think is best.

Treasurer:

Section 5.05 gives the Treasurer the following duties: (1) have custody of the funds and securities of the Nonprofit, (2) keep organized financial records, (3) deposit the money belonging to the Nonprofit, (4) disburse the funds as directed by the Board of Directors, (5) provide the President and Board of Directors with an account of transactions for the Nonprofit, and (6) provide the Board of Directors and President with a report of the Nonprofit's activities, receipts, and disbursements no later than 60 days after the 990 return is filed.

The Treasurer is also authorized to sign checks on behalf of the Nonprofit.

The Board of Directors may assign other duties to each of the Officers as they see fit.



If you're just starting and have a small board you may hold more than one of these positions and that's okay. We will always recommend diversifying, growing your Board, and adding Officers, but sometimes you have to start small.

If you're wearing different hats, be sure to clarify which position you are acting in. For example, let's say you are both a Director and the President; when you're holding a Board meeting and you sign off on a resolution, be sure to sign in your position of Director.

If you're signing a contract for a new home for shared housing, sign in your position as President. It's okay to hold several positions (when the state allows it), just be sure to distinguish between your actions as a Director and your actions as an Officer.

