



What Should your Board Members be Accomplishing at Board Meetings??

In general, the health of a nonprofit organization can be pegged to the knowledge and functionality of its Board Members. Do the Board Members follow their fiduciary duties? Do the Board Members assure the nonprofit organization meets its compliance requirements? How often does the Board meet? What do they talk about? Are proper minutes kept? How active is the Board?

Step one: Annual meetings and notice requirements

Every nonprofit organization is required to have an annual meeting. This annual meeting is when the organization will re-elect its Board Members and Officers (if the terms have expired), as well as consider any other business that may be properly brought before the Board. Whether the entity has voting members, nonvoting members, or the Board of Directors as its members, will determine how the election/re-election process is conducted. The nonprofit organization's Bylaws will generally detail election/re-election processes, the terms of Board Members and Officers, as well as the month and location of the annual meeting. Also, be sure to provide proper notice as required by the law of your state (or as detailed in the organization's Bylaws). In Minnesota, notice (including the time and place of the annual meeting) shall be provided to each Board Member, as well as any voting members, at least five (5) business days and no more than sixty (60) days in advance of the meeting. This notice shall be given personally, by mail, e-mail, telephone, or facsimile. If the notice requirements are not followed, the meeting may be deemed improperly called, and any decisions carried out at the meeting (including elections/re-elections) may be null and void.

Step two: Regular meetings

Once a Board Member/Officer has been elected/re-elected, that Board Member/Officer has fiduciary duties to the nonprofit organization. While fiduciary duties apply in each state, the Minnesota Attorney General's Office has authored a document that is helpful to Minnesotans – [*Fiduciary Duties of Directors of Charitable Organizations: A Guide for Board Members*](#). Generally, the **Duty of Care** requires each Board Member to actively participate in the management of the organization, including, but not limited to: attending meetings of the Board, evaluating reports, reading minutes, reviewing the performance and compensation of the Executive Director/CEO and other key staff. Board Members of a nonprofit organization must discharge their duties in good faith, in a manner the Board Member reasonably believes to be in the best interests of the organization, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The **Duty of Loyalty** is the second fiduciary duty. Traditionally, Board Members have an absolute duty of complete, undivided loyalty to the organization. This means that Board Members should avoid using their position,

or the organization's assets, in a way that would result in a pecuniary or monetary gain for themselves or for any member of their family. A Board Member should put the good of the organization first and avoid engaging in transactions with the organization from which the Board Member will benefit. Any conflicts of interest between the organization and a Board Member should be resolved in favor of the organization unless the conflict of interest is waived by the Board as a whole (with the conflicted Board Member abstaining from the vote). The **Duty of Obedience** is the third fiduciary duty. Board Members have a duty to follow the organization's governing documents (Articles of Incorporation and Bylaws), to carry out the organization's mission, and to ensure that funds are used for lawful purposes. Also, Board Members must comply with state and federal laws related to nonprofits and the way in which it nonprofit organizations conduct business.

Board Members fulfill their fiduciary duties in part by staying actively engaged through regular Board Meetings. Regular Board Meetings also require proper notice to each Board Member, and it is recommended that a nonprofit organization's Board meet AT LEAST quarterly, or four (4) times each year. In Minnesota, regular meetings may occur through remote communication (skype, phone conference, etc.), pursuant to Minn. Stat. § 317A.231, if desired.

So, you're at your regular meeting...now what??

The agenda should look like this:

- Call to Order
- Roll Call
- Reading and approval of the minutes from the immediately preceding meeting
- Approval of the agenda for the current meeting
- Reports of Officers
 - President/Chair
 - Vice President/Vice Chair
 - Treasurer
 - Secretary
 - Other Officers
- Reports of Committees
 - Executive Committee
 - Finance Committee
 - Other Committees
- Other old and unfinished business (projects that carry over from meeting to meeting and have not yet reached resolution)
- New business (new ideas for discussion or new issues that have arisen that need resolution)
- Adjournment

The organization's monthly or quarterly minutes should look similar to the agenda, and should be detailed enough that Board Members (or a government entity) can look at the minutes and understand all items that transpired. Are all topics of discussion and Officer/Committee reports described adequately? Are all votes recorded accurately (including who initially moved for the vote and who seconded the motion, as well as who voted in favor and who voted against during the actual vote)? Is it clear who was in attendance and who was absent at the meeting? Is the date and time of the meeting on the minutes?

Step three: What should the Board be doing?

The critical function of a Board is to govern the nonprofit organization – to supervise the business and affairs of the nonprofit. However, it is ordinarily not the function of the Board Members to manage the day-to-day activities of the organization or to act in the role of an Executive Director. Rather, Board Members generally appoint volunteer Officers, hire high level staff (assuming the organization can afford staff), as well as assign responsibilities to these individuals so that the volunteer Officers, staff, and volunteers can effectively carry out the daily tasks of running the nonprofit. The Board's role is governance by supervision and effective oversight.

The Board of Directors should be fulfilling the following functions:

- Hold the Annual and Regular Board Meetings
- Re-appoint Officers
- Re-elect Board Members (assuming this function lies with the Board and not a voting membership)
- Approve Prior Actions of Officers (if necessary and proper)
- Approve Prior Actions of Board Members (if necessary and proper)
- Revise/maintain the Articles of Incorporation and Bylaws, as well as all other policies and procedures (in conjunction with legal counsel)
- Approve Proactive Compliance Measures and Necessary Reviews (in conjunction with legal counsel)
- Approve Actions by Authorized Agents (Accountant, Attorney, Other Advisors, etc.)
- Approve Treasurer's Financial Statements, including: P&L, Balance Sheet, & Budget
- Approve Major Agreements (Contracts, Purchase/Lease Agreements, Loans, etc.)
- Approve Major Purchases (Equipment, Building(s), Vehicles, Technology, Furniture, etc.)
- Approve General Business Actions (Budget(s), Audits, Tax Forms and Other Governmental Filings, Insurance, Investments, etc.)
- Approve Employee Matters (Additions, Terminations, Benefits Changes, Handbooks, Classifications, etc.)

- Approve Compensation Paid (Employee Wages/Salaries, etc.)
- Assure the organization is financially viable and sustainable

For further information, contact the Legal for Good PLLC today for a free one (1) hour initial consultation. You can either call (612) 284-6441, or find us at www.legalforgood.com. We would love to help!