

## **BUILDING A BOARD**

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The role of the Board for a non-profit organization has three primary legal duties known as - “duty of care”, “duty of loyalty” and “duty of obedience”. These legal duties require board members to:

1. Ensure prudent use of all assets including people and goodwill; and provide oversight for all activities that advance the non-profits’ effectiveness and sustainability.
2. Make decisions in the best interest of the nonprofit and not his or her self- interest.
3. Ensure the nonprofit obeys applicable laws and acts in accordance with ethical practices and that its activities advance its mission.

In order to build an effective Board, the current board members may need to analyze the attributes that they each contribute to the Board and also analyze what attributes are missing or desired by the Board. Often boards have someone with an accounting background to act as Treasurer who is responsible for reviewing financial statements, the 990 return and the accounting controls of the Organization. An attorney may be helpful to assist in the review of contracts and changes to bylaws. If the Organization hosts fundraising events, someone with event planning experience may be helpful.

When recruiting new board members, it is easy to default to friends, relatives and business associates often because we believe they will share our vision and make meetings pleasant. We may select influential and wealthy individuals hoping they will contribute substantially to the organization and connect the Board to other influential networks. This may work out fine, but only if these individuals are active board members who attend the board meetings regularly and participate on committees. The board members need to provide real oversight, and govern using their independent judgement.



If you have any questions about this or any other business or tax issue, please contact your Account Manager or [Andrea Schaefer, CPA](mailto:Andrea.Schaefer@connerash.com), at (314) 205-2510 or via email at [aschaefer@connerash.com](mailto:aschaefer@connerash.com).