

Board Responsibilities— Just what is a “Fiduciary?”



Fiduciary



- An individual, corporation or association holding assets for another party, often with the legal authority and duty to make decisions regarding financial matters on behalf of the other party.

Trustee

- **A:** a natural or legal person to whom property is legally committed to be administered for the benefit of a beneficiary (as an individual or organization)
- **B:** one (as a corporate director) occupying a position of trust and performing functions comparable to those of a trustee

Fiduciary Responsibilities of the Board of Directors

- Accepts the trusteeship of state or school chapter assets and assumes responsibility for decisions related to those assets
- Performs administrative functions related to the assets (i.e. bank accounts; check writing; arranging for annual audit).
Administrative tasks are generally the role of the treasurer.

Responsibilities (continued)

- Investing and Financial planning—it is highly advisable to have a credentialed investment consultant work with the Finance Committee on matters of investments and financial planning

The Board...

- Approves investment guidelines
- Approves annual operating budget
- Approves fees (i.e. convention registration fees)
- Approves capital expenditures
- Approves funding for new projects or programs

Treasurer's Responsibilities

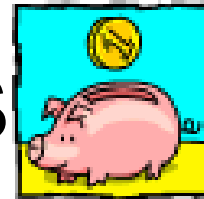
- Drafts operating budget for board approval
- Reviews Investment Guidelines and recommends changes to the Board
- Keep accurate and current records
- Works with auditor to ensure preparation annual audit and tax returns
- Administrative duties (i.e. deposit checks, pay bills, reconcile bank statements)

Legal Obligation



- A board and its individual members are considered agents of a corporation and are liable for the actions of a nonprofit organization

Reserve Funds



- Not-for-profit does not mean that there cannot be excess revenue over expenses at the end of the fiscal year
- Ideally, associations should maintain a 50% reserve fund (6 months operating budget)
- Now is a good time to begin to build reserves

Conflicts of Interest



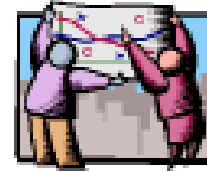
- Arise when:
 - ▶ A board member makes decisions out of self interest or in the interest of only part of the association instead of for the common good of the whole organization;
 - ▶ When a board makes a transaction with a business or organization that has a financial connection with a board member or a board member's family.

Contracts



- Board members are entrusted with the legal responsibility for decision making related to contracts (i.e. hotel contracts for conventions)
- Contracts should be reviewed by legal counsel
- The Board empowers the president or another officer to sign contracts or agreements

Reporting

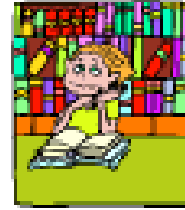


- The Board of Directors reports to the House of Delegates or Voting Body at the Annual Meeting (as directed in the association's bylaws);
- Reports may be verbal reports and/or reported in writing;
- Precise minutes must be kept of Board Meetings and Annual Membership meetings (minutes are legal documents)

Summary

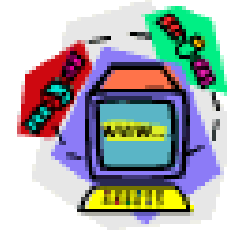
- The Board is elected by the House of Delegates or Voting Body and is entrusted with the legal responsibility of preserving and protecting the assets of the association;
- Ensures the proper use of all association funds.

Resources



- *Getting the Pieces to Fit*
- Association bylaws
- Roberts Rules of Order
- Internal Revenue Service (under business league associations)
- Department of State

WWW Resources



- Google.com
- Idealist.org
- Mapnp.org (Free Management Library)
- Nonprofits.org (Internet Nonprofit Center)
- Serviceleader.org (Volunteer Management/Service Leadership)
- Tmcenter.org (The Management Center Non Profit Library)

Questions??

