**Board Member Contract**

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, understand that as a member of the Board of Directors of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, I have a legal and ethical responsibility to ensure that the organization does the best work possible in pursuit of its goals. I believe in the purpose and the mission of the organization, and I will act responsibly and prudently as its steward. As part of my responsibilities as a board member:

1. I will interpret the organization’s work and values to the community, represent the organization and act as a spokesperson.

2. In turn, I will interpret our constituencies’ needs and values to the organization, speak out for their interests, and on their behalf, hold the organization accountable.

3. I will attend at least 75 percent of board meetings, committee meetings, and special events.

4. Each year, but no later than Thanksgiving of each year and without having to be asked, I will make a personal financial contribution at a level that is meaningful to me.

5. I will actively participate in one or more fundraising activities.

6. I will excuse myself from discussions and votes where I have a conflict of interest.

7. I will stay informed about what’s going on in the organization. I will ask questions and request information. I will participate in and take responsibility for making decisions on issues, policies, and other matters. I will not stay silent if I have questions or concerns.

8. While I am a member of this board, I will make every effort to vote in every public election.

9. I will work in good faith with staff and other board members as partners toward the achievement of our goals.

10. If I don’t fulfill these commitments to the organization, I will expect the board president to call me and discuss my responsibilities with me.

**The organization is responsible to the board members for . . .**

In turn, the organization will be responsible to me in the following ways:

1. I will be sent, without having to request them, quarterly financial reports and an update of organizational activities that allow me to meet the “prudent person” standards of the law. (The “prudent person rule,” applied in many legal settings in slightly differing language, states that an individual must act with the same judgment and care as, in like circumstances, a prudent person would act.)

2. Opportunities will be offered to me to discuss with the executive director and the board president the organization’s programs, goals, activities, and status; additionally, I can request such opportunities.

3. The organization will help me perform my duties by keeping me informed about issues in the industry and field in which we are working and by offering me opportunities for professional development as a board member.

4. Board members and staff will respond in a straightforward fashion to questions that I feel are necessary to carry out my fiscal, legal, and moral responsibilities to this organization. Board members and staff will work in good faith with me toward the achievement of our goals.

5. If the organization does not fulfill its commitments to me, I can call on the board president and executive director to discuss the organization’s responsibilities to me.

Signed: by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Board Member

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

and by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Chair of the Board of Directors

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Board members are the fiduciaries who steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies, as well as by making sure the nonprofit has adequate resources to advance its mission.

One of the most important responsibilities for many boards is to [hire and set the compensation](https://www.councilofnonprofits.org/tools-resources/executive-compensation) of a talented CEO/executive director to run the day-to-day management activities of the organization. When there are paid staff in place, rather than steer the boat by managing day-to-day operations, board members provide foresight, oversight, and insight: think of them as up in the crow's nest scanning the horizon for signs of storms or rainbows to explore, perhaps with a pot of gold at the end! Yes, board members - your role as stewards of the nonprofits DOES involve [fundraising](https://www.councilofnonprofits.org/tools-resources/fundraising). And...at the National Council of Nonprofits, we are big promoters of the important role board members play as [advocates](https://www.councilofnonprofits.org/thought-leadership/do-your-nonprofits-board-members-stand-your-mission) for the nonprofit's mission.

Did you know?

* The vast majority of board members for charitable nonprofits serve as volunteers without any [compensation](https://www.councilofnonprofits.org/tools-resources/can-board-members-be-paid).
* Arguably the most important policy for a board to adopt is a policy addressing [conflicts of interest](https://www.councilofnonprofits.org/tools-resources/conflicts-of-interest).
* A common question: Should your nonprofit's CEO also be a board member? Yes, according to BoardSource, the national leader on nonprofit governance practices: “The chief executive’s input in board meeting deliberation is instrumental and invaluable for informed decision making. However, to avoid actual or perceived conflicts of interest, questions concerning accountability, or blurring the line between oversight and execution, chief executives should be non-voting members of the board, unless not permitted by law.” See [Recommended Governance Practices](https://boardsource.org/wp-content/uploads/2016/10/Recommended-Gov-Practices.pdf) from BoardSource,“LP7”.
* What's the [difference between the “board of directors" and "trustees"](https://charitylawyerblog.com/2016/04/24/nonprofit-jargon-buster-directors-vs-trustees/)? (CharityLawyer)

### THE BASICS

What’s the role of the board of directors of a nonprofit corporation?

Just as for any corporation, the board of directors of a nonprofit has three primary legal duties known as the “duty of care,” “duty of loyalty,” and “duty of obedience.”

1. Duty of Care: Take care of the nonprofit by ensuring prudent use of all assets, including facility, people, and goodwill;
2. Duty of Loyalty: Ensure that the nonprofit's activities and transactions are, first and foremost, advancing its mission; Recognize and disclose conflicts of interest; Make decisions that are in the best interest of the nonprofit corporation; not in the best interest of the individual board member (or any other individual or for-profit entity).
3. Duty of Obedience: Ensure that the nonprofit obeys applicable laws and regulations; follows its own bylaws; and that the nonprofit adheres to its stated corporate purposes/mission.

However, a board of directors does not exist solely to fulfill legal duties and serve as a fiduciary of the organization’s assets. Board members also play very significant roles providing guidance to nonprofits by contributing to the organization’s culture, strategic focus, effectiveness, and financial sustainability, as well as serving as ambassadors and advocates. Beyond fulfilling legal duties, board members can be important resources for the organization in multiple ways.