



This article presents general guidelines for Ohio nonprofit organizations as of the date written and should not be construed as legal advice.

Always consult an attorney to address your particular situation.

THE FIDUCIARY RESPONSIBILITIES OF YOUR BOARD: STARTING THE NEW YEAR ON THE RIGHT TRACK

Nonprofits ask for the trust and resources of their communities, and therefore a great deal of responsibility is placed on their boards to ensure that the nonprofits' resources are responsibly managed and are used in furtherance of their missions.

Failure to meet these requirements can potentially lead to civil and even criminal penalties for board members and can result in the loss of the public's trust for the organization. The board's fiduciary duties are the same whether the nonprofit is small and community-based or a large national organization. In Ohio, these include the duties of care, loyalty, compliance, and the duty to manage accounts. In practical terms, this means that members of the board should:

- **Handle the affairs of the organization with the same care and attention they would handle their own affairs (the duty of care).**
 - This includes preparing for, attending, and actively participating in meetings; establishing policies; and selecting and supporting the organization's key staff members.
- **Place the interest of the organization above any other personal interest (the duty of loyalty).**
 - This involves establishing and complying with a Conflict of Interest policy that includes procedures for board disclosures.
- **Ensure the organization is complying with federal and state law, governing documents, and contracts (the duty of compliance).**
 - This includes complying with registration and reporting requirements for the IRS, the Ohio Secretary of State, the Ohio Attorney General, and other states if applicable.
- **Maintain, manage, and protect the organization's resources (the duty to manage accounts).**
 - This involves maintaining accounting records, developing policies and procedures, creating budgets, and ensuring minutes accurately reflect informed discussions during meetings; making fundraising goals, assisting with resource acquisition and ensuring fundraising is conducted honestly and fairly; prudently investing assets and making informed purchasing and expenditure decisions; and establishing adequate internal financial controls.

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For more information on the fiduciary responsibilities of board members, please see the [Guide for Charity Board Members](#) published by the Ohio Attorney General's office and the IRS publication on good governance practices for 501(c)(3) organizations linked [here](#).

If you are a client and have questions or are interested in having an attorney volunteer review or draft a Conflict of Interest policy, review your bylaws, or advise on state registration requirements, please contact PBPO at info@pbpohio.org. If you are not a client and are interested in applying, please email us at info@pbpohio.org or call us at 513.977.0304.

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