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## BOARD MEMBER AGREEMENTS

### Introduction

A board member agreement is the promise a board member makes when accepting a position for nonprofit board service. It is not a legal document but an internal agreement, asserting the board member's commitment to the organization in addition to an understanding of the general board responsibilities (as discussed in E-Policy Sampler: Role of the Board). These documents are useful tools for recruitment purposes in that they clearly state what board service is all about; sometimes, they supplement more holistic board job descriptions.

### Key Elements

- A board member agreement may list specific expectations for board service. Commonly found items include fundraising and personal giving, activity in committees, attendance in meetings, and promises to keep confidential issues confidential.
- If the organization has a separate job description for the board and/or board members, this agreement often focuses on individual pledges to serve as an active and committed member of the board.
- It should be clear that regardless of whether board members sign any type of "contract" with a nonprofit organization, state nonprofit corporation laws in all states automatically impose certain fiduciary duties on nonprofit board members. Board members should be made aware of those legal duties and obligations when they assume their positions. (The typical fiduciary duties imposed by law include the duty of care and the duty of loyalty both of which require a certain level of diligence and prohibit conflicts of interest.)

### Practical Tips

- The tone of the document should reflect the organization's values and the board's culture. What this document is called – contract, agreement, statement of understanding – will shape its style and presentation.
- Individual board members are often asked to sign the document to stress the importance of their commitment. They may do this once, when they join the board, or it may be an annual reaffirmation.
- To avoid the sense of one-sided expectations, it is useful to include in the agreement what the organization provides for the members of the board: protection from liability through D&O insurance coverage, accurate and timely reports to facilitate decision making, and gratitude and appreciation for the volunteer service.

## SAMPLE I

This short contract begins with the organization's commitment to the board and then outlines expectations of board service.

### Board Agreement

XYZ agrees to provide each member of the board with the following:

1. Access to the management of XYZ, as needed for proper operation of the board
2. Ample notice of all meetings
3. Minutes of all board meetings
4. Relevant information to conduct his or her job as a board member
5. To the extent allowed by law, indemnification from liability for a board member's reasonable and necessary actions
6. Reimbursement for reasonable expenses in conducting and attending to XYZ board business
7. D&O insurance liability coverage
8. Respect for his or her time
9. The use of his or her talent effectively

The board member agrees to do the following as an XYZ policy volunteer:

1. Learn about XYZ, read financial reports and other XYZ documents, and keep up-to-date on XYZ programs, finances, and management.
2. Attend as many board and committee meetings as practicable, and participate in all such meetings, using fair, independent judgment and due care in conducting the business of XYZ.
3. Avoid all direct or indirect political campaign intervention (such as supporting or opposing candidates for public office) in the name of XYZ and when using XYZ assets.
4. Contribute to the financial well-being of XYZ and seek financial support from others for XYZ as well.
5. Avoid all conflicts of interest with XYZ.
6. Be loyal to XYZ, always exercising board powers in the interest of XYZ, and not for the interest of yourself or others.
7. Keep all XYZ matters confidential.

Signed: \_\_\_\_\_  
XYZ Chief Executive Board Member

Date: \_\_\_\_\_

## SAMPLE II

This document stresses the moral, fiscal, and legal role of board members. Besides listing expectations of individuals, it also states what the organization will provide in return.

### Statement of Covenant for Board Members

**Adopted by the board of directors [month, day, year]; updated [month, day, year]**

As a board member of XYZ, I, \_\_\_\_\_, understand that my duties and responsibilities include the following:

1. **I am morally responsible** for the health and well-being of this organization. As a member of the board, I have pledged myself to help realize the mission, which is: [Insert mission statement here.]
2. **I am fiscally responsible**, with the other board members, for this organization. It is my duty to know what our budget is, to be active in planning that budget, and planning the fundraising to meet that budget.
3. **I am legally responsible**, along with other board members, for this organization.
  - a. I am responsible to know and approve all policies and programs, and to oversee the implementation of policies and programs.
  - b. I will attend all board meetings unless circumstances beyond my control prevent my attendance, and I will be available for home consultation.
  - c. I will read materials sent to me in advance of the board meetings.
  - d. I understand that if I am absent without excuse from regularly scheduled board meetings more than \_\_\_ times in a year that I will be asked to resign from the board.
  - e. I know that if I neglect my duties or if I act in bad faith, it may be possible for me to be held personally liable in suits brought by a private person, a business, a governmental entity, or even the organization itself. However, I understand that I am not responsible for the day-to-day operations of the organization as these are the responsibility of the chief executive.
  - f. My one direct management responsibility, along with other members of the board, is the selection and supervision of the chief executive.
4. **I will give** what is for me a significant donation. I may give this as a one-time donation each year, or I may pledge to give a certain amount several times during the year.
5. **I will work to raise money for XYZ**, in whatever ways are best suited for me. These may include individual solicitation, helping with special events, writing mail appeals and the like. There is no set amount of money that I must raise because I am making a good-faith agreement to do my best, and bring in as much money as I can.
6. **I will act with the care and loyalty** required of board members, and put the interests of the organization first. I will observe the organization's conflict-of-interest policy in letter and spirit, taking care to disclose publicly any conflicts that arise in the course of my business or the organization's, and to recuse myself from decisions that create or appear to create a conflict of interest for me.
7. **I promise to preserve the investment of time and money** made over years by all the donors and volunteers who created this organization and brought it to this point. Every board member is making a statement of faith to carry out the above agreements to the best of our ability, each in our own way, with knowledge, approval, and support of all.

In its turn, XYZ is responsible to me in a number of ways:

1. **I will be sent**, without request, regular financial reports that allow me to review XYZ's financial position.
2. **I can call** on the paid staff to discuss program and policy, goals, and objectives.
3. **Board members and staff will respond** in a straightforward and thorough fashion to any questions I have that I feel are necessary to carry out my fiscal, legal, or moral responsibilities to this organization.
4. **D&O insurance** will be provided.

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Signature of Board Member

For board term beginning: \_\_\_\_\_ and ending \_\_\_\_\_