

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, as discussed in E-Policy Sampler: Role of the Board, 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 Board Member Agreements

The samples provide options for stressing the importance of board member expectations, in addition to the basic roles and responsibilities of the board. As suggested above, some also include the organization's commitment back to the board member.

1. This brief board member job description translates general board duties into individual board member expectations.
2. This short contract begins with the organization's commitment to the board and then outlines expectations of board service.
3. This brief statement of understanding uses a series of "I will" statements.
4. This lengthier sample covers general responsibilities, but also establishes minimum financial contributions and an expectation to resign if a board member is no longer able to adhere to this contract.
5. 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.

Sample #1

This brief board member job description translates general board duties into individual board member expectations.

RESPONSIBILITIES OF A BOARD MEMBER

- Know and effectively articulate the mission, purpose, goals, policies, and programs of XYZ.
- Attend board meetings __ times per year and committee meetings __ times per year. Also, attend all XYZ events.
- Chair and/or participate in at least one board committee.
- Commit time, thought, and effort to XYZ.
- Participate in establishing and enforcing organizational policies.
- Accept responsibility for XYZ financial accountability.
- Make an annual financial contribution according to personal means.
- Participate in XYZ fundraising activities in a variety of ways.
- Identify friends and associates who might be prospective donors or board members.

- Participate in hiring and periodic evaluation of XYZ's chief executive.
- Support and advise the chief executive as appropriate.
- Participate actively in assessing XYZ performance and setting its strategic goals and objectives.
- Represent XYZ to the community.
- Invite XYZ staff to speak at group meetings you attend — religious, professional associations, service groups.
- Avoid conflicts of interest.
- Maintain confidentiality of all XYZ board meetings.

Sample #2

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

Dated:

Sample #3

This brief statement of understanding uses a series of "I will" statements.

BOARD STATEMENT OF UNDERSTANDING

As a board member of XYZ, I am fully committed and dedicated to the mission and have pledged to carry out this mission. I understand that my duties and responsibilities include the following:

1. I am fiscally responsible, with other board members, for this organization. I will know what our budget is and take an active part in reviewing, approving, and monitoring the budget and fundraising to meet it.
2. I am legally responsible, along with other board members, for this organization. I am responsible to know and oversee the implementation of policies and programs.
3. I accept the bylaws and operating principles manual and understand that I am morally responsible for the health and well-being of this organization.
4. I will give what is for me a substantial financial 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 actively engage in fundraising for this organization in whatever ways are best suited for me. These may include individual solicitation, undertaking special events, writing mail appeals, and the like. I am making a good-faith agreement to do my best and to raise as much money as I can.
6. I will actively promote XYZ, encourage and support its staff, and work in concert with the steering council.
7. I will attend board meetings, be available for phone consultation, and serve on at least one XYZ committee. If I am not able to meet my obligations as a board member, I will offer my resignation.
8. In signing this document, I understand that no quotas are being set, and that no rigid standards of measurement and achievement are being formed. Every board member is making a statement of faith about every other board

member. We trust each other to carry out the above agreements to the best of our ability.

Signed _____ Date _____

Sample #4

This lengthier sample covers general responsibilities, but also establishes minimum financial contributions and an expectation to resign if a board member is no longer able to adhere to this contract.

BOARD MEMBER AGREEMENT

As a member of the board of XYZ, I understand and agree that I am responsible, collectively with my fellow board members, for ensuring effective governance of fiscally sound programs as well as strategic direction of the organization. To that end, I understand my responsibilities require me to

1. Understand and ensure that XYZ reaches its mission and vision.
2. Understand the values of XYZ and use them in my decision making.
3. Attend all regular and special board meetings and actively participate in proceedings.
4. Serve on at least one committee. Attend all regular committee meetings and actively participate in the proceedings.
5. Be accessible, at least by phone or e-mail, to staff and other board members as needed.
6. Participate in board member orientation.
7. Support XYZ by making a meaningful financial gift to the organization of at least \$__ each calendar year.
8. Solicit the financial, in-kind, and political support of others, including employers and friends, and obtain at least \$__ in actual donations made to XYZ each fiscal year, in addition to my personal contribution.
9. Attend as many organization events and fundraisers as possible.
10. Share resources and talents with the organization, including expertise, contacts for financial support, and contacts for in-kind contributions.
11. Serve as an advocate for the organization within my circles of influence — personal, business, faith, civic, etc.
12. Fulfill commitments within agreed-upon deadlines.
13. Maintain and promote high ethical standards including good-faith board decision making and avoiding an actual or perceived conflict of interest with other activities, interests, and/or organizations with which I may be involved.
14. Maintain the confidentiality of the private information of the organization, staff, clients, and other board members.
15. Understand and approve global XYZ policies.

16. Be fiscally responsible for the organization by being familiar with and approving XYZ's budget.
17. Communicate effectively and respect the diverse opinions of others.
18. Agree that in the event, for whatever reason, I can no longer fulfill my duties and responsibilities as an XYZ board member, I will immediately notify the board chair and make arrangements to transfer any outstanding responsibilities to other members of the board.

Signature

Printed Name

Date

Sample #5

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.

Signature of Board Member

Date

For board term beginning _____ and ending _____

Suggested Resources

- CompassPoint Nonprofit Services. "A Board Member Contract." *Board Café*. 2003. www.compasspoint.org/boardcafe/details.php?id=30

BoardSource®

- Hughes, Sandra R., Berit M. Lakey, and Marla J. Bobowick. *The Board Building Cycle: Nine Steps to Finding, Recruiting, and Engaging Nonprofit Board Members*. Washington, DC: BoardSource, 2000.
- Ingram, Richard T. *Ten Basic Responsibilities of Nonprofit Boards*. Washington, DC: BoardSource, 2003.
- Lakey, Berit M., Sandra R. Hughes, and Outi Flynn. *Governance Committee*. Washington, DC: BoardSource, 2004.