

Community Economic Development Law Project

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Not for Profit Corporations Understanding Board Composition

The Board of Directors - As a group, the board is responsible for the management and control of the organization. The board may meet once a year, once a month or with some other frequency. It does not engage in the day-to-day activities of the organization. The board hires the staff, assigns priorities for the organization and ensures the organization has the capacity and the funding to carry out its programs and mission. The people on the board are the officers and directors of the board. Sometimes the directors are called members of the board. Whether they are called directors or members their responsibilities are the same. One person may be both an officer and a director. The directors and the officers of the board should be volunteers.

The Directors- Directors are responsible for the oversight of the organization and are the policy makers. They are responsible to the organization and to the public to assure that the organization has the funding, staffing and direction to fulfill its mission. They develop policies, guidelines and parameters that allow the staff to do the work necessary to achieve the goals of the organization. The directors are not employees of the organization and do not participate in the day-to-day activities of the organization.

The Officers - The officer positions on the board are identified in the bylaws. The officers usually are called the President, Vice President, Secretary and Treasurer, but an organization may use different titles to identify its officers. The same person may hold two offices. The officers have specific jobs described in the bylaws. They are not employees of the organization, do not get paid and do not engage in the day-to-day activities of the organization. The president presides over board meetings and is often the spokesperson for the board, the vice president serves for the president in his/her absence, the secretary takes minutes at meetings, distributes materials necessary for the meeting, etc. Officers are elected or appointed to the office.

The Staff -The first staff person hired by the board is usually the executive director. The Board may hire and fire any of the employees unless it delegates its authority to the executive director. Staff runs the day-to-day programs of the organization, carrying out the policies and programs of the organization as dictated by the Board of Directors.

The Founder- This is the person who has the initial idea for the organization and works to create a workable, effective organization. The founder serves at the pleasure of the board. There is no guarantee the founder will be on the board of directors or be hired as staff. Remember the board of directors, as a group, manages and controls the organization. Each person on the board, including the founder if he or she is on the board, has only one vote.

Potential Conflicts- The founder often appoints the initial board, including her/himself as one of the directors and as an officer. When there is little or no funding, the officers and directors may be involved in the day to day work of running the programs of the organization. This is okay. But when the organization is able to hire staff, any person on the board (the founder, a director or an officer), interested in being employed by the organization should decide the following. Do you want to retain a voice in the oversight and management of the organization or be involved in its day-to-day activities? If you choose to be involved in the day-to-day activities, you are choosing to be staff and it will be in the best interests of the organization if you resign your board position. Although there is nothing illegal about being an employee and on the board, this dual role potentially will create problems for the organization.

Tip- Do not create a board where the majority of the directors are also employees. Anytime a decision is made that will affect an individual who is both a director and an employee, there is a potential conflict and the organization's conflict of interest rules must be followed. It will be difficult or impossible for the board to take actions regarding staffing or salaries without creating a conflict. There must be independent directors who can act solely in the best interest of the organization.