



**SMART
TECHNOLOGY
= HAPPY BOARD**

Presented by

**Attorney
Elizabeth S. Reinhardt**



**Nonprofit boards come
with their hearts.**



... Live for the mission

... Exist in a legal thicket

Engaged Boards can tame the thicket and get on with the work they do by:

- ▶ **Understanding their legal obligations**
- ▶ **Using smart technology to make compliance easier**

The Thicket

Accountability for charitable assets held in “trust”

IRS Exempt Organization's Division

- ▶ Form 990 – 990 EZ – 990N – Postcard

Mass. Attorney General's Division of Public Charities

- ▶ Form PC with required attachments (Form 990-audit)

Governance best practice expectations

- ▶ Accountability to the Public

The Legal Obligation



**Directors of nonprofit
charitable organizations
have fiduciary duties of
due care and **loyalty**
to the organization they serve.**

DUTY OF DUE CARE

Due Care =

Ensuring mission is carried out overtime

- ▶ **Careful board process and procedure**
 - **Bylaws with board qualifications and term limits**
- ▶ **Engagement, deliberation and action**
 - **Regular meeting procedures and record of action**
- ▶ **Strategic planning**



Recruit for Board Qualifications

Boards need to talk with each other.



Ensuring financial accountability

- ▶ **Qualified finance committee**
- ▶ **Annual budget approval**
- ▶ **Financial planning**
- ▶ **Regulatory reporting**

Boards need to know the numbers.



Dropbox



Managing employee relationships with Executive Director/CEO

- ▶ **Performance evaluation**
- ▶ **Establish executive compensation**



SurveyMonkey®

www.surveymonkey.com

**Meets Performance
Expectations?**



Always



Usually



Sometimes



Never

**DUTY OF
LOYALTY**

Loyalty =

Placing the best interests of the organization over personal interest through:

- ▶ **Conflict of Interest Policy and Procedures**
- ▶ **Annual Conflict disclosure statements**



www.questionpro.com



During the Year

☐

Did

☒

Did Not

have a related-party contract

TRAPS and tips for avoiding them.

▶ **Electronic Data Security - MA Office of Consumer and Business Affairs (201 C.M.R. 17.00)**

- Adopt a WISP (Written Information Security Plan)
 - Appoint a Data Security Coordinator

▶ **Confidentiality**

- Limit email use for board deliberation
 - Use passwords

▶ **Generation Gap**

- Board Orientation
 - Tech Support



**Presented by:
Attorney Elizabeth S. Reinhardt**

**Law Office of Elizabeth S. Reinhardt
The Wheelhouse at the Bradford Mill
33 Bradford Street**

Concord MA 01742

Tel: 978-341-4628 Ext. 147

Fax: 978-371-3201



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www.lizreinhardtllaw.com

Oversight/Policy
MA & IRS Law
& Best Practices

Financial Accountability
Mission Perpetuation
Executive Director
Employment Relationship

**Board of Trustees
and Officers**

Oversight Role

Duties

➤ **Due Care and Loyalty**

Executive Committee

Audit & Finances

**Governance &
Nominating**

**Executive Comp
Performance**

**Search
Ad Hoc**

**Strategic
Planning**

Advisory Board

Honorary
Expertise
No Vote
No Duty

**Day-to-Day
Operations**

Program and Operations

Personnel

Business Functions

Development

Consultants

Volunteers

Executive Director
Day to Day Management

Facilities

Education

Fundraising

Outreach