

Board Tips – Fiduciary Responsibilities – Part One

You've been asked to be a board member at your church. Congratulations! You've accepted and were ratified by the congregation. Great! Now do you really know what you've committed yourself to?

The board of a church is a legal nonprofit board. Just like any secular nonprofit board, its members have legal responsibilities that must be fulfilled.

A board member is a fiduciary of the church. Being a fiduciary means he/she has the legal responsibility to act in the "best" interest of the church. He/she must lay personal desires aside and focus on the best for the entire church. Being a fiduciary is a huge responsibility. The congregation expects its board members, fiduciaries, to be excellent stewards of the money coming into and going out of the church, to care for all properties and facilities, and to act in a manner that provides safety and security for those who attend the church.

A fiduciary has the responsibility of "duty of care" for the organization he/she represents, in our case, the church. The duty of care can be defined as:

"Requires the individual to discharge duties in good faith, in a manner one reasonably believes to be in the best interests of the organization, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The individual must devote the time, attention and resources necessary to understand and prudently oversee the affairs of the foundation."

http://www.mcf.org/publictrust/wegsk_fiduciary.htm

This definition states to do the job in "good faith." Good faith for a board member is that behavior that they would expect another to implement if they were serving in a similar board position. To make sure a board member meets the compliance of duty of care, the following should be kept in mind:

- Attend all board meetings and/or committee meetings.
- Know and understand the bylaws of the church.
- Understand and question, when necessary, all financial reports of the church.
- Make sure that accurate minutes are being kept of all board meetings. This includes accurate minutes of any annual or special meetings of the congregation.
- If a decision is being voted on that the board member can not agree with in good conscience, the board member should make sure that the minutes reflects that they are abstaining.

- Board members need to be intentional in protecting the church property and investments.
- Board members should understand the federal and state tax issues that pertain to the church and clergy.
- Board members should be intentional in providing security in the hiring and appointing of paid and/or volunteer positions in the church.
- If allegations are brought forth, the board members are obligated to investigate such allegations.

To summarize, to fulfill the duty of care responsibility of a fiduciary of the church, a board member must:

- Show up,
- Complete assigned duties, and
- Ask the tough questions.