

Duties of the Board of Directors

Duty of care – Actively participate; perform your designated tasks; stay informed

Duty of loyalty – Act in good faith; put allegiance to FSP’s purpose above your own interests

Duty of obedience - Follow FSP’s governing documents, articles of incorporation and bylaws; comply with state and federal laws regarding the organization

Legal and Fiduciary Responsibilities of the Board of Directors

Bylaws - Operational framework and rules for an **effective** and **representative governance system**.

Articles of Incorporation - A set of formal documents filed with a government body to legally document the **creation of a corporation**.

Board Policy - Established **Board practices**, including leadership succession processes, conflict of interest, document retention and social media policies.

Contractor Policy - **Written responsibilities and expectations** for any paid contractors that may support the Chapter (i.e. Chapter Executive).

Financial Policy - **Fiduciary responsibilities** including fiscally sound budgeting, planning, and management of operating funds, reserves and possibly investment accounts.

Audit Committee – Established procedures, controls and review to insure **proper accounting procedures** are being followed.

IRC Section 501(c)(6) - FSP Chapters are associations that have **tax-exempt status** under **Section 501(c)(6) of the Internal Revenue Code**. Chapters are not organized for profit and no part of the net earnings may **inure to the benefit** of any individual. All tax-exempt organizations must file an annual return with the IRS.

Unrelated Business Income Tax (UBIT) - Taxes may be due if the association receives certain types of business income from **activities not related to the purposes** for which the association was granted exempt status.

D & O Coverage - Protects a member of a Board of Directors from liability related to making or failing to make decisions in his/her role as a Board member.

Fidelity Bonds – Bylaws require **bonding for individuals with check-writing authority** for the Chapter.