

Marion Fire Auxiliary Inc

Board Governance Policy

Policy adopted by the Board of Directors on November 6, 2017

Purpose

The purposes of this policy are:

- To provide a framework within which directors and officers of MFA's Board will be guided in the execution of their fiduciary duties on behalf of MFA.
- To help assure awareness by directors and officers of MFA's Board of their basic fiduciary duties under state law and of their obligations related to federal tax exemption granted MFA.
- To help assure that the decisions and conduct of the directors and officers of MFA's Board are always consistent with their duties and obligations and with the charitable mission of MFA.

Directors' Role:

Directors are responsible for setting the mission and strategic direction of MFA, as well as oversight of MFA's finances, operations, and policies. All corporate powers are exercised by or under the authority of the Board and the affairs of MFA are managed under the direction of the Board.

Currently, those elected to MFA's Board of Directors are also officers responsible for day-to-day operations spelled out in MFA's bylaws. However, MFA's bylaws do not stipulate that its officers must be directors. If the Board delegates authority to someone to act on behalf of MFA, directors must exercise reasonable and prudent oversight of that person's activities.

In the performance of his or her duties, a director may rely on information and reports received from people whom the director reasonably believes to be reliable and competent in the matters presented, as well as on professional advisors (e.g. attorneys, public accountants) and other persons regarding matters the director reasonably believes are within the person's professional or expert competence. A director may also rely upon a committee of the Board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence.

Core Fiduciary Obligations

Duty of Loyalty

Each Board member:

- Is obligated to exercise an undivided and unselfish loyalty to MFA by affirmatively protecting MFA's interests and to refrain from doing anything that would deprive MFA of profit or advantage which the director's skill or ability might bring to it.
- Must exercise his or her obligations and powers in the best interests of MFA and its charitable mission, not in his or her own interests or in the interests of another person or entity (even if charitable in nature).
- Must refrain from engaging in personal activities which would injure or take advantage of MFA.
- Shall fully comply with MFA's code and policies.

Duty of Care

Board members must act:

- In good faith
- With the care that a reasonably prudent person in a similar position would use.
- In a manner the director reasonably believes to be in the best interests of MFA

Therefore, Board members must:

- Inform themselves of all material information prior to making decisions.
- Monitor the affairs of the organizations.
- Exercise proven stewardship of MFA's limited resources.

Duty of care implies a duty of reasonable inquiry. Each Board member is obligated to ask questions and demand information to allow that director to have sufficient information and understanding to make decisions s/he reasonably believes are in MFA's best interests.

Board members are not acting in good faith if they have knowledge concerning a matter in question that makes reliance on advice from others, such as other directors, Members, professional advisors and consultants, unwarranted.

Duty of Obedience

Board members are required to perform their duties in accordance with applicable laws and the terms of MFA's charter and bylaws. Conflicts include:

- Failure to abide by statutes affecting fundraising, political and business activities.
- Jeopardizing MFA's tax-exempt status.
- Co-mingling of assets or operations with personal dealings.
- Failure to adhere to the stated purposes of MFA.

Manner of Governing

The Board shall:

- Enforce upon itself whatever discipline is needed to govern with excellence.
- Cultivate a sense of group responsibility. The Board will use the expertise of individual members to enhance the ability of the Board as a body, rather than allowing individual expertise of directors to substitute for judgments that should be made by the Board as a body.
- Implement operations that are accountable to MFA's members and its mission.
- Conduct regularly scheduled business meetings and expect that directors will attend (unless they have an excused absence) and actively participate.
- Adopt and monitor policies that assure:
 - Adequate oversight of MFA's affairs;
 - Adequate implementation of its programs;
 - Compliance with the law; and
 - Effective pursuit of MFA's charitable mission.
- Ask Members for their advice on important decisions and actively engage Members' participation in business meetings, as well as program activities.

Outside Education and Training

MFA's directors and officers are encouraged to attend training seminars and programs offered by outside groups that relate to nonprofit governance, legal obligations, and fundraising. Here are recommended resources:

- [Flathead Nonprofit Development Program](#)
- [Montana Nonprofit Association](#)