**Nonprofit Corporate Governance Notes**

1. Duty of Loyalty: always have the organization’s best interests in mind and act in accordance with the organization’s best interests
   1. Follow the organization’s mission
   2. Keep sensitive information confidential, unless otherwise authorized
   3. Avoid conflicts
   4. Opportunities learned of in the course of organizational business belong to the organization
2. Duty of Care: act with the care, diligence and skill of a reasonably prudent person
   1. Active participation
   2. Create a culture & procedures for the Board and the Organization to ensure best practices
   3. Reports are to be prepared carefully and honestly
   4. Investment must be prudent and reasonable
   5. Comply with donor restrictions
   6. Select senior management (such as CEO, principal, deans) from a wide pool of applicants
   7. Completely interview and vet senior management candidates
   8. Regularly evaluate the performance of senior management
3. Other legal rules (Sarbanes-Oxley and Internal Revenue Code)
   1. Have a process to protect whistleblowers
   2. Have a document retention policy
   3. File 990s and provide public access
   4. Inform IRS and PA of changes to corporate structure, etc.
   5. Avoid excessive compensation to employees
   6. Independence of key committees
4. Best Practices
   1. Balance power too avoid too much influence in any one person
   2. Independence of Board
   3. Transparency
   4. Limit expenses
   5. Reporting and non-retaliation policies
   6. IRC §4958: Rebuttable Presumption of Reasonableness
   7. Regularly evaluate performance