

Board Service Organization Due Diligence Checklist

Below is a checklist of questions we recommend you ask the organization prior to joining the board.

Serving on a board may be more impactful when an organization is in worse shape, so while an organization would ideally meet all of the criteria on this list, you may still decide that it is worth it to serve on the board of an organization missing some items on the checklist. In these cases, the decision to serve on the board is a subjective one that balances the impact you could have with the risk that serving on the board could take up more of your time, especially if things go poorly.

- Does the organization produce monthly **financial statements** and are they regularly reviewed by board members?
- Does the organization have an **annual audit**? What were the results of the last audit?
- What internal **financial controls** are in place at the organization?
- Has the organization filed its federal and state **tax returns** on a timely basis?
- Is the organization **authorized to solicit contributions** in each jurisdiction where it engages in solicitations?
- Does the organization properly withhold and pay its quarterly **employment taxes**?
- Does the organization have current and complete **organizational documents**, including current bylaws, Whistleblower policy, and Document Retention and Destruction policy?
- Does the organization conduct its affairs in a manner **consistent with its governing documents**?
- Does the board formally meet at least once per year? Ideally more frequently 3-4x per year for newer organizations.
- Are all voting directors or trustees **independent**?
 - No compensation as an officer or employee of the organization
 - No (or less than \$10,000) compensation as a contractor to the organization or a related organization
 - No other financial transactions directly with the organization or a related organization or to a family member with the organization or a related organization.
- Does the organization have a **conflict of interest policy**? If so, is the policy adhered to, reviewed, and signed annually by all board members and executive staff?
- Does the organization have **D&O liability insurance**?
- Do the organization's governing documents provide for **indemnification for board members** and, if so, under what circumstances and with what limitations?