

## Annual Board Actions

### Annual Filing Requirements and Activities

#### IRS Form 990

Tax-exempt organizations are expected to file a **Form 990**, the nonprofit tax form, with the IRS on an annual basis.

The 990 is submitted after being signed by an officer of the nonprofit corporation. Each board member should receive a copy. The IRS does not require the board to formally review the 990, yet as it is an important form that so heavily contributes to the perception of your organization, formal approval by the board is a good practice.

#### Fundraising engagement

If an organization raises funds in any state where it is not incorporated, it must register in that state and usually file an annual renewal or financial report. Each state has its own specific regulations. There are also some municipalities that require charitable registrations as well.

#### Employee payroll

Nonprofits are expected to withhold employee income and Social Security taxes and pay them regularly according to a schedule set by the IRS. This schedule is different for different organizations. Board members and administrators are responsible for ensuring that this happens. The IRS can impose heavy penalties for non-compliance including board members being held personally liable for failed payments.

## Additional Annual Activities

### Evaluate chief executive performance

Each year, the board should **evaluate the performance of the chief executive** to make sure annual goals have been met and to set expectations for the coming year. It is necessary to verify the **CEO compensation** for similar organizations in the area. National surveys are acceptable resources.

### Review and update conflict-of-interest policy

Each year each board member is expected to complete and submit their **conflict-of-interest** disclosure form. This allows the board chair to keep track of board members' affiliations and how they might affect members' objectivity in decision-making.

### Arrange for an independent audit

One of the best ways to ensure accountability and financial integrity is to have an **annual independent audit**. The Board may invite the auditor to present their report in an executive session of the board meeting.

### Approve the budget

Towards the end of the fiscal year, it is time for the board to **review and approve the budget** for the coming year. The staff prepares the budget and works with the finance committee to present it to the board, with the full board voting to approve the final document.

### Review Investment policies

The board is responsible for reviewing the organization's investment policies and determining whether they continue to follow the overall financial objectives are appropriately taking into account any major changes in the investment climate, and are aligned with organizational values.

## Periodic Activities

### Review bylaws

**Bylaws** are a living document. As boards evolve and outside demands change, it is important to regularly review this legal document to make sure it continues to abide by the laws, is still relevant, and reflects the present board culture. The board also should assess the status of other **general policies** on a regular basis.

### Assess the board's performance

To maintain high standards, it is necessary to periodically **evaluate the board's performance**. By engaging in self-evaluation, board members are able to look at their own accomplishments within their peer group and judge how they have managed to reach their objectives.

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*Resources: **Ten Basic Responsibilities of Nonprofit Boards, The Governance Series***