

Board Prep Doc.pdf

Fiduciary Duty: All board members and officers owe a fiduciary duty to the makerspace. This obligation requires all board members and officers to act in the best interest of the makerspace, and not their personal best interest.

This obligation is generally broken into three parts:

Duty of Care: A corporate director or officer is required to perform their functions in good faith; in a manner that they reasonably believe to be in the best interests of the corporation; and with the care that an ordinarily prudent person would reasonably be expected to exercise in a like position and under similar circumstances.

Duty of Loyalty: The duty of loyalty requires directors and officers to place the interests of the makerspace before their personal and financial interests. Regarding board votes, directors must disclose conflicts of interest so a disinterested vote may be taken without them. Directors and officers are bound by the makerspace's [conflict of interest policy](#). Key excerpts: Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or nonfinancial (e.g. seeking preferential treatment, using confidential information). A member, volunteer, or employee who believes that he/she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Duty of Obedience: Ensure that the makerspace obeys applicable laws and regulations; follows its own bylaws; and that it adheres to [its mission](#).

[Ethics Policy](#)

Key excerpts:

Each individual, committee, officer and board member must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each member is responsible for applying common sense in business decisions where specific rules do not provide all the answers

In determining compliance with this standard in specific situations, members should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with DMS policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

8. Is there a real or even an appearance of a conflict of interest or compromising action?

Internal Controls/Spending Policy

Key excerpts:

Delegating authority to agents

Only the Board of Directors can delegate authority to spend money. Therefore, only the Board can empower an individual or group to make purchases as Dallas Makerspace's agent. Only the Board of Directors or the Treasurer can establish limits for these agents, which may change from time to time.

\$2,000.01- \$1,000,000,000

Purchases or expenditures that exceed \$2,000.00 must be approved in advance by the Board of Directors in addition to the previous requirements stated herein. However, multiple expenditures that are related will not be broken down into smaller expenditures to circumvent obtaining Board of Directors' approval.

Emergency Spending

In a situation where the safety of the organization or its members has been determined to be at exigent risk by any Officer of the corporation or Board Member, or that a piece of high-demand equipment is in need of urgent repair, up to \$5,000.00 can be spent without prior Board approval. Said expenditure will be reviewed by the Board of Directors at their earliest convenience.

Persons authorized to sign checks for payment

Only the Dallas Makerspace President, its Treasurer, or an individual authorized by the Board of Directors, may sign checks to make payments; however, proper approval for expenditures under this policy is required before a payment by check may be remitted.

Persons authorized to remit funds electronically

Only the Dallas Makerspace Finance Group or its contractors may remit electronic payments to recurring service providers (e.g. utilities, insurance companies, or credit card vendors) or product providers (e.g. raw, consumable materials providers or office-supply vendors).

Signatory Authority

Signatory authority is the legal power to bind the organization through your signature. When a person with signatory authority signs a contract, check, lease, tax filing, or grant agreement, the makerspace becomes legally obligated.

Board members only hold signatory authority when it is granted by a specific board vote. The treasurer has authority to sign financial documents and routine payments, the specifics of which are outlined in the financial policy manual. The president generally signs major contracts after the board votes to grant them that authority.

Apparent authority exists when a third party reasonably believes you have authority to sign. Courts can hold the organization liable based on apparent authority even if you didn't actually have approval.

Read what you're signing. Your signature is enforceable; "I didn't read it" is not a defense. Don't sign on behalf of the organization unless you can point to the resolution that authorizes you to do so.

Resources:

https://www.law.cornell.edu/wex/fiduciary_duty#:~:text=A%20fiduciary%20duty%20is%20a%20legal%20obligation,Trustees%20and%20beneficiaries%20*%20Directors%20of%20corporations

<https://heinonline.org/HOL/homeHolTitles?c=American-Law-Institute-Library&t=Principles%20of%20Corporate%20Governance:%20Analysis%20and%20Recommendations>

<https://www.councilofnonprofits.org/running-nonprofit/governance-leadership/board-roles-and-responsibilities>