

Welcome to the ATA Board of Directors

October 5, 2010

Richard T. Kloos, M.D., Chairman of the Board
Barbara R. Smith, CAE, Chief Executive Officer

Gregory A. Brent, M.D., President

David H. Sarne, M.D., Treasurer

Terry F. Davies, MB.BS, M.D., Past-President

James A. Fagin, M.D., President-Elect

John C. Morris, M.D., Secretary-Elect

What is a non-profit?

- A non-profit organization is a group organized to advance a public or community interest rather than for individual, personal or financial gain. Thus, non-profits may not distribute earnings or pay dividends; any surplus must be used to further the corporation's organizational purpose. However, all non-profits are permitted to hire paid staff to conduct their organization's activities.
- Non-profit organizations must be designated as nonprofit when created and may only pursue purposes permitted by statutes for non-profit organizations.
- Non-profit organizations include churches, public schools, public charities, public clinics and hospitals, political organizations, legal aid societies, volunteer services organizations, labor unions, **professional associations**, research institutes, museums, and some governmental agencies.

Tax exempt status

- For federal tax purposes, an organization is exempt from taxation if it is organized and operated exclusively for religious, charitable, scientific, public safety, literary, **educational**, prevention of cruelty to children or animals, and/or to develop national or international sports.
- The IRS, after reviewing the application to ensure the organization meets the conditions to be recognized as a tax exempt organization (such as the purpose, limitations on spending, and internal safeguards for a charity), may issue an authorization letter to the nonprofit granting it tax exempt status for income tax payment, filing, and deductibility purposes. Failure to maintain operations in conformity to the laws may result in an organization losing its tax exempt status.

Government regulators

- During the last few years, the issues of ethics and accountability in governance have risen to prominence in both the for-profit and not-for-profit communities. Sparked by high-profile incidents of mismanagement — and in some cases malfeasance — government regulators have begun paying much closer attention to how corporations and nonprofit organizations are governed.

In the wake of the Enron scandal, Congress acted swiftly to restore faith in large public companies by passing the American Competitiveness and Corporate Accountability Act of 2002, also known as the [Sarbanes-Oxley Act](#). Most features of the Sarbanes-Oxley Act apply only to large public companies, but the act has highlighted perceptions and changed expectations for leadership and governance of all organizations generally (including non-profits).

What is a Board?

- A corporation, whether for-profit or nonprofit, is required to have a governing Board of Directors.
- To explain, a corporation can operate as a separate legal entity, much like a person in that it can own bank accounts, enter into contracts, etc. However, the laws governing corporations require that a corporation ultimately is accountable to its owners (stockholders in the case of for-profits and the public with nonprofits). That accountability is accomplished by requiring that each corporation has a Board of Directors that represents the stockholders or the public.

What does a Board do?

- People might be surprised to read that there are more similarities between for-profit and nonprofit Boards than there are differences.
- Certainly, there are differences. For-profit Board members often are paid, whereas nonprofit Board members usually are not (except to be reimbursed for expenses).
- For-profit Board members uniquely attend to decisions about dispersing profits to owners (to stockholders), for example, in the form of stock equity and dividends, whereas nonprofit Board members do not seek to maximize and disperse profits to the owners -- the owners of nonprofits are members of the public.
- Nonprofit Board members often must participate in robust fundraising by soliciting funds from individuals, foundations, corporations and government entities.
- Nonprofits corporations often enjoy certain tax advantages, including tax-exemption (being able to avoid payment of certain taxes) and charitability (so donors can deduct donations from their taxes). To retain that charitable tax status, Board and staff members of nonprofits must refrain from exceeding certain limits of lobbying and self-dealing.

Legal Risks for Nonprofit Board Members

- Although state law varies in this regard, in general terms board members must "act in the best interests" of the nonprofit organization. Specifically, there are three primary duties.
 - 1. **Duty of care:** This includes the discharge of duties in good faith using the diligence, care and skill a person of prudence would exercise under similar circumstances.
 - 2. **Duty of loyalty:** This refers to allegiance to the organization, a level of **confidentiality** and avoidance of using the position for furtherance of personal gain.
 - 3. **Duty of obedience:** The final duty includes establishing the mission of the organization, following the articles of incorporation and organization by-laws, and ensuring full compliance with law.

Legal Risks for Nonprofit Board Members

- A breach of any of these three primary duties, or negligence in carrying out those duties, may result in an action against a board member.
- Frequently, a board member is exposed to personal liability if a conflict of interest exists. Nonprofit board members are likely to be affiliated with other entities (both nonprofit and for-profit) in their communities, so it is not unusual for actual or potential conflicts to occur. If board members fail to exercise reasonable care in addressing these issues, properly reflected in the minutes, they are not fulfilling their duties to the nonprofit.
- Note that potential personal liability for board members is not limited to the failure to fulfill fiduciary responsibilities to the nonprofit organization. Liability may also be extended to acts performed by or on behalf of the nonprofit affecting third parties. For instance, it is possible for a board member to be sued for injuries suffered by a nursing home resident, although the board member was not directly responsible for the injuries suffered.
- Over the last few decades, many states have passed laws designed to protect volunteers from personal liability. Some state laws provide complete immunity, while others offer protection for reasonable actions in this capacity. The trend culminated in 1997 when Congress enacted the Volunteer Protection Act. This federal law protects volunteers of charitable organizations and certain other civic groups from liability if they act within the scope of their responsibility for the organization and their conduct is not grossly negligent, reckless or indifferent to the rights and safety of others.
- Nevertheless, the legal protection afforded under these laws is not absolute. Board members should take great care to fulfill their duties in a reasonable manner.

Key Duties of the Board

- Determine the organization's mission and purposes
- Select the executive staff through an appropriate process
- Provide ongoing support and guidance for the executive; review his/her performance
- Ensure effective organizational planning
- Ensure adequate resources
- Manage resources effectively (the buck stops with the Board, ultimately)
- Determine and monitor the organization's programs and services
- Enhance the organization's public image
- Serve as a court of appeal
- Assess its own performance

ATA Mission

- The ATA leads in promoting thyroid health and understanding thyroid biology.

Board Mission

- Hold CEO accountable
- Safeguard assets
- Guide the future

ATA

- ATA Board expectations
 - Monthly Board Conference Calls
 - Board Meeting Attendance: Annual Meeting, Winter, The Endocrine Society
- Resources/Repository
 - WorkZone
- Organizational Structure
 - **ATA organizational chart_pdf**
- Committee membership
 - American Thyroid Association Committees and Task Forces 2010-2011
 - ATA Committee Chairs and Board/Staff liaisons 2010-2011
- ATA Board of Directors Directory