



Caritas Law Group P.C.

TAKING MINUTES OF
Nonprofit Board Meetings





CONTENTS

2 THE IMPORTANCE OF MEETING MINUTES

4 RESOLUTIONS

6 CONSENT RESOLUTIONS

8 STORING MEETING MINUTES

9 QUICK TIPS FOR TAKING MEETING MINUTES

SAMPLES

10 MINUTES: ORGANIZATIONAL MEETING

13 MINUTES: ACTION OF DIRECTORS IN LIEU OF MEETING

15 ANNUAL MEETING MINUTES

17 RESOLUTIONS

THE IMPORTANCE OF MEETING MINUTES



Board meeting minutes are a necessary form of record-keeping for all nonprofit organizations. Minutes serve as the official (and legal) record of board and committee meetings. They are presumed to be correct and are considered legal evidence of the facts they report. Because minutes hold such legal significance, it is essential that they accurately reflect the Board of Directors' actions.

The person tasked with taking the minutes should word them in a simple, straightforward, and unambiguous manner. The minutes should consist of a clear, accurate, and complete report of all business transacted. However, they should not be a transcript of all that was said at the meeting. They should hold enough detail to make them valuable if they are ever needed for reference or used as evidence that the directors took action, decided against taking action, or fulfilled their fiduciary duties.

It is not necessary (nor recommended) to record everything that the directors said at a board meeting, but minutes should always include certain details, which are listed on the next page.

The person keeping the minutes should know and record what vote is required by the bylaws for specific actions and indicate whether the motion passed according to the vote requirements.

Minutes Should Always Include

- ▶ the date and time of the meeting,
- ▶ whether the meeting is a special or regular meeting,
- ▶ whether notice was given or a waiver of notice signed by all directors,
- ▶ names of directors in attendance and directors not in attendance,
- ▶ names of guests in attendance,
- ▶ the establishment of a quorum,
- ▶ any departures and re-entries of attendees,
- ▶ any board actions (e.g., approvals, delegations of authority, directives), and
- ▶ whether any directors abstained from voting.

Minutes Frequently Also Include

- ▶ alternatives considered for important decisions,
- ▶ a description of Board decisions,
- ▶ a summary of key points from any reports given to the board,
- ▶ recusals from discussions and abstentions from voting,
- ▶ votes that were against a motion, and
- ▶ action items.

If the board does not vote on a matter yet reaches an informal decision, it is sufficient to note “it was the consensus that,” “each director present expressed his/her approval of,” or “doubt was expressed as to,” and to follow with a statement of the facts. This places on record evidence of what was agreed to at the meeting.

Common mistakes when taking minutes include:

- failing to track who was present, excused, and absent,
- failing to document a quorum was present,
- failing to report or provide a clear description about the board votes and decisions,
- drafting a transcript of everything said at the meeting, including information that might be harmful to the organization if read by someone with access to the minutes or by a court reviewing the board’s action,
- drafting and distributing minutes to directors after a long period has passed, and memories have faded, decreasing the likelihood that board members will catch and correct mistakes, and
- failing to maintain a sound document management system resulting in the loss of minutes from past meetings.

Because courts, the IRS, and other regulators view minutes as true and accurate records of board meetings, they rely on them as legal evidence. For this reason, it is crucial to keep minutes that are clear, free of harmful and excessive information, and signed and verified promptly to ensure that the minutes always reflect the board’s true intentions.

RESOLUTIONS



WHAT IS A RESOLUTION?

A resolution is an action taken by the board of directors which applies to a single act (as opposed to bylaws which are the rules that govern an organization and regulate its affairs). If a resolution conflicts with a bylaw, the bylaw prevails unless amended or repealed. If a resolution is clear and concise, it can minimize future misunderstandings among board members and the organization as a whole.

A director can propose a resolution by making a motion. Typically, another director will second the motion. Once the motion is made and seconded, the person presiding at the meeting calls for a vote.

WHEN ARE RESOLUTIONS REQUIRED?

There is no formal law to govern when the board should propose a resolution; however, there are some circumstances when a resolution is the most appropriate course of action. These include cases where:

- the matter is one that the statute, charter, or bylaws require to be covered by a resolution;
- delegations of authority;
- a governmental agency or another third party (such as a bank, brokerage, title company, or purchaser), requires a certificate showing that the directors have authorized a particular act;
- the board is adopting policies and procedures regulating the management of the corporation in a manner they intend to be permanent until changed;
- the matter is one of importance;
- the matter is likely to be referred to from time to time; and
- any amendments to the charter or bylaws.

HOW ARE RESOLUTIONS DRAFTED AND RECORDED?

The secretary of the meeting typically drafts resolutions and should prepare critical resolutions in advance of the meeting to clarify the subject matter. Often, the secretary gives the officer or director who proposed the resolution a copy of the language in advance to ensure it reflects the individual's wishes.

One exception is resolutions that involve legal technicalities; these resolutions are generally drafted or reviewed by legal counsel. It is also common practice to provide a copy of the resolution to the chairman or president of the organization before the review. In cases where new topics are brought up in a meeting, and no resolution has been drafted, it is acceptable for the secretary to immediately write out the resolution in full and submit it to the chairman for approval, or write out the resolution after the meeting.

When recording a resolution in the minutes, the exact wording of the resolution, the names of proposers and seconders, and the names of those voting in favor of or contrary to the resolution should be recorded. Examples of resolutions for everyday actions are included at the end of this guide.



CONSENT RESOLUTIONS



HOW DOES THE BOARD RECORD DECISIONS OUTSIDE OF MEETINGS?

Occasionally, urgent board action is required, yet it is not possible or practical to have the board meet in person or even over the telephone. In these cases, most states permit the board members to conduct official business by signing a unanimous written consent in lieu of a live meeting. For instance, Arizona law states as follows:

[A]ction required or permitted by chapters 24 through 40 of [ARS §10] to be taken at a directors' meeting may be taken without a meeting if the action is taken by all of the directors. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken. ARS §10-3821(A) [emphasis added]

Unlike directors voting at a meeting which may require only a majority of the directors to approve any board action, most states that permit action by written consent require unanimous approval. Once an action by written consent is signed by all of the directors, the written consent resolution will have the same effect as a unanimous vote of the board.

In such cases, a consent resolution will be sent to each individual director by mail, email, or fax for his or her signature. To streamline the signature-gathering process, the written consent document can permit counterpart signatures. This means that each director can sign the signature page of his or her copy, and the signed signature pages, when taken together, are considered a validly executed document.

In the case of direct mail or fax, the director will sign his or her approval and submit the signed copy to the secretary for filing. When written consents are conducted through email, however, some questions on legality arise. For instance, is it enough for a director to simply reply yes to the email? What if the answer is yes followed by some condition? Would this be valid? State law differs with respect to what is considered a valid electronic signature; however, where electronic signatures are permitted, the best practice is to have some sort of established electronic signature that only the individual director has access to. For example, DocuSign, HelloSign, and similar programs permit users to create an electronic signature that is password-protected to ensure that only authorized users can access and use it. This avoids complications in the future if some director tries to challenge the resolution on the grounds that it was not legally signed or argues that some other person accessed his or her email account and assented to the resolution.

If it is too difficult to create an electronic signature, it is always easy enough to print and sign the email and then fax or email a copy or mail the original to the secretary. In the case of consents that will be relied upon by a third party, such as a bank or title company, it is best if the records contain the signed original consents rather than copies or emails approving the transaction to ensure the signatures will be accepted.

Generally, the action is considered to be taken on the date the last director signs the consent. For record-keeping purposes, the signed consents must be kept by the secretary in the corporate minute book. Additionally, the resolution should be entered into the minutes of the next board meeting and made part of the official record of the corporation.



STORING MEETING MINUTES



It is important to retain copies of all board and committee meeting minutes. Minutes serve as evidence of deliberations, decisions, delegations of authority, and other board actions. They can resolve questions when disagreements arise about past actions. They can also help the directors defend their decisions when something goes wrong.

Corporate directors can avoid personal liability when things go wrong by fulfilling their fiduciary duties of due care, loyalty, and good faith. Meeting minutes are important evidence that, when well done, helps the directors prove that they have fulfilled their duties with respect to the corporation.

QUICK TIPS FOR TAKING MEETING MINUTES



- ▶ Make sure you determine who will take notes before the meeting.
- ▶ If the secretary is a board member, consider appointing an assistant secretary who is not on the board to take notes.
- ▶ Develop a board agenda in advance and consider recording meetings and deleting the recording once the minutes are approved.
- ▶ Use the meeting agenda as the outline for the meeting notes to ensure that you cover all the items on the agenda.
- ▶ Use a template with the board members names listed to avoid misspellings.
- ▶ Note on the template who is present in person, present by phone, excused, or just absent, and track board attendance.
- ▶ Summarize the essential points and the key board actions and decisions without including excessive detail.
- ▶ Save the minutes in a physical minute book as well as an online database.

SAMPLE | MINUTES: ORGANIZATIONAL MEETING

MINUTES OF ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS OF [CORPORATION NAME]

1) Time and Place. The Board of Directors of [CORPORATION NAME] held its organizational meeting on [DATE] at [LOCATION] at [TIME].

2) Attendance. The following directors of the Corporation were present: [LIST]

No directors were absent. [Or, list absent directors.] The following guests were also present by invitation of the board: [SPECIFY].

Although a meeting notice had been sent to the Directors, it may not have complied with the requirements of the Corporation. Therefore, the Chair asked that all the Directors waive their requirement of formal notice of the meeting, as the entire board was at the meeting. Each director waived notice of the meeting and agreed to proceed with the meeting as though formal notice had been given to the Directors in accordance with the Corporation's bylaws.

3) Presiding Officers and Quorum. [CHAIR] called the meeting to order and acted as Chair thereof, and [SECRETARY] served as secretary of the meeting. The Chair announced that a quorum of the directors was present and that the meeting, having been duly convened, was ready to proceed with its business.

4) Articles of Incorporation. The Chair stated that the original Articles of Incorporation had been filed in the [OFFICE] of the state of [STATE] on [FILE DATE]. The Chair presented to the meeting the original Articles of Incorporation, showing the filing date, and the secretary was directed to insert the articles in the minute book of the Corporation.

5) Adoption of Bylaws. The Chair raised the matter of the adoption of bylaws for the regulation of the Corporation. The Chair presented to the meeting a form of bylaws prepared by [PREPARER] and recommended that the same be adopted as the bylaws of the Corporation. On motion duly made and unanimously carried, the directors adopted the following resolutions:

WHEREAS, there has been presented to this meeting a form of bylaws for the regulation of the affairs of the Corporation; and

WHEREAS, it is deemed to be in the best interests of the Corporation and its members that said bylaws be adopted as the bylaws of the Corporation;

NOW, THEREFORE, be it

RESOLVED, that the bylaws presented to this meeting be and the same hereby are adopted as and for the bylaws of the Corporation.

RESOLVED, that the secretary of the Corporation is authorized and directed to execute a certificate of the adoption of said bylaws and to insert the bylaws as certified in the minute book of the Corporation.

6) Election of Officers. The meeting then proceeded to the election of officers. Upon motion duly made, seconded, and unanimously approved, the following preamble and resolution were adopted:

WHEREAS, the bylaws of the Corporation call for the election of corporate officers by the Board of Directors,

NOW, THEREFORE, be it

RESOLVED, that the following persons are elected to the office set beside their respective names until their successors are duly elected and qualified:

Chair - [NAME]

President - [NAME]

Vice President - [NAME]

Secretary - [NAME]

Treasurer - [NAME]

The officers so elected, each being present, accepted his or her office(s).

7) Depository of Funds. To provide for a depository for the funds of the Corporation and to authorize certain officers to deal with the corporate funds, the following resolutions were adopted upon motion duly made, seconded, and carried:

RESOLVED, that all funds of the Corporation be deposited with such commercial bank or depository as the President of the Corporation shall determine, that the President and Treasurer of the Corporation, acting jointly on behalf of the Corporation, are authorized to open such bank or depository accounts as may be necessary or appropriate for the conduct of the business of the Corporation, that all resolutions required by the depository banks with respect to such accounts are hereby adopted, and that the secretary of the Corporation is authorized to certify to any bank the adoption of the resolution in the form used by that bank; and

RESOLVED, that the President, the Vice-President, and the Treasurer shall be authorized to endorse

checks, drafts, or other evidence of indebtedness made payable to the order of the Corporation, but only for the purpose of deposits; and

RESOLVED, that all checks, drafts, and other instruments obligating the Corporation to pay money shall be signed on behalf of the Corporation by any [one/two] of the following persons:

[SIGNER 1]

[SIGNER 2]

8) Expenses of Incorporation. In order to provide for the payment of the expenses of incorporation and organization of the Corporation, on motion duly made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED, that the President, Vice President, or the Treasurer of the Corporation be, and they hereby are, authorized and directed to pay the expenses of the incorporation and organization of the Corporation.

9) Ratification of Acts of Incorporator. Upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED, that all purchases, contracts, acts, decisions, proceedings, and appointments made by the incorporators prior to this meeting of the Board of Directors of the Corporation are hereby approved and ratified.

10) Retention of Professional Firms. Upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED, that the law firm/accounting firm of [SPECIFY] be retained as legal/accounting counsel for the Corporation in the completion of this incorporation and for such other matters as may be directed by the officers of the Corporation or this Board.

11) Fiscal Year. The first fiscal year of the corporation shall terminate on [END DATE], and thereafter each fiscal year of the corporation shall commence on [BEG MONTH] and terminate on [END MONTH] of the following year.

12) Adjournment. There being no further business to come before the meeting, upon motion duly made, seconded, and unanimously carried, the meeting was adjourned at [END TIME].

Secretary of the Meeting

SAMPLE | MINUTES: ACTION OF DIRECTORS IN LIEU OF MEETING

ACTION OF DIRECTORS IN LIEU OF ORGANIZATIONAL MEETING

The undersigned, constituting the initial Board of Directors of [1], an Arizona nonprofit corporation, acting pursuant to Section 10-3704 of the Arizona Revised Statutes, consent to the adoption of the following resolutions, to have the same force and effect as if unanimously taken and adopted at the organizational meeting of the initial Board of Directors of the corporation duly called and held on the ____ day of _____, 20_____.

(1) RESOLVED, that the Articles of Incorporation in the form attached as Exhibit A of this corporation as prepared by counsel and filed with the Arizona Corporation Commission are hereby approved and ordered made a part of the records of this corporation and that all actions taken by the incorporator in connection therewith are hereby ratified, approved and confirmed.

(2) RESOLVED, that the Bylaws of this corporation, as prepared by counsel and in the form attached as Exhibit B, are hereby adopted as the Bylaws of this corporation.

(3) RESOLVED, that the following persons are hereby elected directors of this corporation to serve until the first annual meeting of the Board of Directors or until their respective successors are duly elected or appointed:

[(4) RESOLVED, that the members of the Board of Directors are herewith classified according to term as follows:

Class 1. (Expiring at 2021 Annual Meeting):

Class 2. (Expiring at 2022 Annual Meeting):

_____]

(5) RESOLVED, that the following persons are hereby elected officers of this corporation to the offices set forth opposite their respective names, to serve until the first annual meeting of the Board of Directors, or until their respective successors have been duly elected or appointed:

_____	President
_____	Vice President
_____	Secretary
_____	Treasurer

(6) RESOLVED, that _____ is hereby designated as a depository for bank accounts in the name of this corporation, with the President and Treasurer of this corporation as authorized signatories.

(7) RESOLVED, that the Treasurer of this corporation is hereby directed to furnish said depository with a certified copy of said resolutions and certified specimens of the signatures, and that said depository might rely on this resolution until receipt by them of a certified copy of a resolution by the Board of Directors of this corporation revoking or modifying the same.

(8) RESOLVED, that each of the following policies is adopted as the policies of the Corporation:

- Conflicts of Interest Policy;
- Whistleblower Policy;
- Document Retention and Destruction Policy;
- Travel and Expense Reimbursement Policy; and
- Compensation Policy.²

¹ Example of classification of directors according to term where the bylaws call for a staggered board.

² Note these policies are common governance policies. Others may be called for depending on the nature of the nonprofit.

(9) RESOLVED, that this Action of Directors in Lieu of Organizational Meeting (“Consent”) may be signed in counterparts, each of which will be deemed to be an original copy of this Consent and all of which, when taken together, will be deemed to constitute one and the same Consent. The exchange of copies of this Consent and of signature pages by electronic transmission shall constitute effective execution and delivery of this Consent as to the parties and may be used in lieu of the original Consent for all purposes.

IN WITNESS WHEREOF, the undersigned has executed this consent to be filed as a part of the minutes of the corporation as of the day and year first above written.

SAMPLE | ANNUAL MEETING MINUTES

ANNUAL MEETING MINUTES

_____,

an Arizona nonprofit corporation

Annual Meeting of the Board of Directors

Held on _____, 2021

The Board of Directors of [NAME OF CORPORATION] an Arizona nonprofit corporation (the “Corporation”), met in person at the Corporation’s headquarters in _____, Arizona on [INSERT DAY OF THE WEEK], _____, 2021, with all Board members present in person, including [INSERT NAMES OF DIRECTORS PRESENT]. Present at the invitation of the Board of the Directors [was/were]: _____.

The Chair, [INSERT NAME], called the meeting to order at __:__ [a.m./p.m.] Arizona time and appointed [INSERT NAME] as secretary of the meeting.

Waiver of Meeting Notice

Although a meeting notice had been sent to the Directors, it may not have complied with the requirements of the Corporation. Therefore, the Chair asked that all the Directors waive their requirement of formal notice of the meeting, as the entire board was at the meeting. Each director waived notice of the meeting and agreed

to proceed with the meeting as though formal notice had been given to the Directors in accordance with the Corporation's bylaws.

Election of Directors and Officers

The board discussed the election of directors and officers. By a vote of [___] for and [___] against, the following resolutions were approved and adopted by the Board of Directors:

RESOLVED, that the following named persons are elected as directors of the corporation until the next annual meeting or until their successors are elected and qualified:

RESOLVED, that the following named persons are elected to the offices stated beside their respective names to serve at the pleasure of the Board of Directors:

_____ President
_____ Vice President
_____ Treasurer
_____ Secretary

RESOLVED, that each and every act and decision of the directors and officers of the corporation in managing the affairs of the Corporation since the last annual meeting of the Board of Directors not heretofore acted upon otherwise be, and the same are, in all respects ratified, approved and confirmed.

With unanimous consent, the Chair moved to adjourn the meeting at __:___ [a.m/ p.m.] Arizona time.

The foregoing minutes are hereby respectfully submitted by:

[INSERT NAME], Secretary of the Meeting

SAMPLE | RESOLUTION

Standard Annual Meeting resolutions:

RESOLVED, that the Financial Report of (Corporate Name) for the fiscal year ending _____, 20__ is hereby accepted and that the report is made part of the minutes of this meeting.

FURTHER RESOLVED that the President is authorized to sign the report on behalf of the Corporation.

FURTHER RESOLVED, that all actions taken by the Officers of the Corporation in furtherance of the business and affairs of the Corporation in the past year are hereby approved and ratified.

To reflect a change in Directors and Officers:

RESOLVED, that the following persons are hereby ratified as voting or non-voting directors of this Corporation, as indicated opposite their respective names, to serve on the Board until their respective successors are duly elected or appointed:

_____, Voting Director

_____, Non-Voting Director

_____, Non-Voting Director

FURTHER RESOLVED, that the following persons are hereby elected officers of this Corporation to the offices set forth opposite their respective names, to serve until their respective successors have been duly elected or appointed:

_____, President

_____, Vice President

_____, Secretary

_____, Treasurer

To Open a Bank Account for the Corporation:

RESOLVED, that President is hereby authorized, in the name of this Corporation, to choose one or more banks to act as a depository for the Corporation, and to open one or more accounts at such banks with President (and anyone else authorized by President, consistent with Diocesan policy) as authorized signatories on such bank accounts.

FURTHER RESOLVED, that if said bank(s) require that this Corporation furnish them with a copy of these resolutions and/or with certified specimens of the signatures of the authorized signatories, that President is hereby authorized to furnish said resolutions and/or said signatures, and that said bank(s) may rely on this resolution until receipt by them of a copy of a resolution by the board revoking or modifying the same.

To approve the Budget and to authorize appropriate spending by Executive Director:

RESOLVED, that the attached proposed Budget for the fiscal year 202_-202_ is hereby approved as submitted by the Finance Council of (Corporate Name).

FURTHER RESOLVED, that President is hereby authorized to spend corporate funds as necessary and appropriate for all approved budgeted items, in accordance with the requirements set by the board and consistent with _____ policy.

FURTHER RESOLVED, that President is hereby authorized to spend up to \$_____for emergency, non-budgeted expenditures, consistent with _____ policy.

To retain the services of an architect or general contractor:

RESOLVED, that President is hereby authorized, on behalf of the Corporation, to enter into an agreement with _(Name of Architect or Contractor)_ to retain _(Name of Architect or Contractor)_ as the _(Architect/ Contractor)_, for purposes of (preparing construction documents, or soliciting bids, or providing project management services) for the construction project at the Parish hereby described as __(Description of Construction Project)___.

FURTHER RESOLVED, that President shall have any such agreement reviewed by legal counsel for their approval prior to executing such agreement and that the terms of any such agreement shall be consistent with Diocesan policy.

To authorize the purchase, sale, or lease of real property:

RESOLVED, that President is hereby authorized to enter into an agreement with (Name of Other Party) to (buy, sell, lease the property owned by _(Name of Owner)_ and located at __(Address)_, for an amount not (less than, to exceed) \$_____, consistent with _____ policy. See attached documentation.

To authorize the Corporation to enter into a contract:

RESOLVED, that President is hereby authorized, on behalf of the Corporation, to enter into and execute the Agreement between the Corporation and __(Name of Other Party)_, as prepared by counsel and in the form attached hereto.

FURTHER RESOLVED, that said Agreement is hereby ratified and adopted by the Corporation.

To Hire a CPA:

RESOLVED: The treasurer, _____ recommends that the Corporation hire an accounting firm to assist _____ with financial accounting matters including bookkeeping and preparation of tax returns and, after careful consideration, _____ recommends the Board of Directors approve the appointment of _____ as accountants for the Corporation;

FURTHER RESOLVED: That _____ be retained as accountants for the Corporation; and

FURTHER RESOLVED: That the President, any Vice President or Treasurer, alone or together with the Secretary or Assistant Secretary of the Corporation (the "Designated Officers") are hereby authorized, directed, and empowered to execute and deliver, in the name and on behalf of the Corporation, any and all engagement contracts to be executed in connection with such resolutions and to take all steps and do all acts and things necessary or appropriate to effect the purposes and intent of the foregoing resolution and to consummate the transactions contemplated thereby.

FURTHER RESOLVED: That this Consent may be signed in any number of counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall be deemed to be a single document.





CaritasLawGroup P.C.

602-456-0071 • INFO@CARITASLAWGROUP.COM

CARITASLAWGROUP.COM

Taking Minutes of Nonprofit Board Meetings

By Ellis M. Carter

Caritas Law Group, P.C.
2307 S. Rural Road
Tempe, Arizona 85282

ellis@caritaslawgroup.com
(602) 456-0071

© 2021 Caritas Law Group, P.C.

