Can board members be paid?

Most people recognize that the vast majority of board members of charitable nonprofits are unpaid volunteers.

Did you know?

Historically, the structure of charitable nonprofits in America has placed sizable responsibilities on board members. Board members often have full time jobs, families, busy professional lives but are also tasked with legal obligations as fiduciaries to ensure that the nonprofit’s assets serve the nonprofit's mission and benefit the public - not private interests.

Board members provide policy oversight and often visionary leadership for entire communities, while cheerleading for the nonprofit’s mission with donors, potential donors, other volunteers, policy makers, and clients/consumers of the nonprofit’s services. And the expectation for most is that that they do all this as volunteers.

Practice Pointers

- Board members, like any other volunteers, may deduct expenses they incur in connection with their volunteer service, including mileage to travel to meetings using their own car.
Many nonprofits adopt travel reimbursement policies for board members so that there are common expectations and guidelines to follow which reduces the risk of one board member receiving financial preferential treatment. Sample travel reimbursement policy. If board members are paid more than $600 per year, the nonprofit must issue them an IRS Form 1099 Misc. Bylaws of the organization may prohibit or limit compensation for board members but bylaws may also be silent on this topic. Board members that receive compensation for their service as board members can lose immunity in lawsuits that exists in some states for volunteer board members.

Many state specific principles and practices and Standards for Excellence ® address compensation for nonprofit staff and boards.

Additional Resources

- Board member compensation (Nonprofit Accounting Basics; Greater Washington Society of CPAs)
- Compensating Nonprofit Board Members (Nonprofit Law Blog, April 2022)
- Some state charity officials address compensation issues in the guidance published for nonprofits in their states and undertake periodic investigations or reviews of nonprofit compensation in their states.

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