

## What Are the Legal Responsibilities of Nonprofit Boards?

*A board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization. (Several states have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly.)*

These standards are usually described as the ***duty of care, the duty of loyalty, and the duty of obedience.***

### 1. Duty of Care

**This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.**

The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances."

### 2. Duty of Loyalty

**This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.**

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization.

### 3. Duty of Obedience

**The duty of obedience requires board members to be faithful to the organization's mission.**

They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the ***public's trust that the organization will manage donated funds to fulfill the organization's mission.***

#### References

Bruce R. Hopkins, *Legal Responsibilities of Nonprofit Boards* (Board Source 2003)

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