

# DUTIES OWED TO ORGANIZATION

Nonprofit boards have  
three legal responsibilities:

## DUTY OF CARE



The duty of care describes the **level of competence** that is expected of a board member. This means that a board member owes the duty to **exercise reasonable care** when she makes a decision as a steward of the organization.

## DUTY OF LOYALTY



This is a **standard of faithfulness**. A board member must **give undivided allegiance** when making decisions affecting the organization. She can never use information obtained as a board member for personal gain. Instead, she must act in the best interests of the organization.

## DUTY OF OBEDIENCE



This requires a board member to be **faithful to the organization's mission**. She is not permitted to act in a way that is inconsistent with the central goals of the organization. The basis for this rule lies in the public's trust that the organization will **manage donated funds to fulfill the organization's mission**.

## IMPLIED: DUTY OF TRANSPARENCY

Board members must **document and exercise due diligence**. Due diligence should be reflected in your meeting minutes, and your meeting minutes should be available to anyone who asks. **By making governance information publicly available, you encourage transparency and accountability.**