



NONPROFIT BOARD MEMBER DUTIES

DUTY OF CARE

The duty of care requires a board member to exercise the same care that an ordinary, prudent person would exercise in a like position or under similar circumstances. To fulfill this duty, board members should give appropriate attention to the nonprofit's affairs through action such as:

- Board Meetings.** Ensuring the board meets regularly, and as needed; preparing in advance for board meetings (e.g., review the agenda and reports before the meeting); attending board meetings as well as appropriate committee meetings.
- Mission Statement and Strategic Plan.** Working with appropriate stakeholders to establish or refine the organization's mission statement and strategic plan.
- Board Action.** Obtaining pertinent information, before voting, so that informed decisions can be made; exercising independent judgment when taking action on behalf of the nonprofit.
- Leadership.** Periodically examining the credentials and performance of the organization's leadership (e.g., selecting the Executive Director and reviewing their performance).
- Finances.** Regularly reviewing the organization's finances, budget, and financial policies; accepting or approving financial documents, as appropriate; establishing compensation policies and guidelines to help ensure that compensation paid by the nonprofit is reasonable.
- Form 990.** Reviewing the Nonprofit's IRS Form 990 before it is filed.

DUTY OF LOYALTY

The duty of loyalty requires a board member to exercise their power in the interest of the organization and not in their own interest or the interest of another entity. To fulfill this duty, board members should be loyal to the nonprofit above all other concerns when acting on the nonprofit's behalf through action such as:

- Conflicts of Interest.** Adopting and following a conflict-of-interest policy; avoiding the use of opportunities made available by service on the board for personal gain or benefit
- Confidentiality.** Maintaining the confidentiality of information about the organization.

DUTY OF OBEDIENCE

The duty of obedience requires a board member to comply with pertinent laws and adhere to the organization's rules and policies in furtherance of its mission. To fulfill this duty, board members should observe laws, policies, and the nonprofit's mission when acting on the nonprofit's behalf through action such as:

- Laws and Regulations.** Ensuring compliance with all regulatory and reporting requirements, such as filing the IRS Form 990 and paying employment taxes.
- Governance Documents and Mission.** Reviewing and understanding the nonprofit's governance documents, such as the bylaws, and making decisions in alignment with the nonprofit's mission and governance documents