
Legal Duties of a Nonprofit Board

According to nonprofit corporation law, a board member should meet certain standards of conduct and attention to his or her responsibilities to the organization. These are referred to as the Duty of Obedience, the Duty of Care, and the Duty of Loyalty.

Duty of Obedience

Obedience to the organization's central purposes must guide all decisions. The board must also ensure that the organization functions within the law, both the "law of the land" and its own bylaws and other policies.

Duty of Care

Board members must exercise due care in all dealings with the organization and its interest. This includes careful oversight of financial matters and reading of minutes, attention to issues that are of concern to the organization and raising questions whenever there is something that seems unclear or questionable.

Duty of Loyalty

Conflicts of interest, including the appearance of conflicts of interest, must be avoided. This includes personal conflicts of interest or conflicts with other organizations with which a board member is connected.

New Thinking on Legal Duties

Duty of Transparency

In addition to the above three traditional duties, boards have an obligation to ensure that their organization is appropriately transparent in its operations. For most nonprofits, this entails the filing of IRS form 990 or 990-PF and other appropriate informational and tax returns which are required to be made public.

*File if not a church & over \$25,000 in revenue.
• Wesley included as church.*

Adapted from BoardSource 2005