

Three Legal Standards for Board Members to Consider

Duty of Care. Each board member is to act in good faith and actively participate in governance through: (i) attending and coming prepared to meetings; (ii) asking probing questions and using independent judgment; (iii) frequently reviewing the organization's finances and financial policies.

Duty of Loyalty. Each board member puts the interests of the organization ahead of their own professional or personal interests and those of another through: (i) disclosing any conflicts of interest; (ii) adhering to the organization's conflict of interest policy; (iii) avoiding the use of corporate opportunities for individual personal gain; (iv) not disclosing confidential information about the organization.

Duty of Obedience. Each board member holds a standard of dedication to the organization's mission and purpose and comply with applicable laws and adhere and become stewards of its mission through: (i) making decisions that fall within the scope of the organization's mission and governing documents; (ii) complying with all regulatory and reporting requirements; (iii) examining all documents governing the organization and its operation.

(From BoardSource's Structures and Practices of Nonprofit Boards, 2008)