

LEGAL DUTIES OF A NOT-FOR-PROFIT-BOARD MEMBER

The board acts as trustee of the organization's assets and ensures that the nonprofit is well managed and remains fiscally sound. In doing so, the board must exercise proper oversight of the organization's operations and maintain the legal and ethical accountability of its staff and volunteers.

The main legal responsibilities of a nonprofit board are often summarized in the "three Ds":

Duty of care: Board members are expected to actively participate in organizational planning and decision-making and to make sound and informed judgments.

Duty of loyalty: When acting on behalf of the organization, board members must put the interests of the nonprofit before any personal or professional concerns and avoid potential conflicts of interest.

Duty of obedience: Board members must ensure that the organization complies with all applicable federal, state, and local laws and regulations, and that it remains committed to its established mission.

In addition to its legal responsibilities, the board acts in a fiduciary role by maintaining oversight of the nonprofit's finances. Board members must evaluate financial policies, approve annual budgets, and review periodic financial reports to ensure that the organization has the necessary resources to carry out its mission and remains accountable to its donors and the general public.