Fiduciary Duties of Non-Profit Boards

Board Members have fiduciary, or legal, duties as established in corporate law. These are the duty of care, duty of loyalty, and the duty of obedience. The nature of these three duties can overlap.

Duty of Care – Clearly making a reasonable and good-faith effort to:

- Be aware of the association’s mission, plans and policies.
- Be sure that all activities are in accordance with the association’s mission, plans and policies.
- Fully participate in Board meetings, deliberations and decisions.
- Read, evaluate and ensure accuracy of all reports, including minutes, financial and evaluations.
- Ensure the association has sufficient resources, including people, funding and other assets.

Duty of Loyalty – Making a reasonable and good-faith effort, when acting as a Board Member to:

- Always be thinking about, and focusing on, priorities of the association, and not that of yourself or another organization.
- Share ideas, opinions and advice to forward the progress of the association.
- Represent the association in a favorable light.

Duty of Obedience – Requires that a Board Member work to:

- Ensure that the organization complies with applicable laws and regulations, acts in accordance with its own policies, and carries out its mission appropriately.
- Board members should ensure that the organization carries out its purpose and does not engage in unauthorized activities.

10 Fiduciary Responsibilities of Non-Profit Boards

1. Determine the association’s mission and purpose.
2. Select the Chief Executive (or Association Management Company).
3. Support the Chief Executive and review his/her performance.
4. Ensure effective organizational planning.
5. Ensure adequate resources.
6. Manage resources effectively.
7. Determine and monitor the association’s programs and services.
8. Enhance the association’s public image.
10. Assess its own performance.