

What are the Legal Duties of Nonprofit Board Members?

Under the law that guides nonprofit corporations, nonprofit board members have the legal responsibility to meet their duties of care, loyalty, and obedience. The three legal duties of nonprofit board members are explained with examples below.

Duty of Care

The duty of care describes the level of competence expected of a board member and is commonly expressed as the care that an ordinarily prudent person would exercise in a similar position and under similar circumstances. This means that a board member is expected to exercise reasonable care when they make a decision on behalf of the organization, as they would in their personal and professional life.

Duty of care requires attention to the organization's activities and operations. Board members are expected to make decisions in the organization's best interest.

Examples of a Breach of Duty of Care

Examples of a breach of the Duty of Care include:

- Excessive meeting absence.

- Failure to ask questions about a proposed action.

Put simply, a board member can only do their job effectively if they have been present at board meetings and received and understood the information required to make informed decisions.

Duty of Loyalty

Duty of loyalty means board members are expected to put the interest of the organization before their own personal and professional interests. It is a conflict of interest policy embedded in the nonprofit law regarding charitable board members. This duty is intended to make sure that the organization is foremost in decision-making by board members. That includes an expectation that board members recuse themselves if a vote could benefit them or their family or with which they have a conflict. The law expects loyalty to the organization first and foremost.

It is leading practice for organizations to have a formal conflict of interest policy. Board members complete a form each year disclosing conflicts, and a committee or subcommittee of the board reviews those forms and makes a recommendation of how the board should move forward.

Examples of a Breach of Duty of Loyalty

The most common breach of the duty of loyalty is not disclosing or addressing a conflict of interest. Some real-life examples of this are when an organization engages in any of the following conflicts without a bidding process, disclosure, or a board discussion:

- Choosing and hiring a company owned by a board member who has a professional stake or will receive a commission. For example, if the board hires an HVAC company owned by a board member.
- Renting meeting space from the family of the board member or to the family of a board member.

The above examples may be acceptable if the conflict is disclosed ahead of time, a board discussion is held, and a proper and equitable bidding process is conducted. It is important to note that what may be allowable under the law may be different than what is considered appropriate in public opinion.

Examples that will likely not be considered acceptable include:

- Any of the above without a process, discussion, or vote.
- Allowing family members to stay rent-free in organization-owned space when others are charged and pay a fair market rate.

Duty of Obedience

The duty of obedience requires board members to comply with the applicable federal, state, and local laws, adhere to the organization's bylaws and policies, and serve as guardians of the organization's mission. It also includes honoring donor intent. Some states have additional requirements or different titles. We encourage you to look up the laws of your own state.

Examples of a Breach of Duty of Obedience

A few real-life examples would include:

- knowing that the homeless shelter is supposed to have multiple places for egress but allowing one exit to remain blocked.
- accepting a donation for a specific project but spending that money on something else.
- not following the financial policies requiring separation of duties when handling money.

Duties of care, loyalty, and obedience are part of providing oversight which is one of the three responsibilities of a board of directors. To learn more about the responsibilities of board service, download our [board service infographic](#).

Find More on Board Responsibilities in our FAQs ›

Nonprofit Board Responsibilities (vs Legal Duties)

While this page focuses on the legal duties of nonprofit board members—care, loyalty, and obedience—there's more to board service than just legal compliance. A board

member's broader responsibilities include setting strategic direction, ensuring financial oversight, supporting fundraising efforts, and acting as an ambassador for the organization. These responsibilities reflect the day-to-day expectations of board engagement and leadership.

To explore these broader aspects of board service, visit our page on [Nonprofit Board Roles and Responsibilities](#). It offers practical insights and guidance for board members seeking to lead with purpose, effectiveness, and impact.

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Resources: [Guide for Charity Board Members](#); [Right from the Start: Responsibilities of Directors of Not-for-Profit Corporations](#); [The Attorney General's and Secretary of State's charitable rules in your state](#).

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