The duties of the board of directors of a tax-exempt organization essentially are the duty of care, the duty of loyalty and the duty of obedience. These are defined by case law and are the legal standards against which all actions taken or not taken by directors are measured. They are collective duties that apply to the entire board; the mandate is active participation by all of the board members. Accountability can be demonstrated by showing the effective discharge of these duties.

**Duty of Care**
Requires that directors be reasonably informed about the organization’s activities, participate in decision-making, and act in good faith and with the care of an ordinarily prudent person in comparable circumstances. In short, the duty of care requires the board - and its members individually - to pay attention to the organization’s activities and operations.

The duty of care is satisfied by attendance at meetings of the board and appropriate committees; advance preparation for board meetings; obtaining information before voting to make appropriate decisions; and compliance with filing requirements, particularly annual information returns.

**Duty of Loyalty**
Requires board members to exercise their power to the interest of the tax-exempt organization and not in their personal interest or the interest of another entity, particularly one with which they have a formal relationship. When acting on behalf of the exempt organization, board members are expected to place the interest of the organization before their personal and professional interests.

Conflicts of interest need to be disclosed. Avoid the use of corporate opportunities for individuals’ personal gain or other benefit; and do not disclose confidential information concerning the organization.

**Duty of Obedience**
Requires that directors comply with applicable federal, state and local laws; adhere to the organization’s governing documents; and remain guardians of the organization’s mission.

Board ensures that the organization is in compliance with applicable regulatory requirements, complies with and periodically reviews all documents governing the operations of the organization, and makes decisions in advancement of the organization’s mission and within the scope of the entity’s governing documents.