



Board Obligations and Duties

Although the bylaws include a statement regarding indemnification, board members may not be completely exonerated of any and all liabilities that may arise from failure to carry out their responsibilities. For this reason, it is extremely important that board members at all times practice the Duties of Care, Loyalty, and Obedience, as detailed in the following sections, and as outlined in *The Legal Obligations of Non-profit Boards: A Guidebook for Board Members*, published by the National Center for Non-Profit Boards, and in the United States non-profit laws.

Duty of Care

This duty is very broad, requiring officers and directors to exercise ordinary and reasonable care in the performance of their duties, exhibiting honesty and good faith. Officers and directors must act in a manner which they believe to be in the best interests of the association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. This is generally referred to as the “business judgment rule.”

Example: The board of directors approves spending 75 percent of its income on a party for board members would not be consistent with the Duty of Care.

Duty of Loyalty

This is a duty of faithfulness to the association. The fundamental duty of loyalty owed by a board member is the duty to give undivided allegiance to the association when making decisions affecting the association.

In practice, this means that the board member can never use information obtained for personal gain. The board member is only permitted to act in the interest of the association.

Example: If the vice president owns a T-shirt company, and the board always gives the association tournament T-shirt order to his/her company, despite his/her prices being higher than other bids, the board would not be exercising the Duty of Loyalty.

Duty of Obedience

This duty requires officers and directors to act in accordance with the association’s mission, Articles of Incorporation, bylaws and other governing documents, as well as all applicable laws and regulations. Although board members may exercise their own reasonable judgment concerning how the association should best meet its mission, they are not permitted to act in a way that is inconsistent with the goals of the association.

Example: If one of the goals of the association is to “develop programs to increase interest and provide competition,” denying proprietors the right to bid on or participate in the association tournament would not be consistent with the association’s goals.



To further stress the importance of board members meeting the legal expectations outlined above, as well as the moral standards board members are expected to exemplify, an association may consider having those elected to the board sign a “Commitment to Serve” or “Code of Ethics” form. Examples are available on the Association page of BOWL.com under Forms and Manuals.

Association boards may have additional legal obligations based on their state/local laws. To determine what state/local laws govern non-profit boards in your area, consult a tax attorney familiar with non-profit law.

Overseeing the Transfer of Association Property

Problems in transferring property are more likely to occur when a transition is undesired by the individual. To protect the association, the board should keep an accurate record of what items in the possession of the association manager (or other board members) are association property, as well as, a documentation of purchase for each piece of property.

The board should be aware association property is more than simply money and physical assets (i.e., computer, bank records, old membership applications, etc.). Association property includes WinLABS data, as well as other forms of electronic data regarding association records or history.

If association property is not transferred by the required date (first day of a successor’s term/employment, or two weeks from the date of a vacancy), and the board has made a reasonable effort to obtain the property, local law enforcement should be contacted to assist in its retrieval.