

Your board governs the life of the foundation and carries the ultimate power and responsibility. You are charged with fulfilling the public trust and ensuring that the foundation operates within federal, state, and local laws. Therefore, it is critical for all members to understand why your foundation exists, what the donor intended, and what the law requires. The standards of conduct for board members are legally referred to as:

- **The duty of care** — which means using your best judgment and exercising reasonable caution in decisionmaking.
- **The duty of loyalty** — which means putting your personal and professional interests aside for the good of the foundation, acting in the best interest of the foundation, and avoiding conflicts of interest.
- **The duty of obedience** — which means being true to the mission of the foundation, using assets appropriately, and following all laws and regulations that may apply to the foundation and adhering to the terms of the articles of incorporation.

(For further information, please see Facing Important Legal Issues, p. 59.)