THE ASSOCIATION OF RIVERDALE COOPERATIVES AND CONDOMINIUMS

# FIDUCIARY RESPONSIBILITY

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- Fiduciary responsibility refers to the obligation that one party has in relationship with another to act entirely on the other party's behalf and best interest.

- The fiduciary is given a legal responsibility to the beneficiary (i.e., the corporation and its shareholders), and it must be ensured that there is no conflict of interest.

- A fiduciary is responsible to be loyal and provide reasonable care to the assets under their control. Every action performed with the beneficiary's assets must be entirely for the beneficiary's advantage.

- A board of directors has a fiduciary responsibility in a general sense because they must make decisions that affect the corporation financially and legally.

- Board members can't avoid fiduciary responsibility by hiring an expert, because the board is ultimately responsible for its decisions.

- The directors of a corporation are expected to fulfill their duties as managers and they are charged with specific fiduciary responsibilities. Their main concerns are the duties of loyalty and care.

- The duty of care means that before making any kind of decision for the company, that board directors must inform themselves of all available information.

- Directors must give the same care and concern to their board responsibilities as any prudent and ordinary person would. This means board members should be actively working with other board directors to advance the corporation's mission and goals.

**CARE        LOYALTY        GOOD FAITH        CONFIDENTIALITY**

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- The term loyalty implies that board directors and officers are not allowed to use their office and confidence others place in them to promote their own personal interests.

- The term good faith demands that the corporate director seeks to promote the corporation's interests, avoid breaking the law and faithfully fulfill the duties of the office.

- The term confidentiality means that corporate directors must keep information belonging to the company confidential and not use it for their own profit.

- A primary responsibility of a fiduciary is to be prudent in the investment process. Prudence is demonstrated in the process used concerning how they make investment decisions.

- Board directors should be able to read and understand financial reports and be willing to question expenditures and examine variances. They are also responsible for strategic planning and achieving the nonprofit's short- and long-term goals.

- Board director orientations are a good place to begin talking about the responsibilities that comprise fiduciary duties. Orientations (training) board directors forms a basis to have meaningful conversations about how their speech, actions and responsibilities fall under their fiduciary responsibilities as they pertain to the overall mission of the corporation.

**CARE LOYALTY GOOD FAITH CONFIDENTIALITY**