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Standards of Conduct

Georgia Nonprofit Corporation Code

§ 14-3-830. Standards for directors

Unless a different standard is prescribed by law:

1. A director shall discharge his or her duties as a director, including his or her duties as a member of a committee:
 - a. In a manner the director believes in good faith to be in the best interests of the corporation; and
 - b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances;
2. In discharging his or her duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
 - a. One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
 - b. Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence;
 - c. A committee of the board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence; or
 - d. Religious authorities, ministers, priests, rabbis, or other persons whose positions or duties in the corporation the director believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented;
3. In the instances described in paragraph (2) of this Code section, a director is not entitled to rely if he has knowledge concerning the matter in question that makes reliance otherwise permitted by paragraph (2) of this Code section unwarranted;
4. A director is not liable to the corporation, any member, or any other person for any action taken or not taken as a director if the director acted in compliance with this Code section; and

5. A director shall not be deemed to be a trustee with respect to the corporation or with respect to any property held or administered by the corporation, including, without limit, property that may be subject to restrictions imposed by the donor or transferor of such property.

§ 14-3-831. Liability for unlawful distributions

- a. Unless a director complies with the applicable standards of conduct described in Code Section 14-3-830, a director who votes for or assents to a distribution made in violation of this chapter is personally liable to the corporation for the amount of the distribution that exceeds what could have been distributed without violating this chapter.
- b. A director held liable for an unlawful distribution under subsection (a) of this Code section is entitled to contribution:
 1. From every other director who voted for or assented to the distribution without complying with the applicable standards of conduct described in Code Section 14-3-830; and
 2. From each person who received an unlawful distribution for the amount of the distribution whether or not the person receiving the distribution knew it was made in violation of this chapter.