

West's Annotated California Codes  
Corporations Code (Refs & Annos)  
Title 1. Corporations  
Division 2. Nonprofit Corporation Law (Refs & Annos)  
Part 4. Nonprofit Religious Corporations (Refs & Annos)  
Chapter 2. Directors and Management (Refs & Annos)  
Article 4. Standards of Conduct (Refs & Annos)

West's Ann.Cal.Corp.Code § 9244

§ 9244. Conflicting interests

Currentness

(a) No contract or other transaction between a corporation and any domestic or foreign corporation, firm or association of which one or more of its directors are directors is either void or voidable because such director or directors are present at the meeting of the board or a committee thereof which authorizes, approves or ratifies the contract or transaction, if:

(1) The material facts as to the transaction and as to such director's other directorship are fully disclosed or known to the board or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common director or directors; or

(2) As to contracts or transactions not approved as provided in paragraph (1) of this subdivision, the contract or transaction is just and reasonable as to the corporation, taking into account its religious purposes, or is in furtherance of its religious purposes at the time it is authorized, approved or ratified.

(b) This section does not apply to transactions covered by Section 9243.

**Credits**

(Added by Stats.1979, c. 681, p. 2131, § 1.5.)

West's Ann. Cal. Corp. Code § 9244, CA CORP § 9244

Current with urgency legislation through Ch. 931 of 2014 Reg.Sess., Res. Ch. 1 of 2013-2014 2nd Ex.Sess., and all propositions on 2014 ballots

- (2) A local community organization—no matter how small—may have to make choices concerning the constituency served (all residents? only merchants? only youth?) or purposes (all welfare? specific social services?).
- (3) The parent corporation of a regional healthcare system may use a mission statement to help guide its planning and strategic decisions, as well as to communicate its commitments to its employees, medical staff, and the community in which it provides services.

The board should reexamine its mission statement on a regular basis. Any vigorous nonprofit corporation will find that demands and opportunities will continually shape and alter what the corporation actually does; the environment in which it acts will change as well. Regular consideration of a mission statement also helps ensure that newer directors both understand the corporation's mission and know that they have been part of the articulation of the mission. Further, a periodic examination will reveal whether the current mission statement is consistent with the purposes statement and other provisions of the articles and bylaws, and if not, what changes in these documents may be required. Tax-exempt nonprofit corporations also should evaluate whether any variations between the corporation's current activities and the statements in its articles and bylaws necessitates a filing with the IRS to confirm the organization's tax-exempt status.

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## Understanding the Corporation's Constituencies and Their Representatives

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### Director Accountability to Defined Classes of Persons or Entities

All nonprofit directors are legally responsible to certain parties. In other words, some classes of persons or entities have the right to question the director's conduct, and even, in extreme cases, to bring him or her into court. By implication, there are others who do not have that right.<sup>8</sup>