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# Preface

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This third edition of the *Guidebook for Directors of Nonprofit Corporations* has been prepared by the Committee on Nonprofit Organizations of the Business Law Section of the American Bar Association. The purpose of the *Guidebook* is to assist directors of a nonprofit corporation in performing their duties. Primarily designed for the lay reader, the *Guidebook* provides a description of general legal principles as they apply to nonprofit corporations. On a more practical level, the *Guidebook* offers what is intended to be useful suggestions and procedures for both the individual directors and the corporation they serve.

The *Guidebook* is designed to serve as a useful reference book for directors and prospective directors of the thousands of nonprofit corporations in the United States—from the smallest corporation that operates principally at a local or even neighborhood level, to the largest nonprofit corporation having operations that extend not only across this country but internationally as well. Nonprofit corporations have always played a large role in American life; they play a bigger role today than most people realize. In the future, it is likely that even more people will look to nonprofit corporations to help address issues and solve problems.

In general, the *Guidebook* addresses general legal principles and broad areas of concern and is not intended to be a source of specific legal advice or solutions to particular problems. Rather, its goal is to provide nonprofit corporation directors with an overall understanding of their role. It is designed to help directors identify the information they need in certain areas, and to suggest methods for obtaining this information within the framework of the corporation's particular circumstances.

This third edition of the *Guidebook* attempts to reflect the issues that affect directors of nonprofit corporations today. In many respects, the issues facing nonprofits now are unchanged from what they were when the previous editions came out: What does a director do? What is the scope of his or her duties? Although these questions may be timeless, the answers necessarily reflect today's realities and legal developments. We also attempted to identify developing trends and legal issues that are likely to affect nonprofit corporations and their directors in the future.

It has been said that those who select directors of nonprofit boards should look for the following qualities: “wealth, wisdom, and work—never settle for less than two.”<sup>1</sup> Through this *Guidebook*, the Nonprofit Organizations Committee hopes to add to your wisdom, and make your work as a nonprofit director more effective; as for wealth, we can’t do much for you. But if all who care for the nonprofits that they direct are wise and dedicated, there will be wealth, in many forms, for all.

The principal authors and editors of this edition are Willard L. Boyd III, and Jeannie Carmedelle Frey. George W. Overton of Chicago and Ms. Frey were the principal authors and editors of the second edition. Mr. Overton was the principal author of the first edition, together with William Humenuk of Philadelphia, and other members of the Committee on Nonprofit Organizations (then known as the Committee on Nonprofit Corporations) of the ABA Business Law Section.

The following members of the Committee on Nonprofit Organizations assisted with editing and shaping the overall content:

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In addition, the following ABA members served as contributing editors for specific chapters and subject matter:

- Elizabeth M. Mills of Chicago and Stephanie Switzer of Cleveland (Taxation, Chapter 4)
- Scott A. Edelstein of Washington, D.C. (For-Profit Subsidiaries and Joint Ventures, Chapter 5)
- Frank B. Harty of Des Moines, Iowa (Employees, Chapter 7)
- Harold L. Kaplan of Chicago (Bankruptcy Section, Chapter 10)

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1. A common variant of this qualification standard is “time, treasure, and talent.” The originators of the sayings are unknown.