

# CREATING YOUR NONPROFIT BYLAWS

*Your nonprofit's Bylaws are your organizations internal affairs guidebook. Your Bylaws establish procedures for holding elections, organizing meetings, quorum requirements, membership structure (if needed) and other essential operations of your nonprofit. Your Bylaws will serve as your organizational manual and will help guide you through the orderly operation of your corporation.*

*Bylaws are not that difficult to create and there are many "sample Bylaws" you can find on the web. Below is a complete set of Bylaws comprised of excerpts from several established nonprofits. You are free to cut/paste the language as needed or download this example as a word doc using the link at the right.*

*Before we start there is one thing to note. Unlike your Articles of Incorporation, the IRS does not require any specific language to be included in your Bylaws. But best practices suggest that you should still include certain reference to your organizations structure and purpose to serve as a reminder about the makeup of your nonprofit.*

*Some things to keep in mind as you begin:*

- There is a big difference between the words "shall" and "may". It is obvious what the difference is, so choose wisely between the two.*
- It is not necessary to copy these sample Bylaws word for word. Feel free to tweak it to fit the needs and wants of your organization.*
- There are certain things you will need to comply with depending on the laws in your state (number of meetings, minimum number of board members, etc.). Check with your [Secretary of State](#) to see what laws apply to your nonprofit.*

## ARTICLE I. NAME OF ORGANIZATION

The name of the corporation is YOUR NONRPOFIT NAME HERE

## ARTICLE II. CORPORATE PURPOSE

### Section 1. Nonprofit Purpose

This corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

*This is the language that is required in your Articles of Incorporation by the IRS. It is not necessary to include this in your Bylaws, but it is a good idea to restate it as a reference.*

### Section 2. Specific Purpose

*Here you put the purpose of your organization as well as the specific activities you will be involved in. It is a good idea to list the major activities of your nonprofit without being too specific about the details. You want to have a focused scope of work without limiting the ability to grow the organization in the future. The following sample is from [Noble Paws, Inc.](#) in Fairbanks Alaska.*

Noble Paws provides dog sled training and services for persons with special needs, disabilities and at-risk behaviors. This service includes the use of a trained dog sled team and handicap accessible dog sleds. The sleds are modified and/or custom made to accommodate the specific needs of the participants.

The specific objectives and purpose of this organization shall be:

- a. to provide instruction in the sport of dog mushing to persons with special needs, disabilities and/or at-risk behaviors;
- b. to provide facilities, equipment and a trained dog team for participants to engage in the promotion and participation of the sport of dog mushing;
- c. to provide opportunities for participants to engage in recreational, competitive and backcountry mushing;
- d. to sponsor, host and/or participate in events and activities that promote the sport of dog mushing.

## **ARTICLE III. MEMBERSHIP**

*Membership in your nonprofit can be limited to your board of directors or it can also include members of the public. This is a decision you will have to make at your first meeting when you adopt your Bylaws.*

*The following example outlines requirements and governance of a nonprofit that is open to public membership. It is extracted from the Minnesota Council of Nonprofits [Sample Bylaws with Membership](#).*

**NOTE: If you do not intend to have public membership, then the following wording is all that is necessary:** "The membership of the corporation shall consist of the members of the Board of Directors."

### **Section 1. Eligibility for Membership**

Application for voting membership shall be open to any current resident, property owner, business operator, or employee of the REGIONAL AREA (IF NECESSARY) that supports the purpose statement in Article II, Section 2. Membership is granted after completion and receipt of a membership application and annual dues. All memberships shall be granted upon a majority vote of the board.

### **Section 2. Annual Dues**

The amount required for annual dues shall be \$XXX each year, unless changed by a majority vote of the members at an annual meeting of the full membership. Continued membership is contingent upon being up-to-date on membership dues.

### **Section 3. Rights of Members**

Each member shall be eligible to appoint one voting representative to cast the member's vote in association elections.

### **Section 4. Resignation and Termination**

Any member may resign by filing a written resignation with the secretary. Resignation shall not relieve a member of unpaid dues, or other charges previously accrued. A member can have their membership terminated by a majority vote of the membership.

### **Section 5. Non-voting Membership**

The board shall have the authority to establish and define non-voting categories of membership.

## **ARTICLE IV. MEETINGS OF MEMBERS**

*If you do not have public membership you can skip this Article.*

### **Section 1. Regular Meetings**

Regular meetings of the members shall be held quarterly, at a time and place designated by the chair.

Note: A membership nonprofit should hold at least one (1) member meeting each year. Some states may require more. Check with your Secretary of State to see if any state statutes apply to member meetings. (STATE RESOURCE MAP LINK HERE)

### **Section 2. Annual Meetings**

An annual meeting of the members shall take place in the month of October (pick a month), the specific date, time and location of which will be designated by the chair. At the annual meeting the members shall elect directors and officers, receive reports on the activities of the association, and determine the direction of the association for the coming year.

### **Section 3. Special Meetings**

Special meetings may be called by the chair, the Executive Committee, or a simple majority of the board of directors. A petition signed by five percent (5%) of voting members may also call a special meeting.

### **Section 4. Notice of Meetings**

Printed notice of each meeting shall be given to each voting member, by mail, not less than two weeks prior to the meeting.

### **Section 5. Quorum**

A quorum for a meeting of the members shall consist of at least twenty percent (20)% of the active membership.

Note: You can set the quorum requirements for member meetings in your Bylaws and/or your Articles of Incorporation. Check with your Secretary of State office to see if what quorum requirements may apply to your member meetings.

### **Section 6. Voting**

All issues to be voted on shall be decided by a simple majority of those present at the meeting in which the vote takes place.

## **ARTICLE V. BOARD OF DIRECTORS**

*Your board of directors are members of your organization. But they are given special responsibilities and authority. If there is one section of your Bylaws that you will be referencing frequently, this is it.*

*The following excerpt is from the [ASPCA's sample shelter Bylaws](#).*

### **Section 1. General Powers**

The affairs of the Corporation shall be managed by its Board of Directors. The Board of Directors shall have control of and be responsible for the management of the affairs and property of the Corporation.

### **Section 2. Number, Tenure, Requirements, and Qualifications**

The number of Directors shall be fixed from time-to-time by the Directors but shall consist of no less than three (3) nor more than fifteen (15) including the following officers: the President, the first Vice-President, second Vice-President, the Secretary, and the Treasurer.

*Note: Check with your Secretary of State to see the minimum number of board members required in your state.*

The members of the Board of Directors shall, upon election, immediately enter upon the performance of their duties and shall continue in office until their successors shall be duly elected and qualified. All members of the Board of Directors and Advisory Council must be approved by a majority vote of the members present and voting. No vote on new members of the Board of Directors, or Advisory Council, shall be held unless a quorum of the Board of Directors is present as provided in Section 6 of this Article.

No two members of the Board of Directors related by blood or marriage/domestic partnership within the second degree of consanguinity or affinity may serve on the Board of Directors at the same time.

Each member of the Board of Directors shall be a member of the Corporation whose membership dues are paid in full and shall hold office for up to a three-year term as submitted by the nominations committee.

Newly elected members of the Board of Directors who have not served before shall serve initial one-year terms. At the conclusion of the initial one-year term, members of the Board of Directors may serve additional three year terms. Their terms shall be staggered so that at the time of each annual meeting, the terms of approximately one-third (1/3) of all members of the Board of Directors shall expire.

Each member of the Board of Directors shall attend at least nine (9) monthly meetings of the Board per year.

Each member of the Board of Directors shall contribute at least one hundred cash dollars (\$100) to the organization annually, all or part of which may come from the tax deductible value paid for or solicited by the Board member, and received by the Corporation. No contribution credit shall be given for in-kind donations. Provided, however, that the \$100 cash requirement for any member who joins after the beginning of the fiscal year for his or her initial one-year term shall be prorated accordingly.

*Note: As with many things in the Bylaws, it is your choice on what to include as criteria for your board members. Requiring a cash donation to be on the board is not uncommon and many granting organizations require it.*

### **Section 3. Regular and Annual Meetings**

An annual meeting of the Board of Directors shall be held at a time and day in the month of September of each calendar year and at a location designated by the Executive Committee of the Board of Directors. The Board of Directors may provide by resolution the time and place, for the holding of regular meetings of the Board. Notice of these meetings shall be sent to all members of the Board of Directors no less than ten (10) days, prior to the meeting date.

### **Section 4. Special Meetings**

Special meetings of the Board of Directors may be called by or at the request of the President or any two members of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any location, as the place for holding any special meeting of the Board called by them.

### **Section 5. Notice**

Notice of any special meeting of the Board of Directors shall be given at least two (2) days in advance of the meeting by telephone, facsimile or electronic methods or by written notice. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these by-laws.

#### **Section 6. Quorum**

The presence, in person of a majority of current members of the Board of Directors shall be necessary at any meeting to constitute a quorum to transact business, but a lesser number shall have power to adjourn to a specified later date without notice. The act of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these by-laws.

#### **Section 7. Forfeiture**

Any member of the Board of Directors who fails to fulfill any of his or her requirements as set forth in Section 2 of this Article by September 1<sup>st</sup> shall automatically forfeit his or her seat on the Board. The Secretary shall notify the Director in writing that his or her seat has been declared vacant, and the Board of Directors may forthwith immediately proceed to fill the vacancy. Members of the Board of Directors who are removed for failure to meet any or all of the requirements of Section 2 of this Article are not entitled to vote at the annual meeting and are not entitled to the procedure outlined in Section 14 of this Article in these by-laws.

#### **Section 8. Vacancies**

Whenever any vacancy occurs in the Board of Directors it shall be filled without undue delay by a majority vote of the remaining members of the Board of Directors at a regular meeting. Vacancies may be created and filled according to specific methods approved by the Board of Directors.

#### **Section 9. Compensation**

Members of the Board of Directors shall not receive any compensation for their services as Directors.

#### **Section 10. Informal Action by Directors**

Any action required by law to be taken at a meeting of the Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing,

setting forth the action so taken, shall be signed by two-thirds (2/3) of all of the Directors following notice of the intended action to all members of the Board of Directors.

### **Section 11. Confidentiality**

Directors shall not discuss or disclose information about the Corporation or its activities to any person or entity unless such information is already a matter of public knowledge, such person or entity has a need to know, or the disclosure of such information is in furtherance of the Corporations' purposes, or can reasonably be expected to benefit the Corporation. Directors shall use discretion and good business judgment in discussing the affairs of the Corporation with third parties. Without limiting the foregoing, Directors may discuss upcoming fundraisers and the purposes and functions of the Corporation, including but not limited to accounts on deposit in financial institutions.

Each Director shall execute a confidentiality agreement consistent herewith upon being voted onto and accepting appointment to the Board of Directors.

*Note: this is not a requirement in most states and its inclusion is optional.*

### **Section 12. Advisory Council**

An Advisory Council may be created whose members shall be elected by the members of the Board of Directors annually but who shall have no duties, voting privileges, nor obligations for attendance at regular meetings of the Board. Advisory Council members may attend said meetings at the invitation of a member of the Board of Directors. Members of the Advisory Council shall possess the desire to serve the community and support the work of the Corporation by providing expertise and professional knowledge. Members of the Advisory Council shall comply with the confidentiality policy set forth herein and shall sign a confidentiality agreement consistent therewith upon being voted onto and accepting appointment to the Advisory Council.

*Note: If you are new to reading "legal speak" pay special attention to the words "may" and "shall". Their meanings are obvious but their use is very intentional.*

### **Section 13. Parliamentary Procedure**

Any question concerning parliamentary procedure at meetings shall be determined by the President by reference to Robert's Rules of Order.

### **Section 14. Removal.**

Any member of the Board of Directors or members of the Advisory Council may be removed with or without cause, at any time, by vote of three-quarters (3/4) of the members of the Board of Directors if in their judgment the best interest of the Corporation would be served thereby. Each member of the Board of Directors must receive written notice of the proposed removal at

least ten (10) days in advance of the proposed action. An officer who has been removed as a member of the Board of Directors shall automatically be removed from office.

Members of the Board of Directors who are removed for failure to meet the minimum requirements in Section 2 of this Article in these by-laws automatically forfeit their positions on the Board pursuant to Section 7 of this Article, and are not entitled to the removal procedure outlined in Section 14 of this Article.

## **ARTICLE VI. OFFICERS**

*Every Board of Directors needs officers. And many states require that you have specific officer positions on your board. It is OK for one person to hold multiple office positions, though not always wise. And some states will have certain restriction on this. For example, Alaska will not allow the President and the Secretary to be the same person. The following section of bylaw is taken from the Big Brothers and Big Sisters in Wilkes-Barre, PA.*

The officers of this Board shall be the President, Vice-President, Secretary and Treasurer. All officers must have the status of active members of the Board.

### **Section 1. President**

The President shall preside at all meetings of the membership. The President shall have the following duties:

- a. He/She shall preside at all meetings of the Executive Committee.
- b. He/She shall have general and active management of the business of this Advisory Board.
- c. He/She shall see that all orders and resolutions of the Advisory Board are brought to the Advisory Board.
- d. He/She shall have general superintendence and direction of all other officers of this corporation and see that their duties are properly performed.
- e. He/She shall submit a report of the operations of the program for the fiscal year to the Advisory Board and members at their annual meetings, and from time to time, shall report to the Board all matters that may affect this program.
- f. He/She shall be Ex-officio member of all standing committees and shall have the power and duties usually vested in the office of the President.

### **Section 2. Vice-President**

The Vice-President shall be vested with all the powers and shall perform all the duties of the President during the absence of the latter. The Vice-Presidents duties are:

- a. He/She shall have the duty of chairing their perspective committee and such other duties as may, from time to time, be determined by the Advisory Board.



### **Section 3. Secretary**

The Secretary shall attend all meetings of the Advisory Board and of the Executive Committee, and all meetings of members, and assisted by a staff member, will act as a clerk thereof. The Secretary's duties shall consist of:

- a. He/She shall record all votes and minutes of all proceedings in a book to be kept for that purpose. He/She in concert with the President shall make the arrangements for all meetings of the Advisory Board, including the annual meeting of the organization.
- b. Assisted by a staff member, he/she shall send notices of all meetings to the members of the Advisory Board and shall take reservations for the meetings.
- c. He/She shall perform all official correspondence from the Advisory Board as may be prescribed by the Advisory Board or the President.

### **Section 4. Treasurer**

The Treasures duties shall be:

- a. He/She shall submit for the Finance and Fund Development Committee approval of all expenditures of funds raised by the Advisory Board, proposed capital expenditures (equipment and furniture) , by the staff of the agency.
- b. He/She shall present a complete and accurate report of the finances raised by this Advisory Board and also the Paul Smith Memorial Fund at each meeting of the members, or at any other time upon request to the Advisory Board.
- c. He/She shall have the right of inspection of the funds resting with the Big Brother/Big Sister Program including budgets and subsequent audit reports.
- d. It shall be the duty of the Treasurer to assist in direct audits of the funds of the program according to funding source guidelines and generally accepted accounting principles.
- e. He/She shall perform such other duties as may be prescribed by the Advisory Board or the President under whose supervision he/she shall be.

### **Section 5. Election of Officers**

The Nominating Committee shall submit at the meeting prior to the annual meeting the names of those persons for the respective offices of the Advisory Board. Nominations shall also be received from the floor after the report of the Nominating Committee. The election shall be held at the annual meeting of the Advisory Board. Those officers elected shall serve a term of one (1) year, commencing at the next meeting following the annual meeting.

Officers of the Executive Committee shall be eligible to succeed themselves in their respective offices for two (2) terms only.

## **Section 6. Removal of Officer**

The Advisory Board with the concurrence of 3/4 of the members voting at the meeting may remove any officer of the Board of Directors and elect a successor for the unexpired term. No officer of the Board of Directors shall be expelled without an opportunity to be heard and notice of such motion of expulsion shall be given to the member in writing twenty (20) days prior to the meeting at which motion shall be presented, setting forth the reasons of the Board for such expulsion.

## **Section 7. Vacancies**

The Nominating Committee shall also be responsible for nominating persons to fill vacancies which occur between annual meetings, including those of officers. Nominations shall be sent in writing to members of the Advisory Board at least two (2) weeks prior to the next meeting at which the election will be held. The persons so elected shall hold membership or office for the unexpired term in respect of which such vacancy occurred.

# **ARTICLE VII. COMMITTEES**

*This part of the Articles are extracted from the Minnesota Council of Nonprofits [Sample Bylaws with Membership](#).*

## **Section 1. Committee Formation**

The board may create committees as needed, such as fundraising, housing, public relations, data collection, etc. The board chair appoints all committee chairs.

## **Section 2. Executive Committee**

The four officers serve as the members of the Executive Committee. Except for the power to amend the Articles of Incorporation and Bylaws, the Executive Committee shall have all the powers and authority of the board of directors in the intervals between meetings of the board of directors, and is subject to the direction and control of the full board.

*Though not required, it is highly recommended that the executive director be required to attend all board meetings. This will ensure the executive director is aware of all board discussions and the board is aware of the executive's activities.*

## **Section 3. Finance Committee**

The treasurer is the chair of the Finance Committee, which includes three other board members. The Finance Committee is responsible for developing and reviewing fiscal procedures, fundraising plans, and the annual budget with staff and other board members. The board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the board or the Executive Committee. The fiscal year shall be the calendar year. Annual reports are required to be submitted to the board showing

income, expenditures, and pending income. The financial records of the organization are public information and shall be made available to the membership, board members, and the public.

## **ARTICLE VIII. CORPORATE STAFF**

*Even if you do not have any paid staff members for your organization, it is good to prepare for the eventuality of your first hire. The following Article is from the [ASPCA's sample shelter Bylaws](#).*

### **Section 1: Executive Director**

The Board of Directors shall hire an Executive Director who shall serve at the will of the Board. The Executive Director shall have immediate and overall supervision of the operations of the Corporation, and shall direct the day-to-day business of the Corporation, maintain the properties of the Corporation, hire, discharge, and determine the salaries and other compensation of all staff members under the Executive Director's supervision, and perform such additional duties as may be directed by the Executive Committee or the Board of Directors. No officer, Executive Committee member or member of the Board of Directors may individually instruct the Executive Director or any other employee. The Executive Director shall make such reports at the Board and Executive Committee meetings as shall be required by the President or the Board. The Executive Director shall be an ad-hoc member of all committees.

The Executive Director may not be related by blood or marriage/domestic partnership within the second degree of consanguinity or affinity to any member of the Board of Directors or Advisory Council. The Executive Director may be hired at any meeting of the Board of Directors by a majority vote and shall serve until removed by the Board of Directors upon an affirmative vote of three-quarters (3/4) of the members present at any meeting of the Board Directors. Such removal may be with or without cause. Nothing herein shall confer any compensation or other rights on any Executive Director, who shall remain an employee terminable at will, as provided in this Section.

*Notice that this example says "shall hire" in the first sentence. If you are not intending to hire staff in the immediate future I would advise you change that to "may hire".*

## **ARTICLE IX. IDEMNIFICATION**

*According to [StartUpLawTalk.com](#) "indemnification" means:*

*"... a promise by the other party to cover your losses if they do something that causes you harm or causes a third party to sue you."*

*In other words, an indemnity clause is authored to help prevent board members and employees from being sued if someone were to file a lawsuit against your organization. OK. So, maybe that is not exactly how indemnification works. But I know it is important to have this in your Bylaws. And, it is doubly important to purchase liability insurance for your staff and board of directors.*

*The following indemnification section has been extracted from the [Special Olympics Bylaws](#).*

### **Section 1. General**

To the full extent authorized under the laws of the District of Columbia, the corporation shall indemnify any director, officer, employee, or agent, or former member, director, officer, employee, or agent of the corporation, or any person who may have served at the corporation's request as a director or officer of another corporation (each of the foregoing members, directors, officers, employees, agents, and persons is referred to in this Article individually as an "indemnitee"), against expenses actually and necessarily incurred by such indemnitee in connection with the defense of any action, suit, or proceeding in which that indemnitee is made a party by reason of being or having been such member, director, officer, employee, or agent, except in relation to matters as to which that indemnitee shall have been adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of a duty. The foregoing indemnification shall not be deemed exclusive of any other rights to which an indemnitee may be entitled under any bylaw, agreement, resolution of the Board of Directors, or otherwise.

### **Section 2. Expenses**

Expenses (including reasonable attorneys' fees) incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding, if authorized by the Board of Directors, upon receipt of an undertaking by or on behalf of the indemnitee to repay such amount if it shall ultimately be determined that such indemnitee is not entitled to be indemnified hereunder.

### **Section 3. Insurance**

The corporation may purchase and maintain insurance on behalf of any person who is or was a member, director, officer, employee, or agent against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the corporation would have the power or obligation to indemnify such person against such liability under this Article.

*The remaining Articles are boiler plate and extracted from the [Bylaws of the Special Olympics](#).*

## **ARTICLE X. BOOKS AND RECORDS**

*This section is boilerplate and extracted from the [Bylaws of the Special Olympics](#).*

The corporation shall keep complete books and records of account and minutes of the proceedings of the Board of Directors.

## **ARTICLE XI. AMENDMENTS**

*This section is boilerplate and extracted from the Bylaws of the Special Olympics.*

### **Section 1. Articles of Incorporation**

The Articles may be amended in any manner at any regular or special meeting of the Board of Directors, provided that specific written notice of the proposed amendment of the Articles setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each director at least three days in advance of such a meeting if delivered personally, by facsimile, or by e-mail or at least five days if delivered by mail. As required by the Articles, any amendment to Article III or Article VI of the Articles shall require the affirmative vote of all directors then in office. All other amendments of the Articles shall require the affirmative vote of an absolute majority of directors then in office.

### **Section 2. Bylaws**

The Board of Directors may amend these Bylaws by majority vote at any regular or special meeting. Written notice setting forth the proposed amendment or summary of the changes to be effected thereby shall be given to each director within the time and the manner provided for the giving of notice of meetings of directors.

## **ADOPTION OF BYLAWS**

*It's good practice to record the date the Bylaws are passed (or amended) and have the board president sign the final document with the Secretary attesting to the signature. Some organizations will have all board members sign this document.*

We, the undersigned, are all of the initial directors or incorporators of this corporation, and we consent to, and hereby do, adopt the foregoing Bylaws, consisting of the ## preceding pages, as the Bylaws of this corporation.

ADOPTED AND APPROVED by the Board of Directors on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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Tracy Wilson, President - Nonprofit, Inc.

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ATTEST: Mike Harlow, Secretary - Nonprofit, Inc.