



BYLAWS

All nonprofit organizations need regulations that determine how they are governed. Bylaws are the legally binding rules that outline how the board of a nonprofit will operate. While they are unique to each organization, bylaws generally have a similar structure and use.

How are bylaws used?

Bylaws are used to guide the board's actions and decisions. They are helpful in preventing or resolving conflict and disagreements. They can protect the organization from potential problems by clearly outlining rules around authority levels, rights, and expectations.

How are bylaws created and amended?

The board creates bylaws when the organization is established. Don't operate without them. States have different statutes that apply to bylaws — some dictate specific provisions, while others give more general guidelines. Find the state regulations from your Secretary of State's office or your State Attorney General's office. If your organization operates in more than one state, follow the laws in the state where the organization is incorporated. Once created, an attorney can review them, to ensure they meet the legal requirements of the state.

Bylaws are not static and the board should review them regularly. They should accurately reflect how the organization works and remain relevant. This requires amending the bylaws periodically. Keeping bylaws simple in language and content can help ease this process. Some organizations appoint a task force to review the bylaws and make suggestions for revision to the whole board. If the board votes to amend the bylaws, mark the revisions on the bylaws and record the date that they were amended. If you made major structural or authority changes, you need to report them in your next Form 990.

What should you include?

Bylaws are individual to an organization, but they should cover certain issues:

- Name and location of organization
- Statement of purpose
- Election, roles, and terms of board members and officers
- Membership issues (categories, responsibilities)
- Meeting guidelines (frequency, quorum)
- Board structure (size, standing committees, if any)

- Compensation and indemnification of board members
- Role of chief executive
- Amendment of bylaws
- Dissolution of the organization

Hierarchy of laws

While bylaws are a detailed and immediate source of regulations, they must follow federal and state laws and comply with your organization's articles of incorporation. If there is a contradiction between the bylaws and these other regulations, that part of the bylaws is invalid. In order for bylaws to be concise, the board should also create comprehensive policies and resolutions.

What if bylaws are ignored or broken?

There may be several reasons why an organization does not follow the bylaws, and there are different ways to address this. In some situations bylaws are ignored because they are no longer relevant to the organization. Either they are too broad, have not been revised for several years, or are not in practical or understandable language. If this is true, the board should make revision a priority.

Both board members and others involved with an organization should be concerned when bylaws are intentionally broken and not amended. There are a few avenues of recourse in this situation.

- Internal — If you are a board member, bring up your concerns with the chair and other board members. Make sure that your objections are noted in the minutes. As the bylaws are a legal document, similar to a contract, there can be legal repercussions if they are ignored; therefore, it is important for the board to take concerns seriously. If you are not on the board, try to contact one of the board members or the chief executive. If the board holds public meetings, address your concerns there.
- Local Chamber of Commerce or Better Business Bureau — You can file a complaint with these organizations. These groups cannot enforce the bylaws, but they do keep records of complaints, and their public nature will give exposure to the issue. This may get more people involved who can encourage the board to comply.
- Court — The bylaws are a legal document, so there is a possibility for prosecution if they are intentionally broken. This is a long and expensive process, and

often the courts are reluctant to get involved in internal organization issues. Going to court may also jeopardize the future of the organization as a whole.

- State Attorney General — This office has authority over all nonprofits, and it can require the organization to change its bylaws, comply with the original bylaws, or it can force the organization to close. Like the courts, however, they are reluctant to get involved in internal organizational issues.

References

Better Bylaws: Creating Effective Rules for Your Nonprofit Board, Second Edition.

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