A Deeper Dive: Bylaws

• What are bylaws, and why are they important for a chapter?
Bylaws are the foundational rules that define how a nonprofit corporation operates. They cover key aspects like board structure, officer roles, meeting procedures, and decision-making processes. Well-crafted bylaws will ensure your chapter runs smoothly, remains compliant with legal requirements, and provides clarity, transparency, and accountability.

• Should we customize our bylaws, or can we use a template?
It's important to customize your bylaws to fit the unique needs of your chapter and comply with your state's laws. While templates can provide a helpful starting point, tailoring them ensures they are practical and effective for your specific operations and state requirements. It is also critical that you provide careful consideration and fully understand what is in your bylaws. Once approved by your Board of Directors, your chapter is legally required to follow the bylaws so merely adopting template bylaws can create a shaky foundation for legal compliance.

• What are some tips for drafting bylaws?
When drafting bylaws, pay close attention to word choice. For example, using "may" gives the board discretion in decision-making, such as forming committees or calling special meetings. "Shall," on the other hand, creates a mandatory obligation that must be followed to avoid legal noncompliance. Consider building flexibility on things like quorum requirements or meeting frequency to help the board operate efficiently and adapt to unforeseen circumstances.

Conversely, if there are key concepts that you absolutely want to make sure are always followed – like key aspects of the model of grant-making - be sure to include mandatory language. Because all Impact100 chapters are working boards with no paid staff, we recommend setting a high upper limit on the number of board members to help spread out the work and split roles as you grow.

• How are board meetings and decision-making governed?
Board meetings, voting, and director authority are governed first by your state's nonprofit corporation law and then by your chapter's bylaws. State law establishes the legal boundaries for how a board may operate, while the bylaws define how your chapter chooses to operate within those boundaries. Bylaws may add clarity or require higher standards, but they cannot conflict with state law.

• What is a quorum, and how is it calculated?
A quorum is the minimum number of directors who must be present at a board meeting in order for the board to legally conduct business. Quorum is calculated based on the number of directors currently in office. Vacant seats are not included in the calculation, and quorum is not based on attendance patterns, board titles, or officer positions such as Chair or Vice Chair.

Best practice is to clearly state quorum in the bylaws rather than relying on default rules in state law. Quorum should always be tied to the number of directors in office.

Under the Model Nonprofit Corporation Act, which many states follow, a quorum may not be set lower than one-third of the directors in office, but it may be set higher. Not all states follow the Model Act, so chapters should always confirm their specific state requirements. Rhode Island follows this framework.

• How are board decisions approved once a quorum is met?
Once a quorum is present, the board may take action. In most states, board action is approved by a majority of the directors present at the meeting, unless the bylaws require a higher threshold.

Bylaws may require higher approval thresholds for certain actions, such as amending the bylaws, approving dissolution, or entering into major financial commitments. If the bylaws are silent, the default rule applies: approval by a majority of directors present at a properly convened meeting.

• How do we approve the bylaws?
Bylaws are typically approved by a vote of the chapter's founding Board of Directors. The process may vary depending on state laws, but generally, the Board will review and discuss the proposed bylaws, make any necessary revisions, and then formally vote to adopt them. It's important to document this approval in meeting minutes to establish a clear record of when the bylaws were adopted.

• Can we change our bylaws?
Yes, bylaws can be amended or updated as your chapter grows or needs change. The process for making changes should be outlined in the bylaws themselves, typically requiring a board vote and sometimes a specific approval threshold (e.g., a two-thirds majority). Always ensure that any changes comply with state laws and are documented in your Board's meeting minutes to keep a clear legal record of updates.