

THE PARALEGAL'S GUIDE TO DRAFTING NONPROFIT DOCUMENTS

CORPORATE BYLAWS

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Bylaws

- Bylaws are the tool for governance of a not for profit.
- Contain provisions to conduct of the affairs of the corporation.
- Provide guidance to the directors and officers on how to act.
- Third parties can look top the Bylaws for verification that action is allowed and properly taken.

Bylaws

- No Federal mandated language for Bylaws.
- State laws govern the provisions - before drafting review the specific's state law which will be governing the entity.
- Roadmap for a not for profit organization's operation.

CHOOSING A MEMBERSHIP OR NON-MEMBERSHIP STRUCTURE

- Whether to have members or not to have members is a decision to be made initially when formed.
- Later as the entity evolves, the structure can be changed to either add or delete members.
- Most states do not require not for profits to have members.
- When forming, review local law as to whether the state requires members.

CHOOSING A MEMBERSHIP OR NON-MEMBERSHIP STRUCTURE (cont.)

- Will the governance will be efficiently managed by its Board or whether the governance will be open to members?
- Will the corporation have members or will all powers be vested in a board of directors?
- In general public charities are often not membership organizations and decision making is made by their Boards.

DEFINING BOARD MEETING FUNCTIONS AND STRUCTURE

- Purpose of the organization
- Number of, election, succession and terms (limits, staggered, etc.) of Directors
- Management, duties and action of the Board and must they be physically present to act
- Board meetings – notice, conduct, procedure and location
- Types, election, succession and terms (limits, staggered, etc.) of Officers

DEFINING BOARD MEETING FUNCTIONS AND STRUCTURE (cont.)

- Duties, powers and responsibilities of each officer
- Committees including whether the chairperson (or president) has the power to appoint committees, and to provide for rules, powers, and procedures of such committees
- Liability and indemnification of Officers and Directors
- Location of office
- Removal and disqualification of Directors and Officers

DEFINING BOARD MEETING FUNCTIONS AND STRUCTURE (cont.)

- Compensation of Directors and Officers
- Quorum for the transaction of business
- Minutes, book keeping, reviewing corporate records and dispersing funds
- Amendment procedure
- Dissolution procedure

Nonprofit corporations with voting members Bylaws contain additional provisions:

- Classes and qualifications of membership
- Rights of membership
- Removal of members
- Actions of the members
- Membership meetings – notice and conduct
- Quorum for the transaction of business

OUTLINING MEMBERSHIP PROVISIONS

- Types of membership classes
- Eligibility of membership
- Dues structure
- Membership requirements
- Disciplinary procedures
- Resignation
- Duties of members

IDENTIFYING HOW GRANT MONEY WILL BE DISTRIBUTED

- Grants are non-repayable funds awarded and disbursed by a government entity or other not for profits based on a proposal or applications submitted by the not for profit organization.
- As part of the grant proposal, the entity will need to explain how the funds will be used and what safeguards are in place to ensure that these funds will be used for that purpose.
- Use fund accounting method.

WALKTHROUGH OF EXAMPLES

- Connecticut Example – see page 6 of written materials
- New York Example – see page 13 of written materials

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