

**WHO CARES ABOUT BYLAWS?
WHEN CHANGE NEEDS TO HAPPEN!**

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1






Introduction
What are bylaws, why are they important, what do they do?
Key features of bylaws
Why change your bylaws ?
How to amend bylaws
Case study Downtown 64.6 in Fort Smith AR
Case Study Main Street Eureka Springs AR
Your questions

AGENDA

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2

**WHY DO WE
HAVE BYLAWS?**

-  Organizational operating manual
-  To eliminate guesswork
-  How decisions are made
-  How conflicts are resolved
-  How to eliminate risk

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3

Please Follow Your Bylaws!

Bylaws are legally binding

Must conform to state nonprofit law

Failure to follow your nonprofit's bylaws can result in a number of both logistical and legal consequences that open the door to liability

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4

Who: board members as trustees/fiduciaries for the public

What: board, committees, staff

Where: office location, program area, downtown

When: perpetual organization

How: notices, quorum, voting, term limits, amendments, dissolution

Why: education and lessening blight

Bylaws should mirror current organizational practices.

BYLAWS ARE THE ROAD MAP FOR THE ORGANIZATION

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5

BYLAWS EXPLAIN HOW:

Board structure and operations
Membership vs non-membership

Board elections & by whom, board member removal and resignation
Voting, Quorum, Term limits, Officers

Number of board meetings

Notice, where meetings occur

Types of meetings: regular, special, annual, action without a meeting, permit telephone/zoom meetings



6

BYLAWS EXPLAIN HOW	Who appoints committees, term, duties, limitation on committee actions
	Handle Conflict of interest
	Role of Executive Director: supervisor, ED hires other staff
	Dissolution and who gets the remaining assets
	Amendments



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BYLAWS: IRS REQUIREMENTS	Need bylaws for IRS 1023 form for 501c3 tax exempt status, unless filing 1023EZ Don't forget required sections for IRS 501c3 organizations (see handout)
	<ol style="list-style-type: none"> 1. Shall not participate in, or intervene in, any political campaign on behalf of any candidate for public office. 2. No part of net earning shall inure to the benefit of any of its members or any other individual; 3. At dissolution, after paying all liabilities, shall dispose of all assets of the corporation exclusively for charitable, educational, or religious purposes and shall at the time qualify as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code of 1986.

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 May include mission statement	 Should include reference to educational & charitable activities Educational training tours, meetings
MISSION OR PURPOSE STATEMENT	

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9


Shall= must
 May= up to board to decide
 Look for any instance where
 should, will, or can appear in
 your bylaws
 Replace with Shall or may.
 Clarify if there is any reason
 NOT to be Shall/must




SHALL VS. MAY

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10



You do not
have to make
your bylaws
publicly
available



Provide them
to anyone who
asks for them,
but you can
decide not to.



Do not post
them on your
website.

WHO SHOULD HAVE A COPY OF THE BYLAWS?

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11

☐ Make sure every new board member gets the most up to date copy of bylaws
☐ Put the date of the last amendment on the bylaws
☐ Offer to review the bylaws with any new board members (especially anyone who has never been on a nonprofit board before)

MAKE SURE BOARD MEMBERS READ YOUR BYLAWS!

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12

Ideally every other year:
Do they still make sense?
Do we still do the right things?

At the start of any
strategic planning effort

At the start of a major
project, such as a capital
campaign

As part of a merger,
realignment, BID renewal

WHEN TO REVIEW YOUR BYLAWS

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13

Amended bylaws
are the result of
past
disagreements

Change can be
abrupt or SLOW

Organizations
can go 10 years
without even
looking at bylaws

Board should
follow the bylaws

WHEN TO AMEND?

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3-5 people including the board president

Ask state coordinator for assistance

Identify specifically what sections need review and/or change

Discuss why the change is needed

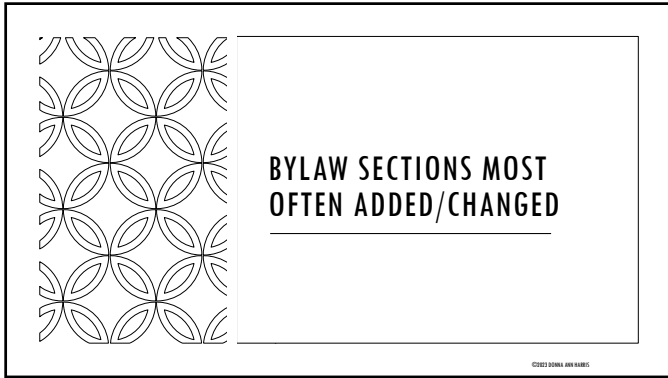
If change is simple: read amendment section, follow directions to the letter

If change is more complex: consider a consultant

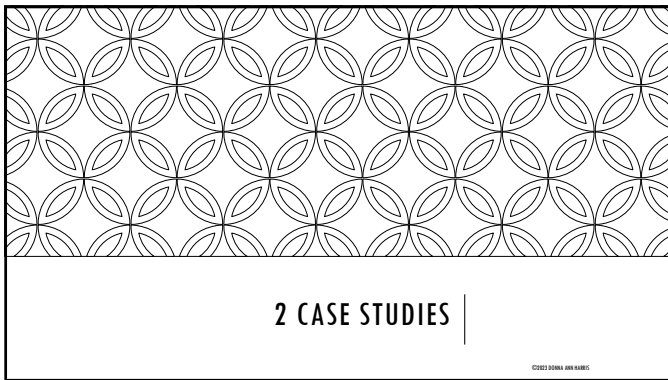
RECOMMENDATION: CREATE A BYLAW COMMITTEE

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15



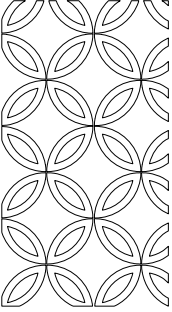
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17



18



Origination of the bylaws was pre–Main Street designation;

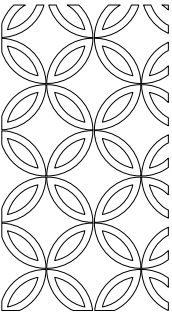
Evolution of board members and the organization; and

Alignment with Main Street organizational standards.

WHY THE BYLAWS HAD TO CHANGE

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19



Original Board Members were ready to cycle off.

Maintain a level of continuity between existing Board and incoming Board was imperative.

Board composition needs to move from a C-Suite Board to a potentially “roll-up your sleeves” working Board.

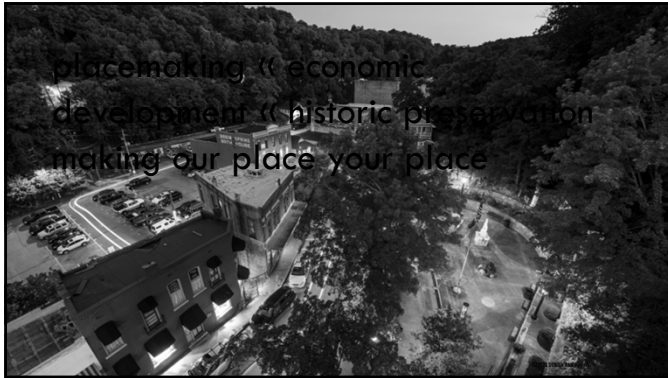
OUR SITUATION

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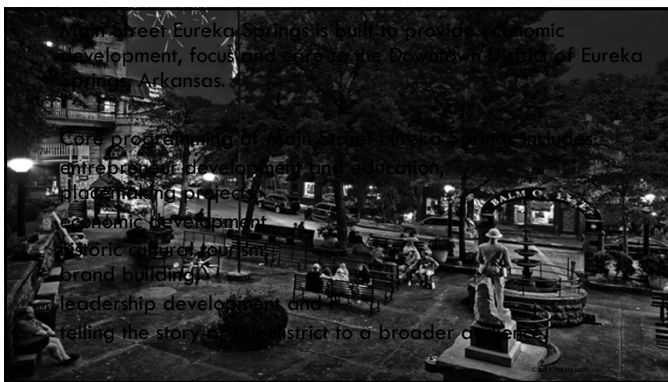
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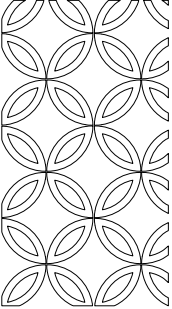
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22



23



Origination of the bylaws were written when the organization was a "Downtown Network" program

We had gone through a recent strategic plan process and realized our organization had changed significantly; and

We were missing many components to keep our organization in good footing as a 501c3 organization.

WHY THE BYLAWS HAD TO CHANGE

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24



We had not addressed gaping holes in our bylaws since their original incorporation.

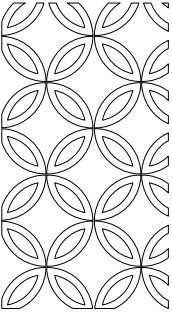
We went through a 360 review of the entire organization with a consultant and noticed gaps. Since then, we have made further adjustments, as well, to better reflect the organization we are today.

Core board members were edging off the board and were interested in leaving the board in good standing.

OUR SITUATION

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25



The entire board worked on the changes to the bylaws and the vote was unanimous.

Since we had addressed the issues legally, when a new board was put in place, they made further changes that reflect who the organization is today.

They now see the by-laws as a living breathing document that can, with full board support, be the center point of the organization.

THE VOTE + AN UPDATE

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26

YOUR QUESTIONS?



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27



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KEEP IN TOUCH

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