



Friends of the Market Toolkit: Bylaws Template

An association is governed by its set of bylaws. They identify who the organization is, how it will be structured and how it will operate. The bylaws should be tailored to the needs of each individual organization, but they all have common components. The following is a template of those characteristics.

Name

Clearly identify the name of the association for whom the bylaws are being adopted. The name should match the Articles of Incorporation. If not, then an amendment to the Articles of Incorporation should be filed with the Department of State.

Purpose

The mission of the organization should be listed here. The mission identifies the organization's reason for existence. It should be concise, no more than 25 words, and answer the following questions:

- Who we are
- Whom we serve
- What we offer

Be careful when crafting the mission statement, to ensure that the mission adheres to purposes identified by IRS as consistent with any nonprofit status you may be seeking.

Membership

Clearly identify who the members of the organization will be. This section will specify:

- What are the qualifications of membership?
- What is the length of term for a membership?
- What are the responsibilities of membership?
- What are the benefits of membership? i.e. voting rights

Board of Directors

Bylaws define the board of directors that govern the organization. The bylaws should cover:

- The size of the board. Keep in mind the need to get the work of the board done effectively and efficiently when setting the number of board members. Too large a group may hinder efficient operation, while too small a number may make it difficult to get good group dialogue for dynamic visioning and problem solving. Generally an uneven number of board members is used to prevent a tied decision in a vote.
- Eligibility of board members. Examples would be regional representation or membership category representation.
- Length of term. This would include the length of each individual term, as well as whether there are term limits.
- Duties of board members. This would define the duties of a board of directors; i.e. to set policy, hire and direct staff, etc. The board of directors does NOT have the duty to run the day to day operations of the organization. That is left to staff.

- Vacancies. Should a board member resign, this section determines whether the position is filled prior to annual elections, and if so, how that is accomplished.
- Removal of board members. Most bylaws will provide for the removal of a board member for just cause. This section will define the process, giving due process to the board member in question.
- Nominations and elections. The process for nominating and electing board members is defined in this section.
- Compensation. Most boards will have volunteer members. If so, it should be stated here that board members will not be compensated for their time or service. However, if they will be compensated, it should be stated what services are eligible for compensation.
- Meetings and quorum. This section identifies how often the board meets, what the requirements for board members are for attendance, what defines a quorum so that the board can legally transact the business of the organization during the meetings and what actions constitute an act of the board (i.e. majority vote is all that is required for a motion to pass). IRS has determined that a quorum must be defined by numbers and not just by a percentage. In other words, it cannot be defined by “a majority of the board members” or “51% of the board”. It must be defined as 9 members present, for example.
- Special Meetings. Can special meetings of the board of directors be called? If so, who can call these meetings and what are the procedures for doing so?

Officers

The officers of the organization are given a section of the bylaws.

- Identify the officers of the board of directors. Typically this includes President, Vice President, Secretary and Treasurer.
- Define the responsibilities of each officer.
- Nominations and elections. Outline the process for nominating and electing officers. Be sure the procedure includes the process for transfer of power with the change of officers.
- Terms. What is the length of term for each office and how many terms will they be allowed to hold each office?
- Vacancies. Should an officer resign or be removed, this section outlines the process for replacing the vacancy.

Committees

Boards of directors are often organized into committees to assist in the efficient operation of the board. The committee meets outside of regular board meetings to conduct their assigned task and will report back their work/findings/recommendations to the full board for implementation or vote. Some states may require certain standing committees, such as a finance or audit committee and governance committee. Bylaws should define any standing committees, along with definitions of their roles, their powers and who will make up the committee. Bylaws should also contain provisions that allow the president to establish additional ad hoc committees as needed, for the duration of each need. Some committees may include members outside of the Board of Directors.

Operations

This section outlines the general operations of the organization, including:

- Indemnification. Will the association insure its board members, safeguarding them against personal liability for decisions made as a board? If so, will the organization provide Directors and Officers Liability insurance, bonding or both? By including insurance coverage requirements in the bylaws, potential board members will be assured that the coverage is in effect and will continue as a due course of business.
- Define the fiscal year of the organization.
- Annual meeting. When is the annual meeting of the organization? This can be answered in broad terms, such as “within the first calendar quarter”. This section may also define how an annual meeting can be conducted, whether face to face is required or if it can be electronic, and if absentee voting or proxy voting is allowed.
- Special meetings. Can members call a special meeting of the membership outside of the annual membership meeting? If so, this section will define the process for this.

Amendments

The bylaws should be reviewed on a regular basis to ensure that they keep pace with the changing needs of the organization. As needs change, the bylaws should be amended. This section will define the process for amending the document. This typically includes a vote by the full board of directors, then ratification of the membership, with a specified amount of prior notice of the bylaw changes.

Termination

Should the organization cease operations for any reason, this section will identify what should be done with the assets of the organization once all debts have been expunged. Keep in mind that if the organization is a 501 (c)(3), all assets must be disposed of in accordance with charitable nonprofit purposes.

References:

Jude Barry and Brian Henahan, “Staff Paper: Enhancing Leadership and Organization for Farmers Market Success”, Department of Applied Economics and Management, Cornell University, May 2007.

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Associapedia, “Bylaws”, ASAE and the Center for Association Leadership.

Joan M. Hummel , “Starting and Running a Nonprofit Organization”, Revised by the Center for Nonprofit Management, University of Minnesota Press, 2000.