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# Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

## Nonprofit bylaws need regular reviewing

**By Barry VanderKelen**

A nonprofit's bylaws are the operator's manual for the organization. Have you read yours lately?

Too often, bylaws aren't read by new board members because they rely on older members to guide them through the inner workings of the board. And older members haven't read the bylaws because they relied on members who preceded them.

You may be surprised what you discover when you read your organization's operator's manual.

Here are two examples:

You may note that the mission statement in the bylaws does not reflect the current work of the organization because organizations evolve over time. Hopefully, the current purpose of the nonprofit is not wildly

different from the mission in the bylaws.

Also, there may have been important regulatory changes that need to be reflected in your bylaws.

At the beginning of this year, the state Legislature amended California nonprofit law in key ways.

One of the most important changes is clarification of what committees and boards can rely on when taking board action.

More specifically, all committees are advisory to the board unless the committee is comprised of only board members and the board has formally delegated some responsibility to the committee.

Your bylaws might not differentiate between board and nonboard committees.

Not having current bylaws might be violations of the duty

of care for what's best for the organization and the duty of obedience to the mission of the organization.

These violations might weaken the protections provided to board members by the state Corporations Code.

Without these protections, individual board members might be personally liable when the organization does something improper; even directors and officers insurance won't protect the board if the bylaws are outdated.

Amendments to bylaws should be adopted only after careful and thoughtful consideration. Because they are the operator's manual, consistency is crucial.

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### Resource Use:

- Support nonprofit leadership
- Board development/training
- Strategic planning

### Nonprofit Business Column of *The Tribune*

The San Luis Obispo Tribune publishes a column every other week in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the

bi-weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at [barry@slocf.org](mailto:barry@slocf.org).