

The Governing Documents (4)

What are my “governing documents?” There are four that create the framework for a nonprofit organization.

Board members should be asked to read the governing documents. The corporate concept of “duty of obedience” requires adherence to these documents.

Mission Statement

The mission statement --- or statement of purpose --- is the single most important governing document. It is the justification for the IRS issuing tax-exempt status to the organization.

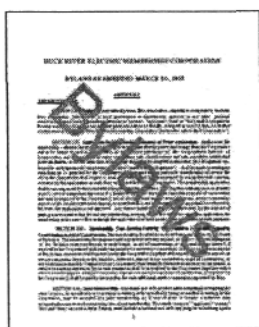
The mission statement guides the board and staff, and informs members, prospects and other organizations as to the reason for your existence. A mission statement is generally reviewed and updated when the strategic plan is developed. The trend is for a short, memorable statement that identifies the organization, the membership it serves, and what it offers.

Articles of Incorporation

The articles of incorporation (sometimes referred to as the charter or constitution) are the primary rules governing the management of a corporation, and are filed with a state or other regulatory agency. State legislatures may amend the law periodically; thus staff must monitor changes to state corporate law.

Bylaws

A bylaw is a rule governing the internal management of the organization. Bylaws cannot supercede local, state or federal laws.



The founding directors draft the initial bylaws under the authority of its articles of incorporation. Bylaws generally cover topics such as membership categories, how directors are elected, how meetings are conducted, standing committees, and descriptions of responsibilities.

The general membership typically must ratify amendments to the bylaws. The IRS requires that amendments to the governing documents be submitted annually (use Form 990.)

Duty of Obedience

requires the board to act in accordance with the organization's rules and policies, and in furtherance of its goals as stated in the mission statement, articles of incorporation and bylaws.

Relationship of the Governing Documents

Each organizational document has a specific relationship to a governing or membership body.

Statement of Purpose
(Mission Statement) > IRS

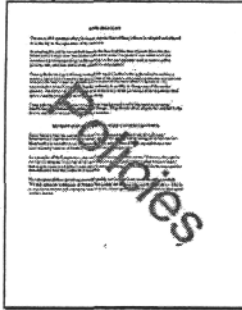
Articles > State

Bylaws > The Membership

Policies > Interpretation of all the Above

Policies

A policy interprets the governing documents and is usually maintained in the form of a policy manual; for example, a policy on investing the organization's savings. The policy development process includes the identification of recurring issues and the best alternatives selected by the board.



Policies can be adopted or changed by the board without involving the general membership. The authority and rationale for policies are always found in the meeting minutes. Consider policies as the *wisdom* of the board passed on to future leaders and staff.

In closing, these four governing documents should be in a format that are easily read and understood by the board so that they may fulfil their responsibilities.

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