



Nonprofit Laws: Board Rules and Regulations

Study Brief



See the FULL Nonprofit Laws: Board Rules and Regulations Study.

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On behalf of BoardEffect,

Thank you for your interest in *Nonprofit Laws: Board Rules and Regulations*, a comprehensive summary and state-by-state review of laws pertaining to the work of nonprofit boards. Building on its predecessor report from 2012, [Laws Governing Nonprofit Boards and Electronic Voting](#), this report is intended to serve as a valuable resource to nonprofit executives, administrators, and board members.

The work of nonprofit boards is complex, demanding, and high-stakes; and a working knowledge of the laws that shape this landscape is critical for the serious-minded board practitioner. But the laws vary across 50 states (and Washington DC); and their wording can be lengthy and time-consuming to decipher. Likewise, seemingly ubiquitous resource constraints among nonprofits and multiple competing priorities for board administrators combine to create additional barriers to the widespread understanding of these laws. It is with all of this in mind, and to augment the efforts of busy board professionals, that BoardEffect has undertaken this study.

BoardEffect hopes that *Nonprofit Laws: Board Rules and Regulations* will be viewed and referenced as a legal field guide by anyone involved in supporting the work of nonprofit organizations. Our society benefits from a nonprofit sector that is characterized by effective, informed board leadership; and BoardEffect strives to strengthen that foundation. We invite you to use this research in your own efforts toward that shared goal.

Sincerely,
Todd Gibby
CEO

RESEARCH APPROACH

BoardEffect conducted an exhaustive review of the current legal codes governing private, nonprofit boards on a state by state basis. Then, we confined the report's focus to the activities of boards that we believed to be reasonably supported by the functions of board portal technology. To establish this benchmark, we turned to the [BoardEffect Product Framework](#), which drives how the BoardEffect solution is developed.

As we did during our first report on [U.S. Laws Governing Electronic Voting by Nonprofit Boards](#), our first step was to connect with the offices in each state responsible for regulating charities for guidance. Thankfully, many states have improved online access to their legal codes and provisions a great deal since our first report in 2012. Most of the data presented in this report was collected simply by visiting each state's website and locating the most current laws governing nonprofit corporations. However, when that was not possible, or when we were not able to clearly identify how current the information available online might be, we reached out directly to the state offices for guidance.

REPORT TOPICS

View the range of legal approaches taken in your state or across all states to the legal topics referenced below.

- ✓ **ACTIONS**
- ✓ **CONFLICT OF INTEREST**
- ✓ **ELECTIONS BY DIRECTORS**
- ✓ **E-MEETINGS, INCLUDING E-VOTING**
- ✓ **MEETING LOCATIONS**
- ✓ **NOTICE OF MEETING**
- ✓ **QUORUM**
- ✓ **REMOVAL OF DIRECTORS**
- ✓ **RESIDENCY**
- ✓ **RESIGNATION**
- ✓ **TERMS AND LIMITS**
- ✓ **VACANCY**
- ✓ **WAIVER OF NOTICE**

AUTHORS

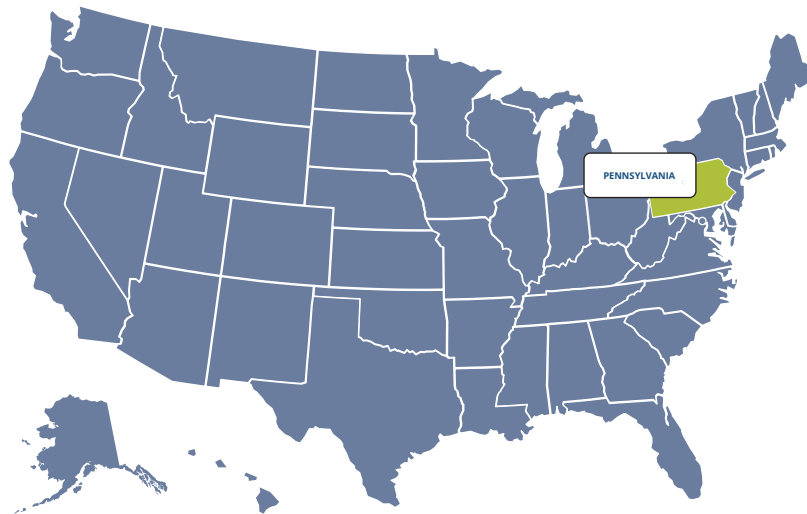
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DISCLAIMER

This study represents a compilation to the best of our ability of the information available through public records on U.S. state laws concerning electronic voting and other areas of responsibility of nonprofit boards. The information contained in this study does not represent legal advice of any kind and should not be used in lieu of legal counsel. This study does not supersede any organization's own bylaws; nor does it supersede any current local, state or federal laws in the U.S., nor laws of any countries outside the U.S. In addition, due to the constantly changing nature of online records, we cannot guarantee that the links to related websites listed are current.

SAMPLE STATE SUMMARY DATA - PENNSYLVANIA

This is an example of what you can expect from the *Nonprofit Laws: Board Rules and Regulations*' section displaying state summaries. Each state report covers current legal codes governing nonprofit organizations across all 50 states including the District of Columbia. In the report you will have access to both a summary version of the applicable code (see below) and the source, long form legal language found in our research.



PENNSYLVANIA NONPROFIT LAWS

ACTIONS	With or without a meeting by written consent SIGNED BY ALL BOARD MEMBERS AND INCLUDED IN RECORDED MINUTES
CONFLICT OF INTEREST	Conflicts of interest must be disclosed; interested directors may count towards quorum but may not deliberate or vote on related issues
ELECTION BY DIRECTORS	Governed by an organization's bylaws / articles of incorporation (AOI)
E-MEETINGS	Yes, as long as all participants are able to "HEAR" proceedings
MEETING LOCATION	Either regular or special meetings may take place in or out of state
NOTICE OF MEETING	Not required for regular meetings; five (5) days' notice required for special meetings
QUORUM	A majority of board members
REMOVAL OF ELECTED DIRECTORS	Director can be removed with or without cause by majority vote of the board
RESIDENCY	In-state residency not required
RESIGNATION OF ELECTED DIRECTORS	Director can resign via written notice, effective immediately unless post-dated
TERMS AND LIMITS	Governed by an organization's bylaws / articles of incorporation (AOI); if bylaws do not specify, then one (1) year
VACANCY OF ELECTED DIRECTORS	May be filled through an action of the board; the director filling vacancy only serves remaining term of predecessor
WAIVER OF NOTICE	Waived by virtue of attendance or a signed waiver
NOTES:	
1. Title:	<i>Nonprofit Corporation Law of 1988 (GAA Amendments Act of 2013?)</i>
2. Source:	http://law.justia.com/codes/pennsylvania/2014/title-15/chapter-51/section-5101/ - 1/8/16
3. Last update:	2013

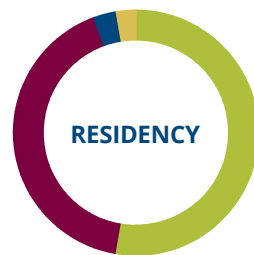
SAMPLE NONPROFIT LAWS TOPIC REPORT - RESIDENCY

This is an example of what you can expect from the *Nonprofit Laws: Board Rules and Regulations*' section on individual nonprofit law topics. See a range of legal approaches taken across all 50 states, including the District of Columbia, to the 13 areas of board activities presented in the report. Explore results via the interactive map, charts, and trends and observations sections.

US LAWS GOVERNING GOVERNING RESIDENCY

" To what degree are board members required to reside in the same state where the nonprofit is incorporated?"

Residency refers to legal provisions requiring nonprofit boards members to reside in the same state where the nonprofit is incorporated. Below are the findings on a nationwide basis regarding residency of board directors.



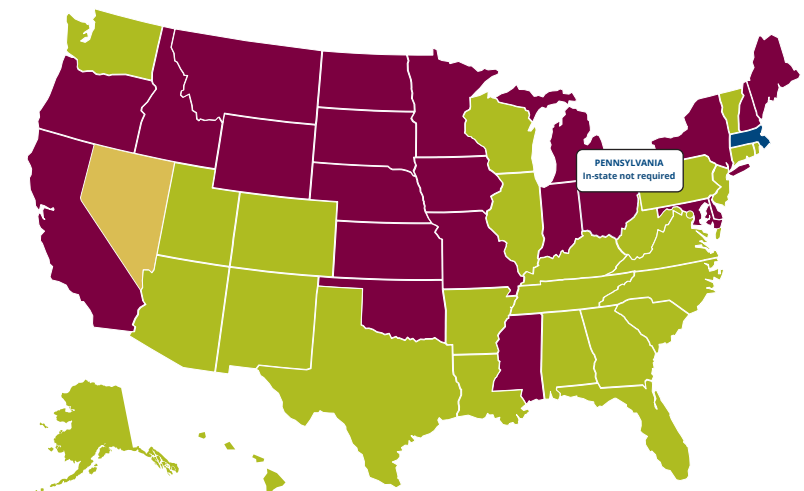
- In-state residency not required (26 states)
- Governed by an organization's bylaws / articles of incorporation (AOI) (23 states)
- Clerk must be a state resident (1 state)
- No applicable laws exist on this topic (1 state)

TRENDS AND OBSERVATIONS

All states allow for board members to be out-of-state residents; nearly half leave this determination up to the Bylaws or the Articles of Incorporation (AOI). One state, Massachusetts, requires the clerk to be a resident.

US LAWS GOVERNING RESIDENCY BY STATE

On the website you will be able to hover over a state to see the rule that applies to your state of interest.





We're passionate about the work of boards, which drives how we develop the BoardEffect solution. Boards operate in a series of overlapping cycles: a regularly scheduled meeting cycle, an annual operating cycle, and the cycle of longer term board development and engagement. BoardEffect's solution supports boards' interdependent responsibilities across these ongoing cycles.

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