

BIG SKY INSTITUTE
for the ADVANCEMENT of NONPROFITS

Organizational Bylaws

Approved: December 30, 1999

Amended: January 25, 2000; March 3, 2003; August 16, 2008; May 10, 2013

Article I. General

Section 1. Name

The legal name of the Corporation is Big Sky Institute for the Advancement of Nonprofits.

Section 2. Purpose

The Big Sky Institute for the Advancement of Nonprofits carries out research, leadership development, education, philanthropy development, and other activities to increase the effectiveness and sustainability of the nonprofit sector in Montana and other states.

Section 3. Corporate Status

The Corporation is a nonprofit, public benefit corporation under Title 35, Chapter 2, of the laws of the State of Montana.

Section 4. Tax Exempt Status

The Corporation is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Corporation are deductible under Section 170 of the Internal Revenue Code.

Section 5. Principal Office

The principal office of the Corporation is located at 32 South Ewing Street, Suite 329, Helena, Montana 59601. The secretary of the Corporation maintains a copy of official records of the Corporation at the principal office.

Section 6. Other Offices

The Corporation may have other offices, either within or outside of Montana.

Article II. Members

The Corporation shall have no members.

ARTICLE III. Regulation Of Corporate Activities And Distributions

Section 1. Restricted Activities

- (a) No substantial part of the Corporation's activities shall involve efforts to influence legislation, and the Corporation shall not participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office.
- (b) No Director, officer, employee, or representative of the Corporation shall take any action or carry on any activity on behalf of the Corporation that is not permitted under Section 501(c)(3) of the Internal Revenue Code and its Regulations, and/or not consistent with the provisions of the Montana Nonprofit Act under which the Corporation operates.
- (c) No part of the net earnings, properties, or assets of this Corporation, on dissolution or otherwise, shall inure to the benefit of, or be distributable to, its Directors, officers, or other private person or individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article I, Section 2.

Article IV. Directors

Section 1. Powers of Directors

Subject to the limitations of the Articles of Incorporation, these Bylaws, and the Montana Nonprofit Corporation Act, all corporate powers shall be exercised by, or under the authority of, the Board of Directors.

Section 2. Number of Directors

The Board of Directors shall consist of at least five, and not more than twenty-five, members. The Executive Director shall serve as a voting member of the Board of Directors (See Article VIII, Section 3).

Section 3. Qualifications of Directors

A majority of the Board members shall be Montana residents. Board members shall be committed to the purposes of the organization, and shall actively contribute time and energy to assist the Corporation in carrying out its mission.

Section 4. Standards of Performance for Directors

Directors shall discharge their Board duties in good faith, with the care an ordinarily prudent person in a similar position would exercise under similar circumstances, and in a manner they believe to be in the best interests of the Corporation.

Section 5. Election and Tenure of Directors

- (a) *Election Process and Timing.* Individuals shall be elected to the Board of Directors by a majority of the Directors then in office. Terms of office shall begin on the date of the first annual Corporation meeting following the election of any Board member, or on the date of election if the Board member is elected at the annual meeting.
- (b) *Staggering of Terms.* Following their term of service after initial appointment on April 2, 1999, the members of the founding Board of Directors and those members subsequently elected to the Board shall serve until such time that there is a minimum of 9 duly elected Board members. In the year that the minimum of 9 is attained, the Board President, in consultation with all Board members, shall designate one-third of the Board to serve one-year terms; one-third of the Board to serve two-year terms; and one-third of the Board to serve three-year terms. Thereafter, at each Annual Meeting of the Board of Directors, a number of Directors equal to those whose terms have expired shall be elected for a term of three years.
- (c) *Terms and Term Limits.* Each Director shall hold office until his/her successor has been duly elected. No Director may serve more than two consecutive three-year terms. Accordingly, once the founding Directors have served out their terms, Directors serve two three-year terms for a maximum of six years. Directors who have served out their terms are not eligible for re-election until two years following the date that the previous term ended. The two exceptions to this rule are as follows: 1.) the Executive Director, whose term on the Board coincides with his/her tenure as Executive Director; and 2.) the Board President, when her/his presidency coincides with serving the last year of a second consecutive three-year term. To provide for continuity in leadership, the President shall be eligible for one additional year, and will serve as a member of the Board's Executive Committee.

Section 6. Resignation of Directors

Resignations are effective upon the receipt by the President of the Board of Directors of a written notification signed by the resigning Director.

Section 7. Removal of Directors

A director may be removed, with or without cause, by a vote of two-thirds of the Board of Directors then in office.

Section 8. Meetings, Notice and Quorum

- (a) *Meetings and Notice.* Meetings shall be at such times and places as the Board shall determine; however, there shall be at least three meetings of the Board each calendar year. All Board members shall receive advance notice of all meetings of the Board of Directors. The notice shall include the meeting place, the date, and the time of the meeting, and shall be issued at least two weeks prior to the meeting whenever possible. A quorum is needed to transact official business at a Board

meeting, and shall consist of a majority of the Board of Directors. All decisions shall be made by a majority vote of those present at a meeting at which a quorum is present.

- (b) *Annual Meeting.* The annual meeting of the Corporation shall be held in conjunction with the first meeting of the Board of Directors in any calendar year.
- (c) *Meetings by Tele-Conference or Other Communications Technology.* The Board may: (i) conduct some of its meetings via conference calls or other technologies that permit people participating in the meeting to hear each other simultaneously; and (ii) permit any or all Directors to participate in in-person meetings via such means. A Director participating in a meeting by conference call or other technology is deemed to be a full, voting participant in the meeting. The chair of the meeting may establish reasonable rules as to conducting the meeting by telephone or other technology.

Any action required or permitted to be taken at a meeting of Directors may be taken without a meeting – including by e-mail or other electronic means – If the action taken is taken by all members of the Board.

- (d) *Conduct of Board Meetings.* The Board President, or in the President's absence, the Board Vice President or any Director chosen by the Directors present, shall act as the chairperson of a Board meeting. The chairperson shall establish rules of the meeting that will freely facilitate discussion and decision making. The chairperson will indicate who may speak when, and when a vote shall be taken. The Secretary of the Corporation shall act as the secretary of all meetings of the Directors. In the Secretary's absence, the presiding officer may appoint any other person to act as secretary of the meeting.

Section 9. Compensation for Board Service

Members of the Board of Directors shall receive no compensation for carrying out their duties as Board members. The Board may adopt policies providing for reasonable reimbursement of Directors for expenses incurred in conjunction with carrying out Board responsibilities, such as travel expenses to attend Board meetings.

Section 10. Compensation for Professional Services by Directors

Members of the Board of Directors may be remunerated for professional services at reasonable or applicable market rates approved by the full Board of Directors. The full Board shall vote on all contracts to retain and compensate a Board member for professional services, with the interested Board member abstaining from the vote and recusing herself/himself from the room during the vote. Moreover, the interested Board member shall fulfill all disclosure requirements of the Corporation's bylaws governing Conflict of Interest.

Section 11. Liability of Directors

Directors are not, as Directors, liable for the acts, omissions, debts, liabilities, or obligations of the Corporation, except in cases of willful or wanton misconduct.

Section 12. Indemnification

The Corporation may reimburse Directors for any reasonable expenses incurred in their defense at a proceeding to which they are a party because of their Board service and at which they are wholly successful. The Corporation may also purchase indemnification insurance.

Article V. Officers

Section 1. Number and Titles of Officers

The officers of the Corporation shall be a President, Vice President, Secretary, and Treasurer, all of whom shall be members of the Board of Directors. The Board of Directors shall elect each of these officers annually by majority vote at the annual meeting of the Corporation. The Board may designate and elect other officers and assistant officers as judged necessary for the effective conduct of the Board's governance obligations.

Section 2. Election and Term of Office

The Board shall elect officers for a term of one year and until such time that successors are elected. The Board of Directors may remove an officer from the position at any time prior to the termination of the designated term for failure to fulfill the duties and obligations of the office as described in these By-Laws.

Section 3. President

The President shall be the principal executive officer of the Corporation, subject to the control of the Board of Directors. The President shall supervise and control all of the business and affairs of the Corporation, lead the Board of Directors in the performance of its responsibilities, and preside over all meetings of the Board. The President may sign, with the Secretary or any other officer of the Corporation that the Board has authorized, Corporation deeds, mortgages, bonds, contracts, or other Board-authorized instruments.

Section 4. Vice President

The Vice President shall perform the President's duties, if the President is absent, dies, or otherwise is unable or refuses to act. If the Vice President acts in the absence of the President, the Vice President shall have all the presidential powers and be subject to the restrictions on the President. The Vice President shall perform any other duties that the President or Board of Directors may assign to the Vice President.

Section 5. Secretary

The Secretary, or the Secretary's appointee, shall: (1) create and maintain the books of minutes of the proceedings of the Board of Directors; (2) provide that all notices are served in accordance with these Bylaws, or as required by law; (3) be custodian of the Corporate records; (4) when requested or required, authenticate any records of the Corporation; and (5) in general, perform all duties incident to the office of the Secretary, and any other duties that the President or the Board of Directors may assign to the Secretary.

Section 6. Treasurer

The Treasurer, or the Treasurer's appointee, shall: (1) have charge and custody of, and be responsible for, all funds and securities of the Corporation; (2) deposit all moneys in the Corporation's name in banks, trust companies, or other depositories that the Board of Directors shall select; (3) submit the books and records to a Certified Public Accountant or other accountant for audit or review when such action is approved by the Board; and (4) in general, perform all of the duties incident to the office of the Treasurer, and any other duties that the President or Board of Directors may assign to the Treasurer.

Article VI. Committees

Section 1. Number

The Corporation shall have as many committees of the Board of Directors as the Board deems necessary.

Section 2. Powers and Responsibilities

A committee shall have only those powers specifically granted to it by the Board of Directors. At the time a committee is established by the Board of Directors, the Board shall define its responsibilities in writing by means of a Charter or Job Description.

Section 3. Committee Membership

- (a) Members of Board committees are appointed by a majority vote of the Board.
- (b) Chairs of Board committees are appointed by the Board President.
- (c) Board committees shall include no fewer than two Directors. Individuals who are not members of the Board of Directors may serve on Board committees. However, the Chair of every Board committee must be a Director.

Section 4. Committee Meetings.

The sections of these Bylaws which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the Board, and action without meetings apply to Board committees and their members. In addition, committees shall keep regular minutes of their proceedings and report the same to the Board. Committees are subject to all procedural rules governing the operation of the Board itself.

Section 6. Limitations

In designating powers and responsibilities to Board Committees, the Board of Directors shall not entrust any committee with the authority to:

- (a) approve or recommend to the full Board dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the Corporation's assets;

- (b) borrow money;
- (c) elect, appoint, or remove Officers or Directors, or fill vacancies on the Board of Directors or any of its committees;
- (d) hire or fire staff;
- (e) make substantial changes in the nature or situation of the Corporation; or
- (f) adopt, amend, or repeal the Articles of Incorporation or the Bylaws.

Article VII. Contracts and Finances

Section 1. Contracts

The Board of Directors may authorize any person to enter into any contract or execute or deliver any instruments on behalf of the Corporation, and such authorization may be general or confined to specific instruments.

Section 2. Loans

The Corporation shall not allow anyone to contract on behalf of it for indebtedness for borrowed money, unless the Board of Directors authorizes such a contract by resolution.

Section 3. Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

Section 4. Budget

The Corporation shall operate pursuant to an annual income and expense budget that is reviewed and approved by the Board of Directors.

Section 5. Checks and Drafts

The Board of Directors shall authorize by resolution which officer(s) or agent(s) may sign and issue all Corporate checks, drafts, or other orders for payment of money, and notes or other evidence of indebtedness. The Board of Directors shall also determine by resolution the manner in which these documents will be signed and issued.

Section 6. Accounts

The Board of Directors shall authorize by Board resolution the exact location of the banks and depositories where accounts may be established to receive funds of the Corporation. Depositories, in this instance, are intended to include stock investment firms. The Treasurer of the Corporation, or the Treasurer's designated appointee, shall deposit in banks and other depositories all funds of the Corporation that are not being used.

Article VIII. Establishment and Operation of Permanent Endowment Funds

Section 1. Power to Approve the Establishment of Endowment Funds.

The Corporation shall have the power to solicit, approve the establishment and operate endowment funds to further the mission of the Corporation, and to enable supporters and friends of the Corporation to make charitable gifts that will become a permanent endowment of financial support.

- (a) Establishment of endowment funds must be approved by corporate resolution.
- (b) Endowments may be established in perpetuity or for a term of years.
- (c) Endowment funds may be either unrestricted to support the general operations and programs of the Corporation, or restricted to support specific operational or programmatic purposes.

Section 2. Duration.

Endowment funds shall continue in existence, and be used for the purpose specified by the donor establishing the fund, so long as the Corporation shall continue to exist. Otherwise, the Fund shall be dispersed as all other property of the Corporation according to Article XI of the Corporation's Bylaws.

- (a) The use of assets of an endowment that was established for a term of years, will, at the end of term, be determined by the Gift Agreement establishing the endowment.

Section 3. Management, Investment and Distribution of Fund Assets.

Endowment funds will be managed, invested, and distributed in accordance with the Internal Revenue Code and its regulations, the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) and other state law and regulations, the Bylaws of the Corporation, any resolutions, policies, and procedures established by the Board of Directors, and the Endowment Gift Agreement establishing a fund.

- (a) Endowment funds will be managed, invested, and distributed by the Board of Directors. The Board also has the authority, under the provisions of Article VI of these Bylaws, to create a Committee to assist the Board with the management, investment, and distribution of endowment funds.
- (b) Endowment funds may be commingled for investment purposes as provided under MUPMIFA MCA 72-30-208(4)
- (c) The distribution shall be as directed by the donor(s) at the time of the gift, or as directed by a will or other gift document. If the use of the gift is undesignated, the distribution shall be directed by the Board.

- (d) Spending rules approved by the Board of Directors will determine the percentage of an endowment fund's fair market value that may be distributed for use by the Corporation.
- (e) The Board of Directors will determine the manner in which to distribute the annual earnings of the endowment including, but not limited to:
 - 1) reinvestment of earnings in the endowment until its assets reach a pre-determined amount, or in any particular year; or,
 - 2) expenditures for current operations, meeting debt obligations or other liabilities, or establishing or adding to a cash reserve for future needs.

Section 4. Contributions.

To be eligible as an endowment gift, donors must restrict their contributions to the endowment(s) of the Corporation, establish a new endowment in accordance with the Corporation's Gift Acceptance Policies, or make a contribution in response to a written or verbal request for an endowment gift. Contributions must be made in accordance with the Corporation's Gift Acceptance Policy. The Board of Directors shall have the authority and responsibility to accept or reject all gifts to an endowment fund. The Board also has the authority to establish a minimum dollar value that must be met before a separate endowment may be established.

All provisions concerning endowments, as to the investment of funds, administrations of funds, and limitation of use of distributions shall be applicable to both restricted and unrestricted endowment gifts, and all gifts made to endowments shall be accepted subject to the terms and limitations set forth in the Corporation's Gift Acceptance Policies.

- (a) Confidentiality. In accordance with the Corporation's Privacy Policy, all information about donors and prospective donors will be kept strictly confidential by the Corporation and its representatives, except as the donor grants permission to release such information.

If the donor agrees, the donor's name and the amount of the gift may be listed in the Corporation's annual report, on the Corporation's website and other publications.

- (b) Anonymity. All requests by donors for anonymity will be honored, except to the extent that the Corporation is legally required to disclose the identity of donors.
- (c) Quasi-Endowments. Any particular gift, not otherwise restricted by the donor for endowment purposes, may be used, upon resolution by the Board of Directors, to establish or add to a Quasi- or Board-Designated Endowment, which is a fund held and administered as if it were an endowment. Upon a resolution by the Board, it can be expended wholly or in-part.

Section 5. Fiscal Year.

- (a) For tax, accounting, distribution, or other purposes, the fiscal year of the Corporation shall be the fiscal year of all endowment funds.

- (b) At the annual meeting or the next subsequent meeting of the Board of Directors, an itemized written statement accurately reflecting the position(s) of endowment fund(s) income and assets, the receipts, disbursement and changes for the previous fiscal year shall be submitted to the Board.
- (c) The Fund shall be subject to any internal financial review or audit of all Corporate funds and accounts.

Section 6. General Restrictions for Endowment Funds.

- (a) There shall be no loaning from endowment funds of the Corporation, either external to the Corporation or as so-called inter-fund borrowing or lending.
- (b) There shall be no expenditure from endowment funds of the Corporation for political purposes as provided for in Article III. Section 1(a) of these bylaws.

Section 7. Merger, Consolidation or Dissolution of the Endowments of the Corporation.

If at any time the Corporation is lawfully merged or consolidated with any other organization, all the provisions of these bylaws shall be deemed to have been made on behalf of the merged or consolidated organization, which shall be authorized to administer the endowment funds in all respects and in accordance with the terms of this document, the Articles of Incorporation of the Corporation and the Gift Agreement establishing the endowment. If the Corporation should ever be dissolved without any lawful successor thereto, the endowments, including principal and income to date, shall be transferred to the authority of the Montana Community Foundation per the provisions of Article XI. Section 3 of the Corporation's Bylaws.

Section 8. Severability.

If any provision or any application of any provisions of the endowment funds of the Corporation shall be deemed illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any applications of any provision herein contained or render the same invalid, inoperative, or unenforceable.

Article IX. Staff

Section 1. Staff Positions

The Board of Directors shall approve the establishment of, and has the authority to abolish, all paid staff positions of the Corporation.

Section 2. Personnel Policies

In the event that paid staff become employed by the Corporation, the Board of Directors shall approve the general terms and conditions of employment for all employees, which shall be expressed in a set of personnel policies that shall be reviewed and approved by a majority of the Board of Directors. Changes in the personnel policies can only be undertaken by the Board of Directors, through a majority vote.

Section 3. Executive Director

The Board of Directors may hire, and has the authority to fire, an Executive Director to serve as the chief staff officer of the Corporation and manage it in accordance with the policies of the Board. The Board of Directors shall determine the title, duties, compensation, and other terms of employment of the Executive Director. The Executive Director serves as a voting member of the Board of Directors for as long as he or she serves as Executive Director.

Section 4. Other Employees

The authority to hire and fire other employees for authorized positions is delegated to the Executive Director, or the individual who is employed in a capacity resembling Executive Director, should such an individual be retained by the Corporation. The Executive Director shall determine the title, duties, and compensation of such employees, consistent with parameters and policies established by the Board of Directors. Should the Corporation not retain an Executive Director, or an individual in a similar executive management position, the Board of Directors is duly empowered to hire and fire other employees for authorized positions.

ARTICLE X. CONFLICT OF INTEREST

Section 1. Conflict of Interest

The organization shall promulgate policies covering conflict of interest situations involving the Board, staff, and consultants and advisors. Adherence to the policies by covered individuals shall be reviewed annually by means of a disclosure form completed by each covered individual and returned to the Executive Director.

By means of the annual disclosure form and additional disclosure at the time a conflict situation arises, covered individuals shall disclose to the Board President, Committee Chair, or Executive Director any material interest which the individual directly or indirectly has in any person or entity which is a party to a programmatic or financial transaction under consideration by the organization. In the case of a member of the Board of Directors, the interested Director shall abstain from voting on the transaction and not be present during the voting process. However, the Director's presence may be counted in determining whether a quorum is present for purposes of Article IV, Section 8(a) of these Bylaws.

Section 2. Approval of Conflict of Interest Transactions

A transaction in which a Director has a conflict of interest may be approved:

- (a) In advance of the vote of the Board of Directors or a committee of the Board if: (i) the material facts of the transaction are disclosed or known to the Board or committee of the Board; and (ii) the Directors approving the transaction in good faith reasonably believe that the transaction is fair to the Corporation; or

- (b) Before or after the transaction is consummated by obtaining approval of: (i) the attorney general; or (ii) a state district court in any action in which the attorney general is joined as a party.

Article XI. Dissolution

Section 1. Notification of Attorney General and Secretary of State

The Secretary of the Corporation shall notify the Attorney General of the State of Montana when dissolution and the sale or conveyance of assets (as defined in the Montana Nonprofit Corporation Act) are intended.

- (a) The Secretary shall give the Attorney General written notice that the Corporation intends to dissolve at or before the time the Secretary delivers articles of dissolution to the Montana Secretary of State. The notice must include a copy or summary of the plan of dissolution.
- (b) The Corporation shall not transfer or convey assets as part of the dissolution process until 20 days after the Secretary has given the written notice to the Attorney General or until the Attorney General has consented in writing to the dissolution, or indicated that the Attorney General will not take action in respect to transfer or conveyance, whichever is earlier.
- (c) When the Corporation has transferred or conveyed all or substantially all of its assets following approval of dissolution, the Board of Directors shall deliver to the Attorney General a list showing those, other than creditors, to whom the Corporation transferred or conveyed assets. The list must indicate the address of each person, other than creditors, who received assets and an indication of what assets each received.

Section 2. Meeting Internal Revenue Code Requirements

Upon the dissolution of the Corporation, any assets remaining after provision has been made for paying the Corporation's liabilities, shall be distributed only to one or more nonprofit organizations which are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 as it now exists or may later be amended.

Section 3. Recommended Distribution of Assets


Notwithstanding any of the provisions of Article X. Section 1, upon dissolution of the Corporation, the Board of Directors of this Corporation shall consider as preferred option the conveyance of remaining assets, after all debts are satisfied, to the Montana Community Foundation, or its successor organization, to be used to establish a permanently endowed fund. The earnings from this fund shall be used to award grants that will fund activities consistent with the mission and purposes of the Big Sky Institute for the Advancement of Nonprofits.

Article XII. Amendments

These Bylaws may be amended by a two-thirds vote of the Board of Directors of the Corporation.

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APPROVED: May 10, 2013
(Date)

SIGNED: 

President, Board of Directors
Big Sky Institute for the Advancement of Nonprofits