

HARTZOG CONGER CASON & NEVILLE

A PROFESSIONAL CORPORATION

LAWYERS

1600 BANK OF OKLAHOMA PLAZA
201 ROBERT S. KERR
OKLAHOMA CITY, OKLAHOMA 73102

(405) 235-7000

FACSIMILE (405) 235-7329

www.hartzoglaw.com

MEMORANDUM

TO: Local Chapters of the American Association of Woodturners

FROM: Steven C. Davis and Amy J. Sine

DATE: June 2, 2003

RE: American Association of Woodturners
Incorporation and Tax Exemption of Local Chapters

To help local chapters of the American Association of Woodturners incorporate and apply for recognition as a tax exempt charitable organization, we are providing checklists and sample forms. We have provided a checklist for creating a not-for-profit corporation with sample Articles of Incorporation and Bylaws. After your local chapter has incorporated, you should review the checklist for applying for recognition of exemption, along with the sample Form 1023, Application for Recognition of Exemption and Form SS-4, Application for Employer Identification Number. The checklists and forms provide general guidance, and not specific legal advice. You should consult with an individual familiar with your local chapter and your state's laws before proceeding. We hope the checklists and sample forms help you along the way.

Checklist for Creating a Not-for-Profit Corporation

This checklist will summarize the procedures you should follow to organize a not-for-profit corporation for your woodturning activities. This checklist gives general guidance only, it cannot provide specific legal advice since each state's laws differ. You should consult with an individual familiar with your state's law when creating a corporation. After incorporation, you should review the checklist which gives guidance for applying for recognition of tax exempt status.

1. Articles of Incorporation. A corporation must first obtain a charter or certificate of incorporation authorizing the corporation to do business within a state. In most states, the first step is the filing of Articles of Incorporation with the Secretary of State.

Sample Articles of Incorporation for a not-for-profit corporation are attached. The purpose clause in the Articles of Incorporation must indicate a non-profit purpose. Those corporations seeking tax exempt status as a charitable organization to which tax deductible charitable contributions can be made must limit the non-profit purposes of the corporation to those set out in Section 501(c)(3) of the Internal Revenue Code, as shown in the sample Articles. Although your purposes may specify woodturning, it is fine to merely describe general charitable purposes as shown in the sample.

The corporate name must not be the same, or deceptively similar to, the name of another corporation existing within the state. You may call the Secretary of State to determine whether a name is available. A registered agent and a registered office must be designated and maintained, as shown in the sample Articles. The number and qualifications of the incorporators depend on state law. Some states require more than one incorporator.

2. File Articles of Incorporation With the Secretary of State. After the Articles are filed, the Secretary of State generally will issue a Certificate of Incorporation.
3. Organizational Meeting of Directors. After a Certificate of Incorporation is received from the state, the Board of Directors named in the Articles of Incorporation must hold an organizational meeting to adopt bylaws, elect officers and transact any necessary business.
4. Bylaws. The Bylaws determine the rights and duties of the members and the management of the corporation. Times and places of meetings of the directors and of the members should be stated in the Bylaws. The Bylaws should also contain provisions relating to the number, qualifications, compensation and duties of directors and officers. Provisions relating to classes of Board members, voting rights, quorums, proxies, termination and reinstatement of Board members should be included in the Bylaws. The Bylaws should provide a procedure for amending the Bylaws. Sample Bylaws are attached.

5. Obtain Certificate of Authority From Other States. Incorporation in one state does not permit a corporation to do business in another state. If the corporation intends to conduct business in other states, you should determine whether Certificates of Authority must be obtained from the Secretary of State in each other state where business will be conducted.
6. County and City Requirements. You should determine whether any licenses or permits must be obtained before doing business within each county and city, as well as checking on any additional state permits.
7. Register Before Soliciting Contributions. Many states require not-for-profit corporations engaged in solicitations within the state to register with the state. Some states require payment of a solicitation fee. Each state's statutes should be consulted before undertaking a solicitation program in that state.
8. Keep Records. A not-for-profit corporation must keep correct and complete books and records of account and must keep minutes of the proceedings of its members, Board of Directors and committees.

Procedural Checklist

Make sure the application is complete.

If you do not complete all applicable parts or do not provide all required attachments, we may return the incomplete application to your organization for resubmission with the missing information or attachments. This will delay the processing of the application and may delay the effective date of your organization's exempt status. The organization may also incur additional user fees.

Have you . . .

- _____ Attached **Form 8718** (User Fee for Exempt Organization Determination Letter Request) and the appropriate fee?
- _____ Prepared the application for mailing? (See **Where To File** addresses on Form 8718.) Do **not** file the application with your local Internal Revenue Service Center.
- _____ Completed Parts I through IV and any other schedules that apply to the organization?
- _____ Shown the organization's **Employer Identification Number (EIN)**?
 - a. If your organization has an EIN, write it in the space provided.
 - b. If this is a newly formed organization and does not have an Employer Identification Number, obtain an EIN by telephone. (See Specific Instructions, Part I, Line 2, on page 3.)
- _____ Described your organization's **specific activities** as directed in Part II, line 1, of the application?
- _____ Included a **conformed copy** of the complete organizing instrument? (See Specific Instructions, Part I, Line 10, on page 3.)
- _____ Had the application signed by one of the following?
 - a. An officer or trustee who is authorized to sign (e.g., president, treasurer); **or**
 - b. A person authorized by a power of attorney (Submit Form 2848, or other power of attorney.)
- _____ Enclosed **financial statements** (Part IV)?
 - a. Current year (must include period up to within 60 days of the date the application is filed) and 3 preceding years.
 - b. Detailed breakdown of revenue and expenses (no lump sums).
 - c. If the organization has been in existence less than 1 year, you must also submit proposed budgets for 2 years showing the amounts and types of receipts and expenditures anticipated.

Note: During the technical review of a completed application, it may be necessary to contact the organization for more specific or additional information.

Do not send this checklist with the application.