

## **GUIDELINES FOR STARTING AN OKLAHOMA NONPROFIT ORGANIZATION**

Here at Neighbors Building Neighborhoods and the Nonprofit Resource Center we are often asked for information about how to set up a nonprofit organization.

This packet has been designed to provide you the basic information and point you to the available resources to establish an Oklahoma nonprofit corporation that qualifies under Internal Revenue Code (IRC) Section 501(c)(3) as a charitable organization for which donations are deductible under IRC Section 170. The primary source of the information that follows is from the *Oklahoma Bar Journal*, May 19, 2012, in an article entitled "Oklahoma Nonprofit Corporations, a Basic Primer on Starting Up 501 (c)(3) Charitable Organizations," by Gary C. Clark, Vice President and General Council of Oklahoma State University.

This packet is not intended to be comprehensive or to address all the nuances and complicated issues affecting charitable organizations. Neither is this information intended to be a substitute for legal advice from your own attorney. We highly recommend consulting with legal counsel to ensure that you are in compliance with all federal, state, and local regulations governing the establishment and operation of a nonprofit, tax-exempt organization.

For additional basic information we recommend that you use these resources as well:

<http://www.councilofnonprofits.org/howtostartanonprofit>

<http://managementhelp.org/startingorganizations/start-nonprofit.htm>

### **Step 1: Do your research**

#### Examine the need for another nonprofit

It is best not to "reinvent the wheel" or duplicate services. Be sure to discuss your ideas with people in the community who know what services or programs are already available. There may be another program in the community that would benefit from your participation and ideas for new programs or services.

#### Be familiar with the IRS definition of a nonprofit

You can find the guidelines for determining whether or not your new organization fits the definition by visiting: [www.irs.gov/charities/charitable/article/0,,id=96099,00.html](http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html)

#### Explore using a fiscal agent/sponsor

*Definition:* A nonprofit, tax-exempt organization that acts as a sponsor for a project or group that does not have its own tax-exempt status. Grants or contributions are made to the fiscal sponsor which manages the funds. In the case of a grant, the fiscal agent/sponsor is responsible for reporting back to the foundation on the progress of the project.

Fiscal agents/sponsors also sometimes serve as "incubators," providing shared office space and accounting and administrative services. The organization that is sponsored usually pays a fee to the sponsor for its services.

Another 501 (c)(3) nonprofit with a similar mission may be willing to serve as your fiscal agent/sponsor during your start-up phase. Then, after a period of time, if you are successful in carrying out your mission and getting better organized you may wish to

obtain your own 501 (c)(3). A fiscal agent/sponsor might be useful to you if your nonprofit:

- 1) Does not have sufficient resources to handle startup costs and fees
- 2) Does not have sufficient skills initially to manage your finances
- 3) Will address a community need and then no longer need to exist.

See also: <http://nonprofit.about.com/od/gettingstarted/a/Should-You-Seek-A-Fiscal-Sponsor-Rather-Than-Start-A-Nonprofit.htm>

#### Select a name for your new organization

You will need to know the name you want to use early on so that you can check its availability at no cost through the Oklahoma Secretary of State's office. The name must include one of the following words: "association," "company," "corporation," "club," "foundation," "fund," "incorporated," "institute," "society," "union," "syndicate" or "limited" or an abbreviation thereof. Depending on the probability that the name might be taken by another group before you can prepare and file the articles of incorporation, you might reserve the name for 60 days for the relatively nominal cost of \$10.

To check for name availability - [www.sos.ok.gov/corp/corpInquiryFind.aspx](http://www.sos.ok.gov/corp/corpInquiryFind.aspx)

Form for reserving name - <https://www.sos.ok.gov/forms/FM0034.PDF>

#### Establish your sources of revenue

Organizations described in IRC Section 501(c)(3) fall into two categories: private foundations and public charities. To determine which type of charitable organization you will be forming, you will need to know from where the expected revenue for the organization will come.

A charitable organization is not a private foundation, and is therefore a "public charity," if a substantial part of its support (exclusive of income received in the exercise of its exempt purpose or function) comes from a governmental unit or from direct or indirect contributions from the general public." The "substantial part of support" requirement is met if one third of your support comes from such sources.

## **Step 2. Basic Organizational Tasks**

#### Decide your organization's purpose or mission

The organization's purpose is worth careful consideration. It should be the guiding principle for the group's intended actions. Hopefully, there is general agreement. Take care to avoid too narrow a purpose that the organization soon outgrows. Try to craft a purpose or mission statement in 25 words or less that answers the question, "Why does the organization exist?" The statement should spell out the organization's overall goal, provide a way to achieve it, and guide all decision making.

Examples: See Appendix A

#### Draft the Articles of Incorporation

Besides name and purpose you will need to establish who will be the registered agent and registered address (physical address, not P.O. Box), duration of the corporation (perpetual is recommended). You will need to list at least three incorporators with their respective mailing addresses to file for incorporation as an Oklahoma nonprofit corporation and the number of directors (may be as few as one, but two or three is

better) together with their names and addresses. The articles of incorporation must include a provision that the corporation will not provide “pecuniary gain, incidentally or otherwise, to its members as such.” In addition to what the State of Oklahoma requires to incorporate a nonprofit corporation, the Internal Revenue Service requires the articles to include certain language in order to qualify for tax-exempt status under IRC Section 501(c)(3).

Mail To:

*Secretary of State  
2300 N. Lincoln Blvd.  
PO Box 778  
Room 101  
State Capitol Building  
Oklahoma City, OK 73105-4897*

*Information: (405) 521-3912  
Web Site: [www.sos.state.ok.us](http://www.sos.state.ok.us)  
Filing Fee: \$25*

Examples: See Appendix B

#### Draft Bylaws

Bylaws are your organization’s operating manual. They define

- Size of the board and how it will function
- Roles and duties of directors and officers
  - Must include language stating that none of the earnings may provide “pecuniary gain, incidentally or otherwise, to its members as such”
- Rules for holding meetings, electing directors and appointing officers
- Guidelines on conflicts of interest
- How grant monies will be distributed
- How property will be disposed of should organization disband (Dissolution Statement)
- Other essential corporate governance matters

For examples of nonprofit bylaws and the customary types of Articles to be included

Examples: See Appendix C

#### Review Articles and Bylaws with organizers

Be sure to obtain the signatures of three incorporators on your organizational documents.

## **ADDITIONAL INFORMATION REQUIRED FOR FILING IRS FORM 1023**

### Projected Budget for Three Years

If your organization will have less than \$7,500 in gross receipts for the first year, \$12,000 cumulative through the second year and \$15,000 cumulative through the third year (i.e., less than \$5,000 average through three years) you are not required to file the Form 1023. The projected budget will help you to determine whether or not you are required to file the Form 1023.

If you expect to exceed those amounts or if you think there is any reasonable possibility of doing so, we encourage you to file while you have the information at hand. If the Form 1023 is not filed and the organization exceeds any of the limits, it is required to file within 90 days after the period in which the limit was exceeded. Failure to do so will result in the loss of the tax-exempt status for the year in which the limit was exceeded through the year in which the Form 1023 is ultimately filed. There would be no tax deductibility for donations and donors would be required to amend their tax returns. They probably would cease to be donors to the organization.

Assuming that your organization does not qualify for the above exemption from filing, you generally must file the Form 1023 within 27 months of the formation of the entity. The budget information is essential to complete the Form 1023 for filing with the IRS for a start-up nonprofit (and will help determine its status as a public charity). Not surprisingly, forms with complete information are processed more quickly than those which require follow-up. The bad news is that it may take some time to get the IRS determination letter officially recognizing the organization's exempt status. The good news is that the exempt status relates back to the formation of the organization. Be sure to include a properly completed power of attorney form (Form 2848) or the IRS will not discuss the filing with you.

### Other Form 1023 Required Information

If you need some assistance in completing the core part of Form 1023 (12 pages) and any applicable schedules) the Nonprofit Resource Center may be able to help you. However, *this service does not constitute an engagement to provide legal, tax, or other professional services. If you require professional assistance on these or other nonprofit tax or administrative law issues, please contact an attorney, accountant or other professional advisor, or the relevant government agency.*

### Obtain an Employer Identification Number

Even if it is unlikely that your organization will have any employees, you will need to obtain the tax identification number (EIN). The EIN will be entered on your Form 1023 application and will be your Federal Identification Number. It will also be required by a bank in order to establish a bank account. If you are going to have paid employees the rules relating to employees of for-profit corporations are generally (with a few exceptions) applicable to you.

<http://www.irs.gov/pub/irs-pdf/fss4.pdf>

### Filing Fees

The current IRS filing fee for the Form 1023 is \$400 for organizations with \$10,000 or less in annual gross receipts during the preceding four years and \$750 for those with more.'

### Estimate of Time Frames Involved

The Form 1023 processing leading to the issuance of a formal determination letter will take considerable time. Currently the IRS is reviewing applications submitted nine or more months prior to the current date. However, as long as you are comfortable that your organization meets the requirements of IRC 501(c)(3), your attorney concurs, and/or the Nonprofit Resource Center has reviewed your application and believes it meets the requirement, you may proceed with your activities safe in the knowledge that donations will be deductible under the Internal Revenue Code and the Oklahoma tax code.

## **ADDITIONAL INFORMATION ABOUT OPERATING AS A NOT FOR PROFIT IN THE STATE OF OKLAHOMA**

### Plans to Solicit Funds

Oklahoma (and most states) requires annual registration of organizations conducting charitable solicitations. Solicitors and professional fundraisers also must register.

### Necessity of Observing Corporate Formalities

The organizational meeting of the corporation is when the Certificate of Incorporation is issued by the Secretary of State. All organizational documents should be placed in a corporate notebook at that time, as well. Annual meetings of members and periodic meetings of the board of directors with minutes are very important and should be held in accordance with the bylaws and each action taken duly noted in the official minutes of the organization.

### Activities or Failures Which Might Jeopardize the Tax Exempt Status

There are certain activities which may cause the loss of tax exempt status. The primary issues will be providing private benefits which inure to the organizers," engaging in more than incidental political activity," and failing to file the annual forms (990 or 990-EZ or 990-N) required by the Internal Revenue Service for three consecutive years.

### Fiduciary and Governance Duties of Board Members

The fiduciary duties of the members of the board of directors include but are not limited to : duties of obedience, loyalty and care. Conflicts of interest must be avoided, as well. It is a common practice to draw up a document explaining the responsibilities of all board members so that they are aware that they are undertaking a serious obligation. It should be signed to indicate they understand and agree to carry out their responsibilities of governance and oversight.

## **CHECKLIST OF ACTION STEPS**

This is not an exhaustive list, but it may be used as a guide to help you complete your organizational tasks.

- Check for name availability - [www.sos, ok.gov/corp/corpInquiryFind,aspx](http://www.sos.ok.gov/corp/corpInquiryFind.aspx)
- Optional - reserve the name (often not really necessary)
- Draft Articles of Incorporation (see attached sample form at Appendix B)
- Draft bylaws (see sample form at Appendix C)
- Review Articles and bylaws with organizers and obtain signatures of three incorporators
- File one signed copy of the Articles of Incorporation with \$25 check with Secretary of State
- Prepare initial draft of IRS Form 1023
- Calendar to watch for the Articles of Incorporation to be returned from the Secretary of State stamped "filed" with the certificate of incorporation
- When articles are returned, hold organizational meeting to adopt bylaws, elect officers, authorize signatures for bank account, etc. (make certain that minutes are kept and prepared for approval at next meeting).
- Obtain an Employer Identification Number by going online (<https://sa2.www4.irs.gov/modiein/individual/index.jsp>), or by calling the Business & Specialty Tax Line at (800) 829-4933. You may also complete the form online print it and fax it in.
- Establish a bank account and have an accountant familiar with nonprofit accounting procedures help set up your bookkeeping procedures using a proper nonprofit financial recordkeeping system.
- Establish a process to send charitable contribution receipts that meet the requirements of IRC 170 for deductibility (see IRS Publication 1771).
- Review and revise Form 1023.
- Complete the Form 1023 checklist and double check that everything is present and complete and that the form is properly signed.
- Periodically check status of the Form 1023 by going to: <http://www.irs.gov/charities/article/0,,id=156733,00.html>.
- Upon receipt of the IRS determination letter, make note in the official minutes that Form 990, 990-EZ or 990-N must be filed normally no later than the 15th day of the fifth month after the end of each fiscal year.
- Create a file for your Form 1023 and each annual Form 990 series filings so they are easily available for public inspection at your permanent location.

- Upon receipt of the IRS determination letter, complete and submit a signed Form B-16-A to the Oklahoma tax Commission with a copy of the determination letter if your organization qualifies as an Oklahoma sales tax exemption.
- Record that OTC Form 512-E must be filed annually no later than the 15th day of the fifth month after the end of each fiscal year. If nonexempt solicitations will occur, complete and file an Initial Registration Statement with a check for \$15 for expected contributions under \$10,000 (or \$65 for those above) with the Secretary of State.
- If non-exempt solicitations will occur, record that annual renewals of the charitable solicitation registration must be filed with the Secretary of State.



## **APPENDIX A**

### Examples of Mission or Purpose Statements

These examples are furnished only to assist your organization  
in crafting your own Mission or Purpose Statement.

Your own Statement should be unique to your organization.

## MISSION STATEMENT EXAMPLES

### For a public charity

- This corporation is organized exclusively for charitable purposes, more specifically to engage in any lawful act or activity to provide assistance to the homeless in Bountiful, Oklahoma including, but not limited to, providing or making available food and temporary shelter.
- The mission of the American Antigravity Corporation is to provide online scientific and educational material and support to the scientific community and general public, relating to aerospace, renewable energy, and other scientific disciplines. American Antigravity fosters learning and academic excellence by working with scientists, educators, and inventors to create a safe, fulfilling, and academically enriching environment for breakthrough science.
- The mission of XYZ is to connect people through lending for the sake of alleviating poverty.

### For an education foundation:

- This corporation is organized exclusively for education purposes, more specifically to engage in any lawful act or activity to support our local school by (1) making grants to teachers to support educational efforts or (2) providing scholarships to local high school graduates going on to college.

For more help in writing a mission statement see:

<http://nonprofit.about.com/od/nonprofitbasics/a/mission.htm>

<http://managementhelp.org/strategicplanning/mission-vision-values.htm>

## **APPENDIX B**

### **Sample Articles of Incorporation**

*Samples are provided as a reference and not intended to establish legal standards. The Nonprofit Resource Center is providing this information for your reference and this service does not constitute an engagement to provide legal, tax, or other professional services. If you require professional assistance on these or other nonprofit tax or administrative law issues, please contact an attorney, accountant or other professional advisor, or the relevant government agency.*

*While it is permissible to use the form the Oklahoma Secretary of State provides, it is best to draft your Articles of Incorporation based on these samples.*

*Even if you decide to draft your Articles yourself it is advisable that an attorney review them.*

## EXAMPLE 1

### ARTICLES OF INCORPORATION (Not for Profit)

To: Oklahoma Secretary of State 2300 N. Lincoln Blvd., Room 101, State Capitol Building  
Oklahoma City, Oklahoma 73105-4897 (405)521-3912

The undersigned, for the purpose of forming an Oklahoma not for profit corporation under the provisions of Title 18, Section 1001, do hereby execute the following articles of incorporation.

1. The name of the corporation is BRIGHTER DAY FOUNDATION, INC,
2. The name of the registered agent and the street address of the registered office in the State of Oklahoma is:

John Doe  
123 S. Main  
Bountiful, Oklahoma 73100

3. The duration of the corporation is perpetual.
4. The purpose or purposes for which the corporation is formed is to engage in any lawful act or activity to provide assistance to the homeless in Bountiful, Oklahoma including, but not limited to, providing or making available food and temporary shelter.

Said corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, 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 above. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 507 (c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the

principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

5. This corporation does not have authority to issue capital stock.
6. This corporation is not for profit, and as such the corporation does not afford pecuniary gain, incidentally or otherwise, to its members.
7. The number of directors to be elected at the first meeting is five.
8. The name and mailing address of each person who will serve as trustee or director are:

Ben Black  
421 N. Main  
Bountiful, OK 73100

Susan Brown  
613 E. Sixth Avenue  
Bountiful, OK 73100

Mary White  
823 E. First Avenue  
Bountiful, OK 73100

Bill Blue  
543 S. Lincoln  
Bountiful, OK 73100

Margaret Green  
711 N. Grant  
Bountiful, OK 73100

9. The names and mailing address of the undersigned incorporators:

Ben Black  
421 N. Main  
Bountiful, OK 73100

Mary White  
823 E. First Avenue  
Bountiful, OK 73100

Susan Brown  
613 E. Sixth Avenue  
Bountiful, OK 73100

WE, THE UNDERSIGNED, for the purpose of forming a not for profit corporation under the laws of the State of Oklahoma, certify that the facts herein stated are true, and have accordingly hereunto set our hands this \_\_\_\_\_ day of, \_\_\_\_\_, \_\_\_\_\_

Ben Black \_\_\_\_\_ Mary White \_\_\_\_\_

**EXAMPLE 2**

ARTICLES OF INCORPORATION  
OF  
NAME OF ORGANIZATION

The undersigned incorporator(s), a natural person 18 years of age or older, in order to form a corporate entity adopts the following articles of incorporation.

**ARTICLE I NAME/REGISTERED OFFICE**

The name of this corporation shall be \_\_\_\_\_,  
located at \_\_\_\_\_ (street address, city, state, zip).

**ARTICLE II: PURPOSE**

This corporation is organized exclusively for charitable, scientific and educational purposes (pick one or more), more specifically to \_\_\_\_\_. To this end, the corporation shall at all times be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended. All funds, whether income or principal, and whether acquired by gift or contribution or otherwise, shall be devoted to said purposes.

**ARTICLE III - EXEMPTION REQUIREMENTS**

At all times shall the following operate as conditions restricting the operations and activities of the corporation:

1. The corporation shall not afford pecuniary gain, incidentally or otherwise to its members. No part of the net earnings of this corporation shall inure to the benefit of any member of the corporation, except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes. Such net earnings, if any, of this corporation shall be used to carry out the nonprofit corporate purposes set forth in Article II above.
2. No substantial part of the activities of the corporation shall constitute the carrying on of propaganda or otherwise attempting to influence legislation, or any initiative or referendum before the public, and the corporation shall not participate in, or intervene in (including by publication or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.
3. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended.

**ARTICLE IV - DURATION**

The duration of the corporate existence shall be perpetual.

**ARTICLE V - MEMBERSHIP/BOARD OF DIRECTORS**

The corporation shall have one or more classes of members, as provided in the corporation's bylaws. The management of the affairs of the corporation shall be vested in a Board of Directors, as defined in the corporation's bylaws. No Director shall have any right, title, or interest in or to any property of the corporation.

OR

The corporation shall have no members. The management of the affairs of the corporation shall be vested in a Board of Directors, as defined in the corporation's bylaws. No Director shall have any right, title, or interest in or to any property of the corporation.

The number of Directors constituting the first Board of Directors is \_\_\_\_\_, their names and addresses being as follows:

Name	Address
------	---------

Members of the first Board of Directors shall serve until the first annual meeting, at which their successors are duly elected and qualified, or removed as provided in the bylaws.

#### ARTICLE VI - PERSONAL LIABILITY

No (member) officer or Director of this corporation shall be personally liable for the debts or obligations of this corporation of any nature whatsoever, nor shall any of the property of the (members) officer, or Directors be subject to the payment of the debts or obligations of this corporation.

#### ARTICLE VII - DISSOLUTION

At the time of dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all debts, obligations, liabilities, costs and expenses of the corporation, dispose of all of the assets of the corporation. In no case shall a disposition be made which would not qualify as a charitable contribution under Section 170(c)(1) or (2) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, in such manner as the Board of Directors shall determine.

#### ARTICLE VIII - INCORPORATOR(S)

The incorporator(s) of this corporation is/are:

The undersigned incorporator(s) certify(ies) that she/he/they execute(s) these articles for the purposes herein stated, and have accordingly hereunto set our hands this \_\_\_\_\_ day of, \_\_\_\_\_, \_\_\_\_\_

John Doe \_\_\_\_\_ Jane Roe \_\_\_\_\_

*Samples are provided as a reference and not intended to establish legal standards. The Nonprofit Resource Center is providing this information for your reference and this service does not constitute an engagement to provide legal, tax, or other professional services. If you require professional assistance on these or other nonprofit tax or administrative law issues, please contact an attorney, accountant or other professional advisor, or the relevant government agency.*

*While it is permissible to use the form the Oklahoma Secretary of State provides, it is best to draft your Articles of Incorporation based on these samples.*

*Even if you decide to draft your Articles yourself it is advisable that an attorney review them.*



## **EXAMPLE 1**

Bylaws of  
**BRIGHTER DAY FOUNDATION, INC.**  
(An Oklahoma Not for Profit Corporation)

### Article One Name and Location

Section 1. The name of the organization shall be BRIGHTER DAY FOUNDATION, INC, (the "Foundation").

Section 2. All Foundation meetings may be held at such places within the City of Bountiful, Oklahoma, as may be determined by the officers.

### **Article Two**

#### Purposes and Structure

Section 1. Purposes. This corporation is organized exclusively for charitable purposes as defined in Section 501(c)(3) of the Internal Revenue Code. The purposes of the Corporation include engaging in any lawful act or activity to provide assistance to the homeless in Bountiful, Oklahoma including, but not limited to, providing or making available food and temporary shelter, and, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

This Corporation shall be self-governing, self-supporting, non-commercial, non-sectarian, nonprofit and nonpartisan.

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, 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 above. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

The Corporation is organized pursuant to the Oklahoma General Corporation Act and does not contemplate pecuniary gain or profit and is organized for nonprofit purposes which are consistent with the provisions of Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may be hereafter amended.

### **Article Three**

#### Membership

Section 1. Membership. Membership in this organization is open to any person who will uphold the policies of this organization and agree to its Bylaws.

Section 2. Qualification. Eligible persons shall become members by paying the prescribed membership dues. Upon payment of such dues, a member shall be considered in good standing and be entitled to any and all rights and privileges of membership.

Section 3. Membership Drive. An annual membership drive shall be conducted each year, with additional members accepted at any time.

Section 4. Dues. Annual dues shall be assessed in such amounts as determined by a 2/3 majority of the members. Dues shall be payable at the beginning of each fiscal year.

Section 5. Annual Meeting. The annual membership meeting shall be held on the fourth Monday in July of each year. The nominating committee will nominate a slate of persons for the director position and the floor will also be open for nominations. Three directors will be elected by simple majority of the membership present.

### **Article Four**

#### Directors

Section 1. Qualification. Any member in good standing is eligible to serve on the Board of Directors.

Section 2. Powers. The Board shall be the governing body of the organization and shall manage, control, and direct the affairs and property of the organization.

Section 3. Compensation. No Director shall receive compensation for any service he or she may render to the organization. Board members may be reimbursed for actual expenses incurred in the performance of their duties.

Section 4. Officers. Officers shall be elected at the first business meeting of the Board of each fiscal year and will take office immediately. The nominating committee will name a slate of officers and the floor will also be open for nominations. The officers will be elected by simple majority of the Board. Vacancies of offices of unexpired terms shall be filled by appointment by a majority of the remaining officers. The officers and their respective duties are as follows:

- 1) The President shall:
  - a) Preside at all meetings of the organization;
  - b) Regularly meet with the treasurer of the organization to review the organization's financial position;

- c) a Schedule annual audit of records or request an audit if the need should arise during the year;
  - d) Perform any other specific duties as outlined in these bylaws.
- 2) The Vice President shall:
- a) Preside at meetings in the absence or inability of the president to serve;
  - b) a Perform administrative functions delegated by the president;
  - c) Perform other specific duties as outlined in these bylaws.
- 3) The Secretary shall:
- a) Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership and committee listing;
  - b) Record all business transacted at each meeting of the corporation in a prescribed format;
  - c) Maintain records of attendance of each board member;
  - d) Conduct and report all correspondence on behalf of the corporation;
  - e) Other specific duties as outlined in these bylaws.
- 4) The Treasurer shall:
- a) Serve as chairperson of the Budget and Finance Committee;
  - b) Issue a receipt complying with the Internal Revenue Code and regulations issued thereunder for all monies received and deposit said amounts on at least a weekly basis;
  - c) Present a current financial report to the Board within thirty days of the previous month end;
  - d) Maintain an accurate and detailed account of all monies received and disbursed;
  - e) Reconcile all bank statements as received and resolve any discrepancies with the bank immediately;
  - f) File annual IRS form 990 and OTC form 512-E in a timely manner;
  - g) Submit records to audit committee or auditor appointed by the corporation upon request or at the end of the year;
  - h) Other specific duties as outlined in these bylaws

Section 5. Term. Each elected officer shall serve a term of one (1) year until a successor has been duly elected or appointed.

Section 6. Meetings. The Board of Directors shall provide for by resolution the time and place for the holding of at least one annual meeting of the Board, and of the additional regular meetings of the Board, without other notice than such resolution.

Section 7. Notice. Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by oral or written notice delivered personally or sent by mail or facsimile to each Director at his or her business address. Any Director may waive notice of any meeting, and the attendance of a Director at any meeting shall constitute a waiver or notice of such meeting.

Section 8. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a quorum of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. Proxy. No voting by proxy will be allowed.

## **Article Five**

### General Provisions

Section 1. Fiscal Year. The fiscal year of this organization shall be July 1 through June 30 of the following calendar year.

Section 2. Operating Funds. Operating funds shall be maintained in a general fund, and an accounting of such funds shall be presented at all meetings.

Section 3. Fiscal Responsibility. All directors having fiscal responsibility shall be bonded.

Section 4. Annual Statement. The directors shall present at each annual meeting, or when called by vote of the members at any meeting, a full and clear statement of the condition of the organization.

Section 5. Exemption. This nonprofit organization will qualify as a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue code and its Regulations as they now exist.

## **Article Six**

### Standing Committees

Section 1. Nominating Committee. Meet to receive nominations for the elected offices of the organization and to prepare a slate of nominees and a ballot for the election of officers. The committee shall be made up of the President, the Vice President and one at-large person appointed by the President.

Section 2. Volunteer Committee. Responsible for organizing and coordinating the recruitment of volunteers to operate the food kitchen and locate temporary sleeping facilities.

Section 3. Fundraising Committee. Responsible for developing and managing fundraising projects. The President will chair the committee and name its members as needed.

Section 4. Membership Committee. Distribute membership information and coordinate annual membership drive. The Vice President shall chair the committee and name its members as needed.

Section 5. Budget and Finance Committee. Prepare an annual budget to be approved by the Board and arrange an annual audit of the financial records.

## **Article Seven**

### Amendments

Section 1. Amendments to Bylaws. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the Directors, provided that such alterations, amendments, or proposed substitute Bylaws have been read or distributed to all Directors present at the previous regular meeting or such action may be made at a special meeting held at least ten days after the regular meeting at which the reading or distribution was made.

Section 2. Amendments to the Articles of Incorporation. The Directors may adopt a resolution setting forth any proposed amendment of the Articles of Incorporation, which, if approved by two-thirds of the Directors at the next Board meeting shall become effective immediately.

**CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting secretary of the Brighter Day Foundation, Inc. and these Bylaws constitute the corporation's Bylaws. The Bylaws were duly adopted at a meeting of the board of directors held on

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary of the Corporation

## EXAMPLE 2

### BYLAWS of the CENTRAL OKLAHOMA WOODTURNERS ASSOCIATION

A Nonprofit Corporation, State of Oklahoma, and a Chapter of American Association of Woodturners, Inc. (AAW), a nonprofit corporation.

#### **Article I Name**

The name of this organization shall be the Central Oklahoma Woodturners Association, hereinafter denoted as COWA. The principal office of COWA shall be the official address of the current President of the COWA Board of Directors.

#### **Article II Purpose**

Formed in 1987 as a forum for individuals interested in woodturning, COWA was incorporated as a nonprofit corporation in accordance with Oklahoma Statutes, Title 18, Chapter 22, Section 1027 in 1989.

**The purposes of COWA are to provide information, education, and organization to those interested in turning wood.**

These purposes of COWA shall be advanced by providing a location and organizational structure for meetings and activities, facilitating the sharing of ideas regarding woodturning and of materials used in woodturning, and the general promotion of woodturning as an art form and craft. The scope of these activities may include tools including lathes, materials used in turning, techniques and designs.

#### **Article III Members**

COWA and The American Association of Woodturners (AAW) are independent organizations. However, support of AAW through individual membership is strongly encouraged in order to obtain liability insurance coverage, to broaden access to national woodturning education and information and to have access to Educational Opportunity Grants.

#### **Section 1. Classes of Membership**

##### **A. General Members**

General Members must meet the financial and other requirements for membership in both COWA and the AAW. General Members may hold office, conduct demonstrations, and participate in hands-on workshop activities.

##### **B. Associate Members.**

Associate Members must meet the financial and other requirements of COWA but not of AAW.

##### **C. Student Members**

Student Members are those members who meet the financial and other requirements of COWA who are under the age of eighteen. Student Members may not make motions, vote, or

hold office.

#### ***D. Honorary Members.***

Honorary Members shall have none of the obligations of membership including the payment of dues to COWA. All Honorary members have voting privileges; those who wish to hold office or give demonstrations must be members of AAW. Any General or Associate Member of COWA who has served in an outstanding manner over several years may be granted Honorary Membership status after nomination by the Board of Directors and election by the COWA membership. The number of Honorary Members shall not exceed ten (10) at any one time.

#### **Section 2. Dues and Fees**

The amount of the annual dues for General, Associate, and Student Members shall be presented by the Board of Directors to the membership for approval by majority vote no later than October of each year. The annual dues for Student Members may be set at a lower level from those of other Members, but should recover the costs associated with mailings and activities. Annual dues will be pro-rated for members joining COWA for the first time after the beginning of the fiscal year.

Members must be current in their annual dues in order to be in good standing. The amount of annual dues as approved by the membership shall then be published in the newsletter, web site, and/or by other means to all members.

Dues are payable at the beginning of each fiscal year.

#### **Section 3. Meetings**

##### ***A. Regular Meetings***

Meetings of COWA will normally be held on a monthly basis.

##### ***B. Annual Meeting***

The December meeting will be the annual Meeting of COWA for the purpose of electing officers, receiving reports of officers and committees, and for any other business that may arise.

##### ***C. Special Meetings***

Special Meetings may be called by the Board of Directors or upon the written request of ten voting members of COWA. At least three (3) days' notice shall be given for a Special Meeting.

#### **Section 4. Notice**

Notice of regular and annual meetings, including date, location shall be given no less than ten (10) days prior to the meeting. Publication may be by mail, web site posting, electronic mail, and/or telephone.

#### **Section 5. Quorum**

Quorum for regular, annual and special meetings of COWA is no fewer than twenty (20) percent of the combined total of General and Associate members at the time of the meeting as certified by the Secretary.

#### **Section 6. Voting**

General, Associate and Honorary Members in good standing may vote in any ballot before the membership as prescribed by these bylaws. Student Members do not have the privilege of voting.

**Article IV**  
**Board of Directors**  
**Section 1. Members**

All members of the Board of Directors must be General Members of COWA. These members shall have general charge of the business affairs of COWA and perform the duties prescribed by these bylaws and by the parliamentary authority adopted by COWA.

**A. Elected Members**

The six (6) elected members of the Board of Directors of COWA shall be the President, Vice President, Secretary, Treasurer, and two Directors at Large.

**(1) President**

The President, as principal executive officer of COWA shall

- Supervise and control the business and affairs of COWA
- Call or cause to be scheduled meetings of the Board of Director and the membership
- Preside at all meetings except those where another chairman is named
- Appoint committees, which must be approved by the Board of Directors
- Serve as ex-officio member of all committee except the nominating committee, and
- Fulfill all other needs and duties that may arise as appropriate.

**(2) Vice President**

The Vice President shall

- Fulfill all duties of the President in the absence of the President
- Fulfill all other needs and duties that may arise as appropriate.

In the event the President of COWA is unable to complete his or her term of office, the Vice President may be elected to the office of President by a majority vote of the Board of Directors.

**(3) Secretary**

The Secretary shall

- Keep all minutes of Board Meetings and those general meetings at which business is transacted
- Distribute all minutes to the Board of Directors, and provide minutes to any General Member upon request
- Be responsible for insuring that notice as required in these bylaws is given
- Certify the number of General and Associate Members necessary for quorum based on the record of current membership kept by the Treasurer
- Record all votes and maintain that record for a period of one year following the vote
- Maintain a current copy of the bylaws, Articles of Incorporation, and tax exemption determination letter
- In the absence of a separate Editor, publish and distribute a bi-monthly newsletter.

**(4) Treasurer**

The Treasurer shall

- Collect all membership dues and other monies
- Maintain accurate records of all monies and assets, including cash, checking and savings accounts and other investment, tools, machines, and real estate
- Present a financial statement to the Board of Directors no less frequently than quarterly.
- Present a financial statement to the membership at the Annual Meeting in December.
- Maintain a current list of members in good standing in all membership categories
- Inform the President and the Secretary of all changes in membership status



- File an annual return to the Internal Revenue Service (IRS) and the State of Oklahoma as required by statute
- Retain copies of all required forms and their supporting ledgers with all entries necessary for compilation of the forms, and keep these materials available for inspection as required by statute.

### **(5) Directors at Large**

Two (2) Directors at Large shall also be elected to serve as voting members of the Board of Directors.

**B. Past President.** In addition to the elected members, the Past President shall serve in an advisory capacity to the Board of Directors with full voting privileges. The President may assign other duties as necessary to the Past President.

### **Section 2. Terms**

All terms on the Board of Directors are for two (2) years, commencing with the first meeting in January after election in December. No member shall be eligible to serve more than two (2) consecutive terms in the same office.

### **Section 3. Election.**

Members of the Board of Directors shall be elected by majority vote at the regularly scheduled December meeting of the membership in each even-numbered year. The Nominating Committee shall present a slate of candidates for each elected office to the membership at the regularly scheduled November meeting in each even-numbered year. In addition, the proposed slate shall be published to the membership.

Additional nominations for an office may be made by the membership at the time the slate is announced. An additional nomination must be made by a General or Associate member in good standing, must be seconded, and must be approved by a majority vote of the membership to be added to the slate.

Two members of the Nominating Committee shall count the votes and certify the results to the President who shall announce the results of the vote before adjournment of the meeting at which the vote is taken.

### **Section 4. Vacancies**

The President may with the approval of the Board of Directors appoint a qualified General Member to a vacant office to serve until the next regularly scheduled election of officers and directors.

### **Section 5. Removal**

Any member of the Board of Directors may be removed from office by a majority vote by secret ballot of the membership at a regularly scheduled meeting. Prior to the vote by the membership, the Board of Directors must approve the recommendation for removal by a two thirds (2/3) majority vote by secret ballot of its members at a regular or special meeting of the Board of Directors. Any member of COWA in good standing may bring a recommendation for removal to the Board of Directors for its consideration.

The removal of a member of the Board of Directors shall be announced to the membership at the meeting at which the vote is taken and through a mailing from the Board of Directors.

### **Section 6. Meetings**

The Board of Directors shall meet quarterly or at such times deemed necessary. Any COWA

member in good standing may attend any meeting of the Board of Directors, unless the Board of Directors is in Executive Session, but such member may not make a motion or vote.

### **Section 7. Quorum**

All members of the Board of Directors are voting members.

Quorum for a meeting of the Board of Directors shall require four (4) Directors to be present.

### **Section 8. Voting**

The Board of Directors may in addition to votes taken at a meeting of the Board of Directors, vote by telephone, mail, or electronic mail. A minimum of four (4) votes must be cast for such a vote to be valid. Such votes shall be recorded by the Secretary of COWA and certified by another member of the Board of Directors, held for a period of one (1) year after the vote, and open for inspection by any voting member of COWA.

## **Article V**

### **Committees**

#### **Section 1. Nominating Committee**

##### ***A. Membership***

The President shall appoint in September of each even-numbered year a Nominating Committee, comprised of a Nominating Committee Chairman and no fewer than two (2) additional committee members, all of whom must be General or Associate Members of COWA. The Board of Directors must approve the members of the Nominating Committee by majority vote.

##### ***B. Duties***

The Nominating Committee shall prepare a slate of candidates for each elected office and present and publish the slate to the membership of COWA in November of each even numbered year.

The Nominating Committee should ascertain the willingness of each candidate to serve before placing the candidate's name on the slate for election.

A member of the Nominating Committee may stand for election as a member of the Board of Directors on the slate prepared by the serving committee.

Two members of the Nominating Committee shall count the votes at the December meeting at which the Directors are elected.

#### **Section 2. Publications Committee**

The Publications Committee shall be comprised of the Editor and the Web Master, and others as deemed necessary for dissemination of information and promotion to COWA members, potential members, and the wood turning community. Members of the Publications Committee are appointed by the President with the approval of the Board of Directors and shall serve two (2) year terms.

***A. The Editor*** shall be responsible for compiling, editing, publishing and distributing a bimonthly newsletter of COWA to all COWA members in good standing and others as the President directs. The newsletter shall contain information prescribed in these bylaws, other information helpful to the membership, information promoting woodturning and its related activities, and other items as necessary or beneficial to the membership.

##### ***B. Web Master***

The Web Master shall be responsible for creating and maintaining a web site containing

COWA information useful to the membership, potential members, and the woodturning community.

### **Section 3. Program Committee**

The Program Committee shall be responsible for planning the programs, including demonstrations, for COWA. The President, with approval of the Board of Directors, shall appoint one or more members to serve as members of the Program Committee. The Program Committee shall endeavor to advance the purposes of COWA—information, education, facilitation of sharing of ideas and materials, and the promotion of wood turning as an art form and craft—through the programs presented to the membership.

## **Article VI**

### **Finance**

#### **Section 1. Fiscal Year**

The Fiscal Year for COWA shall be January 1 through December 31.

#### **Section 2. Liability**

All demonstrators at a COWA sanctioned event must be insured. COWA will utilize insurance available through AAW. All demonstrators from COWA must be General Members to be covered by insurance. Demonstrators who are not General Members of COWA must furnish proof of membership in good standing of AAW or proof of other current liability insurance.

#### **Section 3. Indebtedness**

All functions of COWA are on a cash basis. COWA may not incur any debt through the actions of the officers, directors, or members.

## **Article VII**

### **Indemnification**

COWA may indemnify any officer or member who is a party or is threatened to be a party to any threatened, pending or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, other than an action by or in the right of COWA by reason of the fact that the individual is or was an officer, member, employee, or agent of COWA or is or was serving at the request of COWA against expenses, including reasonable attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by the individual in connection with such action, suit, or proceeding if the individual acted in good faith and in a manner the individual reasonably believed to be in or not opposed to the best interests of COWA and with respect to any criminal proceedings, if the individual had no reasonable cause to believe that the conduct was unlawful.

## **Article VIII**

### **Parliamentary Authority**

The Rules contained in the current edition of *Robert's Rules of Order* shall govern COWA in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules order COWA may adopt.

## **Article IX**

### **Amendment of Bylaws**

The Bylaws may be altered, amended or repealed and new bylaws adopted by a majority vote of the General and Associate Members casting ballots at any meeting of the membership at which quorum is met. The membership must be notified of the proposed changes to the bylaws no less than 30 days' prior to the meeting at which the vote will be taken. Any modifications to these bylaws must be filed as required with the IRS, State of Oklahoma, and the Administrative Office of AAW.

**Certification**

I certify that I am the duly elected and acting secretary of the Central Oklahoma Woodturners Association and these Bylaws constitute the corporation's Bylaws. The Bylaws were duly adopted at a meeting of the board of directors held on \_\_\_\_\_

\_\_\_\_\_  
Secretary of the Corporation