

Chapter Governance For SHRM Small Chapters

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This presentation is not to be construed as, or a substitute for, professional legal and/or financial advice.

Welcome!

- Welcome to part one of Chapter Governance.
- We will focus on the overall structure of the chapter and Board Member responsibilities.

Non-profit

- Non-profit designations:
 - Charitable and otherwise
 - Tax implications – federal
 - IRS 990-N Form
 - Generally, tax-exempt organizations must file an annual information return. Tax-exempt organizations that have annual gross receipts not normally in excess of \$25,000 are not required to file the annual information return, but may be required to file an annual electronic notice (e-Postcard) Form 990-N. In addition, churches and certain religious organizations, certain state and local instrumentalities, and other organizations are excepted from the annual return filing requirement. For more information, download Publication 557, Tax-Exempt Status for Your Organization. In addition, Publications 4221-PC and 4221-PF explain the filing and recordkeeping rules that apply to section 501(c)(3) tax-exempt public charities and private foundations respectively.
 - <http://www.irs.gov/charities/article/0,,id=96103,00.html>
 - State
 - Sales Tax: Why you're not exempt
 - Why you may need to charge it

Choices to Make

- Articles of Incorporation
 - What they are
 - Legal filing at the state level
 - Set legal name of chapter for tax purposes
 - Why they matter
 - Gives some legal shield to officers
 - May be important when chapter has a surplus of funds

Sample Articles of Incorporation

ARTICLES OF INCORPORATION FOR A NOT FOR PROFIT ORGANIZATION WHICH IS NOT A PRIVATE FOUNDATION. ----- ARTICLES OF INCORPORATION OF [NAME] The undersigned, acting as incorporators of a corporation under the Not for Profit Corporation Act of the State of [NAME], adopt the following articles of incorporation for such corporation: ARTICLE I The name of the corporation, hereinafter referred to as the "Corporation" is [NAME]. ARTICLE II The period of duration of the Corporation is perpetual. ARTICLE III The 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 corresponding section of any future federal tax code. The Corporation may receive and administer funds for scientific, religious, educational, and charitable purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to that end, the Corporation is empowered to hold any property, or any undivided interest therein, without limitation as to amount or value; to dispose of any such property and to invest, reinvest, or deal with the principal or the income in such manner as, in the judgment of the directors, will best promote the purposes of the Corporation, without limitation, except such limitations, if any, as may be contained in the instrument under which such property is received, these Articles of Incorporation, the By-Laws of the Corporation, or any applicable laws, to do any other act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its directors or officers except as permitted under the Not-for-Profit Corporation Law. No part of the net earnings of the Corporation shall inure to the benefit of any member, trustee, officer of the Corporation, or any private individual, except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes, and no member, trustee, officer of the Corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation. 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 publication or distribution of statements, any political campaign on behalf of any candidate for public office. Upon the dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation shall be distributed exclusively to one or more charitable, religious, scientific, testing for public safety, literary, or educational organizations which would then qualify under 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, or 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 the Court of Common Pleas 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. ARTICLE IV The qualifications for members and the manner of their admissions shall be regulated by the by-laws. ARTICLE V The initial street address in the state of [NAME] of the initial registered office of the Corporation is [LOCATION], and the name of the initial registered agent at such address is [NAME]. ARTICLE VI The territory in which the operations of the Corporation are principally to be conducted is the United States of America and its territories and possessions, but the operations of the Corporation shall not be limited to such territory. ARTICLE VII The initial board of directors shall consist of at least three (3) members, who need not be residents of the state of [NAME]. ARTICLE VIII The names and addresses of the persons who shall serve as directors until the first annual meeting of members, or until their successors shall have been elected and qualified, are as follows: [DESCRIBE] ARTICLE IX The names and addresses of the initial incorporators are as follows: [NAMES] IN WITNESS WHEREOF, the undersigned have made and subscribed to these Articles of Incorporation at [LOCATION] on [DATE]. [NAME] [NAME] STATE OF [NAME] COUNTY OF [NAME] The foregoing instrument was acknowledged before me this [DATE]. [NAME] Notary Public (SEAL) State of [NAME] My Commission Expi

By Laws

- Read and follow your chapter's by-laws in particular:
 - Officers:
 - Elections of officers
 - Term limitations
 - Process for removing officers
 - Board meeting processes
 - Leadership and members rights –
sunshine laws

By Laws

- Read and follow your chapter's by-laws in particular:
 - Finance
 - Board members have fiduciary responsibility
 - Written processes
 - Dual signature
 - Budget reports
 - Checks and balances
 - Overages/investments

Additional Considerations

- Chapter Administrator: 1099 or Employee?
- Serving alcohol