



Starting a
n o n p r o f i t
organization
in Georgia



GEORGIA CENTER
for NONPROFITS



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for NONPROFITS

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STARTING A NONPROFIT ORGANIZATION IN GEORGIA

The Georgia Center for Nonprofits is pleased to present you with *Starting a Nonprofit Organization in Georgia*. This material should generate your thinking on the types of issues that you will face as you start a nonprofit organization. Please keep in mind that this information, gathered and adapted from several different sources, is only a general overview.

We encourage you to educate yourself on what exists in your community and find out who has attempted to address your specific issue. Ask questions, talk to community leaders and explore current activities and resources to avoid duplication of services.

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I. NONPROFIT ORGANIZATIONS: PLANNING FOR SUCCESS

First educate yourself on what exists in your community and find out who has attempted to address your specific issue. Ask questions, talk to community leaders and explore current activities and resources to avoid duplication of services.

Thoughtful Planning to Meet Community Needs

Nonprofit organizations develop from a seed—a concern about which one or more individuals feel strongly. This sense of need and the belief that action by a few individuals can make a difference is crucial to nonprofit organizations. Therefore, the first question to ask is, "Is there an unmet need?" and its corollary, "Can we make a difference in addressing that need?" It is essential to answer these questions before undertaking the arduous process of establishing a nonprofit organization.

Nonprofit organizations are formed in response to community needs. While the need may be evident to you and your colleagues, it is necessary to document it. Often an initial list of problems and needs is based on the subjective assessment and personal experiences of the planners.

Objective data is needed to confirm these assessments and to ensure that your program addresses actual needs. It is also important to survey potential users of your service to ascertain their perceptions of the need and their willingness or interest in the proposed service.

Needs assessments should be conducted by gathering both quantitative and qualitative information.

Sources for quantitative information include census information and government reports: these reports might contain information such as basic demographics, income, educational levels, incidence of crime, and health and housing information. Qualitative information can be obtained from community surveys and discussions with potential constituents. A feasibility study should next be conducted to gauge the likelihood of success of your program. This should include identification of potential funding sources.

The study is followed by a business plan which details your market analysis, management strategy and management team. A good plan should also include analysis of the economic, political and social climate in which your organization will be operating. Your local library should have more information on writing clear and effective business plans.

Other Service Providers

Because of limited community resources, it is critical to avoid duplicating existing services. Many groups have believed their issue was unaddressed; in reality others were already providing the service. Perhaps they did not ask the right people or perhaps the provider was not well known, but their search did not yield the information on the other providers. If you find another organization providing a similar or identical service, you should ask: Are they successful? Can we help them? Would they want to work with us? By working together, is it possible to make a greater impact on the problem?

Information about other providers is critical both internally and externally. Thus, it is recommended that you consult with area leaders of the community. Helpful resources for this type of information include: United Way "Help Book"; IRS blue book; Book of Associations—Key word index. Check your local library for information.

Alternatives to Starting From Scratch

You can achieve your vision without starting a new organization. Here are five alternatives to starting a nonprofit in Georgia:

1. Study the list of nonprofits already active in the same area and join their efforts as a volunteer, a board member or staff member.
2. Analyze the list of nonprofits already active in the same area, identify the three organizations that have missions that are most compatible with your ideas. Meet with them to explore creating a special project or initiative--and negotiate your involvement.
3. Explore the list of national organizations in the area of your interest, and see if a local chapter is needed in your geographic area.

The following Web sites contain searchable online databases of local, state, and national nonprofit agencies to assist you with suggestions one through three.

[Metro Atlanta United Way](#) (search by "category list")

[United Way 211 of Central Georgia](#)

[GuideStar](#) (select "more search options" enter "city" and "state" fields).

4. If your effort will be local and small, consider forming an unincorporated association or club and have meetings and activities, but skip the reporting requirements. Bypassing reporting requirements is an option for groups with annual budgets under \$25,000.
5. If you are considering creating a group to finance activities or needs of others (scholarships, family emergency funds for a specific population, etc.), explore the possibility of getting sponsorship for the fund by one of Georgia's community foundations:

The Community Foundation for Greater Atlanta
www.atlcf.org

Community Foundation of Central Georgia
www.cfcga.org

Community Foundation of Northwest Georgia
www.cfnwg.org

Community Foundation of the Chattahoochee Valley
www.cfcv.com

CSRA Community Foundation Inc.
www.cfsra.org

The Gwinnett Foundation (Community Foundation of Northeast Georgia)
www.cfnege.org

North Georgia Community Foundation
www.ngcf.org

Ten Most Common Mistakes Made When Starting a Nonprofit Corporation

Source: About.com

1. Poor Initial Research

While having passion for your cause is necessary, conducting research is essential to determine if a need exists for a new organization to address it. Can the need be addressed if you partner with an existing organization? Do you have any idea of the operational aspects of a nonprofit organization? Would the organization qualify for tax-exempt status? Read everything you can before starting.

2. No Business Plan

You will quickly discover that a nonprofit organization is a business. In order to survive, it must have at least as much money coming in to the business as it has going out in services and expenses. Have you written a realistic business plan?

3. Not for a Charitable Purpose

Sure it's a great idea, but does it qualify as a charitable cause? The basic definition of a tax-exempt 501(c)(3) nonprofit organization is one that serves the public good and is organized for religious, charitable, educational, scientific or literary purposes. If you are unsure, you should research similar organizations for information.

4. Failure to Register

Registration of nonprofits is required in most states. Some people think they don't have to register—they are "nonprofit" so they really won't get in any trouble. Wrong! Registration protects citizens of states from becoming victims of fraud, and registration of charities, paid solicitors and fund-raising counsels helps to maintain a responsible environment for charitable work.

5. Failure to Keep Good Records

As a business, the organization will be required to file various reports of business activity. You simply cannot make things with the notion that you will not be held responsible. If you are not already organized, you should learn to be so before starting a nonprofit.

6. No Funding Plan

Raising money is a tough and competitive requirement of most nonprofit organizations. If your experience with raising funds is mostly through attending a dinner, golf outing, bake sale or car wash, you need help with raising funds. Without funding, there is no way to sustain a nonprofit organization.

7. Not Complying with IRS Statutes

You must file a federal tax return, and you do need to learn what the federal government requires of nonprofit organizations. You receive great tax breaks by being a 501(c)(3) nonprofit. Considering the benefits you receive, complying with reporting is a fair deal. To help you, the IRS has a Web site dedicated to exempt organizations.

8. Misjudging Time Requirements

Running a nonprofit is not a hobby. If you think that you can run a nonprofit organization part time, you need to have others help you or you will likely fail. When you consider that your nonprofit organization is a business that is subject to filing and reporting requirements in addition to service work, you quickly realize that running it requires a full-time commitment.

9. Not Building an Effective Board

Leadership is critical and an effective board is one that is composed of talented, dedicated and working people. Your board should add integrity to your work, offer access to funding, provide some of the expertise you need and be dedicated to your mission.

10. Not Investing in Professional Talent

At a minimum, you will need a lawyer and an accountant to help you get started. They don't need to be on staff; they can be retained on an as-needed basis. The same is true for fund-raising counsel. There are a few critical areas that will make or break an organization, and you will be better able to survive by paying a professional only for the time you need rather than paying an inexperienced worker to muddle through a project. Having certain systems set up by experienced professionals will save money in the long run.

II. YOUR NONPROFIT “CORPORATION”

Defining Incorporation

Incorporation is a state legal process which forms a separate legal entity through which the nonprofit organization operates. It serves to protect the individuals within the group with limited liability. If anyone sues the group, it normally will be the corporation and its assets which are liable rather than the individual leaders.

The process of incorporation is not a lengthy one, but one which requires the careful preparation and filing of certain documents with the Office of Secretary of State, the formation of a board of directors, appointment of officers, adoption of by-laws and other procedural requirements such as annual meetings.

Incorporation papers can be requested -- along with instructions and fees -- and filed with the Secretary of State's office. It is wise, but not a requirement, to have the paperwork filed by an attorney, especially if you plan to seek tax-exempt status. You will receive a certificate of incorporation, which in Georgia is renewed annually for a \$15 charge.

Responsibilities and Benefits

Adapted from *Nonprofit Organizations: An Operating Handbook for Nonprofit Organizations*, by Barbara Singer

- **Definition of a Nonprofit Enterprise**

Nonprofit entities may not distribute profits to their members. A nonprofit enterprise is an organization in which no profit may inure to the benefit of its members.

A public benefit nonprofit organization has a charitable purpose, derives much of its support from contributions, and is prohibited from distributing its income or its assets to its members.

A mutual benefit nonprofit organization primarily benefits its members, derives most of its support from the sale of goods, or the rendering of services, and, upon dissolution, may distribute its assets to its members. A nonprofit enterprise may also be classified as a cooperative or a religious corporation.

- **Benefits of Nonprofit Status**

A nonprofit enterprise may apply for and receive exemption from federal and some state income taxes and property tax. Reduced postal rates are available to nonprofit enterprises.

- **Liabilities of Nonprofit Status**

Nonprofit organizations often must rely on public and private financial support, which from time to time may not be forthcoming. Generally, equity financing is not available to nonprofit enterprises.

- **Definition of Tax-Exempt Status**

A tax-exempt enterprise is a nonprofit entity that is determined to be exempt from federal income taxes by the Internal Revenue Service and need not pay taxes on any related income that it makes during the year. An organization may have to pay certain taxes on revenue that is unrelated to its mission.

Individuals or corporations that contribute to tax-exempt organizations may take a charitable deduction for all or a portion of their contribution. A tax-exempt entity must file periodic reports with the IRS.

Federal Employment Identification Number (FEIN)

The organization must apply for a Federal Employer Identification Number (FEIN) by filing federal IRS form SS-4. The FEIN is the organization's equivalent of an individual's social security number. In Georgia, you must also register as a charitable organization or obtain a business license. Once you hire employees, you will be given a state employment number.

By applying for a FEIN, you then become listed in the IRS computer. If you hire staff, you must: keep payroll records; file periodic payroll reports; deposit payroll taxes; fill out a W2 form, obtain employment eligibility verification, and maintain reports for each employee; and comply with a number of other state and local requirements required by law.

The Benefits of Having a Fiscal Agent

A fiscal agent is an organization that has already established incorporation and tax-exempt status who is willing to be a "parent organization" to a group that is just getting started. With a fiscal agent, the new organization is under the umbrella of an existing organization.

Because the preexisting organization would become legally responsible for the newly formed organization, affiliation is done through a contract. The contract usually states a specific time period for the "parent" status and specific agreements pertaining to the individual organizations.

It is strongly recommended that a new organization explore starting out this way. Even if only for a year, it allows both the founders of the organization and the community to see that a new group is indeed a needed entity that is well on its way to becoming a stable organization.

Having this period of time before applying for Incorporation, Federal Employer Identification Number and federal tax exemption is very valuable for establishing a solid mission statement, a solid board of directors, conducting a needs assessment, preparing a business plan, and building a base of financial support.

Finding a fiscal agent takes creativity and thought. The fiscal agent should have a similar purpose/mission so that affiliation will be mutually beneficial. Creativity comes in finding where both of the organizations can benefit from the agreement. Does an organization need more community exposure? Is the new organization an extension of a program that the existing organization would like to provide?

Grantmakers like and encourage collaboration. By operating under a fiscal agent, you prove your willingness to combine your efforts with those of existing organizations.

III. YOUR INCORPORATION CHECKLIST

Georgia Attorneys' Recommendations: The Eleven Steps to Nonprofit Incorporation

1. Reserve the Organization's Name

Search the Georgia Secretary of State Securities & Business Regulations Registered Charitable Organization Database before reserving your corporate name with the Corporation Division, 404-656-2817.

2. File Articles of Incorporation

File your articles of incorporation with the Georgia Secretary of State's Corporation Division, 404-656-2817, within 30 days of reserving your organization's name. The cost is \$100 and the renewal fee is \$30. Entities must file annually, between January 1 and April 1. When filing an annual registration, include an updated list of the board of directors. Status certificates that verify the organization's existence and good standing are available for \$10.

3. Publish Intent to Incorporate

Publish a notice of Intent to Incorporate with county newspaper of record listed with the county clerk's office. This must be done simultaneously with filing the Articles of Incorporation. Check the blue pages of your local telephone book for the telephone number of your county clerk's office.

4. Apply for the Federal Employer Identification Number

Order Internal Revenue Service (I.R.S.) Application SS-4, "Applying for the Employer ID Number." This number is similar to a social security number for the organization. Contact I.R.S. Forms Distribution Center 800-829-3676 or <http://www.irs.ustreas.gov/>.

5. Prepare Organization By-laws

See above for an example of by-laws.

6. Conduct an Initial Meeting of the Board of Directors

Replace the nominee directors with elected directors, appoint officers, ratify Articles of Incorporation, adopt by-laws, discuss opening a bank account and indemnify directors. Prepare minutes for the meeting.

7. Apply for Federal Tax-exempt Status

Order I.R.S. forms and apply within 15 months of the date you filed your articles of incorporation:

- No. 4220—[Applying for 501\(c\)\(3\) Tax-Exempt Status](#)
- No. 4221—[Compliance Guide for 501\(c\)\(3\) Tax-Exempt Organizations](#)
- No. 557—[Tax-Exempt Status for Your Organization](#)
- No. 1023 (for 501(c)(3)'s)—[Application for Recognition of Exemption](#)
- No. 1024 (for 501(c)(4) or (6)'s)—[Application for Recognition of Exemption](#)
- No. 8718—[User Fee Application](#)

The Internal Revenue Service has posted on its Web site a new feature designed to help public charities understand the process for obtaining and maintaining tax-exempt status. [Life Cycle of a Public Charity](#) can be found at <http://www.irs.gov/charities/>

The document contains links to forms, publications and other resources, and is divided into five sections:

- Starting Out
- Applying to IRS
- Annual Filings
- Ongoing Compliance
- Significant Events

Contact the I.R.S. Forms Distribution Center at 800-829-3676 or at www.irs.ustreas.gov. The application fee is \$150 (if organization anticipates annual Gross receipts of less than \$10,000 each year for the first 4 years) or \$500 (if the organization anticipates annual gross receipts of more than \$10,000 in the first year).

The I.R.S. estimates 70 hours to complete form 1023 or 1024, and 120 days for the application to be processed. Process time begins when no additional questions are requested of the applicant by the I.R.S.

If an organization has a question regarding: the application for recognition of exempt status; the advanced ruling period; completing an exempt organization tax return; or the status of the exempt organization, contact the I.R.S.'s toll free Tax-Exempt helpline at 877-829-5500.

8. Apply for Georgia State Tax-Exempt Status

An organization must have an I.R.S. determination letter to apply for state tax-exemption. Order Georgia Department of Revenue's State Tax Unit form 3605 Application for Recognition of Exemption. Contact www2.state.ga.us/departments/dor/ or 404-417-2402.

9. Apply for Georgia State ID Number

Contact Georgia Department of Revenue's Centralized Tax Payer Registration Unit and request form CRF-002, State Tax Registration Application, www2.state.ga.us/departments/dor/ or 404-417-4490.

10. Register as a Charitable Organization

Organizations with less than \$25,000 in annual gross revenue and certain types of organizations are exempt from registration under the Georgia Charitable Solicitations Act. Order Georgia Secretary of State's Securities and Business Regulation form C-100 Charitable Registration Application.

This will allow the organization to raise funds in the state of Georgia. The cost is \$25. Organizations must renew within one year of their registration date by filing form C101. The renewal fee is \$10, reinstatement is \$25, and amendment fee, including organizational name change or change of address, is \$15.

A financial statement and I.R.S. form 990 or 990EZ must accompany the renewal form. A financial statement reviewed by an independent C.P.A. is required of organizations with annual proceeds between \$100,000 and \$500,000. A certified financial statement prepared by an independent C.P.A. is required if proceeds are \$500,00 or more. Contact 404-656-4910. For more information, see "[Charitable Organization and Paid Solicitor Forms](#)" at www.irs.ustreas.org.

11. Obtain Business License

Business license requirements are imposed by city and county governments. Contact the city clerks office for rules and application and renewal fees. Check the blue pages of your local telephone book for the telephone number of your county clerk's office.

IV. YOUR BOARD OF DIRECTORS

Your Organization's Board

The board of directors is critical to the success of any nonprofit organization. It can provide clear direction, access to resources and credibility in the community. The board can ensure that your organization will provide effective services now and in the future. Your organization achieves its full success with an effective board of directors.

When a nonprofit organization is formed, the initial cadre of supporters often becomes its first board of directors. It is the board's responsibility to see that the organization is carrying out its mission in a manner that is ethical, effective and economically sound. At this point, the organization is no longer the sole responsibility of its founders; the board of directors becomes legally responsible.

Board Size

The ideal size for each board will depend on the specific needs of the organization. The board should be large enough to represent broad-based community support and expertise, but small enough to be efficient.

Most nonprofit organizations have discovered that a board size of 12 to 18 members provides a useful cross-section of skills and expertise while remaining a manageable size. This number of directors affords an adequate workforce and offers broad community representation and talent to the organization.

The founders should discuss what the desirable age, ethnic, gender and geographic representation are for the board in light of the organization's mission. The potential board member should represent his/her constituency and demonstrate other needed skills. It is not necessary that a prospective board member carry a "title" or be a figurehead in the community.

What a Good Board of Directors Does

from *The Volunteer Board Member in Philanthropy*, National Charities Information Bureau

1. It inspires and leads. All three groups—contributors, intended beneficiaries and the public—need knowledgeable and dedicated leadership.
 2. It recognizes that it needs a devoted and energetic staff head as a partner. It formulates with care the job qualifications required and selects the best person available. It then calls upon him or her to lead the organization jointly with it and to serve as administrator of its staff and program. The selection and termination of the staff head is generally the most important decision any board makes.
 3. The board provides consultation, advice, supervision and encouragement. When the staff head presents a position that is right, the board defends it; but when the position is in error, the board corrects the staff head.
- Many an inexperienced staff head has blossomed into a first-class administrative executive under the wise and patient guidance of conscientious board members. But the board does not interfere in the day-to-day administration of the agency, which is the responsibility of the staff head.
4. It identifies priority needs, short-term and long-term goals, and what it, as a volunteer organization, should and should not attempt to do.
 5. It assures that its agency cooperates with other groups, governmental and voluntary, which are working toward the same or similar goals.

6. It encourages experimentation to find better methods to achieve its goal.

7. It establishes a procedure for the selection of new board members and for their orientation and training. A number of boards establish an automatic rotation system to assure infusion of "new blood" and the dropping of inactive members.

Above all, the good board avoids "letterhead" trustees (prominent individuals who lend their names for prestige or fund-raising purposes) without undertaking to really serve. Being a board member is a serious and specific legal responsibility that requires time, thought and work.

8. It searches out and uses sources of information and guidance that may help it to improve the discharge of its responsibilities.

9. A good board organizes itself and staff for optimum production. A few of the methods include the following:

- Carefully selecting officers with a wide range of insights and expertise
- Holding a minimum of three, preferably five or more, well-spaced meetings
- Formulating agendas that are focused; making decisions by majority vote
- Giving policy guidance to the staff head and assigning him or her full responsibility for administration
- Appointing subcommittees to deal with specialized areas
- Making a full and honest report to the public each year on the successes and failures of the organization's program and financial operations
- Choosing an independent auditor to assure that financial matters are properly handled
- Reviewing the organization's financial statements to assure that they are accurate and consistent with other philanthropic organizations in the same field.

Board and Staff Roles

from *Building and Maintaining an Effective Board of Directors*, Center for Nonprofit Management in Southern California

BOARD ROLES

Legal

Exercises fiduciary role to ensure that the organization is properly managed; the board should have a mechanism to validate information from the executive director. Maintains corporate status; ensures proper paperwork is submitted to governmental agencies.

Financial/Accounting Reviews

Financial and business dealings to protect the organization from lapsing into private foundation status and exercises proper judgment in self-dealing transactions. Approves annual budget. Reviews periodic financial reports (balance sheet, income statement, changes in financial position). Ensures that proper internal controls are in place.

Planning

Establishes mission and program direction. Reviews program plan and progress; conducts or reviews program evaluation plan.

Policy

Sets policy.

Personnel

Adopts/reviews personnel policies. Hires executive director and evaluates performance. Sets salary and compensation levels.

Resource Development

Establishes and determines feasibility of fund-raising goals. Participates in fund raising.

Board Governance

Recruits new board members.

STAFF ROLES**Legal**

Provides information to the board demonstrating that the organization is well organized. Compiles information for annual filing requirements.

Financial/Accounting

Signals if any of these situations are likely to occur: the organization is in danger of lapsing into private foundation status or proper judgment has not been exercised in self-dealing transactions. Prepares annual budget with input from staff and accounting department (depending on size of the organization). Oversees preparation of periodic financial reports. Implements proper financial controls.

Planning

Develops specific program goals and objectives based on the board-specified mission. Develops reports or oversees staff development of reports to demonstrate program progress.

Policy

Implements policy (specific operational decisions are the staff's responsibility).

Personnel

Implements personnel policies. Hires all other personnel and evaluates performance of staff members, or delegates to appropriate supervisor.

Resource Development

Conducts research and assists in fund-raising efforts.

Board Governance

Proposes general names.

V. YOUR MISSION STATEMENT AND BY-LAWS**The Mission Statement**

from *Get Ready, Get Set*, Center for Nonprofit Management in Southern California

It is important to have a clearly defined mission statement for the organization. This statement should be a short paragraph that quickly and clearly conveys to readers what is unique about the organization. It should contain the major characteristics that define its operations.

A mission statement should address the following questions:

Why?

The purpose or essence of the organization; the change that will occur because of its existence

What?

A brief description of the services provided by the organization that lead to change or impact

Whom?

The target population served by the organization

Who?

The staff and/or volunteers that deliver the service, outlining any distinctive characteristics

Where?

The geographic parameters that define your service area

How?

The method by which the services are delivered

The mission statement should focus on the change that the organization would like to see occur; it should be a goal that stretches the potential of the organization and yet is feasible to achieve within some period of time. The mission statement serves multiple audiences. Internally, it provides the focus and momentum for all activities within the organization.

It is important for board members and staff members to agree with the thrust of the mission statement. Initially, it is important to agree on the general principles, not on the particular wording. However, if there are significant issues of disagreement, it is important to resolve these rather than adopt an overly broad statement. The mission statement is not fixed in stone; it should be flexible to grow with the organization as circumstances change.

The mission statement also provides outsiders (funding sources, community members, etc.) with a concise statement about the organization from which they can determine if they want to develop a relationship with your program.

From the perspective of funding sources, this statement enables them to quickly view your organization and determine if it is appropriate to consider for funding.

A mistake that many groups make is to reduce their mission statements to the "betterment of humanity." While no one disagrees that that is a worthy goal, it is not specific enough to assess your true mission. By providing specific information on the organization's purpose, you allow potential donors and volunteers to self-select.

As the organization grows, you should monitor its progress against the goals and objectives. An evaluation system should be developed to assess the impact of the organization, as expressed in its mission statement.

After a few years of operating as a new organization, a more formal strategic planning process should be undertaken. The purpose is to assess whether the premises under which the organization was formed are still valid, or if there are opportunities or threats in the larger environment which should be incorporated into the organization's future plans.

The Whats, Whys and Whos of By-laws

from *The Board Manual Workbook*

By-laws are the rules which the members of an organization agree to follow in carrying out the business of the organization.

Why Are By-laws Needed?

In addition to being required in most states, by-laws are needed to enable an organization to function smoothly and efficiently in working to reach its goals. A poorly organized and operated organization will not be effective and will not attract nor retain members. Also, an organization will usually be asked to submit a copy of its by-laws when applying for financial support.

Who Writes the By-laws for an Organization?

According to the size of the organization a committee of three, five or seven people is appointed to prepare the laws which are simple, brief and flexible. Too many restrictions built into by-laws will act as a straightjacket for the organization.

When ready, copies of the proposed by-laws should be sent to all board members of the organization with the call to a meeting at which they are to be considered and voted upon. The committee should arrange as many meetings as necessary to prepare proposed by-laws.

Who Adopts By-laws?

A majority vote is necessary to adopt the by-laws. A majority vote is also necessary to make changes in the by-laws once they have been adopted. At the beginning of the discussion on adopting the by-laws, a motion is made and seconded to adopt the by-laws as a whole. Under this motion, the by-laws are read an article at a time.

Time is allowed for the discussion and amending of each article before going on to the next one. When the members have discussed and amended each article as desired, the chairman takes a vote on the by-laws as a whole.

When Do the By-laws Go Into Effect?

By-laws go into effect immediately upon adoption. A board can postpone this by setting a "schedule" for when they will become effective. This must be adopted by majority vote when the by-laws are adopted. This schedule may be for one item or section, or for the by-laws as a whole.

What Happens to the By-laws Once They Have Been Adopted?

Once they have been adopted, by-laws cannot be suspended—not even by a unanimous vote. They can, however, be amended and changed to meet new circumstances. Every member should have a copy of the by-laws, and a part of one meeting each year should be set aside for reviewing the by-laws and a general discussion of the basic procedures of the organization. By-laws may be changed according to the rules for amendment (which are within).

Sample By-laws

from *How to Form Your Own Nonprofit Corporation*, by Anthony Mancuso

The details of by-laws will differ from one organization to another, but they will usually look something like the following:

Article I—Name and Principal Office

The name of the organization, county and state where the principal office is located.

Article II— The Purpose

A standard statement of purpose (mission statement), specific objectives and purposes. It is wise in your by-laws to go into some detail with your goals, etc. (unlike with your articles of incorporation).

Article III

- **Sec. 1—Number of Directors**

Insert the number of directors that will serve on your board. Make sure the number you specify is in compliance with the law. For Georgia, you must have one or more board members.

- **Sec.2—Director's Term**

The term of office for the directors should be set: it can be any number of years and directors may serve successive terms.

- **Sec. 3—Quorum**
There should also be a statement indicating the requirements for a quorum.
- **Sec. 4—Meeting Structure**
Additionally, many nonprofits will specify Roberts' Rules of Order as the formal procedure format for proposing, approving and tabling motions. The smaller the organization, the less need exists for this formality.

Article IV—Designation of Officers

This section provides the four standard offices on the board (president, vice president, secretary and treasurer).

Article V—Executive Committee of the Board

This section allows the board to appoint an executive committee of directors to make major management decisions for the organization.

Article VI—Director and Member Inspection Rights

This provision provides for both director and membership inspection of the organization's books and records. With this comes the requirement of filing annual or periodic financial reports to the Secretary of State.

Article VII—Tax Provisions

The various sections in this article contain language that will help you show the IRS and the Georgia Revenue Department that you will qualify for tax-exempt status. For example, your organization would guard against lobbying unless under the appropriate code, or it would protect the organization from private inurement, etc.

Article VIII—In-Effect

This article will state when the by-laws will be in effect.

Article IX—Amendments

Recommendations to change or amend the by-laws should be specifically stated. Usually the change will be in effect after it is approved by a two-thirds vote of the members at a regular meeting of the organization (although this may be set as a majority vote of the board).

Many organizations require that proposed amendments must be sent to all members ten days before the meeting at which they are to be considered for adoption.

If your group has membership or any other such distinguishing feature, it should be stated and provided for in the by-laws. After all articles and sections are agreed upon, the end of the by-laws should also include a statement of approval signed by each board member.

By-laws differ for each organization. However, this format has been offered to stimulate your thinking on the different components that should be included within your organizations' by-laws. Before creating your own, it would be profitable to look at several organizations' by-laws as examples.

VI. LEGAL AND TAX-RELATED START-UP RESOURCES

List of Resources

These names are provided as a referral and are not endorsed by the Georgia Center for Nonprofits.

American Bar Association Tax Exempt Toolkit

D.H. Robertson & Associates, PC
770-736-5182 / 888-736-5182

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www.incorporatega.com

Contact: Laura Robertson

Promotional Paragraph: Our attorneys provide quality discount incorporation services for new corporate entities including all nonprofit organizations. Our services include corporate name reservation, filing Articles of Incorporation with the Georgia Secretary of State, legal advertising, customized organizational minutes and bylaws, corporate minute book and corporate seal. We incorporate and draft minutes for 501(c)3, 4, 6, and 7. Many other types available.

Georgia Lawyers for the Arts

404-873-3911

www.glarts.org

Promotional Paragraph: Conducts monthly, entertaining and informative, seminar on "How To Start a 501(c)3 Nonprofit Organization." This practical session is designed to acquaint participants with: board responsibility and liability; how the corporate shield works; structuring bylaws; drafting and filing Articles of Incorporation under section 501(c)3 and (6) of the Internal Revenue Code (I.R.S.); and line-by-line review of I.R.S. from 1023 and strategies for developing support information. Each seminar is three hours in length.

The Institute for Nonprofit Management

404-752-1286

Contact: John Eaton

Promotional Paragraph: INM is a nonprofit, tax-exempt consulting firm that offers hands-on organizational development assistance including nonprofit incorporation and 501(c)3,(6),(7), and (8) tax-exemption services. Either turn-key or guidance over-sight approach is available.

Internal Revenue Service

877-829-5500

Toll-free number assists tax-exempt organizations with general information including help with the exemption application, the status of their exempt organization, tax return, advance ruling period and order forms. www.irs.gov

Kingdom Corporate Services, LLC

678-362-8640

Contact: Quint Robinson

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KLM & Associates Consultancy, LLC

770-413-2241

Contact: Ken Morris

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www.klmconsultancy.org

Promotional Paragraph: KLM & Associates is the one-stop shop for organizations that are interested in securing their 501(c)3 tax-exempt status. We have the capacity to work with startups from formulation to funding. We specialize in forming CDCs, CDEs, and faith-based organizations. Our initial consultation is free, and we will come to you.

Jack L. McGinnis, C.P.A., MBA

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404-531-4940

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Promotional Paragraph: We prepare Internal Revenue Service Form 1023 and 1024 Tax Exemption application packages for newly formed organizations. We also assist our clients with unrelated business income tax issues (U.B.I.T.) and Internal Revenue Service audits. We also offer financial management services such as budgeting, tax compliance, and audit services and consultations.