



Creating Independence For People With Disabilities

Chapter Group Tax Exemption Manual

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The information contained herein is organized in sections, which are designed to take you step-by-step through the process of becoming a tax-exempt public charity. Please note that the following topical sections are included in your manual:

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General Instructions For Local Chapters of National AMBUCS, Inc.

1. Introduction

Recently, the Internal Revenue Service issued a favorable Group Income Tax Determination Letter under which National AMBUCS, Inc., and all of its local Chapters are considered to be tax-exempt public charities under Sections 501(c)(3) and 509(a)(2) of the Internal Revenue Code. The information herein is designed to assist the various local Chapters of National AMBUCS, Inc., with a number of issues related to complying with the Internal Revenue Service requirements imposed as a result of the recently-issued Group Income Tax Exemption.

You should find most, if not all, of the answers to your questions in the materials provided. Notwithstanding this, if you have any questions or particular needs or requirements, please refer to the section of this manual entitled Commonly Asked Questions where you will find a number of names and telephone numbers of persons to call for assistance.

2. General Instructions for Local Chapters of National AMBUCS, Inc.

These General Instructions for Local Chapters of National AMBUCS, Inc., are designed to be followed in the order presented below. These instructions will take you through preparing your documents, adopting same at a regular Chapter meeting, filing your Articles of Incorporation, handling your tax filings and completing your incorporation.

Where noted, these general instructions will refer you to a particular section or form included in this manual. As always, if you have any questions, please consult your manual or feel free to use one of the telephone assistance numbers listed in the section entitled Commonly Asked Questions.

- a) Upon receipt of your manual, your local Chapter President, Treasurer, and Secretary should review all of these General Instructions for Local Chapters of National AMBUCS, Inc., and prepare the various documents included herein by completing the following steps:
 - a. Open your manual to the section entitled Chapter Articles of Incorporation and prepare your local Chapter Articles of Incorporation for filing. We have

included detailed instructions at the beginning of this section for your use.

Do not alter the Chapter Articles of Incorporation. They have been approved by the IRS with respect to AMBUCS group exemption.

- b. Open your manual to the section entitled Chapter Organizational Minutes and prepare your local Chapter Organizational Minutes for use at your first convenient Chapter meeting. We have included detailed instructions at the beginning of this section for your use.
 - c. Open your manual to the section entitled Chapter Bylaws and prepare your local Chapter Bylaws for use at your first convenient Chapter meeting. We have included detailed instructions at the beginning of this section for your use.
 - d. Open your manual to the section entitled Chapter Policy Guidelines and prepare your local Chapter Policy Guidelines for use at your first convenient Chapter meeting. We have included detailed instructions at the beginning of this section for your use.
- b) Following the completion of the above steps, your local Chapter President should schedule the business agenda for the next meeting of your local Chapter to include adopting the Articles of Incorporation, Organizational Minutes, Bylaws and Policy Guidelines as the organizing instruments of your local Chapter.
- c) At the first meeting of your local National AMBUCS, Inc. Chapter after receiving this manual and completing the above steps, you should conduct the following items of Chapter business:
- a. Adopt the enclosed Articles of Incorporation as the organizing instrument for your local Chapter. This should be done by motion properly made and seconded as is consistent with the format for conducting all Chapter business and should be recorded by the Chapter Secretary on the Organizational Minutes included herein.
 - b. Adopt the enclosed Bylaws as the Bylaws for your local Chapter. This should be done by motion properly made and seconded as is consistent with the format for conducting all Chapter business and should be recorded by the Chapter Secretary on the Organizational Minutes included herein.
 - c. Adopt the enclosed Policy Guidelines as the Policy Guidelines for your local Chapter. This should be done by motion properly made and seconded as is consistent with the format for conducting all Chapter business and should be recorded by the Chapter Secretary on the Organizational Minutes included herein.

- d. Adopt the enclosed Organizational Minutes for the purpose of handling the general business items included therein. This should be done by motion properly made and seconded as is consistent with the format for conducting all Chapter business and should be recorded by the Chapter Secretary on the Organizational Minutes included herein.
 - i. **NOTE:** *Don't forget to complete the Organizational Minutes by including the filing date of your Articles of Incorporation under paragraph 1 thereof. As noted in the Organizational Minutes, this will be included upon receipt of the filed Articles of Incorporation.*
- d) After you complete the above steps, it is time to file your Chapter Articles of Incorporation. This signals the commencement of your business life as a corporation and is a vital step in the Group Income Tax Exemption process. You should now choose a Corporate Agent as the uniform registered agent and registered office for your local AMBUCS Chapters. You may choose to use a local alternative, or a local member. If you use a local agent, try to insure it's a permanent address that will not change with the annual election of local officers. Do not alter the documents without prior permission from National AMBUCS, except where instructed in these instructions. Please refer to the instructions included in the section entitled Articles of Incorporation.
- e) When you receive your filed Articles of Incorporation:
 - a. Complete your Organizational Minutes by including the date of incorporation where indicated; and,
 - b. Mail a copy of your Articles of Incorporation, Organizational Minutes, Bylaws and Policy Guidelines to the AMBUCS Resource Center, where they will become a part of the permanent Chapter records maintained by the AMBUCS Resource Center. This record-keeping requirement is mandated by the Internal Revenue Service and is offered as a courtesy to all local Chapters.
- f) Following the receipt of your filed Articles of Incorporation, the Chapter treasurer should contact the bank with which your Chapter maintains its accounts and notify the bank of the following changes:
 - a. Notify the bank that your Chapter is now incorporated under the laws of the state in which you reside;
 - b. Notify the bank of your new Chapter Taxpayer Identification Number ("TIN

letter from the IRS calls this an *EIN number, it's the same thing*. This number should be used on all bank accounts in the future. Please refer to the section entitled Commonly Asked Questions for additional information concerning this TIN.

- c. Direct your bank to change your account information to reflect your new corporate name and TIN.

- g) CONGRATULATIONS, after you have completed the above steps, you are considered officially to be a tax-exempt public charity and a member of the National AMBUCS tax-exempt group. There remain only a few additional items of business to attend, such as tax filings and the like. You can find this information in the section entitled Commonly Asked Questions included at the end of this manual.

Instructions for Chapter Authorization and EIN

On the following page you will find a memo regarding Chapter Authorization and how to receive your Employer Identification Number (EIN). You will need an EIN to open your bank account, and for your annual filing of a tax return, Form 990, if you are required to do so.

AMBUCS Resource Center files a Form SS-4 for each new chapter upon chartering. Please do not file your own SS-4 form. After the IRS issues your EIN, the Resource Center will advise you of that number.

Please read over the memo carefully. Then please sign and send into AMBUCS Resource Center as soon as possible. The IRS requires that AMBUCS Resource Center have written authorization that your chapter wishes to be part of AMBUCS Group Tax Exemption.

To: New Chapter Secretary & Treasurer

From: J. Joseph Copeland
Executive Director

Re: 501(c)3 Non-Profit Status

Welcome to AMBUCS. This memo concerns the steps needed to insure your chapter is in compliance with IRS regulations and recognized as a bona fide chapter of National AMBUCS, Inc. We will fill out and send in an SS-4 request for an EIN (Employer Identification Number) for you. You will need this number in order to open a chapter bank account and to be a part of AMBUCS' group tax exemption.

Please read and sign this memo, and send it to AMBUCS Resource Center. Keep a copy in your Group Tax Exemption Manual. **Send us a copy of your EIN notice as soon as your treasurer receives the chapter's EIN (Employer Identification Number).** AMBUCS Resource Center needs this information to conform to IRS regulations.

The chapter agrees they will comply with all IRS regulations with respect to AMBUCS group tax exemption regulations including the following points:

- ✓ All the information on which AMBUCS' present group exemption is based applies to the chapter.
- ✓ The chapter has given AMBUCS written authorization to add its name to the roster.
- ✓ The chapter has not been previously issued exemption rulings or determination letters.
- ✓ The chapter is not a private foundation as defined in section 509(a) of the Code.

If you file a tax return (see commonly asked questions in your manual), you will also need to include **AMBUCS' group exemption number, which is 8069.**

Name of Chapter

Signature of Secretary of chapter

cc: Chapter President, District Governor, Region Director

Instructions for Completing Chapter Articles of Incorporation

I. Introduction

In this section, you will find all the information you need to complete your Articles of Incorporation prior to the meeting at which they will be adopted

Do not alter the Chapter Articles of Incorporation. They have been approved by the IRS with respect to AMBUCS group tax exemption.

II. Specific Instructions for Completing Your Articles of Incorporation

Prior to completing the blank form provided, take a minute to review the instructional form and the directions contained herein. These instructions take you step-by-step through the process of completing your form and will assist you greatly in preparing your Articles of Incorporation for filing.

1. Heading: Your Articles of Incorporation begin with a heading where you will include your Chapter name just before the words “CHAPTER OF NATIONAL AMBUCS, INC”. For example, if your chapter formerly was known as the “Hometown US National Association of American Business Clubs, your Articles of Incorporation would reflect the name:

“HOMETOWN CHAPTER OF NATIONAL AMBUCS, INC.”

Be sure to use all CAPITAL LETTERS in the heading on this document.

2. (NON-PROFIT) (NOT-FOR-PROFIT): In the heading of your Articles of Incorporation, you will notice that you are given a choice between calling your corporation a “NON-PROFIT” corporation or a “NOT-FOR-PROFIT” corporation. Unfortunately, this choice is not within your discretion and is, instead, mandated by the laws of the state in which you incorporate. To determine the proper designation, you should contact a local attorney or accounting professional who can tell you the proper title for your new corporation.

a. As noted elsewhere throughout these instructions, we stress that your local (state) law may impose different filing requirements or may specify a format for your Articles of Incorporation which differs slightly from those included with this manual. Your local professionals should be familiar with the forms included and can provide you with quick, accurate assistance in preparing the Articles of

Incorporation to suit the requirements of your particular state.

3. State of Incorporation: Please note that you must include the state of incorporation in the preamble (first paragraph) of your Articles of Incorporation.

4. Line 1, Name of Corporation: Please insert your local Chapter name in the blank provided for same on line 1. In this case, however, and unlike the way you completed the heading of this document; please include your Chapter name in upper and lower case letters. For example, if the heading on your Articles of Incorporation denoted your Chapter name as the HOMETOWN CHAPTER OF NATIONAL AMBUCS, INC., line 1 of this form would reflect your corporate name as:

“Hometown Chapter of National AMBUCS, Inc.”

- a. Henceforth, you will use this corporate name, and this particular upper and lower case letter spelling for all corporate purposes, including letterhead, business cards, bank accounts, etc.

5. Line 5, State of Incorporation: Please note that you must include the state of incorporation on line 5 of your Articles of Incorporation.

6. Line 14, Registered Office: Line 14 requires that you designate a Registered Office for your new corporation. Typically this is a permanent office that will be reflected on the public records of the state in which you incorporate. Your Corporate Agent will provide you with the information you need to complete this portion of your Articles of Incorporation.

PLEASE NOTE: This does not require that ALL Chapter correspondence be mailed to this address. This address is used only for certain information of legal significance, which may be received from the Secretary of State, litigation parties, etc. Please consult the section entitled Commonly Asked Questions for specific information about setting up a permanent Chapter post office box mailing address.

7. Line 15, Registered Agent: The Registered Agent is a person selected for the purpose of receiving corporate correspondence, which may be mailed to the Registered Office from time to time. Typically, these mailings would include information from the Secretary of State and would relate directly to your status as a corporation in the state in which you operate. We strongly recommend using a Corporate Agent for this purpose.

8. Line 16, Principal Office: Use the address (street address) designated above as your Registered Office for this purpose.

9. Line 17, Board of Directors: This section requires that you name an initial Board of Directors who will be responsible for completing the incorporation of your local Chapter.

10: Line 18, Incorporators: These are the individuals who will sign and file your Articles of Incorporation. We recommend using your local Chapter President and Secretary for this

purpose.

11. Signatures, Execution of Documents: The form provided with these instructions is designed to be signed by your local Chapter President and Secretary as incorporators and then notarized prior to filing. Your local professionals can advise you on the fine points of any state law signature or execution requirements you may encounter.

III. Conclusion

Once you have completed the Articles of Incorporation please continue through the steps noted in the section entitled General Instructions For Local Chapters of National AMBUCS, Inc.

ARTICLES OF INCORPORATION

OF

_____ CHAPTER OF NATIONAL AMBUCS, INC.

A _____ CORPORATION

We, the undersigned, being persons of the age of eighteen (18) years or more, acting as organizers/incorporators for the purpose of creating a non-profit corporation under the laws of the State of _____ and the several amendments thereto, do hereby set forth:

1. The name of the corporation is the:

_____ Chapter of National AMBUCS, Inc.

2. The period of duration of the corporation shall be perpetual.

3. The purposes for which the corporation is organized are to operate exclusively for charitable, religious, scientific, literary or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; and in carrying out such purposes, the corporation shall:

- a. Operate as a grant-making entity, in connection with which the corporation may receive and accept property, whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust or corporation; but no gift, bequest or devise of any such property shall be received and accepted if it is conditioned or limited in such manner as to require the disposition of the income or its principal to any person or organization other than an organization exempt from the federal income tax pursuant to section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, and shall make distributions to or for the benefit of organizations exempt from the federal income tax under section 501(c)(3) of the Code which organizations' purposes may include, but are not limited to: relief of the poor and distressed or of the under privileged; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

- b. Operate to quicken the appreciation of the human and spiritual rather than the

material values of life, to develop by precept and example a more intelligent, aggressive and service-conscious citizenship, to provide a means for the rendering of altruistic service and the wholesome upbuilding of the community, and to cooperate and collaborate with other civic bodies in the development and maintenance of high civic idealism and consciousness.

4. The corporation shall serve as a non-profit corporation for the purpose of soliciting, accepting and receiving funds from any and all public and private sources and shall use these funds solely for the purposes hereinabove set out.

5. In order to prosecute the objects and purposes set forth hereinabove properly, the corporation shall have full power and authority to take and hold by bequest, devise, gift, grant, purchase, lease or otherwise any property, real, personal, tangible or intangible, or any undivided interest therein, without limitation as to amount or value; to sell, convey, or otherwise, dispose of any such property and to invest, reinvest, or deal with the principal or income thereof 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 Bylaws of the corporation, or any laws applicable thereto. The corporation shall have the full power and authority to do any other act or thing incidental to or connected with the foregoing purposes in advancement thereof, but not for the pecuniary profit or financial gain of its directors, officers, or members, except as permitted by the provisions of laws of the State of _____ and the several amendments thereto.

6. The corporation shall have no power to declare dividends, and no part of its net earnings shall enure to the benefit of or be distributable to any member, director, or officer of the corporation, or to any individual, except that the corporation shall be authorized to pay compensation for services rendered and to make payments and distributions in furtherance of the proposes set forth herein, and no member, director or officer of the corporation, of any individual shall be entitled to share in the distribution of the corporate assets upon dissolution of the corporation.

7. 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.

8. Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of such code and regulations as they now exist or as they may hereafter be amended.

9. Upon the dissolution of the corporation or the winding up of its affairs, the assets of the corporation shall be distributed to The Living Endowment Fund, Inc., a North Carolina

Non-profit Corporation which is a tax-exempt supporting organization to National AMBUCS, Inc., under Internal Revenue Code sections 501(c)(3) and 509(a)(3) respectively. If The Living Endowment Fund, Inc. shall fail to qualify as a section 501(c)(3), tax-exempt organization or having qualified, shall fail or refuse to accept this said distribution upon the dissolution of the corporation or the winding up of its affairs, then, and in that event, the assets of the corporation shall be distributed exclusively to charitable, religious, scientific, literary or education organizations which would then qualify under the provisions of Section 501(c)(3) and to which contributions are then deductible under Section 170(c)(2) exist or as they may hereafter be amended or shall be distributed to the federal government or to a state or local government for a public purpose.

10. As long as the corporation is deemed by the Internal Revenue Service to be a "private foundation" within the meaning of Section 509(a) of the Code, it shall comply with the provisions of the following paragraphs:

- (a) The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code.
- (b) The corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code.
- (c) The corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Code.
- (d) The corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the code.
- (e) The corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

11. The Directors herein named shall adopt By-Laws substantially in the form provided by National AMBUCS, Inc., which, with the provisions herein contained, shall contain provisions for the governance or the membership, directors, organization, and officers of the Chapter. Such Bylaws may be amended as provided therein.

12. The corporation shall have such members as may be provided in the Bylaws.

13. Directors of the corporation shall be elected in the manner provided in the Bylaws.

14. The address of the initial registered office of the corporation is as follows:

Street Address: _____
City Name: _____
State, Zip Code: _____
County: _____

15. The name of the initial registered agent of the corporation at the above address is

16. The principal office of the corporation shall be located at:

Street Address: _____
City Name: _____
State, Zip Code: _____
County: _____

17. The number of persons constituting the Board of Directors shall be as specified in the corporations's Bylaws from time to time. The initial Board of Directors shall consist of _____ persons, and the names and addressed of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>
_____	_____

Each member of the initial Board of Directors shall serve until their successors are elected and qualified in the manner and for the terms provided in the Bylaws of the corporation.

18. The name and address of the incorporators are:

<u>NAME</u>	<u>ADDRESS</u>
_____	_____

_____	_____

19. These Articles of Incorporation may be amended by the chapter but only upon: (i) the affirmative vote of two-thirds (2/3) of the members eligible to vote at a properly called

meeting thereof; (ii) the affirmative vote of two-thirds (2/3) of the directors eligible to vote at a properly called meeting thereof; and (iii) the written consent of the Executive Director of National AMBUCS, Inc. Notwithstanding the foregoing, proposed amendments shall be presented to the members and directors as set forth in the Bylaws.

If you are in the state of Oklahoma, include the following as line 20:

20. The corporation shall not have the authority to issue capital stock.

IN TESTIMONY WHEREOF, the undersigned have hereunto set (my)(our) hand(s) and seal(s) this the _____ day of _____, 20__.

_____(SEAL)

_____(SEAL)

STATE OF _____

COUNTY OF _____

This is to certify that on the ____ day of _____, 20__, before me, a Notary Public, _____ and _____ personally appeared who, I am satisfied, are the persons named in and who executed the foregoing Articles of Incorporation, and I having first made known to them the contents thereof, they did acknowledge that they signed and delivered the same as a voluntary act and deed for the use and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the ____ day of _____, 20__.

Notary Public

My commission expires: _____

Instructions for Completing Chapter Organizational Minutes

I. Introduction

In this section, you will find all the information you need to complete your Organizational Minutes prior to the meeting at which your Chapter will adopt its Articles of Incorporation, Bylaws and Policy Guidelines. We have included two (2) sets of Organizational Minutes for your use, one (1) with instructions in *italics* and **bold-faced** text and one (1) with blank lines for you to complete. These instructions will direct you through the preparation of the Organizational Minutes.

II. Specific Instructions for Completing Your Organizational Minutes

Prior to completing the blank form provided, take a minute to review the instructional form and the directions contained herein. These instructions take you step-by-step through the process of completing your form and will assist you greatly in preparing your Organizational Minutes for filing. Prepare all documents PRIOR to the meeting at which your members will adopt same as the Organizational Minutes for your Chapter.

1. Heading: Your Organizational Minutes begin with a heading where you will include your Chapter name just before the word CHAPTER. For example, see item # 2.
2. "Organizational Minutes Hometown Chapter of National AMBUCS, Inc."
3. Preamble, Sections 1, 2 and 3: The Preamble and Sections 1 - 3 of your Organizational Minutes required that you enter information, such as the Chapter Name, State of Incorporation and Date of Incorporation.
4. Date of Incorporation: Section 1 requires that you include the Date of Incorporation in the Organizational Minutes. Since these Minutes are prepared in advance of the filing of your Articles of Incorporation, please leave this line blank until you receive the filed copy of your Articles of Incorporation.
5. When you received a copy of your filed Articles of Incorporation, please complete this part of Section 1 of your Organizational Minutes.
6. Section 4, Officers: Please enter the names and addresses of your Chapters officers in this section.

7. Section 5, Directors: Please refer to your Chapter Bylaws for information concerning the election of Chapter directors. For purposes of completing these Organizational Minutes, please complete this section with the names of your existing Chapter directors.

III. Conclusion.

Once you have completed the Organizational Minutes please continue through steps noted in the section entitled General Instructions For Local Chapters of National AMBUCS, Inc.

*[This form is intended as a guideline to be followed when completing the Organizational Minutes for your respective Chapter. Where you are required to insert information, this is noted in **bold-faced** type. If you have any questions about this form or the filing of same, please consult your instructional manual for additional information and telephone assistance resources.]*

Organizational Minutes

[Enter Name] Chapter of

National AMBUCS, Inc.

At a meeting of the members of the **[enter chapter name]** Chapter of National AMBUCS, Inc., a **[enter state of incorporation]** corporation (the "Corporation"), duly called pursuant to notice duly given the following acts of the Corporation were taken in furtherance of the organization thereof pursuant to the laws of the State of **[enter state of incorporation]**.

1. Articles of Incorporation and Action of Organizers.

WHEREAS, the Articles of Incorporation of the Corporation were filed with the Secretary of State of **[enter state of incorporation]** on **[enter date of incorporation]**, 20; and

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Articles of Incorporation attached hereto were adopted as the organizing instrument for the **[enter chapter name]** Chapter of National AMBUCS, Inc. The undersigned Chapter Secretary does hereby state and affirm that the attached is a true and accurate copy of the Articles of Incorporation of the **[enter chapter name]** Chapter of National AMBUCS, Inc.

2. Adoption of Bylaws.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Bylaws in the form attached hereto and hereby made a part hereof be and hereby are approved and adopted as the Bylaws of the Corporation for the regulation of its business and affairs. The undersigned Chapter Secretary does hereby state and affirm that the attached is a true and accurate copy of the Bylaws of the **[enter chapter name]** Chapter of National AMBUCS, Inc.

3. Adoption of Policy Guidelines.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Policy Guidelines attached hereto were adopted as the organizing instrument for the [enter chapter name] Chapter of National AMBUCS, Inc. The undersigned Chapter Secretary does hereby state and affirm that the attached is a true and accurate copy of the Policy Guidelines of the [enter chapter name] Chapter of National AMBUCS, Inc.

4. Appointment of Officers.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the following hereby are nominated and appointed to the offices set forth opposite their respective names below, each to serve at the pleasure of the Board of Director:

NOTE: *Enter the names and addresses of your present local Chapter officers. You will elect replacement officers at the next scheduled election for this purpose in accordance with the provisions in your local Chapter Bylaws.*

<u>OFFICE</u>	<u>NAME, ADDRESS</u>
Chapter President	_____ _____ _____
Chapter Vice President	_____ _____ _____
Chapter Treasurer	_____ _____ _____
Chapter Secretary	_____ _____ _____
Chapter Sergeant-At-Arms	_____ _____ _____

5. Appointment of Directors.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the following hereby are nominated and appointed to the offices set forth opposite their respective names below, each to serve at the pleasure of the Board of Directors:

NOTE: *As a local Chapter, you must determine the number of persons you will have as your board of directors. You must have a **minimum of three (3) directors** and **not more than fifteen (15) directors**. If your local Chapter already has a board of directors, please enter their respective names on the blanks herein provided. Otherwise, you will elect your Chapter directors as provided in your Chapter Bylaws.*

- | | |
|-----------|-----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |
| 5. _____ | 6. _____ |
| 7. _____ | 8. _____ |
| 9. _____ | 10. _____ |
| 11. _____ | 12. _____ |
| 13. _____ | 14. _____ |
| 15. _____ | |

6. Procurement of Books and Records.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Secretary of the Corporation be and hereby is authorized and directed to procure the necessary corporate books and records and to open and maintain such books in accordance with applicable law and the Bylaws of the Corporation.

7. Ratification of Organizer's Acts.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, all things done and all actions taken by any and all of the Organizers promoters of the Corporation in connection with any matters preliminary to or necessary for the organization, incorporation, investigation, and promotion of this Corporation be and hereby are in all respects ratified, confirmed and approved.

8. Fiscal Year.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, and until the further order of the Board of Directors of the Corporation, the fiscal year of the Corporation shall be that specified by National AMBUCS, Inc.

9. Employment of Professional Services.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance in connection with discharging their duties as such, and without limitation in connection with the maintenance, preparation and filing of books, records, reports and returns, the proper officers of the Corporation be and hereby are authorized and directed to procure in their discretion such legal, accounting or other professional services and assistance as they may reasonably require in order to properly discharge the duties of said offices, and that the reasonable expenses therefor shall be charged to and paid for by the Corporation.

10. Banking Resolutions.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the standard form of banking resolutions provided by any Bank with which the Corporation may do business are approved and adopted, and that the proper officers and directors of the Corporation be and hereby are authorized and directed to certify said resolutions to said bank.

11. Corporate Licenses and Foreign Qualification.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the proper officers of the Corporation be and hereby are authorized and directed to do any and all acts and execute any and all such documents as shall be necessary or desirable in order to procure for the Corporation any federal, state, local or other governmental licenses, permits, approvals or other authority that may be required in order for the Corporation to engage in its business or to qualify the Corporation to do business as a foreign corporation in any jurisdiction in which such qualification is or may be required.

12. Tax Status.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the proper officers of the Corporation be and hereby are authorized and directed to do any and all acts and execute any and all such documents as shall be necessary or desirable in order for the Corporation to protect and preserve the status of the Corporation as exempt from the federal income tax under Section 501(c)(3) of the Internal Revenue Code, as other than a private foundation under Section 509(a)(2) thereof and as a member of the tax-exempt group organized and established by National AMBUCS, Inc.

13. Effective Date.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, these resolutions shall be and shall become effective as of the day and date of the filing of the Articles of Incorporation as first set forth hereinabove.

The undersigned does hereby ratify and affirm that the foregoing actions were taken by the members of the Corporation at a meeting thereof, this the _____ day of _____, 20.

Respectfully submitted,

Secretary

Organizational Minutes

_____ Chapter of
National AMBUCS, Inc.

At a meeting of the members of the _____ Chapter of National AMBUCS, Inc., a _____ corporation (the "Corporation"), duly called pursuant to notice duly given the following acts of the Corporation were taken in furtherance of the organization thereof pursuant to the laws of the State of _____.

1. Articles of Incorporation and Action of Organizers.

WHEREAS, the Articles of Incorporation of the Corporation were filed with the Secretary of State of _____ on _____, 20; and

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Articles of Incorporation attached hereto were adopted as the organizing instrument for the _____ Chapter of National AMBUCS, Inc. The undersigned Chapter Secretary does hereby state and affirm that the attached is a true and accurate copy of the Articles of Incorporation of the _____ Chapter of National AMBUCS, Inc.

2. Adoption of Bylaws.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Bylaws in the form attached hereto and hereby made a part hereof be and hereby are approved and adopted as the Bylaws of the Corporation for the regulation of its business and affairs. The undersigned Chapter Secretary does hereby state and affirm that the attached is a true and accurate copy of the Bylaws of the _____ Chapter of National AMBUCS, Inc.

3. Adoption of Policy Guidelines.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Policy Guidelines attached hereto were adopted as the organizing instrument for the _____ Chapter of National AMBUCS, Inc. The undersigned Chapter Secretary does hereby state and affirm that the attached is a true and accurate copy of the Policy Guidelines of the _____ Chapter of National AMBUCS, Inc.

4. Appointment of Officers.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the following hereby are nominated and appointed to the offices set forth opposite their respective names below, each to serve at the pleasure of the Board of Directors:

<u>OFFICE</u>	<u>NAME, ADDRESS</u>
Chapter President	_____ _____ _____
Chapter Vice President	_____ _____ _____
Chapter Treasurer	_____ _____ _____
Chapter Secretary	_____ _____ _____
Chapter Sergeant-At-Arms	_____ _____ _____

5. Appointment of Directors.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the following hereby are nominated and appointed to the offices set forth opposite their respective names below, each to serve at the pleasure of the Board of Directors:

- | | |
|-----------|-----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |
| 5. _____ | 6. _____ |
| 7. _____ | 8. _____ |
| 9. _____ | 10. _____ |
| 11. _____ | 12. _____ |
| 13. _____ | 14. _____ |
| 15. _____ | |

6. Procurement of Books and Records.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the Secretary of the Corporation be and hereby is authorized and directed to procure the necessary corporate books and records and to open and maintain such books in accordance with applicable law and the Bylaws of the Corporation.

7. Ratification of Organizer's Acts.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, all things done and all actions taken by any and all of the Organizers promoters of the Corporation in connection with any matters preliminary to or necessary for the organization, incorporation, investigation, and promotion of this Corporation be and hereby are in all respects ratified, confirmed and approved.

8. Fiscal Year.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, and until the further order of the Board of Directors of the Corporation, the fiscal year of the Corporation shall be that specified by National AMBUCS, Inc.

9. Employment of Professional Services.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance in connection with discharging their duties as such, and without limitation in connection with the maintenance, preparation and filing of books, records, reports and returns, the proper officers of the Corporation be and hereby are authorized and directed to procure in their discretion such legal, accounting or other professional services and assistance as they may reasonably require in order to properly discharge the duties of said offices, and that the reasonable expenses therefor shall be charged to and paid for by the Corporation.

10. Banking Resolutions.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the standard form of banking resolutions provided by any Bank with which the Corporation may do business are approved and adopted, and that the proper officers and directors of the Corporation be and hereby are authorized and directed to certify said resolutions to said bank.

11. Corporate Licenses and Foreign Qualification.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the proper officers of the Corporation be and hereby are authorized and directed to do any and all acts and execute any and all such documents as shall be necessary or desirable in order to procure for the Corporation any federal, state, local or other governmental licenses, permits, approvals or other authority that may be required in order for the Corporation to engage in its business or to qualify the Corporation to do business as a foreign corporation in any jurisdiction in which such qualification is or may be required.

12. Tax Status.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, the proper officers of the Corporation be and hereby are authorized and directed to do any and all acts and execute any and all such documents as shall be necessary or desirable in order for the Corporation to protect and preserve the status of the Corporation as exempt from the federal income tax under Section 501(c)(3) of the Internal Revenue Code, as other than a private foundation under Section 509(a)(2) thereof and as a member of the tax-exempt group organized and established by National AMBUCS, Inc.

13. Effective Date.

UPON motion duly made and seconded, and upon the affirmative vote of a majority of the members in attendance, these resolutions shall be and shall become effective as of the day and date of the filing of the Articles of Incorporation as first set forth hereinabove.

The undersigned does hereby ratify and affirm that the foregoing actions were taken by the members of the Corporation at a meeting thereof, this the _____ day of _____, 20.

Respectfully submitted,

Secretary

Instructions for Completing Chapter By Laws

I. Introduction

In this section, you will find all the information you need to complete your By Laws prior to the meeting at which they will be adopted. We have included one (1) set of By Laws with blank lines for you to complete.

II. Specific Instructions for Completing Your By Laws

Prior to completing the blank form provided, take a minute to review the instructional form and the directions contained herein. These instructions take you step-by-step through the process of completing your form and will assist you greatly in preparing your By Laws for filing.

1. Heading. Your By Laws begin with a heading where you will include your Chapter name just before the word “Chapter”.
2. Section 3, Office. Section 3 of your By Laws required that you designate your principal corporate office. This designation should be that address you used on Lines 14 and 16 of your Articles of Incorporation. However, it will suffice for this purpose that you simply designate the city in which your Chapter is organized. For example, you may designate your principle office as follows:
 - a. “The principal office of the corporation shall be located in Hometown, USA, at such place as the Directors and Officers of the Corporation shall from time to time provide.”
3. Sections 4 and 6, Motto and Creed. These two sections require the inclusion of your corporate name. You should complete these sections just as you have the others that also require this information.
4. ARTICLE III, Section 1, Board of Directors, Organizational Minutes. This section requires the establishment of your first Board of Directors. Follow the steps set forth in this paragraph and you should have no trouble completing the required information.
 - a. Remove the document entitled Organizational Minutes from this manual and complete the same following the instructions therein.
 - b. Once you have completed your Organizational Minutes, please enter the number of directors noted in Section 5 of the Organizational Minutes in your

By Laws, ARTICLE III, Section 1 completing the sentence:

- c. "There shall be [**enter number from Organizational Minutes**] directors."
5. ARTICLE IV, Section 2, Regular Meetings. Complete this section by including the day, date and/or time of your regularly scheduled Chapter meetings.
6. ARTICLE VI, Section 1, Application Fees, Member Contributions. Please complete this section to reflect your present Chapter fee, contribution or dues schedule. Please contact the AMBUCS Resource Center for additional information and guidance on these issues.
7. ARTICLE VI, Section 2, Meals and Expenses. Although this section presents nothing to complete prior to adopting your Chapter By Laws, please refer your local Chapter Treasurer to the General Instructions for Local Chapters of National AMBUCS, Inc., for additional information concerning billing for meals, premiums and the like. This information will be found in the section entitled Commonly Asked Questions.

III. Conclusion.

Once you have completed the By Laws please continue through steps noted in the section entitled General Instructions For Local Chapters of National AMBUCS, Inc.

Instructions for Completing Chapter Policy Guidelines

I. Introduction.

In this section, you will find all the information you need to complete your Policy Guidelines prior to the meeting at which they will be adopted. We have included one (1) set of Policy Guidelines with blank lines for you to complete.

II. Specific Instructions for Completing Your Policy Guidelines.

Prior to completing the blank form provided, take a minute to review the directions contained herein. These instructions take you step-by-step through the process of completing your form and will assist you greatly in preparing your Policy Guidelines.

1. Heading. Your Policy Guidelines begin with a heading where you will include your Chapter name just before the word “Chapter”.

2. Attendance at Meetings, Leave of Absence. This section requires that you specify a time limit for a leave of absence from attending required meetings if your Chapter should choose to grant same.

3. Committees. This section requires the inclusion of your corporate name. You should complete this section just as you have the others that also require this information.

III. Conclusion.

Once you have completed the Policy Guidelines please continue through steps noted in the section entitled General Instructions For Local Chapters of National AMBUCS, Inc.

Commonly Asked Questions For Local Chapters of National AMBUCS, Inc.

This section takes up a variety of topics in a question and answer format. Should you require additional information on any of the topics discussed in this section, or elsewhere in this manual, please refer to the question regarding assistance for the names, addresses and telephone numbers of those persons who will assist you.

- 1) Why form a new corporation to be a tax-exempt group member? Local AMBUCS Chapters incorporate because this is a condition to the group income tax exemption ruling letter issued by the Internal Revenue Service. The group income tax exemption was issued on the basis of all group members becoming incorporated under the laws of their respective home states.
 - a) How is this corporation unique? Your new corporation is a non-profit (or not-for-profit) entity that is exempt from the federal income tax, federal excise taxes, state income taxes and other state and local sales taxes, franchise taxes and property taxes. Your corporation receives most of its revenues from gifts, grants, contributions and dues from its members and from the general public. Furthermore, your corporation applies most of its revenues to the public good, activities such as education, civic and community betterment, health care, and the like. In short, the purposes for which your corporation is organized and operated set it apart from every other corporation whose purpose is to conduct business or earn profits for its shareholders. Some key differences are as follows:
 - i) No Shareholders. Your corporation has no shareholders and issues no stock. It exists for the public good and thus has no private owners. Chapter members run the corporation and choose its officers and directors, but have no ownership in the corporation or its assets and cannot share in its earnings.
 - ii) No Salaries. Unlike a business corporation, your new Chapter cannot pay salaries to officers or directors and no individual can share in the net revenues of the corporation.
 - iii) State Law. Your new Chapter is subject to the regular corporations laws as well as the non-profit (or not-for-profit) corporations laws of the state in which you form the corporation. Should you need any assistance, please contact a lawyer in your area or feel free to use one of the assistance numbers printed in this section of your manual.
 - iv) Because it is a tax-exempt organization, your corporation will pay no federal income tax, and, depending on applicable state law, no state income, franchise,

sales or property taxes.

- v) Given this, we have attempted to make this transition as easy as possible for your Chapter by providing you with a wealth of resources from which to draw.. Should you require any additional assistance, we are ready to help in any way we can.
- 2) What about our state tax exemptions? As you know, the group exemption letter was issued by the IRS, and not by any one individual state taxing authority. Most states have an income tax and most states also have their own respective basis for issuing tax exemption letters. For example, even though National AMBUCS, Inc., received a federal income tax exemption, National AMBUCS, Inc., still was required to prove its tax exempt status for the North Carolina Department of Revenue. Relax, it is not as hard as it sounds.
- a) When you file your Articles of Incorporation, you will likely receive in the mail a request from your state taxing authority asking for information upon which to issue your state income tax (and possibly, franchise tax, property tax and sales tax) exemption certification. Most states also recognize a federal tax exemption as a basis for issuing a similar tax exemption letter under state law.
 - b) If and when you get a letter from your state taxing authority, you probably will be able to complete the information request simply by attaching a copy of your Articles of Incorporation, Bylaws and federal group income tax exemption letter provided in this manual and returning this letter to your state tax authority. We have included a copy of this group exemption letter for your use.
 - c) If you have any questions, you should contact a CPA or attorney in your area or call National AMBUCS, Inc. Resource Center.
- 3) I'm a Chapter treasurer, what should I know about our new tax exemption? As a Chapter Treasurer, your responsibilities include accounting, record-keeping and the like. The following are a few of the items you should anticipate along with recommendations for handling same.
- a) Billing for Dues and Meals. Future billings for dues and meals should itemize these charges separately, treating the meals billing as a "pass-through" item for the purpose of covering the cost of same to your Chapter. For example, referring to Sample Club Budget in AMBUCS Club Officer's Monthly Planner, your Chapter member billing of \$408 per year would reflect an itemization of costs between Chapter dues and contributions (\$96 per year) and meals (\$312 per year).

- b) Are Payments to Local Chapters Tax Deductible? Yes. As a tax-exempt public charity, gifts and contributions made, whether by way of regular payments from members, or fund-raising gifts from the public, are tax deductible to the donors. This is a great benefit in fund-raising since similar gifts to civic leagues, social welfare organizations or business clubs are not tax deductible to the donors as charitable contributions. There are limitations however:
- i) Contributions deductions are allowable to donors only to the extent that their contributions exceed the value of anything the Chapter gives in return for the gift. For example, assume your Chapter hosts a fund-raising golf tournament, collecting fees of \$100 per player and a round of golf ordinary costs \$25 per player. Under this scenario, your players are entitled to a charitable contribution deduction of \$75.
 - ii) When you host this type of fund raising event, you should determine the value of your incentive premiums in advance and include this information in your solicitations, tickets, flyers and other publication materials. Since the IRS requires that you disclose the value of such premiums when you collect your contributions, we recommend that you include a statement of the value of such premiums as part of the printed ticket or receipt provided when you collect payments. This disclosure is mandatory for all payments received in excess of \$75, but we recommend that you adopt this policy of full disclosure for all payments as being good business practice.
 - iii) If you receive a contribution in excess of \$250 from any single donor, with or without offering a premium, you must provide a written statement of same to the donor. Again, this can be made in the form of a receipt given at the time of the gift.
 - iv) For more information, please refer to IRS Publication Number 1771 included at the end of this section.
- c) Do We File Tax Returns? Yes, at least initially. Please refer to your Club Officer's Monthly Planner for general information concerning the filing requirements concerning IRS Form 990 (Return of Organization Exempt From Income Tax). As you are aware, the tax return filing requirements depend on whether your Chapter collects more than \$25,000 per year of gross receipts. In addition to this information, we include the following :
- i) If your Chapter does not normally collect more than \$25,000 of gross receipts each year, then you only need file a Form 990 for the first year of your incorporation. If this is the case, you should complete only Part I (the front page only) of the Form 990, paying particular attention to the following:

- (1) Line H(c). Check “YES” to indicate that your local Chapter is covered by a group ruling.
 - (2) Line J. Include the National AMBUCS, Inc., four-digit Group Exemption Number (GEN) number 8069.
 - (3) Please request Form 990 with instructions Catalog number 11283J from the IRS.
- ii) If your Chapter conducts an unrelated trade or business, you must file a Form 990-T (Exempt Organization Business Income Tax Return). You should consult your local CPA about these requirements.
- (1) Please request Form 990-T with instructions Catalog number 11292U from the IRS.
- 4) Do we get new Taxpayer Identification Numbers? Yes. As part of the chartering new club process, you will be issued a new Taxpayer Identification Number (“TIN”). You need not apply for this number as your application was filed by AMBUCS Resource Center. Also, each District and Region will be assigned a TIN, mainly for banking purposes. Please contact the AMBUCS Resource Center for additional information.
- 5) How do we “convert” our Chapter to a corporation? After you file your Articles of Incorporation and conduct your first meeting to adopt Bylaws, appoint officers and directors, etc., your Chapter Treasurer should “convert” your Chapter bank accounts and other properties, if any, to the new corporation. Please reference the following steps as a guide for your efforts:
- a) Please refer to item 5 in the General Instructions for Local Chapters of National AMBUCS, Inc. for guidance in dealing with your local banks. The Organizational Minutes have the necessary provisions authorizing your Chapter to establish banking relationships. However, some banks may have particular form corporate resolutions for your use. Please feel free to use these form documents provided by your bank.
 - i) Corporate Seal. Some banks require a corporate seal when opening a new corporate bank account. While the use of a seal imprint is a corporate law dinosaur in most states, if pressed you can simply draw a circle and write the word “SEAL” in the center. If you have any additional problems in this regard, please contact the AMBUCS Resource Center.

- b) Permanent Mailing Address. Establish a permanent United States Post Office Box for use as a permanent mailing address as soon as possible and notify the AMBUCS Resource Center of this address. We will, from time to time, use this address to give you up-to-date information on tax matters, corporate law matters and anything that can affect your tax or corporate status as a tax-exempt public charity.
 - c) Notify the AMBUCS Resource Center of your new TIN immediately upon the receipt of same. If you do not receive your TIN within 4 months of completing your incorporation, please contact the AMBUCS Resource Center at once.
- 6) What if I need additional help or have additional questions? As with any project of this magnitude, particular problems or questions arise that we cannot address in an instructional manual. In this event consider availing yourself of the following resources:
- a) AMBUCS Resource Center. You may contact the AMBUCS Resource Center at your convenience for assistance with any particular question you may have.

IRS Publication 1771

"Charitable Contributions--Substantiation and Disclosure Requirements"

Disclosure requirements.--

The IRS has provided guidance to charities and individuals for compliance with the requirements for donations over \$250 and quid pro quo contributions imposed by the Revenue Reconciliation Act of 1993 in Publication 1771, Charitable Contributions--Substantiation and Disclosure Requirements.

[Full Text--Pub. 1771]

* * *

Disclosure by Charity of Receipt of Quid Pro Quo Contribution

Beginning January 1, 1994, under new section 6115 of the Internal Revenue Code, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75. This requirement is separate from the written substantiation required for deductibility purposes as discussed above. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charity. An example of a quid pro quo contribution is where the donor gives a charity \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor's payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for separate fundraising events will not be aggregated for purposes of the \$75 threshold. However, the Service is authorized to develop anti-abuse rules to prevent avoidance of this disclosure requirement in situations such as the writing of multiple checks for the same transaction.

The required written disclosure statement must:

(1) inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and

(2) provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

The disclosure must be in writing and must be made in a manner that is reasonably likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

In the following three circumstances, the disclosure statement is not required.

(1) Where the only goods or services given to a donor meet the standards for "insubstantial value" set out in section 3.01, paragraph 2 of Rev. Proc. 90-12, 1990-1 C.B. 471, as amplified by section 2.01 of Rev. Proc. 92-49, 1992-1 C.B. 987 (or any updates or revisions thereof);

(2) Where there is no donative element involved in a particular transaction with a charity, such as in a typical museum gift shop sale.

(3) Where there is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to the donor by an organization organized exclusively for religious purposes, and must be of a type that generally is not sold in a commercial transaction outside the donative context. An example of an intangible religious benefit would be admission to a religious ceremony. The exception also generally applies to de minimis tangible benefits, such as wine, provided in connection with a religious ceremony. The intangible religious benefit exception, however, does not apply to such items as payments for tuition for education leading to a recognized degree, or for travel services, or consumer goods.

A penalty is imposed on charities that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause.

Please note that the prevailing basic rule allowing donor deductions only to the extent that the payment exceeds the fair market value of the goods or services received in return still applies generally to all quid pro quo contributions. The \$75 threshold pertains only to the obligation to disclose and the imposition of the \$10 per contribution penalty, not the rule on deductibility of the payment.