



CHAPTER RESOURCE:

LEGAL & TAX DOCUMENTS

This could be titled “risk management” for that is what this is all about ... managing your risk so you do not fall in trouble with the IRS, federal government or your state government. This is intended for information only and should be misconstrued as legal or financial advice. Do check with your national association and/or your own CPA for specific advice.

TAX DOCUMENTS

Chapters which are not integrated with a parent organization need the basic corporate documents listed below. This list is intended as a starting point. Visit the [IRS](#) web site to walk through the process of starting up a non-profit organization.

- **Articles of Incorporation** accomplished by filing articles or certification of incorporation with secretary of state of your jurisdiction.
- **Bylaws** containing rules for the organization.
- **Annual Corporate Report** filed with your state to continue to function and qualify for tax-exempt status; requirements vary by state.
- **Tax Exempt Status** if the organization qualified under Section 501(c)(6) or (c)(3). The first is an IRS code for business leagues, trade associations and professional societies. A 501(c)(3) is for charitable and educational organizations. Chapters file for exempt status using IRS **Form 1024** for Section 501(c)(6) or **Form 1023** for Section 501(c)(3). For some chapters this is available through your national office.
- **Employer Identification Number** accomplished by filing **IRS Form SS-4**.
- **Annual Electronic Filing** is required for most small non-profits. There are three forms from IRS **Form 990, Form 990-EZ and the new 990-N E-postcard**. The 990 and 990-EZ are for those with annual gross income exceeding \$50,000 while the 990N is for those under that threshold. Most groups are advised to file regardless of size; visit [Form 990 Electronic Filing](#).

INSURANCE POLICIES FOR ASSOCIATIONS

Chapters – and all associations – should protect themselves by carrying insurance to cover professional liability, crime, property, and disasters. For small chapters with occasional events, the need is smaller.

For an insurance checklist and more information on association-specific insurance options, contact [ASAE - The Center for Association Leadership](#) or consult a risk management professional like [Croydon Consulting](#) who offers resources and advice. Here are the basic policies to consider:

- **Association professional liability insurance (APL)**, also called nonprofit directors and officers liability insurance (D&O), is the single most important coverage in any association insurance portfolio. APL/D&O protects the association and its leadership from allegations of imprudent management or errors and omissions in conducting the association's everyday operations.
- **Employee dishonesty coverage**, endorsed to include computer or electronically manipulated theft. Employee dishonesty is difficult to guard against because so often the crime is perpetrated by a trusted employee with a spotless record. Losses can continue for years before they are discovered and can be for significant amounts.
- **Event cancellation insurance** protects your association against loss of revenue resulting from cancellation or curtailment of a convention or meeting.
- **Property coverage** is important if you own your building or rent your office space. Even if your assets and records are kept in a volunteer's home, make sure you have coverage.
- **General or third-party liability** protects against third-party claims for bodily injury, property damage, and personal injury. Associations' service-oriented operations make them particularly vulnerable to personal injury suits.



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