



**LITTLE  
ROCK**

WILLIAM H. BOWEN SCHOOL OF LAW

# Creating a Domestic Nonprofit Organization for a Neighborhood Association in Arkansas



# Presenter

**A very special thanks  
from the presenter to  
the following student(s)  
who assisted with the  
creation of this  
presentation:**

- **David Nunez**

## **J. Douglas Cortes, JD, LLM**

1201 McMath Ave.

Little Rock, AR 72202

501.916.5468(o)

501.916.3974(f)

[jdcortes@ualr.edu](mailto:jdcortes@ualr.edu)

Director of the Business Innovations Clinic &  
Visiting Associate Professor of Clinical Education

### Education:

- Vermont Law School, LL.M. in Energy Law
- SMU Dedman School of Law, J.D.
- University of the State N.Y., B.S.

# Overview of Creation of An Arkansas Domestic Nonprofit Organization

Under Arkansas law, a domestic nonprofit organization, e.g., a 501(c)(3), is created for the advancement of charitable, religious, literary, educational, or scientific purposes.

- File Articles of Incorporation with Arkansas Secretary of State
- File for an Employer Identification Number with the IRS
- Draft and Ratify Corporate Bylaws, Gift Acceptance Policy, and Conflict of Interest Policies.
- File an application for 501(c)(3) tax exemption status with the IRS Form IRS 1023 or IRS Form 1023-EZ.
- File for registration of Charitable Organization through the Arkansas Secretary of State, Form SOS CR-01.
- Additional information.



# Neighborhood Associations

# Neighborhood Associations

“Neighborhood associations are voluntarily organized groups of residents who work together to create a unified voice, enhance living conditions in their neighborhood, and address neighborhood concerns.”

“Neighborhood associations can hold block parties and neighborhood events or provide advice to local government.”

“Their bylaws can govern the appearance of properties, keep up local amenities, and fund community activities.”

“The purpose of neighborhood associations is to bring together residents from a section of the city who share common goals and want to create a place to meet other residents, share concerns, offer solutions, and create a greater sense of community.”

“Through voluntary participation (that often includes dues) and elected officials, neighborhood associations bring residents together and provide a line of communication with local government to give residents a voice in issues that directly affect them and their families.”



# Filing Articles of Incorporation

# Filing Articles of Incorporation

First, **select a name.**

- Complete a **Name Search** on the Arkansas Secretary of State's (SOS) website.

<https://www.sos.arkansas.gov/business-commercial-services-bcs/nonprofit-charitable-entities/>

- File online directly through the website portal, or use the Adobe pdf form which you can download, complete, and submit.

Next, decide what **type** of non-profit organization will the entity be.

- **A mutual-benefit corporation is one that is developed and works for the benefit of its members.**
- A public-benefit corporation is one that is formed to benefit the general public.
- A religious corporation is one that is formed to advance religious values or morals.

# Filing Articles of Incorporation (con't)





# Filing Articles of Incorporation (con't)

- Finally, enter your **Registered Agent's** information, including:
  - Name
  - Phone number
  - Physical address (do not use a PO Box)
- A registered agent is an individual that will be served with notice on behalf of the entity.
- When fully completed, you will sign and file the Articles of Incorporation with the AR SOS through its website.
- There will be a \$50.00 filing fee (as of Mar. 2023) which you can pay with your personal credit card and later get reimbursed from the organization
- **Be sure to keep a copy of the Articles of Incorporation for your books and other purposes.**

# Corporate Employer ID Number

You can now apply for an Employer Identification Number (EIN) from the IRS.

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

A **human individual must** be the “Responsible Party” (see above link for more details from the IRS).



# Governing Documents

- Corporate Bylaws
- Gift Acceptance Policy
- Conflict of Interest Policy

These documents **are not required to file** the Articles of Incorporation with the AR SOS; however, they **are required to apply** for 501(c)(3) tax exemption from the IRS.

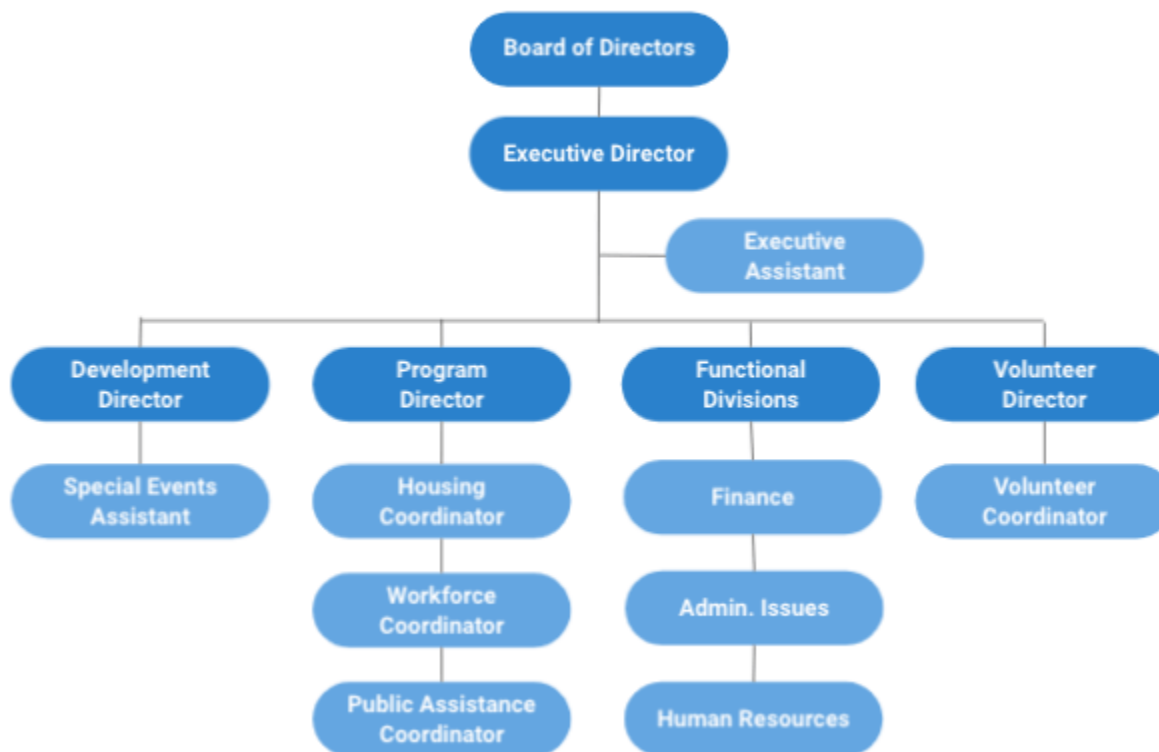
# Governance & Administration

- Nonprofits are **governed** by the board of directors.
- Board members are generally not paid, but may receive compensation that is allowed by the bylaws.
- The Board is accountable for the policies of the organization and is given powers by the Articles of Incorporation.
- The Board's work is coordinated by the Chair and the board may organize itself into various committees responsible for carrying out different operations.
- The **administration** is made up of the staff that oversee all the **programs**.
- Nonprofit administration usually includes an **Executive Director** (or President) and office personnel.
- The **Executive Director** is responsible for liaising with the Board and carrying out their instructions, as well as for overseeing the people who run the programs of the organization.

See: <https://smallbusiness.chron.com/typical-non-profit-organizational-structure-4896.html>

# Governance & Administration

**Nonprofit Org Chart**



# Corporate Bylaws

- **Bylaws** are the **rules the organization will follow, and the powers & purposes of the entity.**
- Language found in the Articles of Incorporation should be used in the Bylaws.
- Bylaws dictate the **powers of the Board of Directors.**
- The Bylaws also dictate **what occurs upon dissolution of the corporation.**
- Note the Articles of Incorporations has suggestive language for this.
- Federal law requires a tax-exempt charitable nonprofit that is dissolving to distribute its remaining assets **ONLY to another tax-exempt organization or to the federal government or a state or local government** for a public purpose.
- After the Bylaws have been drafted, they must be **accepted & ratified** by the Board of Directors.
- The Bylaws must then be signed by the Secretary of the Board of Directors.

# Board of Directors

- The entity must select **at least three** Directors to the Board of Directors **who are not related to by blood or marriage**.
- There are generally at least three **titled positions** on the Board of Directors:
  - Chair
  - Secretary
  - Treasurer
- Board officers serve terms of one to three years and may be reelected.
- Directors may serve a **term of no less than one year & no more than six consecutive years per term**, but may serve more than one term if reelected.
- The same individual may hold multiple titled positions, but the same person may not serve as both the Chairperson & Secretary.

# Nonprofit Officers

- The management of the day to day operations may be structured in different ways, such as:
- Non-profits often just have an **Executive Director** and various managers, including, for example, a Manager of Finance.
- Or using a classic corporate structure, e.g., President/CEO, Vice President, Secretary, Treasurer
- Officers are selected by the Board of Directors and serve renewable (3) year terms.
- Officers may serve on the Board of Directors.
- The same individual is able to hold multiple titled positions, but the President and Secretary cannot be held by the same person.



# Resolutions

- A **Corporate Resolution** is a mechanism the Board uses to amend the original Bylaws.
- A Resolution is similar, for example, to the Amendments to the US Constitution.
- The Board can add, strike/remove, or otherwise change, including, for example to give authority, such as to authorize the Executive Director to open a bank account.
- A sample Resolution is provided in the additional materials.



# Conflict of Interest Policy




- **The Conflict of Interest Policy** details what is considered a Conflict of Interest, and the procedures that the entity will take to resolve or address the issue.
- The IRS provides a sample of Conflict of Interest Policy in the instructions for the IRS Form 1023.

# Gift Acceptance Policy



- The **Gift Acceptance Policy** is required and essential to layout the process of what the entity will accept and limitations.
- It also lays out when and how will the organization give written notice of donation to donors.
- For example, any donation of or exceeding \$250 dollars will be acknowledged in writing, including the name of the donor and description of the contribution.



# Completion of IRS Form 1023 & AR SOS Form CR 01

# IRS FORM 1023 AND 1023 EZ

- The IRS provides instructions on how to complete the IRS Form 1023 and 1023 EZ .
- 1023 EZ forms are used when the organization makes less than \$50,000 within three years of organizing.
- Essentially it ask questions surrounding the applicant's information including the financial information of the Entity.
- Note: Board Members' names and address are included.
- The Organization must also submit its Bylaws, Gift Acceptance Policy, Conflict of Interest Policy, and Articles of Incorporation.

# IRS FORM 1023 AND 1023 EZ

One of most important determinations made through the 1023 or 1023 EZ is determining your foundation classification.

Organizations that are exempt under 501(c)(3) are considered private foundations unless they are:

- Churches, schools, hospitals, and entities that undertake testing of safety; or

- Organizations that support one or more organizations that are public charities.
- Public charities, which are organizations that receive a substantial amount from broad public support such as:
  - One third of its total support; or
  - At least 10% of total support.

# AR SOS CR-01 Form

In order to apply for Charitable organization in Arkansas you will need.

- A copy the IRS 1023 form or pending application.
- A copy of the organization's Articles of Incorporation
- If applicable, an executed Consent for service (CR-02)
- A copy of Arkansas's financial reporting form (CR-03) and the required forms, and
- A copy of any current contracts with paid solicitors, fund-raising or commercial co-ventures.

# AR SOS CR-01 Form

The SOS CR-01 must include, among other things, the following:

- The organization's purpose;
- Financial and administrative information ;
- Solicitation information such the purpose. period , and methods of solicitation.

Finally, upon completion of the form the individual must have the document notarized.







# Internal Controls

# Internal Controls

## Basic Principles of Internal Controls

- Internal controls are a set of standards that aim to minimize material weakness and prevent material misstatements within the organization.
- A material weakness in ICFR occurs when the company's overall control system is deficient and could result in a material misrepresentation in the company's financial statements. Such errors can arise on an annual report (before or after an audit of financial statements) or through periodic financial reporting, such as un-audited quarterly reports.

## Segregation of Duties

- The segregation of duties among employees reduces the chance that any one person can commit fraud. "SoD" also creates procedures for double-checking work to decrease clerical errors. For example, separating duties means the employee who handles record keeping should not have physical custody of the asset.

# Internal Controls

## Controlled Access

- Physical internal controls ensure that only authorized employees can access company assets.
- Standard physical internal controls for safeguarding assets include unique passcodes for cashiers at cash registers and key cards for warehouse employees.
- These physical internal controls may also be digital, such as requiring a password to access an organization's network.

## Authorization

- An organization should establish specific written procedures for authorizing financial statements and specific transactions.
- For example, managerial approval should be required for expenditures over a certain amount.
- Authorization controls should be tightly managed to safeguard from inappropriate overrides.

# Internal Controls

## Record Keeping

- A company should back up its financial statements with general ledger reports and other schedules.
- These forms should be numbered so you can detect missing pages or new forms used to backdate a previously unrecorded transaction.
- You can also avoid fraud and inadvertent errors by standardizing documents like purchase orders and sales invoices.

## Verification

- A manager should regularly review all critical general ledger accounts and financial statements for accuracy.
- The manager, however, must be an employee who did not help prepare the report.
- Additionally, the chief financial officer may perform attestation of financial statements at the end of a quarter or fiscal year.
- Some organizations also use internal auditors or an audit committee.



# Resources

# A Few Resources

## **AR SOS: Business Services**

<https://www.sos.arkansas.gov/business-commercial-services-bcs>

## **AR SOS: Charitable Registration in AR (pdf)**

[https://www.sos.arkansas.gov/uploads/SoS\\_-\\_CharitableRegistrationInArkansas.pdf](https://www.sos.arkansas.gov/uploads/SoS_-_CharitableRegistrationInArkansas.pdf)

## **Internal Revenue Service: EIN**

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

## **Homeowners Protection Bureau, LLC**

<https://www.hopb.co/arkansas>

This webpage has info about AR HOA & other related state & federal laws. This is NOT a non-profit and I can't guarantee any info, but it has a lot of good links & is national, so includes info on other states, too.

## **Little Rock: Mayors Office**

<https://www.littlerock.gov/city-administration/mayors-office/>

## **Little Rock: Office of Equity and Inclusion**

<https://www.littlerock.gov/city-administration/mayors-office/our-team/office-of-diversity-equity-and-inclusion/>

## **National Council of Nonprofits**

<https://www.councilofnonprofits.org/running-nonprofit/governance-leadership/dissolving-nonprofit-corporation>

## **Bowen Law School Business Clinic (UALR)**

<https://ualr.edu/law/clinical-programs/business-innovations-legal-clinic/>

**QUESTIONS  
&  
COMMENTS**



**THANK YOU FOR  
INVITING US!**



[name of non-profit corporation]

## Bylaws

### Article I:

#### Definitions

Section 1.01: The Name of the “**Corporation**” is and shall mean: [name of nonprofit corporation], and its successors and assigns.

Section 1.02: The “**Board**” shall mean: the Board of Directors of the Corporation.

Section 1.03: “**Board Officer**” shall mean: an individual elected to the Board to direct and assist the operations of the Board of Directors.

### Article II:

#### Office and Registered Agent

Section 2.01: The **principal office** of the Corporation shall be located at:

[redacted]

Section 2.02: The **registered agent** for the Corporation shall be [name of agent], at:

[redacted]

### Article III:

#### Business Objectives and Governing Instruments

Section 3.01: **Charitable, Educational, and Scientific Purposes and Powers**—the purposes of the Corporation as set forth by the Articles of Incorporation, are exclusively charitable, educational, and religious, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended or the corresponding provision of any future Federal Tax Law. In furtherance of such purposes, the Corporation shall have the same powers as an individual to do all things necessary or convenient to carry out the purpose, as set forth in the Articles of Incorporation and these Bylaws. The specific purposes of the Corporation shall, but are not limited to:

[write description here]

Section 3.02: **Governing instruments**—The Corporation shall be governed by its Articles of Incorporation and its Bylaws.

Section 3.03: **Nondiscrimination Policy**—The Corporation will not practice or permit any unlawful discrimination on the basis of race, gender, sex, age, national origin, religion, physical or mental disability, or any other basis prohibited by law.

Section 3.04: **Limitations on Activities**—No part of the activities of the Corporation shall consist of participating in or intervening in any political campaign on behalf of or in opposition to any candidate for public office, nor shall the Corporation operate a social club or carry on with business in a public manner similar to an organization operated by a for profit corporation or other business. Notwithstanding any other provision of the Bylaws, the Corporation shall not carry on any activity not permitted to be carried on by the Corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future federal tax law.

#### **Article IV:**

#### **Membership**

Section 4.01: **No Membership Class**—the Corporation shall have no members who have any right to vote, title, or interest in the Corporation, its properties or franchises.

Section 4.02: **Non-Voting Affiliates**—The Board of Directors may approve classes of non-voting affiliates with rights, privileges, and obligations established by the board. Affiliates may be individuals, businesses, or any other organizations that seek to support the mission of the Corporation. The Board, or a designated committee of the Board of Directors in accordance with the board policy, shall have the authority to admit an individual or organization as affiliate, to recognize representatives of affiliates and to make determinations as to affiliates' rights, privileges, and obligations. At no time shall the affiliate's information be shared with or sold to other organizations or groups without the affiliate's consent. At the discretion of the Board of Directors, affiliates may be given endorsement, recognition and media coverage at fundraising activities, clinics, other events, or at the Corporation website. Affiliates have **NO VOTING** rights, and are not members of the Corporation.

Section 4.03: **DUES**—Any dues for affiliates shall be determined by the board of the directors.

**ARTICLE V:**  
**DIRECTORS**

Section 5.01: **MEETINGS**—A meeting of the “Board” shall be bi-quarterly at such place, on such and at such time as may be fixed by the Board, for the purpose of electing Directors, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 5.02: **NUMBER**—The Number of Directors constituting the entire “Board” shall be fixed by the “Board”, such number shall be an odd number not be less than three (3).

Section 5.03: **ELECTION AND TERM OF OFFICE**—The initial board of Directors of the Corporation shall be those persons specified in the Articles of Incorporation of the Corporation. Each Director shall hold office for three (3) year term after such time the Director may be re-elected or the Director’s successor will be elected and qualified, or until the Director’s death, resignation, or removal. Directors may serve unlimited terms, so long as they are reelected by the Board of Directors.

Section 5.04: **POWER AND DUTIES**—Subject to the provisions of law, the Articles of Incorporation, and these Bylaws, but in furtherance and not in limitation of any rights and powers thereby conferred, the Board shall have the control and management of the affairs and operations of the Corporation and shall exercise all the powers that may be exercised by the Corporation.

Section 5.05: **ADDITIONAL MEETINGS**—Regular meetings of the Board may be held at such times as the Board may from time to time determine. Special meetings of the Board may also be called any time by either the President or a majority of the Directors then in office.

Section 5.06: **NOTICE OF MEETINGS**—No notice need be given of any established scheduled meeting of the Board. Notice of a special meeting of the Board shall be given by written notice at one week or seven days prior to the date designated for such meeting specifying the place, date, and time of the meeting.

Section 5.07: **QUORUM**—At any meeting of the Board, all Directors then in office shall be necessary to constitute a quorum for the transaction of business.

Section 5.08: **VOTING**—At all meetings, each board member/director shall have one vote. In the event of the tie in any vote, the Chairperson of the Board will have an additional vote to be the tie-breaker.

Section 5.09: **REMOVAL**—Any member of the Board of Directors may be removed for any acts, crimes of dishonesty, or for cause, by a two-thirds (2/3) supermajority vote of the Board, provided that there is quorum of no less than a majority present at the meeting at which such action is taken.

Section 5.10: **RESIGNATION**—Any member of the Board may resign from office at any time by delivering notice of resignation in writing to the Board and upon the acceptance of the resignation by the Board.

Section 5.11: **VACANCIES**—Any newly created Board position and any vacancy occurring on the Board arising at any time and from any cause may be filled by a majority vote of the Directors then in office at any meeting. A new board member elected to fill a vacancy shall hold office for the unexpired term of the newly elected board member's predecessor.

## **ARTICLE VI:**

### **OFFICERS**

Section 6.01: **ELECTION AND QUALIFICATIONS; TERMS OF OFFICE**—The Officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer. The Officers shall be elected by the Board at the meeting of the Board and each Officer shall hold office for a term of three (3) years and until such Officer's successor has been elected or appointed and qualified, unless such Officer shall resign or shall have been removed as provided in Section 9 and 10 of Article V of this document. The same person may hold more than one office, except that the same person may not serve as both President and Secretary during the same term.

Section 6.02: **VACANCIES**—Any vacancy occurring in any office, whether because of death, resignation, removal with or without cause, or any other reason, shall be filled by the Board.

Section 6.03: **POWERS AND DUTIES OF THE PRESIDENT**—The President shall be the Chief Executive Officer (CEO) of the Corporation. The President shall from time to time make such reports of the affairs and operations of the Corporation as the Board may direct and shall

preside at all meeting of the Board. The President shall have such powers and shall perform such other duties as may from time to time be assigned to the President of the Board. The President shall be the signatory on all financial accounts, but shall not have access to the Corporation's checkbook or similar financial instruments, in accordance with the "Generally Accepted Accounting Principles" (GAAP).

**Section 6.04: POWERS AND DUTIES OF THE VICE PRESIDENT**—The Vice President shall have such powers and perform such duties as may from time to time be assigned to such Vice President. In the absence or disability of the Board President, the Vice President shall perform the duties of the President.

**Section 6.05: POWERS AND DUTIES OF THE SECRETARY**—The Secretary shall record and keep the minutes of all the meetings of the Board. The Secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the Corporation and such books and records as the Board may direct. The Secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary of the Board.

**Section 6.09: POWERS AND DUTIES OF THE TREASURER**—The Treasurer shall be the custodian of all funds and securities of the Corporation. Whenever so directed by the Board, the Treasurer shall render a statement of the cash and other accounts of the Corporation to be kept for such purpose full and accurate accounts of the Corporation's receipts and disbursements. The Treasurer shall at all reasonable times exhibit the books and accounts to any Director upon application at the principal office of the Corporation during business hours. The Treasurer shall have such other duties as may from time to time be assigned to the Treasurer by the Board. The Treasurer shall not have signatory rights on any financial accounts and will ensure security of any and all checkbooks or similar financial instruments, in accordance with the "Generally Accepted Accounting Principles" (GAAP).

**Section 6.07: DELEGATION**—In case of absence of any Officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may at any time and from time to time delegate all or any part of the powers or duties of any Officer to any other Officer or to any Director or Directors.

**Section 6.08: REMOVAL**—Any officer may be removed from office at any time, with or without cause, by a two-thirds (2/3) supermajority vote of the Directors in office at any meeting of the Board.

**ARTICLE VII:**  
**EXECUTIVE DIRECTOR**

Section 7.01: **EXECUTIVE DIRECTOR**—The Board of Directors may employ an Executive Director who shall:

- A. Implement the policies and procedures of the Corporation as prescribed by the Board of Directors in a written job description.
- B. Be responsible for the operation of the Corporation's corporate office
- C. Employ, supervise, and terminate such other staff as is deemed necessary by the Board of Directors to carry on the business of the Corporation.
- D. Provide Board of Directors with reports regarding current status of program and financial situations as requested, but not less frequently than quarterly.

**ARTICLE VIII:**  
**COMMITTEES**

Section 8.01: **COMMITTEES**—The Board of Directors, by unanimous consensus may designate and appoint one (1) or more committees of the Board of Directors, each of which shall consist of two (2) or more directors. Such committees shall, to the extent provided in the motion approved by the Board, the Articles of Incorporation, or these Bylaws, shall have all the authority of the Board of Directors, except that no such committee or any officer of the Corporation may: amend the Articles of Incorporation; restate Articles of Incorporation; adopt a plan of merger or adopt a plan of consolidation with another corporation, authorize sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation; or amend, alter, or repeal any resolutions of the Board of Directors. All decisions and actions of a committee shall be subject to review by the Board of Directors. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed upon him or her by law.

**ARTICLE IX:**  
**BANK ACCOUNTS, CHECKS, CONTRACTS, AND INVESTMENTS**

Section 9.01: **BANKS ACCOUNTS, CHECKS, AND NOTES**—The Board is authorized to select the banks or depositories it deems proper for the funds of the Corporation. The Board shall determine who shall be authorized from time to time on the Corporation's behalf to sign checks, drafts, or other orders for the payment of money, acceptances, notes, or other evidence of indebtedness.

Section 9.02: **CONTRACTS**—The Board may authorize any Officer or Officers, agent or agents, in addition to those specified in these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 9.03: **INVESTMENTS**—The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board may deem desirable.

**ARTICLE X:**

**INDEMNIFICATIONS**

Section 10.01: **INDEMNITY UNDER LAW**—The Corporation shall indemnify any director, officer, or former director or officer of the Corporation against all expenses actually and reasonably incurred by him or her in connection with the defense of any action, suit, or proceeding either civil or criminal, in which he or she is made a party by reason of being or having been a director or officer, except in relation to matters as to which he or she is adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of the duty. Such indemnification shall not be exclusive of any other indemnification provided for in the Articles of Incorporation or any Bylaw, by resolution or otherwise.

**ARTICLE XI:**

**DISSOLUTION**

Section 11.01: **DISSOLUTION**—The Corporation may be dissolved only upon adoption of a plan of dissolution, by unanimous vote of the Board and distribution of assets by the Board to a non-profit organization approved by a two-thirds (2/3) supermajority vote of the Board, that is consistent with the Articles of Incorporation, these Bylaws, and the laws of the State of Arkansas.

**ARTICLE XII:**

**AMENDMENTS**

Section 12.01: **AMENDMENTS**—These Bylaws may be altered, amended, added to, or repealed at any meeting of the Board called for that purpose by a two-thirds (2/3) supermajority vote of the Directors then in office.

**ARTICLE XIII:**  
**CONSTRUCTION**

Section 13.01: **CONSTRUCTION**—In the case of any conflict between the Articles of Incorporation of the Corporation and these Bylaws, the Articles of Incorporation of the Corporation shall control.

-----

These Bylaws were adopted at a meeting of the Board of Directors of [name of the corporation here] on \_\_\_\_\_, 2023.

_____	_____
Names of Director	Date
Director	
[name of the corporation here]	

_____	_____
Names of Director	Date
Director	
[name of the corporation here]	

_____	_____
Names of Director	Date
Director	
[name of the corporation here]	



**CONFLICT OF INTEREST POLICY**  
**OF**

[name of the corporation here]

**ARTICLE I**  
**PURPOSES**

**SECTION I.1 Purpose of Policy.** The purpose of the conflict-of-interest policy is to foster public confidence in the integrity of [name of the corporation here] (the “Company”) and to protect the Company’s interest when it is contemplating entering into a transaction or arrangement that may benefit the private interest of an officer, director, or key employee. This policy is intended to supplement but not replace any applicable state and federal laws governing the conflict of interest applicable to nonprofit and charitable organizations. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the applicable law shall control.

**ARTICLE II**  
**DEFINITIONS**

**SECTION II.1 Conflict of interest** A conflict of interest is present when, in the judgment of the Board of Directors determining whether a conflict exists, an insider or person related to the insider by family or business relationship (“interested person”) has material financial interest in the transaction if such that it reduces the likelihood that an insider’s influence can be exercised impartially in the best interest of the Company. An interested person has a conflict of interest pursuant to Article III of this policy that a conflict of interest exists.

**SECTION II.2 Financial Interest** Any actual or potential ownership or investment interest in any entity with which The Company has or is negotiating a transaction or arrangement, which may potentially benefit an Interested Person directly or indirectly. Any actual or potential compensation arrangements with which The Company has or is negotiating a transaction or arrangement, which may potentially benefit an Interested Person directly or indirectly.

**SECTION II.3 Interested Person** Any member of the Board , any officer, including the Treasurer, Executive Director, or any person with the responsibility similar to that of any of the positions, including staff positions with management or financial responsibilities.

**SECTION II.4 Transaction** is any agreement or relationship involving the sale, gift, or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of a pecuniary relationship by the Company.

## **ARTICLE III**

### **CONFLICT OF INTERESTS DEFINED**

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interests.

**SECTION III.1 Outside interests** An agreement or transaction between (a) The Company and interested person or family member or (b) The Company and an entity in which a interested person or family member has a financial interest or of which the Interest person or a family member is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.

**SECTION III.2 Outside Activities** A interested person (a) competing with the Company in the rendering of services or in any other Agreement or Transaction with a third party, or (b) having a financial interest in or serving as director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to, an entity that competes with The Company in the provision of services or in any other transaction with a third party.

**SECTION III.3 Gifts, Gratitudes, and Entertainment** A interested person accepting gifts, entertainment, or other favors from any individuals or entity that (a) does or is seeking to do business with, or is a business with a similar mission or goal as The Company; (b) has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from The Company; (c) a charitable organizations; or (d) under circumstances where it might be inferred that such action was intended to influence or reasonably could influence an interest person in the performance of his or her duties. This does **NOT** preclude the acceptance of items of nominal or insignificant value.

## ARTICLE IV PROCEDURES

**Section IV.1 Duty to Disclose** In connection with any actual or possible conflict of interest, an interested person must disclose, via electronic mail or written notice as soon as reasonably possible to a least one director, the existence of a financial interest and be given the opportunity to disclose all material facts to the directors and members of committee with governing board delegated with powers considering the proposed transaction or agreement. The director who receives this information regarding the Conflict of Interest shall share the information with the rest of the board at the next meeting, call a special meeting, or if the situation is urgent, notify all other directors by written notice e.g. letter, electronic mail, or text message, as soon as reasonably possible.

**Section IV. 2 Determining Whether a Conflict of Interest Exists** After disclosure of all financial interest and material facts, and a discussion with the interested person, the Board of Directors' or a governing committee's will meet to determine if a Conflict of Interests exists. During such a meeting the interested person shall not be present. The remaining board or committee members shall decide if a conflict of interests exists by a majority vote (2/3) of the entire disinterested portion of the Board.

### **Section IV.3 Procedures for Addressing the Conflict of Interest**

- a) A person who has a Conflict of Interest shall not vote, participate in, or be permitted to hear the Board's or committee's discussion of the matter, except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting. The interested person shall refrain from any action that may affect The Company's participation in such Transaction.
- b) The chairperson of the governing board or committee board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or agreement.
- c) After exercising due diligence in collecting all the material facts and information regarding the transaction and the interested person's Conflict of Interest. If appropriate the Board or committee shall also consider alternatives to the proposed transaction or arrangement and determine

whether more advantageous transactions or agreements can be made with persons or entities that would not give rise to a Conflict of Interest.

- d) If the governing board or committee determines that a more advantageous transaction or arrangement is not reasonably possible under the circumstances not producing a Conflict of Interest, the governing Board or committee shall determine by a majority vote (2/3) of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the determination it shall make its decision as to whether to enter into the transaction or arrangement.

**Section IV.4 Resolutions** If a Conflict of Interest is found to be present, the board shall hold a meeting to discuss possible resolutions and then vote on which resolution to adopt as a solution to the Conflict of Interest, on a case by case basis. All disinterested directors shall be decided by a majority vote (2/3) that a transaction or agreement is in The Company's best interest, for its own interest and benefit, and that it is fair and reasonable, before deciding to enter in to a transaction or agreement. Under **NO** circumstances may an interested person found to have a Conflict of Interest, vote in any matter in which his or her personal interests or the interests or the interest of his or her family members are implicated.

The following is a non-exhaustive list of the measures the board may take to ensure that a decision of the Board is in The Company's best interest, for its own interest and benefit, and that it is fair and reasonable:

- a) Require the conflicted party's association with The Company be terminated;
- b) Provide the conflicted party the option to either (1) to terminate its conflicted business dealings or (2) resign from their position with The Company;
- c) If the Board determines that a more advantageous transaction or agreement is not reasonably possible under the circumstances not producing a Conflict of Interest, vote to proceed with the transaction or agreement without the vote of the conflicted interested person and with a detailed record of the decision and the reasoning behind it;
- d) Form a disinterested committee or appoint a disinterested person to investigate alternatives to the transaction or agreement, and report the results to the Board; or
- e) Use a combination of two or more of the above measures.

## ARTICLE V VIOLATIONS

**Section V.1 Violations of the Conflicts of Interest Policy** If a member of the governing Board or committee has reasonable cause to believe someone has failed to disclose an actual or possible Conflict of Interest, the member shall inform the full Board or committee of this belief and the basis of this belief. The governing Board or Committee can decide to hold a meeting pursuant to the terms of this policy, and afford the person an opportunity to explain the alleged failure to disclose. If after hearing the member's response and after making further investigation, if warranted by the circumstances, the governing Board or committee the Interest Person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary or corrective action that has been decided by a majority vote (2/3) of the Board.

## ARTICLE VI RECORDS OF PROCEEDINGS

**Section VI.1 Minutes** The minutes of the Board meeting shall contain a record of: (i) the names of the Interested Person, (ii) nature of the interest either financial or personal, (iii) any actions to determine whether a Conflict of Interest was present, (iv) whether it was determined if a Conflict of Interest existed, (v) which members of the Board were present for the discussion, (vi) whether the Interest Person(s) was excluded from the discussion, and (vii) the content of the discussions including any information relied upon by the governing Board or committee in reaching a decision as to the transaction. Additionally, the minutes shall contain a description of any alternatives to a proposed transaction or arrangement considered by the governing Board or committee. The minutes must also include a record of any votes taken with respect to the transaction, indicating whether it was or not approved.

## ARTICLE VII ANNUAL STATEMENTS

**Section VII. 1 Annual Requirements** Each director, officer, and member of a committee with governing board delegated powers shall annually sign a statement: (i) affirming that the person has received a copy of this policy, has read, understood the policy, and has agreed to the comply with the policy; (ii) that

person understands that The Company is a charitable organization, and must engage primarily in activities that accomplish one or more tax exempt purposes and must not engage in activities that provide impermissible benefits to individuals or entities; and (iii) discloses their financial interests and family relationships that could give rise to a Conflict of Interest.

## **ARTICLE VIII**

### **PERIODIC REVIEW**

**Section VIII.1 Purpose** Periodic reviews shall be conducted to ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax exempt status.

**Section VIII.2 Contents** The periodic review shall, at minimum, consider: (i) the level compliance with this policy; (ii) the continuing suitability of this policy; (iii) whether the policy should be modify or improved; and (iv) whether the transactions engaged in by the Company have conformed to its policy, and do not result in inurement, impressible private bend or in an excess benefit transaction.

**Section VIII.3 Timing** At the beginning of each year, during the quarterly meeting, each new Interested Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.

**Section VIII. 4 Disclosure** Each Interested Person shall disclose to the Board of Directors any Conflict of Interest that may arise during the course of the year between the submission of annual review of the Conflicts of Interest Policy.

**Section VIII.5 Review** This policy shall be reviewed annually by each Director and Officer. Any amendments to the policy shall require a majority vote (2/3) of the board to implement. Any amendment must be communicated immediately to all Interested Persons.

The Conflict of Interest Policy were adopted at a meeting of the Board of Directors of [name of the corporation here] on [redacted], 2023.

---

Names of Director

Director

[name of the corporation here]

---

Date

---

Names of Director

Director

[name of the corporation here]

---

Date

---

Names of Director

Director

[name of the corporation here]

---

Date

[name of corporation here]

## GIFT ACCEPTANCE POLICY

### Article I. POLICY

- I.1. [name of corporation here] (the “Company”) solicits and accepts gifts that will help further and fulfill its purpose or mission.
- I.2. The Company will not accept gifts that: (i) fail to further or fulfill the mission of The Company; (ii) violate its corporate charter; (iii) jeopardize its tax-exempt status; (iv) result in the cost or effort required to administer the gift exceeding its value to The Company; or (v) result in unacceptable consequences to The Company as determined by the Board of Directors of The Company.

### Article II. USE OF LEGAL COUNSEL

- II.1. The Company does not and will not provide legal, financial, tax-related, or other professional advice to donors.

### Article III. GIFTS ACCEPTED WITHOUT REVIEW

- III.1. **Small Value Gifts:** Unrestricted gifts having a value of less than one thousand dollars (\$1000) do not require further review.

### Article IV. GIFTS ACCEPTED SUBJECT TO REVIEW

- IV.1. **Large Value Gifts:** For donations in excess of one thousand dollars (\$1000), the Board of Directors of the Company must discuss the identity of the donor and reputational or policy concerns and issue a written decision whether to accept the donation. The Board, in its sole discretion, reserves the right to refuse any and all gifts upon review.

### Article V. ACKNOWLEDGEMENTS

- V.1. The Company shall acknowledge in writing all gifts of \$250 or more in value. Such acknowledgement must contain: (i) the name of the organization; (ii) amount of cash contribution; (iii) description (but not value) of non-cash contribution; (iv) statement that no goods or services were provided by the organization. Contributions of any amount will not be accepted in exchange for goods or services provided by the organization.

### Article VI. POLICY REVIEW

- VI.1. The Board must review this policy from time to time. Any revisions or deviations must be approved by a two-thirds (2/3) majority vote—of the members of the full board.



---

Kissa Kimble

Director

---

Date

**CORPORATE RESOLUTION**

---

Account: \_\_\_\_\_ Bank: \_\_\_\_\_

Holder: \_\_\_\_\_ Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Acct #: \_\_\_\_\_

As the Chairperson of the Board of Director of the Corporation named above, I certify that the Corporation has been organized within the bounds of the State of Arkansas as a Limited Liability Corporation with its principal office located at:

\_\_\_\_\_.

I further attest that at the meeting of the Corporation's Board of Directors held on \_\_\_\_\_, 20\_\_\_\_, that a quorum was present and voting and adopted the following resolutions:

-----

Resolved, that the financial institution named above is designated as a depository for the funds of this Corporation, which may be withdrawn on checks, drafts, advices of debit, notes, or other orders for payments bearing any officer or authorized employee of this Corporation.

Further Resolved, that the financial institution will accept and pay on, without further inquiry, any checks or debits drawn against any of the Corporation's accounts. The checks or debits will be honored by the financial institution whether the item has been drawn or endorsed to the order of any authorized officer or employee signing; tendered by the authorized officer or employee for the purpose of cashing or payment; or for deposit to the officer's or employee's personal account. The financial institution will not be required to inquire as to the use of any check or debit signed in accordance with the resolutions contained herein.

Further Resolved, that the officers or authorized employees may execute other agreements, including, but not limited to, special depository agreements, and arrangements concerning the manner, condition, and/or purposes for which funds, checks, debits, or items of the Corporation may be deposited, collected, or withdrawn, as long as these other agreements are not contrary to the provisions contained in this resolution.

Further Resolved, that the power granted to the Corporation's officers or authorized employees will remain in full force and effect until written notice has been delivered and received by the financial institution at each location where an account is maintained. The financial institution will be indemnified

and held harmless from any losses suffered or liabilities incurred by continuing to act in accordance with this resolution.

I Further Attest, that the persons named below occupy the stated positions, as indicated by their signatures, and that the resolutions contained in this document are recorded on the books of the Corporation, and these resolutions are in full force and effect and have not been altered in any way.

I agree to all of the above on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

CERTIFIED TO AND ATTESTED BY:

X[sign here] \_\_\_\_\_

By: [print name], Secretary  
Chairperson of the Board of Directors

#### **Certificate of the Secretary**

The Secretary of the above named Corporation hereby certifies that the Secretary is the duly elected and qualified Secretary of the Corporation and further certifies that the above is a true and correct record of the Resolution that was duly adopted by the Corporation on the following date: \_\_\_\_\_.

X[sign here] \_\_\_\_\_

By: [print name]  
Secretary of the Board of Directors