

YALEWOMEN, INC.

CHAPTER INCORPORATION POLICY

(ADOPTED 9/11/15)

PREFACE

YaleWomen Chapters have the option to incorporate. Organizations that incorporate in the US must declare a tax status to the IRS. Accordingly, once incorporated, a Chapter will need to declare a tax exempt status as a 501(c)(3). YaleWomen requires that its Chapters do so under YaleWomen's own exempt status as a 501(c)(3); this is not a legal requirement, but a YaleWomen requirement, which saves the Chapter the time and expense of filing with the IRS independently and affirms the strong link between YW and the Chapter.

Some reasons why a chapter may consider incorporating:

- The status allows the organization to accept donations, which may be used for chapter operations or for grant-making; these donations would then be tax deductible to the individual making the donation
- The status allows the organization to contract with outside entities directly (e.g., to secure venues, book speakers, obtain supplies), open a bank account, collect event fees and make payments. (Please note that collecting funds on behalf of YW or any Chapter and depositing those funds into an individual's personal bank account is strictly prohibited.)

If a chapter chooses to incorporate, it will need to take the following actions:

- Designate a physical address to be used as the corporation's address of record (this could be a Chapter member's home address)
- Obtain an EIN (employer identification number), which is the IRS's method of tracking corporations, whether they have employees or not
- Create Articles of Incorporation and Bylaws (these can be based on those of YaleWomen, Inc.)
- Appoint officers
- Record and maintain meeting minutes
- Track income and expenses

PROCEDURES FOR CHAPTERS TO QUALIFY UNDER YALEWOMEN, INC.'S TAX EXEMPT STATUS

BACKGROUND

The IRS can recognize a group of organizations, such as YaleWomen's Chapters, as tax-exempt if they are affiliated with a central organization, such as YaleWomen, that has already received an exemption. This status avoids the need for the Chapters to apply for exemption individually -- which would otherwise require a significant payment (currently \$850) to the IRS and the preparation of a lengthy application. A group exemption letter has the same effect as an individual exemption except that it applies to more than one entity (in this case, a Chapter). However, the arrangement requires YaleWomen to supervise and control the activities of such Chapters; the Chapters would be expected to have similar structure, purpose and activities as YaleWomen.

APPLICATION BY YALEWOMEN

To accomplish the qualification for one or more Chapters, YaleWomen will submit a letter to the IRS on behalf of itself and its interested Chapters. On an annual basis, YaleWomen will submit reports to the IRS on behalf of those Chapters; the Chapters will be required to submit certain information to YaleWomen annually to be used in reporting (generally, this will be financial statements detailing revenue sources and expenses).

Each chapter will be expected to adopt a uniform governing instrument, the form of which will be an Articles of Association with YaleWomen, Inc.

CHAPTER REQUIREMENTS

To support the application, YaleWomen Chapters must prepare and submit the following information to YaleWomen. The IRS requires that these documents be requested and retained by YaleWomen, but they are not required to be submitted to the IRS.

1. The Chapter's EIN (Employer Identification Number), name, mailing address, and actual address (if different). An EIN is easily obtained (same day) on-line from the IRS website. Please note that once the EIN is obtained, the Chapter must submit its request to be included under YaleWomen's exemption within 15 months. Since YaleWomen must submit the information, it is highly recommended that the Chapter work with the Chapters Committee on timing, and prepare the necessary documents before obtaining the EIN. These documents include Articles of Incorporation and Bylaws; these can be quite simple and can be copied from a template that YaleWomen will provide.
2. The Chapter must operate on the same accounting period as YaleWomen, Inc. (i.e., July 1 to June 30).
3. Verification in the form of a letter from a Chapter representative or a copy of the appropriate meeting minutes demonstrating that the Articles of Association have been adopted by the Chapter and that the Chapter has agreed to operate under the general control or supervision of YaleWomen.
4. Written authorization from the Chapter allowing YaleWomen to include the Chapter in its group exemption letter and stating that the Chapter intends to operate as a public charity and not as a private foundation. In simplest terms, a public charity is one that receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions.

ANNUAL REQUIREMENTS

Chapters must submit the following to YaleWomen on an annual basis:

1. A short paragraph describing each of the Chapter's activities including the number of attendees at each event, the type and amount of revenue received (corporate donation, individual donation, etc.), and expenses paid.
2. Information about changes in purposes, character or method of operation including amendments to the original documents (Articles of Incorporation and Bylaws).
3. Any change to names or addresses or change in status, e.g. ceasing to exist, disaffiliation or withdrawal of authorization, to the central organization.
4. Financial statements and report of activities for the fiscal year

TAX FILINGS

YaleWomen will file the annual tax return on behalf of its Chapters (Form 990 or 990-EZ).

PLEASE NOTE:

These guidelines only apply to US-based Chapters. The status options and process for international Chapters has not yet been determined.