

Meeting Notes
May 28, 2015
NKU Small Business and Non-Profit Law Clinic

Present: JRS, Barbara Wagner, Anne Ryckbost

- 1) KCA is already an unincorporated organization. There are two steps beyond this
 - a. File for incorporation (state-level). This does not require that we file to be a 501c3 at the federal level.
 - b. We could file for 501c3 at the federal level, with or without being incorporated at the state level.
 - i. The IRS does not require an organization to be incorporated to file with them, but it's good practice to do so.
- 2) With the documents prepared for KCA by the clinic, we could incorporate with the state tomorrow if we wanted to.
 - a. One option would be to incorporate first, and down the road, do 501c3 if it's deemed appropriate because the documents prepared by the clinic contain the necessary requirements for both the state and the IRS. Joey will send us a word document with the sections that are required for 501c3 highlighted.
- 3) Biggest benefit to being incorporated is the limited liability for the board. The clinic recently had a case where a person told a board they would agree to be on the board until the organization became incorporated for this sole reason.
- 4) If KCA thinks that we'll recover the cost to file for 501c3 (\$400) if donations, it may be worth us doing so. We qualify for the "short form" so filing for it would be easier and a \$400 fee.
- 5) Some lobbying is permitted. It's tracked by cost- since very little cost is associated with emailing members and encouraging them to get in touch with their representatives, it's fine. It's in there to really keep tabs on the amount donated to specific candidates/campaigns/officials, and since KCA doesn't do any of that, we're in a good position. The clause in the articles of incorporation includes the word "substantial" to indicate that we do some limited lobbying.
- 6) Yes, if our agent changes, we are supposed to file the form. For example, if the agent changes in November, we should file the form then. In reality, though, most people wait until they are reminded when they go to fill out the annual form. The principal office can be a PO Box but the registered agent cannot.
- 7) We can define "quorum" however we want. We can rewrite this clause to meet our needs (i.e. not have it be a majority of the members since we don't always have a majority at the business meeting).
- 8) Every time we change by-laws, we don't have to submit the new version to the state.
- 9) Membership dues are not considered earnings. Because the Fund Award goes through a committee review process (i.e. checks and balances, transparency

and opportunity for others to object), the Clinic didn't see it as a problem for a KCA member to be awarded the Fund Award. They were also impressed that we encourage members of the fund award committee to recuse themselves of voting if an application they have written is under review.

10) The clinic added "4.2 vacancies" because it required by the state for by-laws.

11) By-Laws 3.7 Notice

- a. Section 3 deals with the membership so "member" is the appropriate term in 3.7. Section 4 deals with the Board of Directors so in 4.5 a director is the appropriate term
- b. Notices: It isn't that KCA can't advertise more than 35 days or under 5 days, it's that we must send out a notice of meeting during this time. An email telling people to register for the meeting, for instance, serves as a notice.
- c. The waiver of notice doesn't have to be an officially signed form (although it could be) but the Clinic said simply reading the email and choosing not to register for the meeting counts as a waiver.
- d. The notice process to ensure that there aren't secret meetings etc. We do a really good job of advertising our member meetings and reporting about board meetings on a regular basis, but one area of improvement could be to send out a notice to the membership pre-board meeting letting them know it is taking place and if they have any specific concerns etc., they should bring them forward to a board member who will report them to the board.

Takeaway Issue:

One of our biggest sticking points pre-clinic was the registered agent. This is still an unresolved issue. The board must either have a member act as the agent or we must hire a company and pay an annual fee. Unfortunately, there is no way to not have a registered agent.

To dos/Follow-ups:

Reconcile the number of directors listed and the spaces provided for names.

JRS is looking at the question of whether or not we must include the exact membership dues in the By-Laws. One good thing is that if the by-laws change, they do not have to be re-submitted to the state, which means if they change, we don't have to then pay money or do extra work to update the by-laws with them.

JRS is also looking at the 4.2 vacancies wording that Jaime wondered should be "though NOT..."