

GETTING STARTED: *A GUIDE FOR NEW AND EMERGING NONPROFITS*

FIVE ALTERNATIVES TO STARTING A NONPROFIT

1. Study the list of nonprofits already active in the same area and join their efforts as a volunteer, a board member, or even as staff.
2. Analyze the list of nonprofits already active in the same area, identify the three most compatible with your ideas, and meet them to explore creating a special project or initiative—and negotiate your involvement.
3. Explore the list of national organizations in the area of your interest, and see if a local chapter is needed in your geographic area.
4. If your effort will be quite local and small, consider forming an unincorporated association or club—have meetings and activities but skip the reporting requirements (an option for groups with an annual budget of under \$25,000).
5. If you are considering the creation of a group to finance activities or needs of others (scholarships, family emergency funds for a specific population, etc.) explore sponsorship of the fund by a community foundation or other organization.

This list of alternatives is provided simply because not everyone needs to start a brand-new nonprofit. Sometimes your charitable intent can be realized **better** through an existing organization than by beginning the exhaustive process of filing, setting up and funding a new nonprofit. Carefully review the above list and determine if you **STILL** want to start a nonprofit.

Steps Required to Become a 501 (c) (3) Organization

1. Appoint the Organization's Officers and Governing Board

2. Develop the Organization's Mission Statement

3. Establish By-laws which include the following:
 - > membership/terms
 - > officers, their duties and terms
 - > the organization's fiscal year

4. Apply for Non-profit Corporation Status
 - > complete Non-profit Corporation Articles of Incorporation form
 - > filing fee of \$25 must accompany the form

5. Complete the 501 (C) (3) Application
 - > filing fee is either \$150 or \$500

WHY SHOULD I INCORPORATE?

- > “ To make a body”–you are creating a new legal entity, one that is responsible for all of its own debts.

Two exceptions:

- 1.If the organization fails to make payroll tax payments, the IRS will hold the board members personally liable.
- 2.If board members engage in or fail to prevent improper transfer of assets to insiders, they can be assessed exc ise taxes.

- > To protect the people in the organization from being held personally liable for the debts that arise out of the work of the organization.
- > If your organization faces any possibility of being sued, you should probably incorporate.
- > If your organization stands any possibility of spending more money than it takes in, you should probably incorporate.

HOW DO I INCORPORATE IN SOUTH CAROLINA?

- > The South Carolina Nonprofit Corporation Act of 1994 governs incorporation. It is found in Chapter 31, Title 33 of the South Carolina Code of laws (1976) as amended.
- > You can get a blank “Nonprofit Corporation Articles of Incorporation” form from the Secretary of State’s Office or visit <http://www.scsos.com/forms.htm#non-profit>.

COMPLETING THE ARTICLES OF INCORPORATION FORM

1. Name

You can use any name you want with two constraints:

- > The name cannot suggest that your organization will do something it doesn’t do.
- > It has to be distinguishable from the name of any other corporation or partnership of which the Secretary of State has knowledge.

2. The initial registered office of the corporation and the name of the registered agent.

This section serves only to let people know where to serve papers on you if they sue you. The registered agent is the person designated to accept the papers served on the organization.

If you don't have an office, you can use an officer of the organization as the agent and his/her home address as the address. When the registered agent or office changes, you must notify the Secretary of State.

As a practical matter, choose a more permanent address than the current president and his/her home. Choose someone like your lawyer or accountant's office address, with his/her permission of course.

FYI: There are companies that will serve as your registered agent and office location, for a fee, of course.

3. The type of corporation.

Three types: public benefit, religious or mutual benefit.

Except for religious corporations, any organization that will seek exempt status from the IRS under either Section 501(c)(3) [charitable, educational, scientific, or religious] or Section 501(c)(4) [social welfare] is a public benefit corporation. Mutual benefit corporations include fraternal organizations, country clubs, business leagues, and homeowner's associations.

FYI: A church is a religious corporation, but a childcare program operated by the church and open to the public would be a public benefit corporation.

4. Whether you have members or not.

A corporation is not required to have members.

A "member" under the SC Nonprofit Corporation Act is someone who votes on more than one occasion for the board of directors and votes on going out of business or other similar matters.

If you don't have members, you don't have to have an annual meeting. You don't have to have the members vote on a number of issues. You also don't have to make your books and records readily accessible to anyone who can become a member. Thus, some would say avoid having members if you can.

5. The address of the principal office.

This is where the organization does business. This address does not have to be the same as your registered office.

6. What happens to your assets if you are a public benefit or a religious corporation and you dissolve?

The assets of a public benefit corporation and a religious corporation are permanently dedicated to a public purpose. Assets include things like cash, buildings, furniture, cars, etc. These items must go to another organization with similar tax exempt status or to local, state, or federal government for a public purpose.

The Secretary of State's form provides language for dissolution but you can also provide your own.

7. What happens to your assets if you are a mutual benefit corporation and you dissolve?

This question does not need to concern you if you are going to apply for tax exempt status as a 501(c)(3) or a 501(c)(4) organization.

8. Anything else?

This is where you put things that don't fit in anywhere else.

Exempt organizations under 501(c)(3) of the IRC must be organized and operated for a religious, educational, charitable, scientific, or literary purpose (and a few others). You must include specific language in your Articles of Incorporation limiting your organization's purpose(s) and what your organization will do—if you fail to include this, the IRS will not recognize your tax-exempt status. You will have to amend your articles.

Exempt organizations under 501(c)(4) of the IRC must be operated primarily for the promotion of social welfare. You must limit the purpose(s) of your organization sufficiently in your Articles to show the IRS you will be generally promoting social welfare, not narrowly benefitting your members.

> Purpose(s) of the corporation.

A nonprofit corporation can only do what it was initially created to do. Therefore, be mindful while drafting your purposes so as to limit the purpose(s) narrowly enough to achieve tax-exempt status, but do not limit your organization's ability to do what you want to later as your organization grows.

The Secretary of State's office will provide language that limits the purposes of those appropriate to a 501(c)(3) organization. Regurgitate this language and also include a broad statement of what you intend to do that is consistent with exempt status under Section 501(c)(3) of the IRC.

- > Limitation of activities.
A Section 501(c)(3) organization must be organized and operated for a religious, educational, charitable, scientific, or literary purpose (and a few others). You can't do anything else! Some activities, i.e. electioneering, are strictly prohibited.
- > Private Inurement
Private inurement means that directors, staff, etc. are taking assets for themselves personally when those assets are intended to serve a public purpose. For example, if a staff person is being paid too much or is hiring his/her latest love interest, then he/she is engaging in private inurement.
- > Original Directors
You do not have to name the original directors of the organization. If you are going to name original directors, you need to include them here. Remember, if you do name them, they must sign the Articles.

9. Name and address of each incorporator.

You only need one incorporator.

10. Signature of the original directors.

The original directors only need to sign if they are named in the Articles.

11. Signatures of the incorporators.

You only need one incorporator.

Now, you have successfully filled out your Articles of Incorporation. Deliver or mail two copies to the Secretary of State's office along with \$25.00. Your organization's incorporated status is effective once the Secretary of State stamps the filed Articles. When you apply for recognition of your tax-exempt status from the IRS, you will need to include a copy of your date-stamped Articles.

What now?

- > Draft a set of corporate bylaws.
 - a. Bylaws serve as the procedure that the Board of Directors, and possibly the members of the corporation, will utilize to make decisions on behalf of the corporation.
 - b. Every nonprofit corporation is required to have bylaws. There are no requirements as to what must be in them, except that they cannot conflict with existing law.

> Hold an organizational meeting.

You must hold an organizational meeting to formally create the nonprofit corporation. At this meeting, the bylaws should be adopted, the Board of Directors should be elected, and all other relevant business should be conducted.

WHAT TAKES PLACE AT OUR FIRST BOARD MEETING?

The following actions should be taken at the organizational meeting of a new nonprofit corporation by Board of Director resolution:

1. Adopt a form for the minutes of the Board meeting.
2. Adopt bylaws.
3. Elect Directors and Officers.
4. Authorize the application for recognition of the organization's tax-exempt status (Form 1023).
5. Authorize the application to United States Postal Service for third class bulk mailing rates.
6. Authorize a corporate bank account.
7. Authorize the payment of organizing expenses and filing fees.
8. Authorize the establishment of a ledger and appropriate corporate records.
9. Adopt a fiscal year for the corporation.
10. Designate Chairpersons and members of committees.

Why should I apply for 501(c)(3) status?

- > Allows your organization to receive funds from foundations, corporations, businesses and individuals to support your mission without having to pay federal income tax on those funds.
- > Allows your donors to take a tax deduction for their gift to your organization.

For those benefits, what is the trade off?

- > The organization's activities must be exclusively charitable, scientific, educational, or religious. Your lobbying activities are restricted. You may not engage in electioneering.
- > A 501(c)(3) public charity has to fill out a Schedule A of the annual Form 990 return. A 501(c)(3) private foundation has to fill out the Form 990PF.

- > The organization must be run for public benefit, not private benefit.
- > Some would say if you can avoid 501(c)(3) status, you are better off to do so. However, if your organization will rely on grants and contributions that would not be made to a non-501(c)(3) organization, then you need to apply for 501(c)(3) status.

How much does it cost to apply?

If you will have less than \$10,000 in gross receipts per year, the application fee is \$150. The fee is \$500 for all other applicants. This fee is non-refundable, even if the IRS does not recognize you as a tax-exempt organization.

What do I need to apply?

You need Form 1023, the *Application for Recognition of Exemption Under Section 501(c)(3)*. You can obtain this form, and others from the IRS at http://www.irs.ustreas.gov/prod/bus_info/eo/index.html. Form 1023 comes with instructions. You probably will also want to get the following forms:

- > Form 8718 User Fee for Exempt Organization Determination Letter Request;
- > Form 5768 Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation (if you plan to lobby);
- > Form SS-4 Application for Employer Identification Number (commonly referred to as the federal tax I.D. number).

How long does it take?

It varies. Once the IRS receives a completed application, it should take anywhere from 30-60 days. That is if they have everything they need. If they do, they'll issue you a determination letter.

If not, they will send you a letter explaining the additional information that they need. At this stage, you may want to enlist legal assistance. If the language in the letter seems to indicate you are not eligible for 501(c)(3) status, you may want to strongly consider obtaining legal counsel to respond to the questions.

**COMPLETING THE FORM 1023,
APPLICATION FOR RECOGNITION OF EXEMPTION
UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE**

Generally speaking this is your opportunity to tell your story. Prove to the IRS that your organization deserves tax-exempt status recognition.

We are going to hit the highlights--we can't cover every section of the Form 1023. The instructions that come with the form are relatively easy to follow. The areas we will cover are the more difficult questions to answer.

Part I. Identification of Applicant

1. Full Name of Organization Insert your official name as it appears on the Articles of Incorporation.
2. Employer identification number (EIN)
Every corporation, for-profit or nonprofit, must have an EIN. To get an EIN, you need to complete a form SS-4 which can be downloaded from the IRS web site, www.irs.gov.
3. Person to be contacted if additional information is needed
This person must be either an officer or director. If you want to list someone other than an officer or director, like your Executive Director or staff attorney, you must complete Form 2848, *Power of Attorney and Declaration of Representative*.
4. Month the annual accounting period ends
This is where you choose the dates for your fiscal year. You can run on a calendar year, January-December or you can adopt a July-June or October-September fiscal year. If you are going to run on government or other grant cycles, you should probably opt for the July-June or the October-September year.
5. Date incorporated or formed
This is the date that was stamped onto your Articles of Incorporation when you filed them with the Secretary of State's office.
6. Check if applying under sections 501 (e), (f), (k), or (n)
 - > Are you a cooperative hospital service organization? If yes, check 501(e).
 - > Are you a cooperative service organization of an operating educational organization? If yes, check 501(f).
 - > Are you an organization providing child care? If yes, check 501(k)
 - > Are you a charitable risk pool? If yes, check 501(n).

If none applies, check nothing and move on.

7. Did the organization previously apply for recognition under this or any other code section?
If yes, explain why. It is okay if your application was rejected previously. That alone will not keep you from attaining tax-exempt status.
8. Is the organization required to file a Form 990 or a Form 990EZ?
You have to file a 990 or a 990EZ UNLESS your organization:
 - > Is a religious organization
 - > Is a school (excluding colleges)
 - > Normally has \$25,000 or less in gross receipts
9. Has the organization filed Federal income tax returns or exempt organization information returns?
If you have filed tax returns or Forms 990 or 990EZ, this is where you list the years you filed and where you filed.
10. Check the box for the type of organization.
For a corporation, check “a.” Attach a copy of your date-stamped, Articles of Incorporation and a copy of your current bylaws. A photocopy is acceptable or you can request a copy from the Secretary of State’s Office for a small fee.

Part II. Activities and Operational Information

1. Detailed narrative description of activities.
The directions tell you exactly what questions to answer:
 - > List the activities in the order of importance & indicate the % of time for each;
 - > Give a detailed description including its purpose and how each activity furthers the exempt purpose;
 - > When the activity began or will begin; and
 - > Where and by whom the activity will be perform.

This exercise will allow you to persuade the IRS to recognize your organization’s exempt status. Be clear and to the point. Use the language set forth in the statute so the IRS can clearly match your purpose with an exempt purpose. This makes it easier for the IRS to see that you meet the qualifications set forth for an exempt organization. For example, use words like “organized exclusively” and “charitable and educational purpose.”

“Corporations...organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals qualify as 501(c)(3) organizations. 26 USC 501.

2. What are or will be the organization’s sources of support?

List the types of contributions, grants, etc. that you expect to receive in order of size.

NOTE: Part VI of this form asks for your anticipated budget, so please be sure that the anticipated budget matches what you list here as anticipated sources of funding.

3. Describe the organization’s fundraising plan, both actual and planned.

This is where you need to address the following:

- o Use of professional fundraisers
- o Amount of unrelated business income
- o Fundraising focus—general public, government, board members?

You must attach copies of solicitations so that the IRS can see how you are representing your organization and the funders you are targeting. Ideally, if you are a public charity, you should have at least 1/3 of your income as publicly supported. If you can’t show that then you certainly must include a plan to increase your public support.

4. Information about the Organization’s governing body.

a. Names, addresses, and titles of officers, directors, trustees, etc.

b. Annual compensation

It is acceptable to pay directors as long as the fee is reasonable. "Reasonable" is fact specific, meaning it depends on the type of organization, budget and board responsibilities. The IRS just wants to make sure there is no private inurement (as we discussed earlier) by paying board members (or staff) too much money.

Note: Some states do prohibit organizations from paying the board members of a public benefit corporation.

c. Do any of your board members serve by reason of being public officials or being appointed by public officials?

Just answer the question. It really makes no difference if you have a public official on board--simply because you do does not mean they were appointed to your board because they hold that public office.

d. Are any members of your board disqualified persons with respect to the organization or do any of the members have either a business or family relationship with disqualified persons?

A disqualified person (for the purposes of this application) is someone who:

- > Is a substantial contributor – any person who gave more than \$5000 to the organization, and those contributions are more than 2% of monies received from the date of creation;
 - > Is a foundation manger;
 - > Is an owner of more that 20% of the total combined voting power and is also a substantial contributor;
 - > Is a family member of anyone described above; and
 - > Is a corporation, partnership or trust in which persons in 1, 2, or 3 above hold more than 35% of the combine voting power, profits interest or beneficial interest.
5. Does the organization control or is it controlled by any other organization? Is the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?
- > There is nothing wrong with being in control of or controlling another organization, whether it be a nonprofit or a for-profit corporation. Just explain how the relationship works.
 - > Being an outgrowth or a successor requires formal action. For example, the board of X organization voted to create a separate nonprofit to run a portion of its programs.
 - > An interlocking directorate exists when several board members of Board A serve on Board B because of their membership on Board A.
6. Does or will the organization directly or indirectly engage in any of the listed activities with any political organization or other exempt organization that is not a 501(c)(3) organization?
Under no circumstances should a 501(c)(3) organization have any of these relationships with a political organization. However, a 501(c)(3) can have these relationships with other tax-exempt organizations like a 501(c)(4) social welfare organization or a 501(c)(6) trade association.
- Certainly, if you have relationships with other organizations, you should have a written agreement that outlines the specifics of the relationship. Include this agreement as an attachment. Also, you will have to report on the transactions on your Form 990-A.
7. Is the organization financially accountable to any other organization?
A grant is an example of financial accountability to a foundation. If you have a grant, explain the conditions and include copies of the reports.
8. What assets does the organization have that are used in the performance of its exempt function?
This would include any land, buildings, equipment, or publications that you use for your exempt purposes. This does not include cash or rental property. If you don't have any assets, respond with "N/A."
9. (a) Will any of the organization's facilities or operations be managed by another

organization or individual under a contractual agreement? (b) Is the organization party to any leases?

Include copies of any of these contracts/leases and explain the relationship between the contractor and the organization. This question simply seeks to identify improper management contracts or rental arrangements.

10. Is the organization a membership organization?

To constitute a membership organization, your organization must have individuals or organizations who:

- > Share in the common goal for which the organization was created
- > Actively participate in achieving the organization's purposes
- > Pay dues

11. (a) If the organization provides benefits, services, or products, are the recipients required or will they be required to pay for them?

It is fine to charge for services. Just be careful about how you determine what you will charge. It would likely be acceptable to cover your actual costs, but if your motivation is to make a profit, you will likely not get 501(c)(3) status.

(b) Does or will the organization limit its benefits, services or products to specific individuals or classes of individuals?

You cannot limit your services by race, for example, here, the IRS wants to make sure that you are serving a public benefit and not just benefiting your members.

12. Does or will the organization attempt to influence legislation?

Yes is an acceptable answer. Just make sure that you file a Form 5768 to limit your lobbying expenses to less than 20% of all exempt expenses.

13. Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements?

If you want 501(c)(3) status, your answer should be NO!

Part III. Technical Requirements

1. Are you filing this Form within 15 months (1 year and 3 months) from the date your organization was created?

In other words, was your date of incorporation (date you filed with the Secretary of State's Office) more than 15 months ago? If yes, go to question #7. If not, go to question #2.

2. If one of the below exceptions to the 15-month filing rule applies, check the appropriate box and move to question #7. My organization is:

- o A church, an interchurch organization of local units of a church, a convention or association of churches,

or an integrated auxiliary of a church (with some limitations).

- o Not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year.
- o A subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3. If the organization does not meet any of the exceptions in #2, are you filing within 27 months (2 years and 3 months) from the date of creation?
If yes, go to question #7. You have been granted an automatic extension, so include the following on the top of your application: Filed Pursuant to Section 301.9100-2. If no, see question #4.
4. If you answer “no” to question #3, does the organization wish to request an extension of time to apply under the “reasonable action and good faith” and the “no prejudice the interest of the government” requirements?
This is your chance to ask (BEG) for an extension of time. You have to submit evidence that:
 - > You acted reasonably and in good faith, and
 - > Granting the extension will not prejudice the interest of the government. There is a lengthy description of what constitutes the above requirements, as well as the process for filing an extension in the instructions for Form 1023. If you do not wish to request an extension, go to question #5.
5. If you don’t fit under any of the time-sensitive tests laid out above, you can ask that your organization’s 501(c)(3) status extend from the date the application is received rather than retroactively to the date the organization was created. The consequence of this is that any and all contributions you received in the past are not deductible to the donor.
Note: Please inform your donors of this!
6. If you answer yes to question #5, and wish to request recognition of a 501(c)(4) organization back to the date the organization was created you can do that here. This is a good idea, as it will exempt you from liability for taxes on income up to the date you file the Form 1023. To do this, you need to complete a Form 1024, page 1 and submit it with this application.
7. Is this organization a private foundation?
Private foundations are subject to many requirements, restrictions and excise taxes that do not apply to public charities. It is to your advantage to show that you qualify as a public charity if your activities permit you to do so.
8. If you answered yes to question #7, does the organization claim to be a private operating

foundation?

A private operating foundation is one that spends substantially all of its money on its own exempt purposes. If you think you might be a private operating foundation, seek legal assistance. They may be able to help you re-organize so that you won't be a private foundation.

9. If you answered "no" to question #7, indicate which of the classifications below most appropriately applies. Here is where you show that you are not a private foundation because you fit into one of the following categories:
- > Church
 - > School
 - > Hospital
 - > Governmental unit
 - > Foundation set up to support public charities
 - > Public safety testing organizations
 - > Organizations that benefit a college or university
 - > Organizations receiving mostly contributions or money from governmental entities (detailed support tests explained in IRS instructions)
 - > Organizations with significant income derived from providing services (detailed support tests explained in IRS instructions)
 - > Publicly supported but unsure of whether you meet the support tests. The organization would like the IRS to compute it and determine status.
10. If you checked h, i, or j, has the organization completed a tax year of at least 8 months? The IRS requires that you have at least 8 months of actual financial experience before the IRS can issue a final ruling on your publicly supported status. If you don't have 8 months experience, check "no" and complete 2 copies of Form 872-C, which are included in your Form1023 packet. Completing this form requests an advance ruling (rather than a definitive one) and allows the IRS to treat you as a public charity for your first 5 years and then re-evaluate you based on those 5 years.

If you checked "yes," you have 2 options:

1. Definitive ruling- the IRS will decide upon submission of the application whether you are publicly supported. They will examine what you have received to date. If you have received your monies largely from many individual contributions of less than \$5,000 or from a grant from another publicly supported organization, you should ask for a definitive ruling.
 2. Advance ruling- the IRS will treat you like a public charity for the next five years and then re-evaluate based on those 5 years. In your fifth year, you will receive a form to complete so that the IRS can issue a definitive ruling.
11. If your organization received any unusual grants during any of the tax years shown on Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributors, the dates and amounts of the grants, and a brief description of the grants.

Answer this question only if you checked h, i, or j and you answered “yes” to question 10.

Unusual grants generally consist of substantial contributions and bequests from disinterested persons that:

- > Are attracted to the organization because it is publicly supported
- > Are an unusual and unexpected amount
- > Would adversely affect your publicly supported status

12. If you are asking for a definitive ruling, check here and . . .

Answer this only if you checked g, h, or j in question #9.

- a. Enter 2% of line 8, column (e), Total, of Part IV-A
These are your total revenues excluding program income (gross receipts from admissions, sales of merchandise or services, or furnishing of facilities as long as it is not an unrelated business activity), gain or loss from the sale of capital assets, and unusual grants. Use the data that you have for this year and up to the last 3 years. If you only have this year’s data, use that.

SAMPLE BYLAWS

**BYLAWS OF
XXXXXXXXXXXXXXXXXXXXXXXXXX**

**ARTICLE I
Name, Officers, and Location**

Section 1

Name and Nature. The name of this organization shall be XXXXXXXXXXXXXXXXXXXXX a private nonprofit organization incorporated in the State of South Carolina, henceforth referred to as the Corporation.

Section 2

Area. The primary area of benefit shall be the XXXXXXXXXXXXXXXXXX, however, other communities may be supported by the Corporation.

Section 3

Principal Office. Initially, the principal office of the Corporation shall be located at XXXXXXX South Carolina. Later, the office may be located where the Board of Directors consider it to be most beneficial.

Section 4

Other Offices. The Corporation may have offices at such other places in South Carolina or outside the State of South Carolina as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

Section 5

Eleemosynary Status. This organization shall be an eleemosynary corporation chartered by the State of South Carolina and all contributions thereto shall be tax deductible as approved by the Exempt Organization Division of the Internal Revenue Code.

**ARTICLE II
Purposes**

Section 1

Purposes. All of the purposes of the Corporation are consistent with Internal Revenue Service Section Code 501(c)(3). The Corporation is organized exclusively for charitable, educational and scientific purposes - as defined in Section 501(c)(3) of the Internal Revenue Code - to support optimum development of XXXXXXXXXXXXXXXXXXXXX. These purposes are:

- A. To provide for community development through effective, appropriate action and to combat community deterioration through activity designed to improve economic conditions and economic opportunities;
- B. To foster elevation in the levels of education, employment, business, and the quality of life;
- C. To counter out migration of youth and others through effective economic development programs,
- D. To develop safe and sanitary housing through programs of renovation and building;
- E. To promote leadership development for immediate and long term needs;
- F. To facilitate the growth and continuation of informed, active, and productive consumers and producers;
- G. To promote excellence in nutrition and health through a quality of life which facilitates such;
- H. To develop and advance effective programs of human relations which minimize problems of racial, ethnic, sexual, age, handicapped, and other forms of prejudice;
- I. To reduce the level of participation and dependence on public assistance programs;
- J. To carry out the purposes set forth above exclusively for the benefit of and in furtherance of the tax exempt purposes of ~~xxxxxxxxxxxxxxxxxxxx~~, PROVIDED, however, that all the aforesaid purposes and activities shall be limited to the scope and intent of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended.

Notwithstanding any other provisions of these articles, the purposes for which the corporation is organized are exclusively religious, charitable, scientific, literary, and educational within the meaning of 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue law.

Notwithstanding any other provisions of these articles, this organization shall not carry on any activities not permitted to be carried on by an organization exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue law.

Upon dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future federal tax code, or shall be distributed to the federal government, or to a state or local government for a public purpose. Any such assets not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such

organization or organizations, as said court shall determine, which are organized and operated for such purposes. No funds shall accrue or inure to the benefit of any individual member of the Board of Directors or other member of the organization.

Section 2

Limitations. No part of the net earnings of the Corporation shall inure (be modified) to the benefit of, or be distributed to, its directors, officers, or other private persons, except that the Corporation shall be authorized to pay reasonable compensation for services rendered and make payments and distributions in furtherance of the purposes previously set forth.

No substantial part of the activities of the Corporation shall be carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing of or distribution of statements) any political campaign on behalf of any candidate for public office.

Upon the dissolution of the Corporation, the directors shall, after paying or making provisions for the payment of all liabilities of the Corporation, dispose of all assets of the Corporation exclusively to charitable, educational, religious, or scientific organizations that shall at the time qualify as exempt organizations under section 501 (c)(3) of the Internal Revenue Code as the same now exists or as it may hereafter be amended.

Notwithstanding any other provisions of these bylaws, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code as the same now exists or as it may hereafter be amended.

ARTICLE III Members

The Corporation shall not have a general membership base. The Corporation shall be governed by a Board of Directors.

ARTICLE IV Board of Directors

Section I

General Powers. The government of the Corporation shall be vested in a Board of Directors, who shall be elected in the manner provided by the bylaws. The business and affairs of the Corporation shall be managed by its Board of Directors. The Board will have the authority to hire all staff members to execute the daily and other affairs of the Corporation. The Board shall consider and approve a budget for each fiscal year. The Board of Directors shall have general control of the affairs, funds and property of the Corporation and shall determine policy and establish guidelines for the effective conduct of the business affairs of the Corporation.

Section 2

Number, Term and Qualifications. The number of directors constituting the Board of Directors shall be not less than five (5) nor more than nine (9) members, but such number may be increased or decreased by amendment to these Bylaws in the manner set forth in Article XV hereof Regular terms of office for directors shall be four years; provided, however, that the regular terms shall be so fixed at the beginning or upon any increase or decrease in the number of directors so that approximately an equal number of regular terms will expire at each annual meeting.

Section 3

Initial Election. The initial terms shall be staggered. One-third (1/3) of the elected Board Members shall be elected to a three-year term; one-third (1/3) shall be elected to a two-year term; and one-third (1/3) shall be elected to a one year term. Subsequently, elections shall be held annually for one-third (1/3) of the elected members for three year terms.

Section 4

Appointment of Directors. Except as provided below, newly appointed directors shall take office at the annual meeting of the directors.

Section 5

Removal. Any director may be removed at any time with or without cause by a unanimous vote of the officers of the Corporation acting as a committee. If any directors are removed, new directors shall be appointed by the officers of the Corporation, and these new appointees will take office immediately.

Section 6

Vacancies. Any vacancy occurring in the Board of Directors may be filled by the appointment of a new director by the officers of the Corporation.

Section 7

President of the Board. A President of the Board of Directors shall be elected by the directors from their number at any meeting of the Board. The President shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

Section 8

Compensation. No compensation shall be paid to directors as such, for regular board service. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation thereof.

ARTICLE V
Meetings of Directors

Section 1

Annual Meeting. The Annual Meeting of the Board of Directors shall be held during the third week of January each year for the purpose of electing directors of the Corporation and for the transaction of such other business as may be properly brought before the meeting.

Section 2

Regular Meetings. In addition to its Annual Meeting, the Board of Directors may provide by resolution, the time and place for holding additional meetings.

Section 3

Special Meetings. Special meetings of the Board of Directors shall be called by or at the request of the President or any two directors. Such a meeting shall be held at a place and location as fixed by the person or persons calling the meeting.

Section 4

Notice of Meetings. At least 48 hours notice must be given prior to calling a regular or special meeting of the Board of Directors by any usual means of communication. Notices for special meetings must specify the purposes for which the meetings are called.

Section 5

Quorum. A majority of the current Board of Directors (5 directors) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6

Manner of Acting. Except as otherwise provided in these bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7

Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such

action.

Section 8

Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE VI Executive Committee

Section 1

Creation. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these bylaws, may designate two or more directors to constitute an Executive Committee, which committee, to extent provided in such resolution, shall have and may exercise all the authority of the Board of Directors in the management of the Corporation.

Section 2

Vacancy. Any vacancy occurring in the Executive Committee shall be filled by a majority of the number of directors fixed by these bylaws at a regular or special meeting of the Board of Directors.

Section 3

Removal. Any member of the Executive Committee may be removed at any time with or without cause by a majority of the number of directors fixed by these bylaws.

Section 4

Responsibility of Directors. The designation of an Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him or her by law.

If action taken by the Executive Committee is not thereafter formally considered by the Board, a director may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

ARTICLE VII Standing Committees

Section 1

Standing Committees. Among the Standing Committees shall be (1) Education, (2) Housing, (3) Fund Raising, and (4) Financial. Other committees may be added as needed.

ARTICLE VIII
Community Advisory Board

A Community Advisory Board shall exist at the sole discretion and selection of the President/Chairman of the Board of Directors. The Community Advisory Board shall not exceed 12 members and each member shall serve a term of one year. This Board shall serve in an advisory capacity only and shall not have any voting power.

ARTICLE IX
Officers

Section 1

Officers of the Board. The officers of the Board of Directors shall consist of a President, Vice President, Secretary and Treasurer. No one person may hold two officer positions simultaneously. The office of President shall always be filled by the individual serving as the Chairman of the Board of Directors.

Section 2

Election and Terms. The officers of the Corporation shall be elected every 2 years by the Board of Directors at the Annual Meeting of the Corporation. Nomination of officers shall be by a nominating committee appointed by the President and Board of Directors at a time prior to the annual meeting.

Section 3

Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board whenever it is in the best interest of the Corporation.

Section 4

President. The President shall preside at all meetings of the Corporation and shall appoint all standing committees and the chairmen thereof. He or she shall promote the interests of the corporation and shall be the accredited representative of the Corporation at outside meetings unless he or she shall delegate this authority to another officer or member of the Corporation. The President shall be the principal executive officer of the Corporation and subject to the control of the Board of Directors, shall in general supervise and control all of the day to day business and affairs of the Corporation. He or she shall sign, along with the secretary of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed, and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5

Vice President. The Vice President shall fulfill the responsibilities of the President during the President's absence or incapacitation, assist the President in discharging responsibilities as the President may see fit, shall serve as an ex-officio member of all committees, and fulfill any duties that may be determined by the Board of Directors.

Section 6

Secretary. The Secretary shall: (a) keep the minutes of the Board of Directors and of all Executive Committees in one or more books provided for those purposes and provide promptly copies of such minutes to all Board Members; (b) see that all notices are duly given in accordance with provisions of these bylaws--that minutes of prior meetings and the Notice of Meetings are distributed to Board Members at least seven days prior to any Directors' meeting; (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under seal is duly authorized; and (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 7

Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation, receive and give receipts for money due and payable to the Corporation from any source whatsoever, and deposit all such money in the name of the Corporation in such depositories as shall be selected in accordance with the provisions of these bylaws; (b) prepare, or cause to be prepared, a true statement of the Corporation's revenues and expenditures, and its assets and liabilities at least quarterly, all in reasonable detail, which shall be made and filed at the Corporation's principal place of business in the state of South Carolina and thereat kept available for a period of at least ten years; (c) prepare at least quarterly a summary of the Corporation's loans and investments as applicable; and (d) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors, or by these bylaws.

Section 8

Filling of Vacant Office. Any vacancy which occurs in an office shall be filled by a majority of the number of directors fixed by these bylaws at a regular or special meeting of the Board of Directors until such time as the next annual meeting of the membership.

ARTICLE X
Specific Operating Procedures

Section 1

Rules. The most current edition of Roberts' Rules of Order shall be the authority on all points not covered by the bylaws.

Section 2

Meeting Frequency. The Board of Directors shall meet at least four times per year or quarterly on the first Tuesday evening of each quarter at 5:00 p.m.

ARTICLE XI
Contracts, Loans, Checks, and Deposits

Section 1

Contracts. The Board of Directors may authorize a specific officer(s), agent(s) to enter into a contract or to 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.

Section 2

Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3

Checks and Drafts. AU checks, drafts, or other orders for payment of money issued in the name of the Corporation, shall be signed by such officer(s), agent(s) of the Corporation and in such a manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4

Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors may select.

ARTICLE XII
Seal

The Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, year of incorporation and the words, "Corporate Seal."

ARTICLE XIV
Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January in each year.

ARTICLE XIV
Waiver of Notice

Unless otherwise provided by law, whenever any notice is required to be given to any Director of the Corporation under the provision of these Bylaws or under the provision of the Articles of Incorporation or under the provision of the Business Corporation Act, a waiver thereof in writing, signed by persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XV
Amendments

Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors, provided that written notice that the bylaws are to be reviewed has been mailed to directors at least 10 days prior to such meeting. No amendment that would defeat the 501(c)(3) status of the Corporation as a supporting Corporation operated, supervised and controlled by the Corporation shall be adopted by the Board of Directors without the approval of the committee consisting of the officers of the Corporation acting in their official capacities.

The Board of Directors shall have no power to adopt a bylaw: (1) providing for the management of the Corporation otherwise than by the Board of Directors or its Executive Committee; (2) decreasing the number of directors to less than three.

Adopted this 22nd day of June, 1999, at a regular meeting of the Board of Directors of xxxxxxx.

Secretary