

Hints about Chapter Dues, Expenses, Proof of Insurance, Non-Profit Status

Many chapters affiliated with the Crochet Guild of America have expenses and charge dues. Some chapters charge between \$10 and \$20 in annual fees for meeting space rental, newsletter and meeting notification postage and copying expenses, and remuneration for special speakers.

When chapters are small and meetings are held in homes, there is little expense. Chapter structure remains informal and group "business" is simple. The treasury may involve selecting an individual you trust to collect the money and pay expenses. Another individual may oversee and provide accountability.

But as groups grow, their issues become more complex. A formal organizational structure may be needed in order to maintain "business". A larger group may find it difficult to secure meeting space, for example. Rent may be expensive, or the renter may require proof of insurance. If your group holds fund-raisers, taxability should be looked into. As you begin to face these types of issues, you may want to seek advice from experts – a lawyer or tax consultant.

Groups with larger amounts of money should establish a formal treasury arrangement – a bank account and regular audits. Learn your bank's requirements for opening an organization account. At the very least, a bank will require information about your group – your by-laws, a written resolution from the chapter or its officers asking that the account be established, and a statement of who will have signature authority. Some banks may only provide accounts to nonprofit groups or business entities. Do some research to see if it is worthwhile to seek nonprofit status through the Internal Revenue Service. Can your chapter be covered under the Crochet Guild of America's nonprofit status? The answer is no, and has to do with the way CGOA relates to the chapters. While each chapter is registered with CGOA in order to show their chapter member affiliation and support for CGOA, each CGOA chapter is a separate entity from the CGOA Headquarters' nonprofit identification.

This means that if your chapter desires to establish itself as a nonprofit organization with a tax ID number (for purposes of securing insurance for meeting space or a chapter bank account or non-taxed purchases, etc.), it will need to have its own Articles of Organization or Articles of Incorporation, which will state that you intend to form a group that will operate as a nonprofit corporation (legal term used by the IRS). You can find a sample of suggested language for this document (per the IRS) at <http://www.irs.gov/charities/article/0,,id=96117,00.html>.

You will also need to check with your State to see if they have any special language they want you to put into Articles of Organization. The following Web site can help you find the information you need for your state: <http://www.governmentguide.com/main.adp>.

While incorporating may seem like a bother for a small group, it does help resolve issues for large or small groups, such as establishing a bank account and securing insurance.

If you have questions and want to talk to other chapters to see what they have done, refer to the chapter listing in the CGOA Web site. Send an e-mail to a couple of them to see if they are willing or able to answer questions. Some may not respond, but others may be very willing to share their journey. To locate some of the larger chapters, look for those that have Web sites.