



# Society Strategies

**Federation of Genealogical Societies**

**P.O. Box 200940 Austin TX 78720-0940**

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Series Set I Number 1

Rev. Sept 2000

## Set I Strategies for Societies Legalities of Establishing a Society

by Betty Robertson Kaufman

# Supplemental Page

This strategy paper, written some years ago, is an FGS *Classic* that contains ideas and strategies still relevant today in society management.

This paper describes some preliminary strategies when a group of people wish to form an organization of genealogical or historical interest. The paper discusses the bylaws, the articles of incorporation, *Robert's Rules of Order*, along with standing rules, and non-profit status considerations. The essential content of the original paper is valid today.

Of particular note is the IRS Publication 5576 that is still available today. You can read the publication at [www.irs.gov](http://www.irs.gov) and download the publication at no charge.

The information on page 4 which directs the interested person on how to obtain copies of this paper is incorrect. The FGS office no longer reprints the SSS papers, and has phased out paper copies of the SSS papers altogether.

There is no charge for any of the SSS papers and no limit to the number of copies you may download.

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## Set I Strategies for Societies Legalities of Establishing a Society by Betty Robertson Kaufman

### INTRODUCTION

You can establish a society! The legalities are not difficult. A society may start with just one person who wants to meet others to share ideas and work together. Or, it can evolve because several individuals find they share common interests.

### PRELIMINARY STRATEGIES

You will find two references essential during the formative stages: *Robert's Rules of Order, Newly Revised* and the Federation's *Management Handbook: A Guide for the Organization and Management of Genealogical Societies* (revised in 2000 by FGS).



Robert's Rules will guide you through the method you decide is best. The *Management Handbook* will suggest details which will need to be accomplished in the preliminary meetings to organize a society. The first

publication is available at any bookstore in your local area or may be purchased, along

with the second, from the address at the end of this strategy paper.

There are two ways – equally appropriate – to establish a society. Knowing the kinds of people in your area, and how they will best respond to the methods of establishing a new society, should help to determine which method of formation is best for you.

The first method of organization involves many people as soon as possible. The second method does not “go public” with the organization until a number of elements are already in place.

If one chooses the first method, a small group lays the groundwork, develops tentative bylaws, recommends the name and amount of dues, and then involves the prospective members in the process of actual organization, through group decision-making by majority vote.

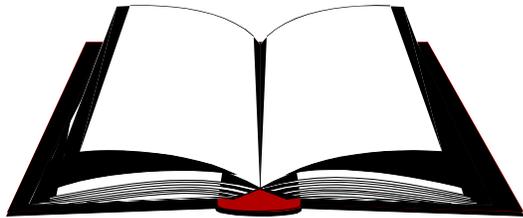
The second method allows a small group to determine the name, decide the purpose and amount of dues, prepare and adopt bylaws, file Articles of Incorporation with the state,

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arrange a meeting place, and then go public by announcing formation of the society.

An advantage to the first method is that it provides prospective members a sense of belonging and participation. They have a role in the decision-making process through discussion and voting. They know the objectives, bylaws, and principles upon which the new society was founded. This method may take longer to accomplish because it requires more involvement.

The second method allows a few individuals to complete a large number of details in an expedient manner. Many people have neither the ability nor desire to be involved in organizational details. Choosing this method leaves the technicalities of establishing a society to a few interested parties. Before joining a society established by the second method, however, prospective members usually want to examine existing bylaws for restrictive rules and regulations.



### **RULES AND REGULATIONS**

“Where there is no law, but every man does what is right in his own eyes, there is the least of real liberty.”

General Henry M. Robert

A society needs bylaws to establish its basic structure and govern the normal operation of the group. But problems are encountered when written rules are too rigid to allow modification as growth takes place or as goals and management change. Your society is free to adopt any rules it desires provided the rules

conform to the adopted parliamentary law authority (such as *Robert's Rules*) and do not conflict with the rules of a higher order, such as national, state and local laws, or the rules of a parent body. Rules should establish your society's purpose, decide the manner in which it will operate, and provide the means of expediting business using parliamentary procedure.

The main types of written rules applicable to forming and managing a society include:

- Articles of Incorporation
- Bylaws
- Rules of Order
- Standing Rules

The first two rules are actually documents, each serving a specific function. The last two rules define the details of the society and should be adopted separately from the bylaws.

### **ARTICLES OF INCORPORATION**

The document entitled “Articles of Incorporation” is a legal instrument which sets forth the name and objectives of your society and other information required for incorporation under the laws of a particular state. The Articles supersede all other rules of a society and generally contain only the information necessary to obtain the instrument from the state and establish the desired status of your society under law. Keep the Articles of Incorporation simple; leave as much as possible to the bylaws.

### **BYLAWS**

Bylaws are the operational blueprint of your society. They describe the relationship between the members and the working groups within the society. Bylaws contain basic rules relating to the society, but not the parliamentary procedures to be followed. The essential articles in bylaws of any society should appear exactly in the following order:

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1. Name of the Society
2. Objectives or Purposes
3. Membership Categories and Dues
4. Meetings (how often, how called, etc.)
5. Officers and Directors
6. Executive (or Governing) Board
7. Duties of Officers and Directors
8. Committees
9. Nominations and Elections
10. Dissolution
11. Parliamentary Authority
12. Procedure for Amendments

### RULES OF ORDER

Rules of order are the written rules of parliamentary procedure adopted as part of the bylaws. They refer to the orderly transaction of business in meetings and to the duties of officers.

Most societies specify an authority, such as *Roberts Rules of Order*, in their bylaws. They then adopt only rules of order as needed to supplement the authority such as the order of business, length and number of speeches allowed in debate, and duties of officers.

### STANDING RULES

Standing rules are an expansion of the bylaws. They are designed to take care of the business of the society in a practical manner and are not usually adopted at the time a society is established but individually as the need arises.

These rules can be easily modified. They require a majority vote but no previous notice. They may be adopted or changed at any business meeting. Examples include: Time of meeting, day of meeting if month is provided in the bylaws, or a statement that an officer may hold only one position at a time.



### INCORPORATION

A society of individuals incorporated under the authority of state law is considered a corporation.

There is one major advantage of incorporation. Lawsuits can be filed only against the assets of the society, not against the property of those who manage or belong to it.

One disadvantage is that a society may be so small or its activities so limited that there is no need for formal incorporation.

The incorporation procedure will consider such things as a proper name, the purposes, and necessary legal assistance. Incorporation is regulated by state law and differs in each. Write to the proper state authority, requesting all information and sample Articles of Incorporation.

Thoroughly investigate and acquire all necessary papers. The Articles of Incorporation may be filed by mail or in person with the proper state office. The papers must be notarized and must be accompanied by a filing fee.



### TAXES

A nonprofit tax-exempt corporation is organized for nonprofit activity, with purposes that qualify it for exemption from payment of federal corporate income taxes. Obtain, and read thoroughly, U.S. Internal Revenue Service Publication 557, Tax Exempt Status for your Organization. This publication can be obtained at no cost from the address of the

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regional IRS office that serves your state or by visiting the IRS web site at <[www.irs.gov](http://www.irs.gov)>.

There are many advantages of a nonprofit corporation. An application can be filed with the Internal Revenue Service for tax-exempt status. Your society will then be able to avoid income taxation of any profits so long as such profits are devoted to an exempt purpose. Your society may also become eligible for reduced postage rates.

Some disadvantages of a nonprofit corporation include: restriction to influence legislation or public opinion, may not distribute earnings to members, and, in the event of dissolution, all society assets must be given to a like nonprofit corporation. Your society will also be required to file IRS Form 990 or some variation.

Your society may also be exempt from certain state taxes but the law varies from state to state. Check with the proper tax authority regarding application for exemption.

### OTHER TAXES

Even though your society may become a tax-exempt organization it must still pay other

taxes. Investigate the requirements for taxes at all levels of government. Each level of government operates differently in collecting taxes. It is important that your society learn what taxes it is responsible for and pay them promptly. Always keep current with tax rulings and laws at all levels of government.

Organizing, establishing rules and regulations, and other considerations of incorporation and taxes are essential components to establishing a society. These legalities are easily surmounted and the rewards are great. Be a Founding President or Founding Officer. You'll be so glad you did!

### REFERENCES

Luebking, Sandra H., editor. *A Guide for the Organization and Management of Genealogical Societies*, Austin, Texas: Federation of Genealogical Societies, 2000.

Mancuso, Anthony. *How to Form a Nonprofit Corporation in All 50 States*. 4<sup>th</sup> edition. Berkeley: Nolo Press, 1997

Robert, Henry M. (General). *Robert's Rules of Order Newly Revised*. 9<sup>th</sup> edition. Glenview: Scott, Foresman & Co., 1990.

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