

**The Legal Essentials
of Starting a
Nonprofit Organization**

January 18, 2008

Presented by
Stephen Falla Riff, Esq.
Legal Aid Society
Community Development Project

What this Presentation is About

- This presentation is about the legal aspects of forming a not-for-profit corporation and obtaining 501(c)(3) tax exempt status.
- This presentation provides legal information, not legal advice. Consult a qualified attorney or accountant if professional assistance is required.

Agenda

- Part I: Is Your Organization Ready to Incorporate and Become a 501(c)(3) Tax Exempt Organization?
- Part II: Not-for-Profit Incorporation and Related Matters
- Part III: Applying for 501(c)(3) Federal Tax Exemption
- Part IV: Other Considerations

PART I

Is Your Organization Ready to Incorporate and Become a 501(c)(3) Tax Exempt Organization?

Is Your Organization Ready to Incorporate and Become Tax Exempt? It Should Have:

- A clear, well-defined mission that qualifies as "charitable" under Section 501(c)(3) of the Internal Revenue Code.
- A detailed description of the activities it will undertake to carry out the mission.
- A core group to do the substantial work required to achieve the mission, including dedicated members who are willing and able to become directors and officers.

Is the Organization Ready to Incorporate? (continued)

- A detailed budget
- A realistic fundraising plan
- Legal counsel (desirable)
- A bookkeeper or accountant (desirable)

PART II

Not-for-Profit Incorporation and Related Matters

Steps to Not-for-Profit Incorporation

- Start by creating an entity under state law.
- Most typical form of nonprofit organization is a not-for-profit corporation.
- Corporation: prepare a certificate of incorporation (see sample).

Certificate of Incorporation

- The corporate purposes stated in the certificate of incorporation (or "charter") may include religious, charitable, scientific, literary, and educational purposes.
- Examples of 501(c)(3) purposes include the operation of churches, schools, senior citizen centers, arts organizations, and economic development agencies.
- Prior to filing the charter with the Division of Corporations, it may be necessary to receive a waiver or consent from a state agency.

(Sample)

CERTIFICATE OF INCORPORATION
OF
EAST HARLEM COMMUNITY, INC.

(the "Certificate")

Under Section 402 of the Not-for-Profit Corporation Law

The undersigned, a natural person of the age of eighteen or over, desiring to form a corporation pursuant to the provisions of the Not-for-Profit Corporation Law of the State of New York (the "N-PCL"), does hereby certify that:

1. The name of the corporation is East Harlem Community, Inc. (hereinafter referred to as the "Corporation").
2. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the N-PCL and is not formed, conducted or operated for purposes of pecuniary profit or financial gain. The Corporation is a Type B corporation under Section 201 of the N-PCL.
3. The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation is formed to provide relief to the female victims of childhood incest or sexual trauma by holding support group meetings, conducting public outreach and providing information to the public, and the Corporation shall undertake the following activities in furtherance of that purpose:

Bylaws

- The bylaws contain information about running the organization, including:
 - Giving proper notice of meetings.
 - Electing directors and officers.
 - Keeping and producing financial records.
 - Signing checks and contracts.
- Sample bylaws are attached.
 - Consult your state's nonprofit law to determine the correct form of bylaws in your state.

(Sample)

BY-LAWS
OF
EAST HARLEM COMMUNITY, INC.
(A New York Not-for-Profit Corporation)

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Hold an Organizational Meeting

- Following the filing of the certificate of incorporation, hold the first organizational meeting of the corporation.
 - Typically, bylaws are adopted and directors and officers are elected at the meeting.
 - Consult your state's nonprofit law to find out if additional action is required.

Hold Good Meetings

- Draft proper meeting notices
- Create agendas
- Keep minutes of the meetings
- Adopt minutes at the following meeting
- Maintain records of all meetings
- Be consistent

(Sample)

NOTICE OF ORGANIZATIONAL MEETING
OF THE INITIAL BOARD OF DIRECTORS OF
EAST HARLEM COMMUNITY, INC.

To the Directors of East Harlem Community, Inc.:

PLEASE TAKE NOTICE that, pursuant to Section 405 of the Not-For-Profit Corporation Law, an organizational meeting of the initial directors of East Harlem Community, Inc. (the "Corporation") will be held at the Offices of the Legal Aid Society, Community Development Project, 230 East 106th Street, New York, New York 10029, on the 27th day of September, 2007, at 5:00 p.m., for the purpose of adopting by-laws, electing directors and officers, and the transaction of such other business as may come before the meeting.

Dated: September 7, 2007
New York, New York

GEORGE LOCKER
Director

(Sample)

EAST HARLEM COMMUNITY, INC.

AGENDA
OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS
Tuesday, September 25, 2007

Type of Meeting: Organizational Meeting of the Directors

Invitees: George Locker, Maria Tejada, Helen Friedman, David Wood, Carlos Quiroga.

- I. Call to order.
- II. Election of temporary chairperson and temporary secretary.
- III. Roll call and Notice of Meeting.
- IV. Approval of Agenda.
- V. Approval of Minutes.

(Sample)

EAST HARLEM COMMUNITY, INC.
MINUTES OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS HELD ON
TUESDAY, SEPTEMBER 25, 2007

The organizational meeting of the board of directors (the "Board") named in the certificate of incorporation of East Harlem Community, Inc., a New York not-for-profit corporation (the "Corporation"), was held at 5 p.m. on Tuesday, September 25, 2007, at the offices of The Legal Aid Society Community Development Project, 230 East 106th, New York, New York, 10029.

Roll Call and Notice of Meeting

The following directors, constituting a quorum, were present at the meeting: George Locker, Maria Tejada, Helen Friedman and David Wood. Absent from the meeting was Carlos Quiroga. Waivers of notice of the meeting were signed by the directors and ordered filed with the minutes together with a waiver previously signed by Mr. Quiroga.

Also present, at the request of the Board, was the Corporation's attorney, Stephen Falla Riff, of the Community Development Project of the Legal Aid Society.

On motion duly made, seconded and unanimously approved, the Notice of Meeting with proof of mailing, and the Meeting Agenda, dated September 25, 2007, were made part of the minutes of this meeting.

Other Forms of Nonprofit Organizations

- Limited Liability Company: prepare articles of organization.
 - Permissible when the members of the LLC are themselves exempt organizations.
- Unincorporated Association: prepare articles of association.
- Trust: prepare trust agreement or declaration of trust.

Registration Requirements for Charitable Organizations

- Charities are required to register and file an annual report in states where they provide services or solicit donations.
 - Check with the charities bureau in your state for local requirements.
- Registration with the charities authorities in multiple states may be required depending on the level of activity in those states.
 - Regular and on-going solicitations in a state typically trigger the registration requirement.

PART III

Applying for 501(c)(3) Federal Tax Exemption

Can an Organization Be Tax Exempt Without Receiving an IRS Tax Determination Letter?

- A donation to a church, or to an organization with less than \$5,000 in annual gross receipts, is deductible by the donor as a charitable contribution whether or not the organization has applied for and received tax-exempt status from the IRS.
- Many churches and most small organizations nevertheless apply for 501(c)(3) status to eliminate any doubt regarding their tax exempt status and to make donors more comfortable.

Which Nonprofits are Eligible for 501(c)(3) Status?

- The organization must be organized and operated exclusively for one of the following purposes:
 - Religious
 - Charitable
 - Scientific
 - Literary
 - Educational
 - Prevention of cruelty to children or animals
 - Testing for public safety
 - Fostering national or international sports competition

Applying for 501(c)(3) Federal Tax Exempt Status

- Obtain an Employer Identification Number ("EIN") using IRS Form SS-4.
- Complete and file IRS Form 1023 for recognition as a 501(c)(3) organization.
- File Form 1023 within the first 27 months of the nonprofit's incorporation and the exemption, if granted, will be retroactive to the postmarked date of the application.

Key Elements of the Form 1023

- Corporate documents:
 - Bylaws (or operating agreement).
 - Certificate of incorporation (or articles of organization, or trust instrument).
 - Conflict of interest policy.
- Part IV (Narrative Description of Activities):
 - Detailed description of past, present, and future activities.
- Part IX (Financial Data):
 - Detailed financial information: a statement of revenues and expenses and a statement of assets and liabilities.

State and Local Tax Exemptions

- Check with state tax authorities to find out how nonprofit organizations may obtain exemption from corporate, sales and real property taxes.
- State and local exemptions are routinely granted to 501(c)(3) tax exempt organizations.

PART IV

Other Considerations

Limits on 501(c)(3) Tax Exempt Organizations

- Organizational test: The certificate of incorporation (charter) of the nonprofit must provide:
 - That it is organized exclusively for an exempt purpose described in Section 501(c)(3).
 - That in the event of dissolution, assets will be distributed to another 501(c)(3) organization or to a government entity for a public purpose.

Limits Related to the Operational Test

- Operational test: The organization must be operated to further the exempt purposes stated in the charter. In addition:
 - No intervention in political campaigns.
 - Only limited activity to influence legislation.
 - No excessive financial benefit to insiders or other private interests.
 - Business activity that is unrelated to the nonprofit's exempt purpose must be limited.

Public Charities Versus Private Foundations

- Typically, public charities carry out charitable activities while private foundations support them.
- Public charities have many advantages over private foundations, including:
 - Less burdensome reporting requirements.
 - Need not distribute a portion of revenues to other charities.
 - Individuals and corporations may make more generous contributions to public charities than to private foundations.
 - Exempt from certain taxes.

Federal Reporting Requirements for Exempt Organizations

- IRS Form 990, 990-EZ, or 990-N
 - Form 990: required to file if the organization's revenues exceed \$100,000 per year.
 - Form 990-EZ: may be filed if the organization's gross receipts are less than \$100,000 and its assets are less than \$250,000.
 - Form 990-N ("e-Postcard"): must be filed if gross receipts are less than \$25,000.
 - Form 990-T: required to file if the organization has more than \$1,000 in unrelated business income.

Fiscal Sponsorship

- Fiscal sponsors are 501(c)(3) organizations that receive tax deductible contributions on behalf of organizations that have not yet obtained 501(c)(3) status:
 - A fiscal sponsor is responsible for the proper expenditure of the funds it disburses to a non-501(c)(3) organization.
 - The fiscal sponsor must exercise control over the funds and discretion over their expenditure.

Fiscal Sponsorship (continued)

- A fiscal sponsor and the non-501(c)(3) organization should have consistent purposes.
- A written fiscal sponsorship agreement should be entered into setting forth the terms of the fiscal sponsorship.

...and finally...

**Additional
Q & A**

THE LEGAL AID SOCIETY
COMMUNITY DEVELOPMENT PROJECT

THE LEGAL ESSENTIALS OF STARTING A NONPROFIT
ORGANIZATION

RESOURCES FOR NONPROFITS AND
EXEMPT ORGANIZATIONS

JANUARY 18, 2008

Prepared by:

Legal Aid Society Community Development Project
www.legal-aid.org/cdp
(212) 426-3000

For the Foundation Center Webinar Series
for Nonprofit Startup Organizations

This workshop, and the attached resources, are provided for informational purposes only and do not constitute legal advice. Please consult a qualified attorney or tax professional if professional assistance is required.

A Resource List

Nonprofit Organization Issues

1. State of New York, Office of the Attorney General, Charities Bureau:
<http://www.oag.state.ny.us/charities/charities.html>
2. State of California, Office of the Attorney General, Charities section:
<http://ag.ca.gov/charities/index.php>
3. List with internet links to all states' Attorney General charities offices.
<http://www.nasconet.org/agencies>
4. "Right From the Start: Responsibilities of Directors and Officers of New York State Not-for-Profit Corporations."
http://www.oag.state.ny.us/charities/not_for_profit_booklet.pdf
5. "Internal Controls and Financial Accountability for Not-for-Profit Boards."
http://www.oag.state.ny.us/charities/not_for_profit_booklet.pdf
6. Foundation Center. Provides a wide range of fundraising resources, tools and training to nonprofit organizations.
<http://www.foundationcenter.org/>
7. Guidestar.org. National database of nonprofit organizations. Includes on-line copies of the federal Form 990 annual filing of many nonprofit organizations and other useful information (requires free registration):
www.guidestar.org.
8. Alliance for Nonprofit Management. A national association of individuals and organizations dedicated to improving nonprofit management.
<http://www.allianceonline.org/>
9. Answers to frequently asked questions on board development, strategic planning, fundraising, financial management, risk management, and credit card acceptance:
http://www.allianceonline.org/FAQ/financial_management
10. Free Management Library. Many useful categories of information, including management, finances and start-up resources for nonprofit organizations.
<http://www.managementhelp.org/>

Federal Tax Exemption Issues

1. Internal Revenue Service, Exempt Organizations: www.irs.gov/eo.
2. IRS Customer Service: 1-877-829-5500.
3. Internal Revenue Service, “Tax Information for Charitable Organizations.” Contains good articles on requirements for 501(c)(3) tax exemption, filing for the exemption, annual filing requirements, and employment taxes. <http://www.irs.gov/charities/charitable/>.
4. Internal Revenue Service, “Applying for 501(c)(3) Tax Exempt Status.” <http://www.irs.gov/pub/irs-pdf/p4220.pdf>
5. Internal Revenue Service, “Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.” <http://www.irs.gov/pub/irs-pdf/f1023.pdf>
6. Internal Revenue Service, “Tax Exempt Status for Your Organization.” <http://www.irs.gov/pub/irs-pdf/p557.pdf>
7. Internal Revenue Service, “Life Cycle of an Exempt Organization.” This useful document tracks the stages of an exempt organization’s existence, including the creating the organization and applying for and maintaining exempt status. <http://www.irs.gov/charities/article/0,,id=169727,00.html>
8. Guidestar.org. Online copies of the federal Form 990, the annual informational tax return that many exempt organizations must file. www.guidestar.org.
9. Internal Revenue Service, “Annual Electronic Filing Requirement for Small Exempt Organizations — Form 990-N (e-Postcard).” <http://www.irs.gov/charities/article/0,,id=169250,00.html>

Legal Services for Nonprofit Organizations

1. For a list of pro bono and low-cost legal resources for nonprofit organizations, see the Foundation Center Frequently Asked Question, “Where can I find ‘pro-bono’ legal assistance for my nonprofit organization?”
<http://foundationcenter.org/getstarted/faqs/html/probono.html>.
2. Free legal assistance is also available to qualified nonprofit organizations in New York City from the Community Development Project of the Legal Aid Society. 212-426-3000. www.legal-aid.org/cdp.

About the Community Development Project of the Legal Aid Society:

The Legal Aid Society’s Community Development Project (“CDP”) strengthens the infrastructure of low-income communities by fostering grassroots economic development, supporting community-based organizations and expanding the supply of tenant-controlled affordable housing in New York City.

CDP clients are nonprofit organizations, low-income microentrepreneurs and low-income housing projects (with a focus on low-income cooperative housing). All of our clients have limited incomes and many are immigrants.

Our nonprofit clients receive counsel on the full range of legal issues that affect them, including incorporation, tax exemption, charitable compliance, grant-making, corporate governance, real estate, intellectual property and employment. Our typical nonprofit clients include arts organizations, after-school and child care programs, community development organizations and groups that provide services to the immigrant and LGBT communities.

The CDP collaborates extensively with community-based partners to provide workshops, counseling and legal representation. Recent workshops include: legal considerations in starting a small business; financing for nonprofit organizations and small businesses; commercial leasing for artists; and not-for-profit incorporation and tax exemption.

To request assistance, call 212-426-3000 any business day between 9 a.m. and 5 p.m. and ask to speak to the Community Development Project (CDP).

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ARTICLE I

Name and Offices

The name of the organization is East Harlem Community, Inc. (the “Corporation”). The principal office of the Corporation shall be located within the State of New York as the Board may from time to time determine. The Corporation may also have other offices within the State of New York as the Board of Directors may from time to time determine or the purposes of the Corporation may require.

ARTICLE II

Purpose

The purposes of the Corporation shall be those set forth in the Certificate of Incorporation, as may be amended from time to time.

ARTICLE III

No Members

The Corporation shall have no members.

ARTICLE IV

Board of Directors

Section 1. Powers and Numbers. The affairs and property of the Corporation shall be managed by or under the direction of the Board of Directors (the “Board”) in accordance with the purposes and limitations set forth in the Certificate of Incorporation and in these By-Laws. The number of directors that shall constitute the Board initially shall be three (3). The number of directors shall be at least three (3) but no more than fifteen. Within the specified limits, the number of directors can be increased or decrease from time to time, by resolution of the Board, but such action by the Board shall require a vote of a majority of the entire Board and no decrease shall shorten the term of any incumbent director.

Section 2. Election and Term. The initial directors shall be the persons named in the Certificate of Incorporation and shall serve until the first annual meeting of the Board. In the election held by the Corporation at the first annual meeting of the Board, there shall be directors elected. To become a director, a person shall be nominated by a director and elected by a majority of the Board. Directors shall hold office for a term of two (2) years and each shall continue in office for such term and until such director’s successor shall have been elected or qualified, or until such director’s death, resignation or removal.

Section 3. Newly Created Directorships. Newly created directorships resulting from an

increase in the authorized number of directors and vacancies occurring in the Board for any cause, including any vacancy occurring by reason of the removal of any director from office with or without cause, may be filled by the vote of the majority of the directors then in office, although less than a quorum, or by a sole remaining director. Each director so elected shall serve until the next annual meeting and until such director's successor is elected or appointed and qualified or until such director's earlier death, resignation, or removal.

Section 4. Removal. Any director may be removed at any time, with cause, at any meeting by a majority of the entire Board or by action in writing signed by all of the other directors.

Section 5. Resignation. Any director may resign at any time by giving five (5) days written notice to the President or Secretary. The resignation shall take effect at the time specified therein, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Meetings. The annual meeting and regular meetings of the Board shall be held at such times and places as may from time to time be fixed by the Board or may be specified in a notice of meeting. Regular or special meetings of the Board may be held at any time upon the call of the President or any two directors.

Section 7. Notice of Meetings. Notice need not be given of regular meetings of the Board if the time and place of such meetings are fixed by the Board. Notice of each special meeting of the Board must be given to each director not less than two (2) days before such meeting. Notice may be in writing and sent by mail, addressed to such director at his/her address as it appears on the records of the President, with prepaid postage thereon. Such notice shall state the time and place where the meeting is to be held and to the extent possible, the purpose(s) for which the meeting is called. Such notice shall be deemed to have been given when it is deposited in the United States mail. Notice may also be given by telephone or sent by facsimile transmission, telegraph, courier service, electronic mail ("e-mail") or hand delivery. Notice of any adjournment of a meeting of the Board to another time or place shall be given to any directors who were not present at the time of the adjournment. Notice of a regular or special meeting need not be given to a director who submits a signed waiver of notice before or at the meeting's commencement, or who attends the meeting without protesting (not later than the commencement of the meeting) the lack of notice to him or her.

Section 8. Quorum. At each meeting of the Board, the presence of one-half of the total number of directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, a majority of the directors present may adjourn the meeting from time to time without notice other than by announcement at the meeting, until such a quorum is present.

Section 9. Manner of Acting. The vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board.

Section 10. Meeting by Conference Telephone. Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of a conference telephone or similar communication equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 11. Action Without a Meeting. Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing the action. The resolution and written consents thereto by the members of the Board or such committee shall be filed with the minutes of the proceedings of the Board or such committee.

Section 12. Compensation of Directors. The Corporation shall not pay compensation to directors for services rendered to the Corporation in their capacity as directors, except that directors may be reimbursed for reasonable expenses incurred in the performance of their duties to the Corporation. This shall not in any way limit reimbursement of or payment for services provided to the Corporation by the director in any capacity separate from his or her responsibilities as a director, provided that there is full disclosure of the terms of such compensation and the arrangement has been approved by the Board. The provisions of this section shall not in any way limit reimbursement of or payment for services provided to the Corporation by any organization in which a director is affiliated, subject to the conflict of interest policy.

ARTICLE V

Advisory Board

The Board, by resolution adopted by a majority of the entire Board, may designate an Advisory Board. Such Advisory Board shall consist of persons who are interested in the purpose and principles of the Corporation. The advisory Board and each member thereof shall serve at the pleasure of the Board. Any vacancy in the Advisory Board may be filled and the Board may remove any member of the Advisory Board, either with or without cause. The Advisory Board shall advise the Board as to any matters that are put before it by the Board concerning the Corporation. The Advisory Board shall not have or purport to exercise any powers of the Board nor shall it have the power to bind the Corporation in any manner.

ARTICLE VI

COMMITTEES

Section 1. Nominating Committee. By resolution of the Board, a Nominating Committee may be appointed consisting of three (3) directors, who shall be elected by a plurality of the votes cast by the directors of the Corporation at each Annual Meeting and shall serve until the next Annual Meeting. The Nominating Committee shall present a slate of nominees for the Board at the next Annual Meeting following its election.

Section 2. Executive Committee and Other Standing Committees. The Board, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee and other standing committees consisting of three (3) or more directors. The standing committees shall have such authority as the Board shall by resolution provide; and the Executive Committee shall have all the authority of the Board, except that no such committee shall have authority as to the following matters:

- (a) The filling of vacancies in the Board or in any committee.
- (b) The fixing of compensation of the directors for serving on the Board or on any committee.
- (c) The amendment or repeal of the By-laws, or the adoption of new By-laws.
- (d) The amendment or repeal of any resolution of the Board which by its terms, shall not be so amendable or repealable. Any reference in these By-laws to the Board shall include the Executive Committee unless the context or express provision otherwise indicates.

Section 3. Special Committees. The Board may designate special committees, each of which shall consist of such persons and shall have such authority as is provided in the resolution designating the committee, except that such authority shall not exceed the authority conferred on the Executive Committee by Section 2 of this Article VI.

Section 4. Meetings. Meetings of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the President of the Corporation or the chairman of the committee or by vote of a majority of all of the members of the committee.

Section 5. Quorum and Manner of Acting. Unless otherwise provided by resolution of the Board, a majority of all of the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all of the members of the committee shall be the act of the committee.

The procedures and manner of acting of the Executive Committee and of the committees of the Board shall be subject at all times to the directions of the Board.

Section 6. Tenure of Members of Committees of the Board. Each committee of the Board and every member thereof shall serve at the pleasure of the Board.

Section 7. Alternate Members. The Board may designate one (1) or more directors as alternate members of the Executive Committee or of any standing committee of the Board, who may replace any absent member or members at any meeting of such committee.

ARTICLE VII

Officers

Section 1. Officers. The officers of the Corporation shall at least consist of a President, a Secretary and a Treasurer, and such other officers, if any, including one or more Vice Presidents, as the Board may from time to time appoint. All officers shall be chosen by and shall serve at the pleasure of the Board.

Section 2. Election, Term of Office, and Qualifications. The officers of the Corporation shall be elected annually by a majority vote of the Board at the annual meeting of the Board, and each officer shall hold office until such officer's successor is elected and qualified or until such officer's earlier death, resignation, or removal. Except as may otherwise be provided in the resolution of the Board choosing an officer, no officer need be a director. One person may hold, and perform the duties of, more than one office, provided that the same person may not hold the offices of President and Secretary. All officers shall be subject to the supervision and direction of the Board.

Section 3. Removal. Any officer elected or appointed by the Board may be removed at any time, with or without cause, at any meeting by a majority of the entire Board at which a majority of the directors is present or by action in writing signed by all directors.

Section 4. Resignations. Any officer may resign at any time by giving five (5) days written notice to the Chairperson. The resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office arising from any cause shall be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular appointment to such office.

Section 6. President. The President shall:

- (a) preside at all meetings of the Board;

- (b) exercise general charge and supervision of the affairs of the Corporation and shall do and perform such duties as the Board may assign to the President;
- (c) keep the Board fully informed about the activities of the Corporation;
- (d) have the power to sign and execute alone in the name of the Corporation all contracts authorized either generally or specifically by the Board, unless the Board shall specifically require an additional signature.

Section 7. Vice President. At the request of the President, or in the event of the President's absence or disability, the Vice President shall perform the duties and possess and exercise the powers of the President, and the Vice President shall have such other powers and perform such other duties as the Board may assign to the Vice President.

Section 8. Secretary. The Secretary shall:

- (a) record and keep the minutes of all meetings of the Board in books to be kept for that purpose;
- (b) see that all notices and reports are duly given or filed in accordance with these By-Laws or as required by law;
- (c) be custodian of the records (other than financial) and have documents whose execution on behalf of the Corporation under its seal is required by law or duly authorized in accordance with these By-Laws; and
- (d) in general, perform all duties incident to the office of Secretary and such other duties as the Chair of the Board may from time to time assign to the Secretary.

Section 9. Treasurer. The Treasurer shall:

- (a) have charge and custody of, and be responsible for, all funds and securities of the Corporation and deposit all such funds in the name of the Corporation in such depositories as shall be designated by the Board;
- (b) exhibit at all reasonable times the Corporation's books of account and records to any of the directors of the Corporation upon application during business hours at the office of the Corporation where such books are kept;
- (c) render a statement of the condition of the finances of the Corporation at the annual meeting of the Board;

- (d) receive, and give receipt for, amounts due and payable to the Corporation from any source whatsoever and, subject to the direction of the Board, authorizing the disbursement of funds of the Corporation;
- (e) in general, perform all the duties incident to the office of Treasurer, and such other duties as the Chair or the Board may from time to time assign to the Treasurer; and
- (f) if required by the Board, give such security for the faithful performance of the Treasurer's duties as the Board may require.

Section 10. Employees and Other Agents. The Board may from time to time appoint such employees and other agents as it shall deem necessary, each of whom shall hold office at the pleasure of the Board, and shall have such authority and perform such duties and shall receive such reasonable compensation, if any, as a majority of the Board may from time to time determine. To the fullest extent allowed by law, the Board may delegate to any employee or agent any powers possessed by the Board and may prescribe their respective title, terms of office, authorities and duties.

Section 11. Compensation. Any Officer, employee or agent of the Corporation is authorized to receive a reasonable salary or other reasonable compensation for services rendered to the Corporation when authorized by a majority of the Board, and only when so authorized.

ARTICLE VIII

Execution of Instruments

Section 1. Contracts and Instruments. The Board, subject to the provisions of Article XI, may authorize any officer or agent of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or may be confined to specific instances. No instrument required to be signed by more than one officer may be signed by one person in more than one capacity.

Section 2. Deposits. Funds of the Corporation may be deposited from time to time to the credit of the Corporation with the depositories that are selected by the Board.

Section 3. Orders for the Payment of Money and Endorsed for Deposit.

- (a) all checks, drafts or other orders for the payment of money, notes, or acceptances issued in the name of the Corporation shall be signed by the office or officers or agent or agents of the Corporation authorized, and in the manner determined, from time to time by resolution of the Board.

- (b) Endorsements for deposits to the credit of the Corporation in any of its authorized depositories may be made, without countersignature, by any officer of the Corporation or may be endorsed by hand-stamped impression in the name of Corporation, unless otherwise provided by resolution of the Board.

ARTICLE IX

Indemnification

Section 1. Indemnification. The Corporation may, to the fullest extent now or hereafter permitted by law, indemnify any person made, or threatened to be made, a party to any action or proceeding by reason of the fact that he or she, his or her testator or intestate, was a director, officer, employee or agent of the Corporation, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees. No indemnification may be made to or on behalf of any such person if (a) his or her acts were committed in bad faith or were the result of his or her active and deliberate dishonesty and were material to such action or proceeding or (b) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 2. Insurance. The Corporation shall have the power to purchase and maintain insurance to indemnify the Corporation for any obligation which it incurs as a result of its indemnification of directors, officers and employees pursuant to Section 1 above, or to indemnify such persons in instances in which they may be indemnified pursuant to Section 1 above.

ARTICLE X

General Provisions

Section 1. Fiscal Year. The Board shall fix the fiscal year of the Corporation.

Section 2. Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Not-for-Profit, New York." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 3. Books and Records. The Corporation shall keep correct and complete books and records of the activities and transactions of the Corporation, including a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these By-Laws, all resolutions of the Board, and all minutes of meetings of the Board and committees thereof.

ARTICLE XI

Conflicts of Interest

Any potential conflict of interest which could result in a direct or indirect financial or personal benefit to a director, officer or staff member must be disclosed on good faith or known to the Board, and must be resolved pursuant to the Conflict of Interest Policy adopted by the Corporation (which is annexed to these Bylaws as Exhibit A, and shall be referred to as the "Conflict of Interest Policy").

ARTICLE XII

Amendments

These By-Laws may be amended or repealed by the affirmative vote of two-thirds of the entire Board present at any meeting of the Board at which a quorum is present. Such action is authorized only at a duly called and held meeting of the Board for which written notice of such meeting, setting forth the proposed alteration, is given in accordance with the notice provisions for special meetings set forth herein.

ARTICLE XIII

Non-Discrimination

In all of its dealings, neither the Corporation nor its duly authorized agents shall discriminate against any individual or group for reasons of race, color, creed, sex, age, culture, national origin, marital status, sexual preference, or mental or physical handicap.

ARTICLE XIV

Reference to Certificate of Incorporation

References in these By-Laws to the Certificate of Incorporation shall include all amendments thereto or changes thereof unless specifically excepted.

Adopted: April 18, 2007

Exhibit A

Conflict of Interest Policy

NOTES REGARDING THE SAMPLE CERTIFICATE OF INCORPORATION:

- *This is a sample certificate of incorporation that was prepared for use in New York State in accordance with the New York Not-for-Profit Corporation Law.*
- *The IRS provides sample Articles of Incorporation in Publication 557, Page 19 (<http://www.irs.gov/pub/irs-pdf/p557.pdf>). However, you must also check your state's nonprofit law to ensure that your organization's articles comply with local requirements.*
- *This sample document is provided for informational purposes only and does not constitute legal advice or counsel.*

**CERTIFICATE OF INCORPORATION
OF
EAST HARLEM COMMUNITY, INC.**

(the "Certificate")

Under Section 402 of the Not-for-Profit Corporation Law

The undersigned, a natural person of the age of eighteen or over, desiring to form a corporation pursuant to the provisions of the Not-for-Profit Corporation Law of the State of New York (the "N-PCL"), does hereby certify that:

1. The name of the corporation is East Harlem Community, Inc. (hereinafter referred to as the "Corporation").
2. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the N-PCL and is not formed, conducted or operated for purposes of pecuniary profit or financial gain. The Corporation is a Type B corporation under Section 201 of the N-PCL.
3. The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation is formed to provide relief to the female victims of childhood incest or sexual trauma by holding support group meetings, conducting public outreach and providing information to the public, and the Corporation shall undertake the following activities in furtherance of that purpose:
 - a. peer support meetings attended by female victims of childhood incest or sexual trauma;
 - b. 24-hour telephone support and referral hotline, staffed by volunteers, for victims of sexual abuse;
 - c. referral service to area health and social services providers;

- d. public educational programs to promote awareness of the complex issues related to childhood sexual trauma; and
 - e. all lawful activities that may be useful in accomplishing the foregoing purposes.
- 4. In furtherance of the foregoing purposes, the Corporation shall have all the general powers enumerated in Section 202 of the N-PCL and such other powers as are now or hereafter permitted by law for a corporation organized for the foregoing purposes, including, without limitation, the power to (a) solicit grants and contributions for any corporate purpose, (b) maintain a fund or funds of real and/or personal property in furtherance of such purposes, and (c) organize one or more partially- or wholly-owned organizations.
- 5. The Corporation shall not, directly or indirectly, engage in or include among its purposes any of the activities mentioned in subparagraphs (a) through (v) of Section 404 of the N-PCL without first obtaining the approvals or consents required in such subsections.
- 6. The Corporation shall not provide, or engage in the practice of, any professional service as defined by Title 8 of the New York State Education Law.
- 7. Notwithstanding any other provision of this Certificate, the Corporation is organized exclusively for charitable purposes, and intends at all times to qualify and remain qualified as exempt from federal income tax under Section 501(c)(3) of the Code, and in connection therewith:
 - a. the Corporation is not formed for and shall not be conducted nor operated for pecuniary profit or financial gain, and no part of its assets, income or profit shall be distributed to or inure to the benefit of any director, officer or other private individual or individuals, provided that nothing herein shall prevent the Corporation from paying reasonable compensation to any person for services rendered to or for the Corporation in furtherance of one or more of its purposes;
 - b. no substantial part of the activities of the Corporation shall be devoted to the carrying on of propaganda or otherwise attempting to influence legislation, except to the extent permitted by the Code, whether pursuant to an election under Section 501(h) or otherwise, and no part of the activities of the Corporation shall be devoted to participating or intervening in, including the publication or distribution of statements regarding, any political campaign on behalf of or in opposition to any candidate for public office, and the Corporation will not engage in any other activities that would cause it to be characterized as an “action organization” as defined in Treasury Regulation § 1.501(c)(3)-1, promulgated under the Code; and
 - c. the Corporation shall not engage in or include among its purposes any

activities not permitted to be carried on by either a corporation exempt from federal income taxation under Section 501(c)(3) of the Code or a corporation to which contributions are deductible under Section 170(c)(2) of the Code.

8. The office of the Corporation in the State of New York shall be located in New York County.
9. The directors of the Corporation shall consist of such number of persons, but not less than three, as may be set forth in the By-Laws of the Corporation. The names and addresses of the initial directors, each of whom is of full age, are as follows:

<u>Name</u>	<u>Address</u>
Cecilia Lopez	270 East 103rd Street, Apt. 3D New York, NY 10029
Jane Levy	12 Hammond Court, Box 1996 New York, NY 10029
Marina Vasquez	512 West 144 th Street New York, New York 10034

10. The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom process in any action or proceeding against the Corporation may be served. The post office address to which the Secretary of State shall mail a copy of any such process so served is: Birdsong Inc., 69 W. 105th Street, Apt. 1D, New York, NY 10023, Attn: President.
11. In the event of dissolution of the Corporation, all of the assets and property of the Corporation remaining after the proper payment of expenses and the satisfaction of all liabilities shall be distributed, in accordance with Article 10 of the N-PCL, as it may be amended, to further the not-for-profit purposes of the Corporation and to such charitable organizations as shall qualify under Section 501(c)(3) of the Code.
12. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed in the By-Laws of the Corporation, subject to applicable statutes, provided that no amendment, alteration, change or repeal shall be effected which will render the Corporation ineligible for tax-exempt status under Code Section 501(c)(3) and the regulations thereunder.

IN WITNESS WHEREOF, the undersigned incorporator, being at least eighteen years of age, has signed this Certificate this ___ day of _____, 2007, and hereby affirms the truth of the statements contained herein under penalty of perjury.

Cecilia Lopez

Certificate of Incorporation

Of

East Harlem Community, Inc.

Under Section 402 of the New York Not-For-Profit Corporation Law

Filed by: Stephen Falla Riff, Esq.
The Legal Aid Society
Community Development Project
230 East 106th Street
New York, New York 10029

CONFLICT OF INTEREST POLICY

Resolution of the Board of Directors
of
East Harlem Community, Inc.

Article I Purpose

The purpose of this conflict of interest policy is to protect the interests of East Harlem Community, Inc. (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in an excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
- b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Family shall include an individual’s spouse, parents, children, brothers or sisters, and spouses of such, parent, child, brother or sister.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, hereof, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Article III
Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is (i) in the Corporation's best interest, (ii) beneficial to the Corporation, and (iii) fair and reasonable. If these factors are met, the Corporation may choose to enter into the proposed transaction.
- e. In evaluating such a transaction or arrangement, the Corporation should pay no more than fair market value for any goods or services which the Corporation receives and should receive fair market value consideration for any goods or services that it furnishes to others.

4. Violations of the Conflict of Interest Policy

- a. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as may be warranted by the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

The minutes of the board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Article V Compensation

1. A voting member of the board of directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Affirming Statements

Each director, principal officer and member of a committee with governing board delegated powers shall sign a statement, a form of which is annexed hereto as Exhibit A, which affirms that such person -

- a. Has received a copy of this conflicts of interest policy,
- b. Has read and understands this policy,
- c. Has agreed to comply with this policy, and
- d. Understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Furthermore, periodically, the Secretary of the Corporation may distribute to all directors and officers of the Corporation a form, the form of which is annexed hereto as Exhibit B, soliciting the disclosure of all conflicts of interest, including specific information concerning the terms of any contract or transaction with the Corporation and whether the process for approval set forth herein was used.

Article VIII
Use of Outside Experts

In conducting the periodic reviews as provided for in Article VII, hereof, the Corporation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Article IX
Adoption of Policy

This policy was adopted on September 25, 2007, at the initial organizational meeting of the Corporation, by unanimous consent of the board of directors.

_____ Signature of Director	_____	_____ Date
_____ Signature of Director	_____	_____ Date
_____ Signature of Director	_____	_____ Date

Exhibit A

**CONFLICT OF INTEREST POLICY ACKNOWLEDGEMENT
FOR
DIRECTORS AND OFFICERS**

I, _____, the undersigned officer and/or director of East Harlem Community, Inc., affirm that:

- a. I have received a copy of East Harlem Community, Inc.'s Conflicts of Interest policy (the "Policy");
- b. I have read and understand the Policy;
- c. I agree to comply with the Policy; and
- d. I understand that East Harlem Community, Inc. is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Name:

Title:

**CONFLICT OF INTEREST DISCLOSURE FORM
FOR
DIRECTORS AND OFFICERS**

Please complete all sections below:

I. Are you aware of any relationship or transaction with East Harlem Community, Inc. (the "Corporation") which involves or could ultimately harm or benefit financially:

- | | | |
|--|--------------------------|--------------------------|
| a. Yourself; | <input type="checkbox"/> | <input type="checkbox"/> |
| | yes | no |
| b. Any member of your immediate family (defined as your spouse, parents, children, brothers, or sisters and spouses of these individuals); or | <input type="checkbox"/> | <input type="checkbox"/> |
| | yes | no |
| c. Any organization in which you or an immediate family member is a director, trustee, officer, member, partner, or own more than 10 percent of the total (combined) voting power? [Volunteer service on the board of another not-for profit corporation need not be disclosed.] | <input type="checkbox"/> | <input type="checkbox"/> |
| | yes | no |

If yes, please list all such relationships or transactions, including specific information concerning the essential financial terms of any contract or transaction (description of services, duration, consideration, or price) and whether approval of the transaction has been obtained from the board of directors.

II. Please fill out completely. If not applicable, indicate "none".

- a. Listed below are all corporations, partnerships, or other business entities in which I am a director, officer, member, partner, or manager, or in which I or any member of my immediate family has a substantial financial interest (i.e., owner of 10 percent of the total (combined) voting power or greater):

<u>Entity</u>	<u>Position</u>	<u>Self or Family</u>
---------------	-----------------	-----------------------

- b. All other not-for-profit institutions, of which I am a trustee, director, or officer, which have a substantial likelihood of being harmed or benefited by any action or policy of the Corporation:

<u>Entity</u>	<u>Position</u>
---------------	-----------------

- c. All trusts, of which I am a trustee, or which benefit me or any member of my immediate family, which have a substantial likelihood of being harmed or benefited by any action or policy of the Corporation:

Entity

Trustee or Beneficiary

Self or Family

I have read and understand the Conflict of Interest Policy adopted by East Harlem Community, Inc., and the foregoing information is true and complete to the best of my knowledge. I also understand that, with respect to the application of certain provisions of the Internal Revenue Code, liability for interested person transactions may arise up to five years after my service to the Corporation has ended.

Dated: _____

Name:

Title:

NOTES REGARDING THIS SAMPLE NOTICE:

- *This sample notice of organizational meeting was prepared for use in New York State in accordance with the New York Not-for-Profit Corporation Law.*
- *Check your state's nonprofit law to ensure that this notice of meeting complies with local requirements.*
- *This sample document is provided for informational purposes only and does not constitute legal advice or counsel.*

**NOTICE OF ORGANIZATIONAL MEETING
OF THE INITIAL BOARD OF DIRECTORS OF
EAST HARLEM COMMUNITY, INC.**

To the Directors of East Harlem Community, Inc.:

PLEASE TAKE NOTICE that, pursuant to Section 405 of the Not-For-Profit Corporation Law, an organizational meeting of the initial directors of East Harlem Community, Inc. (the "Corporation") will be held at the Offices of the Legal Aid Society, Community Development Project, 230 East 106th Street, New York, New York 10029, on the 27th day of September, 2007, at 5:00 p.m., for the purpose of adopting by-laws, electing directors and officers, and the transaction of such other business as may come before the meeting.

Dated: September 7, 2007
New York, New York

GEORGE LOCKER
Director

NOTES REGARDING THIS SAMPLE AGENDA:

- *This is a sample form of agenda for an initial organizational meeting of a not-for-profit corporation that was organized in accordance with the New York Not-for-Profit Corporation Law.*
- *The form of agenda for an organizational meeting is similar or identical in most states. However, the requirements for what must occur at the organizational meeting may vary somewhat from state to state and you should therefore consult your local law.*
- *This sample document is provided for informational purposes only and does not constitute legal advice or counsel.*

EAST HARLEM COMMUNITY, INC.

**AGENDA
OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS
Tuesday, September 25, 2007**

Type of Meeting: Organizational Meeting of the Directors

Invitees: George Locker, Maria Tejada, Helen Friedman, David Wood, Carlos Quiroga.

- I. Call to order.
- II. Election of temporary chairperson and temporary secretary.
- III. Roll call and Notice of Meeting.
- IV. Approval of Agenda.
- V. Approval of Minutes.
N/A
- VI. Open Issues
N/A.
- VII. New business
 - a) Filing of certificate of incorporation.
 - b) Adoption of bylaws, conflict of interest policy, whistleblower policy, and document retention policy.
 - c) Election of directors and officers.
 - d) Opening a bank account.
 - e) Obtaining tax exemptions (federal, state and local) and charitable registration.
 - f) Review of corporate governance issues.
- VIII. Adjournment

NOTES REGARDING THIS SAMPLE FORM OF MINUTES:

- *This sample form of minutes from the organizational meeting of a not-for-profit corporation was prepared for use in New York State in accordance with the New York Not-for-Profit Corporation Law.*
- *The form of minutes for an organizational meeting is similar or identical in most states. However, the requirements for what must occur at the organizational matter may vary somewhat from state to state and you should therefore consult your state's nonprofit law.*
- *This sample document is provided for informational purposes only and does not constitute legal advice or counsel.*

EAST HARLEM COMMUNITY, INC.

**MINUTES OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS HELD ON
TUESDAY, SEPTEMBER 25, 2007**

The organizational meeting of the board of directors (the “*Board*”) named in the certificate of incorporation of East Harlem Community, Inc., a New York not-for-profit corporation (the “*Corporation*”), was held at 5 p.m. on Tuesday, September 25, 2007, at the offices of The Legal Aid Society Community Development Project, 230 East 106th, New York, New York, 10029.

Roll Call and Notice of Meeting

The following directors, constituting a quorum, were present at the meeting: George Locker, Maria Tejada, Helen Friedman and David Wood. Absent from the meeting was Carlos Quiroga. Waivers of notice of the meeting were signed by the directors and ordered filed with the minutes together with a waiver previously signed by Mr. Quiroga.

Also present, at the request of the Board, was the Corporation’s attorney, Stephen Falla Riff, of the Community Development Project of the Legal Aid Society.

On motion duly made, seconded and unanimously approved, the Notice of Meeting with proof of mailing, and the Meeting Agenda, dated September 25, 2007, were made part of the minutes of this meeting.

Temporary Chairperson and Temporary Secretary

On motion duly made, seconded and unanimously approved, George Locker was elected temporary chairperson and Maria Tejada was elected temporary secretary of the meeting.

Filing of Certificate of Incorporation

The temporary chairperson reported that the original certificate of incorporation was filed with the New York Secretary of State on September 11, 2007. A certified copy of the certificate

of incorporation, attached as Exhibit A, showing the above filing, was delivered to the temporary secretary with directions to insert it in the minute book of the corporation.

Adoption of Bylaws

The next order of business was the discussion of the proposed bylaws for the Corporation, which had been prepared by its attorney and circulated by e-mail to the Board for review in advance of the meeting. The Board then discussed the provisions of the proposed bylaws and the attorney for the Corporation answered questions concerning these provisions.

Upon motion duly made by David Wood, seconded by Helen Friedman, and unanimously approved, it was resolved that the bylaws attached as Exhibit B were adopted as the bylaws of the Corporation, effective immediately; and further resolved that the bylaws be placed in the minute book, and that a current true copy of the bylaws, certified by the Secretary, be kept at the principal office of the corporation for inspection by the board members at all reasonable times during business hours.

Adoption of Conflict of Interest, Whistleblower and Document Retention Policies

The temporary chairperson stated that the next business to come before the meeting was the adoption of a Conflict of Interest Policy, a Whistleblower Policy, and a Document Retention Policy, which had been prepared by the Corporation's attorney and circulated by e-mail to the Board for review in advance of the organizational meeting. The Board then reviewed these policies, and the attorney for the Board answered questions related to them.

Upon motion duly made by George Locker, seconded by Helen Friedman, and unanimously approved, it was resolved that the Conflict of Interest Policy attached as Exhibit C, the Whistle Blower Policy attached as Exhibit D, and the Document Retention Policy attached as Exhibit E, were accepted and adopted by the Board; and further resolved that these policies be placed in the minute book, and that current true copies of these policies, certified by the Secretary, be kept at the principal office of the corporation for inspection by board members at all reasonable times during business hours.

Election of Directors and Officers

The temporary chairperson announced that the bylaws provide for the election of five directors. The following slate of directors was then nominated: George Locker, Maria Tejada, Helen Friedman, David Wood and Carlos Quiroga. There being no further nominations, by motion made, seconded and unanimously approved, the slate of nominees was elected to hold office.

The temporary chairperson next announced that the bylaws provided for the election of a President, Vice President, Secretary and Treasurer to serve as the officers of the Corporation.

Thereupon the following persons were nominated by the Board to serve as officers of the Corporation:

President

George Locker

Vice President	Helen Friedman
Secretary	Maria Tejada
Treasurer	David Wood

There being no further nominations, by motion made, seconded and unanimously approved, the slate of nominees was elected to hold office. The President then replaced the temporary chairperson as presiding officer of the meeting and the Secretary replaced the temporary secretary of the meeting.

Bank Accounts

David Wood then proposed to select a depository for the funds of the corporation and to authorize officers to withdraw funds on behalf of the corporation. On motion of Mr. Wood, seconded by George Locker and unanimously approved, the following resolutions were adopted:

Resolved, that Banco Popular, (the “depository”), is selected as the depository for the funds of this corporation and that accounts shall be governed by the rules, regulations, bylaws, and practices, present and future, of the depository. The board, by majority vote, may also select other depositories in addition to, or in place of, the designated depository.

Further resolved, that the following officers of this corporation, who have been duly elected:

President	George Locker
Vice President	Helen Friedman
Secretary	Maria Tejada
Treasurer	David Wood

are authorized, on signature of any two of them, to withdraw funds from the depository on the check of the corporation, signed as provided above, and that the officers authorized to withdraw funds are authorized to endorse and receive payment of bills and notes payable to the corporation;

Further resolved, that the depository is authorized to pay any such instruments so endorsed and presented to it for payment, including those drawn to the individual order of any officer or any other person authorized to sign the instruments; and

Further resolved, that the Board adopts the form of any banking resolution required by the depository if (1) in the opinion of a nofficer of the Corporation, the adoption of such a resolution is necessary or desirable; and (2) the Secretary of the Corporation evidences such adoption by attaching to this consent copies of such resolutions, which will be deemed to have

been adopted by this Board with the same force and effect as if originally attached to this consent.

Further resolved, that the authority conferred by these minutes shall remain in full force and effect until written notice of its revocation by the Board is received by the depository and that the Secretary is authorized and directed to deliver to the depository a certified copy of this resolution and to certify to it the true and correct signatures of the above-named officers.

Tax Exemptions and Charitable Registration

The Chairperson announced that the next order of business was the matter of obtaining tax exemptions for the Corporation and of registering the Corporation as a charity in New York State.

Upon motion made, seconded and unanimously approved, it was:

Resolved, that the Corporation shall apply for recognition of tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code and under applicable provisions of the laws of the State of New York where it conducts business;

Further resolved, that the Corporation shall register as a charity with the Charities Bureau of the New York State Attorney General's office;

Further resolved, that the appropriate officers of the Corporation are authorized to take such actions and execute such documents as they deem necessary or appropriate to carry out this resolution; and

Further resolved, that if the Corporation lacks sufficient funds in its treasury to pay the user fees associated with the applications, that any director may advance the funds required to pay the fees and thereafter be reimbursed, without the payment of any interest, at the earliest time practicable for the Corporation to effect reimbursement.

Review of Corporate Governance Issues

The Chairperson stated that the next business to come before the meeting was the discussion regarding corporate governance issues and the fiduciary duties of directors and officers. Stephen Falla Riff discussed corporate governance issues and explained the fiduciary duties of loyalty, care and obedience. Mr. Falla Riff also answered questions related to these matters and agreed to provide further guidance, if necessary.

There being no further business before the Board, on motion duly made seconded and unanimously approved, the meeting was adjourned at 7:05 p.m.

Respectfully submitted,

By:

Secretary

Dated: September __, 2007

Approved on October __, 2007

By:

Chairman

EXHIBIT A

CERTIFICATE OF INCORPORATION

EXHIBIT B

BYLAWS

EXHIBIT C

CONFLICT OF INTEREST POLICY

EXHIBIT D

WHISTLEBLOWER POLICY

EXHIBIT E

DOCUMENT RETENTION POLICY