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**2022 ANNUAL RELIGIOUS INSTITUTIONS LAW DAY  
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## The Who, What, Whys, When & How of Corporate Meetings & Minutes

### Background for our Discussion:

Many nonprofit organizations do not hold proper corporate meetings. The members have good intentions, but they do not follow the requirements either of their governing documents or statutory law. To conduct a proper and effective in a meeting, at a minimum, leaders should consider these issues:

- Do you have a copy of your articles and bylaws? Are they current?
- Do you have a "minute book" with copies of all of the minutes?
- What do your articles and bylaws say about the date for your annual meeting?
- Is it supposed to be held on a certain date?
- Do you have a membership list?
- Which members are entitled to notice? Must they member be in good standing to vote?
- What does it mean to be a member in good standing?
- Which members are entitled to vote?
- How is notice given? If questioned, how will you prove that proper notice was given?
- When is notice supposed to be given?
- What is there a specific date requirement for your annual meeting?
- What do you do if you don't have a quorum present at the meeting?
- What happens if some members leave during the meeting so that the number present at the meeting falls below the level required for a quorum?
- Is cumulative voting required or allowed? If so, what does that mean?
- Is an agenda required to be a company with the notice? What must be on the agenda?
- What matters must be part of the meeting other than election of directors and officers?
- Is it mandatory to disclose your annual budget and receive approval from the congregation?
- Is Congregational approval required to sell personal or real property or to borrow money?
- Do the governing documents require the election of officers, directors or members to be held in a certain manner?
- Is a nominating committee required? If so, who appoints the members and when?
- How many members are required to be on the board of directors?
- What is the length of term of the board members?
- Does your Board of Directors have staggered terms?
- If the board members have been appointed, when the search term expire?
- Do your board members need to be members of the congregation? For how long?
- What happens to a board member if he is no longer a member in good standing of the congregation?
- How do you amend the articles or bylaws of your Corporation?
- What happens if you don't follow the requirements of the bylaws?
- What do you do if you can't find a copy of the bylaws?
- Do you have a conflict-of-interest policy?



### **What is a corporation?**

- The Great Corporate Fiction
- Encourage Capital Formation
- See ARS §10-3140 for "Definitions"

### **Why do we "incorporate a nonprofit?"**

- To protect the guilty!
  - But ARS §10-3204 says that "persons purporting to act as or on behalf of a corporation with actual knowledge that no corporation exists are jointly and severally liable for all liabilities created while so acting..."
- The endgame is the "Corporate Shield"

### **Corporate Liability Shield.**

One of the reasons the Nonprofit is incorporated is to protect personal assets from attack by creditors of the Corporation. To protect the status of the Corporation, and thus shield the officers and directors from liability, you must follow these guidelines:

1. The Corporation's letterhead, website, business cards, purchase orders, invoices, etc., should bear the full name of the Corporation, including the suffix (e.g. Inc., Ltd., etc.).
2. The Corporation's telephone listing and listing in all directories should reflect the full name of the Corporation, including the suffix, if any.
3. The name on the door of the Corporation's offices and on the directory or any other signs should bear the full name of the Corporation, including the suffix, if any.
4. The Corporation's banking account should bear the full name of the Corporation, including the suffix, if any. A new banking account opened in the name of the Corporation is authorized in the minutes of the Organizational Meeting. Please call the Corporation's bank and ask for copies of its new Corporate Account signature cards and required authorizations. Fill one out and return it to the Bank.
5. Any loan made after the Corporation begins business should be made in the name of the Corporation even though the Officers and/or Directors may be required to endorse or guarantee the loan personally. Whenever a loan is made, it should be approved by the Board of Directors and a resolution should be inserted in the Corporation's Minute Book. Please note, however, that you should contact your tax adviser before entering into any corporate loans. Please discuss this with your tax adviser prior to the Corporation entering into this type of transaction.
6. All leases, contracts and other arrangements with the Corporation regarding equipment, office premises and furniture or any other contractual arrangement with the Corporation in connection with its business should reflect that the Corporation is the contracting party.
7. The Corporation should hold at least an annual Officers and Directors meeting and quarterly directors' meetings. The minutes of the meetings should be filed in the Corporation's Minute Book.
8. Do not commingle personal and corporate funds. Do not use corporate checks to pay personal bills. A nonprofit corporation should not loan its funds to corporate officers and directors.



**How do you create a corporation?**

- File Articles of Incorporation with the Arizona Corporation Commission
  - initial officers and directors should be specified
  - decide if you're going to have members
- Publish the Articles in the paper of general circulation in the County of principal place of business. ACC does this for Maricopa and Pima County, but not for other counties.
- Must CONTINUOUSLY maintain a "Statutory Agent" for service of process
- Hold an organizational meeting and elect officers and directors

**Are Corporate Bylaws Important?**

- ARS §10- 3206 says "the Board of Directors of a Corporation **shall adopt** initial bylaws for the Corporation."
- Avoids massive confusion
- Lays out a plan for succession for the directors
- Specifies when to have the annual meeting
- Allows you the opportunity to customize your notice provisions, et cetera

**How do you dissolve a corporation?**

- Failure to follow statutory requirements of:
  - Filing Annual Report with the Arizona Corporation Commission.
- Formal Dissolution
  - Statutory process

**Who runs a Corporation with the members?**

- Incorporator will specify the initial directors and officers
- Members elect the directors
  - directors elect the officers
    - officers hire the employees

**Who runs a corporation when there are no members?**

- Incorporator specifies the initial directors and officers
- the initial directors then elect replacement directors
  - the directors elect officers
  - the officers hire employees

**How does a corporation make decisions?**

- The board of directors act by adopting formal resolutions
  - by "unanimous consent"
  - or by majority vote
    - at a properly noticed meeting
    - at which a quorum of the directors cast a ballot
      - in person
      - or by proxy



**Why do you have corporate meetings?**

- Arizona's Corporate Code
- Case Law
- Common Law of Corporate Formalities

**What is a "Meeting"?**

- When two or more directors are together in person or by electronic means so that each of them can hear and be heard
- proper notice is required in order to have a valid meeting
- at a valid meeting the directors (or members in the case of a membership or congregational meeting) follow Robert's Rules of Order (or other form of parliamentary procedure to adopt formal resolutions with the intention that they be legally binding as an act of the Corporation

**What is "Notice"?**

- "Notice" as defined by statute or by your bylaws is required
  - potential voters who do not attend after proper notice waive their right to vote
  - **potential voters who did not receive notice can invalidate the meeting**

**Why do you keep minutes of corporate meetings?**

- Keep a record of the proper election of directors so that the "lineage" of the directors can be traced from those named in the articles of incorporation down through the years
  - you cannot have a valid action of a Corporation if you don't know for sure who the directors are!
- You must follow the bylaws and/or statutory requirements to have validly elected directors
- Maintaining a "member" list ARS §10-3707 and -3720
- If you do not have minutes, how can you prove what happened?
- The Doctrine of Corporate Formalities
- Statutory Compliance
- Lawsuit?

**Volunteer Institutions have no memory!**

**Assuming that you have taken minutes of the meeting, what do you do with them?**

- Have a Minute Book
- Keep it at the Principal Place of Business of the Corporation
- Make sure your attorney or CPA has a duplicate
- Keep it up to date
- Include a copy of the annual filing with the State of AZ
- Consider storing them along with the Articles of Incorporation, Bylaws, etc., offsite.

###

**Minutes  
of the Meeting of the Board of Trustees/Directors of the  
XYZ Nonprofit  
("Nonprofit")  
Held on October 2, 20\_\_**

**Meeting Date, Time and Place:** October 2, 20\_\_ at 7:30 AM, Conference Room

**Notice was given:** By \_\_\_\_\_

**Notice is waived:** See Unanimous Consent Resolution

**Notice:** Waived by the signing of the waiver and these minutes by all of the Directors.

**Resolutions:** Unless otherwise indicated, all resolutions adopted in these minutes were duly moved, seconded and unanimously passed.

**Quorum:** The Presence of a Quorum was confirmed in that at the beginning of the meeting as nine of the ten Trustees on the Board were present.

**Guests:** Also present for all or part of the meeting were (Administrator of Operations), (Director of Academy Advancement) and (Superintendent Wealth Management).

**Call to Order:** The meeting was called to order at 7:30 a.m. and XX opened with prayer.

Name	Officer	Term Ends	Present	Absent
x	Chair		X	
y	President		X	
z	Vice- President		X	
a	Secretary			X
b	Treasurer		X	
c			X	
d				X
e			X	
f			X	
g			X	
h			X	

**Next Meeting Date:**

**Old Business:**

1. **Approval of Minutes of Last Meeting:** The Chair distributed copies of the minutes of the last meeting of the Board and called for comments and/or approval. After a brief discussion the minutes were approved with any changes noted by initialing and dating (See attached copy of prior meeting minutes). Upon motion duly made, seconded, and unanimously carried, it was:



RESOLVED, that the minutes of the last Meeting of the Board of Directors be and hereby are approved in their entirety.

2. Fund Update by **Wealth Management** (See attached Reports).

**New Business:**

1. **Election of Officers.** The meeting proceeded to the election of officers to serve until the next annual meeting of the Directors or until their successors are elected and qualified. These nominations were made and seconded. There being no further nominations and all the Directors having voted, the Chair announced that they were unanimously elected as the officers of the Corporation until the election and qualification of their respective successors.

President:

Vice President

Secretary/Treasurer

2. **Election of Directors.** The meeting proceeded to the election of Directors as required by Arizona law to replace the original Directors named in the Articles and to serve until the next annual meeting of Directors, to serve terms as noted below or as noted in the Bylaws of the Corporation or until their successors are elected and qualified. These nominations were made and seconded and approved as "Directors":

Name

Term

3. **Annual Report:** The President reported that the Annual Report to the Arizona Corporation Commission was filed on behalf of the Corporation for the fiscal year and that a copy was placed in the Corporate Minute Book.

Miscellaneous Matters: In his general discussion of the activities of the past month, the President reported that:  
*(list actions taken)*

RESOLVED that the Board approve, adopt and ratify these actions of the President as described in his report.

Past Acts of the Officers, Directors, and Agents of the Corporation: It is:

RESOLVED those past acts of the officers, directors, and agents taken on behalf of the Corporation since the last meeting of directors are hereby approved and ratified as an act of the Corporation.

Continuation of Contracts and Professional Advisers: It was unanimously approved that the officer's actions in consulting professional advisers such as accountants and attorneys be approved.

4. **President's Report:** The President presented his report on the recent activity, operations and performance of the Corporation for the past month. The President discussed the Corporation's financial statements. Upon motion duly made and seconded, it was:

RESOLVED, that the President's Report, as presented at this meeting, be ratified and approved.

5. **Policy on Suspected Misconduct, Dishonesty, Fraud, and Whistle-blower Protection.** Since the Corporation is committed to high standards of ethical, moral and legal conduct, the Chair presented a "Whistle-Blower Protection



Policy” to provide avenues for employees to raise concerns about suspected misconduct, dishonesty and fraud and to provide reassurance that they will be protected from reprisals or victimization for whistleblowing in good faith. It was:

**RESOLVED** that if a person knows of, or has a suspicion about, misconduct, dishonesty or fraud, the Chair of the Board of Directors should be contacted. If the alleged wrongdoing concerns the Chair, then any other officer or Director of the organization should be notified instead.

**RESOLVED** that if the Chair, President or other officer of the organization receives information about misconduct, dishonesty or fraud, they shall inform the Board (or, alternately, the Executive Committee, if any exists), which shall determine the procedure for investigating all credible allegations.

**RESOLVED** that at all times, the privacy and reputation of individuals involved will be respected. There will be no punishment or other retaliation for the good faith reporting of alleged misconduct under this policy. If the person providing the information requests anonymity, this request will be respected to the extent that doing so does not impede any investigation.

**6. Adopting a Conflict of Interest Policy.**

**6.1. Policy Adopted.** Acting on the advice of legal and tax counsel, and seeking to remain in full compliance at all times with the requirements of the Internal Revenue Service guidelines regarding the operation of a nonprofit corporation, The Board adopted the Conflict of Interest Policy attached as Exhibit A as the official policy of the Corporation.

**6.2. Certification by Directors.** Each director, principal officer and member of a committee with governing board delegated powers should annually sign a statement which affirms that person:

**6.2.1.** Has received a copy of the conflict of interest policy,

**6.2.2.** Has read and understands the policy,

**6.2.3.** Has agreed to comply with the policy, and

**6.2.4.** Understands the Corporation is a charitable organization. To maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**7. Records Retention Policy.** The Chair then presented a Records Retention Policy based on Internal Revenue Code requirements. This records retention “Policy” was adopted as the policy of the Corporation regarding the retention and disposal of records and the retention and disposal of electronic documents.

**7.1.** Attached as Exhibit B is a Record Retention Schedule that was approved as the initial maintenance, retention and disposal schedule for physical records of the Corporation and the retention and disposal of electronic documents. The Secretary of the Corporation (the “Administrator”) is the officer in charge of the administration of this Policy and of the implementation of processes and procedures to ensure that the Record Retention Schedule is followed. The Administrator is authorized to: modify the Record Retention Schedule from to ensure that it complies with local, state and federal laws and includes the appropriate document and record categories for the Corporation; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

**7.2.** If the Corporation is served with a subpoena or request for documents or an employee becomes aware of a governmental investigation or audit concerning the Corporation or the commencement of litigation against or concerning the Corporation, then the employee shall inform the Administrator. Thereupon disposal of documents shall be suspended until the Administrator, with the advice of counsel, determines otherwise. The Administrator shall promptly inform all staff of suspension of disposal of documents.



7.3. This Policy applies to all physical records generated in the course of the Corporation's operation, including both original documents and reproductions. It also applies to the electronic documents described above.

**Items for Next Meeting:**

*(list Items to be covered)*

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned at \_\_\_\_ pm.

DATED to be effective the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_, Secretary

**[Optional]**

**Waiver of Notice:** Notice of this Meeting of the Board of Directors of the Corporation is hereby waived by each of the undersigned Directors, and Officers. Each of the undersigned expressly ratifies, approves and confirms the actions taken as set forth in these minutes, which are also hereby approved.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



## Appendix A: Sample Conflict of Interest Policy

Note: Items marked *Hospital insert -for hospitals that complete Schedule C* are intended to be adopted by hospitals.

### Article I Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible 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.

*[Hospital Insert -for hospitals that complete Schedule C]*

If a person is an interested person with respect to any entity in the health care system of which the organization is a part, he or she is an interested person with respect to all entities in the health care system.]

#### 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 Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing 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 the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing 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 governing 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 governing board or committee meeting, but after the 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 governing 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 governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### **4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe 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 warranted by the circumstances, the governing board or committee determines the member has 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 governing board and all committees with board delegated powers shall contain:

- a. 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. 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 with the proceedings.

#### **Article V Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

*[Hospital Insert -for hospitals that complete Schedule C*

- d. Physicians who receive compensation from the Organization, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.]

#### **Article VI Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

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

#### **Article VII Periodic Reviews**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, 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 Organization'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.

#### **Article VIII Use of Outside Experts**

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



**ACTION BY UNANIMOUS CONSENT BY  
THE BOARD OF DIRECTORS OF  
XXX FOUNDATION,  
An Arizona non-profit corporation  
“Effective Date” \_\_\_\_\_**

The undersigned, being all of the Directors of the Corporation, unanimously adopt these “Resolutions” by written consent without a meeting pursuant to A.R.S. 10-3821 which action has the same legal effect as if adopted at a meeting. The Effective Date of these Resolutions is listed above. The undersigned unanimously waive notice of time, place and purpose of a meeting and consent to, vote in favor of, and adopt these “Resolutions” and declare them to be legally binding and in full force and effect as of the Effective Date as if adopted at a meeting duly called and held (collectively, the “Consent”):

RESOLVED, that the President of the Corporation, is hereby authorized, directed, and empowered, for, and on behalf of, the Corporation to:

(i) execute and deliver loan applications, provide financial information to financial institutions and others, to sign promissory notes, security agreements and all other documents needed to borrow money, provide collateral for those loans on behalf of the Corporation not to exceed **\$1,000,000 (amount is variable)** in any one transaction;

(ii) incur costs and expenses in connection with the applications and process of borrowing money on behalf of the Corporation; and

(iii) do all acts, transactions, and steps necessary to acquire capital and/or loans for the operation of the Corporation, including but not limited to, application for, and receipt of, Federal pandemic related subsidies and loans.

FURTHER RESOLVED, that all actions taken prior to the Effective Date by the officers and agents of the Corporation, in its name, on behalf of the Corporation in connection with this Resolution, are ratified, confirmed, and approved in all respects.

These Resolutions are legally binding as of the Effective Date regardless of the date of signing. This consent may be digitally signed in counterparts. Each executed counterpart in combination with the other executed counterparts constitutes one and the same agreement.

**Board of Directors:**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**



**CERTIFIED COPY OF CORPORATE RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF XXX Nonprofit.  
An Arizona nonprofit corporation**

The undersigned Secretary of XXX, an Arizona nonprofit corporation, duly organized, validly existing and in good standing under the laws of the State of Arizona (the "Corporation") hereby certifies that the following is a true, full and correct copy of the "Resolutions" duly adopted by the Board of Directors of the Corporation at a meeting of its Board on \_\_\_\_\_, (the "Effective Date").

**RESOLVED**, that the resignation of \_\_\_\_ as President of this Corporation is accepted and approved;

**FURTHER RESOLVED**, that the election of \_\_\_\_ as President of this Corporation is accepted and approved;

**FURTHER RESOLVED**, that \_\_\_\_ is hereby authorized as "Authorized Agent" of the Corporation and directed to transact, negotiate and enter into all real estate transactions by or in the name of this Corporation to make, sign, enter into, amend, deliver and fully perform all agreements, documents, instruments and certifications to be executed by the Corporation in connection with transaction as are deemed necessary or required in the exercise of his duties as **President (can be other officer)**, the form and content of which shall be determined in his sole discretion, including but not limited to, deeds, deeds of trust, promissory notes, agreements for sale, escrow instructions, and all instruments necessary to properly consummate these transactions

**AND I DO FURTHER CERTIFY**, that these Resolutions have neither been amended, modified nor rescinded and that they are still in full force and effect.

**IN WITNESS WHEREOF**, this certification was signed on behalf of the Corporation by the undersigned to be legally binding on the Effective Date.

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**Secretary of the Corporation**



**ANNUAL BOARD OF DIRECTORS MEETING CHECKLIST for Nonprofit corporations**

Task/Item	Responsible Party		
<b>General Corporate Matters</b>			
1. Review Minutes of prior annual meeting of board of directors			
2. Check minutes for compliance with Bylaws re how: a. Annual Meeting was announced; b. New directors are nominated & elected; c. Other mandatory activities specified in bylaws?			
3. Is there training for new directors? a. Require each Director to certify that he/she has read the bylaws and the articles of incorporation before allowing them to vote on any matter.			
4. Provide new directors with a packet: a. Articles b. Bylaws c. Minutes of prior year's meetings d. Current D & O Certificate e. Current liability and fire insurance certificates f. Last audit g. Copy of policies for discussion			
5. Has the annual report been filed with the Arizona Corporation Commission? a. Is the Corporation in good standing? Check Arizona Corporation Commission website b. Has the annual report been filed with Arizona Corporate Commission? c. Is the address for the statutory agent correct? d. Is the address for the principal place of business correct? e. Are officers and directors and their addresses correctly listed?			
6. Review last year's minutes and agenda to prepare an agenda for the coming meeting			
<b>Tax &amp; Audit Issues</b>			
1. Review footnotes to audit or reviewed financial statement.			
2. Discuss with CPA: a. Filing a Form 990 or 990T is not required, or			



<ul style="list-style-type: none"> <li>b. If some type of 990 is required, that it has been filed.               <ul style="list-style-type: none"> <li>i. Give each director a copy;</li> <li>ii. Review it and talk with CPA about what it means and why it was filed.</li> </ul> </li> <li>c. Your organization complies with the following IRS requirements?</li> <li>d. Filing form 1099 for vendor/subcontractor payments as required;</li> <li>e. Filing form 1098-C for all car donations;</li> <li>f. Filing form W-2G for certain gambling activities (raffles, "key" purchases are gambling);</li> <li>g. Filing W-2 forms that include all compensation;</li> <li>h. Issuing receipts for contributions that contain required IRS verbiage;</li> <li>i. Indicating on receipts if any part of the payment is non-deductible;</li> <li>j. Filing form 8282 for the disposal of certain donated assets if the organization signed form 8283 at the time of donation.</li> </ul>			
<b>3. Does your organization have:</b> <ul style="list-style-type: none"> <li>a. Accountable Reimbursement Plan;</li> <li>b. Section 125 pre-tax health insurance plan (if you have pre-tax deductions for health insurance);</li> <li>c. 403(b) Plan revised to meet IRS criteria effective for 2010 (if you have employees contributing to a plan through payroll deductions or you contribute to a plan for an employee);</li> <li>d. Affordable Care Act compliance issues?</li> </ul>			
<b>4. State Tax Matters: Does your organization comply with these state requirements:</b> <ul style="list-style-type: none"> <li>a. Preparing the Arizona Corporation Commission Report listing ALL board members;</li> <li>b. Paying Use Tax as required;</li> <li>c. Paying Sales Tax, i.e., bookstore?</li> </ul>			
<b>5. Filing annual property tax exemption unless property is 100% permanently exempt.</b>			
<b>6. Staff or CPA confirmed that all employee withholding taxes are current?</b>			



<b>Insurance Issues</b>			
1. Review Certificate for Directors & Officers Insurance ("D&O") to confirm: a. Coverage dates; b. Name on certificate matches church name;			
c. Min. \$1M coverage; d. Has policy & endorsements been competitively shopped/reviewed within last three years? e. Directors received a photocopy of the cover sheet for the D&O insurance policy proving that the policy is currently in effect.			
2. Review Certificate for liability & fire certificate to confirm: a. Coverage dates; b. Name on certificate matches church name; c. Min. \$1M coverage; d. Have policy & endorsements been competitively shopped/reviewed within last three years? e. Directors received a photocopy of the cover sheet for the policy proving that the policy is currently in effect.			
3. Check with Staff re pending claims, if any.			
<b>General Policies and Procedures:</b>			
Does the church have these general policies and procedures: a. Whistle Blower Policy b. Document Retention Policy c. Conflict of interest Policy for board and staff d. Facility Use Policy e. Definition of Marriage f. Vehicle Use Policy g. Social Media Policy h. Donor Gift Acceptance Policy i. Volunteer/Employee Background Checks j. Mandatory Abuse Reporting Policy & staff training k. Abuse Prevention/touching/two person rule l. Others? Does the staff know about these policies and procedures?			

4. Have lease payments, if any, been made?			
5. Do all occasional users sign a facility use agreement and provide an insurance certificate prior to entry on the premises?			

<b>6. Employment matters:</b>			
a. Completing "E-Verify" for all new employees			
b. Notifying the state of new employees under the New Hire rules			
c. Paying minimum wage and applicable overtime under both Federal and State laws			
d. Keeping appropriated. time records for employees			
e. Treating employees appropriately under the US DOL rules for exempt and non-exempt employees			

## Arizona Revised Statutes § 10-3141 Notice

### 10-3141. Notice

A. Notice under chapters 24 through 40 of this title must be in writing unless oral notice is reasonable under the circumstances. Oral notice is not permitted if written notice is required under chapters 24 through 40 of this title known and may be cited as the Arizona nonprofit corporation act.

B. Notice may be communicated in person, by telephone, telegraph, teletype, fax, electronic mail or other form of wire or wireless communication, or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published or by radio, television or other form of public broadcast communication.

C. Written notice by a domestic or foreign corporation to its members or directors, if in comprehensible form, is effective when mailed, if correctly addressed to the member's address shown on the corporation's current list of members or directors. Notice given by electronic mail, if in comprehensible form, is effective when directed to an electronic mail address shown on the corporation's current list of members or directors.

D. A written notice or report by a domestic or foreign corporation to its members delivered as part of a newsletter, magazine or other publication regularly sent to members shall constitute a written notice or report if addressed or delivered to the member's address shown in the corporation's current list of members, or in the case of members who are residents of the same household and who have the same address in the corporation's current list of members, if addressed or delivered to one of such members, at the address appearing on the current list of members.

E. Written notice to a domestic or foreign corporation that is authorized to transact business in this state, other than in its capacity as a member, may be addressed to its statutory agent at its known place of business or to the corporation or its secretary at its principal office shown in its most recent annual report on file with the commission, or in the case of a foreign corporation that has not yet delivered an annual report in its application for a certificate of authority.

F. Except as provided in subsection C, written notice, if in a comprehensible form, is effective at the earliest of the following:

1. When received.

2. Five days after its deposit in the United States mail as evidenced by the postmark, if mailed postpaid and correctly addressed.

3. On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and if the receipt is signed by or on behalf of the addressee.

G. Oral notice is effective when communicated if communicated in a comprehensible manner.

H. If chapters 24 through 40 of this title prescribe notice requirements for particular circumstances, those requirements govern. If articles of incorporation or bylaws prescribe notice requirements that are not inconsistent with this section or other provisions of chapters 24 through 40 of this title those requirements govern.

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