

Guide for Section Incorporation

A. Section Incorporation - General

The benefits of incorporation to a Section include:

1. The limitation of, or exemption from, individual personal liability of the members for debts and expenses of the Section. In most states, each member of an unincorporated association is personally liable for the entire debt of the association. Incorporation serves to eliminate or at least severely limit such personal liability.
2. The power to act as a legal unit, to hold property and to contract as a distinct entity. These rights may not be available to unincorporated associations.
3. A corporation's existence is less dependent on the composition of its members than an unincorporated association. A corporation may exist either for a fixed period of time or in perpetuity, notwithstanding the death or change of its members.
4. The vesting of powers of management and of appointing agents, officers, and an executive board, elected from time to time by the members, gives a corporation a more centralized administration which is a practical necessity in any large Section.
5. The rights, responsibilities, liabilities, and other legal aspects of a corporate entity are generally better defined legally than those of unincorporated associations.

Considering the above advantages of incorporation, plus the fact that establishing corporate status serves as an aid in filing for federal tax-exemption, Sections of ISA are urged to investigate the advantages of incorporation. State incorporation statutes differ and, for this reason, local counsel should be retained by each Section for a better understanding of requirements.

B. Incorporation Guidelines

To avoid all doubt and mistakes, retain an attorney. Incorporation and preparation of corporate documents is a cooperative action between organizers of a new corporation and the selected attorney. Accordingly, the following guidelines may serve as a checklist in preparing for incorporation. A model set of articles of incorporation are included. These should be modified by local legal counsel to comply with local law.

1. REQUIREMENTS FOR INCORPORATING

1.1 Corporate Name

Selecting (a descriptive corporate name) and checking a name that is not already in use or somehow restricted by statute.

Some states require an identifying suffix after the name such as Incorporated (Inc.), Corporation (Corp.), or Limited (Ltd.).

Reserving or registering the corporate name with the Secretary of State (prior to filing the Articles of Incorporation).

The recommended name is Instrument Society of America, _____
_____ Section, Inc.

1.2 Corporate Residence

Establishing an official residence, principal office or domicile. A corporation resides in the country in which its office is located. For certain nonprofit incorporation purposes, the official address can be the secretary's home address.

1.3 Purpose Clause

State the object or objects the corporation is organized to accomplish. This usually is a short (one paragraph) summary of the reason for the existence of the corporation (refer to "purpose clause" in the ISA Constitution and Bylaws). However, be sure it satisfies the requirements for 501(c)(3) tax exempt status under the Internal Revenue Code.

2. FORMATION

2.1 Incorporators

Usually, only one or more natural persons of full age and either sex may form a nonprofit corporation.

2.2 Articles of Incorporation

Articles of Incorporation must be signed by each of the incorporators and must give:

2.2.1 The name of the corporation.

2.2.2 The location and post office address of its initial registered office in the commonwealth.

2.2.3 A statement of the purpose for which it is organized.

2.2.4 The term for which it is to exist, which may be perpetual.

2.2.5 The names of the first directors, their post office addresses, including street numbers, if any, who shall serve until the first annual meeting.

2.2.6 The name and post office address of each of the incorporators.

2.2.7 Any provisions not inconsistent with law which the incorporators may choose to insert for the regulation of the internal affairs or business of the corporation, including a "dissolution clause" (see sample dissolution clause attached).

2.3 Advertisement

Some states require a notice of an intention to file articles of incorporation with the Department of State to be advertised in two newspapers (one time); one newspaper of general circulation and the second in a legal journal.

The articles of incorporation and the advertisement must be filed with the Department of State in order to obtain a certificate of incorporation. The articles, upon being approved by the State, then constitute the charter of the corporation.

2.4 Acceptance and Recording

After acceptance by the State and following any required advertising of the articles, they may have to be recorded with the county recorder of deeds.

2.5 Meeting of Directors

After a charter is granted by the State, there must be an organization meeting by an initial board of directors, or by the incorporators who serve until a board is elected (incorporators are the first directors).

The purpose of the organization meeting usually is to:

2.5.1 Select a chairman and acting secretary.

2.5.2 Accept the charter, although technically unnecessary.

2.5.3 Adopt the bylaws.

2.5.4 Nominate and elect officers.

2.5.5 Adopt a seal bearing the corporate name, state and year of incorporation.

2.5.6 Transact such other business as may be necessary, appoint committees, authorize bank accounts, etc.

2.6 Incorporation Fees

The fees for incorporating vary among the states but often include the following:

2.6.1 Filing Fees - This fee is for filing the certificate of incorporation and is remitted to the county clerk, county recorder and Secretary of State. The fees vary from state to state.

2.6.2 Initial Franchise Taxes - Usually minimal for nonprofit corporations, around \$10

2.6.3 Advertising Costs - Local newspaper charges for advertising notice of intention to file articles of incorporation.

2.6.4 Attorney Fees - For services rendered. The attorney sets the fee which varies from \$100 up.

2.7 Federal and State Tax Aspects

Sections in the process of incorporating also should investigate exemption from federal, state and local taxes.

ISA MODEL

ARTICLES OF INCORPORATION

OF THE

INSTRUMENT SOCIETY OF AMERICA

_____ **SECTION**

FIRST: The name of the Corporation is the (name) Section of the Instrument Society of America.

SECOND: The address of the registered office of the Corporation in the State of () is (address). The name of the registered agent at such address is ().

THIRD: The Corporation is organized and operated exclusively for charitable, educational and scientific purposes within the meaning of Section 501 (c)(3) of the United States Internal Revenue Code. Its specific and primary purposes are to advance and reinforce the arts and sciences related to the theory, design, manufacture and use of instrumentation, computers and systems for measurement and control in the various sciences and technologies for the benefit of mankind.

FOURTH: The name and address, including street and number, of the Incorporator(s) is (are):

FIFTH: The number of directors constituting the initial Board of Directors is three (3), and the names and addresses of each of the persons who are to serve as the initial Directors are as follows:

- 1.
- 2.
- 3.

The Directors constituting the initial Board of Directors shall hold office until the first meeting of the membership and adoption of the Constitution and Bylaws. Thereafter, the number of Directors and the election and powers thereof shall be in the manner and for the terms provided in the Constitution or Bylaws.

SIXTH: The Corporation shall be governed by its Board of Directors which, after adoption of the Constitution or Bylaws, shall consist of the officers and such other persons specified therein.

SEVENTH: The Corporation shall be a charitable, educational, and scientific nonprofit corporation.

EIGHTH: After the filing of these Articles of Incorporation and issuance of the Certificate of Incorporation, the three (3) directors named herein shall, acting in unanimity, call a meeting of the membership for the purposes of admitting other persons to membership, adopting a Constitution and Bylaws, electing officers and directors, and transacting such other business as may then come before the meeting. The directors shall give not less than ten (10) nor more than thirty (30) days notice thereof by mail to each person eligible for membership in this Corporation as evidenced by their current membership, stating the place, day, hour and purpose of the meeting.

Ten (10) members in good standing shall be present in person or by proxy at this meeting and each shall have one vote; at least five (5) members, however, shall be present in person.

NINTH: Any person interested in the purposes and objectives of the Instrument Society of America (of which this Corporation is a subordinate) shall be eligible for election to membership of a class for which he or she is qualified, in accordance with the conditions and procedures specified in the Instrument Society of America Constitution and Bylaws. The membership of this Corporation shall consist of the following classes: Honorary, Fellow, Senior, Member, Associate, Student, Life Member, and Life Fellow. The qualifications and rights of the members of each of the above classes shall be set forth in the Constitution or Bylaws of the Corporation.

TENTH: Provisions for the regulation of the internal affairs of the Corporation are:

- (a) The Corporation is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the Corporation shall inure, upon dissolution or otherwise, to the private benefit of any individual;
- (b) The Corporation shall use its funds only to accomplish the objectives and purposes specified in these Articles, and no part of its funds shall inure to or be distributed to the members. On dissolution of the Corporation, the net assets remaining after payment of all debts shall revert to the Instrument Society of America within ninety days of dissolution, to be used for charitable and educational purposes under Section 501 (c)(3) of the U.S. Internal Revenue Code as it now exists or as may be amended.
- (c) Neither the Corporation nor its officers, nor members of the Corporation, individual or corporate, shall engage in any attempt to influence the course of legislation, whether federal, state or local, on behalf of, or as a representative of the Instrument Society of America in any nation or its subdivisions, by engaging in political activities, expenditures of funds, propaganda or by participating in any course of similar conduct on behalf of or as a representative of the Instrument Society of America.
- (d) The Corporation is not authorized to engage in any activities which are prohibited by, or inconsistent with, Section 501 (c)(3) of the Internal Revenue Code or any successor statute.

ELEVENTH: The Corporation is a subordinate of the Instrument Society of America. The Corporation, as specified in its Constitution or Bylaws, reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation, so long as such provisions do not

conflict with the Articles, Bylaws of the Instrument Society of America, and are approved in advance, in writing, by the Executive Board of the Instrument Society of America. However, the Executive Board of the Instrument Society of America, by majority vote, has plenary power to nullify or alter provisions of the Corporation's Articles, Constitution or Bylaws, or to nullify other actions of the Corporation, if it determines that such provisions or actions are injurious to the Instrument Society of America or its subordinates.

We the undersigned, being the Incorporator(s) hereinbefore named, for the purpose of forming a nonprofit Corporation pursuant to the _____ of the State of _____, do make these Articles of Incorporation, hereby declaring and certifying that this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hand(s) this ____ day of _____, 19____.