

Form 1023 Checklist

(Revised October 2004)

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

- Assemble the application and materials in this order:
- Form 1023 Checklist
 - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
 - Form 8821, *Tax Information Authorization* (if filing)
 - Expedite request (if requesting)
 - Application (Form 1023 and Schedules A through H, as required)
 - Articles of organization
 - Amendments to articles of organization in chronological order
 - Bylaws or other rules of operation and amendments
 - Documentation of nondiscriminatory policy for schools, as required by Schedule B
 - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
 - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- Employer Identification Number (EIN)
- Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
 - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
 - Describe your purposes and proposed activities in specific easily understood terms.
 - Financial information should correspond with proposed activities.
- Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.
- | | | | |
|------------|----------------|------------|----------------|
| Schedule A | Yes ___ No ___ | Schedule E | Yes ___ No ___ |
| Schedule B | Yes ___ No ___ | Schedule F | Yes ___ No ___ |
| Schedule C | Yes ___ No ___ | Schedule G | Yes ___ No ___ |
| Schedule D | Yes ___ No ___ | Schedule H | Yes ___ No ___ |

- An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
 - Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) _____
 - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law _____
- Signature of an officer, director, trustee, or other official who is authorized to sign the application.
 - Signature at Part XI of Form 1023.
- Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

**Application for Recognition of Exemption
 Under Section 501(c)(3) of the Internal Revenue Code**

Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part I Identification of Applicant

1 Full name of organization (exactly as it appears in your organizing document)		2 c/o Name (if applicable)	
3 Mailing address (Number and street) (see instructions)	Room/Suite	4 Employer Identification Number (EIN)	
City or town, state or country, and ZIP + 4		5 Month the annual accounting period ends (01 - 12)	
6 Primary contact (officer, director, trustee, or authorized representative) a Name:		b Phone:	
		c Fax: (optional)	
7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input type="checkbox"/> Yes	<input type="checkbox"/> No
8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input type="checkbox"/> Yes	<input type="checkbox"/> No
9a Organization's website:			
b Organization's email: (optional)			
10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input type="checkbox"/> Yes	<input type="checkbox"/> No
11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY) / /			
12 Were you formed under the laws of a foreign country ? If "Yes," state the country.		<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part II Organizational Structure

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification. **Yes** **No**

- 2 Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application. **Yes** **No**

- 3 Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments. **Yes** **No**

- 4a Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments. **Yes** **No**
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust. **Yes** **No**

- 5 Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected. **Yes** **No**

Part III Required Provisions in Your Organizing Document

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): _____

- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. _____
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state: _____

Part IV Narrative Description of Your Activities

Using an attachment, describe your *past*, *present*, and *planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

- 1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
		
		
		
		
		

c List the names, names of businesses, and mailing addresses of your five highest compensated **independent contractors** that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
		
		
		
		
		

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

2a Are any of your officers, directors, or trustees **related** to each other through **family or business relationships**? If "Yes," identify the individuals and explain the relationship. **Yes** **No**

b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees. **Yes** **No**

c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship. **Yes** **No**

3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through **common control**? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement. **Yes** **No**

4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy? **Yes** **No**

b Do you or will you approve compensation arrangements in advance of paying compensation? **Yes** **No**

c Do you or will you document in writing the date and terms of approved compensation arrangements? **Yes** **No**

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- d** Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? Yes No
- e** Do you or will you approve compensation arrangements based on information about compensation paid by **similarly situated** taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No
- f** Do you or will you record in writing both the information on which you relied to base your decision and its source? Yes No
- g** If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is **reasonable** for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.
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- 5a** Have you adopted a **conflict of interest policy** consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c. Yes No
- b** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note:** A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.
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- 6a** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No
- b** Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No
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- 7a** Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine that you pay no more than **fair market value**. Attach copies of any written contracts or other agreements relating to such purchases. Yes No
- b** Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales. Yes No
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- 8a** Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f. Yes No
- b** Describe any written or oral arrangements that you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f** Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
-
- 9a** Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f. Yes No

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- b Describe any written or oral arrangements you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past*, *present*, and *planned* activities. (See instructions.)

- 1a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals. Yes No
- b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations. Yes No
- 2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program. Yes No
- 3 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds. Yes No

Part VII Your History

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1 Are you a **successor** to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G. Yes No
- 2 Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E. Yes No

Part VIII Your Specific Activities

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past*, *present*, and *planned* activities. (See instructions.)

- 1 Do you support or oppose candidates in **political campaigns** in any way? If "Yes," explain. Yes No
- 2a Do you attempt to **influence legislation**? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a. Yes No
- b Have you made or are you making an **election** to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. Yes No
- 3a Do you or will you operate bingo or **gaming** activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. **Revenue and expenses** should be provided for the time periods specified in Part IX, Financial Data. Yes No
- b Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements. Yes No
- c List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

Part VIII Your Specific Activities (Continued)

4a Do you or will you undertake **fundraising**? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.) **Yes** **No**

- | | |
|---|--|
| <input type="checkbox"/> mail solicitations | <input type="checkbox"/> phone solicitations |
| <input type="checkbox"/> email solicitations | <input type="checkbox"/> accept donations on your website |
| <input type="checkbox"/> personal solicitations | <input type="checkbox"/> receive donations from another organization's website |
| <input type="checkbox"/> vehicle, boat, plane, or similar donations | <input type="checkbox"/> government grant solicitations |
| <input type="checkbox"/> foundation grant solicitations | <input type="checkbox"/> Other |

Attach a description of each fundraising program.

b Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements. **Yes** **No**

c Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements. **Yes** **No**

d List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.

e Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors. **Yes** **No**

5 Are you **affiliated** with a governmental unit? If "Yes," explain. **Yes** **No**

6a Do you or will you engage in **economic development**? If "Yes," describe your program. **Yes** **No**

b Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

7a Do or will persons other than your employees or volunteers **develop** your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees. **Yes** **No**

b Do or will persons other than your employees or volunteers **manage** your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees. **Yes** **No**

c If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

8 Do you or will you enter into **joint ventures**, including partnerships or **limited liability companies** treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate. **Yes** **No**

9a Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10. **Yes** **No**

b Do you provide child care so that parents or caretakers of children you care for can be **gainfully employed** (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k). **Yes** **No**

c Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k). **Yes** **No**

d Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k). **Yes** **No**

10 Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other **intellectual property**? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed. **Yes** **No**

Part VIII Your Specific Activities (Continued)

- 11** Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution. **Yes** **No**
-
- 12a** Do you or will you operate in a **foreign country or countries?** If "Yes," answer lines 12b through 12d. If "No," go to line 13a. **Yes** **No**
- b** Name the foreign countries and regions within the countries in which you operate.
- c** Describe your operations in each country and region in which you operate.
- d** Describe how your operations in each country and region further your exempt purposes.
-
- 13a** Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a. **Yes** **No**
- b** Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c** Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract. **Yes** **No**
- d** Identify each recipient organization and any **relationship** between you and the recipient organization.
- e** Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f** Describe your selection process, including whether you do any of the following:
- (i)** Do you require an application form? If "Yes," attach a copy of the form. **Yes** **No**
- (ii)** Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused. **Yes** **No**
- g** Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
-
- 14a** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15. **Yes** **No**
- b** Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c** Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries. **Yes** **No**
- d** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. **Yes** **No**
- e** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. **Yes** **No**
- f** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately. **Yes** **No**

Part VIII Your Specific Activities *(Continued)*

- | | | | |
|-----------|--|-------------------------------------|------------------------------------|
| 15 | Do you have a close connection with any organizations? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 16 | Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 17 | Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 18 | Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 19 | Do you or will you operate a school ? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 20 | Is your main function to provide hospital or medical care ? If "Yes," complete Schedule C. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 21 | Do you or will you provide low-income housing or housing for the elderly or handicapped ? If "Yes," complete Schedule F. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 22 | Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Note: Private foundations may use Schedule H to request advance approval of individual grant procedures.

Part IX Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

A. Statement of Revenues and Expenses

	Type of revenue or expense	Current tax year	3 prior tax years or 2 succeeding tax years			(e) Provide Total for (a) through (d)
		(a) From To	(b) From To	(c) From To	(d) From To	
Revenues	1 Gifts, grants, and contributions received (do not include unusual grants)					
	2 Membership fees received					
	3 Gross investment income					
	4 Net unrelated business income					
	5 Taxes levied for your benefit					
	6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
	7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)					
	8 Total of lines 1 through 7					
	9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)					
	10 Total of lines 8 and 9					
	11 Net gain or loss on sale of capital assets (attach schedule and see instructions)					
	12 Unusual grants					
	13 Total Revenue Add lines 10 through 12					
Expenses	14 Fundraising expenses					
	15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)					
	16 Disbursements to or for the benefit of members (attach an itemized list)					
	17 Compensation of officers, directors, and trustees					
	18 Other salaries and wages					
	19 Interest expense					
	20 Occupancy (rent, utilities, etc.)					
	21 Depreciation and depletion					
	22 Professional fees					
	23 Any expense not otherwise classified, such as program services (attach itemized list)					
	24 Total Expenses Add lines 14 through 23					

Part IX Financial Data (Continued)

B. Balance Sheet (for your most recently completed tax year)

Year End:

Assets		(Whole dollars)
1	Cash	1
2	Accounts receivable, net	2
3	Inventories	3
4	Bonds and notes receivable (attach an itemized list)	4
5	Corporate stocks (attach an itemized list)	5
6	Loans receivable (attach an itemized list)	6
7	Other investments (attach an itemized list)	7
8	Depreciable and depletable assets (attach an itemized list)	8
9	Land	9
10	Other assets (attach an itemized list)	10
11	Total Assets (add lines 1 through 10)	11
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc. payable	13
14	Mortgages and notes payable (attach an itemized list)	14
15	Other liabilities (attach an itemized list)	15
16	Total Liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	18
19	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part X Public Charity Status

Part X is designed to classify you as an organization that is either a **private foundation** or a **public charity**. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a **private operating foundation**. (See instructions.)

- 1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If you are unsure, see the instructions. Yes No
- b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.
- 2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI. Yes No
- 3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4. Yes No
- 4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation? Yes No
- 5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.
The organization is not a private foundation because it is:
 - a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
 - b 509(a)(1) and 170(b)(1)(A)(ii)—a **school**. Complete and attach Schedule B.
 - c 509(a)(1) and 170(b)(1)(A)(iii)—a **hospital**, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
 - d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.

Part X Public Charity Status (Continued)

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross **investment income** and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

- 6** If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.
- a Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

For Organization

.....
 (Signature of Officer, Director, Trustee, or other authorized official)

.....
 (Type or print name of signer)

.....
 (Date)

.....
 (Type or print title or authority of signer)

For Director, Exempt Organizations

By Date

- b Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).
- (i) **(a)** Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. _____
 - (b)** Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.
 - (ii) **(a)** For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box.
 - (b)** For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

- 7** Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual. **Yes** **No**

Part XI User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$500. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$150. See instructions for Part XI, for a definition of **gross receipts** over a 4-year period. Your check or money order must be made payable to the United States Treasury. *User fees are subject to change. Check our website at www.irs.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.*

- 1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000? **Yes** **No**
 If "Yes," check the box on line 2 and enclose a user fee payment of \$150 (Subject to change—see above).
 If "No," check the box on line 3 and enclose a user fee payment of \$500 (Subject to change—see above).
- 2 Check the box if you have enclosed the reduced user fee payment of \$150 (Subject to change).
- 3 Check the box if you have enclosed the user fee payment of \$500 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

	(Signature of Officer, Director, Trustee, or other authorized official)	(Type or print name of signer)	(Date)
	(Type or print title or authority of signer)		

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.

State of Maine



Department of the Secretary of State

I, the Secretary of State of Maine, certify that according to the provisions of the Constitution and Laws of the State of Maine, the Department of the Secretary of State is the legal custodian of the Great Seal of the State of Maine which is hereunto affixed and that the paper to which this is attached is a true copy from the records of this Department.

In testimony whereof, I have caused the Great Seal of the State of Maine to be hereunto affixed. Given under my hand at Augusta, Maine, this first day of July 2005.



A handwritten signature in black ink, appearing to read 'Matthew Dunlap'.

MATTHEW DUNLAP

Secretary of State

Corporate Information Summary

Legal Name		Charter Number	Filing Type
CHEBEAGUE ISLAND COMMUNITY ASSOCIATION		20050724ND	NONPROFIT CORPORATION (T13-B)
Status	Filing Date	Expiration Date	Jurisdiction
GOOD STANDING	06/20/2005	N/A	MAINE
Other Names			(A=Assumed ; F=Former)
No other names			
Clerk/Registered Agent			
ROBERT EARNEST 12 ROSE POINT ROAD CHEBEAGUE ISLAND, ME 04017			

State of Maine



Department of the Secretary of State

I, the Secretary of State of Maine, certify that according to the provisions of the Constitution and Laws of the State of Maine, the Department of the Secretary of State is the legal custodian of the Great Seal of the State of Maine which is hereunto affixed and that the paper to which this is attached is a true copy from the records of this Department.

In testimony whereof, I have caused the Great Seal of the State of Maine to be hereunto affixed. Given under my hand at Augusta, Maine, this first day of July 2005.



A handwritten signature in black ink, appearing to read 'Matthew Dunlap'.

MATTHEW DUNLAP

Secretary of State

DOMESTIC
NONPROFIT CORPORATION

STATE OF MAINE

ARTICLES OF INCORPORATION

File No 20050724ND Pages 6
Fee Paid \$ 40
DCN 2051791500041 ARTI
FILED
06/20/2005

Julie A. Higgins
Deputy Secretary of State

A True Copy When Attested By Signature

Deputy Secretary of State

Pursuant to 13-B MRSA §403, the undersigned incorporator(s) execute(s) and deliver(s) the following Articles of Incorporation:

FIRST: The name of the corporation is Chebeague Island Community Association

SECOND: ("X" one box only. Attach additional page(s) if necessary.)

The corporation is organized as a public benefit corporation for the following purpose or purposes:
(See Exhibit A)

The corporation is organized as a mutual benefit corporation for all purposes permitted under Title 13-B or, if not for all such purposes, then for the following purpose or purposes:

THIRD: The name and registered office of the Registered Agent who must be a Maine resident, whose office is identical with the registered office; or a corporation, domestic or foreign, profit or nonprofit, having an office identical with such registered office.

Robert Earnest

(name)

12 Rose Point Road; Chebeague Island, ME 04017

(physical location - street (not P O Box), city, state and zip code)

(mailing address if different from above)

FOURTH: The number of directors (not less than 3) constituting the initial board of directors of the corporation, if the number has been designated or if the initial directors have been chosen, is attached as Exhibit B

The minimum number of directors (not less than 3) shall be seven (7) and the maximum number of directors shall be fifteen (15).

FIFTH: Members ("X" one box only)

There shall be no members.

There shall be one or more classes of members and the information required by 13-B MRSA §402 is attached. as Exhibit C.

FORM NO MNPCA-6 (1 of 2)

SIXTH: (Optional) (Check if this article is to apply.)

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office

SEVENTH: (Optional) (Check if this article is to apply.)

Other provisions of these articles including provisions for the regulation of the internal affairs of the corporation, distribution of assets on dissolution or final liquidation and the requirements of the Internal Revenue Code section 501(c) are set out in Exhibit D attached hereto and made a part hereof

Incorporators

Mabel K. Doughty
(signature)

Mabel Doughty
(type or print name)

Mark A. Dyer
(signature)

Mark Dyer
(type or print name)

Beverly Johnson
(signature)

Beverly Johnson
(type or print name)

For Corporate Incorporators*

Name of Corporate Incorporator _____

By _____
(signature of officer)

(type or print name and capacity)

DATED June 18, 2005

Street 23 Bennett Cove Road
(residence address)

Chebeague Island, ME 04017
(city, state and zip code)

Street 232 North Road
(residence address)

Chebeague Island, ME 04017
(city, state and zip code)

Street 14 Soule Road
(residence address)

Chebeague Island, ME 04017
(city, state and zip code)

Street _____
(principal business location)

(city, state and zip code)

Acceptance of Appointment of Registered Agent

The undersigned hereby accepts the appointment as registered agent for the above-named domestic nonprofit corporation

DATED June 18, 2005

Robert Earnest
(signature of registered agent)

Robert Earnest
(type or print name)

Note If the registered agent does not sign this form, Form MNPCA-18 (13-B MRSA §304.3) must accompany this document.

***Articles are to be executed as follows:**

If a corporation is an incorporator (13-B MRSA §401), the name of the corporation should be typed or printed and signed on its behalf by an officer of the corporation. The articles of incorporation must be accompanied by a certificate of an appropriate officer of the corporation, not the person signing the articles, certifying that the person executing the articles on behalf of the corporation was duly authorized to do so.

Please remit your payment made payable to the Maine Secretary of State.

**SUBMIT COMPLETED FORMS TO: CORPORATE EXAMINING SECTION, SECRETARY OF STATE,
101 STATE HOUSE STATION, AUGUSTA, ME 04333-0101**

FORM NO. MNPCA-6 (2 of 2) Rev. 8/1/2004

TEL. (207) 624-7740

Chebeague Island Community Association Exhibit A to Articles of Incorporation

PURPOSE

SECOND This benevolent, charitable and eleemosynary institution has been organized and is incorporated as a public benefit corporation pursuant to the Maine Nonprofit Corporation Act and shall be operated exclusively for charitable or educational purposes within the meaning of §501(c)(3) of the U.S. Internal Revenue Code of 1986 (the "Code") as the same may be amended from time to time. Within these purposes, the purposes of the Corporation shall include (without limitation) the assistance of local, county and state governments, whose jurisdictions include the islands and portions of islands in Casco Bay, Maine, that are (on the date of filing of these Articles of Incorporation) within the political boundaries of the Town of Cumberland, Maine, and Maine School Administrative District No. 51, by studying and recommending regional policies directed at the solution of community problems that impact residents of geographically isolated islands and thereby lessen the burdens of government. In furtherance hereof, but not by way of limitation, the Corporation shall be organized and operated for the following purposes:

A. To promote the common good and general community welfare of all the people residing on the aforementioned islands of Casco Bay and to ensure the survival and viability of Great Chebeague Island as a year-round community.

B. To relate specific governance proposals to the quality of life on the aforementioned islands as a unique coastal community and inform decision-makers concerning the impact of such proposals on the sustainability of jobs in the local economy in general, and the fishing industry in particular, which draw people to island living;

C. To promote the interests of residents of the aforementioned island communities as users of such services as public safety, public education, public health and recreation, public transportation and other public services, where the peculiar circumstances of island living are an important factor.

D. To promote the availability of such public services and programs as may encourage and support island living for residents of the aforementioned island communities, and

E. To do everything necessary, proper, advisable or convenient for the accomplishment of the foregoing purposes, and to do all other things incidental to them, or connected with them, that are not forbidden by law, these Articles of Incorporation, or the Corporate Bylaws, provided, however, that the Corporation shall not engage in any transaction, or do or permit any act or omission, which shall operate to deprive it of its tax exempt status as a Corporation described in §501(c)(3) of the Code.

**Chebeague Island Community Association
Exhibit B to Articles of Incorporation**

INITIAL DIRECTORS

FOURTH: There will be twelve directors constituting the initial board of directors of the corporation. They are

Donna Colbeth
Mabel Doughty
Mark Dyer
Robert Earnest
Beverly Johnson
Phil Jordan
Ester Knight
Herb Maine
Jeff Putnam
David Stevens
Carol White
John Wilson

Chebeague Island Community Association Exhibit C to Articles of Incorporation

MEMBERS

- FIFTH:** There shall be one class of members of the Corporation. The members shall consist of residents of the islands specified in the purpose of the Corporation and other interested persons who have been admitted to Membership in the Corporation in accordance with the provisions of its Corporate Bylaws. The Members shall have the following voting rights:
- A. The election and removal of Directors as well as any change in the number of Directors constituting the Board of Directors within the limitations prescribed in these Articles of Incorporation
 - B. Establishment of the amount of membership dues to be charged by the Corporation
 - C. The amendment, restatement, or modification of the Articles of Incorporation or Bylaws of the Corporation whether proposed or recommended by the Directors or upon motion of the members
 - D. The approval of the sale, or other disposition, but not the mortgage or pledge, of all, or substantially all, of the assets and property of the Corporation, the dissolution of the Corporation, or its merger with or consolidation into another corporation
 - E. Any other matter that the Directors vote to submit to the Members

**Chebeague Island Community Association
Exhibit D to Articles of Incorporation**

DISSOLUTION

SEVENTH All the assets and income of the Corporation shall be used exclusively for its charitable, or educational purposes and no part thereof shall inure to the benefit of any member, director, officer, or private individual, provided, however, that nothing contained herein shall be construed to prevent the payment or reimbursement by the Corporation of salaries and expenses of its Officers and employees

If this Corporation be dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any member, director, officer, or private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed by affirmative vote of the Directors exclusively to one or more nonprofit organization or organizations having similar aims and objects as those of the Corporation and which may be selected as an appropriate recipient of such assets by the Directors, as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under §501(a) of the U S Internal Revenue Code of 1986 as amended (the "Code") as an organization described in §501(c)(3) of such Code, and as a "public benefit corporation" within the meaning of the Maine Nonprofit Corporation Act

In the event the assets of the Corporation are not so distributed, said assets shall be distributed by a court of competent jurisdiction in the county where the principal office of the Corporation is located to a non-profit organization or organizations having similar aims and objects as the Corporation and which may be selected as an appropriate recipient of such assets as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under §501(a) of the Code as an organization described in §501(c)(3) of such Code, and as a "Public benefit corporation" within the meaning of the Maine Nonprofit Corporation Act

CORPORATE BYLAWS

CHEBEAGUE ISLAND COMMUNITY ASSOCIATION, INC.
d/b/a CICA
(A Maine Nonprofit Public Benefit Corporation With Members)

Adopted this 28th day of June, 2005

PREAMBLE

The following, as amended from time to time, shall constitute the Bylaws of CHEBEAGUE ISLAND COMMUNITY ASSOCIATION, INC., d/b/a CICA (hereinafter the "Corporation"). The Corporation has been organized and shall exist as a nonprofit, public benefit, membership, corporation pursuant to its Articles of Incorporation and the Maine Nonprofit Corporation Act, Title 13-B, Sections 101 et Seq., M.R.S.A. (the "Act"). Notwithstanding the foregoing, the Corporation shall be operated at all times as a 501(c)(3) organization within the meaning of the U.S. Internal Revenue Code of 1986 as amended from time to time (the "Code") and the activities of the Corporation shall be limited accordingly.

ARTICLE 1. IDENTITY

1.1 **Name; Purpose:** The name of the corporation shall be as set forth in the Articles of Incorporation of this corporation (hereinafter the "Corporation") as shall be filed with the Secretary of State of the State of Maine as amended from time to time. The Corporation may register to do business under one or more assumed names by filing appropriate registrations with the Secretary of State of the State of Maine. These Corporate Bylaws, the powers of the Corporation, its Directors, Officers and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Articles of Incorporation in effect from time to time. The purpose of the Corporation may be changed by amendment of its Articles of Incorporation; provided, however, that if an amendment of the articles of incorporation results in a material change in the nature of the activities conducted by the Corporation, then the corporation shall give notice to the Attorney General of the amendment simultaneously with the filing of the amended articles with the Secretary of State pursuant to Section 802.5 of the Maine Nonprofit Corporation Act, Title 13-B, Section 101 et seq., M.R.S.A. (the "Act").

1.2 **Offices:** The principal office of the corporation shall be located at such place in the County of Cumberland and State of Maine as the Directors may determine from time to time. The location of the Corporation's principal office may be changed by the Directors from time to time without amendment of these Corporate Bylaws. The Corporation may also have offices at such other places, within or without the state of Maine, as its business and activities may require, and as the Directors may, from time to time, designate.

1.3 **Registered Agent and Office:** In compliance with the Maine Nonprofit Corporation Act, the Corporation shall have, and continuously maintain, a statutory registered agent who shall be a

resident of the state of Maine. The Directors shall have the power to change the identity of the registered agent from time to time by filing an appropriate form with the Secretary of State of the State of Maine. The registered agent shall maintain a registered office within the state of Maine. The address of the registered office may be changed from time to time by either the registered agent, or the Directors, upon filing an appropriate form with the Secretary of State of the State of Maine.

1.4 Corporate Seal: If it is desired, the corporate seal shall have inscribed thereon "Chebeague Island Community Association" and the words "Corporate Seal". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. In the event it is inconvenient to use such a seal at any time, the signature of the President followed by the word "Seal" enclosed in parentheses, shall be deemed the seal of the Corporation.

ARTICLE 2. PURPOSES

2.1 Purposes: This benevolent, charitable and eleemosynary institution has been organized and is incorporated as a public benefit corporation under the Act, and shall be operated exclusively for charitable, or educational purposes within the meaning of §501(c)(3) of the Code. Within these purposes, the purposes of the Corporation shall include (without limitation) the assistance of local, county and state governments whose jurisdictions include the islands and portions of islands in Casco Bay, Maine, that are (on the date of filing of the Articles of Incorporation of the Corporation) within the political boundaries of the Town of Cumberland, Maine, and Maine School Administrative District No. 51, by studying and recommending regional policies directed at the solution of community problems that impact residents of geographically isolated islands and thereby lessen the burdens of government. In furtherance hereof, but not by way of limitation shall be organized and operated for the following purposes:

- (a) Promoting the common good and general community welfare of all the people residing on the aforementioned islands of Casco Bay and to ensure the survival and viability of Great Chebeague Island as a year-round community.
- (b) Relating specific governance proposals to the quality of life on the aforementioned islands as a unique coastal community and inform decision-makers concerning the impact of such proposals on the sustainability of jobs in the local economy in general, and the fishing industry in particular, which draw people to island living;
- (c) Promoting the interests of residents of the aforementioned island communities as users of such services as public safety, public education, public health and recreation, public transportation and other public services, where the peculiar circumstances of island living are an important factor;
- (d) Promoting the availability of such public services and programs as may encourage and support island living for residents of the aforementioned island communities; and

Doing everything necessary, proper, advisable or convenient for the accomplishment of the foregoing purposes, and to do all other things incidental to them, or connected with them, that are not forbidden by law, these Articles of Incorporation, or the Corporate Bylaws; provided, however, that the Corporation shall not engage in any transaction, or do or permit any act or omission, which shall operate to deprive it of its tax exempt status as a Corporation described in §501(c)(3) of the Code.

2.2 Tax-Exempt Purpose: It is intended that the Corporation shall have the status of a Corporation (i) which is exempt from Federal income taxation under Section 501(a) of the Code by being described within Section 501(c)(3) of the Code, (ii) contributions to which are deductible under Section 170(c)(2), 2055(a)(2) or 2522(a)(2) of the Code and (iii) which is "other than a private foundation" as defined in Section 509(a) of the Code. The Articles of Incorporation and these Corporate Bylaws shall be construed accordingly and all powers and activities of the Corporation shall be limited accordingly. In this regard:

- (a) The Corporation shall not engage in any transaction, or do or permit any act or omission, which shall operate to deprive it of its tax exempt status under Section 501(c)(3) of the Code;
- (b) No substantial part of the activities of this Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; provided, however, that notwithstanding the foregoing, nothing in this Article shall be construed to prevent this Corporation from making the election available under Section 501(h) of the Code;
- (c) This Corporation shall not, in any manner or to any extent, participate or intervene (including publishing or distribution of statements) in any political campaign on behalf of any candidate for public office; and
- (d) This Corporation shall not engage in any activities that are unlawful under applicable federal, state, or local laws.

2.3 Dedication of Assets to Tax-Exempt Activities: All the assets and income of the Corporation shall be used exclusively for its charitable, or educational purposes and no part thereof shall inure to the benefit of any member, director, officer, or private individual; provided, however, that nothing contained herein shall be construed to prevent the payment or reimbursement by the Corporation of salaries and expenses of its Officers and employees.

If this Corporation be dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any member, director, officer, or private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed by affirmative vote of the Directors exclusively to one or more nonprofit organization or organizations having similar aims and objects as those of the Corporation and which may be selected as an appropriate recipient of such assets by the Directors, as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under §501(a) of the Code as an

organization described in §501(c)(3) of such Code and as a public benefit corporation within the meaning of the Act.

In the event the assets of the Corporation are not so distributed, said assets shall be distributed by a court of competent jurisdiction in the county where the principal office of the Corporation is located to a non-profit organization or organizations having similar aims and objects as the Corporation and which may be selected as an appropriate recipient of such assets as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under §501(a) of the Code as an organization described in §501(c)(3) of such Code and as a public benefit corporation within the meaning of the Act.

ARTICLE 3. MEMBERSHIP

3.1 Identification of Members: There shall be one class of Members of this Corporation. The initial Members of the Corporation shall be those individuals who are year-round or seasonal residents of Chebeague Island and others with an interest in the preservation of Chebeague Island as a viable community who have been admitted to Membership in the Corporation in accordance with the provisions of these Bylaws. Individuals may become Members of the Corporation from time to time upon satisfaction of such criteria as the Directors may establish at their discretion and election or appointment by, or in a manner provided by, the Directors. Membership fees and dues as well as any other criteria required for Membership in the Corporation shall be established by the Directors of the Corporation from time to time.

Members shall serve for terms of one year renewable annually upon payment of current Membership fees and dues as well as satisfaction of any criteria for continued Membership as the Directors may determine.

3.2 Rights and Powers: The Members shall have all the voting rights set forth in the Articles of Incorporation, these Corporate Bylaws, or under Chapter 6 of Title 13-B M.R.S.A. These rights include:

- (a) The election and the removal of Directors as well as any change in the number of Directors constituting the Board of Directors within the limitations prescribed in the Articles of Incorporation;
- (b) Establishment of the amount of membership dues to be charged by the Corporation;
- (c) The amendment, restatement, or modification of the Articles of Incorporation or Bylaws of the Corporation whether proposed or recommended by the Directors or upon motion of the members;
- (d) The approval of the sale, or other disposition (but not the mortgage or pledge) of all, or substantially all, of the assets and property of the Corporation, the dissolution of the Corporation, or its merger with or consolidation into another corporation; and

- (e) Any other matter that the Directors may vote to submit for approval by vote of the Membership.

ARTICLE 4. BOARD OF DIRECTORS

4.1 Identity & Qualifications: The activities, property and affairs of the Corporation shall be managed by its Directors. Unless the Members shall act to set a larger or smaller number of Directors, twelve (12) Directors, or so many thereof as may be needed to fill vacancies among the Board of Directors, shall be elected by the Members at the Annual Meeting from among nominees presented by the Nominating Committee. The number of Directors may be increased or decreased from time to time by the Members, but shall not be less than seven (7) Directors nor more than fifteen (15) Directors, and no decrease in number shall have the effect of shortening the term of any incumbent Director.

Each Director shall be selected for his or her ability to participate effectively in fulfillment of the responsibilities of the Directors. In the process of selection of individual candidates as Directors, consideration should be given to those individuals with financial management skills and experience, and those with interests and expertise in areas of value to the Corporation. When selecting Directors, the Directors shall observe the requirement that no more than 49% of the Directors may be "financially interested persons" as hereinafter defined. For purposes of the preceding sentence, the term "financially interested persons" shall mean any person who (i) receives compensation from the corporation for performing personal services, (ii) is entitled to receive a portion of the net income of a business that is paid for providing personal services to the corporation, or (iii) is the spouse, brother, sister, parent or child of any of the foregoing people.

4.2 Terms of Office: Directors shall serve for terms of three (3) years and until their successors are elected and qualified, or until their prior death, removal, or resignation. The initial Directors shall serve until the first Annual Meeting of the Corporation at which time the elected Directors shall be divided into three (3) classes by lots with staggered terms of one, two and three years such that (as nearly as possible) one-third of the elected Directors shall be elected at each subsequent Annual Meeting. To accomplish this result, at the first Annual Meeting of the Members, four of the Directors shall be elected to a term of one year, four of the Directors shall be elected to a term of two years and four of the Directors shall be elected to a full term of three years. Thereafter, at each Annual Meeting of the Members, four of the Directors shall be elected to serve for a full term of three years. In the event that there is a failure to elect Directors as aforesaid, or if such Annual Meeting is not held, then Directors shall be elected at any Regular or Special Meeting of the Members called for that purpose as soon thereafter as convenient.

4.3 Rights and Powers: All of the business and affairs of the Corporation not expressly reserved to the Members shall be managed by the Board of Directors. The Board of Directors shall manage the activities of the Corporation in a manner consistent and in compliance with the purposes, objectives, philosophy, and limitations set forth in the Articles of Incorporation, these Corporate Bylaws and as otherwise required by law.

The Board of Directors may delegate any part of its power to any Officer, or to any committee of the Corporation. No assignment, referral or delegation of authority by the Board of Directors, however, shall preclude the Board of Directors from exercising the authority required to meet its responsibility for the conduct of the affairs of the Corporation. The Board of Directors shall retain the right to rescind any such delegations.

The Directors shall have as their primary function the establishment of policies consistent with the purposes of the Corporation and the assumption of responsibility for resource management or stewardship on behalf of the Corporation. The Directors shall have all the rights set forth in the Articles of Incorporation, these Bylaws, or under Chapter 6 of Title 13-B of the Maine Revised Statutes as amended by and through §604(4) thereof. These rights include, but shall not be limited to the following:

- (a) To propose or recommend any amendment, restatement, or modification of the Articles of Incorporation of the Corporation or these Corporate Bylaws; provided, however, that an affirmative vote of at least 2/3rds of the Directors then in office shall be required and notice setting forth the proposed amendment, restatement or modification is circulated to the Directors at least five (5) days in advance of the meeting at which action is to be taken;
- (b) To recommend approval of the sale, or other disposition of all, or substantially all, of the assets and property of the Corporation, the dissolution of the Corporation, or its merger with or consolidation into another corporation for action by the Members;
- (c) To elect corporate officers;
- (d) To acquire or take by purchase, gift, grant, lease, devise, bequest or in any other manner and form, any and all property, real and personal, absolutely, in trust or otherwise; and also to give, grant, bargain, sell, encumber, mortgage, pledge, lease, exchange, convey or otherwise dispose of any and all property; to borrow money and to execute notes or other evidences of indebtedness, and to do all acts necessary and proper for the carrying into effect of the purposes above set forth;
- (e) To authorize any officer or officers in the name of and on behalf of the corporation, to enter into any contract or execute and deliver any instrument, or to sign checks, drafts or other orders for the payment of money or notes or other evidences of indebtedness and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer shall have power or authority to bind the Corporation by any contract or engagement or to render it liable for any purpose in any amount;
- (f) All funds of the Corporation not otherwise employed shall be deposited, from time to time, to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by the Treasurer or any other officer of the Corporation to whom such power may, from time to time, be

- delegated by the Board, or shall be invested in such securities (of any nature) as the Board may determine from time to time;
- (g) In all cases where gifts are made and accepted under grants which restrict the use thereof to specified purposes, the Corporation may, at the option of the Directors, hold and manage the funds and property so given for purposes of investment and management, and if commingled with any other fund or funds, the principal or income of such special gift shall at the time of any determination thereafter, be considered to be that portion of the principal or income of the combined fund as the amount of such special gift shall bear to the total amount of such combined fund;
 - (h) To determine and periodically review the purposes and mission of the Corporation;
 - (i) To exercise responsibility for overall direction of the corporation by determining annual operating and capital budgets as well as the general, financial and investment policies of the Corporation, reviewing those policies periodically, and delegating authority for implementation of Board policy and day-to-day management as appropriate;
 - (j) To establish, review and approve changes in the activities of the Corporation consistent with the corporate purpose;
 - (k) To oversee the establishment of selection criteria for any employees, to review and approve job descriptions for all personnel, to set salary or wages as well as the benefits (if any) of all employees through the annual budgeting process;
 - (l) To oversee the establishment of personnel policies, review and approve the general terms and conditions of employment for all personnel and require that these policies and practices be carried out in a manner consistent with applicable law and regulation governing fair employment practices and equal opportunity in employment;
 - (m) To select and appoint an auditor and legal counsel as needed for the Corporation; and
 - (n) To authorize officers and/or agents of the Corporation to: purchase, lease, manage and sell land and buildings; incur debt and secure the same by mortgage and pledge of real and personal property, tangible and intangible; to purchase and/or sell securities or other financial investment instruments; to accept gifts or bequests on behalf of the Corporation; and to make gifts or grants to other qualified IRC 501(c)(3) tax exempt organizations that have been classified as "other than private foundations" by the Internal Revenue Service.

The foregoing listing shall not be deemed to limit any authority granted by law to the Board of Directors not otherwise restricted in these Bylaws or the Articles of Incorporation.

4.4 Compensation: Directors shall not receive compensation for service as Directors of the Corporation. Directors may be reimbursed for reasonable expenses incurred in their service as Directors.

4.5 Loans to Directors and Officers Prohibited: The Corporation shall make no loans to any Director or Officer.

4.6 Minutes: A written record of all meetings of the Directors and the Members shall be maintained by the Secretary in one or more Corporate Books reserved for this purpose.

4.7 Rules: The Board of Directors may adopt rules governing the conduct of business and procedures for meetings that are not inconsistent with law, the Articles of Incorporation and these Corporate Bylaws. Such rules may be amended by the Board of Directors at any meeting, without notice.

ARTICLE 5. OFFICERS

5.1 Number and Designation: The Officers of the Corporation shall be a President, Secretary, and Treasurer. In addition, the Board of Directors may appoint one or more vice-presidents, assistant secretaries, or assistant treasurers, and assign such duties to them, as from time to time it deems advisable. Officers need not be Directors.

5.2 Duties: Except as otherwise provided in these Corporate Bylaws, the Officers of the Corporation shall perform the duties usually pertaining to their respective offices in corporations organized under the Maine Nonprofit Corporations Act, such duties as may be required by the Articles of Incorporation or these Corporate Bylaws, and such other duties as may be prescribed from time to time by the Board of Directors. In addition, Officers shall have the following duties:

- (a) The President shall be the duly authorized representative of the Board of Directors in all matters in which the Board of Directors or these Corporate Bylaws have not formally designated some other person for that purpose. The President shall advise the Board of Directors as to the formulation and implementation of policies for the organization and operation of the Corporation. The President shall report to the Board of Directors at each of its meetings on the activities of the Corporation and on developments that affect the delivery of charitable services to the community served by the Corporation. The President shall represent the Corporation in its relationships with other organizations and agencies. The President, or her designee, shall attend all meetings of the Board of Directors of the Corporation and any committees of the Board. The President shall preside at all meetings of the Board of Directors and shall be, ex officio, a voting member of all committees. The President shall appoint all members of committees, except as otherwise provided in the Articles of Incorporation or these Corporate Bylaws. The President may determine the order of business at meetings of the Board of Directors and shall serve as chairperson of such meetings. The President shall perform any other duties normally within the expressed or implied

terms of the office that may be necessary for the best interest of the Corporation. The President shall perform such other duties as the Board of Directors shall, from time to time, direct.

- (b) The Secretary shall be responsible for assuring that proper minutes of all meetings of the Board of Directors and/or the Members of the Corporation are maintained, and shall be responsible for the maintenance of an attendance record of Directors in accordance with Sections 7.9 and 8.1.
- (c) The Treasurer shall have custody of all funds of the Corporation, making payments therefrom as the Board of Directors authorizes, and with the approval of the Board of Directors, may delegate any of these duties to such person, acting under the direction of the Treasurer, as the Board of Directors may approve. The Treasurer, acting on behalf of the Board of Directors, shall require that appropriate records be kept to give a full and accurate history of the financial transactions of the Corporation in order to present its financial condition, and to render such periodic and other reports as the Board of Directors may require. The Treasurer, as directed by the Board of Directors, shall have authority to endorse for transfer in the name and on behalf of the Corporation stock certificates, bonds, and other securities and evidence of indebtedness standing in the name of the Corporation. If required by the Board of Directors, the Treasurer, at the expense of the Corporation, shall be bonded for the faithful performance of his or her duties. No later than three (3) months after the end of the fiscal year, the Treasurer shall prepare:
 - (i) A balance sheet showing in reasonable detail the Corporation's financial condition as of the close of its immediately preceding fiscal year, and
 - (ii) A profit and loss statement showing the results of its operations during the preceding fiscal year.

Upon written request, the Corporation shall promptly mail to any member of record a copy of the most recent such balance sheet and profit and loss statement.

5.3 Election and Tenure: The Officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors. The term of office for each Officer of the Corporation shall be one (1) year, and each Officer shall hold office until the next annual meeting of the Board of Directors or until a successor has been duly elected and qualified, or until his or her prior death, resignation or removal. An Officer may be elected to succeed himself or herself.

ARTICLE 6. COMMITTEES OF THE CORPORATION

6.1 Committees: The Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee may have two or more members, who serve at the pleasure of the Board of Directors. To the extent

specified by the Board of Directors or in the Articles of Incorporation or other provisions of these Bylaws, each committee may exercise the authority of the Board of Directors under Article 4.3 of these Bylaws. A committee may not, however: (1) authorize distributions, (2) approve or recommend to members dissolution, revocation of dissolution, merger, consolidation, or the sale, pledge, or transfer of all or substantially all of the Corporation's assets, (3) elect, appoint, or remove directors or fill vacancies on the Board of Directors or on any of its committees, (4) adopt, amend or repeal the Articles of Incorporation or Bylaws.

6.2 Meetings of Committees: Meetings of standing committees and special committees may be called by the President of the Corporation or the chair of the committee. Except as otherwise provided in these Corporate Bylaws, each committee shall meet as often as necessary and appropriate to perform its duties. Each committee shall report to the Board of Directors at its next Regular Meeting subsequent to each meeting of the committee and such reports shall be kept as part of the minutes of the Board of Directors. So far as applicable, the provisions of these Bylaws which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board apply to committees and their members as well.

ARTICLE 7. MEETINGS

7.1 Notice of Meetings:

- (a) Notice of all meetings of the Members shall be given by the Secretary of the Corporation, or in the absence or disability of the Secretary, by the President or Vice President, by publishing a written or printed notice specifying the time and place of the meeting and, in the event of a special meeting, the purposes thereof. Such publication shall be made by conspicuously posting a notice in at least five (5) locations on Chebeague Island where such notices are typically posted.
- (b) Notice of the date, time, place, or purpose of annual and other regular meetings of the Board of Directors or any committee need not be given. Notice of any special meeting, setting forth the date, time and place of the meeting, shall be given to each director or committee member, as the case may be, by oral, email, or other written notice delivered to each director or committee member personally not less than two (2) days before the meeting, or by written notice deposited in the United States mail, first class postage prepaid, postmarked at least three (3) days prior to the date of the meeting. The notice need not describe the purpose of the special meeting unless otherwise required by the Articles of Incorporation or other provisions in these Bylaws.
- (c) Whenever any notice whatever is required to be given under the Articles of Incorporation or these Corporate Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the person or entity entitled to such notice, shall be deemed equivalent to the giving of such notice. Neither the purpose of nor business to be transacted at any annual, regular or

special meeting need be specified on the waiver of notice, unless specifically required by law. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a meeting is attended for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

7.2 Meetings and Action of the Member:

- (a) The annual meeting of the Members shall be held during either the month of July or August of each year, at such time and location as set forth in the notice of the meeting. In the event of a failure for any reason to hold an annual meeting as aforesaid, any business which might properly be transacted at an annual meeting, including the election of Directors, may be transacted at a special meeting.
- (b) Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of twenty (20) percent of the Members of the Corporation.

7.3 Meetings of the Board of Directors and Committees: The Board of Directors shall hold an annual meeting immediately following the Annual Meeting of the Members in each year. By resolution, the Board may establish a date or dates on which regular meetings of the Board or any committee shall be held between annual meetings. A committee of the Board may meet on the dates so established or, if none, on the date set at its previous meeting or when earlier called by its chairman or a majority of its members. Special meetings of the Board may be called at any time by the President or by any seven (7) Directors. Directors may participate in meetings of the Board of Directors by telephone conference call; provided, however, that all of the Directors must be able to hear one another at the same time.

7.4 Quorum, Voting and Manner of Acting:

- (a) At any meeting of the Members of the Corporation, a quorum for the transaction of business shall consist of not less than the lesser of either five percent (5%), or ten (10), of the Members; provided, however, that a smaller number may adjourn such a meeting from time to time until a quorum is obtained.
- (b) Unless otherwise required by the Articles of Incorporation or Bylaws, a quorum of the Board of Directors consists of a majority of the fixed number of directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors unless the Articles of Incorporation or other provisions of these Bylaws otherwise require the vote of a greater number of directors. If a quorum shall not be present at any meeting of the Board or committee, the Directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.
- (c) The act of a majority of the Members, Directors or persons serving on a committee of the Board of Directors present at a meeting at which a quorum is present shall be the

act of the body meeting, unless the act of a greater number is required by the Articles of Incorporation, these Corporate Bylaws, or any provision of law.

- (d) Each Member, Director or individual serving on a committee of the Corporation who is present shall have one vote on each matter submitted to a vote at any meeting. Except at meetings of the Members where proxies shall be permitted, voting by proxy at meetings of the Directors or its committees shall not be permitted.

7.5 Presumption of Assent. A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless: (1) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting, or (2) his dissent or abstention from the action taken is entered in the minutes of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

7.6 Conduct of Meetings: The President of the Corporation, or in the absence of the President, the Vice President, shall call any meeting of the Members or Directors to order and shall act as the chairperson of the meeting. The chairperson of a committee, or in her absence, a vice chairperson or chair pro tem, shall call any committee meeting to order and shall act as the chairperson of the meeting.

7.7 Mechanisms for Board Action In The Absence of a Meeting: If all the Members or Directors sign a written consent specifying any action desired to be taken by the Members or the Board of Directors of the Corporation, such action shall be a valid corporate action as though it had been authorized at a meeting of the Members or Directors and the secretary shall file such consent with the minutes of the meeting of the Members or Directors to be read at the ensuing regular meeting. A consent may be executed in counterpart originals as long as all counterparts are maintained in the corporate record book by the Secretary.

7.8. Conflicts of Interest: A transaction may be approved by the Directors (or a committee thereof) notwithstanding a conflict of interest (hereinafter a "Conflict of Interest Transaction") either if the Conflict of Interest Transaction is fair at the time it was entered into, or if the material facts of the Conflict of Interest Transaction and the director's or officer's interest are disclosed or known to the Board of Directors (or a committee thereof), when they approve the Conflict of Interest Transaction; provided, however, that, in order for a Conflict of Interest Transaction to be authorized, the Conflict of Interest Policy attached hereto as Exhibit A (and by this reference made a part hereof) shall be followed.

- (a) A conflict -of interest transaction is a transaction described in the Conflict of Interest Policy, or any transaction in which a director or officer of the corporation has a direct or indirect financial interest. For the purposes of this section, a director or officer has an indirect interest in a transaction if:
 - (i) Another entity in which the director or officer has a material interest or in which the director or officer is a general partner is a party to the transaction; or

- (ii) Another entity of which the director or officer is a director, officer or trustee is a party to the transaction.

(b) A transaction in which a director or officer of the Corporation has a conflict of interest may be approved before or after consummation of the transaction by the board of directors, or a committee of the Directors, only if the transaction is fair and equitable to the Corporation and pursuant to the Conflict of Interest Policy. The board or committee may authorize, approve or ratify a transaction under this section if the material facts of the transaction and the director's or officer's interest are disclosed or known to the board or committee of the board. A Conflict of Interest transaction is approved if it receives the affirmative vote of a majority of those Directors who do not have a conflict of interest with respect to the transaction (hereafter the "Disinterested Directors"), but such a transaction shall not be approved by a single director. If a majority of the Disinterested Directors of the Corporation then in office vote to approve the transaction, then a quorum shall be deemed to be present.

7.9 Attendance: Directors are expected to attend all meetings of the Board of Directors and of any committees on which they serve, unless excused by the President for good cause or unless this provision is waived by unanimous vote of the remaining Directors. Participation in meetings by telephone conference call shall have the same effect as presence in person at the meeting.

ARTICLE 8. RESIGNATIONS, REMOVALS & VACANCIES

8.1 Resignation: Any Member, Director, Officer or person appointed to serve on a committee of the Corporation may resign as such at any time by giving written notice to the President or the Secretary, or (only in the case of a Director) by absence from three (3) successive meetings of the Directors. Written resignations shall take effect at the time therein specified, or upon receipt if no time shall have been specified. With respect to resignations of Directors deemed offered by three consecutive absences, they shall not be accepted except by affirmative vote of a majority of Directors present at a meeting subsequent to the meeting giving rise to the deemed offer of resignation. Unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

8.2 Removal: Any Member, Director, Officer or person serving on any committee of the Corporation may be removed at any time with or without cause by vote of the body or action of the individual that elected or appointed the individual as Member, Director, Officer or committee member whenever the best interest of the Corporation shall be served thereby. Such removal shall not affect any contract rights of the person so removed; provided, however, that the election or appointment of an individual to any position or office within the Corporation shall not, in itself, create contract rights.

8.3 Vacancies: In the event of a vacancy on the Board of Directors, or among the Corporate Officers occurring between Annual Meetings of the Members, the Directors may act to fill any such vacancy until the next Annual, Regular or Special Meeting of the Members at which time the Vacancy shall be filled in the manner, and for the unexpired term, of the person creating the

vacancy. Vacancies shall be filled forthwith, and any person elected to fill a vacancy shall be so advised and shall serve with the same rights and duties of such person as they are elected to succeed.

ARTICLE 9. INDEMNIFICATION

9.1 Indemnification: The Corporation shall in all cases, to the fullest extent permitted by the Maine Nonprofit Corporations Act, indemnify any person who was or is involved in any manner (including, without limitation, as a party or a witness) in any threatened, pending or completed investigation, claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative (including, without limitation, any action, suit, or proceeding brought by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that that person is or was a director or officer of the Corporation, against all liabilities and expenses actually and reasonably incurred by the person in connection with such actions, suits or proceedings including but not limited to attorneys' fees, judgments, fines and amounts paid in settlement. This Section is subject to the limitations set forth in Section 9.2.

9.2 Limitations on Indemnification: No indemnification shall be provided for any person with respect to any matter as to which that person shall have been finally adjudicated in any action, suit or proceeding not to have acted in good faith in the reasonable belief that that person's action was in the best interests of the corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that that person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order or conviction adverse to such person, or by settlement or plea of nolo contendere or its equivalent, shall not of itself create a presumption that such person did not act in good faith in the reasonable belief that his action was in the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

9.3 Requirement of Indemnification: Any provision of Sections 9.1, 9.2 or 9.4 to the contrary notwithstanding, to the extent that a director or officer has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 9.1, or in defense of any claim, issue or matter therein, that person shall be indemnified against all expenses and liabilities, including attorneys' fees, actually and reasonably incurred by that person in connection therewith. The right to indemnification granted by this Section 9.3 may be enforced by a separate action against the Corporation, if an order for indemnification is not entered by a court in the action, suit or proceeding wherein he was successful on the merits or otherwise.

9.4 Procedure: Any indemnification under Section 9.1, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because that person has met the applicable standard of conduct set forth in Section 9.1 and Section 9.2. That determination shall be made by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion. Such a determination, once made by the Board of Directors

may not be revoked by the Board of Directors, and upon the making of such determination by the Board of Directors, the director or officer may enforce the indemnification against the Corporation by a separate action notwithstanding any attempted or actual subsequent action by the Board of Directors.

9.5 Expenses: Expenses incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding may be authorized and paid by the Corporation in advance of the final disposition of that action, suit or proceeding upon a determination made in accordance with the procedure established in Section 9.4 that, based solely on the facts then known to those making the determination and without further investigation, the person seeking indemnification satisfied the standard of conduct prescribed by Section 9.1 and 9.2. Those persons making such determination may, in their discretion, require such person to provide the following to the Corporation:

- (a) A written undertaking by or on behalf of the officer or director to repay that amount if that person is finally adjudicated:
 - (i) Not to have acted honestly or in the reasonable belief that the person's action was in or not opposed to the best interests of the Corporation;
 - (ii) With respect to any criminal action or proceeding, to have had reasonable cause to believe that the person's conduct was unlawful; and
- (b) A written affirmation by the officer or director that the person has met the standard of conduct necessary for indemnification by the Corporation as authorized in this section.

The undertaking required by Paragraph A shall be an unlimited general obligation of the person seeking the advance, but need not be secured and may be accepted without reference to financial ability to make the repayment.

9.6 Enforceability: The indemnification and entitlement to advances of expenses provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of disinterested directors or otherwise, both as to action in that person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, trustee, partner or fiduciary and shall inure to the benefit of the heirs, executors and administrators of such a person. A right to indemnification may be enforced by a separate action against the Corporation, if an order for indemnification has not been entered by a court in any action, suit or proceeding in respect to which indemnification is sought.

9.7 Insurance: The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer against any liability asserted against that person and incurred by that person in any such capacity, or arising out of that person's status as such, whether or not the Corporation would have the power to indemnify that person against such liability under this Article.

ARTICLE 10. GENERAL PROVISIONS

10.1 Fiscal Year: The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December of each year.

10.2 Gender: Any word or reference contained in these Corporate Bylaws which implies one gender shall be applied to the other gender as appropriate.

10.3 Construction of Titles and Headings: The titles of Articles and headings of Sections of these Corporate Bylaws are intended to aid the reader in locating the substantive provisions contained herein, and they shall neither be interpreted as making or modifying any addition to or change in the substance of the operative provisions of these Corporate Bylaws nor be understood to summarize the provisions to which they relate.

10.4 Severability: In the event that any provision of these Corporate Bylaws is deemed to be invalid or unenforceable for any reason, then the remaining provisions of these Corporate Bylaws shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

10.5 Amendment: These Corporate Bylaws may be amended or restated by affirmative vote of the Members; provided, however, that (a) any such amendment shall have first received a recommendation approved by at least two-thirds of the Directors then in office acting at any duly called meeting of the Directors, (b) the text of the amendment or restatement shall have been circulated to the Members and the Directors at least five (5) days prior to the meeting at which action by either body is to be taken and (c) any amendment of provisions also contained in the Articles of Incorporation shall not be approved without also amending the Articles of Incorporation.

EXHIBIT A TO CORPORATE BYLAWS
of
THE CHEBEAGUE ISLAND COMMUNITY ASSOCIATION, INC.

CONFLICT OF INTEREST POLICY

Article 1. Purpose

The purpose of the conflict of interest policy is to protect the interests of this tax-exempt organization (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 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 2. Definitions

2.1 Interested Person: Any person who serves this Corporation as a director, officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an "Interested Person."

2.2 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.

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 3.2, 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 3. Procedures

3.1 **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 board delegated powers considering the proposed transaction or arrangement.

3.2 **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, the Interested Person 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.

3.3 **Procedures for addressing the Conflict of Interest:**

- (a) An Interested Person may make a presentation at the 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 Corporation 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 board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation'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.

3.4 **Violation of the Conflicts of Interest Policy:**

- (a) If the 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 4. Records of Proceedings

4.1 Minutes: The minutes of the 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 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 discussion 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 5. Compensation

5.1 Recusal of Directors Required: A voting member of the board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Director's compensation.

5.2 Recusal of Certain Committee Members Required: 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.

5.3 Information May Be Presented: No voting member of the 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.

Article 6. Annual Statements

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

- (a) Has received a copy of this Conflicts of Interest Policy;
- (b) Has read and understands the policy;
- (c) Agrees to comply with the policy; and

- (d) Understands the Corporation 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 charitable purposes.

Article 7. Periodic Reviews

7.1 Review Procedure: To ensure the Corporation 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 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.

7.2 Use of Outside Experts: When conducting the periodic reviews as provided for in Article VII, Section 7.1, 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 periodic reviews are conducted.

END OF BYLAWS

**Election/Revocation of Election by an Eligible
Section 501(c)(3) Organization To Make
Expenditures To Influence Legislation**

(Under Section 501(h) of the Internal Revenue Code)

For IRS
Use Only ►

Name of organization	Employer identification number
Number and street (or P.O. box no., if mail is not delivered to street address)	Room/suite
City, town or post office, and state	ZIP + 4

1 Election—As an eligible organization, we hereby elect to have the provisions of section 501(h) of the Code, relating to expenditures to influence legislation, apply to our tax year ending and all subsequent tax years until revoked. (Month, day, and year)

Note: This election must be signed and postmarked within the first taxable year to which it applies.

2 Revocation—As an eligible organization, we hereby revoke our election to have the provisions of section 501(h) of the Code, relating to expenditures to influence legislation, apply to our tax year ending (Month, day, and year)

Note: This revocation must be signed and postmarked before the first day of the tax year to which it applies.

Under penalties of perjury, I declare that I am authorized to make this (check applicable box) ► election revocation on behalf of the above named organization.

..... (Signature of officer or trustee) (Type or print name and title) (Date)

General Instructions

Section references are to the Internal Revenue Code.

Section 501(c)(3) states that an organization exempt under that section will lose its tax-exempt status and its qualification to receive deductible charitable contributions if a substantial part of its activities are carried on to influence legislation. Section 501(h), however, permits certain eligible 501(c)(3) organizations to elect to make limited expenditures to influence legislation. An organization making the election will, however, be subject to an excise tax under section 4911 if it spends more than the amounts permitted by that section. Also, the organization may lose its exempt status if its lobbying expenditures exceed the permitted amounts by more than 50% over a 4-year period. For any tax year in which an election under section 501(h) is in effect, an electing organization must report the actual and permitted amounts of its lobbying expenditures and grass roots expenditures (as defined in section 4911(c)) on its annual return required under section 6033. See Schedule A (Form 990 or Form 990-EZ). Each electing member of an affiliated group must report these amounts for both itself and the affiliated group as a whole.

To make or revoke the election, enter the ending date of the tax year to which the election or revocation applies in item **1** or **2**, as applicable, and sign and date the form in the spaces provided.

Eligible Organizations.—A section 501(c)(3) organization is permitted to make the election if it is not a disqualified organization (see below) and is described in:

1. Section 170(b)(1)(A)(ii) (relating to educational institutions),
2. Section 170(b)(1)(A)(iii) (relating to hospitals and medical research organizations),
3. Section 170(b)(1)(A)(iv) (relating to organizations supporting government schools),
4. Section 170(b)(1)(A)(vi) (relating to organizations publicly supported by charitable contributions),
5. Section 509(a)(2) (relating to organizations publicly supported by admissions, sales, etc.), or
6. Section 509(a)(3) (relating to organizations supporting certain types of public charities other than those section 509(a)(3) organizations that support section 501(c)(4), (5), or (6) organizations).

Disqualified Organizations.—The following types of organizations are not permitted to make the election:

- a. Section 170(b)(1)(A)(i) organizations (relating to churches),

- b. An integrated auxiliary of a church or of a convention or association of churches, or
- c. A member of an affiliated group of organizations if one or more members of such group is described in **a** or **b** of this paragraph.

Affiliated Organizations.—Organizations are members of an affiliated group of organizations only if **(1)** the governing instrument of one such organization requires it to be bound by the decisions of the other organization on legislative issues, or **(2)** the governing board of one such organization includes persons (i) who are specifically designated representatives of another such organization or are members of the governing board, officers, or paid executive staff members of such other organization, and (ii) who, by aggregating their votes, have sufficient voting power to cause or prevent action on legislative issues by the first such organization.

For more details, see section 4911 and section 501(h).

Note: A private foundation (including a private operating foundation) is not an eligible organization.

Where To File.—Mail Form 5768 to the Internal Revenue Service Center, Ogden, UT 84201-0027.

Appendix C to Form 1023, Part IV

NARRATIVE DESCRIPTION

Chebeague Island Community Association (the “Applicant”) has been formed to assist local governments including the towns of Cumberland and Maine School Administrative District No. 51 (“SAD #51”) as well as the County of Cumberland and the State of Maine whose jurisdictions include certain geographically isolated islands located in Casco Bay by studying and recommending local, regional and state government policies, ordinances, laws, rules and regulations directed at solutions of the peculiar problems faced by coastal island communities publicly accessible only by passenger ferry services located in their jurisdictions. These activities are undertaken in order to lessen the burdens of government within the meaning of Revenue Ruling 70-79, 1970-1 C.B. 127 (*copy appended to this Narrative Description for ease of reference*). The primary activities of the Applicant as listed in its Articles of Incorporation include the following:

A. To promote the common good and general community welfare of all the people residing on the aforementioned islands of Casco Bay and to ensure the survival and viability of Great Chebeague Island as a year-round community;

B. To relate specific governance proposals to the quality of life on the aforementioned islands as a unique coastal community and inform decision-makers concerning the impact of such proposals on the sustainability of jobs in the local economy in general, and the fishing industry in particular, which draw people to island living;

C. To promote the interests of residents of the aforementioned island communities as users of such services as public safety, public education, public health and recreation, public transportation and other public services, where the peculiar circumstances of island living are an important factor; [and]

D. To promote the availability of such public services and programs as may encourage and support island living for residents of the aforementioned island communities.

In order to accomplish the foregoing, the Applicant anticipates conducting the following activities and programs:

A. Inform public policy makers of the particular problems and public service needs peculiar to island residents such as dock maintenance, provision of ferry transportation, access to medical care, availability of emergency medical services, public safety and provision of public education for residents of geographically isolated islands connected to the mainland transportation network only by ferries;

B. Serve to disseminate public information to island residents through publication of information in local news letters and other publications as well as its own communications to its members;

C. Sponsor educational events designed to promote public awareness of the islands and public forums on such subjects as public access to islands, public education of island children, working waterfront issues and unique island ecology;

D. Promote public education through promotion of sustainable island schools and provide support to teachers and school administrative personnel involved in the provision of public education to island students at all grade levels;

E. Host public meetings to introduce island residents to their elected representatives and other public officials in local, regional and state government;

F. Provide leadership and financial resources to stave off attempted development of industrial facilities such as oil refineries, liquefied natural gas terminal facilities, pipelines and other large scale industrial developments inconsistent with family fishing businesses on what were historically open public lands on primarily residential islands;

G. Inform administrative officials such as the staff of the Maine Department of Environmental Protection and municipal and school district personnel of the impacts of land use and other administrative decisions on the sustainability of coastal island communities;

H. Lead public awareness efforts and fundraising to develop/maintain historic sites and public access to natural resources and public lands; and

I. Represent the interests of island residents who depend on public transportation services for ferry access and public parking at P.U.C. hearings and other government proceedings.

The Applicant has been formed specifically to provide a representative body to address, promote and/or pursue issues of common concern primarily to residents and/or property owners of the islands in Casco Bay that are included in the Town of Cumberland and SAD #51. Island populations are too small and lacked the funds/resources to have an effective voice in obtaining necessary public services. The Applicant has been formed under the assumption that collective representation for the island communities as a whole could more effectively obtain/address the services/issues commonly faced by island residents.

The Applicant differs from the situation described in Revenue Ruling 70-79 in that it is a community based volunteer organization composed of citizens dedicated to educate the public on issues of island life relevant to matters of public concern. Where these issues become the subject of regulation or litigation, the Applicant expects to work to inform administrative agencies or courts of the unique ecology, history and socio-economic composition that bears on the particular issue by intervening in the administrative process or judicial proceedings.

The Applicant expects to work to inform government decision makers at the staff level on the impact of alternative policies on island communities through nonpartisan analysis. The Applicant may attempt to influence legislators to take specific action on pending legislation, but the Applicant's role in preparation of legislative proposals or drafting legislation will be limited to an insubstantial part of its activities. The Applicant intends to make the 501(h) safe harbor election through the filing of Form 5768.

As a volunteer operated community association, 100% of the Applicant's efforts will be focused on the provision of the activities described above.

Rev. Rul. 70-79

1970-1 C.B. 127, 1970 WL 20784 (I.R.S.)

(Publication page references are not available for this document.)

Internal Revenue Service (I.R.S.)
Revenue Ruling
Published: 1970

26 CFR 1.501(c)(3)-1: Organizations organized and operated for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals.

A nonprofit organization assisting local governments of a metropolitan area by conducting research to develop solutions for common regional problems, but not advocating any legislative action to implement its findings, qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was created to assist local governments of a metropolitan region by studying and recommending regional policies directed at the solution of mutual problems that transcend the local jurisdictions, but affect all of them. The chief elected officers of the several local jurisdictions constitute the membership of the organization.

The organization holds meetings to discuss, identify, and cooperate in developing regional plans and policies for such problems as water and air pollution, waste disposal, water supply, and transportation. A staff of experts engaged by the organization researches and analyzes problems discussed at the meetings and distributes reports to the local governments and news media. Although some of the plans and policies formulated by the organization can only be carried out through legislative enactments, the organization does not direct its efforts or expend funds in making any legislative recommendations, preparing prospective legislation, or contacting legislators for the purpose of influencing legislation.

Receipts are from Federal grants, membership dues, and assessments on the local jurisdictions. Disbursements are for salaries, publication costs, rent, and miscellaneous administrative expenses.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations that are organized and operated exclusively for charitable or educational purposes, no substantial part of the activities of which consists of attempting to influence legislation.

The term 'charitable' is defined in section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations as including the lessening of the burdens of Government, and the promotion of social welfare by combating community deterioration.

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term 'educational' as including the instruction of the public on subjects useful to the individual and beneficial to the community.

Section 1.501(c)(3)-1(c)(3) of the regulations specifies that an organization is not operated for one or more exempt purposes if it is an 'action' organization. An 'action' organization has the following two characteristics: (a) Its main objectives (as distinguished from its incidental or secondary objectives) may be obtained only by legislation or a defeat of proposed legislation; and (b) it advocates, or campaigns for, the attainment of such main or primary objective or objectives as distinguished from engaging in nonpartisan analysis, study, or research, and making the results available to the public. In determining whether an organization has such characteristics, all the surrounding facts and circumstances, including the articles and all activities of the organization, are to be considered.

Assisting the municipalities of a particular region in the study of problems such as water and air pollution, transportation, water resources, and waste disposal is charitable within the meaning of the applicable regulations since it lessens the burdens of government. See Rev. Rul. 67-325, C.B. 1967-2, 113, and Rev. Rul. 68-14, C.B. 1968-1, 243. Furthermore, in conducting nonpartisan analysis, study, and research into these problems and publishing the results for the benefit of the general public, the organization is also engaging in educational activities. Since the organization does not advocate the adoption of any legislation or legislative action to implement these findings, it is not an 'action' organization as defined in the regulations.

Accordingly, it is held that the organization is exempt from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Exemption Application, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.

Rev. Rul. 70-79, 1970-1 C.B. 127, 1970 WL 20784 (I.R.S.)

END OF DOCUMENT

Appendix D to Form 1023, Part V, 1a

COMPENSATION OF OFFICERS & DIRECTORS

Name	Title	Mailing Address	Compensation Amount
Donna Colbeth	Director	17 Old Cart Road Chebeague Island, ME 04017	-- \$0 --
Mabel Doughty	Director	23 Bennett Cove Road Chebeague Island, ME 04017	-- \$0 --
Mark Dyer	Director	232 North Road Chebeague Island, ME 04017	-- \$0 --
Robert Earnest	Secretary, Director	12 Rose Point Road Chebeague Island, ME 04017	-- \$0 --
Beverly Johnson	Director	14 Soule Road Chebeague Island, ME 04017	-- \$0 --
Ester Knight	Director	9 Crossman Lane Chebeague Island, ME 04017	-- \$0 --
Herb Maine	President, Director	250 North Road Chebeague Island, ME 04017	-- \$0 --
Jeff Putnam	Director	338 North Road Chebeague Island, ME 04017	-- \$0 --
Cheryl Stevens	Treasurer	278 South Road Chebeague Island, ME 04017	-- \$0 --
David Stevens	Director	278 South Road Chebeague Island, ME 04017	-- \$0 --
Phil Jordan	Director	40 Rose Point Road Chebeague Island, ME 04017	-- \$0 --
Carol White	Director	250 North Road Chebeague Island, ME 04017	-- \$0 --
John Wilson	Director	81 Spruce Point View Road Chebeague Island, ME 04017	-- \$0 --

Appendix E to Form 1023, Part V, 2a

FAMILY RELATIONSHIPS

1. Directors Herb Maine and Carol White are husband and wife
2. Director David Stevens and Treasurer Cheryl Stevens are husband and wife

Appendix F to Form 1023, Part V, 3a

QUALIFICATIONS AND DUTIES OF OFFICERS & DIRECTORS

Name	Qualifications	Average Hours Worked	Duties
Donna Colbeth	Retired schoolteacher	5 per week	Board member
Mabel Doughty	Retired fisherman	5 per week	Board member
Mark Dyer	General Contractor	5 per week	Board member
Robert Earnest	Program Director, Chebeague Recreation Center	5 per week	Secretary
Beverly Johnson	Plumber	5 per week	Board member
Ester Knight	Nursing administrator	5 per week	Board member
Herb Maine	IT professional	5 per week	President
Jeff Putnam	Fisherman	5 per week	Board member
Cheryl Stevens	IT professional	5 per week	Treasurer
David Stevens	Mechanic	5 per week	Board member
Phil Jordan	Retired college president	5 per week	Board member
Carol White	Hydrologist	5 per week	Board member
John Wilson	Economist	5 per week	Board member

Appendix G to Form 1023, Part VI, 1a

SERVICES

Applicant is engaged in examining options for self-government of Great Chebeague Island in Casco Bay, Maine, along with other islands and parts of islands all currently located within the Town of Cumberland, Maine.

Specific services may include organizing informational meetings, distributing educational materials and drafting plans for the organization and administration of a new municipality, including the provision of educational services within the new town.

All services will be provided at no charge by unpaid, volunteer members of CICA who will be involved in other projects and activities which promote the general good of the community.

Appendix H to Form 1023, Part VIII, 2a

INFLUENCE LEGISLATION

Applicant will attempt to influence legislation that may affect the community of Great Chebeague Island, Maine. This will be accomplished through educational efforts and through lobbying efforts as limited by Section 501(c)(3). No more than 20% of Applicant time or funds will be spent on lobbying activities. No examples of legislative literature, brochures, or pamphlets exist at this time.

The Applicant intends to make the 501(h) safe harbor election through the filing of Form 5768.

All activities are conducted within the State of Maine, primarily Chebeague Island, Cumberland, and Augusta.

These activities will further the exempt purpose of Applicant of promoting the common good and general community welfare of Great Chebeague Island and ensuring the survival and viability of Great Chebeague Island as a year-round community.

These activities will comprise 100% of the total time invested by members in CICA functions.

Activities will be funded by private donations, primarily from Applicant members. It is expected that funds will be raised by Applicant without the assistance of paid fundraisers.

Appendix I to Form 1023, Part VIII, 4a

FUNDRAISING

Applicant will be seeking to raise funds through appeals for financial support from people and organizations with interests specifically on Great Chebeague Island as well as those with interests in island and rural communities, in general. No materials have been developed yet, but it is anticipated that mail, e-mail, and personal appeals will be made. Foundation and government grants may also be sought. It is expected that funds will be raised by Applicant without the assistance of paid fundraisers.

Appendix J to Form 1023, Part IX, A23

STATEMENT OF REVENUES AND EXPENSES

Type of revenue or expense	Current tax year	2 succeeding tax years	
Office expenses	\$ 500	\$ 500	\$ 100
Postage	1,500	1,500	500
Printing	6,000	6,000	1,000
Meeting space fees	1,500	1,500	100
Transportation	2,000	2,000	200
Miscellaneous	1,000	1,000	100
TOTAL OTHER EXPENSES	\$12,500	\$12,500	\$2,000