

## 5. Meetings

States generally require at least one meeting a year, but other than that, the **frequency of meetings** is up to your PTO.

Many groups meet monthly during the academic year. Others convene only the board every month and hold general membership meetings two to four times a year. There is no right or wrong way. The key is to find what works for your group.

Parents tend to have a limited amount of volunteer time, and you have better ways for them to spend it than attending meetings. It's quite all right to have regular meetings, but don't focus all your efforts on getting people to attend them. Instead, work on getting people to attend your events and volunteer at your activities.

You may state in the bylaws that meetings will be held at a certain time on a particular day of the month (e.g., "the first Tuesday of the month at 7 p.m.") or simply agree to meet "on the same day and at the same time each month, to be determined by the board of directors." It's also possible to be a bit more flexible in your bylaws, with text such as "A general meeting will be held once per month during the school year, at a time and place to be determined by the board of directors and announced at least 30 days in advance."

This section of the bylaws should also set the **quorum** for your group.

A quorum is a minimum number of voting members required to make group decisions. If your quorum is 10 members, for example, and you only have nine in attendance at a general meeting, then you can't vote on group business. If, on the one hand, you consistently get 20 or more members at a meeting, then a quorum of 10 will most likely work fine. If you typically get 150 members at a meeting, then a quorum of 10 will be unfairly small.

The best advice is to set your quorum somewhat lower than typical attendance figures for your group. Of course, a new parent group doesn't know what regular attendance will be. In that case, set the number lower rather than higher, otherwise it might be impossible to meet your quorum and get business done. You can always amend your bylaws later to adjust your quorum number if needed.

This section should spell out how and when members should be **notified about meetings**, such as by written notice, email, fax, telephone, and

so on, as well as how far in advance the notice should be delivered. For example: “The secretary will notify members about meetings via newsletter one week prior to each meeting.”

Some states require a minimum amount of notice prior to a meeting, typically 10 days, though notice might not be required for meetings held on the same day and at the same time each month.

This section may include a provision for **special meetings**. For example: “Special meetings may be called by the president or by any two or more members of the executive board.”

You should also include notification procedures for special meetings (assuming the regular meetings are always at the same time and place on the same day of the month): “The secretary will notify the members of special meetings at least 10 days prior to the meeting, by flyer and email.”

If you’re incorporating, most states require that an “**annual meeting**” be held each year. This is usually the most formal meeting. Members hear the annual reports of the officers, boards, and committees; they elect officers; and they perform other such once-a-year business. Some groups make any bylaw amendments at this time. Many parent groups use this meeting as a social event, as well, to celebrate the end of a successful year.

## 6. Executive Board

This section of the bylaws creates a board for your organization and tells who the members are, how they are elected, their duties as a board, and the quorum for board meetings. This is also where you name a regular meeting day, if you plan to have one. The board may be made up of just the officers of the organization, or you may want to include your principal, a teacher representative, or the staff-parent liaison, if your school has one. Usually the executive board of a parent group consists of at least four to eight members, sometimes more.

**The same questions that apply to how the group as a whole handles meetings applies to the executive board.** You have to decide:

- what the quorum will be;
- whether special meetings may be called, who calls them, and how much notice should be given;

- whether meetings may be conducted electronically;
- whether board meetings are open to the general membership; and
- how to handle removals and vacancies.

These questions should be answered using the same guidelines you used to determine rules for your general meetings, with the exception of quorums. Generally, **the quorum of an executive board (or board of directors) is a majority of the board.** If you have a small board (five or fewer), you would be wise to stipulate that all business transacted requires adoption by a majority of the entire board, not a majority of those present. For example, if you have five board members with three as your quorum, and three people show up for the meeting, all three would have to agree (a majority of the board) rather than only two (the majority of those present). This policy protects absent board members. Otherwise two members, a minority of the board, could make decisions on behalf of the board at large.

This section also states the **board members' duties.** In general, the board conducts the business of the organization between regular meetings. The board also usually has the authority to appoint committees, to set standing rules and policies such as meeting time and the dues amount, and to represent the membership when meeting with others.

What the board cannot do is disobey the orders of the general membership (for example, take money raised to buy a new playground and spend it on books for the library) or act outside its prescribed duties. If it does so, the general membership can countermand the board.

## 7. Committees

Committees other than the executive board may consist of both board members and non-board members. The bylaws may stipulate standing committees or just state that the board may appoint committees as needed (ad hoc).





## BEST PRACTICE

We believe it makes great sense to **organize standing committees on key issues**. Developing experts on topics such as fundraising or arts and enrichment can benefit your group. And allowing your standing committees to do the work of exploring alternatives and deciding on direction at the committee level can help you avoid the dreaded three-hour general meetings that turn off so many parents.

**Temporary committees (also known as “ad hoc” committees) are those that come into existence for a specific purpose and then go away.** For example, if the school is celebrating its 100th anniversary, a centennial committee might be formed. After the celebration has passed, that committee would be dissolved. Or perhaps some students have vandalized the school repeatedly; the parent group might want to form a committee to refurbish the school and run a “school respect” campaign for the remainder of the year.

Some parent groups organize their standing committees by event, such as book fair, fall festival, school pictures, book swap, teacher appreciation luncheon, gift-wrap fundraiser, and room parent coordinators. Others arrange them by category, such as fundraising, hospitality, membership, communications, arts and enrichment, and nominating committee.

There are pros and cons to each method, and some parent groups use a combination. **Tying the committees to events** assures that all programs will have someone in charge and that volunteers working on them will have a good idea of when they’ll be needed and what they’ll have to do. The downside is that when a new event comes up, you have to start a new committee.

**Organizing committees by category** gives group members an opportunity to sign up for the kind of work they enjoy on an ongoing basis. Outgoing types who like to meet new people can sign up for the membership committee, while those with superior sales and organizational skills might prefer fundraising. Also, this kind of committee structure encourages

members to initiate new programs and share ideas for better ways to run current ones. For example, the fundraising committee would not only run existing fundraisers but also come up with new ideas and research them. On the other hand, making a yearlong commitment to one committee might scare off some volunteers.

Either of these options can work as long as you carefully define your committee structure in a way that works for your group's goals and style.

## **8. Finances**

This section lays out several specifics:

- who determines the annual budget;
- who signs the checks;
- how finances should be accounted for (bookkeeping);
- the fiscal year; and
- how funds should be disposed of if the group is dissolved. (Typically, debts and liabilities are paid off, then the remaining funds are distributed to a similar organization, such as another parent group or an education foundation. The recipient organization also must be tax-exempt as well as meet IRS and any other federal regulations that applied to the original organization.)

State law often dictates what records must be made available to an organization's members and to the general public at the school. Also, federal law requires that a tax-exempt organization's IRS Form 1023 (the application for tax-exempt status) and copies of the organization's annual information returns (IRS Form 990) for the most recent three years be available for public review upon request.

## **9. Parliamentary Authority**

Most groups use Robert's Rules of Order to govern how meetings are run, although special rules or bylaws of the organization can still be established to supersede that authority.

Although some may roll their eyes at the thought of following Robert's Rules, basic parliamentary procedures are an organization's best friend. They help meetings run smoothly and efficiently, and that encourages members to come back the next time.

They also provide an impartial way to deal with problems, such as when a parent or administrator hogs the floor or emotions start running high.

You don't have to memorize every word. Many books and websites provide the basic, most frequently used parliamentary procedures in plain language with easy steps. Some parent groups even hand out simplified rules, such as tips on how to make and amend motions and using orderly discussion procedures, to avoid getting bogged down.

A handout covering the basics of Robert's Rules of Order is included with this toolkit.

### **10. Standing Rules**

This section of the bylaws does not need to detail the individual standing rules or policies; it's enough just to indicate that your group may decide to use standing rules and how those rules will be determined.

Standing rules, also called policies, can be thought of as informal bylaws or, alternatively, as a formal way of presenting "the way we've always done it." The standing rules should be recorded by the secretary as a guide for current and future members.

Using standing rules for procedural or less fundamental organizational matters can be a smart move because changing standing rules is usually easier than changing bylaws.

Standing rules can be invoked for one meeting, such as at a special meeting where, by majority vote, the assembly agrees to limit discussion on the topic at hand to one hour. Standing rules also can be established at the inception of a group and kept in place until the motion that brought them forth is rescinded or amended.

Typical standing rules include the start time for regular meetings, the meeting place, and traditions such as holding the annual meeting at a local restaurant or the president's home.

Standing rules can also be useful when there's an extraordinary but temporary situation. For example, if normally the PTO secretary handles all correspondence but this year there is more correspondence than usual, the group could move to appoint a secretarial assistant for the duration of the year. Having this assistant becomes a standing rule that can be rescinded when there is no longer a need.



## **11. Dissolution**

This section of the bylaws sets out provisions for dissolving the organization. Typically, previous notice and a two-thirds vote can dissolve an organization. This section may also include instructions for distributing any assets the organization may have (see article 8, “Finances,” on p. 21). Even if you aren’t planning to incorporate or file for tax-exempt status, it makes sense to use IRS-approved language here so that you’ll have maximum flexibility down the road.

## **12. Amendments**

Amendments allow the membership to alter or repeal the bylaws, with proper notice.

“Proper notice” is up to the organization to decide and should be defined in this section. It may be the same as for a special meeting, it may be the period from one regular meeting to the next, or it may be only at the annual meeting.

The way “proper notice” is given to the membership should also be written into the bylaws. There are two typical options. The first is submitting bylaw amendments in writing to the board or bylaws committee, if you have one, with a specified number of additional signatures. Usually two or three are required, showing that more than one person is interested in making the change. The second method is giving notice orally at the previous meeting.

According to Robert’s Rules of Order, amendments are approved by a two-thirds vote of those present, assuming a quorum.

## **13. Conflict of Interest Policy**

The conflict of interest policy should describe how to determine whether an officer conflict of interest exists and, if so, how to address it. If your group applies for 501(c)(3) status using Form 1023, you must include a conflict of interest statement with your application. While the shorter Form 1023-EZ does not require organizations to submit a conflict of interest statement, we recommend including one anyway. (For help determining which form your group should use, see Chapter 5 of this toolkit.)

The sample language is long, complex, and undeniably written to cover a variety of situations far more sophisticated than what the typical parent group sees. But by using the exact language the IRS suggests, your parent

group can adopt a comprehensive conflict of interest policy that will be sure to pass IRS scrutiny.

A sample conflict of interest statement recommended by the IRS is included with this toolkit. It's also part of the complete sample bylaws accompanying this toolkit.

## Final Steps

You may want to have an attorney look over the bylaws to make sure they agree with state guidelines, then hold an organizational meeting of your members to approve them. Once in place, a well-formed set of bylaws should be your guide in times of disagreement and your best friend when looking to run your group efficiently. Defining the various roles and responsibilities should spread the work of your group clearly among many members—easing the strain on leaders, allowing you to get more done as a group, and grooming new leaders for years to come. 🌟



### LEARN MORE

- [How To Write PTO Bylaws](#)
- [10 Key Points About Bylaws](#)
- [Bylaws/Policies File Exchange](#)
- [Bylaws/Nonprofit resources page](#)
- [Leader's Toolkit](#)
- [Secretary's Toolkit](#)
- [Treasurer's Toolkit](#)



## Chapter 4:

# Incorporation: Becoming a Legal Entity

Once you get an EIN, incorporation is the best next move. Incorporation involves registering your group in your state and filing “articles of incorporation”—paperwork that shows that your PTO is organized in a professional way. After that, you can fairly easily move into the process of applying for your 501(c)(3) tax-exempt status.

You don’t have to incorporate, but there are three good reasons to do so:

**The corporate shield:** Incorporating helps protect your officers and members from being held personally liable in a lawsuit against the organization. The act of incorporating creates a distinct legal entity: your PTO. In effect, it demonstrates that actions you take as an officer are made on behalf of the PTO and aren’t personal business. Thus, you are protected from liability in most cases. This protection is referred to as the “corporate shield.” (We also recommend that parent groups have liability insurance. See Appendix A, “Are You Covered?” for a discussion of insurance needs.)

**Increased independence:** Incorporating increases the PTO’s control over its activities. As a distinct legal entity, your group can assert ownership of its assets and independence in its actions more easily.

**Stronger public image:** Incorporating gives the group credibility. The public perception is that an incorporated organization is more “serious” than an unincorporated association of individuals. This can be important, for instance, in soliciting donations from local businesses.

Despite these advantages, some groups don’t incorporate. Among the most common reasons:

- Incorporating creates paperwork (the initial filing plus an annual report, though in some states this is just a one-page form).



### CHAPTER 4 TOOLS

- Incorporation: Key Questions
- Sample Articles of Incorporation

- It takes money from the group's coffers (usually less than \$100 in state filing fees, plus attorney's fees if you consult a lawyer).
- It adds a layer of formality that some groups don't feel is necessary.



### BEST PRACTICE

We believe incorporation is a wise investment of time and money for the future of any parent group. Eligibility for grants and funding, professionalism, and even limited liability are all benefits that far outweigh the short-term effort and limited expense of incorporating and then becoming a federally tax-exempt 501(c)(3).

## Incorporation, Step by Step

While you're working on your paperwork, go ahead and appoint the initial directors of your group (essentially, your executive board)—in some states, the directors' names must be on the articles of incorporation when you file them.

If you're going to incorporate, do so before filing for tax-exempt status from the IRS. The IRS considers a group a new entity when it incorporates. In other words, even if you already have tax-exempt 501(c)(3) status, you would be required to refile after you incorporate.

### 1. Obtain Incorporation Forms From Your State's Corporate Filings Office

Every state has a corporate filing division, usually part of the secretary of state's office. This office will provide information on incorporating in your state, which typically includes your state's nonprofit corporation laws, fill-in-the-blank forms, and a filing fee schedule. A search for "incorporating in [state name]" will usually get you to the right spot; the IRS also lists relevant government agency links on its [State Links for Exempt Organizations](#) page.

The procedures and rules for incorporating vary from state to state. The steps outlined here are the most common, but each state has its own quirks. You'd do well to get your key incorporation steps directly from your state's experts.

**To make things simpler and to avoid having to contact your state's corporations office repeatedly, keep this list of key questions on hand when you call or visit the website.** A one-page printable copy is included with this toolkit.

- How many days' advance notice are required before regular and special meetings?
- What is the minimum number of directors (officers) this state requires?
- Where can we find the specific language required by the state for articles of incorporation?
- Once we've received federal tax exemption, do we file a separate application for state tax exemption or provide proof from the IRS? (In many states, federal approval automatically leads to state approval with no more action on your part. You don't need this answer for the incorporation process, but it'll be helpful if you decide to apply for tax-exempt status.)
- Do we need any special permits from the state to run our programs—for example, a state tax permit if our group will be selling anything?

With this list in hand, you're ready to contact your state corporations office and begin the process of incorporating.

## **2. Choose a Business Name**

When choosing a name for your group (typically "[Name of School] Parent-Teacher Organization"), you must comply with your state's naming guidelines. They vary, but most states have these requirements:

- The name of your group can't be the same as another group on file with the corporations division and can't violate the trademark of a company. (Unless your school has a very common name, this shouldn't come into play.)
- The name must end with what's known as a corporate designator: "Corporation," "Incorporated," or "Limited."
- The name can't contain certain words, including "bank," "cooperative," "federal," "national," "United States," and "reserve." (Not that you would; "XYZ Elementary PTO Inc." is typical and perfectly acceptable).



The corporations division can tell you whether a name is available and, for a small fee, will sometimes hold the name for you briefly until your articles of incorporation are filed. But again, this probably isn't necessary unless your school has a very popular name and there's risk of confusion. Once you file the articles, the name is automatically registered.

### 3. File Articles of Incorporation

Now it's time to prepare and file your formal paperwork and pay the filing fee. This document is often called the "articles of incorporation." We've also heard the terms "articles of organization," "articles of association," "certificate of incorporation," "certificate of formation," "charter," and even "constitution" used in this context. All of these terms refer to the organizing document for your group. We'll use "articles of incorporation" here because it's the most common name and it's acceptable for the IRS application process for federal tax exemption (described in Chapter 5).

### What Are Articles of Incorporation?

The articles of incorporation make up a document stating the particulars of how your parent group will be organized and maintained as a legal nonprofit corporation, including the name of the group, why it has been organized, number of members, and so on.

Your articles of incorporation are different from your bylaws, although there's some overlap. Bylaws go into more detail on the operating procedures of your group, whereas articles of incorporation stick to the basics. The distinctions become important when you apply for state nonprofit status and federal tax exemption.

Articles of incorporation are required to incorporate. Most states don't require that you file your bylaws during the incorporation process.

Most states provide a fill-in-the-blanks form to follow for your articles of incorporation. A sample set of articles of incorporation are included with this toolkit to give you an idea of what this form typically looks like, but you'll need to ask your state corporations office for the format that's appropriate for your state.

**Note:** Whether your state has a fill-in-the-blanks form or guidelines for you to write your own articles, you must use the specific language required by the state. The state office will give you that information, either on the form or in the guidelines. If you don't see it, ask for it.