



INCORPORATION OF LIONS CLUBS

Dear Lion Member:

Thank you for contacting the Legal Division for information regarding the incorporation of your Lions Club. Lions Clubs International (“LCI”) has a relationship with Corporation Service Company (“CSC”), a commercial registered agent and company formation service provider, which can assist your Lions Club with incorporation and the completion of required filings with the state Secretary of State office. If your club decides to use CSC services to incorporate, please contact CSC at 800-217-3225 or lionsclubs@cscglobal.com. CSC can coordinate review and authorization by the LCI Legal Division and file the documents with the Secretary of State and return evidence of filing.

You also have the option to handle all necessary filings to incorporate your Lions Club on your own. Please submit the required documents to the LCI Legal Division for review and authorization.

Attached to this letter are sample Articles of Incorporation which have been pre-approved by LCI. This sample may assist your club in developing your own documents for filing. You may need to seek further review by local legal counsel to ensure that any Articles of Incorporation meet all requirements under the laws of the state in which the Lions Club is to be incorporated.

The following is information on the incorporation of your Lions Clubs and the requirements necessary from LCI.

Features of Incorporation

1. In most jurisdictions, individual club members are not individually liable in suits against the club. Liability is limited to the capital or assets of the club.
2. Some states may not allow an unincorporated association of volunteers to hold title to property. Property ownership would require a “trustee” arrangement where some other party holds title for the club. Even where unincorporated associations may hold title, this legal setup does not serve the members’ interests as well as incorporation.
3. Legal documents, such as contracts, etc. are more easily handled under a corporate structure.
4. Tenure of a corporation is perpetual in nature.
5. Lions Clubs may generally operate as well in corporate structure as in unincorporated association form.
6. A non-profit corporation annual report must be filed with the Secretary of State each year. The filing fee varies from jurisdiction to jurisdiction and may be \$100.00 or more.

7. Individual liability protection under corporate structure may encourage action, which may lead to failure of the club. The club may overreach itself in a financial obligation or take on a fundraising project which, by its nature, requires more insurance coverage than is provided under the Association's liability policy for clubs. The Association's policy provides \$1,000,000 liability coverage per occurrence and \$2,000,000 aggregate per year per named insured.
8. Cost of incorporation includes the state filing fee. It may range from \$10.00 to \$250.00 depending upon respective state law.

Incorporation Requirements

1. If your club chooses to incorporate under the not-for-profit corporation laws of your state, it is required that:
 - a) A statement appears in the Articles of Incorporation that the club is a Lions Club chartered by, and subject to, the Constitution and By-laws of the International Association of Lions Clubs.
 - b) The purposes found in Article Three of the sample Articles of Incorporation must be included in the proposed Articles of Incorporation.
 - c) The proposed Articles of Incorporation must be approved by the Association's attorney prior to filing with the state filing office.
2. A suggested form of "Articles of Incorporation" is attached for consideration by your club's attorney.

International Office Notification

1. LCI is required by the United States government to maintain complete records of all Lions Clubs that become incorporated. At the start of each year it is necessary for LCI to file with the IRS a list of clubs that incorporated during the preceding year. Therefore, if your club incorporates, please notify the Legal Division immediately.
2. After a Lions Club has incorporated, LCI will mail a "Letter of Authorization" to be signed by the club president and returned to the Legal Division. LCI must have this in order to continue to include the incorporated club as a subordinate unit of the Association with exemption under the Letter of Exemption granted under Section 501(c)(4) of the Internal Revenue Code dated December 4, 1940, as amended, and reaffirmed annually to the Association.

We trust that these documents will be of some guidance in assisting your club in incorporating. Should you have further inquiries regarding this matter, please contact the LCI Legal Division or CSC.

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