

Voluntary Closure by Chapter

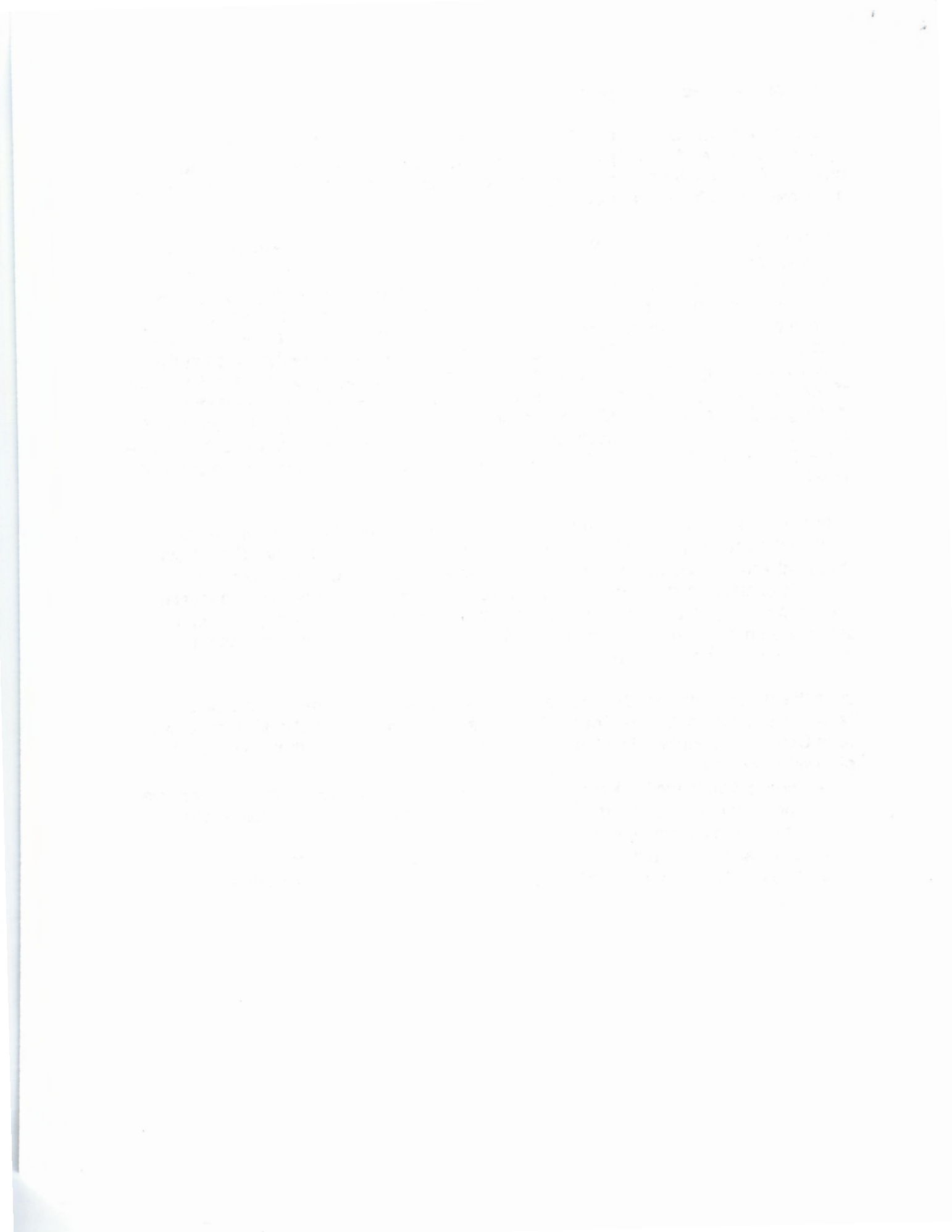
There are VVA Chapters who voluntarily choose to close or shut down their chapter operation and the VVA State Council President should make every effort to restore the chapter. If the chapter has made the decision to close, the VVA State Council President shall inform the chapter leadership of the procedure to follow.

To start the chapter charter revocation process the chapter leadership (chapter board of directors) has several tasks to accomplish and this will include: (1) notify the chapter membership by mail of the intent to close or shut down the chapter operation; (2) the notice must contain the date of the regular or special meeting when the members attending will vote on the closure or shut down decision; (3) the notice will inform the chapter membership that if closure is approved by the members in attendance at the meeting, they may affiliate with another chapter or go to at large status; (4) an inventory of chapter property, all records and financial accounting shall be presented during that meeting to the membership; (5) the disposition of the chapter property, all records and the balance of the treasury should be determined at that meeting; and (6) notify the VVA State Council or VVA Regional Director in case there is no state council of the chapter's decision.

After the decision has been approved by the chapter membership, there are several items that must be provided to the VVA National Secretary and their VVA State Council President and these items shall include; (1) a letter notifying the Corporation of the chapter's decision to close or shut down chapter operations; (2) a copy of the meeting notification letter; (3) a copy of the meeting minutes; and (4) an inventory of chapter property, all records and financial accounting with the chapter's determination on disposition of the said items noted.

Once the chapter has provided the necessary documentation to the VVA National Secretary and the VVA State Council President, there should be a checklist made by the State Council to complete the charter revocation and this checklist should include the following key items.

- Notification to the VVA Membership Department of the closure to insure that the former chapter members either transfer to another chapter or become at large status and new membership cards will be issued
- Disposition of chapter property turned over to the State Council
- Work with the Secretary of State's office to un-incorporate the chapter



VVA Chapter Charter Revocation Membership Policy
(10/02/09)

The purpose of this VVA Membership policy is to provide and establish a consistent process by which State Councils may address the possible revocation of a Chapter Charter when:

- 1) A Chapter has been suspended by the National Corporation for failure to submit an annual Chapter financial report and/or an annual Chapter election report, as required by the VVA Constitution, and the Chapter has or biennial neither submitted the delinquent report nor been relieved of the responsibility to do so; or
- 2) A Chapter has been determined (by the State Council) to be inactive and unlikely to become active again; or
- 3) A Chapter has decided to voluntarily dissolve.

Whenever a Chapter Charter is being or has been revoked, all members of the Chapter will revert to at-large status, unless they wish to transfer to another Chapter. Loss of a Chapter Charter does not mean loss of individual membership in VVA.

A. Chapters Suspended for Failure to Submit Required Report(s) to the VVA

Financial Report: A Chapter is placed in a suspended status by the National Corporation for failure to submit an annual Chapter financial report by **July 15 of each year** with its State Council and with the VVA Membership Department, as required in **Article IV, Section 1.A of the VVA Constitution**.

Election Report: A Chapter is placed in a suspended status by the National Corporation for failure to submit an annual or biannual Chapter election report. The Chapter shall submit the election results to both the State Council and National Membership Department not later than July 15 of the year in which the elections take place, as required in **Article III, Section 9 of the VVA Constitution**. Chapter elections are to be held in April, chapters have the option of electing officers for 1-year or 2-year terms, and chapters may choose to stagger terms of office for continuity purposes.

1. When a Chapter does not file an election or financial report by the deadline, the National Corporation will notify the Chapter of this suspension and inform them that charges will be filed to revoke the Chapter's charter under provisions of the VVA Code of Disciplinary Policy & Procedures (the Code) if the delinquent report(s) is/are not filed with its State Council and the VVA Membership Department. The appropriate State Council President and Regional Director will receive copies of this notice of suspension.
2. While suspended, a Chapter may continue to use the VVA name and logo for authorized purposes; continue to receive unsolicited tax-deductible contributions; and conduct Chapter business only for the purposes of calling meetings for disbursing funds previously raised in VVA's name to pay Chapter obligations. The Chapter may not engage in fund-raising

activities, regardless of contractual arrangements; receive revenues generated by VVA, to include member dues rebates or Household Goods Solicitation Program funds; send delegates to the National Convention; or send delegates to State Council Conventions. (VVA Code of Disciplinary Policy and Procedure, Section II.B.) State Council bylaws may also restrict suspended Chapters from participating in certain State Council activities.

3. Within seven (7) working days of receipt of notification by the National Corporation that a Chapter has been suspended, the State Council is responsible for contacting the Chapter Officers/Board of Directors for the purpose of determining the reason the report(s) was not filed as required, and to assist the Chapter in meeting any delinquent reporting requirements.
4. If the State Council believes circumstances justify it, the State Council President may petition the National Board of Directors to relieve the Chapter of the responsibility for filing the report(s) in question for a period not to exceed three (3) months.
5. If the State Council determines that the Chapter has become inactive (no longer holds meetings, is unable to establish a quorum to conduct business, the terms of elected officers have expired, etc.) and is unlikely to become active again, the State Council President will initiate the procedures in Section B of this policy.
6. If the Chapter fails to provide the delinquent report(s) after being suspended, the State Council and the Regional Director will be notified by the VVA Membership Department, and the State Council will file charges under the provisions of VVA Code of Disciplinary Policy & Procedure in Section 1.C.7.d. which addresses the process to be used. See Attachment A for an example of a letter that a State Council President (or a Regional Director) can use to transmit such charges.

The charge against the Chapter would be GROSS NEGLECT under the Code:

1. The chapter failed to comply with the duty to submit annual financial report and/or election report.
2. The charge(s) are sustained by the evidence consisting of a copy of the VVA Membership Department notice of non-compliance and suspension which has been verified to be true and accurate and any correspondence between the State Council and the Chapter (including e-mails).
7. If the State Council fails to act within thirty (30) days of the deadline of seven (7) working days specified in this policy, the Regional Director will file the charges against the Chapter. If the Regional Director fails to act, the National Secretary will file the charges against the Chapter.

B. Chapters That the State Council Has Determined Are Inactive and Unlikely to Become Active Again

If the State Council determines that a Chapter has become inactive (no longer holds meetings, unable to establish a quorum to conduct business, the terms of elected officers have expired, etc.) and is unlikely to become active again, the State Council will:

1. Send a letter to all members of the Chapter calling a special meeting to determine if the membership of the Chapter wishes to continue as a Chapter or decide to dissolve. In accordance with the VVA Constitution, Article III, Section 4.E, notice to the members will be at least ten (10) days prior to the meeting date.
2. If the Chapter members decide to reactivate the Chapter, the State Council will assist the Chapter in meeting any delinquent reporting requirements (VVA, State, Commonwealth, or Territory, hereafter referred to as "State"; or "Federal"), and in completing any other activities required to resume functioning as a Chapter. This assistance may involve assigning a duly elected or appointed member of the State Council as a temporary mentor, obtaining Chapter records and/or Chapter property from previous Chapter officers, or other assistance warranted by the situation.
3. If the Chapter members decide to disband, the State Council will initiate the procedures in Sections D and E of this policy to dissolve the Chapter, to revoke the Chapter's VVA Charter, and to dissolve the Chapter's incorporation within the State.

C. Chapters That Decide to Voluntarily Dissolve

1. A Chapter may initiate voluntary dissolution by a majority vote of members at any regular, annual, or special meeting where a quorum is present.

Although not required by the VVA Constitution, if the decision is to be made at a regularly scheduled meeting, the Chapter Board of Directors should consider sending a notice at least ten (10) days of advance of the meeting to inform all members that such action is being considered and will be voted on.

If the decision is to be made at an annual or special meeting, notice of the meeting, specifying the purposes for which such meeting is called, the date, time, and place it is to be held, shall be delivered either personally or by mail to each member entitled to vote at such meeting, at least ten (10) days before any special meeting, and not less than thirty (30) days nor more than fifty (50) days before any annual meeting.

If after proper notification has been made by the Chapter for a regularly scheduled, annual or special meeting to discuss voluntarily dissolving the Chapter and the actual meeting fails to obtain a quorum, the Chapter will inform the State Council immediately of the problem.

2. The Chapter will notify the State Council by letter of the action determined by the Chapter, or the fact the meeting failed to obtain a quorum, and additional documentation may be requested by the State Council to determine the inactive status of the chapter.

3. If the Chapter has voted to dissolve or the State Council has determined the Chapter to be inactive, the State Council will assist the Chapter officers in following the procedures in Sections D and E of this policy to dissolve the Chapter, to revoke the Chapter's VVA Charter, and to dissolve the Chapter's incorporation within the State.

D. Revocation of a VVA Chapter Charter

The National Corporation can revoke only a Chapter's VVA Charter. Because each Chapter is an independently incorporated entity, un-incorporation is under the purview of State laws and regulations. Chapters voluntarily dissolving and State Councils needing to dissolve inactive Chapters or Chapters whose Charter has been revoked must consult with the State office which issues incorporations, and any other State offices which govern non-profit organizations or charitable fund-raising.

The following applies to all Chapters being dissolved, whether as a result of disciplinary action, voluntary action by the Chapter, or when a Chapter is determined by the State Council to be inactive. Although VVA can, if necessary, revoke a Chapter Charter before the corporation that was created to be a Chapter is dissolved under state law, VVA would normally prefer that the corporation that became a Chapter be dissolved under state law before VVA revokes the Chapter Charter. (See "E. Dissolution of the Corporation Created to Be a Chapter" below.)

1. Revocation of VVA Chapter Charter

- a. Article IV, Section 1, paragraph A of the VVA Constitution allows the revocation of a Chapter Charter upon filing of the charges under the National Disciplinary Policy for failure to file required election or financial reports. In accordance with this provision, the Chair of the National Disciplinary Committee will take action immediately upon receiving charges to determine if the charges are justified under the VVA Constitution and the "Code". See Section 1.C.7.d. of the VVA Code of Disciplinary Policy and Procedure for procedure.
- b. When a Chapter has decided to voluntarily dissolve, the State Council will forward the notification from the Chapter to the VVA National Secretary requesting revocation of the Chapter's Charter and will indicate to the National Secretary whether action has been taken to dissolve the corporation under state law.
- c. When a Chapter is determined to be inactive, the State Council will request in writing that the VVA National Secretary initiate revocation of the Chapter's Charter. The letter of request should include the circumstances (period of time during which no meetings have been held, date of expiration of the terms of the last elected officers, etc.) and efforts the State Council has made to contact the Chapter, and whether Chapter property/records/etc. were located and secured. The request should also indicate whether action has been taken to dissolve the corporation under state law.

- d. After the National Board of Directors has revoked the Chapter Charter, the VVA National Secretary will notify the State Council and the VVA National Membership Director of the revocation. The National Membership Director will include all documentation in the Chapter file and annotate the file and the database to indicate the date of Charter revocation.
- e. The State Council will notify all Chapter members of their status as VVA members, that the Chapter has been dissolved, and that all members will revert to at-large status unless they wish to transfer to another Chapter.

E. Dissolution of the Corporation Created to Be a Chapter

The dissolution of a Chapter as a corporation involves several important matters that the State Council must consider and address in order to prepare for Chapter Charter revocation and the State Council will address these issues prior to revocation: 1) any state law/regulation pertaining to Chapter dissolution; 2) notification to the Federal Internal Revenue Service and notification to the VVA Finance Department of Chapter dissolution; 3) the actual disposition of Chapter assets and records; and 4) disposition of Chapter financial accounts.

VVA can, if necessary, revoke a Chapter Charter before the corporation has been dissolved under state law, but the preference for dissolution before Charter revocation is intended to insure that significant matters, such as Chapter assets, like funds and property, have been properly taken care of before the Charter is revoked. VVA's interest in orderly dissolution and in proper distribution of any remaining Chapter assets for exempt purposes derives from both the group exemption letter, which the IRS granted VVA so that VVA Chapters and State Councils could be tax-exempt, and from VVA's general good will and reputation.

1. Chapter Dissolution With the State

As State laws vary, the State office which incorporated the Chapter must be contacted to determine what steps must be taken. If the Chapter is voluntarily dissolving, the Chapter officers should complete this process. If the Chapter is inactive or non-functional, the State Council is responsible for completing the process.

1. Answers to the following questions should be obtained:

- o What is the process to un-incorporate?
- o What forms/ documents must be filed?
- o Are there fees?
- o Does state law/regulation dictate disposition of property/assets and records?
- o Does the State dictate a process that must be followed (e.g., if monetary assets must be donated to a charitable organization, does state law/regulation dictate how that charity is chosen)?
- o For Chapters numbered 1 through 799, could the assets be donated to the parent organization (i.e., the State Council or VVA National)?
- o What final reports (annual report, tax returns, etc) need to be filed?

2. Chapter Dissolution With the Federal Internal Revenue Service

- a. File final return. Forms 990/990E-Z/990PF include a Termination box in the header area on page 1 which should be selected to indicate the organization is ceasing to exist. Form 990 and Form 990-EZ filers must also attach Schedule N, *Liquidation, Termination, Dissolution or Significant Disposition of Assets*. See www.irs.gov; search "termination of an exempt organization"
2. Notify the IRS so that it will no longer expect the chapter to file annual returns. To do this, send a letter to:

EO Determinations

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

The following items must be submitted with the request:

1. A list of the last set of officers or trustees and their daytime telephone numbers
2. One of the following:
 - a) Articles of Dissolution filed with state officials
 - b) Minutes of the meeting where the vote was taken to dissolve (signed and dated by an officer)
 - c). The VVA Finance Department will be notified so that the Chapter will not be included on the annual list sent to the IRS of which Chapters and State Councils are covered by VVA's group exemption letter.

3. Disposition of Chapter Assets and Records

- a. For Chapters numbered 800 and above, the Articles of Incorporation contain verbiage stating that upon dissolution all assets are distributed among the State Council. Any such distribution of Chapter assets will be determined by the State Council and/or members and this decision should be recorded in the State Council meeting minutes.
- b. For Chapters numbered 1 through 799, disposition of Chapter assets is by State law/regulation. If not specified by State law/regulation, Chapter assets and records will revert to the State Council.
- c. Disposition of assets should be documented in the Chapter records.
- d. Disposition of Chapter records is up to the State Council unless otherwise prescribed by State law or regulation.

4. Disposition of Chapter Financial Accounts

To determine disposition of Chapter financial accounts for Chapters numbered 1 through 799 and Chapters numbered 800 and above, the State Council will initiate the procedures in Section E of this policy.

- a. All financial assets remaining after paying expenses associated with dissolution (e.g., fees to un-incorporate, legal or accountant fees if incurred) of the Chapter is by State law/regulation.
- b. When all obligations have been settled, all financial accounts must be closed and the final statements included in the Chapter financial records.

ATTACHMENT A

Example of Letter State Council President (or a Regional Director) Can Use to Transmit Charges of Gross Neglect Against Suspended VVA Chapter for Failing to Comply With

VVA Constitution Requirements for Chapter Financial Report(s) and/or Election Report(s)

_____, 20XX
(name) Chair, National Disciplinary Committee
Vietnam Veterans of America
8719 Colesville Road, Suite 100
Silver Spring, MD 20910

Re: Charges of Gross Neglect Under the VVA Code Against a Suspended VVA Chapter to Revoke the Chapter's Charter Pursuant to [Article IV, Section 1.A. if financial report or Article III, Section 9 if election report or both] of the VVA Constitution

Vietnam Veterans of America (VVA) Chapter ____, last known to be located in **[Town, City, State]**, was suspended ____ (date) _____ for failing to file the [annual financial report(s) required by Article IV, Section 1.A. of the VVA Constitution and/or the election report required by Article III, Section 9, or both]. I have determined either: (1) that this Chapter is no longer functioning as a VVA Chapter or (2) that, if this Chapter is still active as a VVA Chapter, and does not intend to file the missing annual report(s) to allow the suspension can be lifted.

Consequently, in my capacity as the ____ (state) _____ VVA State Council President [or the VVA Regional Director for Region ____], I am filing charges of Gross Neglect against suspended VVA Chapter ____ to revoke the Chapter's Charter in accordance with Article IV, Section 1.A. of the VVA Constitution, and with Section I.C.7. of the VVA Code of Disciplinary Policy & Procedures.

The Statement of Charges is attached along with written evidence from VVA that this Chapter was suspended for failing to file required report(s) for the year(s) indicated. A summary of the actions the State Council has taken to resolve this issue and the factors that led to my determination that the Chapter is no longer functioning or that the Chapter does not intend to file the missing reports is also attached.

I understand: (1) that the charges will be processed by the National Disciplinary Committee which is responsible for determining whether the charges comply with the Code and are deemed filed; (2) that Article IV, Section 1.A. of the VVA Constitution authorizes VVA to revoke the Charter of such a Chapter "upon the filing of charges", which means no disciplinary hearing is necessary; and (3) that the actual revocation of the Charter will be done by VVA, not the National Disciplinary Committee.

Sincerely,

[State Council President] or [Regional Director]

cc: Regional Director [or State Council President if Regional Director sends letter]

National Secretary