

Typical Governance and Registrations for Neighborhood Associations

Organization:

The Association's bylaws are the organizing document that creates the association and governs its operation. All Board members should have a copy of their current bylaws and be familiar with its contents.

Recognition: - City

The City of Portland recognizes neighborhood associations within its jurisdictions that comply with the *Standards for Neighborhood Associations, District Coalitions, Business Associations, and Office of Neighborhood Involvement*. Recognition is granted with a letter of request and a copy of the Association's bylaws. It is in effect until revoked, generally in response to a complaint about non-compliance with bylaws. Recognition provides some public financial support and inclusion in public processes.

Incorporation: - State

The Association may incorporate as a non-profit business within the State of Oregon. This requires filing Articles of Incorporation (one page), including a copy of the bylaws, and paying a filing fee. Once the Association is incorporated, it becomes a business entity that can obtain a federal tax ID # and hold property and make contracts. Incorporation provides some liability protection for association board members. An annual fee must be paid to maintain the corporate status.

The activities of non-profit charitable organizations (including neighborhood associations) also need to file an annual report, CT-12, (one page) with the Oregon Department of Justice. The fee is \$10 unless the organization has revenue over \$25,000 or assets over \$50,000. Associations that incorporate as public benefit non-profits are automatically registered with the Oregon Department of Justice.

Tax Status: - Federal

The benchmark for non-profit organizations is often their 501(c)3 federal tax status. Many grants are only available to 501(c)3 organizations; it may impact insurance availability; and donations to 501(c)3 organizations are deductible from federal taxes. For these reasons, there is some advantage to obtaining the status. However, the application is long, it costs several hundred dollars, and the process takes several months to get an initial ruling and three years to confirm the status. When filing for the status, often neighborhood associations are put in the 501(c)4 status, which does not convey all of the benefits.

All East Portland Neighborhoods are now members of East Portland Neighbors, which is a 501(c)3 organization. If a neighborhood project can benefit from the status, you can use their tax status by asking EPN to be fiscal sponsor for the project.