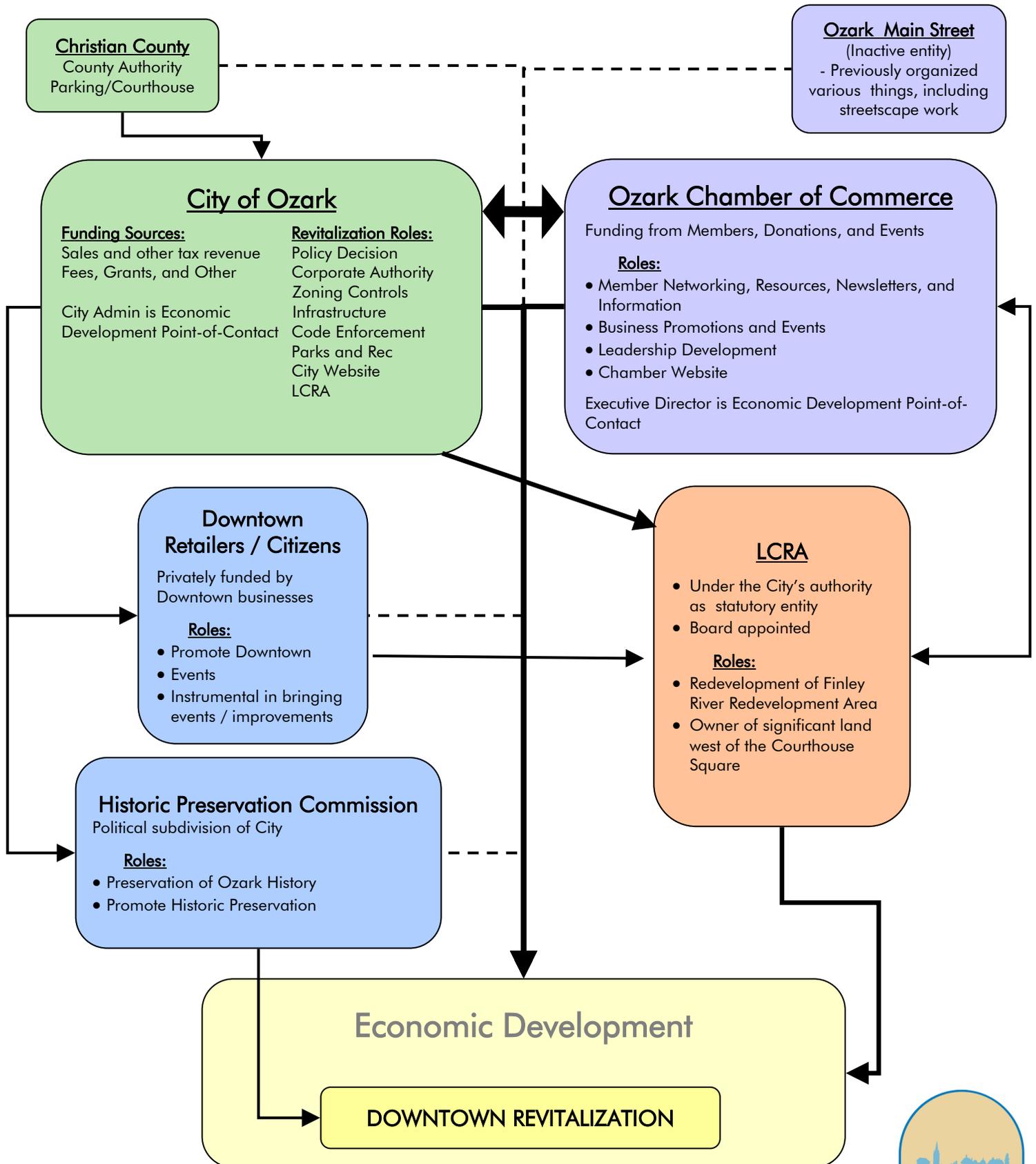
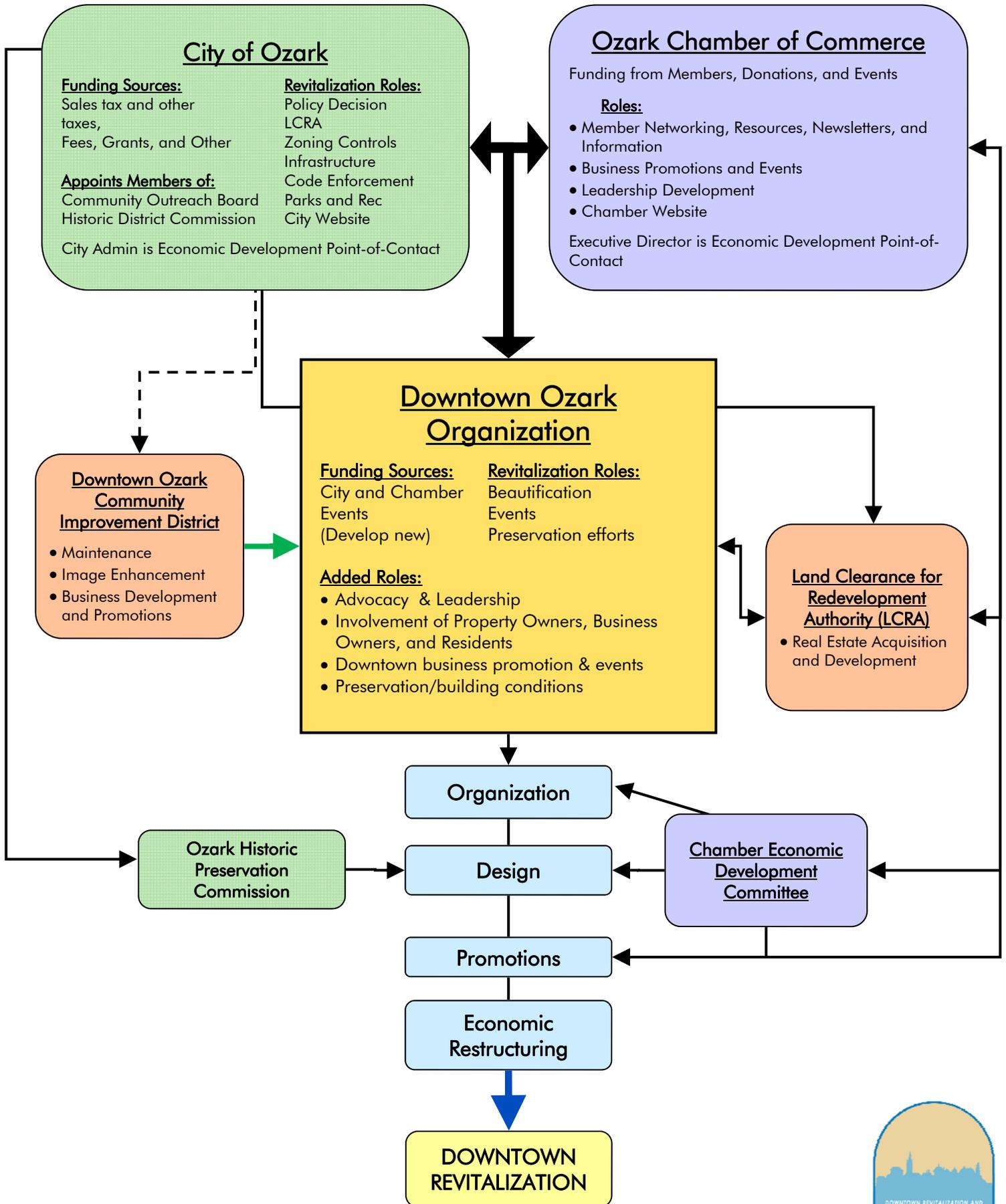


EXISTING DOWNTOWN ORGANIZATIONAL STRUCTURE



Ozark Main Street
(Inactive entity)
- Previously organized various things, including streetscape work

RECOMMENDED DOWNTOWN ORGANIZATIONAL STRUCTURE



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Downtown Organization Checklist

The Downtown Organization's purpose is to provide leadership and assistance in Downtown revitalization. Work will include directing local government planning projects, developing funding sources, and improving quality of life. The Downtown Organization will function as the umbrella group that directs revitalization efforts for Downtown and other organizations.

The foundation of all non-profit entities is public trust and accountability. In exchange the government requires/allows:

1. Directors are held accountable by the Federal and State government, Funders, Donors and Stakeholders.
2. Tax deductible contributions and exemptions, all of which serve as a form of public or governmental subsidy.
3. The basic rules of operating a non-profit organization:
 - Establish a charitable mission, and determine goals and strategies.
 - Incorporation or other form of organization
 - Development of an independent Board of Directors
 - Create funding along with financial accountability
 - Retain staff and board leadership and oversight
 - Cultivate a core of volunteers and supporters

Steps to Establishing a Downtown Nonprofit Organization

• **Determine Purpose of Organization**

The Downtown Organization should be designed to encourage broad community support and lead the Downtown Revitalization effort. It will be responsible for advocacy on behalf of the Downtown community and the promotion of its member's interests. The organization and City should work together to form a partnership for revitalization efforts.

• **Organization Membership**

The membership base of the organization should aspire to include a broad array of residents and businesses interested in Downtown revitalization. Membership will not be restricted to Downtown residents and business owners, but should be extended to surrounding neighborhoods. However, voting and policy direction may not need be so broad based.

• **Form a Board of Directors**

The Board should consist of 7 to 13 people from both public and private entities that draw from other existing organizations, and at least one Downtown resident. The Board of Directors has an assortment of responsibilities which include:

1. Determine the organization's Mission and Purpose.
2. Select the Chief Executive Officer
3. Provide proper financial oversight and public accountability.
4. Ensure adequate resources.

Downtown Organization Checklist

5. Ensure legal and ethical integrity and maintain accountability.
6. Ensure effective organizational planning (both short and long term).
7. Recruit, orient and train new Board Members and define and assess Board effectiveness.
8. Enhance the organizations public standing.
9. Determine, monitor and strengthen the organization's programs and services.
10. Support the Chief Executive Officer.
11. Define their effectiveness and assess their performance annually.

- **File Fictitious Name**

The organization should file a fictitious name with the Missouri Secretary of State. The state requires any business who transacts business in the state to register that business name with the Secretary of State.

- **File Articles of Incorporation**

The Articles of Incorporation act as a charter to establish the existence of the corporation and set forth certain basic information about the new organization. The Articles of Incorporation are filed with the Secretary of State. Once filed and approved by the State the Articles of Incorporation legally create the organization as a registered business entity within the state.

Whether you prepare them yourself, or consult an experienced business attorney for assistance, the Articles of Incorporation do not necessarily need to be complicated or extensive. Articles of Incorporation will most likely be accepted for filing as long as they contain the minimum information required and

identified. But you likely need not create the articles completely from scratch. Once the Articles of Incorporation are written and signed, they are ready for filing with the Secretary of State's office (or similar state agency that handles business registration). In all states, the filing of the articles of incorporation requires the payment of a corresponding filing fee.

Incorporation is the first step in filing for tax-exempt status. Incorporation will protect board members and other individuals in your organization from being held personally liable in case of a law suit. Nonprofit status requires an additional step of applying for tax-exempt status.

- **Draft Bylaws**

When forming a new nonprofit, one of the first things to do is create your nonprofit's corporate bylaws. Contained within a single written document, the bylaws dictate the operating standards and procedures that the corporation will follow throughout its life as a business entity -- outlining what the corporation can and cannot do.

Bylaws are the rules that govern the internal management of an organization. The bylaws should cover how directors are elected, meetings are conducted, and what officers the organization will have and their duties. An organization does not officially exist until the bylaws have been approved by the board of directors. Bylaws and the articles of incorporation are the primary official documents for a corporation.

The bylaws should also address the following organizational issues:

- Membership - if the organization

Downtown Organization Checklist

will have members, who they are, how/when membership meetings will occur, what notice is required for meetings, requirements of a special meeting, quorum, and voting.

- Board of Directors — number, election process, meetings, length of term, number of terms allowed, vacancies, removals, quorum, officers, and standing committees.
- Fiscal management — fiscal year, and committee/officer responsibilities, compensation of directors, reporting requirements and dues.
- Amendments — how will amendments be made and approved.

The following actions are recommended:

- Have an attorney help draft the initial bylaws and examine any major subsequent changes.
- Tailor bylaws to meet the organization's mission.
- Consider potential short-term, growth and build flexibility into the bylaws.
- Review bylaws on an ongoing basis and revise as necessary.

The bylaws are one of the most important Board standards and usually the Board adopts the bylaws first. Bylaws are not filed with any agency. They are kept as a key part of the corporation's business records, and may need to be disclosed to potential investors, creditors, and other entities with which the corporation does business.

• **Apply for Tax ID Number**

Nonprofit organization should have an Employer Identification Number (EIN). The EIN must be obtained before filing for tax exempt status.

• **Develop a Strategic Plan**

The strategic plan should provide initial direction to Board Members and key staff when applying for any start-up funding, and for recruiting new Board Members. The strategic plan should identify the goals, operating programs, funding sources, events, staff, volunteers and more. The strategic plan should include input from stakeholders. The strategic plan should address:

- Define 5-8 goals that must be achieved over the next year.
- For each goal list 4-5 objectives to achieve the overall goal.
- For each objective list the resources needed.

• **Develop a long term operating budget, capital budget, and resource development plan**

A business plan and budget are useful when identifying where funding will come from, if the organization will rely on grants, individual donations, state or federal contracts, and what expenses the organization will incur. A business plan and budget will prove vital to the organization.

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- **Organization Finances**

It is important to establish a prudent system of checks and balances when dealing with the finances of an organization. It is advisable to allocate finance responsibility among several people so that no one person is in charge of handling all of the transactions related to money. For example, when dealing with the receipt of cash, there should be one staff member who receives and tallies the funds, but a different staff member who then is responsible for taking the money to the bank and making the deposit.

Arrange for bank statements to be sent directly to an individual responsible for ensuring that each transaction can be accounted for. In turn, the bank statements then can be forwarded to another individual responsible for reconciling the account. By proceeding in such a prudent fashion, the potential for misappropriation of funds is minimized.

- **Obtain Income Tax Exempt Status from the IRS**

Once the organization's Articles of Incorporation have been filed and the bylaws have been approved by the Board of Directors, the next step for a new nonprofit is applying for federal tax exemption from the Internal Revenue Service. There are several steps and filing requirements an organization needs to complete before receiving tax exempt status.

The IRS requires 2 forms to qualify for tax exempt status, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) and Form 8718,

User Fee for Exempt Organization Determination Letter Request. Both forms should be submitted together.

- **Recruit Staff &/or Volunteers**

It is essential for the organization to have capable staff in place to carry out programs and administrative functions. Finding competent staff is extremely important, and in some ways it is even more challenging than recruiting board members. However, all recruiting of staff is dependent upon the funding capabilities of the organization.

- **Establish Payroll & Procure Necessary Insurance**

If necessary, make payroll arrangements to compensate staff, as well as independent contractors. It is important to distinguish the role of independent contractors from that of staff. Independent contractors are hired to perform very specialized, short-term projects for the organization (i.e. accountants, lawyers, consultants), whereas part-time staff are permanent or long-term employees of the organization.

Funds that are earmarked for payroll tax must never be used for any other purpose. Be very careful, since committing such an error may result in substantial penalties from the Internal Revenue Service. In addition to salary, benefits are an important part of the compensation package, and your state government will insist that you have certain insurance coverage. These ordinarily include workers' compensation and disability insurance at a minimum.

Downtown Organization Checklist

- **Fundraising Plan**

There are many different ways to maintain a viable, financially stable nonprofit organization. It is important to develop funding from a mix of individual and institutional sources, as well as earned income generated from special events, products, services and membership fees.

Individuals extend their support in a variety of ways: they make contributions and pledges in response to direct mail requests, appeals on the Internet, door-to-door canvassing, and face-to-face solicitations. Institutions that provide both financial and in-kind support to nonprofits include foundations; businesses and corporations; local, state and federal governments; and religious institutions.