

HAVING PROBLEMS OPENING A BANK ACCOUNT? NEED TO CHANGE YOUR BANK SIGNATURE CARD?

Banking is no longer an easy matter for P.E.O. chapters in the United States. The federal government passed the USA Patriot Act in response to the events of 9/11. This legislation requires banks to collect and verify information from the account holder, regardless of whether the account represents a new or long-standing banking relationship. Needless to say, this legislation has made routine banking matters increasingly difficult for our local chapter officers.

In response to the new banking requirements, the following documents have been prepared for the president and/or treasurer to present to the bank:

- **Certificate of Authority of the Officers of (your local chapter) of the P.E.O. Sisterhood**
 - This certificate proves to the bank that your chapter is officially part of the P.E.O. Sisterhood and that the president and treasurer have been given authority to conduct banking business on its behalf.
 - The Certificate of Authority must be approved by a vote of chapter members and the results of the vote documented in chapter minutes.
 - A copy of the Certificate must be kept with the chapter minutes; the original should be given to the bank.
- **IRS Tax Determination Letter**
 - This is a copy of the original tax determination letter granted to Supreme Chapter in 1950. Though the official name was changed to International Chapter of the P.E.O. Sisterhood in 1979, the tax exemption remains in effect.
 - All state and local chapters are granted tax exempt status under Internal Revenue Code section 501(c)(4) with this group determination letter. There is no individual letter for your chapter, nor is one required.
- **Articles of Incorporation**
 - This is a copy of the Articles of Incorporation printed on pages 7-10 of the Constitution, Bylaws and Standing Rules of the P.E.O. Sisterhood. Our Articles and Constitution cover all local chapters; there are no individual articles for your chapter.

Although the USA Patriot Act covers all banking institutions, it has been left to the discretion of each bank to decide how to satisfy those requirements. Consequently, your bank may still request information other than these documents. If you have any questions during this process, please feel free to contact the treasurer of International Chapter by phone (515-255-3153) or email (treasurer@peodsm.org).

**CERTIFICATE OF AUTHORITY
OF THE OFFICERS OF
CHAPTER _____, _____ OF THE P.E.O. SISTERHOOD**
(chapter letter(s), state/district)

I, _____, hereby represent, warrant and certify to _____
in _____, _____ (the "Bank") as follows:

1. I am the treasurer for Chapter _____, _____ of the P.E.O. Sisterhood, a non-profit corporation established under the laws of the State of Iowa (the "P.E.O. Chapter").

2. Accompanying this Certificate is a true and correct copy of the Articles of Incorporation from the State of Iowa and IRS Tax-Exempt Entity Determination Letter, as currently in effect. Both the Articles of Incorporation and IRS Determination Letter cover all local and state chapters organized under the International Chapter of the P.E.O. Sisterhood.

3. The following is a true, complete and correct copy of resolutions duly adopted by the members of this P.E.O. Chapter, and such resolutions are now in full force and effect.

NOW THEREFORE, BE IT RESOLVED, that the Bank be and hereby is designated as a depository of this P.E.O. Chapter. The depository relationship governed by these resolutions and agreements may be terminated by this P.E.O. Chapter by written notice to said Bank, or by said Bank by written notice to this P.E.O. Chapter.

RESOLVED FURTHER, that the funds of this P.E.O. Chapter may be deposited by its president and treasurer and that those officers of this P.E.O. Chapter are hereby authorized to open an account or accounts with said Bank. The president and treasurer are each hereby authorized to endorse and deposit with said Bank negotiable instruments and orders for the payment of money which endorsements may be made in writing or by a stamp and without designation of the person so endorsing.

RESOLVED FURTHER, that the president and treasurer are hereby each authorized to make and from time to time continue to make arrangements and to issue such instructions as to them shall deem proper for the conduct of any such account or accounts, to each sign checks and orders for the payment of money withdrawing funds from said account or accounts whether such checks and orders create or increase an overdraft of said account or accounts or not, (payment or nonpayment of any such overdraft to be at the option of said Bank), and said Bank is hereby authorized and directed to act upon and honor any instructions so issued and to honor, pay and charge to any account or accounts of this P.E.O. Chapter all checks and orders for the payment of money so drawn when so signed.

4. The members of this P.E.O. Chapter have, and at the time of adoption of the foregoing resolutions had, full power and lawful authority to adopt the foregoing resolutions and to confer the powers therein granted to the persons named, and such persons have full power and authority to exercise the same. The signatures appearing below are the true, authentic and official signatures of the officers referred to in the foregoing resolutions, and the persons named

COPY



OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

IT:P:ER
FCB

The Supreme Chapter of the P. E. O. Sisterhood
o/o Martha W. Ashcroft, Acting Executive Secretary
Mt. Pleasant, Iowa

Mesdames;

Reference is made to the evidence submitted in support of your claim to exemption from Federal income tax and that of your subordinate organizations under the provisions of section 101(3) of the Internal Revenue Code and corresponding provisions of prior revenue acts.

The evidence discloses that you were incorporated in February 1893 under the laws of the State of Iowa and that you were reincorporated in February 1943 as a nonprofit corporation without capital stock. Your articles of incorporation state that your object is the physical, moral, social, and intellectual improvement of women and charitable and benevolent purposes.

Your activities are stated to be social and fraternal with special emphasis on assisting worthy young women with limited means in obtaining a college education. It is shown that you own and operate Cottey Junior College; that you maintain separate and apart from your general funds the P. E. O. Educational Fund, consisting of a loan fund and an endowment fund, and also various funds for Cottey Junior College; and that you provide overseas relief and veterans administration aid.

Your income is derived largely from membership fees, dues, and assessments, interest, contributions and sale of supplies and is expended principally for the maintenance, operation, and building program of Cottey Junior College, student loans, overseas relief and veterans administration aid, publication of your official magazine, and operation and administrative costs.

Section 29.101(3)-1 of Regulations 111, construing section 101(3) of the Internal Revenue Code, provides as follows:

"A fraternal beneficiary society is exempt from tax only if operated under the 'lodge system,' or for the exclusive benefit of the members of a society so operating.

CURRENT INFORMATION

1. IR Code section is 501(c)(4)
2. Name changed in 1979 to International Chapter P.E.O. Sisterhood.
3. Address of International Chapter
3700 Grand Avenue
Des Moines, Iowa 50312
4. Income tax exemption letter covers International Chapter and all State and Local Chapters

Treasurer
International Chapter P.E.O.

JAN 12 1950

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'Operating under the lodge system' means carrying on its activities under a form of organization that comprises local branches, chartered by a parent organization and largely self-governing, called lodges, chapters, or the like. In order to be exempt it is also necessary that the society have an established system for the payment to its members or their dependents of life, sick, accident, or other benefits."

Prior revenue acts contain similar provisions.

It is clear that you do not meet the requirements of section 101(3) of the Internal Revenue Code, and corresponding provisions of prior revenue acts since, although you do charter subordinate organizations, you do not have an established system for the payment of benefits to your members. Accordingly, you are not entitled to exemption under this provision of the law.

However, it is the opinion of this office that you and your subordinate organizations appearing on the lists submitted with your affidavit of December 1, 1949 are entitled to exemption under the provisions of section 101(8) of the Internal Revenue Code, and corresponding provisions of prior revenue acts, as an organization not organized for profit but operated exclusively for the promotion of social welfare.

Accordingly, you and your subordinate organizations appearing on the lists referred to above will not be required to file income tax returns unless there is a change in the character, purposes or method of operation of your organization or of such subordinate organizations. Any such changes should be reported immediately by you to this office in order that the effect of the changes upon your present exempt status or that of your subordinate organizations may be determined.

However, you and your subordinate organizations are required to file annually information returns on Form 990 with the collectors of internal revenue for the respective districts in which located so long as the exemption remains in effect. This form may be obtained from the collector and is required to be filed on or before the fifteenth day of the fifth month following the close of the respective annual accounting periods.

You should furnish the Bureau annually, on the calendar year basis, lists, in triplicate, showing only the names and addresses of any subordinate organizations chartered by you during the year and the names and addresses of any subordinate organizations which for any reason have ceased to exist. Such annual lists should be

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accompanied by a statement sworn to by one of your principal officers as to whether the information heretofore submitted by you, and on which this ruling is based, is applicable in all respects to the new subordinate organizations on the lists and should be forwarded so as to reach this office not later than February 15 of the following year.

It is the opinion of this office that the P. E. O. Education Fund and the various funds for Cottey Junior College are funds organized and operated exclusively for educational purposes within the contemplation of section 23(o) and (q) of the Internal Revenue Code and corresponding provisions of prior revenue acts. Contributions made to or for the use of these funds are, therefore, deductible by the donors in computing their taxable net income in the manner and to the extent provided by section 23(o) and (q) supra.

The question of Federal employment taxes will be made the subject of a separate communication.

The collectors of internal revenue for the districts in which you and your subordinate organizations are located are being advised of this action.

By direction of the Commissioner.

Very truly yours,


Deputy Commissioner

Amended and Restated

**Articles of Incorporation
Of the International Chapter
of the
P.E.O. Sisterhood**

ARTICLE I

The name of this corporation is and shall be the International Chapter of the P.E.O. Sisterhood.

ARTICLE II

The corporation's existence shall be perpetual in duration.

ARTICLE III

The purposes of this corporation shall be exclusively educational and charitable.

ARTICLE IV

The principal place of business of this corporation shall be at Des Moines, Polk County, Iowa. The registered office of this corporation shall be located at 3700 Grand Avenue, Des Moines, Polk County, Iowa 50312, and the registered agent at such address is Anne S. Pettygrove.

ARTICLE V

This corporation shall have the power to sue and be sued. It shall have and use a common seal. It shall have power to take, receive, purchase, and hold real estate and personal property; to make bylaws for the management of its affairs, sell and transfer real estate and personal property, to lease and release, to let and sublet real and personal property, and in the management of its funds that may accrue in the regular manner provided by the Constitution of the said Sisterhood, it shall have power to loan any surplus it may have on hand and enforce collection thereof by ordinary legal process.

ARTICLE VI

All members of the International Chapter of the P.E.O. Sisterhood who are now in good standing under the laws of the said chapter or who shall hereafter become members of the same shall be members of this corporation.

ARTICLE VII

The private property of the members of this corporation shall not be liable for its corporate debts.

ARTICLE VIII

The executive board provided for by the Constitution of the said society shall be managers of the business of this corporation and shall hold, manage and control any and all property of this corporation as trustees of the same. Any or all of the powers conferred upon the executive board of the Sisterhood by Article VIII of the Articles of Incorporation may be delegated by said executive board to a subsidiary board, if and when ordered by vote of the International Chapter at any biennial convention thereof.

ARTICLE IX

The assets of this corporation shall be used exclusively for educational and charitable purposes. No part of its net income shall inure to the benefit of any individual. In the event of dissolution, liquidation, or abandonment, the assets of this corporation shall be distributed exclusively for educational and charitable purposes.

ARTICLE X

No member of the executive board of the corporation shall be personally liable to the corporation or its members for monetary damages for any action taken, or any failure to take any action, as a member of the executive board, except liability for any of the following: (i) the amount of a financial benefit received by a member of the executive board to which the member of the executive board is not entitled; (ii) an intentional infliction of harm on the corporation or the shareholders; (iii) a violation of Section 834 of the Revised Model Nonprofit Corporation Act (the "Act"); or (iv) an intentional violation of criminal law. If Iowa law is hereafter changed to permit further elimination or limitation of the liability of directors to the corporation or its shareholders, then the liability of a member of the executive board of this corporation shall be eliminated or limited to the full extent then permitted.

ARTICLE XI

This corporation shall indemnify any member of the executive board, officer, members of the administrative staff, members of the boards of trustees and committees of this corporation (hereinafter the "indemnified persons"). Each indemnified person of this corporation who is serving, or who has previously served, at the request of the corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to the fullest extent possible against costs and expenses, including attorney fees, judgments, penalties, fines, settlements and reasonable expenses actually incurred by such indemnified person or person relating to her conduct as an indemnified person of this corporation or as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; provided, however, that the mandatory indemnification required by this sentence shall not apply to liability for any of the following: (i) receipt of a financial benefit to which the person is not entitled; (ii) an intentional infliction of harm on the corporation or its members; (iii) a violation of Section 834 of the Act; (iv) an intentional violation of criminal law; or (v) in connection with a proceeding by, or in the right of, the corporation, except for reasonable expenses incurred in connection with the proceeding if it is determined that the indemnified person has met the relevant standard of conduct under Subsection 1 of Section 851 of the Act.

Unless otherwise ordered by a court, indemnification as provided for in this article shall be made by the corporation only as authorized for a specific proceeding upon a determination that indemnification is proper because the indemnified person has met the applicable standards of conduct set forth herein. Such determination shall be made in accordance with Iowa Code Section 490.856 or any successor provision thereto.

The indemnification rights provided in this article shall not be deemed to be exclusive of any indemnification or other rights to which a person may be entitled under any bylaw, agreement, vote of member or disinterested members of the executive board or otherwise, both as to actions undertaken by such person in her official capacity and as to actions undertaken in another capacity while holding such office, and shall continue as to a person who has ceased to be an indemnified person, and shall inure to the benefit of the heirs, executors, and administrators of any such person.

ARTICLE XII

These articles may be amended in any manner that shall be ordered by a vote of the said International Chapter at any biennial convention thereof.

These Amended and Restated Articles of Incorporation: (1) correctly set forth the provisions of the Articles of Incorporation of the corporation as heretofore and hereby amended; (2) have been duly adopted as required by law; and (3) supersede the original Articles of Incorporation of the corporation and all amendments thereto.

NOTE

The original Articles of Incorporation were adopted and became effective under the laws of the State of Iowa on the 21st day of February, 1893, and were executed by Luella A. McHenry, Daisy A. Green, Carrie M. Ogilvie, Hortense R. Reynolds, Sarah P. Clark and Fannie Kurtz. The Supreme Chapter of the P.E.O. Sisterhood was duly re-incorporated under the laws of the State of Iowa by Blanche D. Walker, Carrie B. Simpson, Dorothy L. Weller, Bessie R. Raney, Laura Storms Knapp, Mabel Scurrah and Rose M. Owens, and filed for record in the office of the Recorder of Henry County, Iowa, on the 13th day of February 1943.