



**FORM 8821, TAX AUTHORIZATION INFO, APPOINTEE ATTACHMENT**

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- 1 Chris Johnson .....
  - 2 Linnea Hopkins Mace .....
  - 3 Clan Strachan Scottish Heritage Society, Inc. has retained the services of Foundation Group, Inc. to advise us concerning .....
  - 4 issues of nonprofit formation, 501c3 compliance and completion of Form 1023. Fee paid: \$1450. ....
-



6. List any specific additions or deletions to the acts authorized in this Power of Attorney Declaration.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Notices and communications

We will send your primary representative copies of the notices that we send to you. To send them to another representative instead, indicate this on section 6 above.

Check this box if you do **not** want us to send copies of these notices to your representative.

8. Retaining or revoking a prior power of attorney

This Power of Attorney Declaration **automatically revokes all prior Power of Attorney Declarations for the same tax years or income periods** on file with us – unless you specify otherwise as detailed below. To expedite a revocation, refer to section 8, page 4.

Check this box if you **do not** want to revoke a prior Power of Attorney Declaration. **You must attach a copy of each prior Power of Attorney Declaration that you want to remain in effect.**

9. Signatures authorizing a power of attorney

If the tax matter concerns a joint return **and** you declare joint representation, **both** spouses/RDPs must sign and date this declaration.

If you are a corporate officer, partner, guardian, tax matter representative, executor, receiver, administrator, or trustee on behalf of the taxpayers, you certify that you have the authority to execute this by signing the Power of Attorney Declaration on behalf of the taxpayers.

013

Check this box if your signature denotes a fiduciary relationship.

  
\_\_\_\_\_  
Signature

3/31/09  
\_\_\_\_\_  
Date

SECRETARY  
\_\_\_\_\_  
Title (if applicable)

TODD GREER  
\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title (if applicable)

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title (if applicable)

\_\_\_\_\_  
Print Name

**Important Information**

- Power of Attorney Declarations do **not** need to be notarized.
- It is illegal to forge another person's signature.
- We will return this Power of Attorney Declaration to you if it is not signed and dated.
- Retain a copy of this Power of Attorney Declaration for your files.
- **Mail or fax this declaration to the respective address or fax number listed on top of page 1 on this form.**

# Exemption Application

California corporation number <b>3153983</b>		FEIN <b>26-2887051</b>	Secretary of State (SOS) file no.
Name of organization as shown in the organization's creating document <b>CLAN STRACHAN SCOTTISH HERITAGE SOCIETY, INC.</b>			
Address (including suite, room, or PMB no.) <b>P.O. BOX 890955</b>		Daytime telephone number	
City <b>TEMECULA</b>	State <b>CA</b>	ZIP Code <b>9259</b>	
Name of representative to be contacted regarding additional requirements or information <b>CHRIS JOHNSON</b>		Daytime telephone number <b>615-361-9445</b>	
Representative's mailing address (including suite, room, or PMB no.) <b>c/o THE FOUNDATION GROUP, 2736 OLD ELM HILL PIKE</b>			
City <b>NASHVILLE</b>	State <b>TN</b>	ZIP Code <b>37214</b>	

ALL applicants must complete item 1 through item 7i. Also furnish the information requested in item 8 through item 25, as applicable.

- 1 a Enter the California Revenue and Taxation Code (R&TC) Section under which exemption is claimed 23701d. See General Information C.
- b Primary activity of organization: SEE ARTICLES OF INCORPORATION
- 2 a What is the legal form of the organization?  Corporation  Unincorporated association  Trust  Limited Liability Company  
Date formed 7/17/2008
- b If formed in another state, furnish the following information:  
(1) Date qualified in California \_\_\_\_\_ (2) State in which formed \_\_\_\_\_
- 3 a Has this organization or its predecessor(s) previously applied for exemption?  Yes  No
- b If "Yes," check the appropriate box(es) below and enter either "Granted" or "Denied" and the date exemption was "Granted" or "Denied."  
 California \_\_\_\_\_ Date \_\_\_\_\_  Federal \_\_\_\_\_ Date \_\_\_\_\_  Other State \_\_\_\_\_ Date \_\_\_\_\_
- c Enter the R&TC Section number under which the organization previously filed with the Franchise Tax Board \_\_\_\_\_  
**Furnish copies of any determination letters received.**
- 4 a Has the organization filed federal tax returns?  Yes  No
- b If "Yes," state type of returns and years filed. \_\_\_\_\_
- 5 Annual accounting period (must end on last day of the month). DECEMBER

Enclose, but do not staple, any payments.

- 6 a Is this a new organization? If "No," attach a statement indicating the name of the California predecessor(s), the period during which it was in existence, the reasons for its termination, and the R&TC section number under which it previously filed with the FTB. . . .
- b Is this a membership organization? If "Yes," attach a statement that fully explains the qualifications for members, the different classes of membership, the number of members in each class, and the voting rights and privileges accorded each class . . .
- c Has the organization made, or are there plans to make, any distribution of its property or surplus to officers or members? If "Yes," attach a detailed statement . . . . .
- d Will any of the incorporators share any facilities with the organization? If "Yes," attach a detailed explanation . . . . .
- e Will any property be rented, purchased, or transferred in any way from any of the incorporators? If "Yes," attach a detailed explanation . . . . .
- f Will any promoter, incorporator, founder, or member be employed by the organization? If "Yes," furnish complete details, including duties, responsibilities, qualifications, and compensation . . . . .
- g Will any member of the board of directors be compensated for services other than services performed as a board member, e.g., officer, and/or employee? If "Yes," furnish the name(s) of the director(s), and the amount(s) of compensation for each. Also, list the name(s) of the other director(s), indicating their blood or marriage/RDP relationship, if any, to the compensated director(s) . . . . .
- h Does the organization plan to conduct raffles or other gaming activities? If so, attach a statement describing how they will be conducted and how the organization will use the funds . . . . .

Yes	No
X	
	X
	X
	X
	X
	X
	X
	X

Continue to Item 7.

**Be sure to include the \$25 application fee.** Make the check or money order payable to the "Franchise Tax Board." Do not send cash. Allow 90 calendar days for processing. Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.		
<u>3/31/09</u> DATE	 SIGNATURE OF OFFICER OR REPRESENTATIVE	<u>SECRETARY</u> TITLE

**7 TO ENSURE THAT THE FTB WILL PROCESS THE ORGANIZATION'S EXEMPTION APPLICATION, ATTACH THE FOLLOWING INFORMATION TO THE APPLICATION. Failure to provide the following documents may delay our determination as to whether the organization qualifies for exemption.**

- a** A copy of the creating document. The type of document to be submitted depends upon the way in which the organization was created. If the organization is:
- A California corporation, submit a copy of the endorsed articles of incorporation and all subsequent endorsed amendments. "Endorsed" means the articles bear the stamps of the California Secretary of State (SOS).
  - A foreign corporation that is qualified through the California SOS, submit a copy of the endorsed articles of incorporation and all subsequent endorsed amendments from the state or country in which incorporated. "Endorsed" means the articles bear the stamps of the California SOS.
  - An unincorporated association, submit either: a copy of the constitution, articles of association, bylaws, or other document that contains the language required as shown in the samples on page 18 of the instructions AND which is signed by the board of directors or other governing body.
  - A trust, submit a copy of the trust document and any subsequent modifications to it.
  - A California limited liability company, submit a copy of the endorsed articles of organization.
  - A limited liability company formed in another state and qualified in California, submit a copy of the endorsed California SOS form LLC-5, Application for Registration, a copy of the certificate of good standing from the home state, and a copy of the articles of organization from the home state.
- b** A copy of the bylaws, proposed bylaws, operating agreement, or other code of regulations.
- c** Financial documents. The documents to be provided depend upon whether the organization has been operating or has not yet started to operate. If the organization has:
- Been operating, furnish complete statements of receipts and expenditures, assets and liabilities for each accounting period that it has been in existence and **for which exemption is requested**. See the Receipts and Expense Statement on Side 8 of this form. Do not send bank statements or monthly reports. However, bank statements or monthly reports should be retained as support for items on the income and expense statement.
  - Been operating but has not had any financial activity, provide information substantiating operations during the years for which you are requesting exemption. Example, minutes from meetings of board of directors. In addition, furnish a proposed budget showing sources of income and areas of expenditures for the current year and subsequent year. The proposed budget is required and the organization should base it upon the most reasonable expectations.
  - Not yet started to operate, furnish a proposed budget showing the sources of income and areas of expenditures for the first year of operation. The budget is required before the FTB will process the application and should be based upon the most reasonable expectations. Refer to the Receipts and Expenses Statement on Side 8 of this form.
- d** A statement describing the specific purposes for which the organization was formed. A general nonprofit purpose statement will not be acceptable, and do not quote the articles of incorporation or bylaws.
- e** A statement describing in detail the programs and activities that the organization presently conducts or will conduct and how it will accomplish its specific purposes.
- f** A statement describing in detail each type or source of funding, each fund raising activity, and each business enterprise the organization has engaged in or plans to engage in either alone or with other parties (accompanied by copies of all agreements, if any, for the conduct of each fund raising activity or business enterprise).
- g** A statement that fully explains any discontinued specific activities that the organization engaged in or sponsored. Give dates of commencement and termination and the reasons for discontinuance. (Omit if this is a new organization.)
- h** A copy of each lease, if any, in which the organization is the lessee or lessor of property (real, personal, gas, oil, or mineral), or in which an interest is owned under such lease, together with copies of all agreements with other parties for development of the property.
- i** Summary of any literature that the organization sells or distributes and summary of any organizational advertising.

**Each item listed below refers to a separate R&TC Section. Provide the information for the section under which the organization claims exemption.**

**8 R&TC Section 23701a – Labor, agricultural, or horticultural organization:** Submit an explanation of any services to be performed for members. Cooperative organizations applying for exemption under R&TC Section 23701a must submit a copy of the federal exemption letter showing exemption under IRC Section 501(c)(5).

**9 R&TC Section 23701b – Fraternal beneficiary societies, etc.:**

- a** State whether the organization operates, or plans to operate, under the lodge system or for the exclusive benefit of the members of a lodge system. Operating under the lodge system means carrying on activities under a form of organization that comprises local branches (called lodges, chapters, or the like) that are largely self-governing and chartered by a parent organization.
- b** If the organization is a subordinate or local lodge, etc., attach a certificate signed by the secretary of the parent organization certifying that the subordinate lodge is a duly constituted body operating under the jurisdiction of the parent body.
- c** If the organization is a parent or grand lodge, attach a statement showing the number of subordinate lodges in active operation and whether periodic meetings are actually held.
- d** Attach a statement describing the types of benefits (life, sick, accident, or other benefits) paid, or to be paid, to members.

**10 R&TC Section 23701c – Cemetery company or corporation chartered solely for burial purposes:**

- a Attach these statements and/or documents:
  - (1) Complete copy of the sales contract or other document involved in the organization's acquisition of cemetery property.
  - (2) Complete copy of any contract designating an agent to sell the cemetery plots.
  - (3) Name(s) of officer(s) and director(s) of the organization from the date of incorporation to the present date, and the period for which each held office.
  - (4) Appraised value of cemetery property as of the date acquired (the appraisal should be obtained from sources other than the parties in interest).
- b Does the organization have or plan to have a perpetual care fund?  Yes  No  
 If "Yes," furnish a copy of the federal exemption letter, a copy of the fund agreement, and a statement explaining the nature of such fund (cash, securities, unsold land, etc.). Also attach a statement that fully explains the manner in which the fund is or will be administered, the specific purposes for which the fund is to be used, and the name(s) of the person(s) administering the fund.
- c Does the organization operate a crematorium?  Yes  No

**11 R&TC Section 23701d – Religious, charitable, scientific, literary, or educational organization:** Attach a statement explaining all "Yes" answers in item 11a through item 11d. If the organization already has federal tax-exemption under IRC Section 501(c)(3) and seeks tax-exemption under R&TC Section 23701d, see form FTB 3500A on page 13, in this booklet.

- a Has the organization received, or does it expect to receive, 10% or more of its assets from any organization or group of affiliated organizations (affiliated through stockholding, common ownership, or otherwise), any individual, or members of a family group (brother or sister whether whole or half blood, spouse/RDP, ancestor, or lineal descendant)?
- b Is the organization now, has it ever been, or does it plan to be engaged in carrying on propaganda, or otherwise advocating or opposing pending or proposed legislation (this includes dissemination of such information to the general public while representing the organization)?
- c Has the organization participated in, or does it plan to participate or intervene in, any political campaign (including the publishing or distributing of statements) on behalf of, or in opposition to, any candidate for public office?
- d Does the organization hold, or plan to hold, 10% or more of any class of stock or 10% or more of the total combined voting power of stock in any corporation?
- e If claiming exemption as a church, **attach a statement including the information requested in item (1) through item (8) below:**

Yes	No
	X
	X
	X
	X

- (1) Has a permanent place of worship been established? At what address? Who is the legal owner of this property? Describe the physical characteristics of the organization's church buildings. Explain to what extent these buildings are used for purposes other than religious worship.
- (2) Does the organization have a regular congregation or conduct religious services on a regular basis? How many usually attend the regular worship services? Attach samples of worship service programs and newspaper announcements of the organization's activities. Where and how often are religious services held?
- (3) Furnish information regarding the religious background and formal religious training of the religious leaders. Furnish a copy of each religious leader's certificate of ordination.
- (4) What amount of the annual gross income will be received from incorporators, ministers, officers, directors, or their families?
- (5) What amount of the organization's proposed expenditures will be used for the personal living expenses of the individuals mentioned in item (4) above?
- (6) How many hours per week will the religious or spiritual leader(s) devote to organizational activities? Will this person(s) engage in employment unrelated to the activities of the organization? If so, indicate the number of hours per week and describe the employment activity.
- (7) List all the officers, directors, trustees, etc., of the organization and describe their qualifications for such office. Are any of the officers or directors related by blood or marriage or RDP? If "Yes," explain.
- (8) Will any founder, member, or officer:
  - (a) Take a vow of poverty?
  - (b) Transfer personal assets to this organization, like a home, automobile, furnishings, business, or recreational assets, etc., that will be made available for the personal use of the donor(s)?
  - (c) Assign or donate to the organization income that will be used in part or whole to pay the donor(s) as salary, stipend, or living allowance (such as food, medical expenses, clothing, insurance, etc.)?

**12 R&TC Section 23701e – Business league, chamber of commerce, etc.:** Has the organization performed, or does it plan to perform, particular services for members, shareholders, or others, such as furnishing credit reports or collection accounts, inspecting products, conducting advertising, purchasing merchandise, or other similar undertakings?  Yes  No If "Yes," attach a detailed statement, including income realized and expenses incurred in such activities. If engaged in advertising, attach samples of material.

**13 R&TC Section 23701f – Civic leagues, social welfare organizations, and local associations of employees:**

- a If the organization is applying as a civic league or social welfare organization, attach a statement explaining how the organization will promote the common good or welfare of an entire community.
- b If the organization is applying as a local association of employees, attach a statement giving the names and addresses of employers that have employees who are eligible for membership in the association. If an employer has employees (who are eligible for membership) located in more than one plant or office, give the address of each plant or office.

**14 R&TC Section 23701g – Social and recreational organization:**

- a Has the organization solicited, or does it plan to solicit, public patronage of the facilities by advertisement or otherwise? If "Yes," attach sample copies of such advertisements or other solicitations . . . . .
- b Are nonmembers, other than bona fide guests of members, permitted, or will they be permitted, to use the club facilities or participate in or attend any functions or activities conducted by the organization? If "Yes," attach a statement describing the functions or activities in which nonmembers have participated or will participate, or to which they have been or will be admitted. If nonmembers have participated in or have been admitted to any functions or activities, state the amount received from nonmembers. Provide a schedule in the statement detailing the expenses attributable to such nonmembers, the expenses attributable to such functions, and the disposition made of net profits, if any, derived from the functions . . . . .
- c Has the organization rented or leased, or does it plan to rent or lease, any part of the club's property to others? If "Yes," attach a statement indicating the reason for such action, or proposed action, and the amount received, or to be received. Also attach copies of the rental agreements or leases . . . . .
- d Has the organization derived or will it derive any income from nonmembers not explained above? If "Yes," explain in detail . . . . .
- e Furnish a statement separating the member and nonmember income for the past three years and a proposed budget separating member and nonmember income for the next period of operation.
- f Enter the total number of club members: \_\_\_\_\_. If there are different classes of membership, attach a statement explaining the dues and privileges of each class.
- g Provide copies of:
  - (1) House rules.
  - (2) All other documents used in considering or granting memberships, including agreements or contracts, if any.
  - (3) Corporate resolutions demonstrating adoption of policy or change of policy regarding membership or use of facilities.

Yes	No

**15 R&TC Section 23701h – Title holding corporation:**

- a Attach a statement giving the complete names and addresses of organizations for which title to property is held, the number of shares of capital stock held and whether shares of stock have ever been held by persons other than such organizations. If stock was so held, include the years held and the total number of shares of each class of stock.

R&TC Section 23701h requires turning over net income to a parent organization periodically. Organizations with members, incorporating as a nonprofit corporation under the California Corporations Code, are precluded from exempt status under R&TC Section 23701h. California Corporations Code Sections 5410 and 7411 prohibit any distribution to members of nonprofit public benefit corporations or nonprofit mutual benefit corporations unless the organization dissolves.

Incorporated organizations seeking exemption under R&TC Section 23701h that have members must incorporate under the for profit provisions of the California Corporations Code.

- b State whether the annual income (less expenses) is, or will be, turned over to the organization for which title to property is held. Explain what disposition will be made of income that will not be turned over to the organization.
- c Attach a copy of an exemption letter (federal or California) for each organization for which property will be held. If property will be held for organization(s) located in California, the organization must furnish a California exemption letter.

**16 R&TC Section 23701i – Voluntary employees' beneficiary organization:** Furnish a copy of the federal determination letter showing exemption under IRC Section 501(c)(9).

**17 R&TC Section 23701l – Fraternal society, etc.:**

- a State whether the organization operates, or plans to operate, under the lodge system or for the exclusive benefit of the members of a lodge system. Operating under the lodge system means carrying on activities under a form of organization that comprises local branches (called lodges, chapters, or the like) that are largely self-governing and chartered by a parent organization.
- b If the organization is a subordinate or local lodge, etc., attach a certificate signed by the secretary of the parent organization certifying that the subordinate lodge is a duly constituted body operating under the jurisdiction of the parent body.
- c If the organization is a parent or grand lodge, attach a statement showing the number of subordinate lodges in active operation and whether periodic meetings are actually held.

**18 R&TC Section 23701n – Supplemental unemployment compensation trust:** Attach a copy of the supplemental unemployment benefit plan and pertinent agreements and a copy of the federal determination letter.

**19 R&TC Section 23701t – Homeowners' association:**

- a Furnish a copy of the recorded Declaration of Covenants, Conditions, and Restrictions.
- b Will any of the individual units/lots owned by the organization or its members be occupied for other than personal residential purposes?  
 Yes  No If "Yes," provide the following information:
  - (1) What percentage of the units/lots will be used for nonresidential purposes? \_\_\_\_\_
  - (2) If the organization claims exemption as a condominium management association, enter square footage of all units and square footage devoted to residential purposes. All units \_\_\_\_\_ Residential \_\_\_\_\_
  - (3) If the organization claims exemption as a residential real estate management association, enter the local real property zoning for lots within the association. Total number of lots \_\_\_\_\_ Number of lots zoned residential \_\_\_\_\_
  - (4) What percentage of the organization's total gross income will be derived from dues, fees, or assessments from nonresidential members? \_\_\_\_\_
- c Will this organization own, maintain, or operate a mutual water company, well, electrical generating facility, or other utility?  Yes  No  
 If "Yes," describe in detail and answer these questions:
  - (1) Are the members/shareholders:  the actual users of the utility or  simply investors?
  - (2) Is this organization furnishing utilities to (check applicable box(es)):  residential homes,  commercial businesses (including agricultural enterprises)? If both, indicate what percent of this organization's total income will be derived from sale of utilities for nonresidential usage \_\_\_\_\_
  - (3) How are members/shareholders assessed for utilities usage? Are they assessed equally or on the basis of square footage/acreage?
  - (4) Are meters utilized to determine charges to members/stockholders?  Yes  No  
 If "Yes," provide a detailed breakdown on how rates are determined and the amount of revenue received.
- d Will any of the units/lots be rented by a person, or series of persons, for periods of less than 30 days that, when added together, equal more than half of the association's taxable year?  Yes  No If "Yes," what percentage of the units/lots are rented in this manner? \_\_\_\_\_
- e What date was the first unit sold, or when will the first unit be available for sale? \_\_\_\_\_
- f What date did the association become active? \_\_\_\_\_ Provide details of these activities.  
 \_\_\_\_\_  
 \_\_\_\_\_
- g When were (will) dues first collected? month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_

**20 R&TC Section 23701u – Public facility financial corporation:**

- a Attach samples of all certificates of participation or other securities to be issued.
- b Attach copies of all leases, contracts, trust agreements, or other agreements that have been, or will be, entered into by this corporation.

**21 R&TC Section 23701v – Mobile home park acquisition association:**

- a Are all members of the organization owners of manufactured homes or mobile home tenants of the mobile home park?  Yes  No  
 If "No," explain the circumstances under which other individuals can become members of the organization.
- b Describe the mobile home park in which owner/tenant members reside.
- c Are all lots within the park rented or leased to mobile home or manufactured home owners?  Yes  No If "No," explain.
- d Does the rent paid by each owner include rental for the lot occupied by the mobile home or manufactured home?  Yes  No  
 If "No," explain.
- e Will the organization carry on activities other than purchasing or preparing to purchase the mobile home park in which members reside?  Yes  No If "Yes," describe in detail the other activities and indicate the percentage of total operations represented by such activities.

**22 R&TC Section 23701w – War Veterans' organization:**

To be completed by a post or organization of past or present members of the Armed Forces of the United States.

- a What is the total membership of your post or organization? \_\_\_\_\_
- b How many members are present or former members of the Armed Forces of the United States? \_\_\_\_\_
- c How many members are cadets (include students in college, university, or armed services academies)? \_\_\_\_\_ How many are spouses/RDPs, widows, or widowers of cadets, or of past or present members of the Armed Forces of the United States? \_\_\_\_\_
- d Does the organization have a membership category other than the ones set out above?  Yes  No If "Yes," explain in detail and enter the number of members in this category. \_\_\_\_\_

To be completed by an auxiliary unit or society of a post or organization of past or present members of the Armed Forces of the United States.

- e Is the organization affiliated with and organized according to the bylaws, and regulations formulated by such an exempt post or organization?  Yes  No
- f How many members does the organization have? \_\_\_\_\_

(Item 22 continues on Side 6.)

- g** How many members are past or present members of the Armed Forces of the United States, or have spouses/RDPs or persons related to them within two degrees of blood relationship (grandparents, brothers, sisters, and grandchildren are the most distant relationships allowable) that are past or present members of the Armed Forces of the United States (enter total)? \_\_\_\_\_
- h** Are all of the members themselves members of a post or organization, past or present members of the Armed Forces of the United States, or spouses/RDPs of members of such a post or organization, or related to members of such a post or organization within two degrees of blood relationship?  Yes  No If "No," explain in detail.

**23 R&TC Section 23701x – Title holding organization:**

- a** Attach a statement giving the complete names and addresses of organizations or trusts for which title to property is being held, and the number of shares of capital stock held by each entity.
- b** State whether the annual income (less expenses) is, or will be, turned over to the organizations for which title to property is held. Explain what disposition will be made of the income that is not or, will not be, turned over to the organizations.
- c** Furnish a copy of a federal determination letter for each organization or trust for which property is, or will be, held.
- d** For those organizations of trust for which property is, or will be, held and which do not have a federal determination letter, provide detailed information to show that each shareholder is:
- (1) A governmental plan described in IRC Section 414(d); or
  - (2) The United States, any state or political subdivision thereof, or any agency or instrumentality of the foregoing.
- e** State the total number of stockholders or beneficiaries.
- f** Describe in detail each class of stock or beneficial interest.

R&TC Section 23701x requires turning over net income to specified parent organizations periodically. Organizations with members incorporating as a nonprofit corporation under the California Corporations Code are precluded from exempt status under that section. California Corporations Code Sections 5410 and 7411 prohibit any distribution to members of nonprofit public benefit corporations or nonprofit mutual benefit corporations unless the organization dissolves.

Incorporated organizations seeking exemption under R&TC Section 23701x that have members must incorporate under the for profit provisions of the California Corporations Code.

**24 R&TC Section 23701y – Credit Unions:**

- a** Provide a copy of the organization's license to operate a credit union.
- b** What is the total number of members of the organization? \_\_\_\_\_

**25 R&TC Section 23701z – Self-Insurance pools for charitable organizations:**

- a** Provide a list of names, California corporation numbers, and federal employer identification numbers (FEINs) for all participants in the pool.
- b** Describe in detail the activities of each participating corporation.
- c** Furnish a copy of the latest federal determination letter showing exemption under IRC Section 501 for each participating corporation.
- d** Describe in detail all insurance services to be provided to members of the pool.

# Receipts and Expenses Statement

Complete information is required to adequately respond to Item 7c on Side 2. The statement below represents the basic financial details necessary to complete the organization's request for exemption. The organization may substitute its own receipts and expenses statement, or statements, but the details **must** be complete as indicated in this statement. Failure to provide complete financial information may result in denial of the organization's exemption application.

**Details must include:**

- For each year exempt status is requested, provide the financial information represented in the statement below.
- If the organization has had financial activities for less than one year, provide a financial statement for the period of activities, and a projected budget for the entire first year.
- If this is the organization's first year of operation, and/or the organization has no prior financial activity, provide a proposed budget for the entire first year of operation. The proposed budget should be based on the organization's most reasonable expectations.

**Calendar or Fiscal Year Ending**

RECEIPTS	Current year	Three preceding years for each year in existence			Total
	_____	_____	_____	_____	
Gifts . . . . .					0.
Grants . . . . .					0.
Contributions received . . . . .					0.
Fundraising . . . . .					0.
Membership income . . . . .					0.
Nonmembership income (R&TC Section 23701g) . . . . .					0.
Membership dues and assessments (R&TC Section 23701t) . . . . .					0.
Other business income . . . . .					0.
Gross investment income . . . . .					0.
Gross royalty income . . . . .					0.
Gross rental income . . . . .					0.
Gross receipts from admissions . . . . .					0.
Gross receipts from commissions . . . . .					0.
Gross receipts from sale of merchandise . . . . .					0.
Gross receipts from services provided . . . . .					0.
Gross receipts from furnishing of facilities . . . . .					0.
Gain or loss from sale of capital assets . . . . .					0.
Other income (attach sheet itemizing each type) . . . . .					0.
<b>TOTAL RECEIPTS</b>	0.	0.	0.	0.	0.
<b>EXPENSES</b>	SEE PAGE 9, FORM 1023 BUDGETS ATTACHED.....				
Fundraising . . . . .					0.
Contributions, gifts, grants, and similar amounts paid . . . . .					0.
Disbursements to or for member benefit . . . . .					0.
Compensation of officers . . . . .					0.
Compensation of directors . . . . .					0.
Compensation of trustees . . . . .					0.
Rental expenses . . . . .					0.
Other salaries and wages . . . . .					0.
Occupancy (rents) . . . . .					0.
Other (including all operational and administrative expenses – attach sheet) . . . . .					0.
<b>TOTAL EXPENSES</b>	0.	0.	0.	0.	0.
Excess of receipts over expenses . . . . .	0.	0.	0.	0.	0.

**Form 1023, Page 2, Part IV, Activity Narrative**

**Clan Strachan Scottish Heritage Society, Inc. (CSSHS)** is a nonprofit organization incorporated in the state of California. The corporation is organized for the purpose of promoting the history, tradition, and heritage of the Gaelic-Scottish culture. The corporation will be engaged in the following activities listed below in order of importance:

**Cultural Education: (90%)** CSSHS will promote cultural renewal through educational and awareness activities focused on teaching and informing the public on cultural issues. The organization will not engage in any political lobbying or advocating of specific points of view. Any educational awareness materials developed by CSSHS for the purpose of educating and informing the public will be the property of the organization. CSSHS will own all copyrights to intellectual property and no individual will personally benefit. No materials or intellectual property have been developed at this time.

The website, [www.clanstrachan.org](http://www.clanstrachan.org), will be utilized to promote the activities of the organization and act as a resource for individuals seeking cultural information. Most web content will be free to the public; however, for an annual fee of \$15, an individual can become a member with access to certain members-only areas of the website. Membership is not restricted to any particular individuals. CSSHS will also resell books on Scottish heritage and genealogy from the website. The organization will make the public aware of activities through the internet, email campaigns, traditional promotions, search engines and word-of-mouth. CSSHS may also participate in cultural and educational events in the community by setting up informational booths and/or dressing in traditional clothing. CSSHS does not own or lease a facility and have no intention to obtain a future facility at this time. The Board of Directors will oversee all activities and recruit volunteers as necessary to assist with the overall promotion of the organization's activities.

**Charitable Giving: (10%)** The Board of Directors of CSSHS will oversee the distribution of support to other 501(c)(3) organizations to further their exempt activities. CSSHS distributions will be directed specifically to support Scottish culture, heritage, heraldry and/or education. The Board of Directors will exercise discretion as they identify and select suitable recipient organizations, ensuring that any and all recipients of funds will be qualified 501(c)(3) organizations. CSSHS will require written evidence of 501(c)(3) status. While CSSHS may

receive written requests for assistance, no grant form has been developed at this time. All communication, whether in writing or verbal, will relay to the donor that the Board of Directors has final authority for distribution of funds. Recipient organizations will be required to show proof of proper use of said funds for charitable purposes. Should an organization misuse donated funds, the organization will be required to repay funds to CSSHS and will be ineligible for any future assistance.

**Form 1023, Page 6, Part VIII, Question 4a, Fundraising plans.**

Sufficient funding is necessary to hire professional staff to oversee the complex goals of the organization and successful implementation of all CP activities. No professional fundraising is planned. Funding will be sought through grants and individual/corporate sponsorships. The Board of Directors and others interested in supporting the work of the organization will develop and implement direct solicitations and grant requests as interest can be identified. No materials are developed at this time.

# FTB FORM 3500 ATTACHMENT

CLAN STRACHAN SCOTTISH HERITAGE SOCIETY, INC.

EIN: 26-2887051

7a. See attached Articles of Incorporation.

7b. See attached bylaws.

7c. See attached Form 1023 financial attachment.

7d. See attached Form 1023 narrative attachment.

7e. See attached Form 1023 narrative attachment.

7f. See attached Form 1023 narrative attachment.

7g. N/A

7h. No lease exists at this time.

7i. No literature or promotional materials exist at this time.

**Part IX Financial Data**

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

**A. Statement of Revenues and Expenses**

	Type of revenue or expense	3 prior tax years or 2 succeeding tax years				(e) Provide Total for (a) through (d)
		Current tax year	(b) From 1/1/2009 To 12/31/2009	(c) From 1/1/2010 To 12/31/2010	(d) From To	
<b>Revenues</b>	<b>1</b> Gifts, grants, and contributions received (do not include unusual grants)	(a) From 1/1/2008 To 12/31/2008 1,965	(b) From 1/1/2009 To 12/31/2009 PROPOSED 475	(c) From 1/1/2010 To 12/31/2010 PROPOSED 850	(d) From To	3,290
	<b>2</b> Membership fees received	705	776	853		2,334
	<b>3</b> Gross investment income					0
	<b>4</b> Net unrelated business income					0
	<b>5</b> Taxes levied for your benefit					0
	<b>6</b> Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					0
	<b>7</b> Any revenue not otherwise listed above or in lines 9–12 below (attach an itemized list)					0
	<b>8</b> Total of lines 1 through 7	2,670	1,251	1,703	0	5,624
	<b>9</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)	PROGRAM SERVICE INCOME 495	591	706		1,792
	<b>10</b> Total of lines 8 and 9	3,165	1,842	2,409	0	7,416
	<b>11</b> Net gain or loss on sale of capital assets (attach schedule and see instructions)					0
	<b>12</b> Unusual grants					0
	<b>13</b> Total Revenue Add lines 10 through 12	3,165	1,842	2,409	0	7,416
<b>Expenses</b>	<b>14</b> Fundraising expenses					
	<b>15</b> Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)	CHARITABLE GIVING TO OTHER 501(C)(3) ORGANIZATIONS 501	525	1,000		
	<b>16</b> Disbursements to or for the benefit of members (attach an itemized list)					
	<b>17</b> Compensation of officers, directors, and trustees					
	<b>18</b> Other salaries and wages					
	<b>19</b> Interest expense					
	<b>20</b> Occupancy (rent, utilities, etc.)					
	<b>21</b> Depreciation and depletion					
	<b>22</b> Professional fees	1,450				
	<b>23</b> Any expense not otherwise classified, such as program services (attach itemized list)	1,210	1,260	1,360		
	<b>24</b> Total Expenses Add lines 14 through 23	3,161	1,785	2,360	0	

<b>Form 1023, Page 9, Part IX, Line 23A, Expenses, Year-to-date FY2008</b>		<b>Total:</b>	1,210
1	Licenses, Dues, & Fees (State and IRS filing fees) .....	1	380
2	Postage, Shipping, & Delivery .....	2	400
3	Travel .....	3	250
4	Website Maintenance .....	4	180

<b>Form 1023, Page 9, Part IX, Line 23B, Expenses, Year-to-date FY2009</b>		<b>Total:</b>	1,260
1	Licenses, Dues, & Fees .....	1	30
2	Postage, Shipping, & Delivery .....	2	500
3	Travel .....	3	250
4	Website Maintenance .....	4	180
5	Scottish Heritage & Genealogy Library (books, educational materials, etc) .....	5	300

<b>Form 1023, Page 9, Part IX, Line 23C, Expenses, Year-to-date FY2010</b>		<b>Total:</b>	1,360
1	Licenses, Dues, & Fees .....	1	30
2	Postage, Shipping, & Delivery .....	2	500
3	Travel .....	3	250
4	Website Maintenance .....	4	180
5	Scottish Heritage & Genealogy Library (books, educational materials, etc) .....	5	400

3153983

**State of California**  
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of

JUL 17 2008

A handwritten signature in cursive script that reads "Debra Bowen".

DEBRA BOWEN  
Secretary of State

3153983

ENDORSED - FILED  
In the office of the Secretary of State  
of the State of California

JUL 10 2008

ARTICLES OF INCORPORATION

I

The name of the corporation is CLAN STRACHAN SCOTTISH HERITAGE SOCIETY, INC.

II

A. This corporation is a nonprofit **Public Benefit Corporation** and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for:

- ( ) public purposes.
- or ( ) charitable purposes.
- or ( x ) public and charitable purposes.

B. The specific purpose of this corporation is to PROMOTE THE HISTORY, TRADITION, AND HERITAGE OF THE GAELIC - SCOTTISH CULTURE.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name JIM STRACHAN

Address 30730 SAN PASQUAL RD.

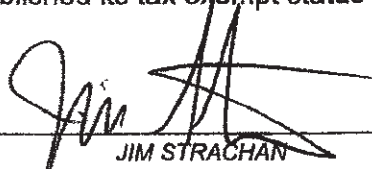
City TEMECULA State CALIFORNIA Zip Code 92591

IV

- A. This corporation is organized and operated exclusively for **charitable** purposes within the meaning of Internal Revenue Code section 501(c)(3).
- B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to **charitable** purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for **charitable** purposes and which has established its tax exempt status under Internal Revenue Code section 501(c)(3).

  
\_\_\_\_\_  
JIM STRACHAN, Incoporator

*If an individual is designated as the initial agent for service of process, include the agent's business or residential street address in California (a P.O. Box address is not acceptable). If another corporation is designated as the initial agent for service of process, do not include the address of the designated corporation.*



**CERTIFICATE OF AMENDMENT OF  
ARTICLES OF INCORPORATION**

The undersigned certify that:

1. They are the **president** and the **secretary**, respectively, of *Clan Strachan Scottish Heritage Society, Inc.*, a California corporation.
2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

The name of the corporation is CLAN STRACHAN SCOTTISH HERITAGE SOCIETY, INC.

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: \_\_\_\_\_

  
\_\_\_\_\_  
Jim Strachan, President

  
\_\_\_\_\_  
Todd Greer, Secretary

**BYLAWS**  
**OF The**  
**CLAN STRACHAN SCOTTISH HERITAGE SOCIETY, INC.**



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## **ARTICLE I - NAME AND PURPOSE**

### **SECTION 1. Name.**

The name of the organization shall be ORGANIZATION. It shall be a nonprofit organization incorporated under the laws of the state of STATE.

### **SECTION 2. Purpose.**

The Corporation is organized for exclusively charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under said Section 501(c)(3) of the Internal Revenue Code of 1986. Specifically, the Corporation will PURPOSE; encourage education, the collection and preservation of records, traditions and historical material related to the history of the Gaelic-Scottish culture wherever located; provide instruction on Genealogical research techniques; perform such charitable work as is compatible with the aims and objectives of Clan Strachan Scottish Heritage Society, Inc.; to invest in any property worldwide that has relevance to the needs and objectives of the Society; and to engage in any other lawful activities permitted under the California Non-Profit Public Benefit Corporation Law and Section 501(c)(3) of the Internal Revenue Law. The recital of these purposes as contained in this paragraph is intended to be exclusive of any and all other purposes, this Corporation being formed for those public and charitable purposes only.

## **ARTICLE II - OFFICES**

The principal office of the Corporation in the State of State, shall be located in the County of County. The Corporation may have such other offices, either within or without the State of State, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

## **ARTICLE III - MEMBERSHIP**

### **SECTION 1. Classes of Members.**

The membership of the Corporation fall within the following classes of membership:

- a) General Members,
- b) Honorary Members,
- c) Board of Directors Members'
- d) Founding Emeritus Directors.

### **SECTION 2. Election of members of the Corporation.**

Every person interested in becoming a member of the Corporation shall .  
Membership dues are subject to change per majority vote from the Board of Directors.

### **SECTION 3. Voting Rights.**

All members shall be of at least 18 years of age.

**A. General Members.**

Members in good standing shall be entitled to vote on issues brought before the Corporation by the Board of Directors for ratification, and shall be entitled to vote at the Annual General Meeting. Such issues shall be decided by simple majority affirmations.

i. Family Membership. In an effort to promote family genealogy, and heritage; All member applications shall include a section for spouse. If a General Member is married or becomes married, their spouse shall receive automatic membership in the Society free of charge. Both husband and wife shall receive separate and individual member benefits and voting privileges.

**B. Honorary Members.**

Honorary Membership is a free membership in the Corporation. It may be provided to individuals or organizations by unanimous approval of the Board of Directors. Honorary members have full member benefits and voting rights. Examples of situations in which Honorary membership might be granted:

- a. Member for 5 or more years, who are now over the age of 62.
- b. Other Scottish-Gaelic organizations; organizations that are closely associated with the Corporation; or other organizations that can advance the goals and objectives of the Corporation.
- c. Individuals whose efforts have significantly advanced the goals and objectives of the Corporation.
- d. Any other reason so deemed by the Board of Directors.

The Directors shall have the right to change membership dues, voting rights, and any other means of participation for Honorary Members.

**C. Members of the Board of Directors.**

Primary governance of the organization will rest with the Board of Directors, whose members shall have the right to vote on all issues before them. From time to time, for the purpose of unity and clarity, matters passed by the Board of Directors may, at the Board's discretion, be brought before the general membership for ratification (See A. above). In such circumstances, a special organizational business meeting will be either called, by voice or written instrument, with a minimum notice of five business days.

**D. Founding Emeritus Directors.**

Founding Emeritus Directors shall be granted to the Founding President, and Founding Vice President (the "founding members"). Emeritus status does not become active until founding members retire from active service in the Corporation. Founding members must pay dues unless they have previously paid for Life Membership or have received Honorary Member status. They receive full Member benefits, full voting rights, and shall for their lifetime have an honorary place on the Corporation's Board of Directors, with full voting capability and may at their leisure fully participate in any Board of Director meetings.

**E. Clan Roll Call.**

The Corporation shall maintain a Clan Roll Call that consist of an opt-in listing of all persons interested in learning more about the Scottish-Gaelic culture, history, and heraldry; but who are non-members of the corporation. Subsequently, they have no voting rights, and no member benefits. Members of the Clan Roll Call are provided email newsletters, and other pertinent and associated email communication. This listing may be terminated at anytime by the majority consent of the Board of Directors.

#### SECTION 4. Termination of Membership.

Any member of the Corporation may terminate their own membership by filing a written resignation with the secretary. Membership of any member shall cease on the happening of any of the following events:

- (a) The member's death or resignation.
- (b) The failure of the member to pay (his or her) dues assessments within 30 days after notice of the same.
- (c) The failure of the member to actively participate in the activities of the Society excluding cases of illness, temporary relocation and any other exception approved by the Board of Directors.
- (d) At the discretion of and upon a vote by the Directors.

No removal may be done unless in good faith and in a fair and reasonable manner. In the case of subdivisions (b), (c) or (d) of this section, the member shall be notified at least 15 days prior to being removed from the membership list, of the fact that he or she will be removed as a member and the reasons therefore. If the member does not pay the dues or otherwise contact the Corporation within 10 days of the notice to protest the removal, the member shall be removed from the membership list. If the member timely files a protest, the member shall be given an additional 5 days to present a written explanation/objection for presentation to the Directors who shall consider the written explanation/objection prior to making a final decision on whether or not the member shall be removed.

#### SECTION 6. Reinstatement of Membership.

Any individual that has resigned and is requesting membership with the Corporation may do so in writing. Those individuals who have had their membership terminated (voluntary or un-voluntary) may write a letter requesting to be reinstated to be approved by the Board of Directors. Any member dues in arrears must be paid in full, unless waived by a majority vote of the Board of Directors.

#### SECTION 7. Transfer of Membership.

Membership in the Corporation is neither transferable nor assignable.

### **ARTICLE IV - BOARD OF DIRECTORS**

#### SECTION 1. General Powers.

The business and affairs of the Corporation shall be managed by its Board of Directors.

1.1 The Directors may declare vacant the office of a Director who has been

declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the California Non-Profit Public Benefit Corporation Law. [ Corp C §§ 5230 et seq.]

## SECTION 2. Size and Terms.

The number of directors of the Corporation shall be fixed by the Board of Directors, but in no event shall be less than (3).

### **A. Officer Directors**

Officers are the President, Vice President, Secretary, and Treasurer; and shall have a reserved position on the Board of Directors for the term of their elected office. The President shall serve as Chairmen of the Board.

### **B. Subordinate Officer Directors**

Subordinate Officers, if so appointed by the Board of Directors, shall serve a concurrent term as Director equal to the balance of their current term as a Subordinate Officer. At the end of their term, he/she must be re-confirmed by the Board of Directors by majority vote as Director, and then must be elected by majority vote of the Membership at the Annual General Meeting (AGM) as a Director of the Corporation for another appropriate term. Position as a Director will terminate if Director is removed (voluntarily or involuntarily) from office as a Subordinate Officer of the Corporation. (Ref Article V, Sections 9, 10)

### **C. Non-Associated Directors**

Non-Officer and Non-Subordinate Officer Directors (herein "Non-Associated Directors") must be appointed by, and shall serve at the pleasure of, the Board of Directors, and shall serve a two (2) year term. Non-Associated Directors, at the end of their term, must be re-confirmed by the Board of Directors as a Director by majority vote, and then must be elected by majority vote of the Membership at the Annual General Meeting (AGM) as a Director of the Corporation for another two (2) year term.

### **D. General Conditions**

Any Director may be duly removed as prescribed in Article V. Each Director must be reelected at the Annual General Meeting (AGM). Each officer shall hold his or her office until he or she resigns, is removed, or becomes otherwise disqualified to serve, or until his or her successor is elected and qualified.

## SECTION 3. Annual General Meeting (AGM).

The regular annual meeting of the members, and Board of Directors shall be held at the Ventura Seaside Highland Games in Ventura, CA on or about the second (2<sup>nd</sup>) weekend of October of each year. The Directors may designate a different time, date, or location, in which case notice must be given in the manner specified for Section 5 below. At the AGM, the members shall consider reports of the affairs of the Corporation, and transact other business as may properly be brought before the meeting, including but not limited to

the election of Directors of the Corporation to serve for the ensuing term and until their successors are elected and qualified.

For members unable to attend the AGM, but who wish to vote on certain matters, the Corporation will make a reasonable effort to allow members to participate via electronic or other means. The Board of Directors may provide the time and place for the holding of additional regular meetings with notice as described in Section 5.

**SECTION 4. Special Meetings.**

Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by them.

**SECTION 5. Notice.**

Notice of any meeting shall be given at least two weeks previous thereto by written notice delivered personally, mailed to each director at his business address, or by electronic mail. Any directors may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**SECTION 6. Quorum.**

A majority of the number of directors fixed by Section 2 of this Article IV shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A quorum shall not be established if more than 50 percent of such quorum is related by blood or marriage or otherwise have joint financial interests, such as business partnerships, etc. If less than a majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

**SECTION 7. Manner of Acting.**

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**SECTION 8. Action Without a Meeting.**

Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the directors.

**SECTION 9. Vacancies.**

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, unless otherwise provided by law. A director elected to fill a vacancy shall be elected for the remaining term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of directors by the Directors.

SECTION 10. Compensation.

No Director or Officer shall for reason of his/her office be entitled to receive any salary or compensation, but nothing herein shall be construed to prevent an officer or director from receiving any compensation from the organization for duties other than as a director or officer.

SECTION 11. Presumption of Assent.

A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to director who voted in favor of such action.

SECTION 12. Removal of Director

A Director may be removed from office if any of the following has been found to have occurred:

- (a) The Director misses three (3) or more consecutive board meetings or two (2) meetings in a calendar year without cause. In order to establish a quorum at meetings, it is imperative Directors make best efforts to attend.
- (b) A conflict of interest is found to exist between the Director and the Corporation.
- (c) The Director is found to have engaged in activities that are directly contrary to the interests of the Corporation.
- (d) The Director is found to be engaged in the misrepresentation of the Corporation and its policies to outside third parties, either willfully, or on a repeated basis.
- (e) A majority of Board of Directors who meet the qualifications set forth in Section 4.4 determine that the Director has not continued to meet these qualifications.

Before any removal occurs, the Director will be advised of the allegation and the basis for the allegation, and will be given an opportunity to present any contrary evidence or explanation he or she may have to the Board of Directors. Removal must be by a majority vote of all the Directors.

SECTION 13. Participation in Meetings by Electronic Means

Members of the Board of Directors may participate in a meeting through use of conference telephone, electronic video screen communications, or other communications equipment, so long as all members participating in the meeting can communicate with all of the other members concurrently, each member is provided the means of participating in all matters before the

Board of Directors, including the capacity to propose, or to interpose an objection, to a specific action to be taken, and the Corporation adopts and implements some means of verifying that the person communicating by telephone, electronic video screen, or other communications equipment is a Director entitled to participate in the board meeting, and that all statements, questions, actions, or votes were made by that Director and not by another person not permitted to participate as a Director.

Section 14. Right of Inspection

Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind, and to inspect the physical properties of the Corporation of which the person is a Director, for a purpose reasonably related to the person's interest as a Director.

## **ARTICLE V - OFFICERS**

SECTION 1. Number of Officers.

The officers of the Corporation shall be a President, Vice President, Secretary, and Treasurer; all of whom shall be elected by the Membership of the Corporation at the Annual General Meeting (AGM). Such other officers and subordinate officers as may be deemed necessary may be elected or appointed by the Board of Directors. In its discretion, the Board of Directors may leave unfilled for any such period as it may determine any office except those of President and Secretary. Any two or more offices may be held by the same person, except for the offices of President and Secretary, which may not be held by the same person.

SECTION 2. Election and Term of Officers.

The Officers of the Corporation to be elected by the Members of the Corporation every two (2) years at the Annual General Meeting (AGM). If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal.

Any officer, agent, or director may be removed by a unanimous vote of the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer, agent, or director shall not of itself create contract rights, and such appointment shall be terminable at will.

SECTION 4. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President.

The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general

supervise and control all of the business and affairs of the Corporation. He shall, when present, preside at all meetings of the Board of Directors, unless there is a Chairman of the Board in which case the Chairman shall preside. He may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

#### SECTION 6. Vice President

In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform other duties as from time to time may be prescribed for him/her respectively by the Directors or the Bylaws. The Vice President shall coordinate the Corporation's presents at various Scottish-Gaelic heritage, historical, or cultural events.

#### SECTION 7. Secretary.

The Secretary shall: (a) Keep the minutes of the proceedings of the Board of Directors in one or more minute books provided for that purpose; (b) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) Be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized; (d) Keep a register of the post office address of each Director which shall be furnished to the Secretary by such Director; and (e) In general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

#### SECTION 8. Treasurer

The Treasurer shall be chosen and reaffirmed annually by, and shall serve at the pleasure of, the Board of Directors, subject to the rights, if any, of an officer under any contract of employment. Each officer shall hold his or her office until he or she resigns, is removed, or becomes otherwise disqualified to serve, or until his or her successor is elected and qualified.

The Treasurer shall be the Chief Financial Officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation. The books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Directors, shall render to the President and the Directors, whenever they request it, an account of all of his or her transactions and of the financial condition of the Corporation, and

shall have other powers and perform other duties as may be prescribed by the Directors.

The Treasurer shall serve as the Chairman of the Budget committee and prepare an annual budget, which must be approved by the board of Directors.

The Treasurer must provide an annual financial statement which shall be published in the password protected Members Only section of the Corporate website. The financial statement shall be published no later than three (3) months after the fiscal year end.

To ensure financial control, the President and Vice President of the Corporation shall be signers on all bank accounts, while the Treasurer reconciles bank statements, and other accounts. Anyone who holds the office of Treasurer may not have signing authority on any Corporate bank accounts.

The Treasurer must be of good moral character, must maintain good standing in the Society and must not be guilty of any felony or of any crime of moral turpitude.

#### SECTION 9. Subordinate Officers

The Directors may appoint subordinate officers as the business of the Corporation may require, each of whom shall hold office for a period of two (2) years (except Regional Commissioners, Ref. SECTION 10 below). Subordinate Officers shall have the authority, and perform the duties as are provided in the Bylaws or as the Board of Directors may from time to time determine. Subordinate officers may include but are not limited to; Newsletter editor, Webmaster, Corporate Counsel and others that may be necessary to achieve the goals of the Corporation.

#### SECTION 10. Regional Commissioners

Regional Commissioners are a sub-category of Subordinate Officers, and are subsequently eligible for appointment to the Board of Directors. They shall be chosen and confirmed annually by, and shall serve at the pleasure of, the Board of Directors, subject to the rights, if any, of an officer under any contract of employment. Each Regional Commissioner shall hold his or her office until he or she resigns, is removed, or becomes otherwise disqualified to serve, or until his or her successor is elected and qualified. Regional Commissioners shall attend and participate in at least one Scottish cultural, heritage, or heraldic event per year, and must provide a report annually at the AGM. They are encouraged to contact others in their area (via Clan Directory), and build fellowship among members in an educational, cultural, or heritage setting of their choosing. Inactivity is grounds for removal from office. Each Regional Commissioner must be reaffirmed or removed by majority vote of the Board of Directors annually.

#### SECTION 11. Availability of Office

All available Subordinate Officer positions must be posted first to the General Membership of the Corporation for a period of 30 days. All internal candidates shall receive priority consideration prior to selecting candidates outside the organization.

## **ARTICLE VI - INDEMNITY**

The Corporation shall indemnify its directors, officers and employees as follows:

(a) Every director, officer, or employee of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be made a party, or in which he may become involved, by reason of his being or having been a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of the corporation, partnership, joint venture, trust or enterprise, or any settlement thereof, whether or not he is a director, officer, employee or agent at the time such expenses are incurred, except in such cases wherein the director, officer, or employee is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Corporation.

(b) The Corporation shall provide to any person who is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of the corporation, partnership, joint venture, trust or enterprise, the indemnity against expenses of suit, litigation or other proceedings which is specifically permissible under applicable law.

(c) The Board of Directors may, in its discretion, direct the purchase of liability insurance by way of implementing the provisions of this Article VI

## **ARTICLE VII - CONFLICTS OF INTEREST**

### **SECTION 1. Purpose.**

The purpose of the conflict of interest policy is to protect this tax-exempt Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest application to nonprofit and charitable organizations.

### **SECTION 2. Definitions.**

#### **2.1 Interested Person.**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### **2.2 Financial Interest.**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family: (a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement, (b) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or (b) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the

Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Section 3.2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### SECTION 3. Nepotism.

No two or more serving Directors, Officers, or any member of a committee with governing board delegated powers shall be related by consanguinity, including marriage, within the degree of first cousin to any peer or subordinate.

### SECTION 4. Procedures.

#### **4.1 Duty to Disclose.**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### **4.2 Determining Whether a Conflict of Interest Exists.**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### **4.3 Procedures for Addressing the Conflict of Interest.**

(a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### **4.4 Violations of the Conflicts of Interest Policy.**

(a) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **SECTION 5. Records of the Proceedings.**

The minutes of the governing board and all committees with board delegated powers shall contain: (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest is present, and the governing board's or committee's decision as to whether a conflict of interest in fact exists. (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **SECTION 6. Compensation.**

- 6.1 A voting member of the governing board who receives compensation, directly or indirectly, from the Organization is precluded from voting on matters pertaining to that member's compensation.
- 6.2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- 6.3 No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- 6.4 None of our Board of Directors will be salaried, and will not be related to other personnel or to parties providing services. In addition, all future compensation decisions will be made by the Board of Directors.

Further, any future compensation paid will be reasonable and will be based on the following factors: (a) the type and amount and type of compensation received by others in similar positions, (b) the compensation levels paid in our particular geographic community, (c) the amount of time the individual is spending in their position, (d) the expertise and other pertinent background of the individual, (e) the size and complexity of our organization, and (f) the need of our organization for the services of the particular individual

#### **SECTION 7. Annual Statements & Confirmation of Understanding**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such

person: (a) has received a copy of the conflicts of interest policy, (b) has read and understands the policy, has agreed to comply with the policy, and (d) understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### SECTION 8. Periodic Reviews.

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### SECTION 9. Use of Outside Experts.

When conducting the periodic reviews as provided for in Section 7, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

### **ARTICLE VIII - CONTRACTS, LOANS, CHECKS AND DEPOSITS**

#### SECTION 1. Contracts.

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

#### SECTION 2. Loans.

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

#### SECTION 3. Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

#### SECTION 4. Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

**ARTICLE IX - FISCAL YEAR**

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December each year.

**ARTICLE X - CORPORATE SEAL**

The Board of Directors may at its discretion provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the Corporation and the State of incorporation and the words, "Corporate Seal".

**ARTICLE XI - WAIVER OF NOTICE**

Unless otherwise provided by law, whenever any notice is required to be given to any director of the Corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the applicable Business Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**ARTICLE XII - AMENDMENTS**

These Bylaws may be altered, amended or repealed and new Bylaws adopted when necessary by a two-thirds majority of the Board of Directors. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the California Non-Profit Corporation Law [Corp C §§ 5000 et seq.] and in the California Non-Profit Public Benefit Corporation Law [ Corp C §§ 5110 et seq.] shall govern the construction of these Bylaws.

**ARTICLE VIII. DISSOLUTION**

On dissolution of this Corporation, the Directors shall cause the Corporation's assets to be distributed to another Corporation with purposes similar to that identified in the Articles of Incorporation, and Article 1, Section 2 of these Bylaws.

**CERTIFICATE OF SECRETARY**

I, the undersigned, being the Secretary of the Corporation hereby certify that the above Bylaws consisting of seventeen (17) pages were adopted as the Bylaws of this Corporation pursuant to the unanimous vote of the Directors in a regularly called meeting, effective July 8, 2008.

IN WITNESS WHEREOF, I have set my hand this July 5, 2008.

  
\_\_\_\_\_  
Secretary

**Part II Organizational Structure**

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification.  **Yes**  **No**
- 2 Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application.  **Yes**  **No**
- 3 Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.  **Yes**  **No**
- 4a Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.  **Yes**  **No**
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust.  **Yes**  **No**
- 5 Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected.  **Yes**  **No**

**Part III Required Provisions in Your Organizing Document**

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): PG. 1, ART. IV, PARA. A
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. PG. 1, ART. V, PARA. 1
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:

**Part IV Narrative Description of Your Activities**

Using an attachment, describe your *past, present, and planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors**

1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
JIM STRACHAN	PRESIDENT	30730 SAN PASQUAL RD. TEMECULA, CA 92591	NONE
TODD GREER	SECRETARY	25841 AVENIDA MARIPOSA SAN JUAN CAPISTRANO, CA 92675	NONE
DENNIS STRAWHUN	DIRECTOR	1815 E. POINTE AVE. CARLSBAD, CA 92008	NONE
WENDY STRACHAN-OLSON	DIRECTOR	75 ST. JOSEPH AVE. LONG BEACH, CA 90803	NONE
GARRY BRYANT	DIRECTOR	553 W. 1400 N. FARMINGTON, UT 84025	NONE