

# Your Lions Club, District or Foundation Member Benefit Program from CT



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**As a CT customer, you  
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The Legal Professional's First Choice



Dear Fellow Member,

I would like to share with you some exciting news about a new member benefit program. Lions Club International (LCI) has developed a successful relationship with CT, the industry leader in legal services. CT currently provides Registered Agent and other services for LCI. Through this relationship we have created a member service that will assist your Lions Club, District or Foundation (“Lions Organization”) with incorporation filings, the formation of new Lions foundations and the completion of any other necessary filings at your Secretary of State office at a substantial savings.

The services that CT provides are a cost-effective way to manage the business of maintaining your Lions Organization in good standing within the jurisdiction of your state or country. I encourage you to review the information in this brochure and to contact CT with any questions or requests. We are happy to bring this new member benefit program to you.

Sincerely,

*Scott Drumheller*

Scott Drumheller  
General Counsel & Secretary  
Legal Division

*This booklet provides the officers of your Lions Organization with an overview of the legal framework under which your Lions Organization may be incorporated. It is also intended to make you aware of the compliance requirements which you may be subject to, and explain the importance of the registered agent in handling these litigation and compliance issues on behalf of your Lions Organization.*



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## **THE RESPONSIBILITIES OF A CORPORATION**

Many Clubs, Districts or Foundations (“Lions Organizations”) are incorporated as a Not-For-Profit or Non-Stock Corporation under the laws of the state or jurisdiction where the Lions Organization is located. When the Lions Organization is thus formed, “Articles of Incorporation” are filed with the appropriate state agency. This begins the legal existence of your Lions Organization as a corporate entity. As an incorporated Lions Organization, individual members would not be liable, individually or severally, in lawsuits against the Lions Organization in most jurisdictions. Also, any liability is generally limited to the capital or assets of the Lions Organization. Further, holding of property title and entering into contracts may be more easily handled by an incorporated Lions Organization. In order to maintain its legal status as a corporation, the Lions Organization must comply with certain obligations. These include designating a registered agent and following certain compliance filings with the appropriate state authority in that jurisdiction.

## **WHAT IS A REGISTERED AGENT?**

All incorporated Lions Organizations are required by law to name a registered agent. A registered agent is an individual or a company who agrees to receive legal notices and documents on your behalf and forward them on a timely basis to the persons you designate. These laws exist to guarantee that every Lions Organization can be reached for legal, tax and other official reasons. The registered agent, sometimes also known as a “statutory agent,” is filed with the Secretary of State in the state or jurisdiction which you conduct your activities, when your Lions Organization is formed.

Choosing a registered agent is more than a statutory requirement—it's an essential business relationship. A registered agent fulfills important roles for your Lions Organization including helping you avoid default judgments should your Lions Organization be served with a lawsuit, and helping your Lions Organization stay in good standing in its state of incorporation.

### **CT—AN EXPERT PARTNER**

Like Lions Clubs International, CT is a well established organization. Founded in 1892 as The Corporation Trust Company, CT offers over a hundred years of experience and innovation in handling such matters. Today, CT is the registered agent for most Fortune 500 companies and many large not-for-profit organizations. CT is a Wolters Kluwer company, a leading global information services and publishing company.

Lions Clubs International (LCI) has partnered with CT, the largest and most experienced provider of registered agent services, to act as registered agent on behalf of LCI for all states and countries in which the association must have a registered agent. By retaining CT, LCI has lessened the possibility of lawsuits being served on local members.

LCI has arranged for CT to offer these same services to your Lions Organization who wish to participate at special discounted rates. CT will help your Lions Organization go beyond the legal requirement with proactive tools and services for managing the receipt of lawsuits and necessary compliance filings. CT offers these services throughout the United States to all Lions Organizations, and offers similar services, where available, for Lions Organizations outside of the

United States. Following is important information for Lions officers regarding procedures for these matters.

### **LIONS AND LITIGATION RISK**

Although Lions Organizations are organized under not-for-profit statutes, many of the activities of Lions may be similar to for-profit or business corporations. For example, your Lions Organization may operate a facility that offers food and beverage service, or may sponsor numerous social and community service events.

Because of the variety of Lions activities and functions, each Lions Organization faces increased risk of being sued. Typical types of claims involving Lions might include dram shop litigation (lawsuits alleging negligence in the sale or service of alcohol at Lions events), negligence, bodily injury or property damage claims and real estate disputes. CT's expert processes can help Lions avoid the costly problem of default judgments for failing to respond in a timely manner. If your Lions Organization is sued, CT will notify you immediately, and you will receive the lawsuit quickly and efficiently, and can plan your response strategy faster.

### **PROCESSING SERVICE OF LAWSUITS**

When CT receives a lawsuit on behalf of a Lions Organization, CT takes a number of actions to protect your time to respond. CT will forward the suit papers via Federal Express Standard Air to the Lions Organization. CT personnel, in the jurisdiction where the suit has been served, will create a process transmittal form which summarizes the nature of the action. Included in the summary are the title of the action, the

jurisdiction, the court, the nature of the action, the appearance date, the plaintiff's counsel and any other pertinent facts helpful to your legal team. If the suit involves a short answer date—10 days or less—or if the situation requires an immediate response such as in the case of an injunction or a restraining order, CT will immediately contact the Lions Organization by telephone and inform them of the nature of the action. In addition to the original suit papers that are forwarded to the Lions Organization, a copy of the transmittal will be forwarded to the LCI Legal Division and LCI's General Liability Insurance Company so that they also receive written notification that a lawsuit has been served.

Lions Organizations can also add on CT's "Instant Notification" service at no additional charge. CT's "I-Notes" will alert you immediately via email, when CT is served on your behalf. The email links will let you view details of the service of process online.

### **MAINTAINING IN GOOD STANDING**

The other important role CT fulfills is helping your Lions Organization stay in "good standing" in the state where you conduct your activities. To be in "good standing" means your Lions Organization is duly organized or qualified in the state, and has paid all of its taxes and filed all of its required reports. Should your Lions Organization fall out of good standing, you will no longer be authorized to conduct business in the state, and will not be able to enforce contracts. Reinstating a Lions Organization that has fallen out of good standing is costly and time-consuming.

CT helps you stay in good standing by proactively informing you of the state's statutory requirements for tax reporting and compliance.

### **ANNUAL REPORTS—A NECESSARY PART OF GOOD STANDING**

Annual reports are a way by which the states keep their records on your Lions Organization up-to-date and collect any taxes due. Requirements, filing periods, and deadlines vary from state to state. Approximately half the states send their annual report filing notices to the designated registered agent (CT) on behalf of the Lions Organization, and CT will promptly forward these notices to an officer of the organization. The remaining states send their notices to the mailing address that is designated on the incorporation papers. Regardless of delivery method, each Lions Organization is responsible for completing and filing its own report. CT's intelligent Web technology and expert service teams can give each Lions Organization all the support they need to file their reports accurately and efficiently.

CT has also enabled electronic annual report filing for selected states through its Web site, [www.CTAdvantage.com](http://www.CTAdvantage.com). For information on states now accepting electronic annual report filings contact CT.

### **REPORT & TAX BULLETINS KEEP YOU INFORMED**

CT regularly publishes state-by-state Report & Tax Bulletins which detail various scheduled and recurring U.S. state requirements such as withholding, sales and franchise taxes and annual reports. You will receive Bulletins for your Lions Organization's U.S. state of incorporation, and/or U.S. states where you are qualified to do business

and where CT serves as your registered agent. These Bulletins are published well in advance of the reporting and tax due dates, and summarize the requirements. Because of the variety of Lions activities and functions, each organization may or may not be subject to any of these requirements. You should engage your local legal counsel to determine the applicability of the requirements covered by CT's Report & Tax Bulletins, as well as determine whether other report and tax requirements not covered by CT's Bulletins apply instead, or additionally. These Bulletins provide an important tickler system for your local legal counsel to use in conjunction with applicable materials to assist your Lions Organization in complying with various local report and tax requirements.

#### **CT CUSTOMERS HAVE THE BEST MINDS IN LEGAL COMPLIANCE WORKING FOR THEM**

CT maintains a nationwide network of Service Teams and Service of Process Specialists, with offices in all 50 states, the District of Columbia, and Puerto Rico. CT's teams and technology systems are always up to date with the latest compliance requirements in all U.S. jurisdictions, so you don't have to be. With CT as your registered agent, your legal documents and notices will be handled quickly, efficiently and accurately.

#### **INTERNATIONAL SERVICES**

For Lions Organizations located outside of the United States, CT also offers similar services where available. For more information regarding International Services, call the CT International Team at **1-800-428-4685**.



## LIONS FOUNDATIONS

All Lions Clubs and Districts in the United States are recognized by the IRS as being federally tax-exempt under Section 501(c)(4) of the Internal Revenue Code, under LCI's group tax exemption. While this allows for the Lions Clubs and Districts to be exempt from federal taxation, it does not allow for tax deductible donations. The solution to this challenge is the establishment of a separate 501(c)(3) charitable foundation.

The formation of a 501(c)(3) charitable foundation is a two-step process. Step 1 involves the creation by CT of a new non-profit corporate entity (a "foundation") in the state in which the Lions Club and District is located. This new foundation will be governed by its own board of directors which can be the same or similar board as your current Lions Club and District. Step 2, which provides donors with an opportunity to give tax deductible donations to the Lions Foundation, is the procurement of a federal tax exemption for the Lions Foundation under Section 501(c)(3) of the Internal Revenue Code, a service provided through CT's partner, The Foundation Group. Other benefits available to a Lions 501(c)(3) Foundation include exemption from property and sales taxes in most states.

The Foundation Group is the nation's leading provider of 501(c)(3) application services. Their consultants work with thousands of non-profits, assisting them through the IRS Service review process.



## **SUMMARY OF CT SERVICES:**

### **Registered Agent Services**

CT is able to provide delivery and tracking of these critical documents.

### **Formation (Incorporation) Services**

CT will provide all the services to incorporate your Lions Organization with the Secretary of State.

### **Annual Report Services**

CT can assist in filing Annual Reports, which are required to maintain your Lions Organization in “good standing” with the Secretary of State. These filings are required in the jurisdictions in which your Lions Organization is registered.

### **International Services**

For Lions Organizations outside of the United States, CT also offers similar services where available. For more information regarding International Services, call the CT International Team at **1-800-428-4685**.

### **Foundation Services**

The Foundation Group can assist your Lions Club or District with all of its 501(c)(3) tax-exempt status needs.

## **LIONS MEMBER BENEFIT PROGRAM PACKAGES:**

### **1. Registered Agent Package**

- Delivery of Process
- Report and Tax Bulletins

### **2. Compliance Service Package**

- Review Annual Report
- File Annual Report

### **3. Club Service Package**

- FEIN number
- Entity Formation
- Registered Agent

### **4. Foundation Service Package**

- FEIN number
- Entity Formation
- Registered Agent
- 501(c)3 exemption

## **HOW TO CONTACT CT**

### **For Service within United States**

1-866-331-2303 Toll-Free

1-312-750-0660 Fax

lionsclubs@wolterskluwer.com Email

### **For Service outside of United States**

1-800-428-4685 Toll-Free

1-212-894-8710 Fax

lionsclubs@wolterskluwer.com Email

CT appreciates the opportunity to assist your Lions Organization with your litigation management and compliance needs. Lions Organization officers can contact CT, toll-free at **866-331-2303** or by email at **lionsclubs@wolterskluwer.com**. We look forward to serving you now and for many years in the future.



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