

TOP FIVE DEFICIENCIES IN REGISTRATION APPLICATIONS

1. For New Hampshire organizations, bylaws that are not compliant with New Hampshire law.

New Hampshire organizations must submit bylaws that comply with New Hampshire law, and model bylaws found on the internet are not necessarily compliant with New Hampshire law, even if they claim to be. For example, any model document that refers to the “New Hampshire Nonprofit Corporation Act” likely is not compliant with New Hampshire law because New Hampshire did not adopt the Model Nonprofit Corporation Act. If you are seeking model bylaws, refer to the resources offered by the NH Center for Nonprofits or consult with a New Hampshire attorney familiar with the laws applicable to charitable nonprofit corporations.

2. For New Hampshire nonprofit corporations, fewer than five (5) board members who are unrelated by blood or marriage.

The New Hampshire Voluntary Corporation Act, RSA 292:6-a, requires that charitable corporations formed in New Hampshire be governed by a board of directors comprised of at least five (5) people who are unrelated by blood or marriage. Some members of the board can be related by blood or marriage, but at least five must be unrelated to one another.

3. A conflicts of interest policy that does not address pecuniary benefit transactions.

New Hampshire law, RSA 7:19-a, requires that every charitable organization adopt policies “pertaining to pecuniary benefit transactions *and* conflicts of interest.” The policies can be included as part of the organization’s bylaws. The term “pecuniary benefit transaction” has a specific meaning under New Hampshire law, and such transactions are prohibited unless certain conditions (set forth under the statute) are met. *See* RSA 7:19-a. For examples of conflicts of interest policies that address pecuniary benefit transactions, see the [instructions](#) for Form NHCT-11 found on the Charitable Trusts Unit website.

4. Nonexistent or inconsistent dissolution provisions.

The organization’s governing documents (i.e., articles of agreement, bylaws, articles of association, constitution) must include a clause that specifies that upon dissolution, the organization’s assets will be distributed for *charitable*, tax-exempt purposes. It is important that the dissolution clause be consistent in all of the organization’s governing documents. The following is sample language:

Upon dissolution, the entire net assets remaining after the payment of any and all liabilities and obligations of the [corporation, organization] shall be distributed to [xyz charity or to] a charitable organization described in section 501(c)(3) and exempt from federal income taxes under section 501(a) of the Internal Revenue

Code of 1986, as amended, and which the board of directors determines is best able to carry on the charitable purposes of the [corporation, association]. If no such organization exists or is willing to receive the assets, the assets shall be distributed only for one or more other exempt purposes within the meaning of section 510(c)(3), or will be distributed to the United States government, or to a state or local government, solely for a public purpose.

5. Incomplete Form NHCT-11.

Complete *all* of the information requested on Form NHCT-11. For example, for New Hampshire organizations, failure to include email addresses, home addresses, and telephone numbers of board members or the bylaws of the organization can result in rejection of the application. If you have any questions about the form or the documents required, visit the [instructions](#) for Form NHCT-11 found on the Charitable Trusts Unit website.