
Section M. Incorporation

Introduction	This section describes the need for, purpose of, and provisions for having incorporated groups support Auxiliary activities.
M.1. National	The Commandant has approved the organization of only one corporation to support Auxiliary activities, the CGAuxA, Inc. The National Board requires a legal entity to conduct certain fiscal affairs peculiar to the National Board. CGAuxA, Inc. is the authorized entity to conduct the fiscal and business management responsibilities for the National Board.
M.1.a. Organization	The CGAuxA, Inc. organization shall be as prescribed by its Articles of Incorporation and By-laws. The organization and operations of the CGAuxA, Inc. are set out in its Articles of Incorporation and By-laws, as amended from time to time. CGAuxA, Inc. has multiple classes of membership including all members of the Auxiliary except honorary and retired members. Membership in CGAuxA, Inc. is directly linked to Auxiliary membership. As long as an individual is a member of the Auxiliary, they must be a member of CGAuxA, Inc. An individual cannot retain their Auxiliary membership if they desire to terminate their CGAuxA, Inc. membership. Individuals and/or groups/corporations desiring to support the civil missions of the U.S. Coast Guard Auxiliary may become Associate Members of CGAuxA, Inc. based on their level of financial contributions. Auxiliary members who desire may also become Associate members under the same terms, conditions, and categories of Associate memberships as non-Auxiliarists.
M.1.b. Support	CGAuxA, Inc. is the only corporation authorized to conduct fundraising activities to support Auxiliary programs. It shall serve as the conduit for receiving donations to the Auxiliary as a 501(c)3 non-profit corporation as well as for receiving boating safety or other grants and funds, and accepting other items for appropriate purposes. CGAuxA, Inc. may transfer title of property (e.g., boats, trailers, administrative support equipment, etc.) to Auxiliary units that seek ownership of such property without having to undergo a prohibited source determination process nor having to gain District Commander or Commandant approval. CGAuxA, Inc. is authorized to receive excess to Coast Guard property in accordance with the provisions of 14 U.S.C. § 641. In addition, the Coast Guard may contract with CGAuxA, Inc. to procure required goods and services.

M.2. District/Regional	The Commandant recognizes that Coast Guard Auxiliary districts or regions may have a need to hold title to property through a corporation. The authority to approve the formation of a district/region corporation has been delegated by the Commandant to the Chief Director upon the recommendation of the DCO and the Director. In general, corporations are not encouraged and are to be approved only when necessary. Reasons for approving requests for incorporation are: a. To hold title to real and personal property appropriate for use by the Auxiliary in the performance of its missions, which cannot be owned directly by Auxiliary units. b. To accept State grants and funding which cannot be given directly to Auxiliary units. c. To obtain and hold copyrights, patents, trademarks, and service marks. d. To provide for the ownership of motor vehicles, aircraft, vessels, motors, and trailers (vessel, storage, communications, etc).
M.2.a. District Board	The district/region corporation shall be the mirror image of the Coast Guard Auxiliary district in which the district leaders shall be the officers of the corporation and the members of the District Board. The Director shall serve as an ex officio member. All other members of the district shall be non-voting members of the corporation and the corporation shall be entitled to use the name, "Coast Guard Auxiliary (Number) District Board, Inc."
M.2.b. Donations/ Property	The district/region corporation shall be permitted to accept donations of money on behalf of specific divisions and flotillas and to turn over those funds designated for use by a particular division or flotilla. The district corporation shall be authorized to hold title to property and, pursuant to the terms of a written exclusive use agreement, permit the exclusive use by the intended division or flotilla (see paragraph H.1 of this chapter).
M.2.c. Prohibitions	No divisions or flotillas shall be permitted to incorporate. Any other corporations or entities other than those expressly authorized herein, whether formed in whole or in part by Auxiliarists, are not affiliated or a part of the Coast Guard or Auxiliary. The members of those corporations are acting solely in a private or individual capacity and not as Auxiliarists or as leaders, agents, or employees of the U.S. There must be a clear distinction between the official statutory activities of the Coast Guard and the Auxiliary, as opposed to the private and separate activities of such an entity. Those organizations may receive no financial or other support from the Coast Guard or the Auxiliary.

	Neither the Coast Guard nor the Auxiliary will assume any responsibility for the administration of the activities of such corporations before third parties or tribunals. Auxiliary flotillas, divisions, and districts may be permitted by the Director to use any real or personal property offered to them by such corporations for the purpose of supporting Auxiliary activities and programs.
M.2.d. Legal Services	Before initiating any effort to create a district/region corporation, the DCO should seek the advice of the DSO-LP to determine whether forming such a corporation is necessary. If it is determined that a valid reason exists to form a district corporation, approval shall be sought from the Chief Director via the Director. The DSO-LP, when directed, is authorized to incorporate approved district corporations, to seek tax-exempt status, and to provide other necessary legal services, on behalf of such corporation as an Auxiliarist. A copy of the corporate charter and by-laws shall be forwarded to the Director's office for approval, filing, and record purposes.
M.2.e. Requirements	Specific details with respect to the formation, organization, and operation of district corporations shall be issued from time to time. These guidelines will contain specific requirements for the carrying of liability and other insurance, legal and fiscal policy, and Coast Guard oversight. DCOs, as presidents of their district corporations, are responsible for ensuring the corporation adheres to these specific details (see Appendix E).
M.3. Title	No corporation or other organization other than the CGAuxA, Inc. and authorized and approved district corporations may use the words, "Coast Guard Auxiliary." No other organization may contain any name that contains any reference to the Coast Guard or the Auxiliary or any words, contractions, or acronyms tending to imply any association with the Coast Guard or the Auxiliary.