

PLAN OF DISSOLUTION
Chatham County Library Foundation, Inc. (the "Foundation")

This Plan of Dissolution ("Plan") is adopted pursuant to Article 14 of the North Carolina Nonprofit Corporation Act, including N.C. Gen. Stat. §§ 55A-14-02 and 55A-14-03, for the purpose of dissolving the Foundation in an orderly and lawful manner and distributing all remaining assets for the benefit of the Chatham County Public Library System (the "Library System"). Under North Carolina law, a plan of dissolution must provide for payment of liabilities and the lawful distribution of remaining assets and must be attached to the Articles of Dissolution filed with the North Carolina Secretary of State.

1) Foundation Information

- **Legal Name:** Chatham County Library Foundation, Inc.
- **EIN:** 26-0420699
- **NC SOS ID:** 0861296
- **Incorporation Date:** 08/14/2006
- **Principal Office:** 12 East St., Pittsboro, NC 27312
- **IRS Status:** 501(c)(3) public charity (or as applicable).

2) Authorization of Dissolution

Dissolution was duly authorized on **02/04/2026** by:

- **Board of Directors:** Approved the Plan by the required vote; and
- **Members:** *Not applicable (no voting members), or* *Approved as required by the Bylaws.*

This approval complies with N.C. Gen. Stat. § 55A-14-02 (approval by board and, if applicable, members).

3) Purpose and Intent

The Foundation is dissolving because prolonged inactivity and lack of sustained funding. The intent is to transfer all remaining assets to Chatham County, to be held as restricted funds for the sole benefit of the Chatham County Public Library System, consistent with donor intent, the Foundation's charitable purposes, and applicable law. This approach is expressly permitted for charitable nonprofits under N.C. Gen. Stat. § 55A-14-03(a)(2) (assets may be transferred to a governmental entity or 501(c)(3) organizations).

4. Winding Up Affairs

From and after filing the Articles of Dissolution, the Foundation shall cease regular operations except as necessary to wind up, including:

- a) Notifying stakeholders, donors, and grantors;
- b) Collecting accounts and resolving receivables;
- c) Satisfying or making adequate provision for all liabilities;
- d) Terminating or assigning contracts where appropriate;
- e) Closing bank, brokerage, merchant, and online donation accounts;
- f) Preparing and filing all final tax and regulatory reports.

Under North Carolina procedure, once dissolved the corporation may only perform winding-up actions, and the plan must address debts before distributing assets.

5. Liabilities and Obligations

All known liabilities and obligations shall be paid in full or adequately provided for prior to distributing assets, as required by N.C. Gen. Stat. § 55A-14-03(a). The Treasurer shall prepare a schedule of obligations, including: accounts payable, contractual obligations, grant commitments, professional fees, and accrued expenses.

6. Treatment of Restricted/Conditional Assets

- 6.1 Donor-Restricted or Conditional Funds. Assets held subject to donor restrictions, conditions, or reversionary interests shall be returned, transferred, or conveyed in accordance with those terms if such condition is triggered by dissolution, as required by § 55A-14-03(a)(1).
- 6.2 Agency/Pass-Through Funds. Any funds held as agent for a third party will be remitted to the principal.
- 6.3 Documentation. The Foundation will maintain written documentation identifying the disposition and basis for each transfer of restricted assets.

7. Distribution of Remaining Assets (Unrestricted or Board-Designated)

After satisfying Section 5 and handling Section 6, all remaining assets (cash, investments, receivables, tangible personal property, and intangible property) shall be transferred to Chatham County, North Carolina, to be held in a segregated account restricted for the benefit of the Chatham County Public Library System and used for library purposes consistent with the Foundation's charitable mission and any applicable donor intents. For clarity:

- Recipient: Chatham County, North Carolina (a governmental entity)
- Use Restriction: Solely for the benefit of the Chatham County Public Library System (operations, collections, programs, technology, facilities, and capital projects), consistent with donor restrictions and any written gift instruments.
- Oversight: The County shall account for funds as restricted and report on their use to the Library System administration annually (or as otherwise agreed).

This distribution structure is consistent with § 55A-14-03(a)(2) allowing transfers of charitable assets to a state or political subdivision (government entity) for charitable purposes.

8. Records and Reporting

The Secretary shall compile and preserve:

- Minutes and resolutions authorizing dissolution;
- Closing financial statements;
- Inventory and valuation of assets;
- A schedule of liabilities and how they were satisfied;

- Proof of transfers (wires, checks, receipts, gift agreements);
- Final filings and correspondence with agencies.

Maintaining these records supports compliance with winding-up actions and the Secretary of State's expectations for an attached, specific plan during filing.

9. Final Filings and Notices

The officers shall ensure:

1. Filing of Articles of Dissolution (Form N-06) with the North Carolina Secretary of State with this Plan attached and completion of required information (officers/directors, date of authorization) per § 55A-14-04; filing becomes effective on the Articles' effective date.
2. Filing of final IRS Form 990/990-EZ/990-N and, if applicable, final NC filings; marking "Final return."
3. Notification to banks, investment custodians, donors, grantors, vendors, and contractors.
4. Cancellation of registrations, permits, and third-party services.

The NC Secretary of State specifically notes that a plan of dissolution must be attached to nonprofit Articles of Dissolution.

10. Prohibition on Private Inurement

No director, officer, or private person shall receive any distribution of assets, except for the payment of reasonable compensation for services already rendered and the reimbursement of bona fide expenses, consistent with charitable law and tax-exempt rules. This aligns with statutory distribution rules for charitable nonprofits upon dissolution.

11. Effective Date and Implementation

This Plan is effective upon approval by the Board (and members, if applicable). The officers are authorized to take all steps necessary to implement and complete the dissolution and asset transfer and to execute any agreements or receipts required to carry out this Plan. The corporation is considered dissolved upon the effective date of the filed Articles of Dissolution.

Adopted this 4th day of February, 2026



[Name], Chair, Board of Directors



