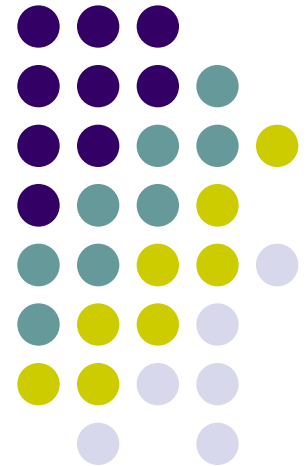


Legal Issues for Associations

James M. Goldberg

AACRAO State/Regional
Organizations

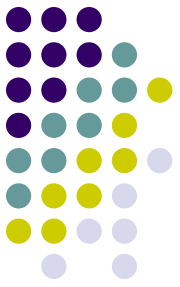


Organizational Structure



- Are you incorporated?
 - 37 state and regional groups
 - Incorporated = 24
 - Not incorporated = 13

Maintain Corporate Formalities



- Who is your registered agent?
 - Individual or corporation
- Who files required state reports?
 - One state cancelled in 2009 for failure to file
- Are your Bylaws current?
 - Do you do what they say?



Do Unto Others...

- Maintain corporate record book or file
 - Articles of Incorporation
 - Current Bylaws
 - Record of FEIN (federal tax ID)
 - IRS (and state, if applicable) tax exemption determination letter
 - State annual report filings
 - Name/address of registered agent

Are You Tax Exempt?



- Must file with the IRS
 - Perhaps state as well
- (c)(3) v. (c)(6)
 - Educational organization v. promotion of a line of business

Required Tax Filings



- Form 990-N (e-Postcard)
- Form 990-EZ
- Revised Form 990

New Form 990-N (e-Postcard)



- Annual electronic filing requirement for small tax-exempt organizations with gross receipts under \$50,000
- Formerly not required to file anything
 - Must file for tax years ending on or after 12-31-07
- Report due 15th day of 5th month after year-end (e.g., May 15 for 12-31 FY)



Contents of e-Postcard

- Employer identification number
- Tax year
- Legal name and mailing address
- Any other names used
- Name, address of a principal officer
- Website address, if applicable
- Confirmation of gross receipts under \$50,000



More on e-Postcard

- Find at www.irs.gov
 - Enter e-Postcard in Search box

- Failure to file for three years will result in automatic revocation of tax-exempt status



Who Can File the 990-EZ?

- Receipts over \$50,000 and less than \$200,000
- Much shorter and less complicated than Form 990
- File on the 15th day of the 5th month after end of tax year



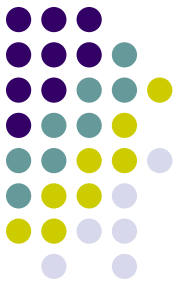
Form 990

- Requires much more non-accounting information, becoming an “activities” form just as much as an accounting form
- Biggest areas of change include disclosure of governance policies and details about compensation for key personnel

Form 990 Governance Issues

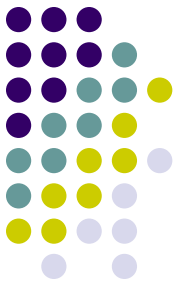


- Process for determining compensation of Executive Director
- Whether Form 990 was provided to each Board member before filing
- Written whistleblower policy
- Written document retention and destruction policies



More Governance Issues

- Conflict of interest disclosure for officers and directors
- Contemporaneous documentation of Board and major committee meetings
- Whether and how make governing documents, conflicts policy and financial statements available to the public



Additional Tips

- File Form 1099 for payments to individuals exceeding \$600/year
- Do you have insurance?
 - Commercial general liability (CGL)
 - Directors and officers (aka association professional liability)

A Word or Two About Contracts



- Understand what you are signing
 - The other party isn't necessarily your "friend"
 - Use proper legal names of parties
 - Note applicable dates (e.g., notice of non-renewal)

Questions?



Thank You!



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