



4/11/10

A meeting was held between the BOD members and Claudia Raessler at the Raessler residence, beginning at approximately 11:30 and ending at 2:30. Present: Dawn Brooker, Pam Drew, Pat Houde, Lisa Houde, Jill McElderry-Maxwell, and Claudia Raessler. Ginny Rebar was unable to attend.

- I. The first order of business was determining what form of non-profit organization is most appropriate for MAA. Claudia Raessler is an attorney for non-profit organizations and volunteered to share her expertise with the Board.
 - a. When the organization was established in 2003, the by-laws were written to allow for later incorporation as a non-profit, but no filing was ever made.
 - b. In 2006, when the issue was revisited, MAA did not have enough gross income to require filing as a non-profit (under 5K gross at the time).
 - c. Assumption of the Fiber Frolic as a MAA activity makes our gross high enough that we must file to become a formally tax exempt organization or we risk paying both current and back taxes. At the current time, we are also required to file a 990N (under \$25,000 gross receipts).
 - d. There are several dozen types of non-profits. The three considered for MAA were the 501(c)(3), 501(c)(5) and 501(c)(6). Each type has different permissible activities, and Claudia reviewed these with the board to help determine our appropriate placement.
 - i. A 501(c)(3) is the most common type of non-profit organization and is what most people think of when envisioning a tax exempt non-profit. Typical examples are charitable, religious and educational organizations, many of which are organized as public charities or private foundations. MAA does not qualify as a 501(c)(3) non-profit.

- ii. 501(c)(5) organizations include agricultural and horticultural organizations primarily engaged in educating members, promoting a type of animal or plant, showing or exhibiting a type of animal or plant, and possibly bulk buying. Product development is specifically not permitted in this type of organization, nor is the promotion of processed products. For these reasons, it was deemed that MAA was not suited to this classification.
 - iii. A 501(c)(6) organization may function similarly to a chamber of commerce or a trade association. The regulations define these types of groups as “an association of persons having a common business interest, whose purpose is to promote the common business interest...Its activities are directed to the improvement of business conditions of one or more lines of business...” Product development and sales are not prohibited under this classification, and the BOD felt that maintaining maximum flexibility was desirable.
 - e. The BOD intends to seek membership approval for the selection of the 501(c)(6) designation, and to file the appropriate paperwork this fiscal year. Per Claudia, the filing fees will be approximately \$400 if the BOD completes the paperwork itself. Pam will complete the application (Form 1024) and Claudia has indicated willingness to check the filing for errors and omissions before we file, in a pro bono advisory capacity only.
 - f. The BOD feels that filing as a 501(c)(6) will allow MAA to continue providing educational opportunities and marketing opportunities to the membership, as well as allow the pursuit of bulk buying, lobbying and product development in the future.
 - g. Claudia is going to further investigate whether or not MAA qualifies as sales/use tax exempt (for sock sales, etc.)s
- II. The future status of the Fiber Frolic as a MAA-sponsored event was discussed. Several issues were discussed, including MAA’s liability insurance which currently also covers the FF, MAA’s responsibilities for oversight of FF spending and whether or not the FF could/should become an independent entity.
- a. Concerns were raised by the BOD regarding whether or not MAA’s liability insurance would cover the FF given that Al Maloney and Nancy Williams had not renewed their MAA membership. It was confirmed with MAA’s insurer that the event would be covered as long as Nancy and Al were members. In recognition of their hard work on behalf of the Frolic, the BOD decided to offer them a complimentary membership in MAA for this year.

- b. During the time of transition when MAA stepped up to sponsor the FF, several decisions were made which gave the FF significant operating independence compared to other MAA committees. The BOD is concerned about potential tax and/or legal liability given this situation, particularly in light of filing as a non-profit, and will be asking the FF committee for more detailed financial information on a more regular basis. FF numbers will be included in the MAA financials from now on.
 - c. Karen Woods noted at the last members' meeting that the FF was investigating the procedure for becoming an official State Fair (and thus reaping the benefits of state advertising). This suggested to the BOD that there was interest on the part of the FF of becoming an independent entity. The BOD will discuss the future of MAA's involvement with the FF with Al and Nancy.
- III. The use of the photo that Steffi McKeith unveiled at the last member's meeting was discussed. Concern was raised over the cost to acquire exclusive rights to the image, as well as the fact that the photo features a huacaya only. While granting that the image has considerable emotional appeal, the decision was made that the final sign should reflect Maine alpaca farming more broadly. A contest will be held to find appropriate images of a huacaya, a suri and fiber products, the exclusive use of which the photographers are willing to donate to MAA for unlimited use.