

MFL Board Meeting Minutes
April 29, 2012
Milton Academy

The meeting was called to order at 2:09 pm by the president, Debbie Simon.

Present: Greg Cunningham, Jim Murphy, P.J. Wexler, Chris Sheldon, Josh Cohen, Dan Sapir, Joyce Albert, Lisa Honeyman (via phone for the first 40 minutes), Debbie Simon, Sarah Donnelly

Agenda Item #1 – MFL non-profit status

Debbie started by introducing Charles Cheever of Choate Hall & Stewart LLP. She thanked him for coming to meet with us today. She also mentioned that Greg Cunningham had done some research about our situation and had some information to share.

Debbie asked Greg to begin:

Greg noted that the MFL is not alone in having issues regarding non-profit status. The NCFL, for example, is also having issues. Greg reported that he was unable to find evidence of the MFL having an EIN (employer identification number), and so does not exist in the eyes of the IRS. We do exist in the eyes of the state of Massachusetts and are up to date with our annual report filings and officer and director designations. Greg spoke with a friend, David Russo, who is a lawyer, who recommends that we get an EIN and start over. If we do so, we will need to make a decision about whether to be a 501(c)(3) or a 501(c)(6) organization. There is also the option that we could be a self-declared non-profit. As we are acting as a non-profit, we would not likely be challenged.

At this point, Charles took over:

He began by clarifying that there are two separate entities that we must deal with: the state and the federal government.

Charles agrees with Greg that we need to go back and start from scratch as a new MA non-profit.

We are currently registered in Massachusetts as a for profit corp. Our Articles of Organization, Bylaws etc. suggest we are a shareholder corporation. This requires that each year, money be distributed to our stockholders (which don't exist). Charles believes that someone originally read an old version of a Massachusetts statute that misled them to believe that it was okay to make us a stockholder organization. But, this is not what we are. Our original filing designated us as a for-profit corporation. But all subsequent reports filed have been for non-profit organizations. This leaves us with a bit of a disconnect.

Charles assured us that this is not something that we need to be overly concerned about – no one is going to “get in trouble”. There is NO personal liability involved.

Given that we haven't done any federal filings and were never formed correctly in the first place, Charles believes we should “close” the current organization, formally terminate the corporation, and start a new one, first with the state and then with the IRS. Just being a non-profit does not make us a tax exempt non-profit.

When we apply for the federal exemption, we will have to answer the question, "Are you related to

another organization?" What they mean is "are you sharing money, are you taking over an organization that is ending, or do you have interlocking boards of directors." If we do not dissolve our old corporation and incorporate under a new name, with new status as a non-profit, we will need to answer "yes". To avoid complications, he suggests that we change our name, but list ourselves as "[new name], DBA Mass Forensics League", operate under our usual name, then apply for a name change down the line. This would not create an issue with the IRS.

Deb asked, shouldn't we just approach the IRS and beg forgiveness? Charles said that, despite what our paperwork says, we are a non-profit and we should not owe tax. This is really a technical violation, but that should not change the fact that we should not pay tax. Failure to file results in a fine of \$25 per day, but Charles believes that the IRS would be sympathetic to this situation and would waive the fees if it ever came up as an issue. There's no need for us to approach the IRS at this time.

Deb – what steps do we need to take?

Charles has drawn up new paperwork which needs to be filed with the state. After that, we would then need to apply to the IRS to obtain tax exempt status. We need to decide if we want to be a 501(c)(3) or a 501(c)(6). Then we need to file a 990 each year.

Charles does not know that we would be approved as a C6, since that is technically a business league. Yes, it's possible, but a C3 is more appropriate as we are an educational organization. After some discussion, we decided to form as a 501(c)(3).

MOTION by Chris Sheldon: Create a new MA Chapter 180 corporation and to file form 1023 with the IRS to be recognized as a 501(c)(3) organization.

2nd by Joyce Albert
passed unanimously!

What do we need to do going forward:

1. Charles has drawn up new paperwork and will file it with the state to create a new entity for us as a Chapter 180 non-profit with a new name (Probably Massachusetts Speech & Debate League) and a DBA name: The Massachusetts Forensic League. This will be filed with the MA Secretary of State & the IRS. Charles will create the paperwork and send the documents to Debbie for her signature. Then he will prepare form 1023 and send that in. Then we wait for 30-180 days to get recognition back from the State of MA that we are a tax exempt entity. (Once we get that recognition, it will relate back to the date we applied, not the date they let us know.)
2. Once we receive recognition from the state, we need to apply to the IRS as a 501(c)(3) in order to be recognized as a tax exempt entity. Charles will do all of this for us.
3. We can open a new bank account as soon as we get an EIN. We must leave the money in our existing organization's bank account for six months to a year.
4. Charles will keep our paperwork so he can take the necessary steps to dissolve our old organization in the next 6 months or so. Then we can apply to the State of MA to transfer the funds from the old organization's bank account to the new one.

5. We will get new bylaws from Charles which Lisa will post on the website, once they are ready.
6. Membership dues will now be called "Dues" because schools will no longer be "members" of the MFL according to our new structure.
7. Invite our lawyer (Charles Cheevers) to a board meeting once a year to run through what we need to do (a check list). Charles said it didn't matter which meeting, but suggested that it be at approximately same time every year.
8. Each year the treasurer must file (electronically) form 990.

The June Annual Meeting (on June 2) will be a meeting of the new organization.

We need to make crystal clear to the league that the MFL Board will make all decisions for the MFL going forward. This is part of our new structure as a non-profit. Since schools that participate in the MFL are no longer members of the corporation, they will no longer be required to vote in order for the MFL to make decisions.

That said, member schools will still have a voice and the board will pledge to vote on issues in a way that reflects what the entire league wants, similar to the way the Electoral College works in many states. We need to explain why we're doing this before the June meeting so we can explain the implications and help coaches to understand why we must be structured this way.

THANK YOU CHARLES!! THANK YOU!!!

Agenda Item #2: Issue about broken table at Shrewsbury:

Background: A broken table was found following the Mardi Gras Tournament at Shrewsbury. Marc Rischitelli sent a note to the league indicating that the principal of Shrewsbury High School was angry and was charging the Shrewsbury team \$600 to replace the table. It was indicated that a custodian saw speech students standing on the table (during a Multiple performance) and was extremely upset that students were using furniture inappropriately. Marc did not ask for MFL assistance. He did want everyone to be aware of the situation.

Today's Question: How should the MFL respond (if at all)?

Discussion:

- There is a certain amount of risk associated with opening your school up when you apply to sanction tournaments. We all know this when we host.
- Insurance would probably have \$1000 deductible. This is only \$600, so it would not have been covered even if we had insurance (which we don't).
- Should the MFL offer to cover part of the cost? Perhaps 50%?
Why 50%? Is it because \$300 is the top we would contribute for anything?
Or because there is a philosophical choice of 50%?
- In no way should our decision today to be seen as a precedent for damage done at future tournaments.

- We don't know what has happened at Shrewsbury since March. Is the issue resolved?
- If the MFL is going to get involved, we need to see what the damage was. Is the table repairable? Can we find a similar table that costs less than \$600? Are we sure students at the tournament are responsible for the damage? We need more information before we proceed.

Resolution (for now)

Debbie has agreed to reach out to Marc Rischitelli to see if it would be helpful for her to call the Principal of Shrewsbury H.S. to indicate the MFL Board has heard about the incident and is concerned about the situation. She will also try to find out the details about what happened. Based upon what she finds, we can consider our options moving forward.

We need AGENDA ITEMS for the JUNE LEAGUE MEETING – including:

- Possible follow-up options for the situation of the broken table at Shrewsbury.
- Discuss use of tables/chairs etc. in the use of Multiple at future tournaments
- Insurance
- Academic Integrity issues (PJ)
- A congress issue from PJ

Deadline for June Meeting Agenda items is May 11. Please submit them to Lisa Honeyman and/or Sarah Donnelly.

The Annual League Meeting will be on June 2.

Milton Academy. Kellner Performing Arts Center – Room 229

The Board will meet at 10:00.

General membership meeting at 11:00.

Motion to adjourn – Dan Sapir.
2nd by Chris Sheldon.

The meeting was adjourned at 3:55 pm.

Respectfully submitted,

Lisa Honeyman
Secretary/VP