

LEADERSHIP ACUMEN

Volume 3 • Issue 1 • Spring 2017



association
acumen[™]
guiding organizational evolution



CUTTING THROUGH THE RED TAPE: ✂ A Case Study in Achieving 501(c)(3) Status



Association Acumen has secured numerous 501(c) designations on behalf of its clients. The benefits of achieving the 501(c) IRS tax status are many, but the road to achieving that much-desired status can be tricky. The 501(c)(3) designation provides a number of substantial financial and legal advantages, including exemption from federal income and state sales taxes, reduced postal rates and tax-deductible contributions.

In order to qualify, the association must have an exempt purpose – mainly charitable, educational, religious, or scientific. Organizations often request this status to help cement their association as a legal entity and to assist them in obtaining educational grants. We recently secured 501(c)(3) status for an organization that has held meetings worldwide for twenty years.

Our first step was to draft Articles of Incorporation and have them approved by the board. Articles must include a dissolution clause and a statement of exempt purpose. The dissolution clause allowed for the payment of the organization's liabilities and described the method for disposing of its assets. Next, we filed the Articles of Incorporation with the state in order to become an incorporated entity. A small filing fee is required and we received a response in two days. Then we applied for an Employer Identification Number (EIN) from the IRS which was granted immediately online.

Next in the process is to determine whether the organization needs to use IRS form 1023 or 1023-EZ to apply for 501(c)(3) status. The 1023 form (\$850 filing fee) requires detailed descriptions of membership, history, financial statements and political involvement. The organization can file a shortened 1023-EZ form (\$275 filing fee) instead if annual gross receipts will not exceed \$50,000 in the next three years. The three page form asks the organization to attest that it qualifies as a charitable, educational or scientific entity and that it will refrain from private inurement (net earnings may not inure to the benefit of a private individual) and political campaigning. Response can take up to eight weeks, but determination is often made within a month. Once approved, the organization is now obligated to file an annual 990 tax return, 990-EZ or e-postcard, 990-N. If the form is not filed for three consecutive years, 501(c)(3) status is automatically revoked. If status is revoked, back tax forms must be completed and the application and fee must be resubmitted. The best advice: take advantage of all the status has to offer and use it so you don't lose it!

Sandra Koehler, CAE
Compliance Director

association **acumen**[™]
guiding organizational evolution

Congratulations to the Immunology of
Diabetes Society on a successful 15th
International Congress!



IDS Annual Meeting

A PRESCRIPTION FOR FORGING STRONG LEADER PARTNERSHIPS

Lori Rathje, CAE, Executive Director of the Society for Mucosal Immunology (SMI), recently attended the American Society of Association Executives (ASAE) two-day CEO Symposium in Coronado, California with President-Elect Ifor Williams, MD, PhD. Bill Elliott, CAE, Executive Director of the Automotive Fleet & Leasing Association (AFLA), also attended with Vice President Dave Durepo.



“The Symposium for Chief Executive and Chief Elected Officers provides a great opportunity for staff executives to connect with board chairs to set annual priorities and determine how to work better together. We are a strong advocate of these leadership building events and encourage Executive Directors to participate on a regular basis,” Gail Bast, Acumen’s President, stated.



“I attended the CEO Symposium for my fifth time because each of the previous sessions that I attended gave me solid tools to bring back to the association for our elected leaders’ tenure,” Elliott said. “The biggest takeaway is getting to know and understand your incoming volunteer leader. Having this discussion prior to a president taking office sets our associations up for success.”

“The CEO Symposium levels the playing field for both you and your elected leader by shedding light onto the theory behind well-functioning boards,” Rathje said. “Board members are elected to their positions because they are exceptional leaders within their professional fields and may not have all of the skills or background knowledge to be exceptional board members. The symposium is designed to close that knowledge gap,” she said.

Elliott stressed the importance of creating a laundry list of action items and strategies at the CEO Symposium. “We talked at length about opportunities to reshape our membership growth and financial strategies,” he said.

“While the CEO Symposium is certainly an investment in time and money, attending gives you the relationship and tools that you need to succeed in your elected leader’s tenure,” Elliott added.

“I would definitely recommend the symposium to other CEOs,” Rathje said. It provides an opportunity to get to know your counterpart which leads to a stronger, more effective partnership, ultimately for the benefit of the organization.”

LEADERSHIP LESSONS, PART 2:

By John Dmochowsky, CAFM
Past President, Automotive Fleet & Leasing Association (AFLA)



John Dmochowsky is Senior Manager of Global Fleet Management for Mondelēz International and is responsible for its fleet of 8,500 vehicles.

For more information about AFLA, please visit www.afla.org.

Q: What do you think are the biggest challenges facing non-profit associations today?

A: We all have day jobs and elements of change in our jobs that make us better leaders. But time is a challenge. By tapping into the core competencies of volunteers, you can utilize strategies to streamline operations by using companies like Association Acumen. Investing in people and technology allows us to take away logistics from the volunteer level and eliminate redundancies when more resources are needed.

Q: How do you build board and member trust?

A: By listening, offering patience and by giving it time. Board members are all experts who bring a lot of expertise to the table. Trust can also be built by holding more frequent meetings and by sharing your passion with others. Interacting with members at events and listening to their challenges is also critical.

Q: Describe your hobbies.

A: I take boxing classes three to four times a week to relieve stress. I’m an empty nester with a supportive wife and I enjoy spending time with her, my children and love being a grandparent.



AFLA Annual Meeting, September, 2016

WHY YOUR ASSOCIATION NEEDS TO UNDERSTAND UBIT



What happens when the organization earns income that isn't related to the organizations' exempt purposes? Consider examples of earned income like insurance programs, magazine publishing, selling membership lists and advertising space. Even though an organization is tax-exempt, it's still liable for tax on income from unrelated trades or business, or unrelated business income (UBI). Here's a quick three-step test to determine if income is considered UBI. IRS regulations define an activity as unrelated if it possesses all three of the following criteria:

- It's from a trade or business – includes any business activity conducted with intent to profit.
- It's carried out regularly – business activities showing a frequency and continuity similar to comparable commercial activities of nonexempt organizations.
- It's not substantially related to the organization's tax exempt purpose.



QUICK TIP: We create UBI policies for your organizations that clearly classify how income and expenses for unrelated activities are included in the financial records to stand up to IRS audit procedures. If the organization's UBI equals or exceeds \$1,000, it must report it to the IRS by filing a Form 990-T, Exempt Organization Business Income Tax Return. Learn more: irs.gov/Charities-&-Non-Profits/Unrelated-Business-Income-Tax

By Melinda Waite, Membership & Marketing Manager

ACUMEN EMBARKS ON NEW APPROACH TO SETTING STRATEGY



Association Acumen's Senior Management Team is utilizing the Entrepreneurial Operating System (EOS) to create the strategic plan for Acumen's next ten years. EOS is a system of concepts and tools that focuses on vision, traction and health. EOS creators describe the three elements as:

Vision - getting everyone 100% on the same page with where we're going, and how we plan to get there

Traction - instilling focus, discipline, and accountability throughout the company so that everyone executes on that vision every day

Health - helping our leaders become a more cohesive, functional, healthy leadership team



On the heels of celebrating Acumen's ten-year anniversary, President Gail Bast says, "We are using EOS to focus on our own organizational evolution. We spend most of our time focusing on the vision and strategies that support our client-organizations' futures. It is crucial for our clients' success that we pause to map out Acumen's ongoing stability and growth."

EOS will help the entire Acumen team to get better at three things:

Issues - Being great at solving problems throughout the organization

Process - Continued systemization of our core processes and definition of the way we do business

Traction - Bringing discipline and accountability into every level of the organization company

While we always say that our client's success is our success, we know it is also just as important to say that our success is our clients' success.

WHAT'S NEW & WHO'S WHO

Member Engagement: The Key to Renewal

Association Acumen recently hosted the Wisconsin Society of Association Executives (WSAE) Membership Brown Bag. It was a great opportunity to exchange onboarding ideas with other state, national and international organization's membership staff.

One of the key takeaways Acumen shared was the importance of diversifying not only new member touchpoint methods, but also the purpose behind each touchpoint. Diversifying the message helps ensure that each member has an easily actionable way to engage with the organization to mutual benefit.

Acumen clients already utilize many different touchpoints, including an email welcome, invitations to participate in committees, join social media discussions and participate in new-member receptions at the annual meeting. Each client team also has a detailed timeline in place to ensure communication is consistent and strategic so members feel appreciated year-round.

New members need to find support, resources and connections in their first year. Engaged members are more likely to renew. Increasing first-year member engagement puts associations on the right path for a strong and active membership that will continue to grow year over year.

By Elizabeth Schlicht, Membership & Marketing Manager



Leadership Acumen is published by Association Acumen, LLC, three times per year to bolster leader development and support organizational evolution. Association Acumen is an award-winning, accredited full service association management company that is intently focused on its clients and hard-wired to the latest trends and advances the industry offers. Acumen's goal is to work seamlessly with leaders to advance your mission.



Editor
Sandra M. Koehler, CAE
skoehler@associationacumen.com

N83 W13410 Leon Road
Menomonee Falls, WI 53051
ph 414-359-1676
www.associationacumen.com
©2017 Association Acumen, LLC



WSAE Brown Bag Attendees

Bill Elliott Celebrates 5 Year Anniversary

Congratulations to Bill Elliott, CAE, who recently celebrated 5 years at Acumen! With Gail Bast, Association Acumen President



Laura Konop, Meetings Manager, manages the logistics for the Federation of Clinical Immunology Societies (FOCIS) and the International Association of Special Investigation Units (IASIU) meetings, including site and vendor selection, onsite logistics, registration, event technology and speaker management. Laura leverages a proven history of association meeting management, sales, and marketing to facilitate successful meetings for her clients. Laura holds a Bachelors of Communication from Wisconsin Lutheran College.



Chris Pruitt, Association Assistant, supports the Automotive Fleet and Leasing Association (AFLA) and the International Association of Special Investigation Units (IASIU). She provides assistance with organization and project management, database management, certification support and member services. Chris has a depth of experience with creating and implementing procedures to ensure quality and consistently provide a high standard of member service.



Kelly Griffiths, Membership & Marketing Assistant, supports the Society for Mucosal Immunology (SMI) and the Ophthalmic Anesthesia Society (OAS). Her responsibilities include web presence management, administrative support and database management. Kelly has a Bachelors' degree in Psychology from Ripon College, and is currently pursuing a degree in Web and Digital Media design at Waukesha County Technical College.



COMING IN THE NEXT ISSUE

- Leadership Lessons from Jeffrey Bluestone, PhD, Part 1
- Keys to a Successful Video Strategy
- Spring Meetings Recap
- Building Better Board & CEO Relationships
- How to Go Global & *MORE!*

Let us know how we're doing! Please click here to complete a brief survey. Thank you for your help!