

2021 Fall Board Meeting
American Iris Society
Report of General Counsel
(September 20, 2021)

2022 Annual Convention – Las Cruces, NM

I consulted with Convention Chair Howie Dash about contractual matters concerning the Convention and continue to monitor COVID restrictions. The State was “fully opened” on July 1, 2021, and all facilities can operate at 100% of maximum capacity. The mask mandate for all public spaces has been extended to at least October 15.

IRS Group Exemption.

This issue continues to be a problem, particularly Sections and Regions. Often, they are requested by state organizations or financial institutions to prove they have a Section 501(c) exemption, or that they can receive charitable donations, and their exemption is under the umbrella organization, the AIS. Our annual 990N filings show each affiliates EIN number, but the IRS does not list the affiliate name, only “AIS.”

I reported last Spring that proposed revenue procedures were released by the IRS in May of 2020, with comments due in August 2020, but the IRS has still not issued its guidance. The IRS has listed “*Guidance revising Rev. Proc. 80-27 regarding group exemption letters (Notice 2020-36 published on May 18, 2020)*” in its 2021-2022 Priority Guidance Plan to be addressed between July 1, 2021 and June 30, 2022. One item that is still of top priority, whether new rules or old, the subordinate affiliates must be “subject to its (the national exempt organization) general supervision and control.” Hopefully this can be as simple as a set of reporting rules embodied in an annual affiliate form report, and approval of local officers of affiliates, but I do not know at this time and I’m researching further.

Over the last few days, I have been working with Cathy Egerer (HIPS) on their need to prove tax exemption, and thanks to her good work we have discovered their exemption goes back to 2003, but no original filings have been located (very typical), and a document request to the IRS may take months in the current environment. I am working on an opinion letter, to be addressed to the AIS President, that affiliates can use to “prove” their exemption by relying on the AIS 990N reports for these affiliates. They will need to include both copies of certain reports and online confirmation in IRS Publication 78 (the official tax-exempt bible) and hopefully this will satisfy inquirers. HIPS will be our test of this procedure.

Affiliate Organizations

There has been no progress yet on this issue, but for convenience my last report follows:

There is some confusion regarding the difference between exemption from federal income tax, and thus eligible for receiving tax deductible donations, and being a non-profit entity for state purposes. The later requires an affiliate to register in their home state as a non-profit entity. This is a real problem for regions and sections that move operations as officers change, and the new state where their president or treasurer resides gets confused wanting them to register in the new state, which in effect creates a new duplicate entity. I am hoping to put together a more comprehensive guideline to help them understand they need ONE home state for permanent registration, then when officers switch to different states they need only register

in their new state as a foreign (out of state) business doing business in that state. This will permit bankers and others to recognize the entity and establish accounts.

Some affiliates (especially local clubs) do not register in their home state and rely solely on the IRS determination letter of the AIS. I have not yet figured out what to do on this.

AIS and Affiliate Records.

Before the November 2021 fall meeting, I will propose to the Board a procedure of collecting current information for the AIS and all affiliates, with their respective state incorporation certificate, any other state authorizations, by-laws, and current slate of officers and directors. The AIS will have to (and actually is required to) mandate that all current by-laws and future revisions be submitted to the national organization.

Request for Opinions of Counsel

I don't believe I reported to the Board in Spring that I left my old firm to begin a solo practice effective January 1, 2021. This has only compounded my problems with getting to opinion requests, so I please ask that affiliates continue to follow these guidelines:

1. Depending upon the type of matter:
 - a. General Requests: copy the AIS president, vice president, secretary, and treasurer. It is important that the officers know about these requests and most, if not all, of the requests I've received the last year require input or knowledge of the treasurer.
 - b. Personnel or Confidential Matters: copy the AIS president only until I can make an initial determination as to nature and scope of the issue.
2. Try to be specific about the urgency of the matter, particularly if it is preventing you from conducting current operations.
3. Attach scans of any relevant documents, letters, or emails involved with the problem.

I have two pending requests from the Board, which are still in process, but hope to have these available for the November meeting:

1. Review AIS privacy policy to include a request a release to permit publication of phone number and email address, along with current street address, in the AIS publications.
2. Prepare a procedure for guidance in the event a Section or Club dissolves or is merged with another Section/Club.