

Middle Fork Willamette Watershed Council
Board of Directors Meeting

24 Oct 2007
Lowell, OR
6 PM

Present: Chip Weber, Nancy Sawtelle, Don Hampton, Barbara Hazen, Chuck Davis, Chuck Spies, Eve Montanaro, Stephanie Schroeder, David Atkin

I. Meeting Changes

The meetings are starting at 6 PM.

Chuck Davis is the facilitator. He may ask someone else to be the timekeeper. When he sends out a call for agenda items, he will ask how much time is needed for the item you wish to discuss. This should streamline meetings.

II. Approval of the Minutes of the Sept 12 Meeting

The minutes were approved as written by consensus.

III. Board of Directors Training Seminar – Mr Atkin

The non-profit entity as an employer. People are volunteers, employees or independent contractors when they do work. If you give incentive to a volunteer in the form of barter, to the IRS they have become an employee. You may pay a volunteer's expenses but you can't pay them for services, not even a stipend. You can't pay less than the minimum wage and must pay overtime. However, you can have an agreement to waive both the minimum wage and the overtime. This includes interns unless they are in a formal education program. Independent contractors have to pass a 20 point test to prove that they are contractors and not employees. The most important factors tend to be supervision and control. A person can't volunteer to do the work they are being paid to do over and above their 40 hours per week.

Conflict of Interest (COI). The IRS requires a conflict of interest policy. Conflict of interest is defined as a transaction in which a Board member or someone related to them receives payment for work. The IRS has a specific procedure for this. The proposal with the potential conflict has to go before the complete Board of Directors (BOD). The person with the conflict of interest has to declare (Step 1), disclose (Step 2) and abstain from voting (Step 3). They have to actually leave the room in which the discussion is taking place. The ultimate question is how does this affect the person with COI financially. The other BOD members have to be sure it is a prudent financial decision and that the MFWWC is getting fair market value. Non-voting members have no COI as they can't vote. The question has to be approved by the majority of the BOD in the room who do not have a COI (Step 4). Step 5 is that the minutes have to show that these 5 steps were taken if there is a COI. The minutes need to have the names of those involved, what they did and how each individual voted. Once a year each member of the BOD has to complete a disclosure statement in which they state any COI they might have. If you find yourself in violation of the COI law, you have to unwind the actions that were taken; eg, get the money back.

MOTION: The motion was made and seconded to adopt the IRS Conflict of Interest policy. Passed by consensus.

Liability. Voting and non-voting members are not liable for the debts of the corporation. Directors and officers are well covered by the state and federal volunteer acts. The organization does need some kind of liability insurance. Ms Montanaro is to check and see what the other watershed councils do. Ms Montanaro has set aside money in the budget for this.

Using a fiscal sponsor. At this time if we have a donor who wants a guaranteed deduction, we would have to use a fiscal agent. They arrange a donor-advised grant. Mr Atkin will do the paperwork for us if we find one of these grants. Foundations prefer going thru fiscal sponsors.

Financial Record keeping. Keep copies for 3 years of the annual reports, the CT-12 and the federal form 990 if we bring in enough money to warrant completing it. Beginning with this year, every tax exempt organization will have to file a 990. Keep receipts for 3 years. Save everything about the 501©3 application forever. You have to give copies of this to anyone who asks within 30 days of the request. You can charge them the copies. If you change what you are doing, you have to tell the IRS. You do track in-kind gifts, matches, etc to show potential donors.

Unrelated Business Income (UBI), There are special rules for this. Creative fund raising can sometimes turn into UBI. You have to ask is the task related or unrelated to what you do. Part of the determination is if it is regular. It is very easy to slip up here.

Interim Donations. At this time we cannot say that we are a 501 © 3. The IRS does allow donors to take a deduction if everything is done right because we do get retroactive tax deductible status with our approval.

Donations. We have to send written acknowledgements for donations of \$250 and above. For lesser donations their check is their receipt. However, you should send them a thank you note. When you are an established 501©3 you normally send out official receipts to all donors. No one can ever take a deduction for donating their time and services. If it is a company they can take a deduction for the what they paid the employee and the materials he used. The in-kind donor has to declare the value of his donation himself while he was working on the project. Quid pro quo – you have to spell out somewhere in the acknowledgement that there were no goods or services involved. Raffles are regulated by the Dept of Justice. Raffle tickets are not tax deductible. You can't advertise for business donors or endorse them publicly. You can thank them in many ways. When you are soliciting for donations it is your duty to tell the giver how much of the donation is deductible.

Prohibited Political Activity. Education can not be propaganda. You have to use facts in a fair and reasonable way. Litigation is prohibited. Influencing the Executive Branch is done by lobbying anyone who isn't a legislator. Trying to influence legislation is limited and must be reported. Influencing the election of candidates is expressly prohibited. You can't endorse candidates, organize volunteers, use code words to promote a candidate or use assets to promote someone. A Board member can make his opinion as an individual known. Indirect encouragement to take action is considered lobbying. In case we want to lobby there is a rule that structures it. Twenty per cent of an organization's gross annual expenses can be used for lobbying. Call Mr Atkin for advice if we're planning on lobbying.

There improper private benefit events. Be aware of them.

The next step is to submit the application to the IRS,

IV. Announcements

- Mr Weber announced that the Jim's Creek sale had been allotted. They got a good bid. Unfortunately the market isn't good for timber now. The Forest Service will have to go back to the list drawn up by the collaborative committee to see what they can do with the money they got.
- Ms Sawtelle said that the WOPR process is still on going.
- Ms Montanaro said that she and Mr Davis will be looking at grants for water quality monitoring with special interest in the Willamette and McKenzie Rivers (the drinking water sources for Eugene and Springfield.) Mr Weber said that monitoring is an issue at Jim's Creek also. He would like to talk further with Ms Montanaro and Mr Davis about this. DEQ may fund monitoring. The grant process will be short. Ms Montanaro will send around the details by email.
- Ms Montanaro said that there is restoration planned for the Fall Creek dam to make it an energy producer. Mary Grainey from Oregon Water Resources has contacted Ms Montanaro and wants to do a public process. Ms Montanaro will contact both her and Mr Von Bargan and email us the results.
- Ms Montanaro said that we need to set a date for the Finance Committee to meet. All officers need to go sign the signature card at Siuslaw Bank. Ms Montanaro's top priority is to get the in-house financial system established.
- Ms Montanaro said that she submitted 3 grant proposals on Monday; Education, Nelson Creek and Headwaters to Confluence Action Plan. She resubmitted the Floodplain Feasibility Outreach proposal as well.

V. Next Meeting

The next meeting will be held in combination with the General Council meeting in Oakridge. The General Council meeting will be first, followed by the BOD meeting.

28 Nov 2007

Oakridge High School

Oakridge, OR

6:30-8:30 PM

Meeting adjourned 8:40 PM.

Barbara Hazen

Secretary