

# *CROSSROADS CHAPTER, INC*

Business Meeting

May 8, 2010

## *AGENDA*

8:25 PM Gathering & Review of Points

Points Susan's Email – Four options

Continue as usual

Formally register as a 501(c)7

Change status to a 501(c)3

Merge with another organization

Close old Crossroads; create new

Organization Status – State and Federal Government

Where we stand with each

501(c)7 versus 501(c)3

Financial Status – Present position

Decision for future course of action. NEED to decide at this meeting!

What do we want to do:

Continue as currently "registered"

Continue as a social group [501(c)7]

Expand Scope of Services [501(c)3]

Close current; re-file as new

Continue as a social group [501(c)7]

Expand Scope of Services [501(c)3]

9:25 PM Close

9:30 PM Gathering

# Crossroads Chapter, Inc.

Susan Crocker (April 27, 2010)

- I. History. Why we are where we are.
  - a. When Crossroads was founded 30+/- years ago the priority was protecting the identities of membership and officers. Therefore we filed the minimum required to function and stay under the radar.
  - b. We have an EIN number.
  - c. We filed Articles of Incorporation with Michigan and renew it annually by October.
  - d. As far as I know we never filed anything with the IRS.
- II. Option One, Business as usual.
  - a. If our income and/or assets remain under \$5,000 we remain under the radar and are not required to file anything. Even if our income/assets are \$5,000 to \$25,000 the filing requirements are very minimal.
  - b. We have no taxable income, regardless of status.
- III. Option Two, File as official 501(c)7, Social Club.
  - a. Functionally, we have been operating as 501(c)7 Social Club already. By filing we would be exempt from sales taxes and any other potential taxes. Gifts to our organization would still not be deductible.
  - b. What would we need to do?
    - i. Some clean up of the Articles of Incorporation and Bylaws may be needed.
    - ii. Complete and file an application with the IRS (form 1024).
    - iii. If income/assets are under \$25,000 only a "postcard" annual report to IRS is required to maintain status.
    - iv. File with Michigan for sales tax exemption.
- IV. Option Three, Become a 501(c)3, Charitable Organization.
  - a. As a 501(c)3 Charitable Organization donations to Crossroads would be tax deductible. Aside from the advantage to members this makes us open to get grants.
  - b. What would we need to do?
    - i. Change our way of doing business. Ask for donations instead of demanding meeting fees, etc.
    - ii. Overhaul the Articles of Incorporation and Bylaws. It may be easier to start over with new.
    - iii. Complete and file an application with the IRS (form 1023).
    - iv. If income/assets are under \$25,000 only a "postcard" annual report to IRS is required to maintain status.
    - v. File with Michigan for solicitation permit.
- V. Option Four, Merge with another organization (such as Transgender Michigan, Transgender Detroit, or Affirmations).
  - a. Pro: Parent organization would deal with administrative and outreach. Their resources would multiple ours.
  - b. Con: We would lose our independence.
  - c. What would we need to do?
    - i. Work out operating agreement with new parent organization.
    - ii. Dissolve Crossroads Chapter (i.e. stop renewing our inc.).
    - iii. Transfer assets to new parent.
- VI. Where do we want to go from here?

## COMPARISON SUMMARY

### 501(c)7

- organized for pleasure, recreation, and other similar nonprofitable purposes and substantially all of its activities must be for these purposes
- Personal Contact Required: An essential earmark of an exempt club is personal contact, commingling, and face-to-face fellowship. Members must share interests and have a common goal directed toward pleasure, recreation, and other non-profitable purposes
- Limited Membership Required: Another earmark of a social club is limited membership.
- Support by Membership Dues Required: In general, a club should be supported solely by membership fees, dues, and assessments.
- Inurement Prohibited: The statute prohibits exemption if any part of the organization's net earnings inures to the benefit of any person having a personal and private interest in the activities of the organization.

### 501(c)3

- An organization may qualify for exemption from federal income tax if it is organized and operated exclusively for one or more of the following purposes.
  - Religious.
  - Charitable.
  - Scientific.
  - Testing for public safety.
  - Literary.
  - Educational.
  - Fostering national or international amateur sports competition (but only if none of its activities involve providing athletic facilities or equipment; however, see Amateur Athletic Organizations, later in this chapter).
  - The prevention of cruelty to children or animals.
- To qualify, the organization must be a corporation, community chest, fund, or foundation. A trust is a fund or foundation and will qualify. However, an individual or a partnership will not qualify.

Financial Support – based on donations. Eligible for grants.

# **Crossroads Chapter, Inc**

## **Business Meeting**

### **May 8, 2010**

The meeting was called to order at 8:30 PM by Lauren Allis. Attending were:

Lauren Allis, Sharon Arnold, Lorraine Brown, Susan Crocker, Stephanie Dover, Marcia Kleino, Julea Merlin, Carla Smith, Dawn Swanson, and Pam Sweet.

It was determined that there were sufficient members in attendance to constitute a quorum.

The agenda for the meeting was distributed, along with the support documentation for the discussion.

The purpose of the meeting was to discuss the need to act on remaining open / unfinished items from the previous meeting:

- filing the necessary State of MI and Federal reports
- Finalize action on the new bylaws
- Complete elections

#### ***Reports***

It was moved and seconded that the appropriate reports need to be filed by the Treasurer, Susan Crocker. Lauren and Susan will work to complete these tasks.

#### ***Bylaws***

It was determined that the changes in the bylaws would be tabled until completion of elections and determination of our future (501c7, or 501c3). The officers and directors will meet during the summer months to determine course of action, and will have the changed bylaws out to the new membership by 9/1/2010.

#### ***Elections***

There was much discussion about the current status of the organization, its future, and how we would get there. Julea and Lorraine initiated discussion on leadership, and our needs. The group agreed that the board that was elected back in February to re-write the Bylaws was also elected to serve as the new Directors for the balance of this year. Lauren reminded the group that Joanna Hill had later resigned from the Board, leaving a vacancy.

Discussion centered on the need to select a Chairman of the Board, who would also serve as President.

Pam Sweet nominated Julea Merlin, seconded by Stephanie Dover. Julea accepted.  
Julea Merlin nominated Lorraine Brown, seconded by Stephanie Dover. Lorraine accepted.

Lauren asked for other nominations; seeing none, she closed the nominations process and opened discussion.

The two candidates discussed their feelings and positions. A vote was taken, and Julea was unanimously selected as the Chairperson of the Board, President, and spokesperson for the organization.

Lorraine nominated Lauren Allis to fill the vacancy created by Joanna Hill's resignation, seconded by Dawn. Lauren remained silent on acceptance. No other nominations were offered.

Julea spoke with:

- Susan, asking her to continue as Treasurer. Susan accepted.
- Dawn, asking her to serve as Programs Committee Chair. Dawn accepted.
- Marcia, asking her to serve as recording secretary. Marcia accepted.

The meeting was adjourned at 9:32 PM.

*Lauren*

Respectfully Submitted,  
Lauren Allis, Acting Recording Secretary  
May 11, 2010

#### ADDENDUM

The following list shows those people who were elected by the membership at the February 13, 2010 meeting as Directors:

Joanna Hill – Chair

Di Collins – recording Secretary

Sharon Arnold

Lorraine Brown

Julea Merlin

Dawn Swanson

Pam Sweet

#### Votes on Minutes Approval

Name	Date	Vote	Name	Date	Vote
Lauren Allis	5/12/10	Aye - Email	Marcia Kleino		
Sharon Arnold			Julea Merlin	5/12/10	Aye – Email
Lorraine Brown	5/13/10	Aye - Email	Carla Smith		
Susan Crocker	5/13/10	Aye – Email	Dawn Swanson	5/14/10	Aye – Email
Stephanie Dover			Pam Sweet	5/12/10	Aye – Email