AGENDA
NACAS South Board of Directors Meeting
Tuesday, October 8th 2019, 10:00 AM EST

<table>
<thead>
<tr>
<th>Present</th>
<th>Absent</th>
<th>Name</th>
<th>Position</th>
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<tr>
<td></td>
<td>x</td>
<td>Glenn Loughridge</td>
<td>President</td>
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<td></td>
<td>x</td>
<td>Felecia Townsend</td>
<td>President Elect</td>
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<td></td>
<td>x</td>
<td>Donna Morris-Powell</td>
<td>Vice President</td>
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<td>x</td>
<td>Brett Jackson</td>
<td>Past President</td>
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<td></td>
<td>x</td>
<td>Cary Wilkerson</td>
<td>Treasurer</td>
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<td></td>
<td>x</td>
<td>Cindy McClanahan</td>
<td>Secretary</td>
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<td></td>
<td>x</td>
<td>Carrie Chutes</td>
<td>Conference Coordinator</td>
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<td></td>
<td>x</td>
<td>Rick Torres</td>
<td>Professional Development Coordinator (outgoing)</td>
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<td>x</td>
<td>Derrick Davis</td>
<td>Communications Coordinator</td>
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<td>x</td>
<td>Andy Meeks</td>
<td>South Rep to NACAS National (incoming)</td>
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<td>Sherrell Cork</td>
<td>Conference Host Chair (outgoing)</td>
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<td>x</td>
<td>Chris Fulkerson</td>
<td>Membership Coordinator</td>
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<td>x</td>
<td>Corey Salem</td>
<td>NACAS Home Office</td>
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<td>x</td>
<td>Stephanie Edgett</td>
<td>Host Committee</td>
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1. Call to Order/Welcome/Introductions  Glenn
   a. Thanks for making the meeting date change
   b. Who’s attending NACAS? Majority attending so board meeting will happen there
      i. Yes: Carrie, Cary, Donna, Stephanie, Andy, Rick, Chris, Brett, Corey, Felicia
      ii. No: Cindy (will call in) Derrick

2. Secretary’s Report  Cindy
   a. Thanks for pitching in while I was out!

3. Treasurer’s Report  Cary
a. No Report, unable to attend

4. Conference Coordinator’s Report  
   Carrie
   a. Reminders of expectation of ourselves at C3X
      i. Booth staffing shifts
      ii. Swag for book is in the works (300 pieces)
      iii. 11/5/19, Glenn plugged in from 11 a.m. – 12 p.m.
      iv. Attendance at regional breakfast
      v. Do we want to re-show the Dallas promotion video? Yes, we do.
      vi. South Reception attendance (within walking distance of hotels)
         1. Drink ticket help needed (2 or 3 per person)
         2. Want to have some food (i.e. chips and salsa, light hors d’oeur
            over)
      vii. Getting the website updated for conference registration
         1. $375 = full member rate (up from last year)
         2. $175 guest rate (events only, no conference sessions)
         3. Single event guests
            a. There’s a way to add this to registration, yes we want to do this, but ensure that if you add the single events up the full guest rate is a better deal (considering $60-65 but must cover the actual cost of the event)
            b. Guest badges must be very identifiable
   4. Drink tickets for each event must be different colors for each event

5. Vice President’s Report  
   Donna
   a. Business partner save the date invitation out
   b. Wine, Wit, & Wisdom on board

6. President-Elect’s Report  
   Felecia
   a. Having a difficult time with speakers, working with Blanche but hasn’t found the right person yet, Brett will help Felecia, considering Hans Wierkert for return performance, considering a student (goal setting focused preso

7. 2019 Conference Host Committee Chair  
   Stephanie
   a. Stephanie is absent, but will discuss at C3X
   b. Considering Fun Run / Stair Climb at Reunion Tower

8. South Rep to the NACAS Board  
   Andy
   a. National Board has not met since our last meeting
   b. NACAS staff focused on C3X prep

9. Professional Development Coordinator  
   Rick
a. Finalizing program proposal form, should be ready next week
   i. Will be ready on conference landing page when it opens

10. Communications Coordinator
    Derrick – May be late
   a. Light website cleaning will be done this month

11. Membership Coordinator
    Chris
   a. Down to 192 members institutions
   b. Contacted potential new members mostly in Texas, Louisiana, Oklahoma

12. Immediate Past President
    Brett
   a. Changing jobs, but involvement in NACAS will remain the same

13. NACAS National
    Corey
   a. Change in IRS tax filing status
      i. 501c3 (i.e. The Foundations, collects funds and supports an
         organization for educational purposes)
      ii. 501c6 can collect money beyond the educational purpose and can
          lobby government
      iii. 2013: IRS Audited NACAS
          1. NACAS was operating as a 501c6 but classified as a 501c3,
             so we needed to apply for change in status
          2. Regional groups also need to change from 501c3 to 501c6
             a. Regional boards need to vote and approve moving
                funds from one status to another
          iv. National Office has sent out an email saying that during C3X
              Regional Breakfast (Corey and Chris and Kelsey/Lilian will attend
              to answer questions)
          v. Corey will provide timeline of events to be included in meeting
             minutes
   b. Provided info on NACAS C3x, single event tix
   c. Committee Chair Council meeting next week

14. Other business: All

15. Adjourn

Please use the following conference call information to call into our Board Meeting.

Dial In: 712-775-7035; Passcode: 306-586# HOST: 613-172#
A little background
Six separate legal entities

- NACAS
- NACAS Foundation
- NACAS Central
- NACAS East
- NACAS South
- NACAS West
501(c)(3) vs 501(c)(6)

- Both are tax-exempt non-profit
- 501(c)(3) are generally either public charities or private foundations; donations are tax deductible; benefit the greater good
- 501(c)(6) are generally membership associations/benefit a select group/industry rather than the public; can lobby and advocate for certain industry issues
How we got here

• **1976:** The IRS grants NACAS a 501(c)(3) tax exemption.
• **1997:** The IRS grants 501(c)(6) exemption to NACAS regions.
• **1999:** The IRS grants a 501(c)(3) group exemption to NACAS, listing the four regions as subordinates.
• **2000:** The IRS grants the NACAS Education Foundation a 501(c)(3) tax exemption.
How we got here

- **September 2015:** NACAS receives notice from the IRS that we will be audited for the 2013 tax year.
- **February 2016:** IRS field agent spends a week in the NACAS office, gathering documents and asking questions to better understand our operations and purpose.
How we got here

- **February 14, 2017**: IRS field agent meets with NACAS to discuss the findings - the revocation of both NACAS’ 501(c)(3) status and the group exemption.
- **March 15, 2017**: NACAS gives power of attorney to George Constantine with Venable to allow him to speak to the IRS on our behalf.
How we got here

- **October 20, 2018:** The IRS issues a revocation letter dated 10/20/18. This means that effective October 20, 2018 NACAS’ 501(c)(3) status has been revoked.

*This is great news - they didn’t retroactively revoke our status from years prior.*
NACAS next steps

• Currently, NACAS is a self-declared 501 c(6)
• NACAS has filed a 1024 Form with the IRS to be recognized by the IRS as a 501 c(6)
What’s the status for the Regions?
Revisiting...

• **1997:** The IRS grants a 501(c)(6) group exemption to NACAS, listing the four regions as subordinates.
• **1999:** The IRS grants a 501(c)(3) group exemption to NACAS, listing the four regions as subordinates.
What we’ve discovered

- **No evidence** of the regions ever having been incorporated when they initially formed.
- **2014**: Regions adopted Articles of Incorporation identifying as 501(c)(6) entities.
- **No documentation** showing the transfer of regions’ assets to the corporations that were created in 2014.
Therefore, two entities exist for each Region:

**NACAS [Region name]**
- **Unincorporated** association
- Historically filed a group exemption under 501(c)(3)
- EIN number associated with it

**NACAS [Region name]**
- **Incorporated** in Virginia
- A “shell” corporation without any funds, operations, or members
- No EIN number associated with it
Next steps
Step 1

- Dissolve the “shell” corporations, and create new Virginia corporations
- Requires *Regional Board* vote
- Subsequent paperwork that will be filed by our legal counsel
Step 2

- Dissolve the unincorporated associations
- Transfer net assets from the unincorporated associations to the newly formed Virginia corporations mentioned in Step 1
- Requires member vote
Step 3

- Form the corporations
  - Name “initial” Board
  - File Articles of Incorporation
  - Bylaws
- Policies and Procedures
- Obtain EIN
- Corporate documents created by legal counsel based on current documents
Step 4

• New Virginia corporations apply for tax-exemption recognition to the IRS
  • *this provides validation from IRS should regions ever get audited or have their tax exempt status questioned*

• Needs to be completed within 27 months of new corporations’ formation
Regional Assets

When transferring assets, all existing assets will need to be restricted for 501 c(3) purposes.
What does this mean?

• 501 c(3) purposes
  • Educational activities
  • Scholarships
• Financial accounting
  • We will provide direction on how to track these funds moving forward
Timeline

• Board meetings at C3X:
  Discuss next steps and approve Corporate Resolutions

• Business meetings - Regional Breakfasts at C3X
  Membership to approve dissolution (effective 12/31/19) and the transfer of assets to the new corporation (effective 1/1/20)
Timeline (cont.)

- Early 2020:
  Establish all corporate governance documents for new corporation
  File 1024 forms for each Region to apply for 501 c(6) exempt recognition with IRS
Important Notes

• NACAS’ legal counsel will support us throughout, drafting resolutions for approval, filing the appropriate paperwork, communicating with the IRS on the Regions’ behalf, etc.
• All expenses associated with this transition will be covered by NACAS
• Regions have filed a group 990 for 2018. Once transitions are final, regions will need to file separately (likely beginning 2020)
That was a lot... Questions?
Regions 501(c)3 to 501(c)6 Timeline/High-Level Summary

*** for backup details please see the presentation from 9/30/19
*** all is subject to adjustment based attorney & audit reviews along the way
*** main point of contact for this process is Lillian De Lisle Stott

Revised 10/9/19

By October 10, 2019
- With assistance from NACAS Office, South and East send notice of special business meeting called at C3X for their members. (Central and West already conduct business at these meetings so no special notice is required for those regions).

At C3X regional board meetings - Board Action
- Each region will take Board action and vote to dissolve the Incorporated corporations in Virginia that are currently “black or shell” organizations without any funds, operations or members. A corporate resolution will be provided to each regional Board prior to C3X.

At C3X Regional breakfasts - Membership Action
- At each Regional breakfast, the regional leadership will call to order a business meeting of the Regional membership.
- The membership will take action to dissolve unincorporated organizations effective 12/31/19 and move 501(c)3 assets to the newly incorporated organizations effective 1/1/20. NACAS will provide the resolutions for these approvals.

After C3X - Staff Action
- File paperwork for dissolution of all four regions “shells” with the state of Virginia
- Work with Venable to form new corporations for all regions in the state of Virginia that will be home to the new 501(c)6 organizations with new EIN effective January 1, 2020.
- Create and file 1024 on behalf of all regions to become officially recognized as a 501(c)6
- Will continue to collect and track funds for regional CX’s through NACAS’ payment gateway and will make periodic disbursements to regions as appropriate.

In the New Year - Staff Action & Regional Boards & Treasurers
- Staff will coordinate the movement of funds and share tracking tools for regional treasurers to ensure assets are transferred and tracked appropriately. Regional Boards have the option to:
  - Move assets to the newly formed corporation with a designation to spend the funds transferred for 501(c)3 purposes only
  - Move assets to the NACAS Foundation with an agreement on how the assets will be restricted and utilized by the Foundation
  - Some combination of the above