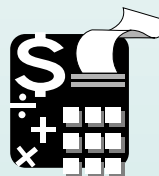


# Chapter Leadership

Fall 1997  
Volume 1, Issue 3

## BULLETIN

### Managing Chapter Finances



By Steve Ligda, AALL Director of Finance and Administration

“Is your Chapter incorporated?”

“Is the Chapter tax exempt?”

These are just some of the questions the average Chapter treasurer might hear when working with the local bank. Yet all Chapter leaders should be aware of the financial considerations for operating an AALL Chapter, and understand the implications of some of the activities Chapters commonly do. Here are some brief guidelines to assist you in your financial role.

#### What’s Your Status?

The issues of Chapter incorporation and tax-exempt status are distinct and not dependent on each other. Any Chapter or other not-for-profit organization may or may not be incorporated, and may or may not be tax exempt. But the fact of the matter is that given a choice, **there are good reasons why Chapters should be both incorporated and tax-exempt.**

#### Should You Incorporate?

The matter of incorporation is a simple one, and stems from the same reasons that a for-profit entity would want to be incorporated: it shelters you from liability. The likelihood of a Chapter of law librarians being brought to suit may appear remote, but in today’s society, no person, group, or organization is immune from repercussions for their acts — either of commission or omission. Imagine a Chapter luncheon in a local hotel where food poisoning strikes the guests, or a member or guest is injured in a fall. If a court of law rules that the Chapter is liable, the individual members of an unincorporated Chapter might be held personally liable for damages. A Chapter that exercises the foresight to incorporate may protect its members from such liability, and add a measure of permanence to its existence, since a copy of the articles of incorporation will be filed with the Secretary of the State of domicile.

#### Non-Profit Status

Many Chapters find it beneficial to be designated a 501(c)(3) non-profit association by the Internal Revenue Service. The primary benefit is the ability to accept contributions from donors who may legally deduct the amount when calculating their income taxes. This may prove to be a valuable benefit in a Chapter’s efforts to attract support from members and non-members, to fund such things as scholarships. To qualify for this status, a Chapter must have member education as a primary focus. The educational mission in a Chapter’s bylaws is critical to the IRS decision to approve such status.

If a Chapter is designated as a 501(c)(3) organization, the income it generates from educational activities — such as attendance at educational meetings, or the sale of publications — will be exempt from

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### *Welcome to the New Chapter Council Chair*

Amy Eaton, the new Chapter Council Chair, has been a law librarian since she graduated from the MLS program at the University of Washington in 1986. In her career, she has worked at academic, private and public law libraries, and now has a part-time position at Stokes & Lawrence in Seattle. Amy has been active in several Chapters, including Mich/ALL and LLOPS, and finds the support she receives at the local level fundamental to her development as a law librarian.

# Annual Meeting + Chapter Activities = Smashing Success

*More than 150 Chapter Leaders, representing 29 Chapters, enjoyed unprecedented opportunities to network, share and learn at various Chapter leadership programs at the AALL Annual Meeting in Baltimore.*

## Chapter Presidents Training

Saturday, July 19 was devoted to Chapters, beginning with the Chapter Presidents training and concluding with the Council of Chapter Presidents annual business meeting. The training session covered various aspects of Chapter management, the new direction AALL is taking and the many resources available to Chapters.

- Chapter Council Chair **Sally Holterhoff** presented “Seven Habits of Highly Effective Chapter Presidents;”
- **Kay Todd**, Chair of AALL’s Professional Development Committee, reviewed the new educational programs being made available to Chapters;
- AALL President-elect **Judy Meadows** explained AALL’s focus on Chapter outreach;
- AALL Executive Director **Roger Parent** described AALL activities supporting Chapters;
- AALL Director of Programs **Martha Brown** presented AALL staff resources and roles; and
- Former Chapter Presidents **Timothy Coggins** (SEAALL), **Peggy Jarrett** (LLOPS) and **Joanne Zich** (LLSDC) shared their leadership experiences with the group.

Completing the morning session were discussion groups on Chapter management, Chapter networking, building strong Chapters, energizing membership, preserving Chapters’ memories, and regional vs. urban Chapter differences.

## Chapter Roundtables

Eight roundtable sessions focusing on a variety of Chapter management topics were well-received and popular additions to the Annual Meeting agenda.

“It’s clear that a lot of time and effort was put into creating the training and sharing opportunities for Chapters,” says **Donna Bausch, 1997-98 SEALL President**. “Our Chapter sent a representative to each one of the roundtables and we really got a lot of practical input. It affirmed that we’re doing some things well, and also gave us the encouragement to do some other things better. It’s a wonderful way to kick off the year as a Chapter president.”

“It is interesting to hear the experiences of other Chapters and what they’ve tried to do,” says **Pam Deemer, 1997-98 President of ALLA** (Atlanta). “It was also very helpful to learn that AALL will finance some of the board member visits and regional educational programs, which is important to a smaller Chapter which might not have the financing available. Our Chapter now has a listserv thanks to help from AALL headquarters which I learned about at the leadership training.”

“We were very pleased with the results,” said **1996-97 Chapter Council Chair Sally Holterhoff**, who helped plan the Chapter Roundtables with support from the AALL Executive Staff. “People from Chapters were having a lot of chances to

interact, so there were some unintended benefits of getting people together to share on different topics. We hope that carries through the year and that people will know who to call to get some advice.”

“You think you’re the only Chapter that has 15 members doing the work,” said **Merle Slyhoff, President of the GPLLA** (Philadelphia), about the membership development roundtable. “It’s kind comforting to know you’re not alone but at the same time it was extremely interesting to learn how people are trying to drum up membership.”

Information from the Chapter roundtable sessions will be shared in this and future issues of the *Chapter Leadership Bulletin*. In the meantime, several detailed handouts are available from AALL Executive staff, who also can answer your questions about the various subjects.

### Handouts available

- Chapter Finances (*Steve Ligda — [sligda@aall.org](mailto:sligda@aall.org)*)
- Continuing Education and Program Planning (*Martha Brown — [mbrown@aall.org](mailto:mbrown@aall.org)*)
- How to Create a Chapter Brochure (*Steve Serpas — [sserpas@aall.org](mailto:sserpas@aall.org)*)
- Membership Development — Recruitment and Retention (*Kate Kasprzyk — [kkasprzyk@aall.org](mailto:kkasprzyk@aall.org)*)
- Web pages — *Jason Hinkle ([jhinkle@aall.org](mailto:jhinkle@aall.org))*

### For more information

- Government Relations — *Mary Alice Baish ([baish@law.georgetown.edu](mailto:baish@law.georgetown.edu))*
- Meeting Management/ Parliamentary Procedure — *Roger Parent ([rparent@aall.org](mailto:rparent@aall.org))*
- Newsletters and Advertising — *Peter Beck ([pbeck@aall.org](mailto:pbeck@aall.org))*

## On the Docket

- Oct. 15 AALL Handbook and Directory scheduled to be mailed to members
- Oct. 30 Deadline for December AALL *Spectrum*. Please forward any Chapter news to Susan Trask (sltras@facstaff.wm.edu).
- Nov. 1 1998 Annual Meeting scheduling forms due to AALL (Chapters will receive forms in October).
- Dec. 1 Deadline to submit completed 1998-99 Committee Volunteer forms to headquarters

## Chapter Visit Tip



After receiving the confirmation of your Chapter Visit, contact the Executive

Board Member visiting your Chapter to confirm details and plan the visit to best meet your Chapter's needs. This is an opportunity to discuss various ways to meet your members and local library community (library tours, meeting with library school faculty or students, small group coffee klatches, etc.) and share information. To obtain a biography of your visitor, please contact Steve Serpas at AALL headquarters (sserpas@aall.org).



## NEWS YOU SHOULD KNOW

### New AALL Staffer

**Lara J. Koban** has joined AALL as its new Educational Program Coordinator. She will plan, develop and implement AALL educational programs within the goals and objectives established by the Professional Development Committee, with emphasis on expanded educational opportunities and regional programming (including special workshops made available to AALL Chapters). Lara moved to Chicago from Arlington, VA, where she provided program management support and consulting to various government clients for PRC, Inc. She holds a B.S. in Commerce and Engineering from Drexel University.

### Copyright Workshop

"**Copyright in the Electronic Age,**" a workshop developed and taught by AALL member Lolly Gasaway, will be presented in cooperation with the Illinois Library Association at the ILA Annual Meeting on October 25th in Springfield, Illinois.

Chapters that are interested in bringing this workshop to their city or region should contact Lara Koban, AALL Educational Program Coordinator.

### LLAGNY and AALL Test Database Management

The LLAGNY (New York) Chapter has just contracted with AALL headquarters to manage the Chapter's membership database for a six month trial period beginning in November. Using its computerized database capabilities, AALL will provide LLAGNY with initial set-up, testing and recordkeeping for a database of the Chapter's 800-plus members. As part of the trial program AALL will produce an alphabetical directory of LLAGNY members, issue dues invoices and mailing labels for the Chapter, and help link the Chapter's membership database with the LLAGNY Web page.

Other services that will be tested include production of customized letters, notices and flyers, and broadcast faxing and e-mail. The service may be offered to other AALL Chapters if the trial project determines that such database management is feasible on an ongoing basis.

## For the Record

**New info:** Amy Eaton, Stokes & Lawrence, 800 Fifth Avenue, Suite 4000, Seattle, WA 98104-3179, Tel. 206-626-6000, Fax 206-464-1496 (amy.eaton@stokeslaw.com)

**Are all your Chapter's leaders receiving this bulletin?** Please forward address changes/additions for AALL's Chapter leadership mailing list to Lisa Pucci (Roger Parent's new administrative assistant) at AALL (lpucci@aall.org).

**Please remind your Chapter's AALL members to** contact Kate Kasprzyk at AALL with any address/title changes for their records. (kkasprzyk@aall.org)

**OOPS!** You probably noticed the Summer issue of the *Chapter Leadership Bulletin* was missing the Volume 1, No. 2 on the cover. Please add it to your copy. Thanks!

## Finances *continued*

taxes because they are generated in support of the Chapter's "mission" of member education. It is important to note, however, that income must be derived primarily from educational activities if it is to be tax-exempt. If a Chapter were to generate a significant amount of revenues (generally thought of as over 10% of total revenues) from an "unrelated" activity such as sales of notebooks, T-shirts, and glassware, and were to do so on a continuing basis (such as three or more consecutive years), then it might face a tax bill for "unrelated business income."

Regardless of which form a Chapter decides to take as its organizational structure, it should be documented in writing with a formal set of bylaws, along with articles of incorporation (or articles of association for unincorporated Chapters). Having this documentation in place will make it easier to later apply for tax-exempt status (a process that may take a year or more) if that decision is made.

## Questions and Answers

*with Steve Ligda*

- Q.** Should our Chapter purchase insurance to protect ourselves in the event that we are judged liable for an injury to someone?
- A.** If the Chapter intends to invite members and guests to a sponsored function, it's probably wise to invest in liability coverage in the event of an injury to an individual or property. AALL provides coverage through its insurance broker, Mesirow Insurance Services. The premium is a nominal \$1.50 per member per year.

Details of the coverage are available on the AALL Web page, under "Chapters," and applications are available from AALL headquarters. A prospectus on the program, with an application to participate, is mailed to all Chapter presidents in March each year.

- Q.** How can a Chapter obtain tax-exempt status for state sales tax?
- A.** Such exemptions are made on a state-by-state basis, and typically done through the state department of revenue, which would provide you with appropriate information and guidance
- Q.** Can 501(c)(3) organizations award scholarships to their members to attend educational programs?
- A.** Yes, despite the fact that I was unable to give a definitive answer for the question at the finance roundtable, 501(c)(3) organizations can award scholarships to members to attend educational events. The Internal Revenue Service code for 501(c)(3) associations specifies that "no part of the net earnings of the organization may inure to the benefit of any private shareholder or individual" (as differentiated from for-profit organizations that return a profit or dividends to their owners). To avoid any appearance of impropriety, I would advise that Chapter scholarships and grants be awarded by an independent committee based on pre-defined criteria.

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### *Learning More About Financial Management*

It is impossible to cover in this article all of the legal and tax implications of organizing a Chapter. Try some of the following for more details:

- State associations for not-for-profit organizations (list found on <http://www.nonprofit-info.org/npofaq/12>)
- Office of your Secretary of State
- Internal Revenue Service publications covering tax-exempt organizations
- Institute for Non Profit Organizations Web site, which includes frequently asked questions about obtaining tax exempt status at <http://www.nonprofit-info.org/npofaq/02/>
- Treasurer's Workshop handout (contact Steve Ligda — [sligda@aall.org](mailto:sligda@aall.org))
- *Essential Financial Considerations for Not-for-Profit Organizations: A Guide for Non-Accounting Executives* by Edward J. McMillan (ASAE, 1994) (\$59 for ASAE members — contact Steve Ligda at AALL to obtain a discounted copy)

