

Association of Independent Living Groups
Incorporation Committee Proposal
Frequently Asked Questions

August 22, 2007
Version 2.7

Thank you for taking the time to familiarize yourself with the proposal of the AILG Incorporation Committee. This FAQ is a companion to the documents themselves. We hope it is enlightening, or at least useful. Please send additional suggested Questions or Answers to Chris Rezek at crezek@alum.mit.edu or christopher.rezek@yale.edu.

Why Incorporation?

There are several reasons for Incorporation. Some of them are:

- To enable the Plenary and Board to approve contracts for services on behalf of the member organizations. As an unincorporated association, the current structure requires unanimous written consent for all legal action. An incorporated body would be able to vote and approve agreements to be executed by the Chair.
- To meet required IRS reporting requirements now that the level of funds handled for such activities as SLI and processing the Kirklin liability and property insurance program fees have required filing levels. Note that we intend to be a non-profit and although we must file reports, we do not expect to have to pay taxes.
- To enable the AILG to hire staff, full-time or part-time. As an unincorporated association, the current structure requires unanimous written consent and most potential employees would find this to be an unacceptable risk. An incorporated body would be able to hire staff and provide improved continuity.
- To reduce the personal legal exposure of the Board, Officers, and other volunteers. As an unincorporated association, the current structure allows for volunteers to be held personally responsible for the actions of the organization. An incorporated body would serve as a firewall that limited personal liability and could ensure its volunteers.
- To reduce the mutual legal exposure of the member organizations. As an unincorporated association, the current structure could allow members to be found responsible for each other's liability or debts. An incorporated body would serve as a firewall that limited our mutual liability and could hold its own liability insurance.

How will it change the operation of the AILG?

Most of the existing procedures of the AILG will continue. There are a few substantive changes:

- We propose that the Board of Directors be composed of six individuals elected by the Plenary. In the past, the President of the Interfraternity Council was an ex officio voting member of the Board.
- We propose that a new role be created, that of an Ombuds. The Ombuds are elected by the Plenary and are empowered to investigate and publicize actions of any committee or the Board. They are not empowered to compel action by individuals or organizations but may report out their results to the Plenary, Board, organizations, or individuals. [please see Policies & Procedures, Section VI for details]

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- We propose that committees be given additional powers of self-governance, subject to management by the Plenary and Board. [please see Policies & Procedures, Section V for details]
- In addition, incorporation brings a new level of responsibility for record-keeping and procedural regularity.

Will it change the operation of my FSILG?

No. The committee saw this as a requirement for any proposal.

Who are the initial members of the new AILG? How do organizations become members?

All organizations that are members of the AILG as of July 1, 2007 are eligible and encouraged to join the incorporated AILG. Until January 1, 2008, existing AILG member organizations may join the incorporated AILG by simply filling out a one-page form. Afterwards, prospective organizations must be approved by the Nominations and Credentials Committee, the Board of Directors, and the Plenary. [please see Policies & Procedures, Section I for more details]

What has happened so far? How much did it cost?

The Board discussed incorporation formally at its October 2005 meeting. The Plenary voted in November 2005 to charge a committee and empower it to hire legal counsel and develop a proposal. Over the next fourteen months, the committee worked to identify key questions and propose answers. The Board recommended the 501(c)6 form in February 2007 and the Plenary endorsed the same in March 2007. This summer the incorporation committee worked closely with legal counsel to produce the full set of documents required for incorporation. The cost-to-date has been \$14,950.

What happens next? How much will it cost?

If the Incorporation Committee Proposal is adopted by the Plenary, then our attorney will move forward and proceed with the necessary legal filings. The incorporated AILG will have the same Board of Directors and Officers as the current AILG. It will begin with the articles, bylaws, and policies contained in these documents. Immediately following the vote, current AILG members may complete the paperwork to join the incorporated AILG. The total additional cost is estimated to be \$3,000.

What type of corporation will the AILG become?

The Plenary approve the choice of 501(c)6 tax status at the March 2007 meeting. A 501(c)6 is a non-profit business association organized for the betterment of its members. Chambers

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of Commerce are typically 501(c)6 organizations. The North-American Interfraternity Conference (NIC) and National Panhellenic Conference (NPC) are also 501(c)6 organizations.

Have we obtained legal advice?

We consulted with attorney Susan Abbott of Goodwin Proctor and with attorney Gary M. Locarno. Attorney Locarno has worked with and was recommended by one of our members and is both a CPA and a tax attorney. Locarno was the primary drafter of the legal documents and will handle the legal incorporation process.

What does MIT think of all this?

Incorporation is supported by the Dean for Student Life and the Office of the General Counsel.

Who is eligible to serve as a Director, Officer, Representative, Ombuds, Committee Chair, or committee member?

Any individual affiliated with a member organization is eligible to serve with the exception that only members elected to the Board of Directors can become Officers.