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January 23, 2007

Mr. Daniel E. Geer, Jr., Sc.D.  
Chair, Subcommittee on Incorporation  
Association for Independent Living Groups  
P.O. Box 390244  
Cambridge, MA 02139

Dear Dan:

We have reviewed the information you forwarded to us concerning the Association for Independent Living Groups (“AILG”) which included among other materials forwarded or referenced in the web sites you referred to us:

- Request for Proposal dated January 9, 2007
- Charge to the Incorporation Committee
- Charter of the Association of Independent Living Groups (Adopted 11/15/2000)
- AILG FY07 Budget and FY 2006 Budget Results
- AILG Safety and Licensing and Inspection Program
- FSILG (FCI) Website (sister organization)
- Educational Programs offered by AILG
- Additional Emails Concerning AILG and FSILG Operations

Your subcommittee has done a fine job in outlining the goals set forth in item 1. of the Charge to the Incorporation Committee. As you have already concluded a number of legal entities, for-profit and non-profit, could be used that would meet most or all of your objectives. However each choice has advantages, disadvantages, limitations, organizational and operational costs and annual operating and filing costs which must be considered. Based on AILG’s current operating budget, the organizational and operating costs as well as the ongoing annual operating and filing costs of each choice should be strongly considered in your initial selection.

The for-profit entities are fairly straight forward and would be the easiest entities to organize and least expensive to operate. There are almost no limitations on their activities and there may be means of reducing or eliminating the tax costs associated with excess receipts.

The non-profit entities, once organized, require additional actions to be taken to qualify under the various exemptions noted. Each has its own limitations and restrictions. Additionally it is unclear whether the activities of AILG, as presently structured and conducted, will qualify under 2 of the 3 choices discussed (Section 501 (c) (6) and (7) organizations).

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We have enclosed two summary outlines for your review and consideration in this regard.

The first, entitled “Profit and Non-profit Legal Entity Choices”, identifies the legal entities available in Massachusetts which may be legally organized and then used to conduct the operational activities of AILG. This outline considers the methods of organizing, the type of ownership of the entity, the issuance of governance documents, the selection of the management process, the organizational filing fees, the annual tax filings, reporting requirements and costs, and highlights how the entity may impact the criteria outlined in item 2. of the Charge to the Incorporation Committee.

The second, entitled “Operational Choices”, identifies the typical operational choices you have once the legal entity type is chosen. The various requirements for each type of organizational classification is set forth in outline form along with the process of filing for exemption, criteria for qualifying under such exemption and various restrictions and limitations each type of classification presents.

We have not prepared a matrix chart at this time as it is unclear to us how such a matrix chart should be structured. However, after your review of the enclosed materials we would be pleased to assist you developing a matrix chart with your input, if required. We shall, however, forward you a simple index value chart you might refine to analytically assist in the decision making process.

After your review of the enclosed materials we would be pleased to discuss questions you or your committee may have and assist you in resolving your final entity choice and operational classification.

Very truly yours,

Gary M. Locarno

GML\  
Enclosure

cc: Chron File  
Client File

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