Motion Made by: **Robin Evanson, Member NLANA**
Motion Seconded by: **Marvella D., GSR Saturday Night Hope Fiends**
Submitted on: **May 26, 2022**

Motion:

Convert the NLANA to a 501(c)(3) nonprofit charitable corporation using budget from Special Projects.

Reasons:

1. The NLANA currently qualifies as an unincorporated nonprofit association (an informal group of two or more individuals who join together for a not-for-profit purpose without creating a corporation, LLC, or other entity to do so).
2. State and Federal Income Tax Compliance
    a. An unincorporated association's members may be individually liable for taxes on the association's revenues. This can happen if the revenues total more than $5,000 and the association has not obtained IRS recognition of its tax-exempt status. The IRS may treat the members of the association as partners for tax purposes, meaning that each of the members may be liable for tax on a portion of the revenues.
    b. As a nonprofit 501(c)(3) the NLANA would be exempt from income tax on its earnings.
3. The officers and members of an unincorporated association may be held personally liable for the debts and liabilities of the association if they authorize or ratify the activity.
4. Members of an incorporated nonprofit are protected against personal liability due to the following:
    a. An incorporated organization is responsible for its own debts.
    b. In the vast majority of circumstances, judgments imposed on a nonprofit by a court of law have to be paid by the organization, not individual members.
5. Donations to the NLANA would qualify as tax deductible for its member contributors.

Ongoing Annual Requirements:

1. Due December 31 – No Fee - Annual Registration with the Minnesota Secretary of State
2. Due May 15 – No Fee - IRS Form 990-n
3. Due July 15 - $25 Fee - Annual Report Form must be filed with the Minnesota State Attorney General if exceeding $25,000 in revenue for the fiscal year end (12/31)

Financial Impact:

Initial Filing Process

Option 1: Legal for Good (Represented MNNAC Inc. in this process)
Quoted $2000 plus $90 + $275 filing fees

Option 2: JoJo Jack (Former Treasurer for MNNAC) experienced Nonprofit Accountant
Quoted $250 plus $90 + $275 filing fees

Motion Continued

Annual Filing Requirements:

Option 1: Filings done by qualified Area Member Volunteer

$25 filing fee for the Annual Report Form filed with the Minnesota State Attorney General when required.

Option 2: Esterbrooks Certified Public Accountants, LLC, Duluth, MN

(Engaged by the MNRSC for this purpose) has quoted the following fees subject to an average 7% annual increase.

$150 - IRS Form 990n & MN Annual Renewal Secretary of State

$175 - MN AG Charitable Organization Registration (if needed)

Motion failed by Group Consensus on ________________________ or

Motion passed by Group Consensus on ________________________ using Special Projects budget in the amount of (Check One of the following)

_____Option 1: Legal for Good (Represented MNNAC Inc. in this process)

Quoted $2000 plus $90 + $275 filing fees = $2,365

_____Option 2: JoJo Jack experienced Nonprofit Accountant

Quoted $250 plus $90 + $275 filing fees = $615

and future annual filing fees and any professional services to be budgeted under Treasurer Expense.

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