



Community Guidelines

Approved by the SLA Board of Directors: February 2021

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1. Introduction

These Community Guidelines outline the core responsibilities and SLA policies for Community Leaders.

Each Community is assigned a liaison officer from the SLA Board of Directors (“Community liaison officer”), who will serve as your specific point of contact, and as a resource for you to draw on throughout the year. In addition, you are welcome and encouraged to contact other Board and staff members as needed.

SLA Community Liaison Officers <https://www.sla.org/governance-2/community-board-liaisons/>
SLA Board of Directors: <https://www.sla.org/governance-2/board-of-directors/>
SLA Staff: <https://www.sla.org/about-sla/staff-2/>

Should you wish to create a manual or handbook for your own Community, please feel free to adopt and adapt these guidelines as a template. Alternatively, a much briefer Community governance template may be found in Appendix B, below.

2. Definition and Role of Communities

Communities (previously known as Chapters, Divisions, Caucuses, or units) are the lifeblood of SLA. Communities are defined either by geographical region, subject or topic of interest. They provide SLA members with opportunities for engagement, networking, training, leadership development, and so much more.

3. Community Officers

President, President-Elect, and Secretary Role Description and Term Limits

There are three (3) required core leadership roles for each Community, who should be elected from within the Community membership:

1. President
2. President-Elect
3. Secretary

Leaders must be members of SLA in good standing throughout their terms in office. The President and President-Elect should serve no more than two consecutive terms, whilst the Secretary should serve no more than four consecutive terms (i.e., a maximum of four years consecutive service for all positions.)

Leaders should concentrate their efforts on program planning, building connections, and membership development. They are also responsible for communicating with their Community

members, sharing relevant information from SLA Board and staff, and doing their best to ensure members feel connected to one another and to broader SLA activities and initiatives.

Leaders will also be assigned as Community Administrators in Connect, in order to receive appropriate permissions for content management in their respective Community Forums and microsites. For more information, [see this article from Higher Logic](#).

Each Community can establish and fill additional roles on an as-needed basis, as determined by the Community. Additional roles may be filled by appointment or election, at the discretion of the Community Officers. However, if a role is to be filled regularly (e.g., Membership Chair) we recommend including it in the Community's annual election process and also applying the maximum term limit of four years in office.

President-Elect

Two-year commitment, typically one year as President-Elect followed by one year as President. Co-President arrangements are also acceptable, and can be an effective way to share leadership responsibilities.

During President-Elect Year (unless defined otherwise by the Community's own guidelines):

- Learns as much as possible about the operation of the Community.
- Assists the Community President with program planning and execution as needed.
- Substitutes for the Community President as needed.
- Recruits Advisory Board members to serve during their presidency, if desired.
- Attends SLA's Community Forum meetings, and other Association meetings (e.g., Open Board meetings, Annual Business Meeting, etc.) as possible.

Approximate time commitment per week: 2-10 hours

President

- Oversees the direction of the Community
- Attends SLA's Community Forum meetings, and other Association meetings (e.g., Leadership Symposium, Open Board meetings, Annual Business Meeting, etc.) as possible.
- Plans and executes programs and activities which support the overall mission of SLA and deliver value and benefits to members.
- Works with related organizations and/or other Communities to co-host events.
- Defines event-related milestones and methods for managing them.
- Finds creative methods to keep volunteers informed and engaged.
- Ensures that learning content created by the Community is uploaded into the SLA Learning Hub.

Approximate time commitment per week: 2-10 hours

Secretary (1-year renewable term)

- Records and distributes minutes of the Community's business meetings, including the annual business meeting.
- Conducts official correspondence and maintains a file of current records as requested by the President.
- Periodically reports to SLA headquarters, e.g., submitting Community expense requests.
- At the end of the Association year, uploads archival material into the Community library in SLA connect (and transfers it to the Community's Archivist, if applicable)

Approximate time commitment per month: 5-10 hours

All Community officers, whether elected or appointed, are required to comply with SLA's Anti-Harassment Policy, SLA Connect Code of Conduct and SLA Virtual Events Code of Conduct. Officers must ensure their Community communications and activities are conducted in accordance with SLA's policies and best practices, and work to promote diversity, equity, inclusion and accessibility in order to create a safe and welcoming environment for everyone.

Community Leadership Code of Responsibility

SLA requires each Community leader to read and sign the leadership Code of Responsibility <https://www.sla.org/governance-2/leadership-code-of-responsibility/> each year.

Anti-Harassment Policy

SLA requires all Community leaders familiarize themselves with the Anti-Harassment Policy: <https://www.sla.org/about-sla/anti-harassment-policy/>.

SLA Connect Code of Conduct

SLA requires all Community leaders familiarize themselves with the SLA Connect Code of Conduct: <https://connect.sla.org/codeofconduct>.

SLA Virtual Event Code of Conduct

SLA requires all Community leaders familiarize themselves with the Virtual Events Code of Conduct: <https://www.sla.org/sla-virtual-events-code-of-conduct/>.

Nominations and Voting

SLA recommends each Community appoints a nomination officer (often a former Community leader) to oversee the election process. The nomination officer should be supplied with (or create) officer role descriptions, as well as indications of time commitment required, to share with potential candidates. The role descriptions in this document, above, may be used as a template, and adjusted as necessary for the specific needs of the Community. Elections may be contested or single-slate, but must include a period for member-driven additions to the ballot, and a clear deadline for voting. Once elections are concluded, the current Community President should report the new officers to the SLA staff membership team using the [elected officer form](#) and [appointed officer form](#), or via membership@sla.org.

Other Potential Community Roles

Whilst each Community is only required to have the three officers specified above, all Communities are welcome to identify and fill other positions if they wish. These may be filled by election or appointment, and might include the following:

- Diversity, Equity and Inclusion
- SLA Connect Community Administrator
- Website Manager
- Archivist
- Membership and Recruitment
- Awards
- Nominating
- Communications
- Mentoring
- Event Planning
- Student Relations/Library School Liaison
- Industry Partner Relations/Fundraising

A Note on Unfilled Roles

Regular or sustained problems filling key Community roles can be a sign the Community might consider merging with another Community, or even dissolving. This should not be viewed as a failure. Communities wax and wane in usefulness over time, as topics and geographic areas become more or less relevant to SLA's members. Additional information regarding mergers and dissolutions is available below.

Association Action Deadlines

By end of calendar year:

- Elect Community officers
- Submit Elected Community officers to SLA via membership@sla.org or <https://www.sla.org/governance-2/elected-chapter-officer-form/>
- Submit Appointed Community officers to SLA via membership@sla.org or <https://www.sla.org/governance-2/unit-officer-forms-chapappt/>
- Officers sign Community leader code of conduct <https://www.sla.org/governance-2/leadership-code-of-responsibility/>
- Annual report submission by the stated deadline (usually mid December) <https://www.sla.org/community-annual-report/>

By end of March each year:

- Create and submit budget for planned activities throughout the year to learning@sla.org
- Submit details of any new initiatives to the New Initiatives Review Advisory Council for review and approval: <https://www.surveymonkey.com/r/8HYB68Q>.

Monthly, as needed:

- Submit monthly expenses / requests for reimbursement via <https://www.surveymonkey.com/r/oneslacommunity>

Community Operations

Many Communities have long-established practices and procedures around the ways in which they conduct their business, including (but not limited to):

- Communications
- Event planning
- Reporting
- Archiving
- Maximum term limits for officers
- Community elections
- Format for their own Annual business meeting

We want Communities to do what works best for them! However, if you require advice or guidance on any of these topics, please either reach out to your Community liaison officer, or seek input from other SLA volunteer leaders via the [Volunteer Leadership](#), [Webmasters](#), and other relevant forums on SLA Connect.

Financial Responsibilities for International Communities

Whilst all Communities are required to practice good financial stewardship of SLA monies, the finances for all Communities based in the USA are managed by SLA staff through a single bank account. Communities based outside the USA are permitted to retain their own bank account in whichever jurisdiction makes the most sense for their operations and will be required to submit full reports to SLA for accounting purposes. Consequently, they may wish to elect or appoint a Treasurer to take responsibility for this function. For more information, please contact membership@sla.org or your Community Liaison.

4. Community Structure

Model Governing Documents

SLA recommends that each Community maintains a Governing Document, outlining its purpose, officers and operating practices. Communities are invited to use this document as a model, however some may find that a much shorter document is adequate for their needs. See Appendix B below for a short-form Community governance template which may be adapted as required.

Procedures for Amending Community Governing Documents

A Community's governing document may be amended by an affirmative vote of two thirds of the votes cast by the Community members when amendments are put to the vote. Revisions in, or amendments to, the Community governing document shall be reviewed by SLA's Governance and Strategy Committee, prior to presentation to the Community membership.

Creation of New Communities

To create a new Community, first make sure there is not already a group which covers your proposed geographical region, subject or topic of interest, either by checking the website <https://www.sla.org/get-involved/> or reaching out to the membership team via membership@sla.org. Membership staff will be the primary point of contact for this process, and

will share information with the Community liaison officers, who will provide any necessary support and guidance, and serve as arbitrators in the event of overlap or dispute among existing Communities.

Provided there is no overlap with an existing Community, the members interesting in forming the Community must submit to the Board, via membership@sla.org, a petition including the following information:

- Names of 25 petitioners requesting the Community be formed (all petitioners must be SLA members in good standing).
- A description of the Community's purpose and planned activities.
- Three members identified to fill the initial Community officer roles.

At their next regularly scheduled meeting, the Board will vote on whether to approve the petition. Following approval, a Community liaison officer will be assigned to the new Community, and membership staff will work with the new Community officers to establish their presence on SLA Connect, website, etc.

Community Sections

If a Section of a current Community wishes to become an independent Community, it must follow the same steps, outlined above, for creating a new Community.

If a Community wishes to add a Section, Community leaders should first reach out to their [Community liaison officer](#), and perform due diligence to ensure the proposed new Section doesn't overlap with any other Community or Section. A document should be created with the description and purpose of the new Section, including any changes to the current Community officers, structure or practices, and submitted to the Board for approval.

Community Mergers

Common reasons for mergers include increasing overlap of subject interests due to shifts/consolidations in the field, increasing geographic territory (e.g., the 3 former Canadian chapters merged into a single Canadian Community), dwindling membership and challenges recruiting leaders. The following process is typical:

1. Notify your Community members and Community liaison officer you are considering a merger, outlining the reason(s) why.
2. Identify a suitable Community (or Communities) with which to merge, and come to agreement with them about how the process will work (ongoing Board representation by both Communities, continuation or cessation of programs, etc.). Some previous merging Communities found it useful to create a Memorandum of Understanding (MoU) to capture this information, as well as to share with their Community members as part of the process.
3. Poll members of both Communities to ensure majority support.
4. Once agreement is reached, submit a petition to the SLA Board of Directors for approval, including the reason for merging, any updated governance documentation,

new scope note or statement of purpose (if applicable), and any other relevant information.

5. Once approved by the Board, SLA staff will work with you to update Connect Communities and websites as necessary.

A variety of documentation from previous mergers, including Board petitions, MoUs, etc., is [available in the library of the Volunteer Leadership Community](#) on SLA Connect. Your [Community liaison officers](#) can help you at every step of any merger.

Dissolution of Communities

If a merger is not possible or desirable (e.g., defunct subject area, geographic region lacking sufficient member penetration), a Community may be dissolved by a simple majority vote. Voting can be initiated either by Community members or leaders, or by the Community liaison officer, and should take place after outreach to Community members to ensure dissolution is the only viable option. Official dissolution will require approval by the SLA Board of Directors.

5. Community Financial Procedures

The three Community Officers (President, President-Elect and Secretary) are responsible for the Community's financial matters, budgeting for events and programs, and submitting requests for reimbursement in a timely fashion.

SLA's Learning Coordinator is the main point of contact for all reimbursement matters, and any queries should be directed to learning@sla.org. Reimbursement requests should be submitted through the [SLA Community Expense Request Form](#).

Training videos on how to submit expense requests:

- [How to: fill out Reimbursement to Individual](#)
- [How to: fill out Payment for Award/Scholarship](#)
- [How to: fill out Payment or Deposit to Vendor or Speaker](#)
- [How to: fill out Advance Payment to Individual for Upcoming Expense](#)

See Appendix A below for information regarding W-9 forms for payments over \$600.

The \$2,500 USD Rule

Please also note any contract or expense exceeding \$2,500 USD **must** be approved and signed by SLA's Executive Director.

Reimbursement Payments

In 2019, SLA moved all its financial processes to be issued electronically through Bill.com, including accounts payables (payments to individuals and companies), and all reimbursements. SLA will not issue paper checks. Each individual who needs a reimbursement will need to

provide an email address to SLA in order to receive an automated message from Angela Parker, Accounts Payable Manager for SLA, via Bill.com to set-up the electronic transfer.

Sponsorship

For questions or communications regarding specific sponsorship opportunities or agreements, please contact Shaughna Giracca sgiracca@sla.org and learning@sla.org.

The Sponsorship Agreement form is available at: <https://www.sla.org/wp-content/uploads/2020/05/Community-Sponsorship-Form-Fillable.pdf>

6. Leadership Tools

SLA provides a range of resources for Community leaders, including:

- Connect forum [for Volunteer Leadership](#)
- DEIA training, advice and resources <https://connect.sla.org/diversity/home>
- Anti-harassment training resources [presentation in Open Forum library on Connect](#)
- Guidelines for in-person Community events
Guidelines for choosing diverse speakers: <https://www.sla.org/wp-content/uploads/2020/07/Guidelines-for-Choosing-Diverse-Speakers-1.pdf>
- In-person COVID-19 guidelines: <https://www.sla.org/wp-content/uploads/2020/10/SLA-In-Person-Covid-19-Guidelines.pdf>
- Leadership webinars [archived in the Volunteer Leader's Library in Connect](#)
- Robert's Rules of Order <https://www.boardeffect.com/roberts-rules-order-guide/>
- Online event, registration, and survey platforms:
 - SurveyMonkey, Eventbrite <https://www.sla.org/community-leadership/>
 - GoToWebinar, GoToMeeting, Zoom, Remo <https://www.sla.org/governance-2/chapters/web-conferencing-for-units2/> and <https://www.sla.org/wp-content/uploads/2020/11/Guide-to-SLA-Online-Event-Platforms-1.pdf>
- Community Annual Report submission form: <https://www.sla.org/community-annual-report/>
- Ongoing postings and resources on [SLA Connect, e.g. Volunteer Leaders' Connect Library](#)
- Content in SLA's Learning Hub <https://www.pathlms.com/sla>
- Certificate of insurance request form: <https://www.sla.org/governance-2/certificate-of-insurance/>
- SLA's bylaws <https://www.sla.org/governance-2/governing-documents/bylaws-2/>

Find links to resources on the SLA website <https://www.sla.org/community-leadership/>, and keep an eye out for fresh resources as they roll out throughout the year.

If you have a suggestion for a training topic or are unsure how to access any resource, please reach out to your Community liaison officer or contact membership@sla.org

Appendices: Other Important Association Information

Appendix A. W-9 forms for Community Expenses / Reimbursements - FAQs

Appendix B. Short-form Community Governance Template

Appendix C. Legal Information

Appendix A. W-9 forms for Community Expenses / Reimbursements - FAQs

In dealing with reimbursements, do Communities need to collect W-9s from the person or business who originally received the money (e.g., if we reimburse someone who has paid an individual or business, do we need info from the actual recipient of the funds even though our check is written to a third party)?

Generally, the person or company who provided the service for your Community will receive a 1099 (and a W-9 is required.) If there are special circumstances, feel free to contact the SLA Controller via controller@sla.org.

Do W-9s still need to be submitted for payments to vendors over \$600?

Yes. You must obtain a W-9 from any person or company who received more than \$600US through the year for services provided. SLA will issue the person/company a 1099 if they qualify (see below.) W-9 forms can be downloaded from <https://www.irs.gov/forms-pubs/about-form-w-9>. Please send completed W-9s to controller@sla.org.

Who needs to be sent a W-9 (so SLA HQ can issue 1099)?

- Vendors who will receive a 1099 (and, thus, a W-9 is required) include: independent contractors, janitorial services, third-party accounts, third-party public-relations firms or any other company or worker your Community paid for services.
- If your Community awarded a scholarship in excess of \$600US you need to obtain a W-9 from the recipient.
- If your Community (re)paid for a Community officer's travel expenses, or repaid a Community member for monies they paid for a Community event (e.g., reservations or catering), they do **not** require a W-9.
- It is best to request a W-9 for all of your vendors to be sure SLA HQ is following all 1099 requirements.

Is your vendor a corporation?

Companies which are sole proprietors, partnerships, or LLCs who received money from your Community should receive a 1099. C corporations, S corporations or LLCs which are taxed as C or S corporations do not require a 1099. It may be hard to tell what type of corporation you're working with. To be safe, we recommend requesting a W-9.

Not sure if a 1099 is needed?

It is best to file a 1099 if we are unsure. If we file a 1099 but did not need to, there is no harm done. However, if we fail to file one and one was required, SLA might be penalized heavily.

In dealing with reimbursements, do we need to collect W-9s from the person or business who originally received the money (e.g., if we reimburse someone who has paid an individual or business, do we need info from the actual recipient of the funds even though our check is written to a third party)?

Generally, the person/company who provided the service for your Community will receive a 1099 (and a W-9 is required.) If there are special circumstances, feel free to contact the SLA Controller via controller@sla.org.

How do I complete a W-9?

To complete the W-9, fill in:

- Name - "Special Libraries Association— [your Community's name]."
- Address - 7918 Jones Branch Drive, Suite 300, McLean, VA 22102.
- SLA is incorporated and the FEIN (Federal Employer Identification Number/Taxpayer Identification Number) is 13-5404745.

All Communities fall under SLA's EIN because we are legally one entity and should act as such. **The FEIN should be used appropriately and for SLA purposes only. Please be sure to check the box for C Corp in Section 3 and indicate 1 as the exempt code in Section 3.** The Community President, President-Elect, and Secretary are authorized to sign the form.

How do I know if SLA is exempt from sales tax in my state?

SLA is currently exempt from taxes in ten states within the U.S. – DC, FL, IN, MA, NJ, NY, NM, TN, TX and WI.

For whom do I need to have taxpayer identification numbers on file?

By U.S. IRS regulations, you should have the Taxpayer Identification Number (also referred to as FEIN or Social Security Number) on file for any person or business to whom/which you pay. Many companies simply will not issue payment until this information has been received. This can be obtained by sending a Form W-9, "Request for Taxpayer Identification Number and Certification." The IRS can audit this information and it is essential SLA have these on file to be in compliance with the law.

Why do I need to report to SLA individuals who were paid over \$600 during the year?

Any individual (corporations are exempt) who is paid over \$600 for services (not expense reimbursements), scholarships, awards, honoraria, etc., or over \$10 in royalties will be issued a Form 1099. This is required by U.S. IRS regulations. SLA must file all these forms and collect this information to facilitate this task. Please note expense reimbursements are excluded from this calculation. It is only payments to individuals; corporations are exempt. If you are unsure if your vendor is incorporated, contact them.

You are required to send completed IRS W-9 forms for anybody you paid over \$600 in the previous year to the SLA Controller at controller@sla.org.

<https://www.irs.gov/forms-pubs/about-form-w9>

Appendix B. Short-form Community Governance Template

Name, Mission, and Membership

The name of this Community is the _____ Community, Special Libraries Association.

The mission of this Community shall be to serve its members in accordance with its purpose (i.e. geographical region, subject or topic of interest) and in alignment with the broader mission of the Special Libraries Association.

<Insert a couple of sentences here describing the geographical region, subject or topic of interest served by this community.>

Membership of the Community shall be open to all members of the Association who choose to affiliate with the Community.

Executive Board

The executive board ("board") shall consist of a minimum of three officers – President, President-Elect, and Secretary. The board shall have the authority and responsibility to manage the Community's property (files, documents, archives, etc.), and to regulate and govern its affairs. The presence of the President, President-elect and Secretary in office shall constitute a quorum for the transaction of business at any meeting of the board.

No member shall serve in the same office for more than two consecutive terms, e.g. four years.

Should the office of President become vacant, the President-elect shall assume this position for the remainder of the term. All other board vacancies, including a vacancy in the office of President-elect, occurring before the conclusion of a departing member's term will be filled by majority vote of the remaining members of the board.

Officer Roles

The president shall have general supervision and control over Community affairs, including duties as specified by the Community Guidelines and the needs of the Community.

The president-elect shall have duties as specified by the Community Guidelines and the needs of the Community.

The secretary shall have duties as specified by the Community Guidelines and the needs of the Community, including archiving or transferring to the Community archivist, the Community's records.

The Community may elect or appoint additional officers as specified by the Community Guidelines and the needs of the Community.

All Community officers, whether elected or appointed, are required to comply with SLA's [Anti-Harassment Policy](#), SLA [Connect Code of Conduct](#) and SLA [Virtual Events Code of Conduct](#). They must also read and sign the [Leadership Code of Responsibility](#) each year they hold office. Officers must ensure their Community communications and activities are conducted in accordance with SLA's policies and best practices, and work to promote diversity, equity,

inclusion and accessibility in order to create a safe and welcoming environment for everyone.

Meetings

At least one business meeting shall be held during the term of office of each elected board.

The Community annual business meeting shall be held prior to the end of the calendar year.

Adequate notice of business meetings shall be provided to the membership. Thirty days' notice is recommended.

Committees

The board may establish committees, which shall be responsible to the board.

No Community member may serve on any one committee for more than six consecutive years.

Sections

Sections may be established and disbanded by the Community, according to the Community Guidelines.

Funds, Contracts, and Property

Funds for Community expenses shall be derived from the Association. For new initiatives, Communities will apply for funds following the procedure in the Community Guidelines.

Any agreement, contract, or obligation entered into by the Community shall have advance approval of the Community board. Any agreement, contract or obligation must be in compliance with Association liability limits as prescribed in the Community Guidelines. Any agreement, contract or obligation exceeding \$2500 US must be approved and signed by SLA's Executive Director.

Nominations and Elections

A Nominating Committee for each election of members to the board shall be appointed by the Executive Board, following the Community Guidelines. Any member of the Community can serve on the Nominating Committee. Nomination of candidates for each office and the election of candidates shall be determined by the Community Guidelines.

Dissolution and Merger

The Community may petition the Association Board of Directors for dissolution, or for merger with another Community, by vote of its membership in accordance with the Community Guidelines.

Communications

The Community shall institute suitable mechanisms to facilitate communications with and between its members regarding Community activities, affairs, issues, and other matters. The Community will keep the wider SLA Community abreast of their key activities and affairs.

Community Representation and Affiliation

Community representatives to joint committees and meetings of other societies having objectives allied to those of the Community and of the Association may be appointed by the SLA

President. The SLA President and the SLA Executive Director must be involved in any initiative that would involve another organization or society.

Amendments

This governing document may be amended by an affirmative vote of two thirds of the votes cast by the Community members when amendments are put to the vote. Revisions in, or amendments to, the Community governing document shall be reviewed by the Association's Governance and Strategy Committee, prior to presentation to the Community membership.

This Governing Document was amended: _____ (Date)

Approved by the Governance and Strategy Committee, Special Libraries Association

_____, Chair

(Signed) (Date)

Approved by the _____ Community membership

_____, President

(Signed) (Date)

Appendix C. Legal Information

- i. Tax Status – Federal
- ii. Tax Status – State and Provincial
- iii. Political and Legislative Action, including Lobbying
- iv. Member Liability
- v. Association Liability
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- vii. Antitrust Laws
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Tax Status - Federal

In 1972, the United States Internal Revenue Service determined SLA is an organization meeting the requirements of Section 501(c)(3) of the Internal Revenue Code.

As a Section 501(c)(3) organization, SLA must:

1. Be organized exclusively for charitable, scientific or educational purposes.
2. Be operated exclusively for those purposes.
3. Have no part of the net earnings inure to the benefit of any private individual.
4. Refrain from any substantial lobbying activities.
5. Refrain from participating in political campaign activities.

Corporate gifts and lifetime gifts by individuals to a Section 501(c)(3) organization are, with certain limitations, deductible to the donor for purposes of the U.S. federal income tax. Testamentary bequests are, again with certain limitations, deductible for purposes of the U.S. federal estate tax. There are other advantages. A Section 501(c)(3) organization may qualify for privileged postal rates for mailings relating to the organization's own affairs. In some states, a Section 501(c)(3) organization is exempt from sales tax.

As a general rule, the income of SLA which is related to its tax-exempt purposes is tax exempt. For example, members' dues, interest earned by bank accounts, and income resulting from the sale of SLA publications is tax exempt.

Income from a trade or business which is not substantially related to SLA's tax-exempt purposes is taxed. For example, income generated from the sale or rental of mailing lists (except for exchanging with or renting to another organization exempt under Sections 501(c)(3) or (c)(2)) and advertising income is taxed.

Although most of SLA's income is tax exempt, SLA normally does have unrelated income which is taxable. As a result, SLA annually files two returns with the Internal Revenue Service: Form 990 related to non-taxable income and Form 990T relating to taxable income.

To enable SLA to properly prepare these returns, each Community must annually furnish certain information including all income generated during the year and expenses incurred in producing the income. New or major changes in programs and services provided by SLA must be reported in Form 990. Accordingly, any Community which engages in a previously unreported activity must so inform SLA's Director of Finance at the Association office through the Community's Annual Report and Year-End Financial Statement.

SLA considers being recognized as a Section 501(c)(3) organization a valuable privilege. It is the policy of SLA to follow the provisions of the Internal Revenue Code and Regulations regarding the operation of a Section 501(c)(3) organization and not to engage in activities which might jeopardize this status. All questions regarding the Association's tax-exempt status should be referred to the Executive Director.

Tax Status - State and Provincial

Each of the fifty states and Canadian provinces has its own tax law and regulations and, accordingly, any question concerning state and provincial taxation must be addressed to the law of the state or province involved.

As a general rule, an organization which is exempt from U.S. federal income tax under Section 501(c)(3) is also exempt from state income taxes. In addition, in some states, local sales and use tax exemptions are available to Section 501(c)(3) organizations. Since SLA is not incorporated in Canada, it cannot apply for tax-exemption from Canadian provinces.

Because it is SLA, and not the individual Communities, which is responsible for compliance with state tax laws, SLA's Director of Finance is responsible for dealing with state tax authorities. Individual members or Community officers are not allowed to deal with state tax authorities. Any question concerning state taxation of SLA Communities should be directed to the Director of Finance.

Over the years, the Director of Finance working with legal counsel, has conducted extensive research and made numerous inquiries regarding the availability of sales and use tax exemptions for SLA Communities. As indicated above, the rules vary from state to state. Some states grant no exemption to any organization; some states grant exemptions only to particular types of charitable organizations such as religious organizations; and, in a few states, an exemption is available to an organization such as SLA. Keep in mind, the paperwork costs associated with obtaining and maintaining a sales tax exemption may equal or exceed the limited savings which may be realized by a sales tax exemption. Again, if there is any question as to whether a sales tax exemption is available in a particular state, inquiries should be directed to the Director of Finance.

Political and Legislative Action

SLA, as a 501(c)(3) educational institution, is restricted in the amount of lobbying it can do. Although IRS rules in this area are not as restrictive as they have been in the past, they are always open to interpretation. It is therefore critical that all legislative endeavors be channeled centrally through the SLA President or Executive Director, both of whom, under SLA policy, are the only individuals who can officially speak on behalf of the Association. In essence, if the Board of Directors has not yet taken a position on a particular social or political issue on behalf of SLA, it is imperative that either the President or Executive Director be consulted. However, if comments or statements are based on Board-approved issues, discuss them with the Association staff for clarification. This also enables Association staff to be aware of Community activities.

A Section 501(c)(3) organization may not participate directly or indirectly, in any campaign for any public office - federal, state or local. Thus, SLA may not endorse any candidate, make any contribution to a candidate or have its members work in any candidate's campaign. This requirement also prevents SLA from having a Political Action Committee (PAC).

A Section 501(c)(3) organization may, to a limited extent, attempt to influence legislation. The specific language of the statute is "no substantial part of the activities" of the organization may consist of "carrying on propaganda, or otherwise attempting to influence legislation." Examples of attempts to influence legislation include attempts to influence the general public to vote in a particular way, often called "grassroots" lobbying, and direct lobbying by communicating with a member or employee of a legislative body. Also included would be any effort by SLA to encourage its members to lobby.

The following would ordinarily not be considered activities endeavoring to influence legislation: making available the results of nonpartisan analysis or research; appearances before a legislative committee at the request of that committee; and communications between SLA and its members regarding legislation of interest to members as long as the communication does not encourage the members to endeavor to influence the same.

As is indicated above, a Section 501(c)(3) organization is not absolutely prohibited from endeavoring to influence legislation - the requirement is that such endeavors may not become a "substantial part" of the Association's activities. The U.S. Internal Revenue Code does not define what is meant by "substantial." The policy of SLA is that no more than 5% of its aggregate activities (not its income or expenditures) may be of such character.

None of the foregoing affects the right of any member, acting as an individual and not as a member of SLA, to engage in whatever political or legislative activity he or she may consider appropriate.

Member Liability

One of the characteristics of a corporation is limited liability. This means the members of the corporation are not personally liable for the debts, liabilities or obligations of the corporation. SLA is a corporation with its principal place of business in Virginia. Since it is incorporated in New York, it is covered by New York state's liability law.

New York Not-For-Profit Corporation Law Section 517(a) specifically states: "the members of a corporation shall not be personally liable for the debts, liabilities or obligations of the corporations."

As a general rule, Directors and officers of SLA will incur no personal liability as a result of their carrying out their duties as long as they do so in good faith and with ordinary diligence, care and skill.

Section 717(a) of the New York Not-For-Profit Corporation law states, in part:

"(a) Directors and officers shall discharge the duties of their respective positions in good faith and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions."

Under certain circumstances, a Director or officer can incur personal liability. For example, a Director or officer can be personally liable for gross negligence or for defrauding the Association.

Under Section 719 of the New York Not-For-Profit Corporation Law, a Director who votes for certain actions can be personally liable - for example, voting to distribute the Association's properties to members other than as permitted by law; and voting to make a loan to a Director or officer. The law permits an action to be brought against a Director or officer to compel an accounting for the mismanagement, loss, or waste of corporate assets.

Association Liability

SLA is legally responsible for its contracts and can sue or be sued in the same manner as any corporation, whether for-profit or not-for-profit.

A normal business contract made by the SLA President or Executive Director will be binding on SLA. Because SLA is a single corporate entity, obligations of the Communities are obligations of SLA. Accordingly, a normal business contract made by a Community chairperson will also be binding on SLA and not just on the individual Community.

Most contracts made by Community Leaders involve routine matters such as meeting arrangements and the amounts involved are relatively small. There have been occasions in the past, however, when Communities, with more enthusiasm than prudence, have entered into contracts involving significant sums of money.

The "Extra-Association Relations Policy" which was adopted by the Board of Directors on June 9, 1973 addresses this problem. It states:

"An agreement, contract, or obligation entered into by an Association unit requires advance approval by the Association Board of Directors if liability exceeds the unit's available or budgeted funds."

In addition to the foregoing, it is the policy of the Association any contract or expense exceeding \$2,500 U.S. must be approved and signed by SLA's Executive Director.

Any questions regarding contracts and their execution should be referred to SLA's Executive Director. SLA may be liable for the negligent or fraudulent acts of its authorized representatives. Therefore, officers, Directors, committee chairpersons, and representatives must exercise "ordinary diligence and care" in performing their responsibilities.

In addition, SLA could be responsible for an obligation incurred by any member who had "apparent authority" to act for SLA even though such individual acted without authority and in violation of SLA's policies and Guidelines. In *Hydro level Corp. v. American Society of Mechanical Engineers*, 635 F. 2d 118 (2nd Cir. 1980), cert. den., 456 U.S. 989 (1981) the American Society of Mechanical Engineers was held liable for the act of two of its members. These members, while acting as volunteer ASME workers, defrauded a third party by deliberately misinterpreting the requirements of one of the ASME codes. The court found ASME liable for the acts of these members because the injured party had no reason to believe the volunteer members' code interpretation was not "regular" and because the volunteers appeared to be acting within the authority given to them by this Society.

Any Community Leader who intends to give authority to a member to act for SLA, should keep the foregoing in mind.

Inspection of Records

New York State law requires SLA to keep correct and complete books and records of account and minutes of the proceedings of its members, Board and Executive Committee, and a list of member names, addresses, and their class or classes of membership.

Although the law permits SLA to impose restrictions on the availability of such information, it is SLA policy to make the same generally available to members. Thus, SLA publishes the names and addresses of all members in the membership Directory. Meeting minutes of the Board of Directors, the Executive Committee, and the Annual Business Meeting are available for inspection by members with certain exceptions which are determined by the Board of Directors. An example is executive session minutes.

Antitrust Laws

In recent years, the U.S. antitrust laws have been the basis for actions against certain trade and professional Associations whose activities allegedly restrained competition. The decisions of the United States Supreme Court which struck down ethical codes of Bar Associations which prohibited advertising are well-known examples. The American Dental Association was subject to a similar suit by the Federal Trade Commission. The American Medical Association has been subjected to an investigation to determine whether it controls the supply of physicians in the United States through accreditation of medical schools and other practices.

The trade and professional Associations which have been subject to these actions are typically Associations of competitors. Because the members of SLA do not compete with each other, it is unlikely SLA will be subject to an antitrust action such as is described above.

It is worth noting that SLA is an open organization. Association membership is open to any person "who has a serious interest in the objectives of the Association", per SLA's bylaws; and there are no restrictions on the general public attending SLA meetings. The antitrust actions described above are based in part on the particular Association imposing restrictions on membership, and thereby restraining competition.

Notwithstanding the foregoing, it is conceivable a particular Community may engage in some activity which might be considered to be anticompetitive, thereby violating antitrust laws. Any member who believes any such activity is taking place should contact the Executive Director. To the best of our knowledge, no governmental or private entity has ever claimed SLA has to any extent violated the U.S. antitrust laws.

Bartering

For purposes of the U.S. Internal Revenue Code, a barter transaction is in substance the same as a sales transaction. For example, the exchange of a mailing list for advertising space is the essential equivalent of selling the mailing list for the value of the advertising space. The value of the advertising space is considered to be income to SLA. The comments made in the Tax Status section concerning SLA's tax liability for related business income and unrelated business income will equally apply to value received on bartering transactions. An example of barter which would generate related income would be an exchange of SLA publications for something of value. An example involving unrelated income would be the exchange of a mailing list for something of value, except when this exchange is with another organization exempt under Section 501(c)(3) or (c)(2). The sporadic and occasional bartering transaction of whatever character arguably does not constitute business income of any kind. In all events, every barter exchange transaction by any Community should be reported, in writing, to the Director of Finance at the Association office.

Association Reserve Funds

Every Association needs the economic security of a reserve fund. Unforeseen demands or loss of income may necessitate the use of funds which are not currently available in the budget. The purpose of a reserve is financial stability - to support the Association through an emergency situation. Accordingly, the reserves maintained by SLA should not be used to finance day-to-day operations or activities. An ideal reserve fund would be equal to the regular budget for one year. On June 5-6, 1992, the Board of Directors approved a recommendation regarding Community investment policy which permits funds to be deposited only in principle-protected and insured investment instruments (e.g. checking accounts, passbook savings accounts, CDs and T-bills) or in the Association Pooled Fund Account. There is no tax on accumulated earnings of a Section 501(c)(3) Organization, and such reserves and any income generated by the same are tax exempt.