

**06/16/2016**

To: Bryan

From: Smithson

Thank you for this document and I assume you want it to be submitted to the entire IBT with the other documents SNU has generated in response to the charter suspension motion. However, there is a part that is unclear: "Please see IRS publication 557 page 9 and then take a look at the unit officer lists and consider the WBCCI Bylaws VII.1 (and Form 990 VI.A.2) to see why the WBCCI does have a problem, one that the SNU addressed ten years ago with a concrete and workable example."

Could you explain this statement more specifically by addressing these questions

1. What is the problem you refer to?
2. What is the relationship between the Unit Officers list(s) and the information on page 9 of publication 557?
3. What is the workable example or practice of the SNU that WBCCI should emulate?

Thank you for helping us understand these issues.

**06/16/2016**

To: Smithson

From: Bryan

On 06/16/2016 04:38 AM, Thomas Smithson wrote:

Thank you for this document and I assume you want it to be submitted to the entire IBT with the other documents SNU has

oh, I took care of that. As a member of the WBCCI I have a responsibility to express my concerns in matters of governance to its corporate directors directly.

1. What is the problem you refer to?

The tax exempt status of the WBCCI depends upon it carrying out those purposes and activities upon which that status was granted. Purposes and activities are carried out by the officers of the organization and by others as defined in the organization governance documents. When the roster of the executive and standing committees is not properly filled, the organization is not in compliance with its own bylaws and is therefore not properly carrying out those purposes and activities it has represented to the IRS to obtain its tax exempt status.

The Form 990 reference demonstrates the IRS interest in nepotism on the governing board of tax exempt organizations. The WBCCI has a significant problem in this area with subordinate organizations as well as in how its definition of membership is being misused to try to fill slots in units.

This is why, in part, the WBCCI Constitution and Bylaws both have a minimum unit size requirement and why the Bylaws also requires that the officer roster be filled.

2. What is the relationship between the Unit Officers list(s) and the information on page 9 of publication 557?

- accountability in purpose and activities and those whose job it is to accomplish them -

I referred to the page that described the group exemption interests of the IRS and its suggestions for how it obtains assurance that compliance with its requirements is being properly managed and maintained. Also see Rev. Proc. 80-27, 1980-1 C.B. 677, the IRS procedure manual that was a basis for Publication 557 as a guide for nonprofit associations.

My concern is that the WBCCI is so focused on selected processes that it loses sight of the reasons that qualify them and defines their purpose and scope. That means critical issues may suffer and the priority of efforts is misguided.

3. What is the workable example or practice of the SNU that WBCCI should emulate?

First, the SNU did what both Perryman and Pons have suggested: figure out what was important and put the focus there.

Second was to do what the IRS and the state expects and that is to make sure that the operation, purposes, and activities are accurately reflected in governance documents that were prepared with due consideration for legal and professional advice and modern, accepted practice and principle.

I think it also important to note that the SNU governance documents changes from 2002 through 2007 did not make any "changes in the purposes, character, or method of operation of subordinates included in the group exemption letter" that the IRS wants to know about. Rather, we brought our documents into congruence with long standing behavior and reduced actual and potential conflict with parent organization requirements as well as reduce the impact and effort of document management and maintenance.

If you look at the SNU executive roster, you will see that it is filled by distinct WBCCI members (as indicated by member number) with the SNU as their voting unit and it is compliant with its own bylaws. That is a necessary and proper base for maintaining tax exempt status and organizational health.

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Bryan

WBCCI #772