

**Meeting Minutes  
Board of Directors Meeting  
September 9, 2008  
Board Room, Mayan Dude Ranch, Bandera, Texas**

**I. Call to Order:** President Howard Elder called the meeting to order at 8:30 PM. A Motion to Order was made by President-Elect Mike Masser and seconded by Director Gary Brown. The motion passed unanimously.

**II. Purpose of Meeting:** President Howard Elder and Treasurer David Sauer stated that the purpose of this meeting was to get an update from Donna Hanson, contracted tax advisor to TAPMS, about the non-profit status of TAPMS, and the current standing of TAPMS with regards to tax payments to the State of Texas and the IRS.

**III. Information Provided by Donna Hanson**

**A. Standing of TAPMS:** TAPMS is in good standing with the State of Texas. The State of Texas is aware of the existence of TAPMS, and, because of our non-profit status, there are no outstanding franchise taxes. TAPMS must update its mailing address information with the State Comptroller's Office each time the address changes. Donna has taken care of this for the current address.

**B. Tax-exempt status of TAPMS:** At the Federal level, Donna has applied to reinstate non-profit status for TAPMS as a 501(C)(5) tax-exempt organization, an organization that is engaged in 'support for agriculture'. Previously, TAPMS had sought recognition as a 501(C)(3) organization, as a 'charitable organization under education'. However TAPMS does not qualify for this status.

**C. Implications of 501(C)(5) Status:**

1. TAPMS may receive payments and contributions from corporations and individuals for annual membership, Corporate Sponsorship, registration and support of the Annual Conference, advertising in the Newsletter, or donations to the student scholarship ('Endowment') fund.
2. No contributions to TAPMS by corporations or individuals are deductible as 'charitable contributions' for Federal tax purposes. They may, however, be deductible as 'ordinary and necessary expenses' of doing business, depending on the status of the individual or corporation filing a tax return.
3. Tax regulations stipulate that the status of TAPMS as a 501(C)(5) organization must be shown on the TAPMS website and all TAPMS publications.
4. Tax regulations stipulate that the status of TAPMS as a 501(C)(5) organization must be listed on all invoices or solicitations for funds sent by TAPMS to organizations and individuals for payment of dues (including Corporate Sponsorships), advertising fees, Annual Conference registration fees, Annual

Conference exhibitor fees, Annual Conference meal/break sponsorship fees, or contributions to the Student Endowment.

**D. Tax Filing Status:** Donna has filed an electronic return on behalf of TAPMS for the 2007 tax year. This return claims income, however no taxes are due for the 2007 tax year. The IRS is likely to require back-returns to the 2005 tax year.

Treasurer David Sauer stated that he has obtained bank records going back to 2001 for TAPMS and is furnishing Donna Hanson with the information she needs to file any required back tax returns.

**E. Preparation of Tax Returns:** Donna stated that, for future returns, it will be important to TAPMS to specify how income is being used.

1. Membership dues (including Corporate Sponsorships), Conference registration fees, Conference exhibitor fees, and Conference meal/break sponsorships do not constitute profit, although they must be shown as income on the return.
2. Newsletter advertising fees and interest received from bank accounts count as profit, unless TAPMS can show that these funds are being used. For example, the income received from Newsletter advertising should be roughly equivalent to the cost of publishing the Newsletter.
3. There is no specific dollar limit on the assets of TAPMS (i.e, the amount of money we have in bank accounts).

**F. Policies and Procedures Necessary to Maintain 501(C)(5) Tax-Exempt Status**

1. No pay to Board Members: Officers and BOD Members may not be paid for their service to the Society.
2. No payments/contracts involving lobbyists: TAPMS may not pay lobbyists or otherwise engage lobbyists in contracts. TAPMS may not use Society resources to influence legislation or other government decision-making. TAPMS may have contact with lobbyists, or other individuals associated with legislative offices or other government offices for informative purposes.
3. Professional services: If TAPMS wishes to receive any professional services (for example, Webmaster or Tax Consultant), the professional providers must be contracted in writing prior to the rendering of professional services.
4. Merchandising on website: Donna does not recommend that we do this.

Past-President Blake Kellum inquired about the feasibility of using PayPal or another web-based utility to allow members to pay membership dues and Conference registration fees online. Donna responded to this question later in the meeting.

**G. Status of the “Student Endowment”:** The “TAPMS Student Endowment” is funded by the proceeds of the door raffles at the Annual Conference, and by donations from individuals or corporations.

1. Right now, the “Student Endowment” funds are pooled with other funds in the TAPMS bank accounts.
2. It would be better accounting practice to place the “Student Endowment” in a separate account, especially if we want the Student Endowment funds to be in an interest-bearing account.
3. This policy is already in the TAPMS Bylaws, but we have not been following this Bylaw.

**Motion:** President-Elect Michael Masser made a motion to move the Student Endowment Fund to a separate bank account. Director A.J. Thibodeaux seconded. The motion passed unanimously.

**H. Sales Tax:** TAPMS must pay all state and local sales taxes.

Treasurer David Sauer reported that he has sent funds to Calfee Specialists to reimburse them for sales tax for the 2007 purchase of TAPMS hats, which were given out at the 2007 Annual Conference. TAPMS has been paying sales taxes to all recent Annual Conference venues and for all other purchases.

**IV. Donna Hanson’s Critique of the TAPMS Bylaws:** See attached revisions suggested by Donna. Outline of suggested revisions:

**A. Objectives and Dissolution** (Article IV and XII). Change 501(C)(3) to 501(C)(5).

**B. Annual Business Meeting:** (Articles VI and XIII). We are required under tax laws to have at least 1 business meeting a year with the membership present. Clarify Bylaws so that the existence and role of the Annual Business Meeting is more clearly stated

**C. Clarify eligibility of Corporate Sponsors to serve as Board Members** (Article VII): The current Bylaws seem to indicate that no Corporate Sponsor may serve on the BOD or as an Officer of TAPMS. This is obviously not the intent since many Corporate Sponsors have served as Officers or BOD Members over the years.

President-Elect Michael Masser commented that the intent of this Bylaw was to exclude non-Texas Corporate Sponsors from serving as Officers or BOD Members, just as Associate Members (members who do not reside in Texas) are excluded. Donna suggested revisions to more clearly define eligibility for Directors and Officers.

**D. Committees** (Article VIII): We need to clarify the role of the Governmental Affairs Committee, in terms of its duties and activities. We need to specify the prohibition on lobbying or paying lobbyists here. Also, we need to delete/modify the statement that the Governmental Affairs committee cannot collaborate with any other organizations except those that are 501 (C) (3). This committee should be able to communicate with other 501(C) (5) organizations, as well as with for-profit businesses and government offices (for informative purposes).

**E. Dues and Funds** (Article X): Change 501(C)(3) to 501(C)(5). Also, specify that contributions are not deductible as charitable donations for tax purposes, only as 'ordinary and necessary expenses'.

**F. Society Scholastic Endowment** (Article XIV): Change Bylaws to more clearly distinguish the Endowment Fund as a separate account.

**V. Discussion of Changes to Bylaws:** The BOD reviewed the procedure for changing the Bylaws. This procedure requires a majority positive recommendation vote from the BOD, followed by at least 60 days advance notice of the proposed changes to the membership. The changes must be published in the TAPMS Newsletter or posted on the TAPMS website. The BOD decided informally to begin this process at the January 2009 BOD meeting, with anticipated membership voting at the Annual Business Meeting at the 2009 Annual Conference. The current Bylaws stipulate that changes to the Bylaws must be approved by majority vote of the membership at the Annual Business Meeting (i.e, they cannot be approved by an electronic or mail-in vote).

#### **VI. Discussion of use of Credit Cards for Payments to TAPMS**

A. The current credit card arrangement, in which Wilfred Korth and GBRA process credit card payments, is not consistent with the Bylaws (TAPMS funds are not directly under TAPMS control at all times).

B. Donna Hanson reported that we could set up a phone-in credit card system for a \$150 setup fee and a \$36.95 monthly charge. This would not require the use of a credit card reader machine. However, the TAPMS Treasurer would have to dial in all of the credit card numbers and expiration dates for all payments received.

C. PayPal also involves a \$36.95 monthly fee and there must be an Administrator. There is a transaction fee for each payment transaction. Donna suggested contacting Gail Treece about the possibility of setting up this web-based payment system.

**VII. Motion to replace BOD Vacancy:** Director A.J. Thibodeaux moved to appoint Malcolm Johnson as a BOD member to replace Paul Williams, who has resigned his position on the TAPMS BOD to take a job out-of-state. Seconded by Director Paul Dorsett. The motion passed unanimously. Malcolm will serve until the expiration of Paul Williams' term in January 2009.

**VIII. Motion to Adjourn:** Editor Patrick Moran made a motion to adjourn. President-Elect Michael Masser seconded. The motion passed unanimously.

The meeting adjourned at 9:33 P.M.

Minutes prepared by: Patrick Moran, Editor, for Mary Gilroy, Secretary