



Registry of Interpreters for the Deaf, Inc.

Requirements Regarding Local Chapters

Introduction

RID's affiliate chapter structure is an invaluable tool for growing the association and serving the interpreting profession's needs in ways the national organization cannot do alone. A strong relationship between RID, as the national umbrella organization, and its chapters is a benefit to both. The purpose of this document is to explain a change in the RID affiliate chapter structure. While the policy applies to all RID affiliate chapters, only those with local chapters (within the affiliate chapters) are expected to make changes.

In recent years, the Internal Revenue Service (IRS) increased the accountability of tax exempt organizations, primarily due to the widespread abuse of funds and fraudulent activity among some organizations (United Way, Red Cross). The results of corporate scandals and abuses are impacting the non-profit community by way of new regulations and better business practices to address these problems. Examples of these are whistleblower policies, conflict of interest policies and audit committees. As a 501(c)(3) tax exempt organization, RID is committed to maintaining compliance with all IRS regulations, ensuring protection of its tax exempt status and implementing good business practices that will allow for an effective relationship throughout its national and affiliate chapter structure. Additionally, RID wishes to provide a clear organizational structure that allows for consistency throughout the organization and make wise use of limited available resources.

The IRS has specific rules for membership organizations with subordinates (affiliate chapters). For more details, see www.irs.gov - Committee Exemptions – REV.PROC.80-27, 1980-1 C.B.677. The IRS rules for these 501(c)(3) organizations allow for tax exempt status to extend below the parent organization (RID) to subordinates (affiliate chapters) with similar structures, purpose and activities. Further, the rules require the parent organization to maintain general **supervision and control of its subordinates**. In the best interest of RID and its chapters, RID exemption status will only be extended to one level in order to maintain the appropriate supervision and control for RID's current level of resources. This means that only RID affiliate chapters will be included in RID's tax exempt status. Local chapters of RID affiliate chapters will not be included. Since local affiliate chapters will not enjoy an umbrella of protection, their existence puts RID at risk of being out of compliance with 501(c)(3) rules and in jeopardy of losing tax exempt status.

RID's organizational structure allows for supervision and control for only the recognized affiliate chapters. As a result, the RID board issued the following directive in April 2008:

RID Motion and Findings

The RID board motion 2007.28 states: To direct state affiliate chapters to convert all local chapters to sub-committees by July 1, 2012 and to direct the national office to engage in each of the activities necessary to implement this action.

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*RID's **legal and financial** control over the operation of local chapters is the critical issue. Due to the structure of RID and the requirements of the 501 (c)(3) status, local chapters operating legally and financially independent of the affiliate chapters, and thus outside of RID's control, are inappropriately claiming tax exemption status. Entities operating in this manner can be challenged by the IRS, and this puts the governing members of those organizations in danger of personal liability. Allowing these independent local chapters to use the RID name is not acceptable for this reason, as RID is liable for the actions of these local chapters, as well as any communication sent out under the RID name and/or logo. Such operations must cease immediately. This is essential for both IRS purposes and RID chapter compliance reasons.*

Local chapters that are operating within the framework of an affiliate chapter as one entity are within the locus of control of RID. These local chapters are thus operating more like committees of the affiliate chapter, which can continue this sort of operation, but must convert the title of the local chapter to a committee name (e.g., MIRID local workshop committee), and must ensure that affiliate chapter bylaws comply with this requirement. The committee must call itself a committee of the affiliate chapter and must not have a separate name (e.g., SCMIRID). These committees can then operate within the affiliate chapter in a variety of ways. This structure ensures that RID will be able to govern the organization as a whole without the need to govern entities beyond the locus of control of RID.

What does this mean for local chapters? __

Those affiliate chapters which have chosen not to have formal local chapters with a separate framework and treasury may already be in compliance and no changes should be necessary. However, it is important to analyze the affiliate chapter structure and any subsections it may have to be sure the chapter operates as one organization. There may be a local or regional presence within the affiliate chapter's structure, but the critical factor is where the legal and financial responsibility lies.

For those affiliate chapters that currently have local chapters, chapter leaders must review and comply with the following requirements in order to retain tax exemption status, protection and affiliation with RID. All affiliate chapters that currently have designated local chapters which are operating independently of the affiliate chapters must dissolve them or bring them into compliance by changing the status of local chapters to a committee as soon as possible, but no later than July 1, 2012.

Goals/Vision: The entire affiliate chapter structure (including any parts of it) must adhere to one mission, vision and goals statement that meets the needs of all members of the organization. The board and committees, through strategic planning, set goals that align with the mission and vision of the chapter.

Structure: To align the structure of the affiliate chapter with the appropriate legal and financial controls over the operations of the whole chapter, RID suggests several options:

1. Establish committee representatives similar to the regional representatives on the national RID board. These committee representatives would be elected by the membership to serve on the affiliate chapter board.
2. Allow the affiliate chapter president to appoint a chair and members to serve the committee and assist in identifying other positions such as vice-chair, secretary and treasurer, as necessary.
3. Do not have any identified committees.

Bylaws: The affiliate chapter must update its bylaws to reflect these changes and to include information about each of the designated committees. The committees will no longer be required to maintain bylaws but will now comply with the affiliate chapter bylaws.

Naming Convention: To clearly demonstrate the linkage between RID, the affiliate chapter and the affiliate chapter's components, any naming of the committees must show direct linkage to the affiliate chapter and not to RID (such linkage would appear as if the committee is an affiliate chapter of RID instead of a committee within an affiliate chapter.) Therefore, the affiliate chapter name and RID's name

must be used appropriately.

Some examples of acceptable naming conventions that demonstrate direct connection to the affiliate chapter:

Blue Ridge District of WYRID	or	WYRID – Blue Ridge District
Western Committee of WisRID	or	WisRID – Western Committee

Some examples of naming conventions that are NOT acceptable because they appear to have direct affiliation with RID while bypassing the affiliate chapter include:

Oliver District of RID (ODRID)
Washington Section of RID (WSRID)

Fiscal Management: In reviewing and revising affiliate chapter fiscal management, the best option to maintain appropriate oversight and control of combined financial operations is to maintain one affiliate chapter checking account, while identifying the local chapter funds as designated line items in the affiliate chapter's budget. Closing all separate local chapter checking accounts would be the next step. In addition, the affiliate chapter will need to develop financial management procedures for the new local committee to follow in requesting expenditure of funds, depositing funds, and other transactions so as to maintain an effective process for conducting affiliate chapter and local committee business. The local committee will be responsible for conducting its business in line with the affiliate chapter mission, vision, goals and strategic planning.

RID recognizes that one checking account may not be the best option for some affiliate chapters due to the size of the affiliate chapter's membership, budget and scope of activities conducted by the committees. In these situations, the affiliate chapter may establish separate checking accounts but must have all appropriate oversight and management controls established to be in compliance.

1. Any accounts the local chapters established separately from the affiliate chapter will need to be closed and monies transferred to a new account opened by the affiliate chapter treasurer utilizing the affiliate chapter's Federal E.I.N. (Federal Employer Identification Number).
2. The newly established accounts should have a provision for multiple signatures from those who would have access to the accounts, such as the affiliate chapter president and treasurer, or committee chair and treasurer.
3. Access to the account should ensure appropriate oversight and reconciliation by the affiliate chapter through online access or by having bank statements mailed directly to the affiliate chapter treasurer and the committee treasurer. Clear procedures need to be established for how this access would be established and monitored.
4. Regular (monthly, quarterly, per event, etc.) reporting of financial statements must be prepared by the committee treasurer and sent to the affiliate chapter treasurer to reconcile the accounts quarterly.
5. The affiliate chapter must complete an annual audit of the financial statements and present an official (final) financial statement to RID along with other requirements stated in the Affiliate Chapter Relations Committee (ACRC) Handbook – Section 8.

State affiliate chapters 501(c)(3) status

RID strongly believes the above described structure creates a stronger alliance and greater accountability for fiscal management and oversight by the affiliate chapters, regional representatives and RID. By working in concert on both levels, it allows RID leaders to continue to focus on strength as an organization and growth as a profession. That said, RID recognizes the reality that some chapters may choose to break away from the RID structure and seek individual 501(c)(3) status. The same might be true for an affiliate chapter that already holds its own 501(c)(3) status from the IRS to decide to disaffiliate from RID. RID leaders believe that both the national organization and the affiliate chapters are each

better because of the other and would discourage any local chapters from becoming their own entity.

If a state affiliate or local chapter should choose to disaffiliate, the following would need to occur:

1. A letter of intent to disaffiliate must be sent to RID.
 - a. Remove the chapter from the presidents council
 - b. Discontinue regional column articles in *VIEWS*
2. Obtain the chapter's own tax exemption status through the IRS. In doing so, the name of the entity can not utilize the RID name and/or logo.
3. Revamp the new entity's bylaws to reflect the mission/vision/goals of the new separate entity.
4. Apply for a separate Federal E.I.N.

Conclusion

RID leaders are looking forward to strengthening the impact that RID makes on the interpreter and deaf communities on the national, regional, state and local levels. Structurally, however, the RID board has found the most effective corporate structure to be the one described in this document. With a limited number of national board members, national office staff, national committees and affiliate chapter leaders, we must fully utilize the minimal resources we have available.

To help in this transition, or to assist affiliate chapters on working with this policy, the RID board treasurer is available for a limited time. Affiliate and local chapter leaders are encouraged to contact Brenda Walker Prudhom, RID Treasurer, at treasurer@rid.org.

As always, any affiliate chapter compliance questions may be directed to the RID national office. Questions can be directed to Karen Bigham, Director of Members Services at kbigham@rid.org.