



# **Modernizing ACCF Governance**

**October 2017**

# Here is How CivFed is Currently Organized and the Effects of its Exposure to Liability

- The Arlington County Civic Federation has an existential problem.
- The Federation presently is an unincorporated entity. It operates as a 501(c)4 tax-exempt organization. This status imposes potential personal liability onto our board, committees and potentially even members.
- CivFed received IRS designation in 1970 as an unincorporated entity.
- If we established ACCF today, we could not obtain IRS tax-exempt status unless we first established the organization as a corporate entity.

# Here is How CivFed is Currently Organized and the Effects of its Exposure to Liability

- Officers, committee chairs, and volunteers are vulnerable to frivolous law suits.
- Two excellent members of ExCom resigned last Spring because of the danger of lawsuits.
- Several ExCom members say they also will resign if the Federation does not protect them from lawsuits, frivolous or otherwise.
- The issue is straight forward: No ExCom, no money, no CivFed.

# What Needs to be Done

- CivFed needs to create a liability shield by incorporating as a Virginia Nonstock Corporation to protect its members and its leadership.
- CivFed needs to update its by-laws to conform with the Virginia Nonstock Corporation Act.
- CivFed needs to get Directors and Officers Insurance.
- CivFed needs to get General Liability Insurance.

# What The Executive Committee Has Done

- It has retained Pantea Stevenson, a top-notch lawyer with Bean, Kinney, Korman, to help us draft Articles of Incorporation and By-Laws that conform with the Virginia Nonstock Corporation Act.
- It has purchased D&O Insurance.
- It is getting quotes for Liability Insurance.

# Impact of Incorporating

- The new By-Laws will be based on best practices for non-profit organizations.
- The new By-Laws will conform to Virginia law and the IRS.
- The new By-Laws create a liability shield for our members and leadership.
- An important step will be taken in protecting the future of the Federation and putting the Federation in step with similar organizations.

# What Happens Next

- We will present to membership today draft Articles of Incorporation.
- In near future will circulate draft by-laws to membership. The Executive Committee is still reviewing them prior to submission to membership.
- At a future meeting, we will ask our membership vote on Incorporating and adopting new By-Laws. This requires a 2/3 vote for approval.
  - The two are interlinked. Voting for incorporation will also mean voting for new by-laws.
  - As soon as Membership approves articles of incorporation and new By-Laws, our new By-Laws will become our governing document and the old By-Laws will be retired.
- At our November meeting we will have in-depth discussion of proposed new By-Laws and Articles of Incorporation. Pantea Stevenson will join us to answer any questions delegates may have.