

Statements on non-profit status read into minutes at MAI Members' Meeting August 2007

Bill Cameron /Ann Feibush: I'd like to read a letter from Ann Feibusch, a recollection from George Hughey, her father and a former trustee and treasure of Monhegan Associates. "He was opposed to altering the tax status established by Ted Edison. Edison's plan was simple, flexible and low maintenance enough to be run by volunteers at little expense with little or no governmental interference. Tax exempt status would be a lot more complex than the current setup, because it would require increased reporting to the government with the probability that at some point the government would audit us, as Congress and the IRS change rules and increase surveillance to stop abuses both by taxpayers and the charities themselves. Congress has held hearings on the misuse of charitable funds and charitable deductions. The IRS has issued new rules forcing non-profits to provide more detailed financial information to increase accountability. Poor accounting and misunderstanding of the complicated rules have gotten a number of smaller charities into trouble, according to studies done by philanthropy study centers. Furthermore, a survey done by researchers at Indiana University Philanthropy Center found that 52% of wealthy Americans would still give to charity without a tax break. This would seem to undermine the premise that the Monhegan Associates must have tax exempt status to attract big donors. My father said he had never heard a convincing reason why the Monhegan Associates needed more money even after the loss of part of Edison's endowment when trustees decided to take out government bonds and put the stock in the market." Ann further said, "While I sympathize with the good intentions of those who seek tax exempt status, I fear that this is a case where the law of unintended consequences might result in irretrievable harm to an organization and to an island that we all love and seek to preserve." She signed that Ann Hughey. I would endorse that 100%. She most ably described my particular feelings on a 501C3. My feeling is that if a person wishes to give something to an organization, or to an entity or anything, and he wants something back, then it's really not a gift.

John Gummere: This is my 79th summer on the island. For the last 49 summers I've chaffed over the unwillingness of this organization to provide tax-exemptions on gifts. Aside from that, I think it's extraordinary that they insist on paying federal income tax, that they insist on paying capital gains taxes, which they do, and that they forbid potential estates from given money to the Monhegan Associates at a tax free status. It's extraordinary denial of the potential income. Now, speaking of potential income, I did a little arithmetic. I chose a 100.00 gift for simplicity. If I give 100.00 to the Associates, it costs me 100.00. For the cost of 100.00, I could give 167.00 to MISCA. If you're in the 15% tax bracket, you could give MISCA 118.00, instead of 100.00. 18% is the lowest tax bracket. I'm told that 33% is the average tax bracket in the U.S. That person could give 150.00 to MISCA instead of 100.00 to this organization. My main interest is the survival of the winter community out here. My main interest is giving to them on a tax-free basis. It would be nice to be able to give to the Associates. Now, when the government gives back some of his or her taxes to a donor, it is a win/win situation for everyone: A win for the organization, as I've just described, a win for the donor who is able to leverage his ability to give to charity, and a win for the federal government which might otherwise feel compelled to raise taxes further to cover social needs, which was the reason for giving tax deductions originally. There are hundreds of thousands of organizations that benefit from

this tax-deductible status. These include every organization I can think of on Monhegan: MISCA, the Museum, the artists program, The Library, MERS or its successor organization, and even the plantation, according to my CT attorney, although I didn't press him to do any research on that—all of these organizations except the Associates—it makes no sense to me. If an organization fails to take advantage of such an opportunity, I believe it fails in its financial responsibility to both its purpose and its constituency. If it does not need money, it shouldn't seek any. And by the way, that's what I just heard you say. If it is afraid of money—that is, if it is afraid of the unlikely event that some wealthy individual or individuals might come out here and take over—they should have a board of directors or trustees strong enough to refuse that money. So, I strongly urge to press these efforts to achieve the win/win opportunity gained by obtaining tax-deductible status. We cannot afford to defeat the effort of so many with vision in the last few years. We cannot afford the procrastination of the last 40+ years. This opportunity is not likely to present itself again. In fact, I cannot imagine anybody, any president, coming out here in the future and trying to get it through if it can't be done now. And I commend you, madam, for a wonderful presidency, well-organized from day one, which encouraged me to give a few bucks to the associates for the first time in my memory. Thank you.

George Cabot: I rise in support of 501C3 status. I don't have any complicated financial explanation, but I do feel that in many respects Monhegan Associates are the lands that they own and are responsible for the lands that they own. I honestly don't feel that we have done those lands justice here in the last 30 years. I just listened to Fred Grey go through the budgets for Trails. Our trails have been reduced to a shambles through erosion. People say Ted Edison.... I say if Ted Edison were here he'd be appalled. We've got to come up with a new plan. When this association was initially started, it was to keep free, for all of our enjoyment, the use of those lands. Now we have not, I don't think, been good stewards. Fred said we need 3,000.00 to maintain. Fred has got figures; he's gone over them—thousands of dollars over the next several years just to get our trails up to where they should be. And we are only here for that piece of property. We are part of an association and together cherish our ability to keep a piece of property undeveloped, but there are responsibilities with that. Edison started this thing, and I'm sure my in-laws were part and parcel with it, when there might have 1000 people per year traipsing through. Now we have that many every day, for five or six months. We can't keep saying let's keep it the way it is. I don't think that's fair to the property. I don't feel that the Associates have enough money to properly take care of the trails; to either back them up or maintain them so that they're not just doing themselves more damage. We've had some folks come out here that are experts on trail maintenance to governments, national parks and state parks. They say we have an awful lot of work to do. We've only been in business here for 40 years. Where do we look? We need the monies particularly, and I'm doing my best to help Fred through contributions, but we need more than that. There is a chance that we can get other folks involved. Groups that want nature, want to perpetuate it and want to keep it and if they will help us we need all the help we can get. So I ask you to remember that we're only here for the property. We're not running dances. We're here for the property. We're not paying big salaries or anything else. We're here for a piece of property. This is what it was started for. I don't think we're doing a very good job; we need more funding to help ourselves do a good job originally. There are hundreds of thousands of organizations that benefit from

Doug Boynton: I think this is an important issue and I think it's important to become 501C3. A lot of us refer back to Edison when we're talking about this issue and say that he would have wanted it this way or that. He never intended to cast such a long shadow. He never bought a house on this island. He wanted this group to insure and develop the future. When this organization was formed the process of becoming non-profit may have been more dicey. I know that he was concerned about lobbying issues. Those are not problems today. MISCA was able to get through the paperwork; I'm sure this group could. As MISCA president and knowing others who've gone through the 501C3 process this year, I assure you it is not a problem. This organization may not need huge amounts of money, but this community does. There are a lot of organizations on the island, and we're all asking for money from the same people. The money is limited and it's just plain wasteful to pay taxes and not allow people to maximize their gifts. I certainly hope that the trustees will vote to go ahead with this, get this over with and start the future.

Lucia Miller: I'd like to add something to what George said. I speak to the availability of grants and people with certain expertise—people from the Maine Conservation Corps, for instance, coming to help, and funds to pay islanders to do this such as what we're doing in the fall; these are islanders who are helping with invasives, etc. These are resources that are not available to us unless we are 501C3. It's not just funds; it's the expertise as well. And they insist that we are 501C3 before they are able to help us.

Norma Kaplis: More than 70% of the membership of this organization wants this organization to be tax exempt. What is my responsibility? What is the responsibility of the rest of the trustees? Are we allowed to vote against what this organization wants? Everything was so incredibly documented. The pros and cons—it's all right there. It seems to me that I need to know what the correct procedure to follow here is. If the Private Letter Ruling goes through, then we still need to apply for 501C3 and that could get stalled. I thought we were going to have a referendum for the entire membership where we'd have a formal vote from everybody as to where they stood so that if the letter ruling came through an application could be made. I thought that we had to get a vote. I'm a little confused. It seems that we have an opportunity now to keep a delay from occurring in the future.

Clare Durst: 107 members out of 244 tended to favor tax-exemption. This is not 70%. I'm not disputing your sentiment. Just clarifying the facts. Brief discussion about response rate and desire to get more feedback, although Norma felt it was a pretty good response rate on a non-binding referendum.

Harry Miller: I'm an ardent member of this organization, having served as its president, its secretary and on innumerable committees including the chair of the ecology committee. I'm really pleased with the turnout here. I'm also passionately in favor of getting tax-exempt status. If someone here in their wisdom thinks that tax-exempt status is a bad thing I suggest that they should go out and start talking to people at the Museum and in MISCA and every other place on the island to try to persuade them to get rid of their tax-exempt status. I don't think that anyone would take that seriously at all, so I don't see why there

should be one organization that does not have tax-exempt status.

Beth Van Houten: What do we need dollars for? We need a list of what we need the money for sent to the general membership.

Alan Faller: The results of the survey may not be accurate because the document handed out this evening illustrating the pros and cons has not been circulated to the full membership. Most of the people who responded are not fully aware of the arguments presented here.

Livka Farrell & Martha Yandle: (Kathie read a letter from them.) To the trustees and the Monhegan Associates, We strongly support Monhegan Associates original status as a private organization, with primarily a local focus. We are asking you to do the same. 501C3, tax exempt status, would compromise the flexibility, simplicity and responsiveness to the local community that MAI now has and uses to maintain and preserve the island wildlands. We see the following specific drawbacks to adopting tax-exempt status to attract more donations and big money. Large donations would skew the local focus of the organization and more money often exhausts itself in that its management requires more time and more money. Another drawback to large donations is that they frequently come with significant pressure to use them according to the donor's wishes. Furthermore, it is unwise to raise money from the public without a clear objective for the funds. It is far more important to have a strategic plan than to simply focus on fundraising. MAI, a land trust, needs to devote its energy to study, assessment and planning for the preservation of the wildlands. This stewardship requires a different focus and process from that of social service organizations such as libraries or museums which provide direct services for individuals in the community. It is possible for MAI, as a private organization, to partner with a municipal government, the plantation, and/or other interested groups, to create and implement a comprehensive plan for the island. Such a plan provides an excellent opportunity for Monhegan Associates to broaden its involvement within the island community and as an added benefit, build trust and alliances. Please refocus the trustees attention from debating tax-exempt status to engaging with the issues now facing the island and the island community. The 2005-2006 vision committee report is an excellent place to start.

Glenn Burdick: Glenn expressed his support for the efforts to strive for tax-exempt status. He believes that the strategic plan spoken about by those opposed is crucial to the preservation of the island, but that the public funds and resources available to us as a non-profit would and should be part of that. He spoke to the current "way of doing things" in this arena and that being non-profit is part of that. He referenced his experience as the Chairman of the Urban Land Institute's New England chapter, which is a 501C3 dealing with land uses in New England urban areas, building and sustaining private communities. One thing of note is the issue of lobbying for those who are concerned about that. Yes, non-profit organizations are not allowed to lobby directly, but there is nothing against "IDEA LEADERSHIP", which can be very valuable. Something else to think about is that ~~what is if domestic MAI's integrate and take that seriously naturally, she does it here why that so~~

different from urban area, especially when it comes to the sustenance of the winter community. But beyond that, being a 501C3 has many aspects other than social service.

Dede Little: Major challenges: to have the public recognize the need for places where people can go to escape, to plan so as to preserve this place as one of them. Referring to the yin and yang symbol - there are always two opposing forces struggling to reach equilibrium and balance. Our struggle is a human struggle. We should each try to open our eyes to and accept a little of another's view and make a good decision.

Jim McDonough: Treasurer, for 501C3. I'm in favor of 501C3. We'll need it to face the challenges that you've heard about in the next few years. I don't think it has to come immediately, but what we need are contributions and we are unnecessarily handicapping ourselves from getting them. If the tax ruling comes through we'll be grateful. If it doesn't, at one point we talked about a parallel 501C3, which at first sounds horrendous, but I think we should be open to it. I'm delighted at all the speakers. It's great to have people involved in this issue and in the Associates. As Carson so often says, this is one place, and it is. We need to work together to find solutions to the problems coming up.

Carson Schnell: I am, with all my heart devoted to Monhegan. Having said that, the trustees had two pretty tough meetings early this summer. These were not easy meetings, but hard work. Without going into detail they concluded that we should proceed toward a private letter ruling. Not one of the trustees said they were against a 501C3. They expressed the desire to understand the costs and be careful. They were not casual in their effort and furthermore said that ultimately it was the decision of the associates, not just the trustees as to the future of these wildlands. The trustees are advisors, not sole decision-makers. The existence of MAI is only possible because Ted Edison dreamed up this idea and carried it forward with a lot of people right here on this island. His sensible objective was to keep the wildlands the way they are, to be minimally intrusive and keep being very careful with that trust.

when it comes to MAI's integrated role in the island community, the issues here are not so