

The TMG Connection

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19 Mantua Road
Mt. Royal, NJ 08061
856-423-7222
www.talley.com

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What the Revised Form 990 Means to Your Society

TMG continues to monitor developments in the IRS redesign of the Form 990, which the IRS has been working toward since the spring of 2007. Now that the revised form has been released - it will be used beginning with 2008 tax filings in 2009 - TMG has been working with the American Society of Association Executives (ASAE) and the Association Management Company Institute (AMCI) to gather information to help educate our clients on how the changes will affect their annual tax filing. TMG CFO Andre Solomon observed that the changes in the way societies must report are significant. To help educate our client boards on this timely and important topic, the following information was excerpted from a document issued by the Association Management Company Institute.

The IRS wants to know more about an exempt organization's business transactions and joint ventures, its relationships with the directors on its board, and directors' relationships with each other.

Exempt organizations will have to disclose more information about their officers' compensation, political campaigning and lobbying activities, and whether the organization has written policies covering conflicts of interest, whistleblowers and document retention and destruction. Each exempt organization will have to describe how it enforces some of those policies.

The redesigned Form 990 consists of an 11-page core form to be completed by each Form 990 filer. In addition, the redesigned form's 16 schedules are designed to require reporting of information only from those organizations that conduct particular activities.

Among the highlights of the new form are the following:

- A summary page providing the organization's identifying information and a snapshot of the organization's key financial, compensation, governance and operational information.
- A portion of the form requiring governance information including the composition of the board and certain other governance and financial statement practices.
- Schedules that will focus reporting on certain areas of interest to the public and the IRS: fundraising, compensation, hospitals, tax exempt bonds and non-cash charitable contributions.

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The cost of traveling by air is rising

United Airlines announced that it would join American Airlines in charging its passengers \$15 for checking first bags. US Airways followed suit.

In addition to the first-bag fee, which affects tickets booked on or after July 9, US Airways said it will sell non-alcoholic beverages — soda, juice, coffee, bottled water — for \$2, starting August 1. Alcoholic drinks will be available for \$7 — up from the current \$5 tab. The carrier also boosted its call service ticket fees, and plans to cut domestic capacity.

As of July 1, Southwest Airlines became the only U.S. carrier that permits two checked bags for free, according to air travel expert Tom Parsons, who expects still more service fees to come.

He expects the legacy carriers to follow the lead of discount carrier Spirit Airlines, which now charges extra for seat reservations — \$5 for middle seats, \$10 for window and aisle seats and \$15 for exit-row seats. Other airlines also have begun charging for window or aisle seats.

UAL Corp.'s United said its baggage fee goes into place with customers who buy tickets beginning Friday for domestic flights of August 18 or later. It does not apply to customers flying in first or business class or those who have premier status with United or Star Alliance, and first and second bags will still be free for itineraries that include international flights, aside from Canada.

Source: MSNBC.com

Examples of new questions/entries that will be required on the Form 990 beginning in 2009:

- Enter the number of voting members of the governing body.
- Enter the number of independent voting members of the governing body.
- Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?
- Did the organization delegate have control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?
- During the tax year, did any person who is a current or former officer, director trustee, or key employee:
 - Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% of another entity (individually or collectively with another person(s) listed in Part VII, Section A)?
 - Have a family member who had a direct or indirect business relationship with the organization?
 - Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization?
- Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990.
- Does the organization have a conflict of interest policy?
- Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?
- Does the organization regularly and consistently monitor and enforce compliance with the policy?
- Does the organization have a written whistleblower policy?
- Numerous compensation questions... applicable to the compensation of the Executive Director, CFO or Treasurer and other key employees.

Source: The AMC Institute

TMG continues to work with our client boards to communicate information regarding the impact of these changes. As Directors and Officers, this will impact your fiduciary responsibilities to the organization and your members. ■

Web tools that can make your life easier

Although getting the maximum use out of online tools can be complicated at first, even daunting to smaller organizations, there are avenues that can be helpful.

Rick Christ, managing partner of NPAdvisors.com in Warrenton, VA, an online marketing consulting firm, suggests several resources that can be helpful to any nonprofit. They are:

- MySpace.com. If you're looking for free Web page hosting, with blog tools, room for photos, email and newsletter service, get one that comes with about 100 million other users who are online 24 hours a day.
- Text messaging. When the Federal Emergency Management Agency (FEMA) failed to provide street lamps and the forms necessary to run search operations in post-hurricane New Orleans, relief workers used text messaging to stay in touch with each other and constituents were able to ask questions and provide updates.
- IM (instant messaging). It is another free way to be "open" for business.
- ThePetitionSite. Com. This is a site for online advocacy, a place to post a petition and drive advocacy.
- Yahoo! Groups. This provides file sharing, group email, calendars and other features.

How Certain Are You About Your Tax Positions?

A new accounting rule will require nonprofits to evaluate and disclose how "certain" they are about tax positions they've taken on their annual tax filings for Forms 990 and 990T, as well as on their organization's activities.

This recent accounting rule, issued by the Financial Accounting Standards Board (FASB) as *Accounting for Uncertainty in Income Taxes* and designated *Interpretation No. 48 (FIN 48)*, is effective for fiscal years starting after December 15, 2007. Generally, FIN 48 requires nonprofits to recognize a liability when uncertain if all income is exempt from income tax – provided you issue your financial statements according to Generally Accepted Accounting Principles (GAAP), which TMG recommends.

EVALUATION IN TWO STEPS

The evaluation of a tax position is a two-step process. The first step is either *recognition* or *derecognition*. That is, your organization must determine whether a tax position would be upheld if the IRS or a state/other taxing authority questioned it.

The second step is *measurement*. Once an organization determines it meets the recognition threshold, it must then calculate the amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the taxing authority. The difference, or unrecognized benefit, is recorded as a liability.

EXEMPT STATUS

Having an exempt status with the IRS is in *itself* a tax position. Therefore, your organization needs to, at a minimum, evaluate if it has done anything that could jeopardize that status. TMG provides guidance to help clients steer clear of any risks to their exempt status, (e.g. ensuring 501(c)3 non-profits avoid engaging in political campaigns and that all 501(c) determination clients conduct activities that further the purposes of the organization which earned the exempt status they enjoy.)

UNRELATED BUSINESS INCOME

The second, and more likely, reason a nonprofit could be affected by FIN 48 is its unrelated business income (UBI). A required "more likely than not" exercise should focus on whether the IRS or a state taxing authority could consider certain income to be unrelated to your exempt purpose and subject to unrelated business income tax (UBIT). This involves more than a quick "yes" or "no" answer: Opinions and interpretations set by the IRS and state taxing authorities aren't always black and white. Thus, you may need to evaluate whether you should still record some UBIT liability, even if it's more than 50% likely that income received from a particular activity will be upheld as tax-exempt. Your nonprofit may have to negotiate something less than 100% if an examination takes place. If you decide a liability should be recorded, interest and penalties also have to be considered and accrued.

SOONER RATHER THAN LATER

Complying with FIN 48 will require discussions with your board members and TMG's accounting professionals. Best to begin the evaluation process sooner rather than later to comply with this new standard. If you have questions, please contact the accounting team at 856/423-7222, ext. 268.



Source: *Non-Profit Agendas*, June/July 2008

Welcome!

TMG's New Jersey office is pleased to welcome **Joe Sapp** who has joined the IGDA client team as Community Liaison.

Mike Walsh has joined the SIGGRAPH Team as 2010 Conference Manager.

The Support Services Division is pleased to announce that **Charmette Brown** has joined the Accounting Team for the summer.

TMG's Virginia Office recently welcomed Association Management Executive **Sylindria Bynoe** who is working with FEW.

Member Services Assistant **Crystal Turner** joined the FEW team on July 21.

The Virginia Office is also happy to announce the addition of several members of the CIC team. Administrative Assistant **Shawn Mason**, Program Director **Christina Buck** and Program Coordinator **Michael Hutshneker** will all be contributing to TMG's work on behalf of CIC.

TMG Welcomes New Clients

The Convention Industry Council (CIC); Federally Employed Women (FEW); and the International Positive Psychology Association (IPPA) have each recently joined TALLEY MANAGEMENT GROUP, INC's client roster.

The Convention Industry Council (CIC) has selected TALLEY MANAGEMENT GROUP, INC (TMG) as their new management company partner following an extensive search process. CIC's 33 member organizations represent more than 103,500 individuals and over 17,300 firms and properties in the meetings, conventions and exhibitions industry. CIC's signature programs include the Certified Meeting Planner (CMP) Designation and the Accepted Practices Exchange (APEX). CIC will be based in TMG's Alexandria, VA office.



"We're honored to serve CIC and by extension, the industry organizations" said TMG CEO Gregg Talley, CAE. "We are committed to giving back to the industry and to professional certifications. We look forward to this partnership and growing CIC through our combined vision, knowledge and relationships."

"TMG's depth and breadth in meetings and conventions is well documented and recognized across the industry," said Deborah Sexton, President and CEO of the Professional Convention Management Association (PCMA), Treasurer of CIC and Chair of the AMC Selection Task Force. "Gregg Talley's personal and corporate commitment to our field, and to CIC in particular, is clearly outstanding," she added.



Federally Employed Women (FEW), is a private, non-profit membership organization working as an advocacy group to improve the status of women employed by the Federal government. Founded in 1968, FEW was organized by several women who were concerned that the Civil Service Commission and individual government agencies may not put forth the vigorous effort necessary to ensure compliance with Executive Order 11375 – a national policy adding sex to the list of prohibited forms of discrimination within the Federal Government. The establishment of FEW ensures there will always be an organization dedicated to promoting equality for women and addressing concerns of women in the Federal workforce.

FEW has worldwide membership and consists of national, regional, and chapter levels working together to fulfill the goals of four major program areas - *Legislative, Training, Compliance, and Diversity*. As a grassroots advocacy organization, FEW's vitality and effectiveness are directly linked to membership. This includes communication with Members of Congress and management officials at all agency levels; active participation in the legislative and judicial process; and joining forces with other organizations within the women's civil rights, labor, and professional communities with similar goals and objectives to promote the needs and concerns of women in the federal service. For more information, visit www.few.org.



The International Positive Psychology Association (IPPA) was formed in 2007 with the mission to promote the science and practice of positive psychology and to facilitate communication and collaboration among researchers and practitioners around the world who are interested in positive psychology. Positive psychology is the scientific study of the strengths and virtues that enable individuals and communities to thrive.

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Moving on up!

The Events Division is pleased to announce the appointment of Laurie Schall as Expo Administrative Coordinator. Laurie has been with TMG for over 4 years and most recently worked with the SIGGRAPH team.

Worth Quoting...

"You are not here merely to make a living. You are here in order to enable the world to live more amply, with greater vision, with a finer spirit of hope and achievement. You are here to enrich the world, and you impoverish yourself if you forget the errand."

- Woodrow Wilson

IPPA is an individual-based membership organization, and since the launch of their paid membership structure in early 2008, it has quickly grown to nearly 3,000 members. TALLEY MANAGEMENT GROUP, INC. worked with the founding members of IPPA to develop an organizational structure, and continues to provide guidance in strategic discussions. TMG also serves as the administrative headquarters for the Association. TMG will provide convention management services for the First World Congress of Positive Psychology, which will be held in Philadelphia, Pennsylvania in June 2009. For more information about IPPA, please visit www.ippanetwork.org. ■

New PhRMA guidelines for pharmaceutical interactions with physicians and how they may affect your next exhibit program both here and abroad.

Pharmaceutical companies have come under increasing pressure to reduce the costs of prescription drugs. One of the targets considered an excessive expenditure is the cost of physician interactions. This includes gifts, entertainment, and give-aways at medical conventions.

The PhRMA Code was recently updated in June 2008. Under the **old** Code, it **was** not appropriate for a company to provide a physician entertainment or recreational activities such as golf, theater tickets, etc. Companies **were** permitted to provide occasional meals in connection with presentations by sales representatives or other speakers, but the meals must **have been** modest and conducive to informational exchange. Similarly, companies **were** allowed to offer educational "gifts" (e.g., stethoscopes, textbooks), provided they **were** primarily for the benefit of patients and not of substantial value (\$100 or less). Practice-related gifts of minimal value (pens, notepads, etc.) **were** permitted, but not items such as golf balls that are only of personal benefit.

One of the major changes to the updated PhRMA Code: The prohibition of non-educational and practice related items. Providing items for healthcare professionals' use that do not advance disease or treatment education – even if they are practice-related items of minimal value (such as pens, note pads, mugs, and similar "reminder" items with company or product logos) – may foster misperceptions that company interactions with healthcare professionals are not based on informing them about medical and scientific issues. Such non-educational items should not be offered to healthcare professionals or members of their staff, even if they are accompanied by patient or physician educational materials. It is appropriate for companies, where permitted by law, to offer items designed primarily for the education of patients or healthcare professionals, if the items are not of substantial value (\$100 or less), and do not have value to healthcare professionals outside of his or her professional responsibilities.

The Code of Conduct issued by Rx&D, Canada's research-based pharmaceutical companies' industry association provides **similar** guidelines with regards to gifts and give-aways to physicians. This code was enacted prior to the updating or the PhRMA code in the U.S. Companies may distribute acceptable service-oriented items to health care professionals. Acceptable service-oriented items are defined as items whose primary goal is to enhance the health care professional's/patient understanding of a condition or its treatment. Such items may bear the corporate name and logo, but must not bear the name of any medicine.

Medical conventions held in Canada over the last two years have seen a drop in exhibitor participation and exhibit revenue as high as 20%. Pharmaceutical companies are reducing contracted square footage due to the inability to provide give-away items.

**For Global Business
Travelers & Meetings
Planners...**

The American Express Global Business Travel Forecast projects an 8-10% increase in spending for global meetings for 2008.

According to the report, guest room rates account for nearly half of all meetings expenses. Travelers should benefit as the infusion of capital may enable properties to renovate, upgrade and offer additional amenities.

Source: American Express Global Business Travel Forecast

These changes could also impact corporate support from Pharmaceutical companies for annual meetings and conventions moving forward. The traditional lanyard, welcome bag or padfolio may no longer be able to be supported by pharmaceutical companies.

New ways of thinking and creating more educational interactions between physicians and pharmaceutical companies are being explored by TMG. Helping exhibitors rethink the traditional ways of exhibiting and creating a successful exhibiting experience for both the attendee and the exhibitor is what we do. ■

FTC issues updates to CAN-SPAM Act

The Federal Trade Commission's latest updates to the CAN-SPAM act took effect on July 7. TMG is helping clients stay in compliance with their member messages and other communications via e-mail. A summary of four important updates follows.

Unsubscribe Requirements

Societies must maintain a simple unsubscribe process; allowing recipients to opt-out by:

- 1) sending a reply email;
- 2) clicking directly within an email; or
- 3) visiting a single web page.

Senders can no longer make recipients navigate multiple pages to unsubscribe. They also cannot require additional information – such as a username and password to login – before opting out.

Definition of Sender

The FTC clarified the definition of a "sender" with regards to who bears responsibility for CAN-SPAM compliance. This is particularly relevant to situations including commercial email messages containing advertisements from multiple parties. Under the new rule, multiple advertisers may designate one party (including the publisher) as the single sender who is responsible for CAN-SPAM compliance. The message "from" field should include the name of this designated sender.

Definition of Person

The FTC now defines a "person" as a group, institution, unincorporated association, business, non-profit or human being. This closes a loophole in the original CAN-SPAM Act.

Mailing Address

Societies can now use an "accurately registered" post office (P.O.) box in the mailing address included in their messages. ■

Source: The Federal Trade Commission