

The Belgian Sheepdog Rescue Trust

– A Historical Perspective

By Marion Heise



Sunny ... at work

Where did it come from?

In 2005, the BSCA Board of Director's was asked by member Ellen Haro to explore the possibility of setting up a charitable, non-profit organization that would allow donations to Belgian Sheepdog rescue to be tax deductible. The Board began discussing various options and was eventually directed to Mr. Ed Sledzik, a tax attorney, AKC judge and long time dog breeder. Mr. Sledzik addressed the BSCA membership at the annual membership meeting in Frederick, Maryland in 2007. Here is an extract of the minutes:

Rescue 501c-3: Mr. Ed Sledzik addressed the membership regarding the benefits of establishing the BSCA rescue organization as a separate entity. Mr. Sledzik holds a law degree with a Master's in taxation. He was employed by the IRS for 27 years and was a Technical Chief at the time of his retirement. He discussed three types of not-for-profit organizations:

501c-7: This is for social clubs; which the IRS typically views as clubs such as the Mason's or the Elk's. Clubs that have a building with a bar/restaurant that they lease to the general public. There are limitations on the amount of income these types of organizations can have from non-member sources.

501c-4: Organizations for the public good. They provide help & assistance to the general public. The IRS has ruled that dog clubs are for the public good if they provide for public education, CGC's and other activities. He recommended that the BSCA change it's designation from a 501c-7 to a 501c-4 organization.

501c-3: These are charitable foundations. There are four ways to establish a charitable foundation.

1. Incorporation: An independent corporation requires annual fee payments, creation of a Constitution and By-Laws, election of a Board of Directors and annual meetings. Corporations are also limited by the State laws relative to the State that they incorporate in.;

2. Association: An association is a loose organization of people for a common cause. Mr. Sledzik did not recommend this type of organization as it is too loose and would not offer the degree of control the Board of Directors had indicated the Club wanted.;

3. LLC: A partnership of various people. Mr. Sledzik has not seen any 501c-3 organizations formed as partnership as of this time, although the IRS does allow for them.;

4. Trust Organization: A trust can be organized and formed immediately. It only requires a minimum of three trustees, but allows for the addition of trustees should the need arise. (An odd number of trustee's is highly recommended.) A trust does not exclude the possibility of incorporation. Should the trustees (and the membership) decide that rescue would be better served as a corporation in the future, the trust can be incorporated. In order to make sure the IRS gets the information they need regarding the type of organization to be established, they have provided consistent documents for the establishment of the 501c-3 organizations. The liability of trustees is exactly the same as the liability of a corporation's Board of Directors.

In closing, Mr. Sledzik clearly recommended that the BSCA establish rescue as its own organization to protect the BSCA from potential liability arising from rescue activities. This would protect the main funds of the BSCA, which now are at risk. A side benefit of a 501c-3 organization is that it may allow donations to be tax deductible depending on the tax status of the donor. The BSCA needs to decide how they want to do rescue and what level of control they wish to have. Mr. Sledzik excused himself from the meeting at this point.

Motion by Terri Votava to establish a trust fund that is managed by a majority or full control of the BSCA Board. Second Beth Lachnitt. Gail O'Neil directed the membership to Treasurer Vicki Marie's opposing point of view, presented in the Treasurer's Report (Contained below). Discussion centered on the liability protection offered to the BSCA. Barb Swisher spoke in favor of the motion citing the Affenpinscher Clubs' Rescue Trust as an example. Motion carried unanimously.

What is it?

The Belgian Sheepdog Rescue Trust is a charitable organization as defined under the Internal Revenue Code section 501(c)3 of the United States, and was established in June 2007.

With clear direction from the membership, the new board began working with Mr. Sledzik to establish the Belgian Sheepdog Rescue Trust. The original Trustees were, Susan Hoffman – Alaska; Judy Johnstone – Wyoming and Marion Heise – New York. The Trust operates under the laws of the State of Washington. Two important things to note, the Trust is NOT incorporated, (nor is it advisable at this time); and the liability for Trustees is similar to that of the BSCA's Board of Director's. (Both groups carry D&O insurance). The point being, there is currently no advantage to the Trust to incorporate at this time. Can it be incorporated in the future? Absolutely, there are no restrictions.

What's the relationship with BSCA?

The BSDRT is an organization independent of the BSCA. The original Trust document, provided by the IRS provided the Club with the full benefits of a charitable organization, and defines "charitable purposes" to include "...health, charitable, scientific, literary, rescue, cruelty to animals or educational purposes within the meaning..." So in November 2008, the Trustee's notified the IRS that the BSDRT was expanding it's scope to include administration of health research donations. The independence of the BSDRT from the BSCA is an important feature in maintaining the charitable status of the Trust.

How does it work?

The BSDRT original trustees established Operating Rules and Procedures as part of the June 2007 Trust establishment. The President, Recording Secretary and Treasurer of the BSCA were designated to hold the same position in the BSDRT. It is not possible to resign from one position and retain the other. Shortly thereafter, the original trustee's added two additional trustee's, one was to act as the Chairperson and oversee the day to day activities of rescue. The other was an at large position. While the three 'officer' positions run concurrent with the BSCA term of office, the Chairperson position is an 'at will' position. The 'at large' position is an appointment by the officer Trustees. It is held for a two year term and would expire in an 'off BSCA election' year. So, the at large position, currently held by Susan Spinhirne, will terminate at the 2012 annual meeting. The Trustee's agree to operate under Robert's Rules of orders, providing monthly minutes and financial statements that are provided to the BSCA Newsletter for publication. All positions are volunteer, no one receives remuneration of any kind. The Statement of Trust itself defines some general principles of operations as well. We are limited to operations in the United States, trustees and workers are volunteer positions only, etc.

What does it do?

Rescue itself works the same way it did under the BSCA, the transition to the trust structure was transparent to the majority of the world. The Trust also administers the health donations for the BSCA. So, when the membership votes at the annual meeting to provide funds to a particular health initiative, the BSCA Board of Director's will request that the BSDRT Trustees pay the health funds to the appropriate organization. The Trustees vote, and the donation is made. All health funds in the Trust are restricted, meaning they can ONLY be used for the purpose intended, rescue and health funds are reported separately in the financial statements.

The BSDRT files an annual 990 report with the IRS, which can be viewed at www.IRS.gov anytime and is provided in the hospitality room at BSCA National Specialties for review by the general public. The Trust also has a Trustee meeting at the National Specialty, to which anyone is invited to attend.

What can't it do?

The Trust is limited in its activities by the laws surrounding charitable organizations, as defined in the Internal Revenue Code. This means the Trust cannot engage in or financially support activities that are considered to be propaganda, any attempt to influence legislation, including publishing or distributing statements, political campaigns in support or opposition to particular candidates. The Belgian Sheepdog Rescue Trust was formed by the members of the BSCA solely for the betterment of the breed, and they continue to do that in a professional manner. Many thanks go out to the tireless volunteers who make rescue work as well as those who support rescue financially. The support for Belgian Sheepdog related health initiatives has also been very much appreciated as nothing supports the future of our breed stronger than these initiatives. The Trust could not function without your support!!



www.bscarescue.com