

THE ARC MINNESOTA, INC.

STANDARD TERMS AND CONDITIONS FOR AFFILIATION

Revised 19 December 2017

Approved 8 January 2018

WHEREAS, The Arc Minnesota, Inc. (“The Arc or The Arc Minnesota”) is a Minnesota nonprofit corporation that organizes, leads and supports a statewide federation of nonprofit, charitable organizations committed to protect and promote the human rights of people with intellectual and developmental disabilities (“I/DD”) and their families, and to provide supports and services that assist them to be included and fully participate in all aspects of community life throughout their lifetimes;

WHEREAS, The Arc is a membership organization with local chapters (“the “Local Chapters” or “Chapters”) and individual members (“Individual Members”) and family members (“Family Members”) (together, “Members”) as defined in the Bylaws of The Arc as currently exist and as may be revised from time to time (“Bylaws”);

WHEREAS, the qualifications and requirements to be a Chapter and/or an Individual Member or Family Member of The Arc are set forth and described in the Bylaws and are further described in these Standard Terms and Conditions for Affiliation (“Terms and Conditions”) describing the nature and characteristics of the working relationship between The Arc and Local Chapters and Individual and Family Members of The Arc;

WHEREAS, Chapters and Individual and Family Members of The Arc have, as of _____, 2018, adopted and approved these Terms and Conditions;

NOW, THEREFORE, the following Terms and Conditions are operative and effective as of January 1, 2018.

I. Obligations of The Arc

The Arc’s obligations are to conduct its affairs in accordance with the terms of The Arc’s Core Values and Guiding Principles, Position Statements and Public Policy Agenda. Consistent with available resources, The Arc shall engage in those activities that are typically the business of a State Chapter with expanded Local Chapter activities in those areas or regions of the State of Minnesota without a Local Chapter, including but not limited to: public education, programs and program development, fundraising, Chapter development and support, professional and volunteer development and support, research and knowledge development, and coordinating and supporting state and local public policy advocacy.

In addition, The Arc’s obligations include the following:

- A. Corporate and Tax Status. The Arc shall at all times be in good standing as a nonprofit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.
- B. Corporate Governance. The Arc will conduct its activities in accordance with the terms of Corporation's Articles of Incorporation, Bylaws and governance policies as they now exist or may be prepared and/or revised from time to time.
- C. Compliance with Laws. The Arc will fully comply, and otherwise conduct its activities at all times in accordance with all applicable local, state and federal laws, regulations and other legal standards/requirements.
- D. Reporting of Membership Information. Annually, The Arc will provide each Chapter with a list of the names and contact information, including postal mail and email addresses, and telephone numbers of Individual and Family Members of The Arc who joined The Arc directly and who are in the particular Chapter's geographic area ("State Membership List"), which information shall be used by Chapters solely for the following purposes:
 - 1. To communicate with Members regarding public policy developments, including requesting their involvement in advocacy;
 - 2. To provide them with general information and updates about the work of the particular Chapter of The Arc, including periodic electronic and print newsletters;
 - 3. To determine the number of votes Chapter is entitled to pursuant to the Bylaws; and
 - 4. To invite the Members to become donors to the Chapter and to participate in special events.

Nothing in this paragraph I.D is intended to limit in any way a Chapter's communication with a person or entity whose name and contact information was obtained directly by the Chapter.

- E. Membership Database and Processing. The Arc will maintain a database system for tracking the names and contact information, including regular mail and email addresses and telephone number, of all individual Members of The Arc, regardless of whether they joined The Arc at the state or local level. Membership information provided by Chapters, including updates thereto, will be maintained in the database with access provided to Chapters no less frequently than annually of the specific membership records pertaining to the particular Chapter as needed for database management and other business purposes of Chapter.
- F. Requests for Information. The Arc shall respond to reasonable requests from Chapters for information relating to the corporate affairs, programs and activities of The Arc.

II. Obligations of Chapters.

Chapters' obligations are to conduct their affairs consistent with terms and conditions set forth for Local Chapters, as applicable, under the Bylaws of The Arc and under the Standard Terms and Conditions for Affiliation. In addition, Chapter's obligations include the following:

- A. Core Services. The Chapters agree to provide a core set of services that include:
 - a. Individual advocacy for families and self-advocates;
 - b. Self-advocacy leadership development and engagement;
 - c. Training, education, family and caregiving support; and,
 - d. Public Policy and Systems Advocacy at the local political level.

- B. Corporate and Tax Status. Chapters shall at all times be in good standing as nonprofit corporations, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

- C. Corporate Governance. Chapters will conduct their activities in accordance with the terms of Chapter's Articles of Incorporation, Bylaws, Standard Terms and Conditions for Affiliation and governance policies as exist or may be revised from time to time.

- D. Compliance with Laws. Chapters will comply with and otherwise conduct their activities at all times in accordance with all applicable local, state and federal laws, regulations and other legal standards/requirements.

- E. Affiliation Fees. Chapters shall pay affiliate fees in the amounts set forth in the Fees Schedule, attached hereto and made a part hereof.

- F. Reporting of Chapter Information. Chapters shall submit to The Arc, no less than once per year, a list of the names, titles and contact information, including both postal mail and email addresses, of at least the following categories of individuals:
 - 1. Corporate officers;
 - 2. Board members;
 - 3. Chief Executive Officer or Executive Director; and
 - 4. Key management staff.

- G. Reporting of Membership Information. Chapters shall submit to The Arc, no less than once per year, a list of the names and contact information, including regular mail and email addresses, and telephone numbers of Individual and Family Members of the Chapter, which information shall be used by The Arc solely for the following purposes:
 - 1. To determine the number of votes Chapter is entitled to pursuant to the Bylaws;
 - 2. To communicate with Members regarding public policy developments, including requesting their involvement in advocacy; and
 - 3. To provide them with general information and updates about the work of The Arc, including periodic electronic and print newsletters.

- H. Programs and Activities. Chapters shall strive locally and/or with The Arc to conduct their programs and activities in a manner that furthers the purposes and objectives of The Arc and are consistent with the Core Values, Guiding Principles and Position and Policy Statements. Chapters shall use their best efforts to ensure that such programs and activities are of the highest quality and are consistent with the Core Values, Guiding Principles and Position and

Policy Statements of The Arc. Chapters shall submit to The Arc no less than once a year and/or upon request on a form provided by The Arc summarizing the programs and services they have provided for each calendar year to inform The Arc of their programs and services and to enable The Arc to include a description of such programs and services in fund raising and grant requests.

- I. Advocacy Efforts. Local Chapter shall conduct local public policy advocacy and public education consistent with the purposes and objectives of The Arc and to the fullest extent possible given available resources. In performing these functions, Chapters are encouraged to work with The Arc in order to ensure statewide consistency in these efforts.
- J. State Chapter Affiliation. Local Chapters of The Arc must at all times maintain affiliation with The Arc. In the event of a dispute between The Arc and a Local Chapter, the parties shall, in good faith, use their best efforts to resolve the dispute. In the event of a dispute between The Arc and Local Chapter cannot be resolved, the Local Chapter may request the assistance of The Arc of the United States (“The Arc U.S.”) to conciliate the matter. The Local Chapters shall provide at least forty-five (45) days prior written notice to The Arc of its intent to seek The Arc U.S.’s assistance in dispute resolution.
- K. Identifying State and National Affiliation. Subject to the further requirements set forth in Section V herein, Local Chapters must prominently identify themselves to the public as affiliated Chapters of The Arc and The Arc U.S.
- L. Requests for Information. Chapters shall respond to reasonable requests for information regarding complaints received by The Arc from members of the public, unfavorable news coverage, matters that have the potential to harm the reputation of The Arc and its Local Chapters and matters that are relevant to determine whether Chapter continues to meet the requirements to be an affiliated Chapter of The Arc as set forth in the Bylaws and these Terms and Conditions.

III. Shared Obligations

Recognizing that the success of The Arc as a nationwide and statewide charity federation is dependent upon and affected by the actions of The Arc and Local Chapters (hereinafter referred to as “the Parties” or “Party”), the Parties are committed to transparency and mutual support. In furtherance of this commitment:

- A. Recordkeeping. Each Party shall maintain reasonable records related to its corporate and tax-exempt status, programs, activities and operations, including financial statements and shall provide copies of such records to the other Party upon request.
- B. Notification.
 - 1. Each Party shall notify the other Party of any event(s) which create(s) a significant risk of the party:
 - (a) going out of business;

- (b) losing licensing, or other governmental permissions or authorizations, necessary to deliver services, to receive payment or reimbursements for services provided, to solicit charitable contributions or otherwise conduct specific business activities;
- (c) ceasing a substantial portion of its current operations;
- (d) suffering a loss of a substantial portion of its assets;
- (e) inability to pay expenses on a timely basis; and
- (f) suffering damage to its reputation and goodwill.

The purpose of such notification is to allow for the Parties to provide support and assistance to one another and to work together to advance and protect the reputation and goodwill of the parties and of The Arc and Local Chapters.

- 2. Any notification made by The Arc shall simultaneously be made to all of the Local Chapters of The Arc.

IV. Individual, Family and Associate Memberships in The Arc

A. Individual and Family Memberships.

- 1. An individual may become an Individual Member of The Arc by joining The Arc or a Local Chapter. An Individual Member is someone who supports the purposes of The Arc and pays fees, if any.
- 2. A family comprised of a family/household inhabiting a common residence may become a Family Member of The Arc upon payment of the fees established by the Board of Directors for a Family Membership.
- 3. Local Chapters shall provide individuals the opportunity to become Individual Members of The Arc, which includes membership at all levels of the organization (i.e., national, state and local).
- 4. Individual Members and Family Members of The Arc have such membership rights and privileges at the State and Local level as are conferred by the applicable State and Local Chapters.
- 5. Local Chapters and The Arc may determine the types of membership to offer (e.g., Individual, Family) and whether to automatically confer membership status on different classes of persons (e.g. donors, employees, volunteers, service recipients, public officials, etc.) and the fees applicable, if any.

B. Associate Memberships.

- 1. As part of its fundraising and membership program, a Chapter may establish and offer one or more categories of "Associate Membership" for persons or entities that support the purposes of The Arc including, but not necessarily limited to, the following categories:
 - (a) Business
 - i. Consultants/Sole Proprietors;
 - ii. Small Business; or
 - iii. Larger Business;

- (b) Government Agencies;
 - (c) Academic faculty, departments, researchers;
 - (d) Self-Advocacy Groups; or
 - (e) Other Nonprofits.
2. A Chapter shall not represent or imply that an Associate Member is a Chapter of The Arc and shall not authorize or allow an Associate Member to represent to the public that it is a chapter of The Arc or use other language suggestive of a similar relationship. On each Chapter's website or other marketing and promotional efforts, an Associate Member shall be publicly identified using language such as "supporter" or similar terms. An Associate Member may not be allowed to use or display The Arc's name or logo in its own website or any of its promotional materials, other than to identify itself as a "supporter" of or "donor" to Chapter.
 3. Associate Membership is specific to the Chapter from which the membership was obtained and does not confer Associate Membership at any other level of The Arc. An Associate Member is not a corporate member of The Arc and has no voting or other right to participate in the governance of The Arc. In addition, Associate Members are not counted for purposes of determining the number of votes held by Chapter. An individual, company or organization that would like to be an Associate Member at multiple levels of The Arc, or of multiple chapters at the state or local level, is required to join each chapter separately.
 4. The Arc and Local Chapters are encouraged to share Associate Membership information and to urge Associate Members to support The Arc at the national, state and local levels.

V. Use of Trademarks, Intellectual Property and Confidential Information

- A. Brand Identity. Chapter affiliation is necessary, but not sufficient, to confer authority on Local Chapters to use the trademarks, name, symbols and other markings of which The Arc U.S. is the legal and beneficial owner ("Trademarks"). Such usage is subject to the terms of the separate Chapter Trademark Licensing Agreement or Affiliated Chapter Trademark Licensing Agreement with The Arc U.S.
- B. Other Intellectual Property. The Arc U.S. grants State and Local Chapters a limited, revocable, non-exclusive license to use other copyrighted or proprietary information and materials provided by The Arc U.S. to Chapters during the Term of their affiliation as a Chapter of The Arc U.S. ("Intellectual Property") for official chapter-related purposes, subject to the following:
 1. The Intellectual Property must be used by Chapters in a professional manner and solely for the purposes for which the Intellectual Property was provided to Chapter by The Arc U.S.

2. The Intellectual Property is and shall remain at all times the sole and exclusive property of The Arc U.S.
3. Chapter shall not permit any third party to use the Intellectual Property without The Arc U.S.'s express prior written approval.
4. The Intellectual Property may not be used in any manner that violates any law, regulation or other public policy.
5. State and Local Chapters ensure that the applicable copyright notices are used pursuant to the requirements of United States law, the laws of the Territory, and any other guidelines that The Arc U.S. may prescribe.

C. Other Terms, Conditions or Restrictions. In the course of making Intellectual Property available for use by State and Local Chapters, The Arc U.S. will disclose whether there are any other specific terms, conditions or restrictions (e.g. fees or charges, usage guidelines) that apply to the use of the Intellectual Property.

IN WITNESS HEREOF, the Parties hereto have signed this Agreement below, effective this ___ day of _____, 2018.

The Arc Minnesota, Inc.

[Local Chapter Name]

By: _____
Its: _____

By: _____
Its: _____

Affiliation Fees Schedule



The Arc Minnesota "Fair Share" Affiliation Fee Policy 2018

The Arc Minnesota uses its financial, volunteer, and staff resources to perform its obligations as outlined in the Terms and Conditions for Affiliation with Local Chapters and its obligations as an affiliate of The Arc U.S.

In order to perform its obligations, The Arc Minnesota looks to its Local Chapters to provide financial support through Affiliation Fees. Payment of the fees ensure that The Arc Minnesota organization remains positioned to provide the leadership, facilitation and coordination necessary to address the public policy and other mission-related initiatives that impact people with intellectual and developmental disabilities.

Arc Affiliation Fees

- Each Arc Local Chapter shall pay a fixed annual Affiliation Fee equal to a percentage of its annual revenue as indicated by Line 12 on the previous year's Form 990 report (or Line 9 on the previous year's Form 990-EZ report) – less any dollars from this revenue that were paid to another Local Chapter(s) for services, contracts, grants, or other dollars that would also be included in the other Chapter's Line 12 on its 990 report AND less any dollars where the Local Chapter is simply serving as a fiscal host for those dollars on behalf of another Local Chapter AND less any dollars that were received directly from The Arc Minnesota as distribution of specific purpose grants [example: HAS Grant]. Local Chapters will receive a monthly invoice for Affiliation Fees and payments will be due within 30 days. Late payments will be subject to a 1% late fee. A representative from The Arc Minnesota will contact a Local Chapter to discuss late payments if and when necessary.
 - The Fair Share Fee for 2018 is 4.0%.
 - Capital Campaign Project Revenue may qualify for a reduced Fair Share Fee rate of 25 basis points (.25%).
 - The Local Chapter must meet the following requirements:
 - (a) Complete a Capital Campaign Tiered Rate Request and submit for The Arc Minnesota Board approval prior to commencing the Capital Campaign.
 - (b) Submit request for Capital Campaign Projects that meet the minimum Campaign goal of \$5,000.

- (c) Annually certify the Capital Campaign Project revenue amount through the Local Chapter Compilation or Audited Financial Reports and 990 or 990 EZ return.
 - (d) Certify annually that the Capital Campaign funds are spent for the intended purpose.
 - The Fair Share Affiliation Fee Calculation will include:
 - (a) The full Fair Share Fee is calculated annually based on the 990 (line 12) or 990 EZ (line 9) reported Total Revenue.
 - (b) The Local Chapter will receive a Fair Share Fee credit for the approved and verified amount of the Capital Campaign Project and related Fair Share Fee reduction.
 - The Arc Minnesota reserves the right to recover the Fair Share Fee credit for the Capital Campaign if the Local Chapter is not able to certify that the funds were spent for the intended purpose as stated in the original Capital Campaign Tiered Rate Request.
 - Examples of Capital Campaign Projects are: Fixed Asset purchases, New Facilities or Leasehold Improvements.
- The annual Affiliation Fee rate will be reviewed and established annually by The Arc Minnesota Board of Directors by August 1st each year so that Local Chapters can budget accordingly for the coming year.
- The annual Affiliation Fee may not increase by more than .5% (one half of one percent) from one year to the next without approval by membership.
- At no time will the rate exceed 5% without approval by membership.
- Should a Local Chapter experience unanticipated and substantial reductions in revenues, said Local Chapter may request that the Board of Directors of The Arc Minnesota consider a fee reduction until such time as said Local Chapter's revenues rebound or until a new Form 990 report is available for said Local Chapter, that would reflect the decrease in revenues and provide for a new Fee calculation based on the lower revenues.