

The Municipal Analysts Group of New York

Annual Disclosure Statement - Reasonable Efforts Questionnaire

The Form 990, Return of Organization Exempt from Income Tax, requires an exempt organization to disclose certain relationships and transactions with respect to its board governors, officers, key employees and former governors, officers and key employees (collectively referred to as “interested persons”). Because these disclosures request information that is not typically captured by The Municipal Analysts Group of New York (MAGNY), we must request this information from all interested persons.

The Form 990 instructions provide a “safe harbor” for an exempt organization that makes a “reasonable effort” to obtain the information. To invoke the reasonable efforts provision, an organization must send an annual disclosure questionnaire to all interested persons asking for their representations regarding certain Form 990 disclosures. Specifically, the safe harbor applies to disclosures set forth in Form 990, Part VI, Governance, Management, and Disclosure, Part VII, Section A, Officers, Directors, Trustees, Key Employees and Highest Compensated Employees, and Schedule L, Transactions with Interested Persons.

In order for MAGNY to avail itself of the above-mentioned safe harbor, we respectfully request that you read and complete this Annual Disclosure Statement. Please be advised that all information reported on this Annual Disclosure will be held confidential. Any questions regarding the questionnaire should be directed to _____ . The favor of a reply is requested by _____ .

Annual Disclosures

The following definitions of “business relationship”, “family relationship”, “family member” and “ownership” are critical to the accurate completion of the questionnaire.

A **business relationship** between two persons includes any of the following:

- 1) One person is employed by the other in a sole proprietorship or by any organization with which the other is associated as a **trustee (governor), director, officer, key employee**, or greater-than-35% owner.
- 2) One person is transacting business with the other (other than in the ordinary course of either party’s business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of transactions with an organization with which the one person is associated as a trustee, director, officer, key employee or greater than 35% owner.
- 3) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

A “business relationship” does not include a relationship between (1) attorney and client, (2) medical professional (including psychologist) and patient, or (3) priest/clergy and penitent/communicant.

Ownership. Ownership is measured by stock ownership (voting power or value, whichever greater) of a corporation, profits or capital interest (whichever greater) in a partnership or limited liability company, beneficial interest in a trust, or control of a nonprofit organization. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity doing business with the organization) and there may be ownership through multiple tiers of entities. The constructive ownership rules of section 267(c) apply for this purpose.

A **family relationship** and/or **family member** include:

Unless specified otherwise, the family of an individual includes his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren include interested persons.

Question 1. Board Independence

- a. Were you compensated as an officer or other employee of MAGNY or of a related organization?¹ Please note that MAGNY is not currently related to any organization.

Yes ___ No ___ If yes, please explain:

- b. Did you receive total compensation or other payments exceeding \$10,000 during the year from MAGNY as an independent contractor excluding expense reimbursements under an accountable plan or reasonable compensation for services provided as a member of the Board of Directors/Trustees?

Yes ___ No ___ If yes, please explain:

- c. Were you, any member of your family² and/or a 35% controlled entity of you, and/or your family member, involved directly or indirectly through affiliation with another organization in an excess benefit transaction with MAGNY or any organization related to MAGNY?

¹ The definition of a related organization is an organization that stands in one or more of the following relationships to the filing organization:

- Parent – an organization that **controls** the filing organization
- Subsidiary – an organization controlled by the filing organization
- Brother/Sister – an organization controlled by the same person or persons that control the filing organization
- Supporting/Supported – an organization that is (or claims to be) at any time during the organization’s tax year (i) a **supporting organization** of the filing organization within the meaning of Section 509(a)(3), if the filing organization is a **supported organization** within the meaning of Section 509(f)(3), or (ii) a **supported organization**, if the filing organization is a supporting organization.

² See definition set forth above.

An excess benefit transaction is one in which the economic benefit the insider receives, directly or indirectly, exceeds the value of the consideration (work performed or price paid) he or she gives back to the organization, also called a non-fair market value transaction.

Yes ___ No ___ If yes, please explain:

- d. Were you, a family member and/or a 35% entity controlled by you, and/or family members, engaged in a loan transaction to or from MAGNY, including salary advances, other advances, or receivables during the year? This includes any loan or advance that was originally made between MAGNY and a third party, or between you or a family member and a third party, that was transferred so as to become a debt outstanding between MAGNY and you or a family member. This does not include business expense advances, pledges receivable, accrued but unpaid compensation that would qualify as a charitable contribution when paid, or receivables that were created in the ordinary course of business on the same terms as offered to the public.

Yes ___ No ___

If yes, please explain the name of debtor or creditor and the purpose of the transaction.

- e. Were grants or assistance provided to you or a member of your family, or an entity in which you own directly or indirectly a 35% ownership interest, including the provision of goods, services or use of facilities during the tax year.

Yes ___ No ___ If yes, please explain:

- f. Did you, a family member or an entity more than 35% owned, directly or indirectly, individually or collectively by you, a current or former officer, director, trustee or key employee and/or their family members (“interested persons”³) engage in a business

³ **Interested persons.** An interested person for purposes of this disclosure is a current or former **officer, director, trustee, or key employee** listed in Form 990, Part VII, Section A, or any of the following:

- A **family member** of a current or former officer, director, trustee, or key employee listed in Form 990, Part VII, Section A.
- An entity more than 35% owned, directly or indirectly, individually or collectively, by (1) one or more current or former officers, directors, trustees, or key employees listed in Form 990, Part VII, Section A, and/or (2) their family members.
- An entity (other than a tax-exempt organization under section 501(c)) of which a current or former officer, director, trustee, or key employee listed in Form 990, Part VII, Section A was serving at the time of the transaction as (1) an officer, (2) a director, (3) a trustee, (4) a key employee, (5) a partner or member with an ownership interest in excess of 5% if the entity is treated as a partnership, or (6) a shareholder with an ownership interest in excess of 5% if the entity is a professional corporation

transaction⁴ with MAGNY, regardless of when the transaction was entered whereby (1) all payments during the year between the respective organization and all interested persons exceeded \$100,000, (2) all payments during the year from a single transaction exceeded the greater of \$10,000 or 1% of MAGNY total revenue (\$____), or (3) compensation payments by MAGNY to a family member of a current or former officer or director exceeded \$10,000.

Yes ___ No ___ If yes, please explain:

Note: If all of the questions above (a-e) are answered “No”, you are an independent board member.

Question 2. Transactions with Interested Persons

During the tax year were you:

- a. An officer, director, trustee, key employee, of an entity (other than a tax-exempt organization under IRC Section 501(c)) that did business with MAGNY?

Yes ___ No _____ If yes, please explain:

- b. A partner or member with an ownership interest in excess of 5% that did business with MAGNY?

Yes ___ No _____ If yes, please explain:

- c. A shareholder with an ownership interest in excess of 5% if the entity is a professional corporation that did business with MAGNY?

Yes _____ No ___ If yes, please explain:

For all “yes” answers please provide the name of the organization that did business with MAGNY and your relationship with the organizations.

⁴ Business transactions include but are not limited to contracts of sale, lease, license and performance of services, whether initiated during the organization’s **tax year** or ongoing from a prior year. Business transactions also include **joint ventures**, whether new or ongoing, in which either the profits or capital interest of the respective organization and you or a family member of the interested person each exceeds 10%.

Question 3. Relationships

During the past year, did you have a family relationship or a business relationship with any current officer, director, trustee or key employee of MAGNY?

Business relationship⁵ **Yes** _____ **No** _____

Family relationship⁵ **Yes** _____ **No** _____

If yes, please explain the relationship and provide in the space below the name of the individual with whom you have or had such a relationship and state whether it was a family relationship or a business relationship.

Question 4. Compensation

Please indicate whether you received cash or noncash compensation from a related organization⁶ of MAGNY:

Yes _____ **No** _____

Please indicate whether you received cash or noncash compensation from an unrelated organization for providing services to MAGNY:

Yes _____ **No** _____

Please note that a “yes” response may require further inquiries.

You will be informed in the event that MAGNY is required to disclose on its Form 990 and any transaction that is the subject matter of this questionnaire.

Thank you in advance for your assistance with this matter.

⁵ See definitions on pages 1 and 2 of Questionnaire.

⁶ See definition in note 1.

[Society Name]

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I, _____ certify that I have received MAGNY’S Conflict of Interest Policy (“Policy”) and that I understand the Policy and my duty to disclose any actual or possible conflicts of interest and otherwise act in compliance with the provisions of the Policy. I acknowledge that it is my ongoing responsibility to disclose any potential conflicts of interest as they arise.

I, the undersigned director, governor, staff member or volunteer, understands that [Society Name] is a charitable organization and that in order to maintain its federal tax-exemption it must engage primarily in activities that accomplish one or more of its tax exempt purposes and not provide a personal benefit to any director, officer, staff member or volunteer. I certify that I have been truthful in answering the above disclosures to the best of my ability.

Name: _____ *(Please print)*

Title: _____

Date: _____

Signature: _____

For office use only:

Accepted by: _____

Received: _____

Log Date: _____