Joint Committee review of the impact of a club merger

Members of each club met on several occasions. This is the report of their findings and recommendations.

The primary consideration was if the members of both clubs would be better served if there were one club. Listed below are the pro's and con's noted followed by a plan to consider and approve.

In short, the committee supports the concept of a single club to service the greater Kansas City geographical area. Further, we have put together a proposed timeline to achieve this goal. In general, it will allow two months for each board to review and approve this approach. A second two month period to present to each clubs general membership and vote. Then set up a new corporation with two members of each board as starting directors over a six month period. Shut down existing clubs and transfer assets to new organization. The new organization would be a 501(c)3. The joint board of the new organization will set the rest of the parameters of the entity.

Why this approach?

- If at any point we don't get both club's approval, the process stops
    - If both boards don't approve, then we stop
    - If both club members don't approve, then we stop
- Once approved, we then have the documented approval to set-up and fund the new entity
- Both clubs contribute to new organizations board to set high level structure.
    - Intentional avoidance of new organization fine detail, as it will be a new organization. We can only recommend ideas for them to consider at this point, they will need to vote and approve once authorized. The existing clubs/members do not have that authority.
- Closing down existing clubs and starting a new one will terminate any potential liability from both prior clubs as opposed to one club taking on the others members.

Pro's of a merged club

Staffing Implications:
In a time when it is hard to get volunteers, maintaining two boards and officers' for the same geographical area is difficult and perhaps wasteful and definitely redundant.

- Duplicate Board members for:
    - President
    - VP
    - Treasurer
    - Membership
    - Secretary
    - Newsletter
    - Webmaster
    - Hospitality

Sharing of Volunteers
By having one club, you don't have two clubs contacting the same people to work events. The process is more centralized and manageable.

A combined board is more diverse and can share the best of both clubs, i.e. when working on the joint banquet, JCBC was in the habit of purchasing $25 gift certificates from each bike shop. KCBC has not done this, but it is a great idea that demonstrates our support for local shops and encourages the shops to provide door prizes. As well, two complementary banquet passes were offered to shop owners. This again is a great gesture and was only accepted by three or four shops so the actual cost was minimal.

A single club would be better received by local bike shops that are currently being solicited for supporting two banquets with door prizes.

A broader base of people to select the board and officers from allows a better fit of the office to the skill sets of those seeking said office. Not everyone can do all the positions well. There is a definite skill set associated with each position.

Common Perception of Goals in the Community
One club will allow a unified perception of what the clubs goals and interests are. A single club that has a goal to encourage cycling will be more efficient. That is one banner in each store vs. two. The same can be said for the other E's as used by LAB, Engineering , Education, Enforcement, and Evaluation when applied to:

- Support cycling
- Grow members
- Grow rides
- Bike Education
    - Sag volunteers video/document on health issues
    - Continued work with LAB on national seminars/webinars
        - Online Membership Options
        - Financials
- Advocacy
- Racing

One thing we may not be doing well is getting signatures from members on our weekly rides. A single club would allow riders to be covered in two geographical areas of both clubs.

Sharing of Expertise
Better leverage systems currently being paid for;

LAB interface

KCBC has been very involved with LAB. We have attended their seminars on Club Leadership. We have established relationships with other clubs on best practices. This has assisted in the implantation of better procedures/policies. Specifics; maps

like Twin Cities, use of online membership software (there are three systems in use by clubs today), five year comparative financial statements for historical perspective, implications of 501(c)3 structure.

Elimination of duplicated efforts in the same geographical area

Wild Apricot:

- Standardized system that allows Board members to learn one system that is available online, not on someone's desktop with no backup.
- No more converting to access, excel or other programs when a new board member takes over and only knows their software.
- Membership data base with online registration for members, system sends reminder notices based on user defined date parameters automatically. Data base is backed up. Members enter their own information and set access levels so club does not need to publish a membership roster as it is online.
- Event Registration-Events can be added with ability to pay at pay pal rates, not active.com rates.
    - Online history of event attendance and pre-registration rates. More valuable as time on system increases
- Embedded survey option- can track how people heard about event such as flyers, online, TV, etc.
- Supports targeted email blasts by category or to everyone
- Manage Web site without having to know how to spell HTML.
- Newsletter posting
- Centralized document posting. We have Board only folders for documents that we need.
- Currently, we can have up to 2,000 contacts (Wild Apricot bills on the number of Contacts in the system, not members. See attached document for two year history) in before our rate goes up. Adding all of JCBC members will not add any cost as we have under 1,000 contacts currently.
- Easy to import new members from an Excel or csv file.
- KCBC Race team has been branded with the name and should survive any actions taken.

Use of Active.com is not as friendly for the user as PayPal. Active.com requires downloading each event separately. Memberships are cumbersome as you need to set up a new "event" for each new year. With PayPal, all activity can be downloaded in one file. A pivot table macro will split out detail with totals for Gross, Fees and Net. As mentioned above, it costs more.

More opportunity to gain 501(c)3 Status (we'll have a clean slate to work from)

Equipment Implications:

- Sharing of supplies and equipment (JCBC pays $100/month for storage) will allow the combined inventory of equipment to be available for each ride.

Pecuniary Implications:

- Duplicate paying for D&O insurance at a cost of $575 for 1MM or $875 for 2MM
- Double paying American Specialty on annual member insurance for approximately 20 members in both clubs at 1.49 each or $29.80
- Starting in 2010, American Specialty Special Event Fee is based only on non-members. As such, we are overpaying on each ride for lack of a merged club. Only statistic available is from 2010 Summer Breeze where KCBC had 40 JCBC riders pre-register. This extrapolates to 20% of riders.

Ride	Attendees	Saving at $1.49 each on 20%
Spring Classic	100	
Lone Star	300	
Cider Mill	500	
CoFBT	305	
Summer Breeze	405	
Northland	105	
Totals	1715	511.07

- Duplicate state filing and fees, $20
- Duplicate payment for membership in the following:
    - LAB—$75
    - Adventure Cycling—$80
    - PO Box—$80
    - Perhaps State Advocacy Groups
    - Bank Fees, if any
- Active.com is more expensive than PayPal need specifics for dollar savings but it is about $2 per transaction. Assume 50% pre-register on above two rides for 300 times 2 equals $600.
- Duplicate tax return fees
- Total savings if merged from $1,970.87 to $2,370.87

Con's noted and response

- Additional Board members required for
    - Two state advocacy positions, one for each state.
        - Advocacy positions would not be an issue, since each club has a state advocate. A simple matter of dedicating a position or group to focus on each state.

- Paper people for newsletters
        - New organizations choice to continue support

- Would need to choose the state of incorporation (Missouri, Kansas, other?)
        - Response from attorney, "Missouri is less expense to file in and easier to work with". Both club treasurers concur with expense issue.

- Structure of membership and implementing new processes (KCBC has rolling membership)
    - While this is a current difference, it is not an operational issue as the Membership software vendor(s) can all deal with both. KCBC was once on a fiscal year for dues. After several years using anniversary renewal dates, the memberships spread out throughout the year.
- Managing discounts (JCBC does not use discounts)
    - "From Ron" I am not sure what this is stating. Both clubs do give discounts for early payment of fees.
- Meeting times and places
    - To be set by new organizations' board and officers
- Restructuring: greater need for committees and sub-committees
    - Part of the new organization set-up will be to define these
- Numerous questions surrounding how to organize the new merged club
    - The process to set-up a new organization is very standard and sequential and would take into consideration the requirements of filing for a 501(c)3 as reviewed by an attorney;
        - File for state Not-for-Profit Corporation
        - Obtain Federal ID, EIN
        - File Form 1023, Request for 501(c)3 status
        - Obtain determination letter from IRS
- How will the merger affect the finances of each club? Will either club lose any assets?
    - Each clubs finances continue as they have until the club closing. No asset loss.
- By-laws would need to be examined to assure adherence
    - This is a subset of the above item, File for State Not-for-Profit Corporation
- New by-laws would need to be written, examined, and approved
    - This is a subset of the above item, File for State Not-for-Profit Corporation
- A temporary board would need to be established
    - This is a subset of the above item, File for State Not-for-Profit Corporation
- KCBC currently has a racing team that is branded with "KCBC Racing Team". There is a current desire to retain this brand name.
    - Use of DBA to retain brand name is an option.

Time Table

Month		Task
May		Present Subcommittee proposal to each board for consideration and review

June		Vote to approve process by board
July		Present Board approved proposal to each clubs membership for review and set date for a special meeting to vote on.
August		Membership special meeting to vote on proposal
September-April 2012		If approved, Set up new organization. Work on issues to close existing clubs.
April 2012		Merge assets of old clubs into new one.

Proposal for each board to approve:

The clubs, Kansas City Bicycle Club and Johnson County Bicycle Club, desire to and will work toward setting up a new 501(c)(3) not-for-profit organization to meet the needs of cyclists in the Kansas City Geographical Area that will supersede the existing clubs if established. If approved by the board and members of each club, four current board members will be selected by the board of each club and listed as the original starting directors of the new organization.

Costs to setup said organization will be split by both clubs, not to exceed $2,000 per club ($4,000 total). Each club will seed a minimum of $10,000 into the new organization, in addition to setup costs mentioned above. Any additional amounts would be subject to approval by the respective boards.

This proposal will be submitted to each club's board for approval. If approved by each board, this proposal will be presented to each club's membership for majority vote by August 31, 2011. If the board and members of both clubs do not approve this process, this proposal will become void.