

REQUIREMENTS FOR TAX-EXEMPT STATUS INTERNAL REVENUE CODE, SECTION 501(c)(6)

Your local biomedical organization probably would qualify as a 501(c)(6) under the Internal Revenue Code. This requires that it file an IRS Form 990 and 990T each year; your accountant should be consulted on this issue. This exemption does not preclude organizations from having to pay sales taxes.

GENERAL REQUIREMENTS FOR A 501(e)(6):

Must be a business league, chamber of commerce, or similar organization. This includes professional societies.

Must consist of members having a common business interest; its purpose must be to promote this common interest. Members of a particular profession have a common business interest.

Must be nonprofit. The organization may earn a profit so long as its principal purpose is not to earn a profit. The organization must be structured in a nonprofit format, usually a nonstock, membership corporation or association.

No part of the organization's net earnings may benefit any private shareholder or individual, including members or employees.

It may not pay dividends to members.

The following activities have been held to be inurement:

Rebates of trade show profits only to member exhibitors.

Reimbursements of members' litigation costs without regard to precedential value of litigation.

Group advertising of member companies.

Distribution to members of royalties received on association-owned copyrights or patents. Reduction in dues as a result of extreme differentials in price of association services to members vs. non-members.

Activities must seek to improve business conditions in one or more lines of business as opposed to performing particular services for individual members.

The following activities have been held not to constitute inurement:

Reasonable price differentials between members and non-members.

Activities must seek to provide general or common improvements as opposed to special assistance to individual members.

Services are activities designed to benefit members individually rather than as a group.

IRS applies a primary activities test (i.e. more than 50 percent) in enforcing the requirement that

The primary activity of the organization may not be the offering of particular services to members.

The IRS has held the following to constitute particular services when carried on primarily to benefit

members individually:

Providing insurance for members and their employees.

Providing credit information services for members.

Sale of advertising in member publications.

Cooperative buying or selling to members,

Providing particular services to members is not prohibited and will result in loss of Section 501(c)(6) status only if carried on as an organization's primary activity,

The principal purpose must not be to engage in a regular business of a kind ordinarily carried on for profit.

An organization meets this test unless its primary purpose is to carry on a business ordinarily carried on for profit.

An organization will lose its exemption only if more than 50 percent of its income and expenses relate to a business or businesses operated for profit and unrelated to its exempt functions.

There are frequently asked questions about 501(c)(6) organizations:

There is no limit on the permissible size of an association's reserve.

There are no restrictions on the amount of lobbying which may be carried on in the common business interests of members.

If an association engages in "grass-roots" lobbying, a portion of its dues payments may be ruled non-deductible.

Note: Entire Appendix has been excerpted from "Starting

A GUIDE FOR ESTABLISHING A LOCAL BIOMEDICAL CHAPTER

The process of establishing a local biomedical organization, whether it be city/state/regional, begins

by communicating with local members of the biomedical and technical services community to determine their level of interest, needs, expectations, and demand for an organization. Once interest

and commitment are verified, a series of activities must take place.

The following outlines a suggested path for establishing a new organization. The sequence and timing of activities will vary and many activities can be performed simultaneously or may not be performed at all. This is only a guide; feel free to deviate if that works better for you.

All official documentation generated during the organizational process should be copied. The originals should be maintained together and in a safe place so succeeding leaders will have a permanent record of the formation of the organization, as well as the intent of the founders.

1. FORM A WORKING GROUP/STEERING COMMITTEE

Identify a few people with similar interests in forming a local biomedical organization who are sufficiently committed to laying out the groundwork. About five to six individuals would be a good

start. The purpose of this group is to direct the effort by first agreeing that there is sufficient need for

the organization to warrant a survey of a broader sample of the biomedical community. This should

be the primary objective of this working group. Roles and responsibilities for conducting the survey

should be assigned and a date agreed upon for the next meeting. About a month is reasonable in

order not to lose momentum. The group should consider surveying a large cross section of vendors,

third-party organizations, in-house personnel, students, and retired individuals.

As interest in a biomedical organization builds, the informal working group most likely will expand

into a more formalized steering committee with an acknowledged chairperson. The steering committee may include more people, possibly eight to 10. It may be beneficial to add individuals

who represent different types of employers or who are influential within the technical services community, thereby increasing the potential to attract more members down the road. The main

criteria for selection to the steering committee, however, should be commitment to the cause and

willingness to work. Establishment of the organization could take two to three years before it is

running smoothly, so it is critical that the key players be hard workers who are united in their purpose. The working group may also consider teaming up with AAMI, AAMI's Technology Management Council, or a nearby regional organization.

2. DETERMINE INTEREST LEVEL

a) Determine the geographic area the organization would serve. This should be based on various considerations:

Proximity of other local organizations. A listing of biomedical organizations is available under "Resources" on AAMI's Web site (www.aami.org).

A reasonable distance for members to travel to attend meetings.

The estimated number of biomedical and technical service professionals in the area.

b) Select the type of survey you plan to conduct—e-mail or mail (written) or phone (script required).

Cost and time considerations should be taken into account in making this decision. For example,

phone survey would require more time on the part of the working group, but it also could yield better

results. Phone surveys would provide the group with the opportunity to probe the respondents about

the reasons for their answers, plus greater potential to gauge the level of interest. A written survey is

more impersonal, may not be opened or responded to, and requires out-of-pocket costs for stamps

and stationery. These factors could be avoided with a phone survey, depending on the extent of the

survey area.

c) Identify the target audience to receive the survey. Traditionally, good sources include hospitals,

independent service organizations (ISO), medical equipment manufacturers, and colleges. In addition, you truly want to refer to the Registry of Active Certified Biomedical Equipment Technicians and Clinical Engineers published by the International Certification Commission (ICC).

Another source would be the online AAMI Membership Directory available to all AAMI members.

While the working group may know some individuals, it would not know all, so it is important that

group members solicit names of additional biomedical and technical service providers when conducting the survey. Also, the group should be diverse in employment setting, age, and experience, in order to provide a broad enough base to gauge true interest, in addition to sustaining

the organization over the long-term.

d) Develop a questionnaire to assess the level of interest and potential participation in the organization. The questionnaire should be designed to collect the following information:

Would you join if a local biomedical organization were formed?
Would you be willing to pay dues? What annual level do you feel is reasonable?
What would you like the organization to do?
What topics are of interest to you, i.e. what is your greatest professional need, both personally, and at your work setting?
Would you be interested in serving on a committee? Being a Board Member?
Would you be interested in speaking? Exhibiting at a vendor night?
What service(s) should the organization provide its members?
Can you recommend colleagues who would be interested in being a member or Board Member?

e) Conduct the survey. Establish a firm deadline by which results must be reported.

f) Analyze results. It is critical to be objective in doing so.

g) Determine next steps based on findings. Specifically, does it make sense to go forward, postpone

moving forward until more interest is generated, or cease activity entirely? There is nothing wrong

with saying that there is not enough membership commitment at the moment. You may want to wait

a few months and set a date to start the process again. A different season can make a difference. If it

appears the working group is unable to generate enough interest, these individuals may consider

joining nearby organizations. This way they can stay current with what's going on and gather information that could help generate additional interest in starting the organization in the future.

3. SCHEDULE AN INFORMAL MEETING

If the survey findings are favorable, the next step would be to schedule an informal meeting with

interested parties invited. Prior to that meeting, the working group should meet to determine:

Agenda

Who should be in charge at the first meeting

Selecting a site (a local hospital is preferable)

Drafting and sending out an announcement on social media

Who is in charge of the sign-in sheet

Nametags

Greeting attendees

Refreshments, if desired

Inviting a guest speaker, if desired (possibly from another biomedical organization, AAMI, a manufacturer of medical equipment)

Developing and handing out an information packet after the meeting (with membership applications)

Door prize(s)

Since the most likely questions from attendees are "what's in it for me?" and "what will I get out of becoming a member," the working group, specifically the person in charge, should be prepared to address these issues. A review of the survey findings might prove helpful in this regard, as it is important to get the buy-in of potential members from the outset. The guest speaker's role should be to assist in identifying the group's common areas of interest. He or she also could address the benefits of having such an organization. It may be preferable to schedule an "event" as the kick-off effort. A fun activity, such as golfing, provides an opportunity for people to socialize and get to know each other. Afterward, the business agenda could be introduced. Attendees should be told beforehand what you plan to accomplish, but the social atmosphere and networking opportunities could foster a more favorable outcome for the serious issues.

5 GET PREVIOUS OFFICERS OFF BANK ACCOUNTS AND ADD NEW OFFICER

6. ESTABLISH A MAILING ADDRESS

A post office box is preferable to a business or home address, because it provides continuity, eliminating the need to change the address each time a new board is elected. Another option is private mail box services. This would enable you to receive deliveries from some courier services, such as Federal Express, which do not deliver to a U.S. post office box. In addition, you would have an actual address that could include a suite number, thereby making your address appear more professional. Finally, many of these services also offer phone message and copying services, which could prove beneficial down the road.

7. PLAN INAUGURAL MEETING (FIRST "OFFICIAL" MEETING OF THE ORGANIZATION

In some instances, Steps #3 and #7 may be one and the same. However, if there is some concern that the organization will not fly or additional fine-tuning is needed prior to announcing the formation of the organization, Step #3 provides the opportunity to "test the waters." Step #7 presumes the organization "is in business" and is an ongoing entity, albeit in its infancy. The planning and organization of the first meeting is critical to getting the organization off to a right start. The general guideline should be to "keep it simple," despite the fact that there is much to accomplish. In order to attract a wide audience for this event, you may want to invite an interesting

speaker who can address a topic of wide spread concern to the biomedical and technical services community.

Announcement of this meeting should be mailed well in advance, preferably a month before the

event. Pre-registration should be required, .so that the meeting room can be set ahead of schedule

and ample food is available. A contact name with phone number should be provided in the event of

questions. You also might consider including a response card that can be mailed, thereby reducing

the time commitment by the contact person.

The location should be convenient for most of the attendees. This could be at a local hospital, manufacturer's facility, or possibly in a meeting room of a hotel. Consideration should be given whether or not to include a meal or refreshments, and what to charge.

This initial communication is important and should include the following:

Purpose of the new organization

Types of members

Whether there is a fee for this initial meeting (It may be possible to get this meeting underwritten by a manufacturer or employer.)

Start and end times (for attendees to know what to expect)

Name of guest speaker and topic

Solicitation of interest in serving on committees

Because it is important that the inaugural meeting runs smoothly, careful attention should be paid to

the agenda and the time frame for agenda items. The steering committee chairman should run meeting, with other members of the committee having been assigned specific roles.

The meeting will vary, depending on the nature of the group.

Purpose of organization.

Introduction of steering committee members. Note: The organization may function for the first year under the leadership of the steering committee and its chairman. After that, a board of directors, consisting of officers and Directors, is officially elected by the full membership annually or biannually. It is up to the membership of the individual organization how it wishes to proceed in this regard.

Introduction of attendees. By enabling each person to state his/her name, employer, and job function—a more informal, friendly atmosphere is created at the outset.

Frequency of meetings and locations. Firm plans should be announced for the date, time, and location of the next meeting in approximately a month, in order not to lose momentum.

Membership. Who can join, dues requirement?

Establishment of committees/solicitation of participation. It is recommended that a written list of committees, with information about their purposes and functions, be handed out to attendees at the start of the meeting.

Question and answer session.

8. UPDATE CHAPTER WEB SITE ON CMIA HOMEPAGE

A Web site is a great tool to update members with upcoming events. This is also an avenue for job

seekers, employers, students, and anyone who may be interested in the field.

Proposed suggestions for inclusion on the Web site:

List officers and options for contacting them

Upcoming meetings to include: place, time, subject, way to participate

Local job postings

Educational opportunities: local, regional, national

Links to related Web sites

Membership list

Copy of the bylaws

Suggestion box

Application for joining

Minutes from previous meetings

9. HOLD INAUGURAL MEETING

All attendees should sign in by giving their names, addresses, phone and fax numbers, and e-mail

addresses, to ensure they receive information on future programs. Steering committee members

should greet attendees and talk with as many as possible following the program to determine participants' satisfaction with the event. The steering committee members may wish to have a debriefing

session immediately following the meeting, to exchange information about individual communications, as well as discuss their overall reaction to the group dynamic. It is important that

the schedule be adhered to, not only to wrap up the meeting in a timely fashion, but also to convey a

sense of control. If the meeting loses focus, the interest of the participants also may be lost.

10. ORGANIZE COMMITTEES

It is critical to the organization's future that committees are established to perform the many tasks

required to continue formation and growth. The number and size of the committees may vary over

time and with each organization. It is important to involve the membership in these committees, not

only because the workload is less when distributed within the group, but also because committee

work tends to give participants a greater sense of participation and ownership of the organization.

Typical committees include:

Membership

Communications/newsletter

Program/meeting arrangements vendor relations
Special projects
Bylaws/policy
Nominating
Finance/audit
Liaison
Web site

A more specific account of the responsibilities of these committees is included in Appendix B.

13. DEVELOP THREE-YEAR BUSINESS AND FINANCIAL PLANS

In order to maintain interest and ensure ongoing programs, a three-year schedule should be generated. The first year of the calendar should be fairly firm, to allow scheduling and coordination.

The subsequent years will be less so, but still provide a projection of what the organization hopes

accomplish in the near future. The purpose of this planning is to publicize programs as widely as possible and enable coordination for meeting sites, speakers, and programs.

It is important for a newly established organization to focus initially on the basics and to get operating smoothly. Its more long-range plans may include expansion of its geographic base or annual meeting in conjunction with AAMI or a local organization in a neighboring state.

While this vision of the future is important, it may be too ambitious—even counterproductive to undertake such large goals in the early stages.

The financial plan should provide a projection of the organization's income and expenses over a three-year period. This is particularly critical for a start-up entity, which must make critical decisions

with regard to dues amounts, types of membership, and sources of non-dues revenue, such as special

programs or vendor nights. Likely expenses would include a newsletter, Web site, bulletin board, or

some other regular means of communication; meeting-associated costs such as meals or room rental;

postage; stationery; copying; and reimbursement of phone, mileage, or other allowable expenses

incurred by members.

As a first step before developing the plan, the organization should do an honest and objective analysis of its position vis-à-vis its environment, assessing its strengths, weaknesses, opportunities,

and risks. This analysis provides the framework on which the future strategic direction is built.

14. RAISE OPERATING FUNDS

Dues are a generally accepted means of raising revenue. It is important, however, not to set the level

for individuals so high that it deters membership. One common practice is to develop a tier-type of membership, with corporate members paying the highest amount and individuals and students paying a more nominal fee.

The membership and/or liaison committee should benchmark the practices of other biomedical organizations in order to determine the most logical dues structure to adopt.

In addition, it should survey area companies and other targeted institutional supporters to assess the level of monetary support they are likely to provide.

Possible sources of non-dues revenue include:

Dinner meetings sponsored by manufacturers. Dinner is provided by the sponsor, but members are charged a nominal fee; nonmembers are charged a higher rate. This enables the manufacturer to have a forum for a technology presentation or new product introduction, while providing the biomedical organization with a fundraising opportunity, coupled with an educational event.

Manufacturer training courses. Some manufacturers are willing to conduct free or discounted regional training courses sponsored by biomedical organizations. These can be major revenue generators for the organization. It is important to determine upfront each party's responsibilities Who pays for the promotion of the course, facility rental, and meals?

Vendor Nights. Biomedical organizations charge a fee for manufacturers to display equipment or literature about their products. Depending on space availability, financial resources, and other factors, this could be restricted to a few companies or expanded to include not only exhibits, but also educational programs. This latter example is on the more aggressive side and more appropriately fits within the long-range planning model described earlier.

Group sport activities such as a golf tournament.

15. ELECT OFFICERS

The bylaws should specify who the officers of the organization should be, their responsibilities, and

their terms of office. They also should stipulate the size and term of office of the board of directors.

Boards frequently have rolling memberships (e.g. members may be elected for a three-year term,

with one-third of the board elected every year).

The responsibilities of the officers should be clearly defined. An officers' operations manual may be

used to supplement the bylaws, as noted in Appendix D. This manual also outlines the procedures

for the organization, providing a handy reference document that ensures continuity overtime.

Members of the organization should attempt to nominate individuals that have some expertise and

strong commitment to the office they seek. This should be an organizational goal. Less experienced individuals should be involved early on, thereby being groomed for possible future positions as officers. One way to achieve this is to elect or appoint a less experienced person to a key committee position or chairmanship, thus enabling him or her to develop skills required by an officer.

16. ESTABLISH PROCEDURES FOR FINANCIAL MANAGEMENT

Biomedical organizations presumably are established because of the professional concerns of its members. It is imperative that it is operated like a business. It must operate on a sound financial basis and adhere to generally accepted accounting policies and principles. Procedures must be established to handle funds received, ensuring that they are deposited promptly in a financial institution and accurately recorded on the organization's books. Similarly, there should be procedures that document the accountability for money expended, including authorization for such expenditures. Check signing authorization must be defined, including whether to require more than one signature on checks. One method commonly used is to require more stringent controls as the amount of expenditure increases. For example, the treasurer can sign checks up to \$500; The president and the treasurer must jointly sign checks up to \$2500, the president or board chairman must jointly sign checks over \$2500. As an organization grows, improved accounting practices may be in order. A newly elected treasurer should have the opportunity to review past financial practices to determine if they are adequate for his/her term of office. The bylaws should state clearly the treasurer's responsibilities, but it is ultimately the president who is held accountable for proper financial management. This responsibility sometimes is shared with the board of directors, thereby spreading accountability. Ideally, the treasurer of the organization should have some accounting experience (e.g. department managers/supervisors frequently are involved in bookkeeping responsibilities as part of their daily routine, as well as budgeting). If anyone in the organization has that experience or is willing to assume the treasurer's responsibilities, then identify someone with good organizational skills. Purchasing a textbook on setting up books for a business operation would be money well spent. The board might also consider buying bookkeeping software such as "Quickbooks" or "Manage Your Money." It will help classify income and expenses, and generate professional looking reports and

presentations.

The bylaws should stipulate that there be an annual audit of the books and financial records of the organization to ensure they are being handled properly. It is recommended that an outside accountant or CPA conduct an independent audit also. It is imperative that each organization has an individual familiar with local tax laws and filing requirements who can prepare the annual tax and legal filings in a timely manner.

18. AFFILIATE WITH NATIONAL ASSOCIATIONS

For a nominal cost, affiliation can provide numerous additional benefits to the local organization and its members. One natural affiliation would be to join the Association for the Advancement of Medical Instrumentation (AAMI). AAMI already has a long-established membership category for biomedical organizations, as well as a wealth of products and services specifically targeted to the biomedical community. In addition, AAMI serves as the secretariat for the International Certification Commission (ICC), which certifies biomedical equipment technicians, clinical engineers, laboratory equipment specialists, and radiology equipment specialists. AAMI's Technology Management Council is also a good resource for groups that are either starting out or have well-established organizations. For more information about the benefits of AAMI biomedical organization membership, visit AAMI's Web site at www.aami.org.

19. MARKET THE ORGANIZATION

The ability to persuade others to perceive value in the organization is fundamental to its success. Building membership that truly represents biomedical and technical service providers in your area is important to securing corporate membership and sponsorship of association events. Vendor support is critical to such areas as technical education, fundraisers, and organizational skills. .

Another fertile source for new members is local colleges. There is a good synergistic relationship between your organization and the college. Your organization most likely will express a need for education in its bylaws and can draw upon the colleges for speakers, technical resources, and possibly other resources, such as current videos and publications. The college/university needs to stress the importance of ongoing professional development to its students.

It also should provide them with early experience in forming a support network that can provide them with.

One way to enhance the recognition of your organization is to develop a logo. This is an optional feature that is nice to have, particularly for your organization's Web site, signage, and other venues where your name would be listed.

20. GROW THE MEMBERSHIP

This is another key component of a successful organization, particularly in the early years. It is critical to keep alive the enthusiasm of the original members and build upon that strength. As with any organization, there will be some natural attrition over time, so it is important to continually bring in new blood to sustain the organization for the long term. It is recommended that there be a program of mentoring, so that younger members feel welcome, plus receive enhanced value from their membership. If the organization is to be sustained over time, this continual process of development must be continued. In fact, a mentoring program can be developed into one of the primary benefits of the organization if done well, for it can be a rewarding experience for members of any age or level of experience.

21. COMMUNICATE

Communication is the lifeblood of any organization, not only between the board of directors and membership at large, but also among the entire membership, and between the membership and

others in sister organizations throughout the country. Electronic communications have greatly enhanced the ability to communicate rapidly, as well as reduced the costs for expenditures such as:

newsletters. In fact, your organization may elect to rely predominantly on e-mail as its means of communicating, but if so, bear in mind that there may be some members who do not have ready access.

One value-added feature of your organization might be the ability to go online and communicate

instantly with peers via chat rooms, bulletin boards, and list serves. This is a relatively easy and inexpensive way to obtain vital information quickly and to network within the organization.

Some of

these services presume the existence of an organization Web site. An alternative would be for a local

biomedical organization to join AAMI, immediately connecting with all other AAMI mem