



National Society of Accountants for Cooperatives



Message From the President



Dear Membership,

I'm honored to be elected the president of the PNW chapter of the NSAC. As president of the chapter I promise to be open and willing to take on new ideas, look at strategies to develop more membership, and look for interesting information that can make an impact today in your current work environment. My goal will be to leave the NSAC (many years down the road) a better place than when I started 5 years ago. The board of directors that I'm working with are outstanding people and they will certainly move the chapter forward in a positive direction. I'm excited to build more relationships in the cooperative accounting world and am humbled by the responsibility before me.

Thank you for being a member and don't forget to encourage non-members to join up!

Erik Gillam

Summer 2017

Message from our Outgoing President

At the PNW NSAC annual meeting on May 2nd, my term as chapter president officially came to a close. I have thoroughly enjoyed my term on the board serving in various capacities. Our chapter currently has an excellent board and incoming president that is engaged and motivated to continue to make our chapter a networking and educational hub of cooperative professionals throughout the Northwest. We all know that the cooperative model can provide for some unique challenges, having this organization as both a source for education and a venue for networking with others facing the same challenges continues to make the NSAC the go to organization for cooperative professionals. Although my presidency is up, I still plan on being heavily involved in the NSAC and I look forward to interfacing with you at future meetings.

All the best!

Jeff Dieleman

NW Cooperative Meetings in the Digital Age.

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The IRS is gradually coming to terms with the digital age and recognizing digital notices for cooperative tax purposes as discussed in other articles in this issue.

That is good news for cooperatives looking to reduce the time and cost of printing and mailing materials, which are not always wanted or read by members. In particular, supply coops with thousands of record members find it challenging to get votes, yet alone quorum to make any material changes to articles and bylaws. But, as creatures of state law, does the IRS recognition of electronic notice really help for all notices and voting? Not always, but we are taking baby steps.

Just last year, Oregon added new express statutory language to allow notice and voting by "electronic transmission":

If the bylaws so provide and a member consents, the board may submit to the member for a vote by written ballot or by electronic means any question, including the election of directors, that is subject to a vote at a member meeting. The ballot must be mailed or, if the member consents to receive a ballot by electronic means, communicated by electronic transmission, along with the notice of the meeting. The ballot may be cast if the member's signature authenticates the ballot. A vote cast counted as if the member were present and voting in person. (ORS 62.265 (3a). Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities. (ORS 84.004).

Notice that this is not an automatic or over-riding statute and still requires the By-laws to be amended AND each member must "consent," before electronic notices or voting is valid. So one last in-person or mail-in ballot may be required to get your Coop By-laws to provide for electronic communication. It also leaves open the real possibility that if some Members refuse or do not have electronic notice addresses, it may necessitate still doing some paper notices and ballots. However, where possible and initial member applications are done electronically, it is simple to get consent, and add that as part of the bylaws or membership agreements.

Note, this new allowance for electronic voting does not extend to director meetings and votes, those will still require simultaneous "audio" meetings, which may be online but must still be effectively a conference call. (See ORS 62.287, which requires all participants to "hear each other"). In the alternative, Directors can take action by e-mail or just in writing without a meeting, but only if "signed by all of the members, directors, executive committee members or shareholders entitled to vote with respect to the subject matter thereof." (ORS 62.305) Useful for small boards or to follow-up on a minor decision.

Continued

Our friends in Olympia have not been quite as active moving Washington Cooperatives to electronic voting. Indirectly, however, Cooperative Associations under RCW 23.86 can also use the provisions allowing Washington non-profit corporations to give electronic notice.

As in Oregon, Members and directors must consent to receive electronically transmitted notices and must provide direction on the address to which such transmission should be sent and the format in which it must be transmitted. Without such prior consent, electronic notice is not effective.

Beware that a member or director may also revoke electronic notice consent at any time. The consent is “presumed revoked” if there is a failure to transmit two consecutive notices and the person responsible for transmitting the notice is aware of the failure. So you will need to keep track of “undelivered e-mail” or similar messages and keep member records up to date. While not in wide use yet for Ag. Coops, some supply cooperatives with active customer loyalty or digital programs are using more electronic communications for notice, and several software products are coming available to provide for secure voting with "signature" validation.

The time is coming, so keep these changes in mind, particularly if another By-law or Articles amendment or merger type change is happening, that is a good opportunity to also update to allow for future electronic notices and voting, even if you are not ready to use them just yet.



SAVE THE DATE
**2017 Tax, Finance & Accounting
Conference for Cooperatives**

Grand America Hotel
Salt Lake City, UT | August 6–9



Here is the link to the August conference :

<https://www.cooperative.com/conferences-education/conferences/tfac/Pages/default.aspx>

National Director's Report

Linda Gray

On January 19 & 20, 2017 the NSAC national board met in Nashville, TN for business and strategic planning. Much time was devoted to analyzing the 2016 Tax, Finance, & Accounting Conference in Washington DC. Attendance was down and that was in part attributed to location. Washington DC is expensive and known to hot and uncomfortable in August.

We are a shrinking organization and the Marketing Committee is spending its time looking for new members. They are focused on Land Grant Universities to engage the next generation, non-agriculture cooperatives, State Agricultural Councils, other professionals serving Cooperatives, and more energy in renewing memberships.

We spent time discussing many of the same things commercial enterprises do in strategic planning. We discussed our strengths and weaknesses, our core value to our members, external influences, and internal influences. We discussed many other topics also and I have meeting summary notes if anyone is interested. Below is our revised Mission Statement.

Mission: (revised)

Serve cooperatives by:

- Providing accounting tax and business education uniquely tailored to cooperative professionals;
- Providing networking and professional development opportunities for our members, prospective members and others supporting cooperative sector;
- Participating in standard setting processes enabling our members to effectively apply those standards.

Goals: (revised) NSAC seeks to enhance membership by:

- Providing a superior experience for members using technology.
- Dedicating resources, information, education and targeted outreach to those new to the workforce, industry and to cooperatives.
- Continued support for the membership function at the national and chapter level to help with recruiting and retention of members.
- Strengthen the NSAC brand by introduction through various methods to those unfamiliar with the organization.
- Increased opportunities for networking and developing professional connections within membership.

- March 23, 2017/Farm CPA Today

For avid readers of this blog you may remember this post from 2014: [Patronage Dividend Notices Can Be Sent by Email or Posted to a Website](#). Well, the most recent USDA magazine Rural Cooperatives recently published an article that further discusses electronic communications from cooperatives. You can find the magazine here: <https://www.rd.usda.gov/files/USDA-RDRuralCoopMagMar-Apr2017.pdf> and the article starts on p. 14, although I would recommend the entire publication.



At the heart of the article I believe is the definition of “written,” and can required “written” allocations or notifications be electronic rather than printed communications. Some of the concepts the article discusses are:

- If a coop can track which members actually look at balances on the coop website, does merely providing information on its website count as “written” notifications?
- Members of a coop must consent up front to include patronage dividends in their taxable income. Does checking a box or typing their name equal consent the same way a written signature does?
- The IRS has agreed that email transmission of patronage dividend amounts is appropriate.

As the world moves to a more electronic, cloud based world it is only natural that cooperatives do the same. It is worth considering the next time you review and update your bylaws to incorporate electronic communications into the bylaws. Also, if your current bylaws were last updated on a typewriter, I would strongly recommend at least reviewing the bylaws.

The article does bring up some caution points for agricultural coops with electronic communications. Specifically affirmative consent under the Job Creation and Worker Assistance Act and Domestic Production Activity Deduction notifications being made via email. Both are very valid considerations and I don’t recommend any coop instantly changing to all electronic communications, however, I do recommend considering how to incorporate electronic communications between the coop and the members.

<http://blogs.claconnect.com/agribusiness/electronic-communications-from-cooperatives/>

Chapter Officers

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Aldrich CPAs + Advisors
LLP
Formerly, AKT

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Cordell, Neher & Co.,
PLLC

Enjoy your summer.

Hope to see you all in Utah on August 6th—9th at the 2017 Tax, Finance & Accounting
Conference for Cooperatives.

(See page 5 for more details)

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