

Gulf of Maine Association

Association Meeting Agenda and Documents

Dartmouth, NS
December 3, 2013

Gulf of Maine Association Board of Directors Meeting

Tuesday, December 3, 2013 • Bedford Institute of Oceanography Department of Fisheries and Oceans, 1 Challenger Drive, Dartmouth, NS B2Y 4A2		
4:00 PM AST (3:00 EST)	Welcome and Introductions <i>W. Donald Hudson, Chair</i>	
4:05 PM AST	Consent Agenda <ul style="list-style-type: none"> • A. September 6, 2013 Gulf of Maine Association Meeting Summary • B. Support of Independent Contractor Status Update • C. Fund Development Process / Roles Flow Chart (also in GOMC Briefing Packet) • D. Budget vs. Actual FY 14 Financial Report July 1 – October 31, 2013 	✓ For Approval (A-C p. 2-8) (D provided as attachment to GOMA Briefing Packet e-mail)
4:10 PM AST	FY 13 Audit Presentation <i>Randall Libby, Partner - Marshall and Libby, LLC. Certified Public Accountants</i>	✓ For Approval (attachment to GOMA Briefing Packet email)
4:25 PM AST	Acceptance of Annual Indirect Rate to Start December 4, 2013 <i>Lori Hallett, Finance Manager</i>	✓ For Approval (attachment to GOMA Briefing Packet email)
4:30 PM AST	July 2014 – June 2015 Budget Estimate <i>W. Donald Hudson, Chair</i> <i>Cynthia Krum, GOMA Executive Director</i>	✓ For Information and discussion (attachment to GOMA and GOMC Briefing Packet email)
4:35 PM AST	Fund Development: Update and Next Steps <i>W. Donald Hudson, Chair</i> <i>Cynthia Krum, GOMA Executive Director</i>	✓ For Information and discussion (p. 9-11, also in GOMC Briefing Packet)
4:50 PM AST	Canadian Association Financial report <i>Robert Capozzi, Canadian Association Secretariat</i>	✓ For Information
4:55 PM AST	Other Business/Items Removed from Consent Agenda/Conflict of Interest Policies	✓ For Information ✓ For Approval
5:00 PM AST	Recess	

Consent Agenda Documents

A. September 6, 2013 Gulf of Maine Association Meeting Summary

**Meeting Summary for the Meeting of the
Gulf of Maine Association**
Friday, September 6, 2013
1:00 PM – 2:00 PM EST

Board Members in Attendance: Lee Sochasky; Perry Haines; Kathleen Leyden; Don Hudson; Rene Pelletier; Ru Morrison; Bruce Carlisle; Priscilla Brooks

Board Members not in Attendance: none

Official Observer not in Attendance: Jennifer Anderson

Others in Attendance: Rebecca Newhall; William Whitman; Robert Capozzi

Contract Support: Cindy Krum, Lori Hallett

1. Welcome and Introductions by Cindy Krum

Cindy welcomed the Gulf of Maine Association Board of Directors. All introductions were made.

2. Consent Agenda (June 13, 2013 Gulf of Maine Association (GOMA) Meeting Summary;

Update on Environment Canada Climate Network funds and contracting)

Consent Agenda Approved.

Acceptance of the Consent Agenda was:

Moved-Lee Sochasky

Seconded-Priscilla Brooks

Approved - All (William Whitman abstaining)

2. FY2013 Financial Report

Lori Hallett, GOMA Finance Manager

Some points/highlights of the presentation include:

- The FY 2013 Budget vs Actual report included the Actual Results through June 30, 2013.
- The Actual year end results show that 79% of the total FY 2013 Budget was spent
- The Net Operating Shortage/loss for FY2013 is (\$21,663)
- The Unrestricted Net Asset Balance at June 30, 2013 is \$102,608. This amount is below the recommended level.
- The Indirect Rate calculates to 18% at June 30, 2013

3. FY 2014 Operating Budget Presentation

Lori Hallett, GOMA Finance Manager

Some points/highlights of the presentation include:

- The FY 2014 Operating budget was presented. The presented FY 2014 budget is essentially the same as the budget presented at the June 12, 2013 Association meeting except for the larger changes of:
 - The presented budget now includes \$100,000 of Royal Bank of Canada Funding for the Restoration Program
 - NROC spending has increased substantially.

- The FY 2014 Budget presented at the June 12 Association meeting showed Operating Expenses of \$1,802,126. The FY 2014 Budget now includes \$2,217,917 of Operating Expenses.
- The FY 2014 Operating Budget now shows an Operating Surplus of \$53,954 predicted for June 30, 2014.

Discussion included:

- Don reminded everyone that it was requested at the June 12 Association meeting to present the FY 2014 Operating Budget once more in September to provide clarity along with June 30, 2013 actual results.
- Cindy explained that since we have presented the FY 2014 Budget once again with clarification, the Association will not be doing “revised” budgets this year.
- Lori explained that all expenses for all programs are very realistic based on the current available information. NROC amounts are estimated with current funding agreement end dates used as part of the estimate. Cindy has worked with John Weber and also provided support for the estimates.
- Rebecca Newhall clarified that NROC funds that were not spent in FY2013 were included in the FY2014 Budget.
- Bruce Carlisle commented that the NROC portion of the budget is substantial and can have an impact on the overall Association budget. He reminded the group that at the June 12 Association meeting he suggested reducing NROC estimates by 25% to help minimize the impact. He also commented that he feels the NROC budget is realistic as presented in the FY2014 budget with the information provided by Cindy and John Weber.
- Cindy reminded the group that Management and Finance reviewed the presented FY2014 Operating Budget in detail on September 5, 2013 with no further recommendation or advice given.
- Cindy reminded the group that any surplus resulting from the FY 2014 Operating Budget will be used to bring the Unrestricted Net Asset Balance back up to recommended levels. Any excess beyond that will need to be finalized, audited, and approved before any release of Unrestricted Net Assets for program use.

Acceptance of the FY 2013 Financial Report was:

Moved-Lee Sochasky

Seconded-Bruce Carlisle

Approved - All (William Whitman abstaining)

Acceptance of the FY 2014 Operating Budget with clarity provided was:

Moved-Lee Sochasky

Seconded-Ru Morrison

Approved - All (William Whitman abstaining)

4. Fund Development “Next Steps”

Cindy Krum, GOMA Executive Director

Some points/highlights of the presentation include:

- Don began the discussion and informed the group that the October work session was productive. He said that, although they didn’t solve every problem, they made great strides and worked to provide the next steps.

- Don explained the opportunity to re-align work within the current staff to gain traction as we move forward.
- Don explained the role of the Association is to be “in service” to the Council and that the job of the Association is to support the work of the Council. Don also explained there is no need to change the Board and that there are people serving on both the Board and the Gulf of Maine Council.
- Don introduced the “Next Steps” document. He said that he didn’t want to sound frantic but really stressed the need to work judiciously as we move forward. He stressed the need to “post the job” as soon as possible for Fund Development efforts.
- Don was encouraged by the work session as he watched the group come together. He recognized a lot of “horse power” among the group as Joan Leblanc has a strong interest in being point person for the Council and the Executive Director taking on more of a role with fund development.
- Cindy highlighted the FY2015 conditions and the loss of the Restoration Partnership that has provided for great work for 12 years. The FY2015 budget for the Council is currently estimated at \$265,000.
- Cindy highlighted that there are long term needs and short term needs. She provided history that 95% of our past funding has been from Federal Sources. While we will continue to pursue federal sources , we will also look forward to:
 1. Ecosystem designation in the US and similar designation in-Canada
 2. Endowment funding -Mitigation Funding
 3. Foundation Funds-Cultivation of contacts and proposal writing
- There is a vision for the Board to oversee Fund Development in a new capacity. Some reports will come to the Board. Would like to call upon the Board to assist if available. The Executive Committee will have oversight. Final Approval for the first two next steps outlined will be by the Executive Committee.
- Immediate needs include full proposals for 3 Letters of Interest being worked on to submit to NOAA Climate Program Office with answer expected in April/May 2014. There is a DFO proposal and anticipate another Royal bank of Canada proposal for Restoration.
- We have an investment in Juli Beth/Birchline LLC and all the work that has been done.
- It has already been decided that a Fund Developer is to be hired.
- The Next Steps document was created in coordination with the Secretariat. It will be presented again at M&F call on September 19th. If changes need to be made, a revised document will be sent to GOMA Board with the GOMA Board being recognized as “sub-set” of Councilors.
- The Next Steps will continue and is a work in Progress
- Current Contract with David Keeley ends September 30, 2013. He is working on Restoration efforts.
- Discussion was held to define Steps #2-fall grant writing needs and Step #i-RFQ for Fund Development
- Rob did not recommend separating the fund development work to several people. He felt that would not be good use of the \$27,000 of funds available. Rob also commented that grant writing be included as an immediate need along with Fund development position and Endowment.
- Since the timeline is short, there will be no time to go back. Need to focus on “priority projects”
- Committee Members could also assist with the efforts
- It was recommended to “define the needs first” then find the people.

- Kathleen commented that there is “a lot of demand” for \$27,000 and there will be “in-kind” effort too. Recommended that the “correct messaging” be used to attract/target the right audience.
- Don informed the group that the Next Steps document was not done in priority order and that some parts need to happen simultaneously. Important management of these efforts will be done by Joan and Cindy.
- Cindy referenced step one and explained that she would take more of a lead with coordinating fund development including having a contract management role.
- There was more discussion as Don recommended approval of Steps #1 and Step #2
- There was clarification that the steps include a process for additional feedback from Management and Finance with final decision from the GOMA Executive Committee. It was stated that the RFR for fund developer should take into consideration Rob’s comment. Don stated that the approval is for Steps #1 and Step #2 outlined in document, not an end product.

Acceptance of Steps 1 and 2 was:

Moved-Lee

Seconded-Rene

Approved - All (Bill abstaining)

Final comment from Don to keep everyone posted and informed. We don’t want to leave anyone out.

6. Meeting Adjourned 1:57 PM EST

Meeting Summary report prepared by Lori Hallett, Finance Manager, Edited by Cynthia Krum, Executive Director

B. Support of Independent Contractor Status Update

Gulf of Maine Association Support of Independent Contractor Status Update November 26, 2013

Overview: This document is being provided because the auditors have recommended occasionally checking on the Independent Contractor vs. employee status.

Background: The Gulf of Maine Council on the Marine Environment (Council) is a US- Canadian partnership of organizations that was created in 1989 to support a mission to maintain and enhance environmental quality in the Gulf of Maine. The Gulf of Maine Association (GOMA) was granted 501(c) 3 status in 1993 and supports the mission of the Council and provides fiscal agent services. The Council activities are and have always been supported by over fifty volunteers/members who serve on the Council, GOMA, Working Group and Council committees. To support the volunteer led projects of the Council and GOMA, the GOMA contracts with independent contractors as needed. To determine that the contractor relationship was acceptable, a legal review was completed on March 15, 2008, by John F. Lambert of Lambert and Coffin, Attorneys at Law on Independent Contractor v. Employee Issues for

GOMA. In June, 2008 GOMA voted to accept the legal review which overall supported their use of Independent Contractors while acknowledging that there is no clear and consistent rule as to what distinguishes an employee from an independent contractor. At that time, the following changes were recommended and have since been made:

- (a) Do contracts on a deliverable basis, if an hourly contract must be used, a not to exceed amount will be incorporated;
- (b) When possible, contract with companies rather than individuals, (LLC's or other corporate entities such as S-corp.'s suffice);
- (c) Have less specificity in the Scope of Services regarding tasks and more emphasis on specific deliverables;
- (d) Continue to conduct annual evaluations of contractors focused on qualitative assessment of the results of the contractors work;
- (e) Work reports will state results, milestones or deliverables
- (f) Contractors will present invoices to the Association without reference to hours worked;
- (g) Payments will be made by deliverables or milestones whenever possible.
- (h) No longer reimburse for any expense including travel and meals.

Current Circumstances in support of Independent Contractor status:

- **Grant funding continually changing-** The Gulf of Maine Association receives a majority of its funding from grants and contributions (currently primarily from federal government including US and Canada sources). The funding level changes year to year. As funding awards/agreements are granted, the Council hires contractors to fulfil the work outlined in funding agreements. Contractors have been used to fulfil the required work of the funding agreements since the inception of the Council.
- **No central office** - There is no central office for the Association, all work is done through volunteers or contractors. All Council meetings take place at volunteer member agency locations or space is rented. The Secretariat, that manages the work of the Council on a volunteer basis, changes location year to year and rotates through member jurisdictions from Maine, New Hampshire, Massachusetts, New Brunswick and Nova Scotia.
- **Contracts show independent contractor status:** Start and end dates (stated in contract) are structured to fulfil the required work of grant agreements. There is no requirement for where contractors are located and the work is performed from the contractor's own office. Written contracts are explicit that an independent contractor relationship is intended. Contractors may incur significant unreimbursed expenses. All contracts expressly state in Section 3.C that the contractor is a "non- employee" and agree to pay their own expenses including "self – employment tax, income tax and that, as a non-employee, is not eligible for worker's compensation or other employee benefits."
- **Scopes of Work focus on results:** All contracts have a scope of work, Appendix A, to confirm understanding of deliverables. The results of the work are stated, not the means and methods of accomplishing the results. The funding source that supports the work is also listed in the contract. All Contractors set their own schedule and provide their own resources to complete the work required. Contracts are paid on a deliverables basis for work completed.
- **Form 1099 to report nonemployee compensation:** All Contractors receive this form. The Association files all IRS filings as required.
- **Annual review:** No contractor is re-contracted without renewal decision by volunteer committee after annual contractor review.

- **Following legal review recommendations:** The legal review continues to be followed and we revisit the issue periodically to confirm that no changes have been made.

Recommendation:

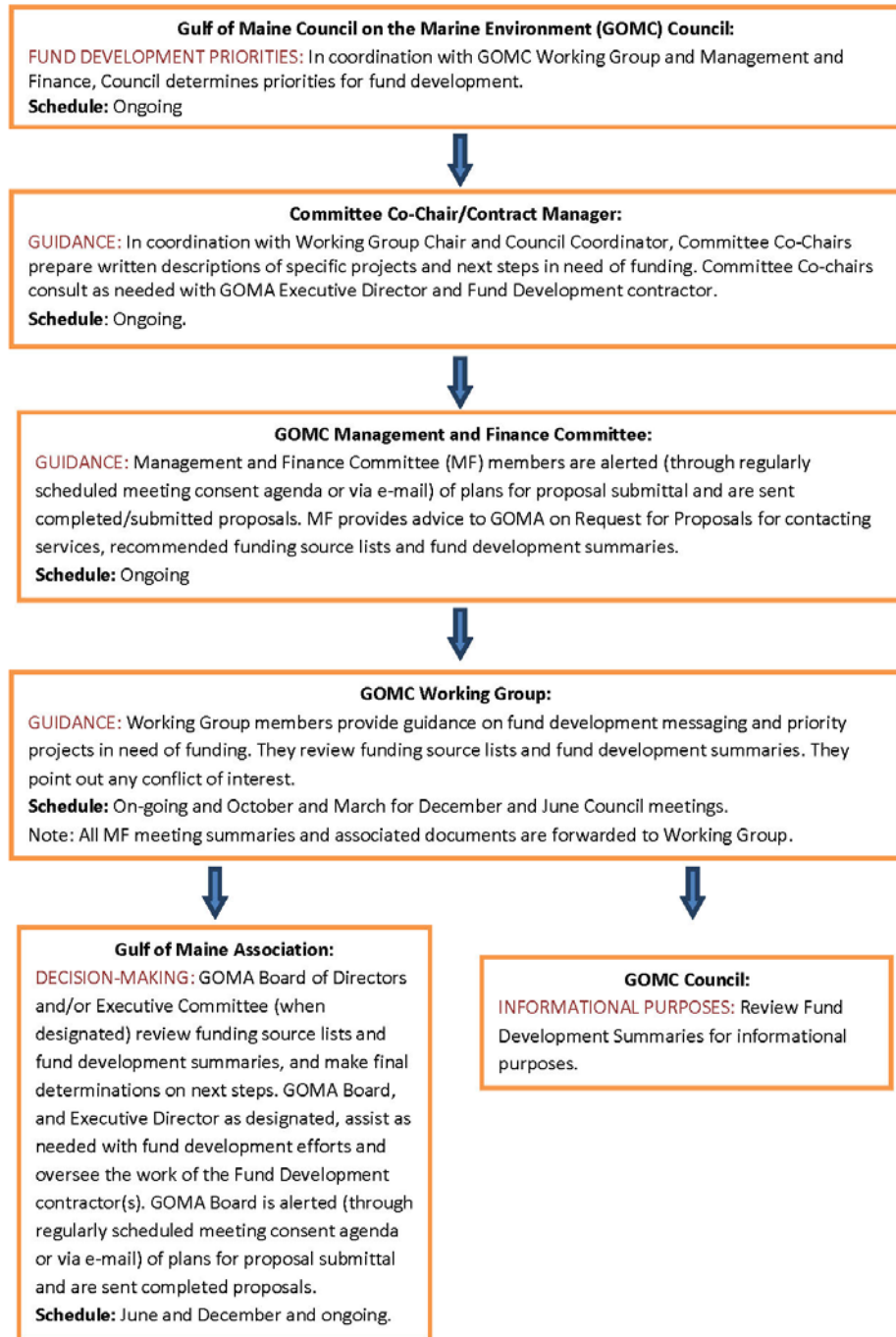
Continue to have independent contractors instead of employees to carry out Gulf of Maine Association work for the Council and fiscal agent relationships. There has been no change to the Independent Contractor Status of Contractors used by the Gulf of Maine Association to fulfil its mission since the board last made this decision in June, 2008.

Document prepared by GOMA contractors Lori Hallett, Finance Manager, and Cynthia Krum, Executive Director

C. Fund Development Process / Roles Flow Chart

(also included in Gulf of Maine Council Briefing Packet Consent Agenda)

Gulf of Maine Council on the Marine Environment and Gulf of Maine Association Fund Development Process (Working Group Recommendation)



Gulf of Maine Council on the Marine Environment and Gulf of Maine Association Meeting Briefing Note				
Title of Agenda Item: Fiscal Year 2014-2015 Budget Estimates and Fund Development Update				
Submitted by: W. Donald Hudson, Sophia Foley, Cynthia Krum				
Type of Item (place X in appropriate box)	For Decision	For Direction	For Information (internal GOMC)	For Information (External)
		X	X	
<p>Background (required):</p> <p>This document provides a review of core service and Gulf of Maine Association functions for fiscal year 2014-2015. It also provides an update on the fund development activities during the current fiscal year 2013-2014.</p> <p><u>GOMC Core Services Funding</u></p> <p>State and Provincial members pay annual dues to the Gulf of Maine Council to support Core Services. The Council Coordinator provides organizational management and assistance to the committees, Working Group and Council Chair, and is crucial to the effectiveness of the organization and the carrying out of the action plan. The Information Technology Support, Programming, and Systems Administrator (IT Support) contractor largely supports the website development and maintenance as well as listserves. The Fund developer helps the Council apply for funds identified by members, as well as, search out new sources of funding to support the work of the action plan. If there are any funds remaining, the money pays for meeting expenses and the awards ceremony.</p> <p>As resources became more constrained, Council established a priority order of core services to be funded by dues: first, Council Coordination and IT Support, and second, Fund Development. The Council Coordinator and IT Support report to the Working Group Chair and IT Support contract manager. The Fund developer reports directly to the Executive Director of the Gulf of Maine Association.</p> <p><u>Gulf of Maine Association</u></p> <p>Gulf of Maine Association (GOMA) funding is provided entirely through administration fee which is a portion of funding received for various programs. The administrative rate is set annually based on a calculation made by the auditor. The administrative fees pay for all required costs to operate GOMA such as an Executive Director, Finance manager, insurance, and the independent audit. If funds remain, they are used to pay for Council Coordination (as an administrative function). This frees up dues to be dedicated to fund development. The Association is the legal entity required to manage funds, including dues.</p> <p><u>Fund Development Update</u></p> <p>At the June, 2013 meeting the Council requested that GOMA in coordination with the ad-hoc fund development group convene a full-day workshop to follow up on fund development recommendations prepared by Juli Beth Hinds of Birchline Planning, LLC. Out of this workshop came the final recommendations for the contracting of a fund development contractor.</p> <p>A new fund developer, James Boyle, will be contracted by December 2, 2013. The fund developer will have a seven month contract through June, 2014. It is anticipated that in FY 15 the contract will be extended for another six months based on performance. This fund developer will work closely with the GOMA Executive Director, GOMA Executive Committee and GOMA Board. He will also work with the Council ad-hoc fund development group. Ad-hoc group members not on the GOMA Board include: Jack Wiggin, Susan-Russell Robinson, Robert Capozi and Prassede Vella. Additional members can be added at any time. This contractor will focus on raising funds for Council priority programs with emphasis on the project ideas reviewed by Council at this December, 2013 meeting.</p> <p>Since July, 2013 the following proposals have been submitted or are in the process of development to attract more funds to GOMA for the work of the Council:</p> <ol style="list-style-type: none"> 1. Environment Canada, Health of the Oceans - Additional proposed funds for December 2013– March, 2014 (not included in FY 14 budget) - for total of \$49,000 to include: 				

- Best Management Practices (BMPs) in the Gulf of Maine
 - Gulf of Maine Council Support
 - Modernization of the EcoSystem Indicator Partnership's Webtool
 - Cost-Effective Approaches to Municipal Climate Adaptation that Values Ecosystem Services in New Brunswick and Nova Scotia
2. NOAA Climate Program Office – Following two applications submitted for grants with start date of September 1, 2014 (FY 15):
 - Providing Gulf of Maine Communities with Coastal Adaptation Tools that Value Natural Ecosystems – Total two-year request - \$247,405
 - MultiSector Approach to Improve Understanding of Impacts of Climate Change and Dam Removal on Nearshore Environments in the Gulf Of Maine - Total two-year request - \$292,092
 3. Anticipated funding proposal:
 - Royal Bank of Canada - RBC Blue Water Project – Funding request limit - \$100,000
 - Expression of interest due December 20, 2013 which will be submitted if projects warrant submittal (currently researching urban habitat restoration projects in approx. \$20,000 - \$25,000 range). Start date would be June, 2014.
 4. Habitat Restoration funding inquiries in process
 - Coastal Wetlands Restoration Partnership (suggestion of coordinator funding)
 - J.D. Irving (project specific ideas proposed)
 - Fundy Community Foundation (to set up organization similar to Coastal Wetlands Restoration Partnership)

Possible Activities / Next Steps (optional):

GOMC Core Services Funding

To maintain status quo for Council coordination and IT support, the amount of income derived from dues for fiscal year 2014- 2015 will at least need to equal what was paid in fiscal year 2012-2013 and anticipated for fiscal year 2013-2014. There is a shortage for fund development which is explained in further detail in GOMA section below. The meeting expenses, paid through registration fees (about \$2,000 annually), have not been enough to cover all meeting costs. This means all meetings will need to be held where free space is offered. There may be no funds to operate an awards ceremony in fiscal year 2014-15.

There are a number of jurisdictions who have not been able to pay their dues at the full amount in the past few years. If there are any more losses, it will be very difficult to maintain core functions. Some jurisdictions that are not able to pay for dues have assisted by paying for specific elements of core services instead.

Gulf of Maine Association and Fund Development Funding

In the "Fiscal Year July 2014 – June 2015 (FY 15) Budget Estimates," there are limited funds for both the Gulf of Maine Association and Fund Development. These limited funds are approximately one-half of what is in the current -year budget (FY 14). However, the work requirement, at least during the initial 6 months of FY 15 is expected to be almost equal to the current fiscal year workload. Considerations include:

- GOMA work for July 1 – December 31, 2014 includes audit assistance, closing out grants, fiscal agent responsibilities, and increased fund development and the payment for officers and directors' liability insurance and audit.
- New fund development is for seven-month. Would minimally like to provide an additional six-month contract to the new fund developer to continue the work that he will have started in current fiscal year.

It is recommended, during upcoming budget preparation, that Management and Finance and GOMA consider applying the full amount of funds (available in estimated budgets) for GOMA and the full amount of funding (available in estimated budgets) for Fund Development to the first on-half of FY 15 – July through December, 2014. This is based on two factors that could allow for additional funds to become available for January-June, 2015:

- Anticipate additional funds to be received by fall 2014.
- There is an excess (above \$120,000 of unrestricted net assets for cash flow purposes) in FY 14 budget that

could, if realized, offset costs. This will be reviewed in depth during the budgeting process and any new information will be considered.

This recommendation is made because budget preparation takes place before GOMA and Management and Finance will know if additional funding sources for FY 15 will be received. If additional funding is not received by December 31, 2014 there would be significant cuts to GOMA and no Fund Development funds for January 1 – June 30, 2015.

Supporting Documentation (If applicable, list additional documents included in the Briefing Book following this Briefing Note):
Fiscal Year 2014-2015 Budget Estimates – distributed to GOMA via email (not included in this Briefing Book)