



## **Board Meeting Minutes**

Date/Time: Sunday, 01/08/2012 4:00-4:50pm

Location: Conant High School, Hoffman Estates, IL

### **Participants (5):**

Board Directors: Cai Lei, Jiang Xin, Mary Cerutti, Qiu Hong, and Zhao Liping

### **Agenda Item I: Discuss the actions in response to an IRS Letter**

The current principal Xiaohong forwarded in email a recent letter from IRS concerning our school's tax status—missing quarterly tax returns (Form 941) from June 2008 to end of 2009. There was a similar letter in August 2011 for which Li Fan-the principal at that time- already responded the IRS in a letter stating the reasons why we did not need to have to file tax return. One major reason was that the school did not have any employees. Li Fan agreed to give the IRS a call on January 9, 2012 regarding the recent IRS letter.

Since the matter was urgent, the board decided to have a meeting to discuss possible actions while waiting for the results of Li Fan's call with IRS. This meeting was for the board to decide what impact it would bring to the school if IRS would insist that the school needed to pay taxes provided that the law would require that the school must have W-2 employees. In that case the board needed to come up a way to convert some of the school committee members to be W-2 employees. Some of the board members proposed to convert the current principal to be the W-2 employee. No final voting was done on this proposal.

During the discussion, Jiang Xin brought up the by-law and interprets that "the school by-law 'Article III- provision 3 and Article IV-provision 9' define the principal status of the school board members and school committee members as volunteer position and prevent the school board members and school committee members to be w-2 employee of the school; Using volunteers to serve the school board members and school committee members' position for "not-for-profit organization" has not been proven that the practice violate any IRS policy"; and if the school want to convert any of the board members or school committee members to be w-2 employee, then the related by-law provisions need to be amended. Some board members said the by-law was not clear on this and it should be up-to the IRS to decide whether the school should have W-2 employees or we may need to consult a lawyer. Someone mentioned that another school in Naperville filed a form for the IRS to decide and the IRS ruled that that school should have w-2 employees. However, the revenue of that school was much larger than ours. Mary brought copies of information she found on how to decide whether a job type is for an employee position or a contractor type.

### **Next Board Meeting's Agenda**

Discussion on by-law updates will possibly be done in the near future.

Meeting was adjourned at 4:50pm

Minutes taken by Qiu Hong

**Memo on the follow-up with Li Fan's call with IRS:**

Fan's call cleared the issues. The reason that the school has kept on receiving such tax return letters was because that when the school applied for tax id in 1999, the application form filled had that we would have employees and would file form 941 so the IRS had kept on generating these letters for tax returns. After Fan's call, IRS removed the requested letters from their records and the school would not need to file tax returns (Form 941).