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TO: Pat, Susan, Marie, Leon, Hilary, Kerry
RE: "Asia Connection Inc."

Following a fairly simple application procedure with the Florida Department of State and a small registration fee, "Asia Connection Inc." came into being as a non-profit corporation on 5 January 2000. The original concept was to create a legal vehicle for more or less personal reasons to facilitate transferring funds to Viet Nam, and no formal connection with Friends of Kontum was envisaged. My mother is a retired physician who has lived fairly frugally and, along with my late father (also a physician) made some good investments. She has taken an interest in the ongoing work of Friends of Kontum and has already given support for several projects at the Diocese. My idea was to set up a mechanism so that her largesse could be sent directly overseas without going through The Paris Foreign Mission Society as an intermediary, and still qualify for tax benefits from the Internal Revenue Service.

I shared these thoughts with Hilary Smith and Kerry Heubeck some months ago, and they agreed to serve as volunteer co-directors of the corporation. So at this point we have a name, a set of directors, legal accreditation with the Florida Department of State, and a bank account (Bank of America, Tampa), but our status vis-a-vis the I.R.S. is still to be determined.

Here's where the regulations begin to get a little tricky. There is a 15-month time-frame in which to submit forms and get an official classification from I.R.S. as a non-profit after being registered at state level, but meanwhile we can proceed as if this status had already been conferred. So we're already "in business" even though we have yet to get the official seal of approval from I.R.S. [A gift has already been sent to the Diocese earmarked for support of the Sisters' clinic, the invalid shelter, and the home economics class, and this donation will be tax-deductible unless --- perish the thought! --- we get an adverse ruling from I.R.S.]

There are several "non-profit" categories into which Asia Connection might fit. I have waded through thickets of legal language in government manuals and am still not entirely clear about the most appropriate classification. (A lawyer here in Tampa has offered to help steer us through the maze for a very reasonable fee, but why spend the money if we can attempt it ourselves? Anyhow the paperwork isn't due until April 2001...) I am getting some help over the phone from sympathetic I.R.S. counselors (they have been very co-operative!), and they suggest that it's to our advantage to be registered as a "public charity" as opposed to a "private foundation" (less paperwork, simpler bookkeeping, better provisions for outside fund-raising).

This might take some effort though. Stipulations for a "public charity" are that it derives a "substantial" amount of its total support from public contributions (i.e. at least 10%). Also it must have a mechanism for "attracting new support." This support should come from "a representative number of persons rather than a single family." The governing body should represent "broad public interests" rather than "the private interests of a limited number of donors." It should provide services "for the general public" and have "a definitive program of charitable work in the community." Also there should be an ongoing program to enlist new members among "a broad cross-section of the interested public," with appropriate dues (i.e. not exorbitant).

Some of these criteria I'm comfortable with, others could pose problems. My original aim was to set up a simple non-bureaucratic apparatus, with no dues-paying constituency, which would exert minimal demands of time and effort (and none at all in terms of expense unless they chose to contribute funds on their own) on the volunteer co-directors. But if Asia Connection is to qualify as a "public charity" as described above, there obviously have to be some changes. It cannot continue to be the creature of an individual or a family: there needs to be broader participation by a larger group of members.

I don't know how responsive present and past members of Friends of Kontum would be to a membership drive from Asia Connection. Dues could be a nominal \$5 a year or even less. Individuals who wished to make donations earmarked toward a specific project could do so with

the knowledge that tax benefits would apply (pending I.R.S. approval) and that the donation in its entirety would be delivered as per their requests, if at all possible. There would be no "shrinkage" due to operating costs: aside from banking fees (for wire transfers etc.) there is virtually no overhead --- no paid employees, and various office expenses are being paid out of pocket rather than from the Asia Connection bank account. Also --- for those who are in a position to travel overseas for legitimate missions on behalf of Asia Connection, the cost of self-funded airfares might be considered as a tax-deductible contribution (this seems a reasonable expectation, but I need to check it out with I.R.S.).

Another potential feature of Asia Connection is that, given the resources, it could benefit health and welfare programs beyond the Kontum area. From old associations at Minh Quy and Viet Nam Christian Service plus random travels I've learned of a number of projects elsewhere in Asia that certainly seem worthy of support: Dr. George Pradhan (Minh Quy and V.N.C.S.) has been working as a volunteer in flood-stricken Orissa Province in India; Devadoss Maddimadugu, a former V.N.C.S. volunteer, has plans to build a badly-needed rural clinic near Hyderabad; Dy Ratha, a courageous woman whom I met while traveling in Cambodia, has an AIDS clinic and other worthy projects in Phnom Penh; Dr. Edric Baker of Minh Quy has been working under harsh conditions for years at a rural clinic in Bangla Desh.

With people and projects such as these "points of light" in mind, I described Asia Connection's mission in the initial application form as follows:

"To provide financial assistance for agencies and individuals involved in emergency relief and health and welfare projects in needy areas of the world, with a particular focus on Asia."

If we proceed along these lines the by-laws (which now exist only in "boiler-plate" form in accord with Florida law and need to be tailored to the specific needs of Asia Connection before being submitted to I.R.S.) would hopefully create a more transparent, more democratic, less autocratic vehicle than the present model: providing for periodic elections, financial reports, progress reports, etc.

Is this do-able? If there's an indication of support from the constituency of Friends of Kontum or any other like-minded groups or individuals, I'll submit the I.R.S. application accordingly, identifying Asia Connection as a "public charity," despite our lack of experience in fund-raising and public relations. Otherwise I guess we have to go the "private foundation" route. But I shudder at the thought that it's the more complicated and demanding of the two options in terms of bookkeeping and paperwork...

Your comments are invited ---

Shalom,

Bill R.

20 May 2000