

St. Croix Hair Sheep Breeders, Inc.

Treasurer's Report (as of 5/31/12)

Submitted By: Richard Bennett

St. Croix Hair Sheep Breeders, Inc. (Organization) was organized as an Oregon Non-profit corporation in September, 2011. The Eugene, Oregon law firm of Watkinson Laird Rubenstein Baldwin & Burgess, P.C. was engaged to advise as to the proper methods of organization. The Eugene Oregon accounting firm of Wooten Mischel & Lewis LLP was engaged to advise on tax matters. The Organization is a 501 c(5) non-profit entity as per IRS definitions. This means that any profits it incurs in a taxable year are not taxable, but contributions made to the organization are not deductible as a charitable expense.

The American Hampshire Sheep Association was contracted to be the registrar under conditions and terms similar to those done in the past with St. Croix sheep. As such, the formation of the new organization was transparent to most existing St. Croix breeders.

The Organization's source of income are fees charged by the Registrar for sheep registrations, transfers, duplicate copies of registrations, and member dues. These fees have totaled \$8,970 since the formation of the Organization (10 month period) and are estimated to be approximately \$10,000 over an entire year period. The costs of the Organization are shown on the attached sheet (which shows all transactions and categorizes the costs in 11 categories). Principal costs are Registrar fees, legal fees, printing and postage, and tax filing fees. The legal fees and tax filing fees should be much smaller next year. On the other hand, printing and postage costs will increase as the Organization will publish at least 3 Newsletters as compared to only one small one this past year and one Newsletter posted on line at no cost. Officers and Directors receive no compensation. At 5/31/12 we had \$ 898 in our checking account. At the start of the year (September, 2011) we had no cash at all. The Treasurer loaned the Organization \$3,587 at no interest to carry out the business of the organization. This loan was paid back in May, 2012.

It is the Treasurer's responsibility to see that the Organization files all required tax returns. A 990-N return is due for the calendar year ending 12/31/11. We have repeatedly tried to file this return on line, but due to programming errors on the part of the IRS, they have not allowed us to file this return yet. There is no penalty for filing late, and as advised by the IRS we will attempt to file this return again in July of 2012.

We have also filed an application with the IRS requesting that they make a determination that we are a 501 c(5) entity. This is not required by the IRS, but counsel advised us to do so as it may result in less future scrutiny from them. The IRS has a huge backlog of applications, and it may be a long time before they rule

on ours.

Detailed records are kept by the Treasurer. These include a copy of all invoices, copies of all checks received and deposit transactions, tax filings, our EIN determination, bank account statements, check book register, and any reports or correspondence created by or submitted to the Treasurer.

Richard Bennett,  
Organizing/Interim Treasurer