

SFC Alternatives Selection

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Overview

The SFC Review Task Force began a review of alternatives to membership in the Software Freedom Conservancy earlier this year. In this process, it was decided to consider using an existing Evergreen Community member to serve as a potential umbrella organization for the Evergreen community or [Software in the Public Interest \(SPI\)](#). The task force developed a survey to submit to interested parties. The following Evergreen community members expressed interest.

- [C/W MARS](#)
- [Equinox Open Library Initiative](#)
- [MOBIUS](#)

We also contacted SPI to determine their interest. SPI indicated that they could not provide many of the services needed and C/W MARS withdrew themselves from consideration.

The survey asked respondents about their:

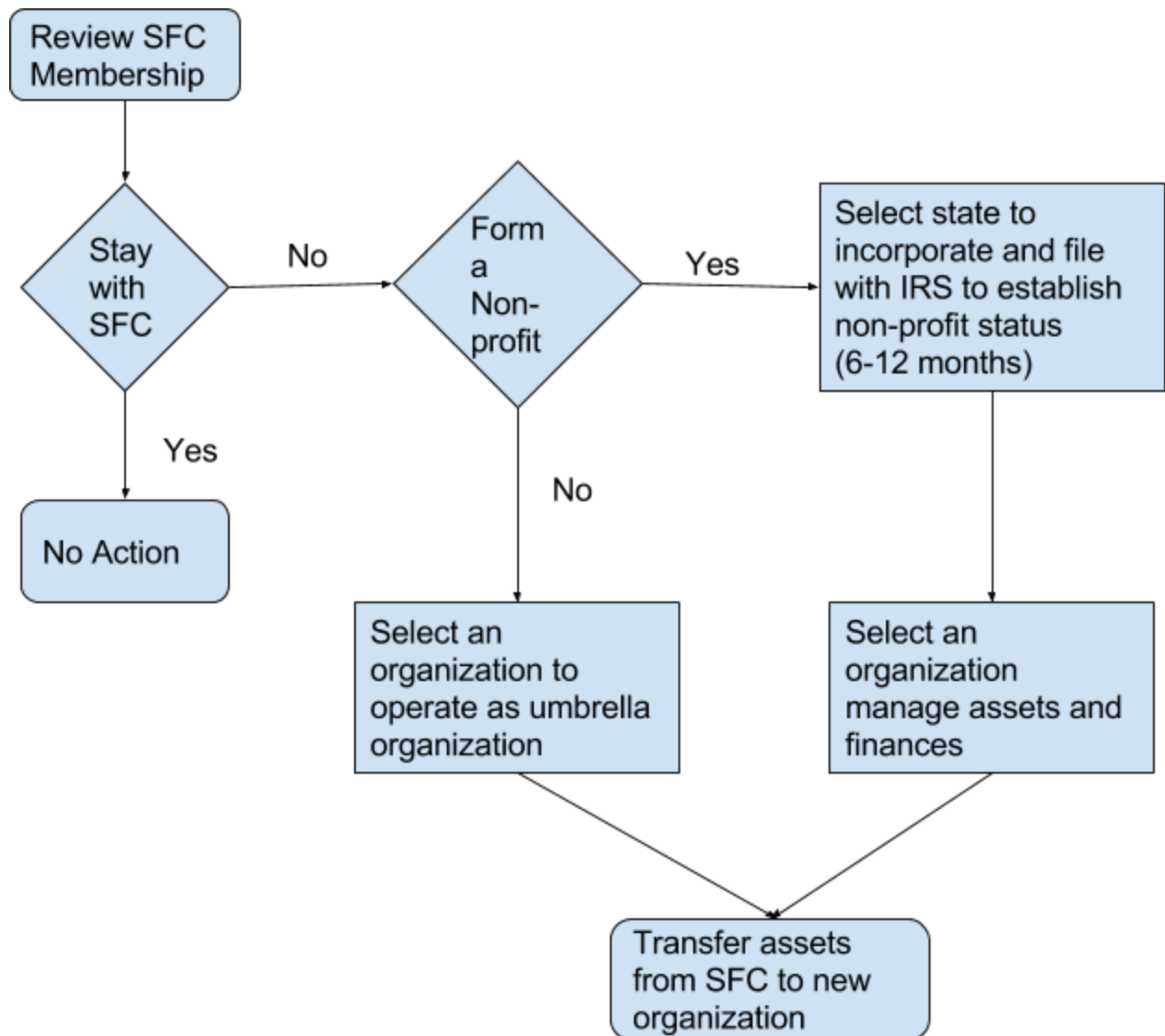
- Financial and accounting practices and expertise
- Resources for defending the Evergreen trademark
- Ability to promote and market Evergreen

The respondents were also asked to detail the costs of these services.

Options

The Evergreen Community is looking for one of two possible relationships with the organization. One is the organization to serve as an umbrella organization similar to the role the Software Freedom Conservancy (SFC) has played and the other is to serve as a vendor supporting a new non-profit 501(c)3 organization.

On the following page, there is a flow chart with the decision process:



Survey Responses

The survey responses have been anonymized in the following chart. Overall, both organizations indicate that they can provide similar services and there are not significant differences in the costs.

There are additional details related to these responses. They were not included in this report in order to promote an unbiased view during the Evergreen Oversight Board consideration.

	Organization 1	Organization 2
Accounting and Financials		
How many FTE's do you have dedicated to accounting functions? What is the level of their professional training?	1.5 FTE (20 yrs experience)	1 FTE (contract with accounting firm for reporting and reconciliations)
Can you manage invoicing other organizations and vendors in a short time frame (90 day period for the conference)?	Yes	Yes
Can you provide standard financial reports?	Yes	Yes
How quickly can you invoice and refund vendors?	10 business days (some expedited requests)	24-48 hours
Can you share your accounting SOP?	Yes (available on request)	Yes (included with submission)
Can you provide audited report of your financials for the previous 3 years?	Yes (available on request)	Yes (included with submission)
Can you provide conference registration and event management services? If yes, please describe.	Yes, the organization can provide management of conference funds, legal services to review venue and other contracts related to events, and work with a third-party service such as EventBrite to manage registration. The organization can also provide some logistical assistance, including warehousing and shipping of project property such as lanyards and merchandise to each event.	Yes, the organization has been planning and managing an annual conference since 1998. A typical conference for the organization has about 300 attendees. The organization has handled hotel bids and working with all types of conference venues. The organization uses Sched and Eventbrite along with Drupal for conference websites.

Resources for defending the Evergreen trademark		
Do you have an attorney on retainer (or on staff)?	The organization has an attorney on retainer with expertise on intellectual property and the formation of non-profits.	The organization has a relationship with an attorney. They would pull in additional expertise in the event litigation was required.
What are costs (hourly rate) would the Evergreen community expect to pay if we had to defend a legal challenge?	\$250-\$324/hour depending on the nature of the work required.	\$220/hour (rates may change if litigation or other counsel is required)
Evergreen Marketing and Promotion		
Can you provide marketing research in support of the Evergreen project?	Experience in researching and examining ILS market data	Experience marketing their organization constantly and partners with a marketing company to assist in marketing and data projects.
Can you provide support for promoting Evergreen at conferences and other venues?	The organization can, at the direction of the EOB, assist with identifying relevant conferences and securing exhibition space at the rate for non-profit organizations. The organization can also arrange for shipping promotional merchandise and other conference materials such as signs and brochures.	The organization is familiar with managing their own booths at library conferences and publicizing their services. The organization could assist with those of Evergreen as well. The organization has a graphic designer they work with for all of their publications and signage.
If the Evergreen Project were to form its own non-profit, would you be able to contract for any of the above services?	Yes	Yes
What is your fee structure if you were to act as an umbrella organization?	\$50/hour capping fees at 10% of annual gross revenues for the Evergreen project.	\$125/hour and could charge an annual flat fee if an estimate of the number of hours of work can be determined.

If an Evergreen non-profit were to contract with you for specific services?	\$100/hour and the organization would seek reimbursement from the EOB as part of budgeting for events. The organization would provide warehousing of materials and items at no additional charge.	\$125/hour and could charge an annual flat fee if an estimate of the number of hours of work can be determined.
Have you acted as an umbrella organization in the past and if so, would you be able to provide contact information?	No	No
Do you have the ability to handle the sale (orders, payment receipt, fulfillment) of fundraising merchandise?	Yes	No

Conclusion

The Evergreen Community needs to make certain decisions before it could move forward with separating operations from the Software Freedom Conservancy. The first decision is whether to incorporate as its own non-profit and the second is then to decide which organization to use. Any move also has to take into consideration the timing of contracts for the annual conference and the transfer of assets currently held by the SFC. The SFC will only transfer assets to another non-profit.

In order to recommend an approach, we need to understand what is involved in setting up a non-profit. There are certain requirements to incorporate which include:

- The establishment of a formalized governance structure
- Creating By-Laws and governing documents
- Creating a budget and business plan
- Identify the state where Evergreen would incorporate.

The other piece that takes time is establishing 501(c)(3) status. Ongoing operations will require annual IRS filings and bookkeeping.

The costs associated with incorporating include:

- State fees for incorporating 501(c)(3)

- IRS filing fees
- Attorney fees for preparation of documents and filings

The estimated cost for setting up a non-profit is between \$2000-\$5000.

The advantage of setting up a non-profit is that it gives direct control of the assets to the non-profit and the community. The difficulty faced is establishing a governance structure that is answerable to Evergreen users and ensures a continuity of leadership. If the Evergreen Community chooses to create its own non-profit, it does not prevent that non-profit from outsourcing most if not all of the functions other than governance. In any case, it is likely whether the community forms a non-profit or were to move the assets to another non-profit the services of a non-profit in the community would be used.

In this process, two non-profits stepped forward offering services to assist the community in managing the Evergreen assets and providing assistance for other activities including the conference. The survey responses from both organizations were similar and both organizations can offer similar support to the community. Organization 2 was more prepared to offer support on a contract basis if the Evergreen community formed its own non-profit.

Recommendations

1. Prepare a detailed costed plan, timeline and written agreement to move community support services from the Software Freedom Conservancy to Organization 2. Ideally, this would coincide with planning for the 2019 International Conference.
2. After the move, the community will investigate costs, governance options, legal issues (including state jurisdiction) and draft business plan to create an Evergreen Community non-profit organization.
3. Expand/adjust the current sub-committee to ensure sufficient expertise and human resources to further the work of Recommendations 1 and 2.