

Announcement of the Creation of a New Subsidiary Corporation SCA Illinois Inc.

The Board of Directors of the SCA Inc, announces the creation of a new subsidiary corporation; SCA Illinois, Inc (SCA IL).

This Corporation exists as a subsidiary corporation of the SCA, Inc. The SCA Board of Directors took this action to form the corporation in April 2009. The first Board of Directors meeting of that Corporation was held January 23 in New Orleans, LA.

This action was taken by the Board in response to financial requirements enacted by the state of Illinois. The formation of the subsidiary corporation relieves the SCA of the requirement to furnish audited financial statements for every branch of the SCA Inc. to the State of Illinois. It is likely that in the future, other States may enact such requirements, and additional state incorporations may be required.

It is important to note that these changes do not impact the game side of the SCA. No changes in branch status were required for this change. It is administrative only. It does alter some reporting requirements for the offices of the Exchequer.

The Corporate Office and the Board of Directors would like to thank the Exchequers of the Middle Kingdom for their participation in this process. We could not have moved through this change without the input, advice and exceptional efforts of the regional, local and Kingdom Exchequers. The Board of Directors and Corporate staff extend our thanks also to Their Majesties Midrealm for Their contributions and support.

Please review the attached FAQ for additional information.

Thank you for your time and attention to this material.

SCA Inc.
Board of Directors

SCA-IL transition FAQ

1. Why is this necessary?

The SCA, Inc. needs to register as a foreign corporation in all states in order to do business legally. Some states have restrictions and/or requirements for corporations registered as foreign corporations that the SCA, Inc. cannot satisfy. Setting up a subsidiary corporation allows the SCA, Inc. to register and do business in that state without some of the unwieldy restrictions and/or requirements. Please note, "foreign corporation" simply means a corporation that is not based in that particular state.

2. Why isn't registration with the state sufficient?

Registering with a state is sometimes not as simple as filling out a form and paying a fee every year. Some states require foreign corporations to file state income taxes, and even though we may not pay state taxes, we will still have to file. Some states also have financial auditing requirements, including formal audits of branches where the corporation is sufficiently large. Multiple states fall into this category at this time.

3. Who made this decision?

The SCA, Inc. Board of Directors, the SCA President, and the SCA Treasurer.

4. Who is responsible for implementing this?

The SCA Treasurer, the Society Exchequer, the Kingdom Exchequer and all branch Exchequers within the state. The Seneschal equivalents at all those levels must assist in this, not just because most of them are also signatories.

5. How is this different from affiliation like SCA Australia?

Affiliated organizations are subject to different civil laws in their countries, and so their corporate documents are not the same. Their Boards of Directors are completely different people. The only thing affiliate organizations share with the SCA, Inc. is Corpora.

A subsidiary company is one whose controlling interest is owned by another company. Subsidiaries use the same corporate documents except for those that specifically apply to the state. So SCA, Inc. and SCA-IL, Inc. share not only Corpora, but the Corporate Policies and any other governing documents that do not have a specific SCA-IL, Inc. version.

6. Why Illinois?

The state of Illinois requires that corporations having over \$150,000 gross income submit to (and pay for) formal audits of all included branches. The SCA, Inc. is well above that income limit. If the SCA, Inc. itself was to register in Illinois, we would not have enough money to pay for the formal audits of all US SCA branches even once. The branches in IL together do not come close to the annual income amount, so creating a subsidiary and registering that subsidiary in Illinois will allow us to operate within Illinois without those costly audits.

7. Why Illinois first?

Illinois is the only state in this situation that only covers one kingdom. Therefore they are being converted first as they would be the simplest to convert, and to test out the process.

8. Will other states need to do this too?

There are other states in similar situations that will need to go through this process, most likely after Illinois is complete and the conversion process is improved.

9. What does the new corp. look like? Who is the Board of Directors? When are their Board meetings?

The new corporation looks like a small mirror image of the SCA, Inc. The Board of Directors of the SCA-IL, Inc. is the same as the Board of Directors of SCA, Inc. The SCA-IL, Inc.'s Articles of Incorporation are almost exactly the same as the SCA, Inc.'s Articles of Incorporation. Corpora is the same, Bylaws are the same, Corporate Policies are the same.

The Board meetings will be at the same time and place, and be similar to a court where the Crown allows a Baronial Court as part of their Court. The Board meeting for SCA-IL, Inc. will open, and if there is any business, it is conducted. Then that meeting will close, and the meeting for the SCA, Inc. will open.

10. What about SCA members living in Illinois? Are they members of SCA, Inc. anymore?

SCA, Inc. members in Illinois are still members of SCA, Inc. There won't be any members in SCA-IL, Inc. except for the Board of Directors. Membership cards are still in effect, and nothing changes about the process of purchasing membership for anyone in Illinois.

11. Are there any changes in events in Illinois?

No, events can happen just the same as they happen today. SCA, Inc. insurance will still be available for events and practices. The only change is that all ads have to say to make the check out to SCA-IL, Inc. - instead.

12. Are there any changes to how the Illinois branches will do business?

No, the Illinois branches shouldn't notice any change in anything other than the one-time change of bank accounts, and financial reporting going forward. Nothing else changes due to this transition.

Send your comments to: comments@sca.org. Please recall that this is a comment only address. All Directors all see the email from this comments address, however we do not offer individual responses.

Thank you for your time and review of this material. You can subscribe to the Announcements mailing list by going to <http://www.sca.org>