

## **Appendix 2. Memorandum of Understanding between Ocracoke Foundation (OFI) and Ocracoke Working Watermen's Association (OWWA)**

This agreement is made effective on August 15, 2006 between the Ocracoke Foundation, hereinafter referred to as the Foundation and the Ocracoke Working Watermen's Association, hereinafter referred to as OWWA.

The Foundation is a non-profit corporation, exempt from federal tax under section 501(c)3 of the Internal Revenue Code. It was established to assist the community with its educational, social, infrastructure, economic and environmental needs. The Foundation may undertake direct projects or assist fledging groups in the development of a separate entity provided it falls under our mission guidelines. Assistance is available through direct funding, fiscal sponsorship or technical assistance.

The OWWA is a direct project of OFI which has been established for the purpose of preserving the maritime heritage of Ocracoke, supporting the needs of all working watermen and responsibly promoting seafood assets for a long term seafood industry. This will be done through educational outreach and management of the last remaining fish house.

### **Background**

In August of 2006, a small group of Ocracoke watermen, understanding the need and value of an operating fish house, began working with OFI on a long range plan to provide for a dedicated base of operations for all local watermen.

The Foundation Board unanimously approved the establishment of OWWA. Under the Foundation's non-profit umbrella, the OWWA began holding meetings to identify issues, objectives, and goals.

### **A. Purpose**

The Foundation offers to provide fiscal sponsorship and technical assistance to OWWA. This agreement has been established to ensure that the watermen thrive through the following basic objectives:

- provide educational opportunities for the watermen
- responsibly promote Ocracoke's seafood related assets
- educate the traveling public about Ocracoke's maritime history, environment and present day
- engage in restoration efforts
- establish and manage a for profit seafood business, managed by the watermen where profits are for the reinvestment in the seafood industry
- provide a forum through which all watermen have a voice and needs are reflected

## **B. Scope of Services**

Fiscal Sponsorship: The Foundation is willing to receive tax-deductible charitable contributions for the benefit and use of implementing the objectives of OWWA. The OWWA, with the administrative assistance of the Foundation, desires to use these funds in order to implement the purposes of OWWA.

1 Receipt of funds: The Foundation agrees to receive grants, gifts, contributions and underwriting donations to be used for the OWWA.

2 Acknowledgement of charitable donations on behalf of the OWWA: The Foundation agrees that all grants, gifts, contributions and underwriting donations which it receives for the OWWA will be reported as contributions to the Foundation as required by law, and further agrees to acknowledge receipt of any such grant, gift, contribution and underwriting donation in writing and to furnish evidence of its status as an exempt organization under section 501(c)3 to the donor. The Foundation agrees to notify OWWA of any change in its tax-exempt status.

3 Protection of tax-exempt status: The OWWA agrees not to use funds received from the Foundation in any way which would jeopardize the tax-exempt status of the Foundation. The OWWA agrees to comply with any written request by the Foundation that it cease activities which might jeopardize the Foundations tax status, and further agrees that the Foundation's obligation to make funds available to it is suspended in the event that it fails to comply with any such request. Any changes in the purpose for which funds are intended must be approved in writing by the Foundation. The Foundation retains the right if the OWWA breaches this Agreement, or if the OWWA jeopardizes the Foundation's tax or legal status, to withhold, withdraw or demand immediate return of funds.

4 Use of funds: The OWWA agrees to use funds from the Foundation solely for legitimate expenses of the OWWA and to account fully to the Foundation for the disbursements of these funds.

5 Technical Assistance: The Foundation will provide technical assistance to the OWWA during its development stages and also after. Technical assistance includes the following but not limited to:

- use of NC Center for Non-Profit membership
- planning
- availability of the Foundations tax free status in order to buy appropriate materials and supplies

- office related support
- an accounting of all revenues and expenditures
- assistance with the development of organization of OWWA
- locate funding sources
- assistance with grant writing and preparation
- assistance with writing business plans, proposals and presentations
- community and press relations
- access to data base of resources

#### C. Compensation

There is no compensation due to the Foundation for serving as a fiscal sponsor or for providing technical assistance unless otherwise arranged.

#### D. Liability

Each member of the OCRP agrees to be responsible and assume liability for its own wrongful or negligent acts or omissions, or those of its officers, agents or volunteers to the full extent of the law.

#### E. Financial Accounting

The Foundation will maintain books and financial records for the OWWA in accordance with the funding that is received for the OWWA. The OWWA's revenue and expenses shall be separately classed.

OFI agrees to maintain books and financial records and to file the necessary reports in a timely manner to both the State and Federal Authorities.

#### F. Fundraising

The OWWA may solicit gifts, contributions and grants in care of the Foundation which are earmarked for the OWWA. The OWWA's letters of inquiry, grant applications and fundraising materials are subject to prior review by the Foundations. OWWA fundraising activities are to be operated under the Charitable solicitation license of OFI.

#### G. Governance

OWWA agrees to develop a formal "Organizational Board of Directors" that have adopted the mission statement. The following structure applies to OWWA

and the management of Ocracoke Seafood Company (OSC):

OWWA:

- OWWA is organized under the non-profit umbrella of the Ocracoke Foundation (OFI) to ensure that the mission and the goal remain in place and to acquire funding that is available to non-profits for economic development, job creation, education and training.
- OFI non-profit status allows donations to be accepted for OWWA provided the funds are used for educational and mission related needs. A % of funds may be used for needs associated with Ocracoke Seafood, but not to run the business. This would result in the loss of non-profit status.
- OWWA is to be made up of Ocracoke watermen
- OWWA needs to have representatives approved by the watermen.
- OWWA is to elect officers for OSC and make sure needs of watermen are met
- OWWA is to meet as needed and quarterly. Representatives are elected each May.
- OFI will work with OWWA on their educational and research outreach responsibility. Teaching the public about Ocracoke's watermen, the environment and importance of buying fresh local seafood is necessary for the future of NC coastal fishermen.

Ocracoke Seafood Company (OSC):

- OFI incorporated Ocracoke Seafood Company (OSC) as a for-profit subsidiary under its non-profit umbrella: to ensure that the fish house never falls into private hands; to make sure the mission and goals of the project stay in focus.
- OFI receives no income from OSC and has no say in the day to day operations.
- OSC is there to make a profit to pay the bills associated with running a wholesale and retail seafood business. If OSC makes a profit, the watermen of OWWA decide as a group how to utilize it.
- OSC is to serve as an outlet for the public to buy seafood.
- OSC manager must follow the direction of OWWA. Group decisions/responsibility.
- OSC as a for-profit subsidiary.

H. Terms of this Memorandum of Understanding can be amended by mutual

agreement of both parties in writing.

By signing below both parties agree to the terms outlined in the agreement.

Ocracoke Foundation (OFI)

Ocracoke Working  
Watermen's Association  
(OWWA)

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

