

Part III Required Provisions in Your Organizing Document

Line 1. Purpose clause: found on Page 1, Article III, Paragraph I

Article Second of the Articles of Incorporation states that the corporation *is a corporation as defined in subparagraph (a)(5) of Section 102 (Definitions) of the Not-for-Profit Corporation Law.*

Article Third of the Articles of Incorporations states that the purpose or purposes for which the corporation is formed are as follows:

The Corporation is not formed for pecuniary profit or financial gain. The Corporation is designed exclusively to promote, encourage and support the dynamic economic development of the Concord grape and wine industries along the Lake Erie Region. The Corporation intends to identify the Lake Erie Concord grape belt through outdoor advertisement, brochures and the life to attract tourist to visit and spend time in this area to promote economic development and highlight the Concord grape belt as the oldest and largest Concord grape growing region in the world. Nothing herein shall authorize the Corporation to operate or maintain a library, museum or historical society or to own or hold collections.

Line 2b Dissolution clause: found on Page 2, Article IX, Paragraph 4

The **Ninth Article** of the Articles of Incorporation contains additional required provisions relating to purpose, conflict of interest, legislative or political activity, and dissolution as follows:

Notwithstanding any other provisions of these articles, the corporation is organized exclusively for one or more of the purposes as specified in section 501(c)(3) of the Internal Revenue Code of 1954 (the "IRC"), and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under IRC section 501(c)(3) or corresponding provisions of any subsequent Federal tax laws.

No part of net earnings of the corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation), and no member, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporations assets on dissolution of the corporation.

No substantial part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided by IRC section 501(h), and the corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of (or in

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

opposition to) any candidate for public office.

In the event of dissolution, all of the remaining assets and property of the corporation shall, after necessary expenses thereof, be distributed to another organization exempt under IRC section 501(c)(3), or corresponding provisions of any subsequent Federal tax laws, or to the Federal government, or state or local government for a public purpose, subject to the approval of a Justice of the Supreme Court of the State of New York

Part IV Narrative Description of Your Activities Page 2 Form 1023

History/Background:

The Concord Grape Belt Heritage Association, Inc. is the outcome of a project initiated in 2003 by the Cornell University Community Food and Agriculture Program (http://media.cce.cornell.edu/hosts/agfoodcommunity/afs_ld.cfm) in an effort “to foster community development through agriculture-based regional identity”. The Chadwick Bay Regional Development Corporation, which is made up of seven towns and villages located on Lake Erie, NY; (<http://www.dunkirkny.com/home.html>) along with Cornell Cooperative Extension of Chautauqua County (an educational organization, 501(c)(3), associated with the Cornell University, <http://www.cce.cornell.edu/chautauqua>) and the Chautauqua County Farmland Protection Plan Implementation Committee (a Chautauqua County government appointed body) were the principal sponsors of the project. Previous efforts to develop initiatives and strategies were included in the county’s Farmland Protection Plan which was completed in 2000 and in a Chautauqua County Government sponsored Agri-tourism Study completed by Community and Rural Development Institute (CaRDI) at Cornell University.

As the project’s efforts moved forward with enthusiasm and lots of volunteer involvement, (there is no paid staff to this day) - a mission statement was developed and four major objective areas were identified and a fifth one added in the first year.

The mission statement is:

To encourage and support the dynamic economic development of the grape and wine industries throughout the Lake Erie Region that is built upon our Concord Grape heritage and results in an enhanced quality of life for all.

The Concord Grape belt is an geographical area along Lake Erie that is approximately 50 miles long, from Harbor Creek, Pennsylvania to Silver Creek, New York and contains approximately 30,000 acres of grapes which are over 85% of the Concord Grape variety. The association describes the region as “the oldest and largest Concord Grape Region in the world”. Concord Grapes are native to North America as opposed to European or other varieties of grapes. The Concord Grape is used principally for juices, jams and food products though some juice is used

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

by the wine industry.

Activities:

The major objectives/activities areas of the association are: A) Heritage, B) Promotion and Tourism, C) Inter-Industry, D) Information/Visitors Center, and E) Culinary.

A) Heritage: the Concord Grape Belt Heritage Association seeks to become a 'heritage area' under the New York State Office of Parks, Recreation and Historical Preservation. The purpose of the New York Heritage Area System is to develop, preserve and promote the state's cultural and natural resources as an expression of New York State's heritage. The program is focused around four program goals: preservation of natural and historic resources, recreational use of these resources; education about local and regional heritage; and economic revitalization through public and private investment. The Association believes that recognition as the first agricultural heritage area in New York State will bring additional tourism to the area, increased sales of grape products, and improved economic activity to this region.

B) Promotion and Tourism: seeks to promote the region by creating a greater awareness of grape growing, the grape industry and its history. Develop signage for tourists, membership in the Association, publications.

C) Inter-Industry: pull the industry together to work on common long term goals supportive of the grape industry and local economy. Study the economic impact of the grape industry on the local economy and educate leaders and the general public about the industry.

D) Information/Visitors Center: collect historical artifacts and information about the grape industry heritage of the region, educate tourists and general public about the Concord Grape industry, and create a Visitor's Center in the area for tourists and visitors.

E) Culinary: design a culinary bounty program to encourage Concord Grape-related cuisine, product development and regional identity.

These activities are conducted by volunteer members and supporters of the Concord Grape Belt Heritage Association, Inc. and are principally conducted within the Lake Erie Concord Grape Belt, a region that is 50 miles long, but only a few miles wide, and includes 30,000 acres of grapes in Chautauqua County, NY and Erie County, PA - making it the largest Concord Grape growing region in the world. The region is faced with a stagnant local economy as well as competition from other regions and countries. By increasing tourism and the sale of locally grown grape products we will aid this geographical area by the retention of a viable agricultural industry.

Activities are funded through:

a) Membership fees: Bud level member - \$25.00; Cluster level member - \$75.00; Vine level member \$150.00; and Corporate level member - \$500.00. The current 140 membership is principally made up of: grape farmers, grape processing industry representatives, wineries, local tourist businesses, municipalities, and organizations/agencies serving these segments including Cornell Cooperative Extension of Chautauqua County, the Chautauqua Visitors Bureau, North

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

East PA Chamber of Commerce, the Westfield Development Corporation, and the Chadwick Bay Regional Development Corporation.

b) Grants: we have received small start-up grants from the Chautauqua County Industrial Development Agency and the New York Wine and Grape Foundation. The Association will seek additional grants to achieve its objectives in support of its mission.

c) Donations

d) Items for sale - the Association may develop souvenirs, gift items or other items for sale in the future such as clothing with our logo, coffee mugs, virtual tour DVDs, and so on.

Part V Compensation ...

Line 3a additional names

<u>Name</u>	<u>Title</u>	<u>Mailing Address</u>	<u>Compensation</u>
Richard Dunst	Director	2858 Route 20 Sheridan NY	NONE
Pam Frank	Director	50 East Main St Westfield, NY 14787	NONE
Robert Green	Director	100 Mercyhurst North East PA 16428	NONE
Dianne Hatfield	Director	21 South Lake St. North East PA 16428	NONE
David Momberger	Director	PO Box 399 Westfield NY 14787	NONE
Sue Moore	Director	21 South Lake St. North East PA 16428	NONE
Maclain Nicholas	Director	402 Main Street Dunkirk NY 14048	NONE
David Skallie	Director	0100 Glenhill Erie PA 16563	NONE
Robert Patterson, Sr.	Director	8814 Onthank Rd Portland NY 14769	NONE

Line 3a

Helen Baran	President
Mary Ellen Wensel	V. President
Tom Davenport	Secretary
Andrew Dufresne	Treasurer
Richard Dunst	Director
Pam Frank	Director
Robert Green	Director
Dianne Hatfield	Director
David Momberger	Director

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

Sue Moore	Director
Maclain Nicholas	Director
David Skallie	Director
Robert Patterson, Sr.	Director

All officers and directors listed in 3a are volunteers. They receive no pay or compensation. They (or their employer/business) pay for their meals, travel, etc. Their dedication and commitment to the organization's goals and mission is the reason they serve the Association. They do contribute considerable number of hours of work to the organization by serving on the Board of Directors and on Association Committees and by participating in events and activities.

Part V 5a

Conflict of Interest Policy adopted by Board of Directors

Concord Grape Belt Heritage Association, Inc.

Conflict of Interest Policy

Adopted by Board of Directors, March 2006

Article I Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement, I
- b) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board of Directors or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board of Directors delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a) An interested person may make a presentation at the Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b) The chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement
- c) After exercising due diligence. The Board of Directors or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement

4. Violations of the Conflicts of Interest Policy

- a) If the Board of Directors or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

The minutes of the governing board and all committees with board delegated powers shall contain:

- a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V Compensation

- a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Statements

Each director, principal officer and member of a committee with Board of Directors delegated powers shall sign a statement which affirms such person:

- a) Has received a copy of the conflicts of interest policy
- b) Has read and understands the policy,
- c) Has agreed to comply with the policy, and
- d) Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII Periodic Reviews

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Part V Compensation ...

Line 9a The Concord Grape Belt Heritage Association, Inc., is a Not-for-Profit organization made up of volunteers and memberships. There are no paid officers, directors or trustees and no plans to do so in the future. There are no paid employees and no plans to have paid employees in the future. Should the opportunity arise to have an employee(s) or to become involved with an independent contractor in the future, all articles of our Conflict of Interest Policy will be followed. There are no leases, contracts, loans, or other agreements between the Association and the officers and directors of the Association.

Part VI

1a Goods and services: any person or business that becomes a member with a contribution of \$150 or more receives a metal membership sign, 18 inches by 24 inches, for display and to help create an area awareness of the Concord Grape Belt region. Value of sign is approximately \$30. Any person or business that becomes a member with a contribution of \$500 or more will be recognized on our organization's website with a link to their website.

2 Membership brochure attached. Membership levels are as follows:

Grape Bud Level Member	\$25
Grape Cluster Level Member	\$75
Grape Vine Level Member	\$150
Corporate Processor Member	\$500

There are no restrictions on who can become a supporting member. Any person or business that becomes a member with a contribution of \$150 or more receives a metal membership sign, 18 inches by 24 inches, for display on their farm barn, vineyard or business. The signs will help create an area awareness of the Concord Grape Belt region. Cost of the sign is approximately \$30. Any person or business that becomes a member with a contribution of \$500 or more will be recognized on our organization's website with a link to their website. All members receive copy of quarterly newsletter.

Part VIII Your specific activities ... to influence legislation.

2a One of the goals of the Concord Grape Belt Heritage Association is to have the Concord Grape growing area recognized as the first agricultural heritage area in New York State under the state's Heritage Area Program conducted by the New York State Office of Parks, Recreation and Historical Preservation. To receive that designation will require legislation to be passed to amend the current list of Heritage Areas. The Association is attempting to influence the passage of such legislation by asking our State Senator and State Assemblyman to support such legislation.

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

2b The attempt to get this legislation passed is not substantial - it has involved volunteer time by the Heritage Committee Chair and a couple other volunteers speaking with local state representatives who have been very supportive of the effort. No funds have been nor expected to be spent on this effort other than postage and mailing cost of approximately \$50.

4a Fund raising efforts will be undertaken to raise funds for the operation of the Association and achievement of its goals. Solicitation of memberships will be via mailings, personal contacts, and e-mails. The Association may apply for appropriate grants from foundations and government programs for which it is eligible.

4e Should a contributor wish to make a contribution with the right to advise on the use and distribution of funds we would maintain a separate account for the contribution. To date, no donor has made any such donation and none is expected.

6a Engage in economic development

As described in the 'Narrative Description of Your Activities', the Concord Grape Belt Heritage Association, Inc. was formed to promote agricultural and community economic development and enhance the quality of life of all in the area.

The Concord Grape Belt region along Lake Erie in New York and Pennsylvania has not participated in much of the economic expansion or economic revitalization reported by some other regions of the state and nation. Chautauqua County, NY, has suffered from a loss of population between the last two population censuses. Grape growers have faced increased competition and experienced a lowering of grape prices in part due to the globalization of markets. The U.S. Department of Agriculture's Foreign Agricultural Service last year determined that imports of grape juice contributed importantly to a decline in producer prices of Concord juice grapes in New York, Pennsylvania and Ohio during 2003 thus making Concord Grape growers eligible for Trade Adjustment Act Program assistance. Local manufacturing industries have also experienced small gains and losses with the general overall situation being one of stagnation.

Agriculture and tourism are the two largest industries in Chautauqua County, NY, and in Erie County, PA. Tourism has experienced some improvements and is seen as one of the opportunity areas for the region. The area is strategically located with major east-west highways from Chicago and the mid-west cities and country to Buffalo, Niagara Falls, Toronto, Canada, and all the way east to New York City and Boston. Thousands of people daily travel I-90, Routes 5 and 20, passing through the Concord Grape Belt, "the Oldest and Largest Concord Grape Area in the world", without appreciation for the natural environment, agricultural productivity and unique cultural history of the area. Promoting the area as an agricultural heritage designation area could greatly benefit the area and fulfill an interest

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

many travels have to connect more closely with food production – combining agriculture and tourism.

Today, there is a growing awareness that the dollars spent by tourist visiting the area is a plus, directly and indirectly, for grape growers as well as restaurant owners, hotels and other businesses. Tourist can become loyal future customers for grape products. When other businesses are doing well, collecting sales taxes, etc., the real property tax burden on land-owners can be reduced. Grape growers realize that the whole community will be better off with increased sustainable economic activity.

The Concord Grape Belt Heritage Association will engage in economic development by promoting agri-tourism and support the viability and sustainability of the grape industry and related businesses in the Lake Erie Concord Grape growing region. The principal activities in this mission are outlined in Activities under Part IV earlier in this document.

10 intellectual property

The Concord Grape Belt Heritage Association may produce, publish, or have rights in literature, DVDs, CDs, artworks, scientific discoveries or other intellectual property. The Association is currently producing a 8 minute promotional DVD video of the Lake Erie grape growing region which will be provide to tourism officials and may be sold in gift shops in the future. A study of the economic impact of the grape industry on the local economy is planned. In the future, a book and hour long video may be produced. Food and other products in the future may have a regional trademark brand.

The Concord Grape Belt Heritage Association will own the copyrights and trademarks. If fees are charged they will be at fair market value and distributed and marketed by association members.

11 accept contributions ...

The Concord Grape Belt Heritage Association has received no contributions as described in Part VIII line 11 nor are any expected in the near future. However, if offered, they would be accepted only if they did not create a conflict of interest or in any way conflict with the 501(c)(3) status of the Association.

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

Part IX Financial Data

Itemized List
Statement of Revenues and Expenses

Type of revenue or gift	(a) Current tax year from 1/1/05 to 12/31/2005	(b) Prior year 1/1/2004 to 12/31/2004	(c) Projection for 2007 and beyond	Totals of 3 years
1) Grants	\$5,125.	\$5,212	\$10,000	\$20,337
2) Membership fees	\$10,850	\$7,500	\$9,000	\$27,350
3) Gross investment inc	0	0	0	0
4) Net unrelated inc	0	0	0	0
5) Taxes levied	0	0	0	0
6) Value of services ...	0	0	0	0
7) Unlisted revenues	0	0	0	0
9) Gross receipts:				
Annual meeting	\$1,260	0	\$1,500	\$2,760
Merchandise sold	<u>\$830</u>	<u>\$150</u>	<u>\$1,000</u>	<u>\$1,980</u>
	\$2,090	\$150	\$2,500	\$4,740
11) Capital assets	0	0	0	0
12) Unusual grants	0	0	0	0
13) TOTAL REVENUES	\$18,065	\$12,862	\$21,500	\$52,427
14 Fundraising expenses				
Qrt.. Newsletter	\$649	0	\$750	\$1,399
Web page develop	\$400	\$350	\$500	\$1,250
Business signs	\$1,265	\$1,318	\$1,000	\$3,583
Member merchandise	<u>\$632</u>	<u>0</u>	<u>\$500</u>	<u>\$1,132</u>
Total	\$2,946	\$1,668	\$2,750	\$7,364
15) Contributions ...	0	0	0	0

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

16) Disbursements - memb.				
Annual meeting	\$1,568	0	\$1,500	\$3,068
Logo develop	0	\$300	\$500	\$800
Membership brochure	0	\$1,096	0	\$1,096
Memb. Promotion	\$595	0	\$1,000	\$1,595
Postage	\$289	\$26	\$500	\$815
Office supplies	<u>\$26</u>	<u>\$1,132</u>	<u>\$500</u>	<u>\$1,658</u>
Total	\$2,478	\$2,554	\$4,000	\$9,032
17) Compensations	0	0	0	0
18) Other salaries ...	0	0	0	0
19) Interest	0	0	0	0
20) Occupancy	0	0	0	0
21) Depreciation	0	0	0	0
22) Professional fees	0	0	\$500	\$500
23) Program services, etc				
Develop GIS Map	\$1,034	0	0	\$1,034
Economic impact study	0	0	\$5,000	\$5,000
Educational supplies	\$694	0	\$7,500	\$8,194
DVD video production	\$3,317	0	0	\$3,317
Service programs	0	0	\$1,750	\$1,750
Total	\$5,045	0	\$14,250	\$19,295
24 TOTAL EXPENSES	\$10,469	\$4,222	\$21,500	\$36,191

Part IX

B. Balance Sheet

Line 15 Other Liabilities:

\$5,000

Current study underway to determine the economic impact of the grape industry in Chautauqua County, New York, and Erie County, Pennsylvania; research is being done by Cornell University.

Concord Grape Belt Heritage Association, Inc.
P.O. Box 194, Westfield, NY 14787 EIN: 20-1667154

Part X Public Charity Status

Line 6 b (i) (b)

List showing the name and amount contributed by each person, company, or organization whose gift totaled more than 2% of answer:

Chautauqua County Industrial Development Agency Start-up Grant	\$5,000.
New York Wine and Grape Foundation - Grant Start-up Grant	\$5,000.