



Dissolution of a Master Brewers District

October 2022

The following is intended as a general guide for the process involved in the potential dissolution of a District of the Master Brewers Association of the Americas (“MBAA” or “Master Brewers”). Its purpose is to establish a procedure for communications and coordinated actions as between the MBAA and the applicable District, with the goal of continuing the District under new leadership when possible, and when not, providing for an orderly dissolution of the District in compliance with legal requirements.

Each District located in the United States is a separate and legally distinct Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code. As such, the dissolution process of a District will be governed by Minnesota law and rules applicable to 501(c)(3) organizations. For any unique issues related to the District’s assets, liabilities, or with any questions on the dissolution process, MBAA and the District should consult with legal counsel.

Districts located outside of the United States are entities governed by foreign law and are not U.S. organizations.

This document describes the process of dissolution for Districts located in the United States (each, a “U.S. District”) and Districts located outside of the United States (each, a “Foreign District”).

A. Voluntary Dissolutions

1. Process for a U.S. District that wants to Voluntarily Dissolve

- District Officers must alert Master Brewers of their intent to dissolve.
- District Officers must alert their membership of the intent to dissolve. Provide opportunity for new leadership to come forward by a certain date with reasonable notice.
- A District should stop receiving member dues or accepting new members at the time that they are reasonably certain that they will pursue dissolution.

a. If no new leadership comes forward, the District will pursue dissolution as follows:

- Obtaining resolutions (by the “District Officers” of said district, which serves as the board of directors under state law) approving wind-down, distribution of assets, and dissolution of the District
- Identifying any known liabilities of the District and paying them
- Filing a Notice of Intent to Dissolve with the MN Secretary of State (SOS)
- Communicating to District members that they may transfer their district membership to another Master Brewers District of their choosing

- The step of publishing notice to creditors of the dissolution and waiting for a 90-day period to allow any creditors to come forward—this approach has the benefit of barring any claims against the district that may arise after that 90-day period
- Filing a Notice of Intent to Dissolve with the MN Attorney General and waiting for a 45-day waiting period for the AG to ask any questions before distributing the District’s assets
- Communicating to the membership that this District is dissolving
- Distributing the District’s assets to creditors and the final balance, after payment of any legal and accounting fees related to dissolution, to Master Brewers
- Filing final Articles of Dissolution with the MN SOS, which effects legal dissolution of the entity
- Working with the District’s accountants and Master Brewers to file its final IRS Form 990 tax filing

b. If new leadership comes forward, the following will occur:

- Current District Officers will communicate to district membership new leadership has been identified and the District will continue
- An election will be held and members of the District will be asked to elect the new District Officers
- Onboarding of new officers and continuation of business

2. Process for a Foreign District that wants to Dissolve

- The dissolution process would be governed by the local law of the country/jurisdiction in which the district is organized. First need to obtain copies of their governing documents and work with legal team to determine necessary steps.

B. Dissolution by the MBAA

1. Criteria to be Considered by MBAA when Dissolving a District

To be added to Master Brewers Manual of Operations

The MBAA Bylaws permit the Board of Governors to effect the dissolution of a District for failing to meet certain standards, as described more fully in the Bylaws. This Section is intended to help inform the Board of Governors’ consideration of such an action.

2. Criteria to identify an inactive district making unsatisfactory progress.

Districts meeting one or more of the following criteria should be discussed by the MBAA Board of Governors for consideration as to whether further action or dissolution is appropriate:

- No appropriate activity is observed on the part of the District (lack of an annual meeting or technical meeting)
- Non-attendance from the District representative at Board of Governors Meeting for two sequential meetings
- District correspondence has not been sent to its members in the past year
- There has been no recent successful contact over a 6-month period between MBAA staff and District Officers

- District has not submitted documentation to the MBAA for mandatory requirements (annual report, tax filings, etc.)
- If any of the required District Officers are not current Master Brewers members or if one of the required District Officers (President, Treasurer, or Board of Governors Representative) is not in place for a year
- The failure of any District to pay for its own General Liability and D&O (Directors and Officers) Liability insurance and otherwise comply with the MBAA's insurance requirements

3. Process to Dissolve a District without Activity

- Master Brewers staff will regularly monitor performance of Districts and creates a list of underperformers based on the list of criteria developed of what constitutes inactivity.
- One week prior to the Spring MBAA Board of Governors meeting, the MBAA will communicate with District Officers of underperforming Districts the MBAA's intent to identify their District for possible dissolution during the upcoming Board of Governors meeting.
- At the Spring MBAA Board of Governors meeting, the MBAA will provide to the Board a list of underperforming Districts to potentially dissolve.
- The District must stop collecting member dues or accepting new members to the District during dissolution discussions.

MBAA staff will send communications to the underperforming District members of the possibility of disbanding due to inactivity (list specifics). Provide opportunity for new leadership to come forward by a certain date with reasonable notice.

a. If no new leadership comes forward for a U.S. District, the District will pursue dissolution as follows:

- During the Fall MBAA Board of Governors meeting, the Board will vote on whether to approve winding-down, distribution of assets, and dissolution of the underperforming District
- If the Board approves dissolution, the MBAA will communicate to District members that their District will be dissolved and they may transfer their district membership to another Master Brewers District of their choosing
- Identifying any known liabilities and paying them
- Filing a Notice of Intent to Dissolve with the MN Secretary of State (SOS)
- The step of publishing notice to creditors of the dissolution and waiting for a 90-day period to allow any creditors to come forward—this approach has the benefit of barring any claims against the District that may arise after that 90-day period
- Filing a Notice of Intent to Dissolve with the MN Attorney General and waiting for a 45-day waiting period for the AG to ask any questions before distributing the District's assets
- Distributing the District's assets to creditors and the final balance, after payment of any legal and accounting fees related to dissolution, to Master Brewers
- Filing final Articles of Dissolution with the MN SOS, which effects legal dissolution of the entity
- Working with the District's accountants and Master Brewers to file its final IRS Form 990 tax filing

b. If no new leadership comes forward for a Foreign District, the District will pursue dissolution as follows:

- During the Fall MBAA Board of Governors meeting, the Board will vote on whether to approve winding-down, distribution of assets, and dissolution of the underperforming District
- If the Board approves dissolution, the MBAA will communicate to District members that their District will be dissolved and they may transfer their district membership to another Master Brewers District of their choosing
- The dissolution process would be governed by the local law of the country/jurisdiction in which the District is organized. First need to obtain copies of their governing documents and work with legal team to determine necessary steps.

c. If new leadership comes forward for either a U.S. District or Foreign District:

- Communicate to District membership new leadership has been identified and the District will continue
- An election will be held and members of the District will be asked to elect the new District Officers
- Onboarding of new officers and continuation of business