

Reorganization Process & Timeline



The following is a high-level description of the proposed reorganization process and a suggested timeline. This information has been developed and refined in consultation with legal counsel and the national leadership and will be presented to current component leadership for further input.

Reorganization Overview:

Currently, there are 40 separately incorporated ASPAN Components, the majority of which are understood to be designated by the IRS as federally tax-exempt charitable and/or educational organizations pursuant to Internal Revenue Code Section 501(c)(3). This reorganization proposal contemplates the consolidation of the 40 Components into 10 Regional entities. Practically speaking, this means one Component in each Region will constitute the surviving or designated Component, and the other Components in the region will either merge into the designated Component and/or transfer their existing assets to the designated Component and wind-down/dissolve. The surviving or designated Components are described as “Designated Components” below.

Note Regarding Legal Fees:

ASPAN National is assuming the total costs associated with this effort, including all legal and nonprofit consulting support provided to date at no charge to the local Components or resulting Regions. Engaging local counsel for each Component will likely be necessary to review each individual transaction and align all template governing documents to state-specific nonprofit corporation acts.

Phase 1: Detailed Planning (Dec 2025 — January 2026)

December 2025

- Hold National Board vote to approve reorganization, conceptually (e.g., basic framework and timeline) (Board approved on 12.3.25).



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January 2026

- Distribute Reorganization Plan and related information to the National Board and EOC for review, including:
- Hold EOC and National Board meeting to review the detailed Reorganization Plan, make needed modifications, and provide approval.

Phase 2: Component Engagement (February – April 2026)

February 2026

- Communication to Component leadership regarding outcome of Board vote and next steps.
- Distribute Reorganization Plan to Component leadership for review (early February).
- Begin information sessions with Component leadership leading up to National Conference to review reorganization process, answer questions, and hear feedback (continuing through April).

March 2026

- Modify the Reorganization Plan if needed, based on national and regional feedback.
- Distribute the following materials to Component leadership (no later than 3.25.26 per the 30-day notice policy):
 - Draft Representative Assembly resolution to approve the Reorganization Plan. Legal counsel to review.
 - Reorganization Plan document (latest version) including any attachments (e.g., Region Map)
 - Letter of Intent (LOI) template evidencing Component's decision to engage in the reorganization process (i.e., due diligence)
 - Due Diligence checklist
 - Recommendations on use of Component funds during due diligence period (e.g., maintenance of minimum reserves, financial guidelines) in light of Component board fiduciary responsibilities.
 - Glossary of terms (ex. agreement explanations, state terminology).

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Phase 3: Representative Assembly Meeting (April 2026)

- Hold RA vote to ratify Reorganization Plan (requires simple majority), including authorization for ASPAN to take all action needed to implement the Reorganization Plan
- Make any needed modifications to the Reorganization Plan if required by the RA and distribute to Component leadership
- Contingency planning — if the vote fails, ASPAN will revisit the structure and apply lessons learned and seek a new vote.

Note: Assuming the RA votes to ratify the reorganization, ASPAN will move forward with the implementation steps set forth below. This includes, among many other steps, making changes to the National Bylaws, creating a standardized Affiliation Agreement, and preparing aligned Region governing documents, including, all necessary amendments to Designated Component's Articles of Incorporation, Bylaws and recommended internal policies (Conflict of Interest, Document Retention, Whistleblower and Executive Compensation) for each Region. The RA will have the opportunity to ratify these actions and associated documents at the earlier of a special meeting of the RA called for such purposes or at the 2027 National Conference.

Phase 4: Implementation (May – Dec 2026)

Step 1: Letter of Intent (LOI)

Assuming the RA votes to endorse the reorganization, each Component Board will need to decide whether to move forward with the due diligence process by signing a Letter of Intent (LOI). ASPAN National will provide the LOI for use by each Component. The LOI does not bind the Component to consolidate into the newly planned Region. Rather, the LOI documents the Component's intention to participate in the due diligence and decision-making process in good faith.

A Component may submit its signed LOI to the National Association and begin the Component's due diligence process as soon as the RA vote is achieved. The deadline for submitting the signed LOI for all Components is June 1, 2026, to ensure that the due diligence process can proceed efficiently.

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Step 2: Due Diligence

The due diligence process for each Component within the resulting Region will be coordinated by ASPAN National with the help of outside legal counsel and consultative support as needed. Below are examples of the areas that will be reviewed as part of due diligence.

- **Financial Review** — inventory of assets and liabilities; identification of restricted funds vs. unrestricted funds; review of bank account records; financial statements; and audits
- **Legal Review** — review of nonprofit status, state and federal compliance, bylaws, contracts, insurance policies, list of current board members and terms, and the like
- **Membership Data Audit** — verification of member counts, dues structures, and records
- **Program Inventory** — Review of all programs such as events, scholarships, or local initiatives, and planning status for the next 18-24 months
- Each Component Unit that signs the LOI will need to provide the necessary governing documents, membership data, program inventory and financial information as soon as reasonably practicable following execution of the LOI, and no later than July 1, 2026, to ensure an efficient and timely due diligence process.

Step 3: Local Counsel to Perform Analysis and Legal Assessment

For each Component, outside legal counsel, which will be coordinated and covered by ASPAN National, will review all documents and information gathered during the due diligence phase. Based on that review, counsel will identify key issues and recommend the most appropriate legal approach to complete the transaction and implement the reorganization.



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Legal counsel will prepare an Executive Summary Memorandum that outlines potential challenges, identifies open questions and risks, and provides a recommended course of action. Counsel will advise whether the transaction should be completed using one of the following primary methods:

1. An asset transfer in which the Component Units within a Region transfer their assets to the Designated Component, followed by the dissolution or wind-down of the non-designated Component Units;
2. A statutory merger in which the non-designated Component Units merge into the Designated Component, with the Designated Component assuming all assets and liabilities of the merging units;
or
3. Another state-specific legal mechanism, if applicable.

Legal counsel will also outline the required next steps for the recommended approach and advise whether approval from a state attorney general or other regulatory authority is required. While state-specific factors within a Region may favor one option over another, counsel may recommend using a single transaction structure across Regions when feasible to promote consistency and efficiency.

In addition, legal counsel will recommend which Component should serve as the surviving Designated Component and act as the corporate home for the Region. The Designated Component will be required to update its name to reflect its regional role and amend its Articles or Certificate of Incorporation, as necessary, to reflect its expanded membership and purpose.

Step 4: Reorganization Framework

ASPAN National (with outside assistance as needed) will support collaborative negotiation among the Components comprising each resulting Region, to inform the preparation of a Reorganization Agreement that will document the agreed terms for the respective Region. The Items that may be included in the Reorganization Framework and subsequent agreement include, as examples:



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- **Transaction details**- explain the type of transaction that will best accomplish the reorganization (e.g., asset transfer and Component dissolution or merger by law) and set forth basic next steps to accomplish the transaction.
- **Insurance** – decide what type of insurance Region recommends that Component Units purchase in anticipation of the transaction.
- **Legacy Funds** — decide whether the non-designated Component Units’ funds will be made available for general use by the Region or be treated as restricted, and how such funds will be maintained (accounts) (refer to Section E. Proposed Use of Legacy Funds, below)
- **Liabilities** —agree on how debts or obligations will be handled by the non-designated Components and/or resulting Region
- **Program Continuity** — decide which local programs will continue under the resulting Region, at least during the initial transition period
- **Governance Structure**
 - Interim Regional Board — determine representatives from each Component to form the Region’s transitional board
 - Committee Structure — establish committees to support the Region, inclusive of member volunteers from across the Region
 - Election Timeline — set the date for the first formal elections for the resulting Region (e.g., within 12–18 months after completion of Region’s consolidation)

Step 5: Preparation of Reorganization Documents

ASPAN National will prepare the following documents, in addition to the LOI noted under Step 1, above. Refer to Section H. Key Document Overview, below, for more information about each of these documents. Note that engaging local legal counsel in each Component and/or Region is recommended to assist outside legal counsel and nonprofit consulting support in both the due diligence period and in the preparation of the reorganization documents. The National Association will provide template Board Resolutions and agreements. Local counsel will review all draft template plans of merger/dissolution, articles of merger, articles of dissolution, and letters to state attorneys general (if needed), and modify accordingly to reflect state-specific requirements and advise on additional documentation as needed.

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- **National Bylaws** — amendment or restatement of the existing Bylaws to reflect the planned reorganization, such as identification of the newly designated Regions and composition of Representative Assembly
- **Region Bylaws Template** — uniform Bylaws for use across Regions, subject to state-specific requirements or optional terms
- **Component Board Resolution Templates**
- **Reorganization Agreement** — to be signed by each Component that decides to combine as part of its newly identified Region. Agreement will include details of merger of assets.
- **Affiliation Agreement** — to be signed by each newly formed Region and the National Association setting forth the relationship, duties, responsibilities, and intellectual property license.

Step 6: Component Vote and Reorganization Agreement

After completion of due diligence, each Component Board will need to make a final decision (a formal board vote) as to whether to move forward with the consolidation into its respective Region. Each Component comprising the given Region will sign a Reorganization Agreement that documents the agreed-upon next steps in the reorganization. As mentioned above, ASPAN National will provide assistance (legal and otherwise) to help Components meet their obligations set forth in the Reorganization Agreement.

Step 7: Regulatory Approvals; Region Activation

Identifying Designated Components for Newly Consolidated Region:

For each of the 10 planned Regions, outside counsel will recommend one existing Component to serve as the nonprofit entity for the newly consolidated Region (the “Designated Component”). This recommendation will be based on a review of applicable state and federal nonprofit laws within the Region, with consideration given to cost, administrative complexity, timing, compliance requirements, and the ability to maintain the Region’s tax-exempt status.



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During the reorganization due diligence period (May–December 2026), it is possible—but not expected—that a Designated Component could change. This would occur only if the review identifies unexpected issues within a Component that raise regulatory concerns.

While only one nonprofit entity (the Designated Component) will remain for legal and regulatory purposes, governance and fiduciary oversight of the new Region will be shared among representatives from all participating Components and geographic areas, as outlined in the Proposed Regional Governance Structure below.

As Components within a Region complete their due diligence, adopt the Resolution to approve of the transaction and the associated documents and filings, and execute the Reorganization Agreement, outside counsel will move forward with state and federal regulatory filings to effectuate the Region’s consolidation. The goal of the Reorganization Plan is to have all required state and federal filings pertaining to the reorganization completed by the end of 2026, understanding that the regulatory approval based on those filings may take several months longer.

Additionally, the Regions will commence with the following steps:

- **Governance Support** — onboarding and facilitation for interim boards and committees
- **Approval of Region Bylaws** — to ensure consistency across the National organization
- **Approval of Name Change for Designated Component and any other necessary amendments to Articles/Certificate of Incorporation.**
- **Affiliation Agreement** — signed by Region Board representatives and the National Association (and associated Service Agreement)
- **Branding Alignment** — use of national logo, naming conventions, and communications standards
- **Technology Integration** — shared cloud storage, websites, video conferencing tools, and other technology support

Please note that ASPAN National, including legal counsel, will not be able to support all components simultaneously, so a staggered approach will be necessary. Priority may be given to regions that finalize their Reorganization Agreements first, while also taking into consideration the state in which each designated component is incorporated.

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Phase 5: Consolidation & Stabilization (2027 onward)

- **Region Elections** — first elected boards replace interim boards
- **Membership Harmonization** — standardize dues collection and reporting across all Regions
- **Program Integration** — ensure programs align with Region’s mission and with National strategic priorities
- **Evaluation & Feedback** — participate in review by the National Association of reorganization outcomes and identification of needed modifications (12–18 months after completion of National reorganization)

