
3-го грудня 2021 р.

Шановна Управо!

Прошу розіслати членам Т-ва нижче подане доповнення до відповіді Григорія Грабовича про напрям праці Т-ва (див. "Про факти і про речі більші за факти", 29-го листопада ц. р.).

Я вдячний п. Грабовичу за згадку про мене, як свого попередника на пості наукового секретаря Т-ва. Його міркування мали б глибше значення, якщо він би врахував певні засади, що визначають статус та права Т-ва, особливо коли пише про grant-making.

У доповненні використано низку американських термінів, отже, цей текст приготовлено англійською мовою.

З пошаною,

Роман Процик
дійсний член НТШ-А

Federal Regulations

The Shevchenko Scientific Society (Society) is an organization exempt from income tax under section 501(c) of the Internal Revenue Code and as such must annually file the Federal Form 990 return for exempt organizations in order to maintain its exempt status. Since the Society's fiscal year ends on June 30, the returns are due by Nov. 15.

The Form 990 has terms and concepts that define exempt organization activities. A key term is "Program Service." Program Services are activities of an organization intended to accomplish its exempt purpose. For the Society, this means being a public charity intended to support educational purposes.

Public charities must annually pass a Public Support Test and then report its result on the Form 990. The test is a simple arithmetic ratio: public support divided by revenue, with a 5-year look back

period. The law defines public charities as organizations with ratios equal to or greater than 33.3%. Organizations that do not meet this percentage face one of two alternatives. Organizations with a result below 10% automatically lose their exempt status and are subject to taxation as a private foundation. Organizations with a result below 33.3% but greater than 10% must explain how they plan to reach the required 33.3% in a Facts-and-Circumstances statement attached to the return.

In terms of revenue, the Society typically reports gifts (contributions), membership dues, Program Service revenue, which can be proceeds from book sales, admission to events, etc., and investment income. On the expense side, outlays are reported for Program Services, Management/general purposes and Fundraising.

I cannot comment on activities for this latest fiscal period ending June 30, 2021, because the return was not filed by the Nov. 15 due date and is publicly unavailable. But a review of earlier returns helps to understand what are the facts and what's truly going on.

Salaries

Figures from available Form 990 returns signed by George Grabowicz while he was President do not support his claim that "...видатки на ці книжкові – тобто наші власні, наукові – проекти становили десь 10–15% [бюджетного] розміру [referring to subventions to Krytyka]... В той же час витрати на працівників, тобто на зарплати, становили десь 50% річного бюджету. (Тобто на біля-наукову роботу виділялося десь у чотири рази більше, ніж на власне наукову.)"

The Society's most recent return (fiscal period July 2019– June 2020) reveals a different breakdown: \$109,960 salary expense for Program Services, \$19,872 for Management/general expenses and \$2,650 to Fundraising. Total salary expense is \$132,482 plus \$10,372 in payroll taxes or roughly 39% of total reported expenses of \$369,859. Earlier annual returns have similar figures.

Grabowicz does not explain why scholarly work should be ranked differently from other Program Services. All of the Society's Program Service activities are important because scholarly work alone will not be enough to preserve the Society's tax exemption (see Tax

Exemption, below).

The Society describes its mission on the Form 990 as: "To promote scholarship and higher education... through research, conferences, publications, library and archive resources and community outreach, and by providing grants ..." Accordingly, the three largest Program Services reported in order of expense have been: (1) Grants and Scholarships, (2) Library and Archives and (3) Seminars and Conferences.

The true picture is that non-Program Service salaries amount to roughly 7% of total expenses and not the 50% as claimed by Grabowicz.

In terms of where the Society's money goes: \$91,681 was reported for Management/general travel purposes over the last 4 years. This travel is unrelated to travel for Program Services activities or Fundraising. In the past, the Society's outlay for such Management travel was zero.

Grant-making

Grabowicz 's claim about past grant-making is a distortion: "...В концепції мого попередника на посаді наукового секретаря Товариства в першій каденції Проф. Поповича, тобто Романа Процика, НТШ-А мало стати тільки надавачем ґрантів (grant-making entity)..."

Grant-making is an acceptable Program Service for educational charities. Grabowicz is not complaining about grant-making, but about the Society making grants to projects in which he had no vested interest. Once he became President, grant-making for the benefit of Krytyka was perfectly acceptable (see discussion of sponsored publications below).

Who's publications?

The "Bulletin" that was just mailed to members informs that the Society published 30 books in the last decade ("Bulletin" 51-52, Jan.–Dec. 2021, p. 30–31). It also gives the Society credit for being the publisher of 20 more books on T. Shevchenko and P. Kulish.

Publishing so many books during this time is indeed remarkable. The apparent message being conveyed is that this accomplishment justifies the disbursement of money overseas to Kyiv-based "Krytyka." But a

closer examination of what the Society has or has not in fact published leads to a different conclusion.

An organization such as the Shevchenko Scientific Society can be involved in book publishing in a number of ways. It can itself publish books. It can also co-publish books, and it can simply support publications published elsewhere. Each activity is different and each type of publication will have front matter that explains who had what specific relationship to a given publication.

Grabowicz's rebuttal "Про факти..." and the information in "Bulletin" that he edits muddle the picture by not showing us which of these publication relationships the Society actually had with each of the numerous publications listed. What is at issue here is an ethical one. The practice utilized during all of these years appears to be intended to show that it is the Society that has published all of the books. The "Bulletin" reinforces this notion: "Список книжок, що їх видало НТШ-А..." But the reality is different.

A glance at the front matter of several books shows the real publisher to be "Krytyka" and not the Society. The Society would typically own the ISBN number shown in a book that it publishes. It would likely be the copyright holder as well. This is not the case for the books Grabowicz has listed. These books have printed acknowledgments on the copyright page thanking the Society for support. Books published by a publisher, such as the Society, will usually not print statements thanking itself for support on any page in a book. Furthermore, Krytyka is listed in the Published/Produced field of library catalogs for these books.

These books also do not appear to be co-published. They do not themselves indicate that they were co-published. They do not have separate title pages as is often the case for co-published books. It is doubtful the books with the Society's logo and Harvard University's Ukrainian Research Institute logo on the same title page were in fact co-published by either. Harvard University and its Harvard University Press do not sell the books. The Institute's website does not mention them. The Society has not reported Program Service revenue on the Form 990 that would indicate sale of co-published books (maybe this revenue is classified differently for unknown reasons). And, library catalogs do not list these books as co-published works.

The only possible publication category remaining are sponsored books. Organizations will typically provide grants to support the

publication of a work or research described in a book. This is apparently what the Society has done for the 50 books that Grabowicz lists as being the Society's publications.

Publication sponsorship is no less important than publishing itself. But sponsorship is a form of grant-making, a different activity. Conflating publication sponsorship and publishing is wrong, especially if deceit is intended. And grants for publishing to recipients outside of the United States require a description to be included on the Form 990 (Schedule F, Part V) on how the Society monitors the use of such grants. I could not find this information on recent returns. This is probably something the Society's Auditing Committee might want to look at.

Tax exemption

The Society has not passed the Public Support Test during Grabowicz's tenure as President. The same is true while Hryn has been president. The Society has been consistently reporting a 19–21% level of public support, despite the IRS requirement to implement a plan for how it can reach the mandated 33.3% level.

The Society faces several risks. A score of 19–21% provides little buffering against a dip to 10%, at which time the Society loses its exempt status. It's also hard to predict when the IRS may come calling to find out what the Society's plan is for remedying its non-compliant status.

The next board of the Society should promptly establish a realistic plan for how to reach the required 33.3% needed to satisfy the Public Support Test.

Conflict of interest

Halyna Hryn, who is running for President of the Society, is employed by Harvard University as an editor. Her immediate supervisor is Oleh Kotsyuba, Publications Manager at the Ukrainian Research Institute. He is running on her slate to become chair of the Information-Technology Commission, a position on the Society's board.

Kotsyuba's and Hryn's superior is Serhii Plokhii, director of the Ukrainian Research Institute and head of the Institute's Executive Committee that has hiring and firing authority over both of them. Plokhii is running for the office of Academic Vice President on the

Society's board.

There is also Grabowicz, who wants to be on the board as one of the other Academic Vice Presidents. Grabowicz was a member of the Institute's Executive Committee for as long as Hryn was employed at Harvard.

The Society's interests will not be served by a President who is not a fully independent member of the board, or others who cannot be called independent. The Society can face fines when it commits perjury by incorrectly checking the "no" column for the question about business relationships between board members on the Form 990 (Part VI, line 2), as it did on the forms for 2019 and 2018.

In fact, Grabowicz and Hryn have been reporting that the Shevchenko Scientific Society has no members on the Form 990 (Part VI, line 6) for at least 4 years now. Generally, the number of false responses to governance questions on the Form 990 appear to have increased on returns signed by them. It is in the interest of the Society for the board to be literate with respect to tax filings.

Community bearings

A vision of the Society as an organization of scholars, professionals and a membership composed of people without links to the Ukrainian diaspora is not innovation. The Society was created by and is a part of the hromada, it's a community organization.

There is little sense to duplicate the work of university programs of Ukrainian studies with grand publication projects at the Society. It makes even less sense for the Society to compete with the American Association of Ukrainian Studies in organizing a network of certain professionals. It is just as ridiculous to imagine the Society in a role it had 100 years ago in L'viv, or prop it up with work done elsewhere, but declared to be Society accomplishments. It seems counterproductive for the Society to believe its mission is to actively participate in the scholarly life of Ukraine, or show the people there how scholarship is properly done.

How the Society interfaces with the surrounding US community should be at the center of its attention, especially because members are now better integrated with the US mainstream than past Society leaders. Publishing and outreach in English make sense for this mission. Confronting disinformation in academia about Ukraine is sorely needed.

Collecting archival material on diaspora organizations is something the Harvard program has not done. This is but one of a number of important niches for the Society to fill and in which to involve other community educational organizations. The investment in collecting, preserving, describing and displaying archival source material about the diaspora on the internet is another timely mission and a viable public support component for IRS purposes. It's a unique role for the Society and one that should not be overshadowed by 50 books published in Ukraine at Krytyka.

Roman Procyk
Society Learned Secretary (2007–2009)