

Executive Committee Meeting Zoom notes- June 1, 2022, Attorney Susan Whitfield-Harding

What is it that this coalition wants to accomplish?

What do you want to look like in 5-10 years?

Think about the funding stream that will be developed and the areas you plan to explore and obtain funding? Be sure to think about the cushion necessary to sustain the organization.

CHWC's purpose from last meeting: Will provide resources to promote growth and sustainability of CHWs by offering education, empowerment, and advocacy. Offerings include CHW certification, symposiums, training, and other continuing education. We also form partnerships with community organizations for outreach, promoting CHWs within the community.

Don't limit yourself as you think about what type of nonprofit you want to form. Be descriptive in your articles and don't pick the first nonprofit structure because you think it's common and the one you pick for that reason.

Susan then explained the different types of nonprofits. (You can look up the different types for yourself). The one the group ultimately selected was 501c (3) due to structure, the numerous avenues for financial gain/access, widest range of support and economic benefit to members of the organization.

Take care to look at the financial guideline for operating as a 501c (3) and the limitations that come with it.

Take care to word your charitable practices in the broadest, most flexible way.

What is our purpose driven statement? Susan can help with this if needed.

To apply for status, there is a \$275 user fee through the IRS. Some are as much as \$600. This is all based on the projected amount of funding the nonprofit anticipates generating. Research this information. There are short and long forms for completing the required documentation. It may be advantageous to reach for the most affordable user fee to start.

If the org brings in more than their initial filing, there may be additional forms such as 990 for tax purposes. There aren't any limits, although if you do accumulate quite a bit of money. There, there can be some tax payments, excise taxes but you're going to have to accumulate quite a lot, and here is where you really want to be publicly supported. Because publicly supported and she's don't have a mandated amount they have to pay out pay a fee of a penalty to the IRS.

If you're a private foundation, you are required, depending on whether you are standard private or operating private foundation to spend a significant portion of either your assets or your revenue. So if you have assets that are not generating a significant amount of revenue, then you find yourself having to sell things in order to make that payout and if you don't and you get a nice bill from IRS because they have this excise tax. It's seldom as a problem for any of my, especially the beginning clients, because you have a lot of expenses and you're allowed to build some you know, an endowment fund.

The key is plan ahead! Ask a lot of questions. And have a good CPA!

Since there are members of the coalition who work at various organizations in various cities, it's important to have good policies in place.

Define who will be voting members.

Be very careful when you're developing your bylaws and talking about qualifications to serve on the board, you always they are going to need to have a good conflict of interest policy, maybe a better one than IRS policy. You do this so that people know what's expected of them and then, when they come on the board, they need to recognize there may be conflicts between their agency, and this organization.

Historically, if someone identified a conflict of interest, they respectfully bowed out from service in that capacity. You add a conflict of interest statement in the bylaws

Like, for example, the training for any of the people who are trainers they shouldn't be involved in the discussion about trainer pay, for example, like they've that's a conflict.

Would the person(s) serving as executives need to be compensated for their service? It is not uncommon for the executive director to be compensated. This person would not be able to be a stock owner or receiving any other kind of investment benefits servicing as exec director. Someone serving in this role isn't expected to do so on a voluntary basis and that is ok. There needs to be a job description and the board has to approve that. It needs to be in writing and in the minutes before you start. Also, the frequency of payment to the paid staff needs to be documented as well. If not, this will get in to an excess benefits transaction area that has strict IRS requirements. Seek attorney advice.

Now, if the organization wants to contract some of the work, that can happen. However, these can be part time employees and there are taxes and unemployment taxes that are due as well. There is a lot to be said about criteria here.

Again, there needs to be a series of policies in place and time spent developing them. There is a regulation by the IRS that pertains to any kind of benefit and what it should be. Also, the relationship between donors and employees of the organization. This can be discussed in detail later.

We may need to consider our timeline to get this work done. How can we do this? Set extra meetings per month? Not everyone has time in addition to their normal job duties.

The agreement is to assign "homework" for each person to review, take note and bring ideas ahead of the meeting time.

The coalition is responsible for pulling together the bylaws and using the templates Carri shared with everyone. Pre-work is important.

A recommendation to refer to Safe Kids as a template to help form new bylaws and additional components necessary for 501c(3) formation.

Carri shared tools again to the team for review. There are many activities that have to be completed outside of this meeting space due to everyone's limited capacity.

Dr. Chrans also shared documents that include bylaw examples.

There was concern on taking good look at funding opportunities right away.