



MISSOURI'S D.R.E.A.M. INITIATIVE
NONPROFIT BEST PRACTICES

***Nonprofit Best Practices
For Downtown Redevelopment***

June 10, 2008

Presented by

Community Mediation & Consulting, Inc.

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Present by:

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Discussion Outline

- 1. Getting Organized as a Tax Exempt, Board-Driven Enterprise*
- 2. Critical Issues of Charitable or Civic Organizations*
- 3. Making the Enterprise Sustainable and Adaptable to Community's Evolving Needs*





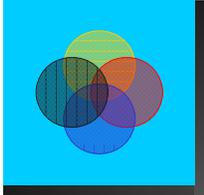
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Getting Organized as a Tax Exempt, Board-Driven Enterprise

1. Determine the purpose of the organization
2. Form a board of directors
3. File articles of incorporation
4. Draft bylaws



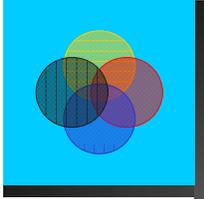


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Getting Organized as a Tax Exempt, Board-Driven Enterprise

5. Develop a strategic plan
6. Develop a long term operating budget, a capital budget, and a fundraising or resource development plan





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Getting Organized as a Tax Exempt, Board-Driven Enterprise

7. Establish a document retention system and detailed minutes-keeping process for the organization's official business
8. Establish an accounting system and a financial reporting process





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Getting Organized as a Tax Exempt, Board-Driven Enterprise

9. File for an Internal Revenue Service determination of federal tax exempt status
10. Create a set of meeting practices, roles and responsibilities all serve, and
11. Create a Calendar of planning and public meeting sessions (Sunshine Laws apply?)





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Critical Issues of Charitable or Civic Organizations

1. Benefits and Problems of being Charitable (IRC 501(c)(3))

- a) All payments are “charitable” not business expenses
- b) Higher level of scrutiny if a charity
- c) Easier to raise capital as all contributions are deductible
- d) More difficult to borrow funds for operations as a charity
- e) Usually a broad, community-based, diversified board of directors
- f) Safer for governmental units to Invest/Sponsor
- g) Can function well as a pass-thru entity and as asset holding without taxes
- h) Others?





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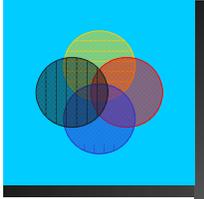
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Critical Issues of Charitable or Civic Organizations

2. Benefits and Problems of being Civic (IRC 501(c)(6))

- a) Mutual benefit governance less complex
- b) Less demand for broad public support and participation
- c) Administered more as a “club of like-minded parties”
- d) Difficult to fund as capital is neither deductible or capital loss
- e) Difficult to hold assets since not being held for public good
- f) Public frequently mis-understands Civic Org rules and assumes you are a Charity
- g) Others?





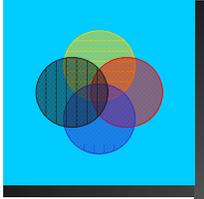
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Making the Enterprise Sustainable and Adaptable

1. Long Term Vision should impact every organizational practice from the first day. How the organization is seen operating now will taint or promote it for years.
2. Long Term Financial Planning with detailed capital and annual operating costs must be the first order of business.
3. Sustainability can not come at the cost of rigid governance and mission purpose. Community assets, old and new partners and the evolving progress of revitalization itself must always be the “active ingredients” of this work.





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Making the Enterprise Sustainable and Adaptable

4. Governance practices such as term limits, officers' elections and conflict of interest avoidance must be honored. Public perceptions are critical. No one person or group can have veto power. A true balance of power must be protected.
5. A Community-based, diverse board will require continuous training and leadership skills development including how to conduct a public meeting. Assume no one person has all the skills needed by the group.
6. "Norming the Group" will be critical. Training, orientation and team building each year are vital.
7. "Pluralism and Multiculturalism" will need to be integrated into the culture of this organization less it be perceived as elitist, private.





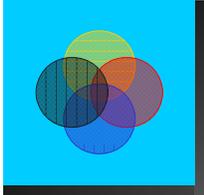
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Discussion Questions

- 1. Which of these sustainability concepts might find the greatest resistance in your community?***
- 2. How will you mediate the confluence of private and public interests to keep the process moving forward?***
- 3. What other factors are you encountering which have not be addressed here?***
- 4. What successes have you had in starting this process?***





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