



The Larned A. Waterman Iowa Nonprofit Resource Center

Helping strengthen community organizations

eNewsletter

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Recent Amendments to Revised Iowa Nonprofit Corporation Act

by Willard L. Boyd III, Nyemaster Goode, P.C.

This past session, the Iowa General Assembly passed House File 172, which was one of the Iowa State Bar Association’s affirmative legislative proposals. The legislation updates the Revised Iowa Nonprofit Corporation Act, Iowa Code Chapter 504 (“Act”). Many of the amendments are based on the ABA Model Nonprofit Corporation Act, Third Edition (“MNCA”), developed by the American Bar Association Business Law Section Nonprofit Organizations Committee. Below is a description of the amendments to the Act, which become effective July 1, 2015.

General Powers of a Nonprofit Corporation. Iowa Code section 504.302 has been amended to expressly provide that a nonprofit corporation may serve as a trustee of a trust for which the nonprofit is a beneficiary. The purpose of this amendment is to make clear that a nonprofit corporation may serve as a trustee in the situation where it is a beneficiary of a charitable trust.

Registered Agents. Iowa Code section 504.501 has been amended to permit limited liability companies to serve as registered agents for nonprofit corporations. The current pre-amended statute permitted business corporations and nonprofit corporations to serve as registered agents, but was silent with regard to limited liability companies.

Annual Meeting of Members.

Iowa Code section 504.701 has been amended to provide that the annual meeting requirement for members can be replaced by annual meetings of delegates to the extent a nonprofit corporation has both members and delegates.

The term “members” is defined in the Act to mean an individual or entity who on more than one occasion, pursuant to the corporation’s articles of incorporation or bylaws, has a right to vote for the election of a director or directors of a corporation, irrespective of how a member is defined in the articles of incorporation or bylaws.

A “member” is distinguishable from a “delegate” in that a “delegate” contemplates individuals elected

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Paul Thelen Joins INRC Staff

The Iowa Nonprofit Resource Center is pleased to announce that Paul Thelen has joined the staff as Assistant Director.

Paul is a native of Vail, Iowa, and completed his J.D. degree at the University of Iowa College of Law. He is completing his Ph.D. in Theatre & Drama at Northwestern University in Evanston, Illinois.

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or appointed to vote in a representative assembly for the election of a director or directors or on other matters. Delegates are typically used with larger trade organizations.

Member Voting. Iowa Code section 504.712 has been amended to clarify the rules for member voting. The amended section now provides that unless provided in the articles of incorporation or bylaws, each member shall be entitled to one vote on each matter submitted to a vote of members.

Terms of Directors. Iowa Code section 504.805 has been amended to clarify that the articles of incorporation or bylaws of a nonprofit corporation may specify the terms of the directors. The Act continues to provide that, to the extent the articles of incorporation or bylaws are silent with regard to the length of the term of a director, the term is to be one year.

Directors Voting. Iowa Code section 504.825 has been amended to provide that a director is presumed to have assented to an action if present at a meeting and the director either does not object at the beginning of the meeting to holding it or transacting business, or dissents or abstains from action. The amendment is similar to a provision in the Iowa Business Corporation Act. It is intended to give certainty with regard to votes taken by the board of directors.

Duties of Directors to Disclose Information. Iowa Code section 504.831 has been amended to incorporate the recently adopted Iowa Business

Corporation Act provision that makes clear that, as part of a director's duties, a director must disclose information to other directors that the director knows is not already known to such other directors when such information is material to the discharge of their decision-making and oversight functions.

There are exceptions to this disclosure duty, which are identified in the amended section. A director is not required to disclose information to other board or committee members when the director reasonably believes that doing so would violate a duty imposed under law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

Although this duty is "new" to the Act, it is not intended to give rise to a new legal duty, but rather reflect the common law on fiduciary duties of directors of nonprofit corporations. In addition, directors still have the benefit of liability protection under the business judgment rule as well as the liability shield under Iowa Code sections 504.832 and 504.901.

Loans to Directors and Officers. Iowa Code section 504.834 has been amended to incorporate exceptions to the prohibition on loans to directors and officers for those officers and directors who are full-time employees of a nonprofit corporation. The exceptions, which are based on the MNCA, describe situations where there should not be an issue with loans made by the

nonprofit corporation. Many states either have no prohibition to loans or have statutes that allow loans in certain circumstances. In addition, while the pre-amended section did not include exceptions, the comments to the Revised Model Iowa Nonprofit Corporation Act (1988), which the Act is based in part, makes clear that certain loans are permissible.

With these exceptions expressly identified, a nonprofit board should be in a better position to determine what it can do in order to attract and retain qualified individuals to serve as full-time employees serving as officers of a nonprofit. For tax-exempt nonprofits, any loan that is made to an officer or director by the nonprofit generally would still be subject to the private inurement/excess benefit transaction restrictions under the Internal Revenue Code.

Mergers. Iowa Code section 504.1104 has been amended to make the requirements for articles of merger more consistent with the Iowa Business Corporation Act requirements. In particular, it will no longer be necessary for the plan of merger to be filed with the articles of merger with the Secretary of State's office.

Iowa Organizations Receive National Service Enterprise Certification

Six Iowa organizations have been certified at a national level as a Service Enterprise by Points of Light. A Service Enterprise is an organization that fundamentally leverages volunteers and their skills throughout their organization to successfully deliver on its social mission.

The five Cedar Rapids based organizations and one statewide organization selected for certification include:

- Cedar Rapids Public Library
- Aging Services, Inc.
- Hawkeye Area Community Action Program
- Catherine McAuley Center
- United Way of East Central Iowa
- Iowa Commission on Volunteer Service

The Iowa Commission on Volunteer Service, also known as Volunteer Iowa, is the first state government entity in the nation to become Service Enterprise certified.

The organizations completed an extensive assessment, over 20 hours of training and consulting and extensive internal planning and change to better integrate volunteers into day-to-day operations.

Research conducted by the TCC Group, a national program and evaluation firm, found that organizations operating as Service Enterprises outperform peer

organizations on all aspects of organizational effectiveness, and are more adaptable, sustainable and capable of scaling their work.

The Iowa Commission on Volunteer Service is leading the Service Enterprise Initiative in Iowa by partnering with Volunteer Centers to offer the Service Enterprise training to nonprofit organizations interested in increasing their organizational efficiency and effectiveness. For more information regarding volunteer opportunities and Service Enterprise in Iowa visit www.volunteeriowa.org.

For further information regarding the national Service Enterprise Initiative, visit <http://www.pointsoflight.org/service-enterprise-initiative>

The Iowa Commission on Volunteer Service and its partner agencies work with organizations and individuals on three main fronts. The first is to help agencies develop quality programs that use service as a strategy to fulfill their missions and address Iowa's greatest areas of need.

The second is to help engage Iowans in their communities by promoting service and expanding the volunteer base.

The third area of work is to connect individuals with appropriate service opportunities by building the volunteer infrastructure. More information is available at www.volunteeriowa.org.

About the Service Enterprise Initiative

President George H.W. Bush established the Daily Point of Light Award in 1990 and recognized more than 1,000 volunteers as "points of light" during his administration.

That same year, the Points of Light Foundation was created as an independent, nonpartisan, nonprofit organization to encourage the spirit of service. From this, the Service Enterprise Initiative (SEI) was formed. SEI strives to strengthen the capacity of nonprofits to use volunteers and their skills to address community needs.

Learn more at www.pointsoflight.org/

2015 Iowa Nonprofit Summit Updates

The Iowa Nonprofit Summit provides high-quality and relevant training for nonprofit leaders who are focused on successfully operating a nonprofit program. The Summit offers sessions on capacity building, excellence in nonprofit and volunteer management, leadership development, financial and board management, and many other topics.

This biennial conference will take place November 9 and 10 at the Scheman Building on the Iowa State University campus in Ames, Iowa. The overarching topic of the 2015 conference is “Building the Capacity of our Charitable Sector Through Volunteer Management and Nonprofit Effectiveness”. The specific theme this year is “The Power of Relationships”.

Save the Date postcard

An electronic Save the Date postcard can be downloaded at www.regonline.com/npsummit2015. Please share it with your colleagues.

Call for Session Presenters through July 10

If you can provide high-quality training that is appropriate for volunteer management and/or nonprofit professionals, we invite you to submit a workshop proposal. Download the document Call for Session Presenters at www.regonline.com/npsummit2015. **The submission deadline is noon, July 10.**

Keynote Presenters

The conference will feature internationally renowned nonprofit and volunteer management experts Vicki Clark and David Dye.

November 9–Vicki Clark. Vicki Clark is a senior governance consultant for BoardSource who has extensive experience as both a nonprofit leader and consultant. She has delivered training on a variety of nonprofit governance topics to a broad range of organizations.

In her consulting practice, Vicki helps build the capacity of nonprofit, government, faith-based, and business sector organizations through training, speaking,

writing, and consulting. Prior to her work as an independent consultant, Vicki filled several roles at The Points of Light Foundation in Washington, DC, including vice president of community initiatives, volunteer services, and external relations.

November 10–David Dye. Founder and owner of Trailblaze, Inc., David Dye began his career in the nonprofit sector 20 years ago. He has worked in youth service, education advocacy, municipal government,



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Through Volunteer Management & Nonprofit Effectiveness

and faith-based organizations. He has spent time in many roles, from volunteering to fundraising to serving as a board member. Prior to launching Trailblaze, he served as the Chief Operating Officer at Colorado UpLift, a youth service nonprofit with replicated affiliates in Orlando, New York, Phoenix, and Portland. H

David is a professional member of the National Speakers Association, the Association of Training and Development, and the Alpha Sigma Nu Honor Society. David received his Master's in Nonprofit Management with Graduate Honors from Regis University.

Get the Latest

For the latest conference news, follow #IAnpsummit online, or visit www.regonline.com/npsummit2015, where you can view basic conference information and join our e-mail list to get information delivered right to your Inbox.

If you have questions or need more information, contact the Iowa Commission on Volunteer Service at icvs@iowa.gov, or 515.725.3094 (toll-free: 800.308.5987).

Book Review

The Little Book of Likes: Social Media for Small (And Very Small) Nonprofits

by Erik Hanberg

Reviewed by Diane DeBok, INRC Editor & Content Manager

Erik Hanberg has written a series of three “little” books: *The Little Book of Boards*, published in February 2015; *The Little Book of Gold* for fundraisers published in 2011; and *The Little Book of Likes: Social Media for Small (And Very Small) Nonprofits* which was published in 2013.

What works for the big guys doesn’t necessarily work for the little guys, Hanberg says, so each book is written with executive directors of small—or very small—nonprofits in mind, although any nonprofit worker or board member can gain valuable information from these bite-sized volumes, each of which is under 100 pages.

The Little Book of Likes contains a lot of down-to-earth advice and information that can be put to use immediately. For social media skeptics, Hanberg makes two important points. The first is that while most people would agree that a lot of silly stuff gets posted out there, social media is now a basic means of communication and it can be used as a professional and beneficial tool. As organizations have incorporated other tools and means of communication over time it’s important now to fold social media into the nonprofit communication plan.

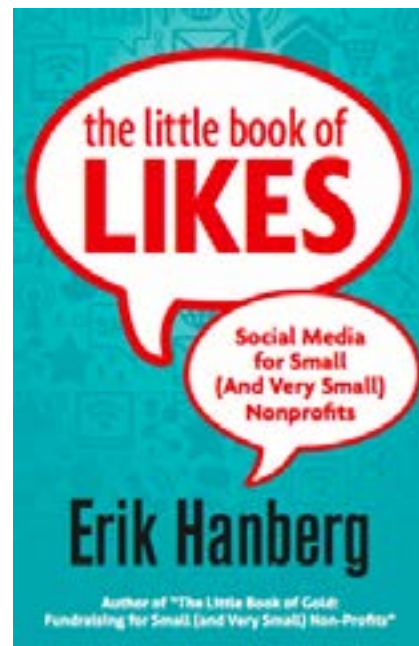
The second point is, as Hanberg puts it, not everyone has to like Facebook to use it, but a social media presence maintains your organization’s visibility to donors, potential donors, community leaders and other crucial constituencies. A basic and workable social media strategy can be created by taking small steps, observing what works, and gradually expanding your organization’s reach as you become more comfortable with social media interaction.

It isn’t necessary to be familiar with all the social media products out there, and it certainly isn’t necessary to use all of them. Instead, the author recommends identifying a couple that best serve the purposes of your organization and sticking with those. Hanberg focuses on Facebook and Twitter since they are the most heavily used.

To help with these choices, the author describes the subtle differences between systems such as Mail Chimp vs. Constant Contact, YouTube vs. Vimeo, Instagram vs. Pinterest and the like. He also offers

insight into when it’s best to use free services and when it might be worthwhile to upgrade and pay for additional features.

Hanberg offers practical information on blogging, too, including how to write a good blog post, how long it should be, when it’s best to write in second person



instead of first person, being a guest blogger, and how to repurpose blog posts for your newsletter.

In short, the *Little Books of Likes* can easily be read over a weekend allowing you to start implementing your social media strategy first thing Monday morning.

Based in Tacoma, Washington, Hanberg has served on numerous nonprofit boards and committees and has worked in marketing, fundraising, and management of nonprofits. For more information about the author, all the “little” books, and more, visit <http://forsmallnonprofits.com/>

Strategic Nonprofit Communications: Process of Inquiry and Practice

by Paul Thelen, INRC Assistant Director

“Plans are worthless,” President Eisenhower quipped, “but planning is everything.” To excel at strategic nonprofit communications you must first accept that it is a process of inquiry that must be practiced and adapted. All nonprofit organizations communicate. The difference is whether your organization asks the right questions to do it well or not.

The late Frank Karel, founder of The Communications Network, defines strategic communications as “a process guided by the relentless pursuit of answers to deceptively simple questions. What do you want to accomplish? Who has to think or act differently for that to happen? What would prompt them to do it?”

In their book, *Strategic Communications for Nonprofit Organizations*, Sally Peterson and Janel Radtke describe strategic communications as “the combination of plans, goals, practices, and tools with which a nonprofit organization sends consistent messages about its mission, values, and accomplishments.”

When the Barr Foundation—a private foundation in Boston focused on arts and culture, climate, and education—decided to pursue a more ambitious communications strategy, the first guiding principle was that the organization’s communications must advance its mission. “The pressure to catch up and keep up can be strong,” writes President Jim Canales and Director of Communications Stefan Lanfer, “Yet for mission-driven organizations, the first question should never be about tools and tactics.”¹

The first question

For many organizations, the best first step to take in the strategic communications process is to answer this question: Who are we? Look at your mission statement. A well-written mission statement will include your name, what you do, your vision for what you want to achieve, and your values. Your mission statement should be a rallying point for people inside and outside your organization.²

When Jeffrey Rosen started as President & CEO of the National Constitution Center in 2013, he found that the inspiring words he needed to publicly

introduce his organization already existed in the nonprofit organization’s Congressional mission.

“I decided to highlight the language at every opportunity,” Rosen says, “at the centerpiece of our strategic plan and in the intros to the great authors’ events, debates, and constitutional podcasts that we host every week.”

Rosen’s strategy has been successful to the point where he says that “in Philadelphia, people now recite the mission statement along with me by heart!”

What about organizations whose name or mission no longer aligns or hinders what they want to achieve? In those cases, organizations may find it necessary to make changes.

The March of Dimes Foundation began in 1938 as the National Foundation for Infantile Paralysis. The initial mission was to combat the effects of polio. The development of the Salk vaccine in the 1950s led to the organization renaming itself and refocusing on the prevention of birth defects and infant mortality, a mission it continues today. The San Francisco Green Schoolyard Alliance started in 2001 with a mission to make areas around schools greener. Less than a decade later, their mission expanded to enhancing the way urban schools nationwide engaged outdoor learning. They became Education Outside with a tagline of “Open the Classroom Door.”

The insight here is that your process of inquiry must start with an assessment of who you are as an organization and what you want to achieve going forward. A loop connects your mission and your actions. Like alternating current, the energy and enthusiasm generated from your mission flows through everyone associated with your organization, including your board, staff, and volunteers.

Asking who you are also means identifying the communicative role of each member of your organization and preparing them to perform it well with tools and training.

One question leads to others

It is in the process of planning that you practice asking and answering more key questions: Who is our target audience? What is the content of our communication? What form is it in? How will we deliver it? Resources

like books and articles can offer you guidance on publicity, fundraising, recruitment, crisis management, and other key areas. Conferences and forums offer participants the chance to ask questions and practice, as well.

Ann Haugland, lecturer and philanthropy certificate coordinator at the School of Journalism and Mass Communication at the University of Iowa, estimates that there were 180 participants and 40 presenters at their Fundraising and Philanthropy Communication Forum in April of 2015. Social media fundraising expert Beth Kanter facilitated a Crowdfunding Innovation Lab.

Crowdfunding is not a new fundraising phenomenon—Joseph Pulitzer organized a crowdfunding campaign in 1885 to raise donations for the Statue of Liberty pedestal fund—but emerging technology offers new obstacles and opportunities. Attendees were introduced to a new model of donor engagement that emphasized the close association between peer influence and communication.³

The reality of limited resources—including time, money, and talent—means your organization benefits by asking questions to those with experience or expertise. Will this technology work for an organization like ours? Are there common mistakes we should avoid? Are there alternatives we should consider? Learning from others' experiences saves resources, but it requires a strategy that values outside relationships.

Indeed, the theme for the biennial Iowa Nonprofit Summit scheduled for November 9 and 10 of 2015 is “The Power of Relationships,” and that conference historically attracts hundreds of nonprofit and volunteer management professionals from across the state.

Assessment is important

A final key component to strategic nonprofit communications is assessment. How did we do? Did we reach our goals? Which objectives were most effective? How are we measuring success? Do we value quantitative results? Qualitative? How can we take what we know now and improve? A common mistake organizations make is doing all the work of gathering and analyzing the data on their practices but failing to implement improvements. Why? Because changing an established plan or adopting a new technology involves uncertainty and risk.

However, they ignore the risk involved in failing to innovate.

“If I had an hour to solve a problem and my life depended on the solution, I would spend the first 55 minutes determining the proper question to ask,” Albert Einstein wrote, “for once I know the proper question, I could solve the problem in less than five minutes.” All nonprofit organizations communicate. The difference is whether your organization asks the right questions to do it well or not.

Footnotes

¹http://www.ssireview.org/blog/entry/creating_a_communications_culture

²Iowa Principles and Practices for Charitable Nonprofit Excellence, p. 10

³<http://ir.uiowa.edu/fpc/2015/>

The First *Give Back Iowa* Challenge Names Winners

The Iowa Commission on Volunteer Service recently announced the winners of the Give Back Iowa Challenge, a campaign encouraging employees to volunteer and log their hours as part of a six-week challenge.

Categories based on company size were created with a winner and honorable mention selected for each category.

In the category of small companies, Worldly Goods in Ames was named the winner with 252 volunteer hours reported. The Iowa Department for the Blind received an honorable mention.

West Music Company in Coralville with 659 hours won the category for medium-sized companies. The Iowa Economic Development Authority received an honorable mention.

Central College in Pella won the large-employer category with 1,569 volunteer hours. The honorable mention went to Wellmark Blue Cross and Blue Shield.

This was the first year for the challenge. Fifty organizations participated representing 48,686 employees who logged 41,702 hours of volunteer service. The dates of the challenge were April 14 through May 31.

To learn more about the challenge, visit www.volunteeriowa.org/employers

Training Opportunities

INRC staff:

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INRC Director

Paul Thelen

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Brenda Steinmetz

Admin. Svcs. Coordinator

Diane DeBok

Editor & Content Manager

Sue Troyer

Secretary III

AFP Social/Networking Event

Bring business cards to network and socialize with fellow fundraisers. Appetizers provided; beer, wine at your own cost. Open to AFP members and guests.

Date: Friday, July 10, 2015

Time: 5-7 pm

Location: New Bo City Market, 1100 3rd St SE, Cedar Rapids, IA.

Cost: No admission fee

Register on AFP website.

Contact: Les Elam at 319-560-1891 or les@elams.us

Jones County Nonprofit Series: Grantwriting Workshop

Kari McCann of the Community Foundation of Greater Dubuque shares insights as a grant writer and reviewer.

Date: Tuesday, August 11

Time: 3:30-5:00 pm

Cost: No charge

Location: Youth Development Center, 800 North Maple St., Monticello

Contact: Amy Manternach at 563-588-2700

Four-Step Model Program/ Project Impact

Nancy Franz, Director for Professional Development for ISU Extension and Outreach presents a four-step model to articulate, measure, and report program/project impact. The model will be applied to participants' own projects.

Date: Thursday, August 27

Time: Registration at 8:30 am; Session 9 am-Noon.

Cost: \$25 cash or check 5 days in advance.

Location: Marshall Co. Ext. Office, 2608 S. 2nd St., Marshalltown, IA.

Val Lay, AFP Chapter Services Director for the Central U.S.

AFP Eastern Iowa offers two events with Val Lay on Tuesday, August 20.

The CFRE Credential

How to plan, what to expect, and its potential impact upon your career.

Time: 7:30-8:30 am

Location: Coffeesmiths, 2300 Edgewood Rd SW, Cedar Rapids, IA

Cost: No admission fee.

Ethics Jeopardy

Val Lay reviews resources to help fundraisers avoid ethical problems and to navigate those that can't be avoided.

Time: 11:30 am-1 pm

Location: Hills Bank, 590 W.

Forevergreen Rd., North Liberty, IA

Eight Essential Functions of Board of Directors

Reno Berg, Former CEO at Mainstream Living leads staff and volunteer board members through eight essential functions of the board of directors.

Date: Thursday, October 22

Time: Registration, 8:30 am; Session 9 am-Noon.

Cost: \$25 cash or check 5 days in advance.

Location: Marshall Co. Ext. Office, 2608 S. 2nd St., Marshalltown, IA.

About Our Organization

The Larned A. Waterman Iowa Nonprofit Resource Center is a University of Iowa interdisciplinary collaboration created to make more accessible educational and service programs focused on strengthening the operational capacity of Iowa nonprofit organizations.

The INRC works collaboratively with government agencies, nonprofit organizations and educational institutions to impart new knowledge through activities and provide

information and training resources to help nonprofit organizations and interested persons throughout Iowa. We seek to build the capacity and develop the effectiveness of community-based organizations and enhance the overall effectiveness of local organizations in building communities.

The INRC also introduces students to the nonprofit sector and develops their sense of public and community service.

Legal Disclaimer:

All newsletter content is provided for informational purposes only and does not constitute legal counsel.

Although we have made every attempt to ensure accuracy, the INRC is not responsible for any errors or omissions or for the results obtained from the use of this information. All information is provided with no warranty of any kind.



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