Nonprofit Initiative Secures New Home

The University of Kentucky Nonprofit Leadership Initiative has found a new home in the College of Agriculture, Department of Community and Leadership Development and the Center for Leadership Development.

What does this mean for the Nonprofit Leadership Initiative? It means a new home at the University and a renewed commitment to outreach programs specifically designed for Kentucky’s nonprofit community.

What does this mean for your organization? It means the same great resource for your training, consulting and information needs – plus an expanded workshop calendar, more regional events provided in partnership with University of Kentucky Cooperative Extension and increased access to University expertise and resources!

The Initiative began working with Kentucky’s nonprofit community in February 2002 and is Kentucky’s only statewide program facilitating communication and learning opportunities for the Commonwealth’s charitable organizations.

Danielle Clore remains as the director of the Initiative and Stacy Mullins has joined as the Program Coordinator. The mission of the Initiative to provide quality, affordable technical assistance, resources, and support to Kentucky’s nonprofit organizations remains the top priority. The Initiative will continue to fulfill this mission through workshops, seminars, the annual Kentucky Nonprofit Leadership Forum, consulting services and outreach initiatives like the Nonprofit Network and the extensive website. The Initiative is also working on several research projects and is exploring the creation of a long-awaited certificate program in nonprofit management.

For questions or assistance, please contact us at the number below. Stay tuned to our website for upcoming workshops, surveys and publications. We look forward to seeing you at a future event!

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Fifth Third Bank Continues Nonprofit Partnership

The Nonprofit Leadership Initiative is pleased to announce continued partnership with the Public Funds Division of Fifth Third Bank.

Fifth Third has sponsored several workshops including *Grant Seeking Tips and Tools* and *Nonprofit Dollars and Sense*. They also sponsor bi-annual *Boards 101* workshops. *Boards 101* focuses specifically on the roles and responsibilities of nonprofit board members and is designed to compliment the orientation provided by nonprofit organizations. The seminars provide a thorough orientation to board service for new board members and a refresher for more experienced members. The next *Fifth Third Navigator Seminar: Nonprofit Boards 101* will be held July 29, 2005.

The partnership and the events it sponsors are an exciting marriage of education, the nonprofit sector and a corporate citizen. “This partnership is just one way Fifth Third strives to impact the effectiveness and efficiency of nonprofit organizations. We are glad to be a part of the Nonprofit Leadership Initiative,” said Sam Barnes, Fifth Third Bank president.

The Public Funds division of Fifth Third Bank specializes in services for nonprofit organizations. To learn more about the Fifth Third Navigator events, please visit [www.kynonprofits.org](http://www.kynonprofits.org) or call the Initiative at (859) 257-2542.

A New Approach to Program Evaluation Training

Need to take a crash course in outcome evaluation? *Outcome Evaluation 101* is an evaluation training DVD developed by the Scripps Howard Center for Civic Engagement at Northern Kentucky University. Developed for nonprofit leaders to address what funders say is the weakest part of the grant applications they receive – the evaluation section, the DVD addresses six common questions asked on grant applications:

1. What are the program/project goals and objectives?
2. What are the measurable short term, intermediate and/or long term outcomes of this program/project?
3. What measurable outcomes will be achieved during this grant period?
4. How will outcomes be measured?
5. How will the results be used and disseminated?
6. If this is an existing ongoing program/project, summarize past quantitative and qualitative outcomes.

Because the information is on DVD, it can be watched anywhere and at your convenience. The 30 minute DVD is $30, and is available for only $20 to our Nonprofit Network members. Call Stacy Mullins at 859-257-2542 or email stacy.mullins@uky.edu if you are interested in obtaining a copy of this informative DVD.

Board Matching Opportunity

The Nonprofit Leadership Initiative and the Kentucky Society for Human Resource Management (SHRM) are providing nonprofit organizations in the state of Kentucky with the opportunity to recruit board members possessing expertise in the area of human resource management. SHRM is the world’s largest association devoted to human resource (HR) management with over 2,000 SHRM members in the state of Kentucky. If your nonprofit organization is interested in volunteer human resource expertise on your board of directors or committees, SHRM may be able to help. To learn more about this opportunity or to fill out a request for a SHRM volunteer, please visit our website at [www.kynonprofits.org](http://www.kynonprofits.org).
When we think about the boards we're on, we usually think about the board meetings—which says a lot about the importance of having good meetings. Make a new year's resolution to implement one of the following ideas each month:

1. Name tents for everyone, every meeting. It's embarrassing to have seen people at several meetings and wondered what their names are . . . and later it's REALLY hard to admit you don't know their names.

2. Post an acronym chart. Make a poster of frequently used external and internal acronyms (such as CDBG for Community Development Block Grants) and post it on the wall of every meeting. (If you distribute the list on paper it is soon lost.)


4. Make sure that each person says at least one thing at every board meeting. This is the Chair’s responsibility, but everyone should help! “Mary, you haven’t spoken on this issue. What you’re thinking about it?” “Matt, at the last meeting you made a good point about finances. Are there financial issues here that we aren’t thinking about?”

5. No one-way communication from staff. If you have a regular Executive Director’s Report on the agenda, or if a staff program director is giving you a briefing, be sure that such presentations need a response from the board. If not, put them in writing in the board packet and just ask if there are any questions.

6. Don’t include committee reports on the agenda just to make the committees feel worthwhile. If a committee has done work but doesn’t need it discussed, put the committee report in the board packet. (In the meeting be sure to recognize the committee’s good work and refer people to the written report.) Instead, schedule committee reports in the context of the main discussion. For example, if there is a discussion planned on attracting and retaining staff, reports from the Finance Committee and the Personnel Committee may be appropriate.

7. Note to the board president and the executive director: what are the two most important matters facing the organization—economic downturn, changes in government funding, decreased preschool enrollment due to higher unemployment, a competitor organization, demographic changes in the county? Is one of these matters on every board agenda?

8. Encourage “dumb” questions, respectful dissent, authentic disagreements. Find a chance to be encouraging, at every meeting: “Sylvia, I’m glad you asked that ‘dumb’ question. I didn’t know the answer either.” “Duane, I appreciate the fact that you disagreed with me in that last discussion. Even though you didn’t convince me, your comment helped make the discussion much more valuable.”

9. Make sure the room is comfortable! Not too hot or cold or crowded. Offer beverages and something light to eat such as cookies or fruit.

10. Adjourn on time, or agree to stay later. Twenty minutes before the scheduled end of the meeting, the Chair should ask whether the group wants to stay later: “If we continue this very interesting discussion, we will have to stay fifteen extra minutes to hear the recommendation on the executive director’s salary. Can everyone stay that long, or should we end this discussion and move to that one immediately?”

BONUS IDEA: Once every year or two, survey the board about meetings. Pass out a questionnaire for anonymous return to the board vice president or secretary, asking, “What do you like best about board meetings? Least?” “Are you satisfied with the items that are usually on the agenda?” “How could the board president do more to encourage discussion at the meetings?” “Is the location or time of day difficult for you?”

To Subscribe to Board Café, send a blank e-mail message to BoardCafe-subscribe@compasspoint.org.

The Nonprofit Leadership Initiative provides several board development services including customized presentations and facilitation of self assessments. For more information, call 859-257-2542.
Kentucky Nonprofit Leadership Forum 2004

Nonprofit professionals and volunteers from across the Commonwealth convened on Friday, September 17, 2004 for the Second Annual Kentucky Nonprofit Leadership Forum. The Forum featured distinguished speakers on a range of timely topics, as well as networking opportunities.

The Forum was highlighted by a board governance track presented by Chuck Loring of BoardSource. Mr. Loring explored “Effective Board Structure and Operations” as well as “Engaging Board Members in Major Gift Fundraising.”

Additional Forum topics included budgeting, marketing, legal issues and fundraising. These workshops were presented in four tracks by local and regional experts such as Lee Ellen Martin of the United Way of the Bluegrass who presented Starting an Annual Giving Program. In addition, Heather Wingfield of the Lexington Public Library explored the reality of grant seeking in Kentucky.

The Forum featured a bookstore and exhibitors, providing excellent ideas and resources for nonprofit professionals and volunteers.

Plans are underway for the 2005 Kentucky Nonprofit Leadership Forum. Mark your calendar for October 6 and watch your mailboxes and our website for information. Be sure to plan to join your nonprofit peers Kentucky’s only statewide nonprofit forum!

Many Thanks to the 2004 Forum Sponsor:

Fifth Third Bank

And to the Exhibitors:

Association of Fund Raising Professionals, Bluegrass Chapter

Central KY Planned Giving Council

Commerce Lexington

Custom Recognition

Dean, Dorton & Ford, PSC

Lexington Public Library

Moore, Stephens, Potter LLP

United Way of the Bluegrass
The Value of Compensation Surveys

Foster Ockerman, Jr.
Martin, Ockerman & Brabant LLP
ockerman@kycounsel.com

Compensation surveys for staff members can be very valuable to religious and charitable organizations. While there is much information on the details of the 1996 Tax Reform Act and the creation of what are called “intermediate sanctions” against charities. But the key point about intermediate sanctions is that the IRS is now authorized by law to impose a sequenced level of fines and assessments against charities, and sometimes personally against staff and even board members, for certain violations.

Obviously, a responsible board would want to take what steps it could to avoid this exposure. One such step is a compensation survey for (a) senior staff and (b) any employee related to a major donor or board member (an “insider”). It works like this:

If the charity or church is audited by the IRS, the agent will look at compensation. If there is no survey in the files, the agent decides if the executive director, for example, is overpaid compared to similar positions. The burden of proof is then on the charity to prove otherwise. Why does this matter. If the agent decides she is getting $5,000/year too much pay, he can reach back five years and demand she repay $25,000 on a timetable the IRS sets. If that is not met, the IRS can require a 200% repayment, or $50,000. If the agent decides the overpayment was intentional, there can also be fines against the organization and even the board members who voted in favor of the salary amount. Not a good result.

Risk avoidance, however, is simple. Before setting a salary, or hiring new staff, or giving a raise, do a compensation survey comparing the position to similar positions with other charities. An accountant or attorney can assist with this, and the Nonprofit Leadership Initiative is in the process of administering a survey for this very purpose.

If you document in your files, and the board minutes, that a survey was conducted, the tables turn. At that point, if the IRS agent questions compensation, he sees the organization has established what the law calls a “rebuttable presumption.” In other words, the compensation is presumed to be reasonable and the agent now has to go to the task of proving otherwise. That would most likely only happen in extreme cases.

There are other, similar provisions in the law which deserve a board’s attention. Having both accounting and legal audits can reveal where this attention should be directed. When dealing with intermediate sanction issues like compensation, it is truly the case that “an ounce of prevention is worth a pound of cure.”

Watch your mailboxes soon for information on the Nonprofit Leadership Initiative’s Kentucky Nonprofit Salary and Benefit Survey. Your participation in this on-line survey will help us gather critical information needed to assist your organization in determining reasonable compensation and assessing benefits and pay to ensure that your organization is competitive to retain valuable employees. A summary report will be available in the Fall of 2005.
The Nonprofit Network – Have You Joined?

The Nonprofit Leadership Initiative’s Nonprofit Network membership program provides nonprofits from across the Commonwealth with access to discounted training opportunities and consulting services, on-line resources and communication opportunities with other nonprofits.

The Network’s benefits currently include:

- A minimum 15% discount on training and educational activities provided by the Nonprofit Leadership Initiative. This includes our statewide Nonprofit Leadership Forum, seminars and regional workshops.
- Subscription to our newsletter.
- Access to the Initiative’s extensive web resources, including usable templates and samples.
- Reduced consulting fees provided by Initiative associates.
- Opportunities to post nonprofit job openings on our website.

Future plans for the Network include:

- E-newsletters sharing funding announcements, legislative news, job openings and other valuable information.
- Opportunities to learn and network with other nonprofits statewide via our website. Peer support, great ideas and networking will be only a mouse click away!
- Participate in and benefit from research focusing on Kentucky’s nonprofit sector, including salary surveys, economic impact research and more!

Membership covers a 12 month period and is on a sliding fee scale based on your operating budget. Individuals and corporate friends are also invited to join the Network for a flat fee. Foundation dues are based on annual grants awarded.

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<thead>
<tr>
<th>Nonprofit Members</th>
<th>Foundation Members (based on grants awarded annually)</th>
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<tbody>
<tr>
<td>Less than $100,000</td>
<td>$25</td>
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<tr>
<td>$100,000 - $249,999</td>
<td>$40</td>
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<tr>
<td>$3,000,000 or more</td>
<td>$225</td>
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To join, return this newsletter form (or a copy of this form) to us at: 315 Garrigus Building, Lexington, KY 40546-0215 or fax to (859) 323-2715.
Please call (859) 257-2542 or emailus@kynonprofits.org with questions.

Name ___________________________________________ Title ___________________________
Organization ______________________________________ Website ___________________________
Address _________________________________________
Phone _______ Fax _______ Email ________________________

Membership Dues: $_________ □ Check Enclosed □ Visa □ MasterCard
Card # ______________________ Exp. Date __________ Name on Card ________________

*Benefits begin when payment is received.
Take a look at our Current Nonprofit Network Members:

ALS Association of Kentucky, Lexington
Ashland, The Henry Clay Estate, Lexington
Barnes Mountain Youth Outreach Center, Irvine
Berea Attic, Berea
Berea Faith Community Outreach, Berea
Berea Health Ministry, Berea
Big Sandy Area CASA, Prestonsburg
Big Sandy Area Child Advocacy Center, Inc., Pikeville
Big Sandy Area Comm. Action Program, Paintsville
Boys and Girls Club of Bowling Green, Bowling Green
Boys and Girls Club of Madison County, Berea
Carol Hustedde, Lexington
Center for Women, Children & Families, Lexington
Character Council of Central Kentucky, Lexington
Child Care Council of Kentucky, Inc., Lexington
Children's Advocacy Center, Hazard
Christian Social Services, Inc., Morehead
Clark County Community Services, Winchester
Comm. Action for Barnes-Mill Neighborhood, Richmond
Community Housing, Winchester
Community Montessori School, Lexington
Community Solutions for Substance Abuse, Owensboro
Covington Ladies Home, Covington
Dayspring Assembly of God Food Pantry, Wellington
Dean, Dorton & Ford, P.S.C., Lexington
Dry Stone Conservancy, Lexington
DuBois Community Center, Mt Sterling
Dyslexia Solutions, Louisville
Eastern KY Child Care Coalition, Berea
Family Advocacy Center, Madisonville, Madisonville
Fifth Third Bank, Lexington
First Presbyterian Church, Hazard
Foothills Community Action Partnership, Richmond
Foundation for Successful Living, Paducah
Friends of McConnell Springs, Lexington
Friends of the Lost River, Inc., Bowling Green
Frontier Housing, Inc., Morehead
Gateway Children's Advocacy Center, Morehead
Gateway House Homeless Shelter, Morehead
God's Love From A Diaper Bag, Jenkins
Habitat for Humanity of Madison County, Richmond
Hilton and Lively Partnership, Leitchfield
Hindman Settlement School, Hindman
Hindman United Methodist Church, Hindman
Homeless and Housing Coalition of Kentucky, Frankfort
Hope Pregnancy Care Center, Morehead
HOPE, Inc., Pikeville
House of Prayer Food Ministry, Morehead
Housing Opportunities of Northern Kentucky, Covington
Interfaith Wellness Ministry, Irvine
Jessamine Co.Educational Foundation, Nicholasville
Joshua's Dream Foundation, Viper
Kentucky Child Now!, Frankfort
Kentucky Habitat for Humanity, Frankfort
Kentucky Infant Development Station, Hazard
Kentucky Natural Lands Trust, Berea
Kentucky Optometric Assn., Frankfort
Kentucky PTA, Frankfort
Kentucky Speech-Language-Hearing Association, Lexington
Kentucky Women In Agriculture, Danville
Kick Alcohol and Drug Dependency, Clay City
Kidney Foundation of Central Kentucky, Lexington
Kidd Konnection Klub, Richmond
Leslie Knott Letcher Perry Community Action Council, Jeff
Lexington History Museum, Lexington
Lexington Leadership Foundation, Lexington
Lexington Partnership for Workforce Development, Lexington
LexLinc, Lexington
Little Flowers Clinic, Hazard
Lothair Methodist Church, Hazard
Low Income Housing Coal. of Eastern KY, Prestonsburg
M.& M. Food Pantry, Mt Sterling
Madison County Children's Action Network, Berea
Manchester Center, Lexington
Metro Group Homes, Lexington
Morgan County American Red Cross Chapter, West Liberty
Morgan County Christian Social Services, West Liberty
Mountain Association for Community Development, Berea
Mountain Missions Development Corp., Nancy
Mujeres Unidas, Richmond
National Corvette Museum, Bowling Green
New Hope Ministries, Owingsville
New Perceptions, Edgewood
Northward Christian Assembly, Falmouth
Operation Read, Lexington
Panco Woodshop Project, Oneida
Partners for Youth, Lexington
Pathfinders for Independent Living, Harlan
Peck, Shaffer & Williams LLP, Cincinnati, OH
Phelps Helping Hands, Phelps
Primate Rescue Center, Nicholasville
Project Worth Outreach, Means
Ragged Edge Community Theater, Harrodsburg
REACH, Inc., Lexington
Resource Office for Community Services, Richmond
Ronald McDonald House Charities of the BG, Lexington
Saint Vincent Mission, Inc., David
Shalom Network of Hazard, Hazard
Sparrow's Haven Soup Kitchen, Sassafras
Step by Step, Lexington
Stepping Stones Child Care Center, Salyersville
Sunflower Kids, Lexington
Toyota Motor Manufacturing Kentucky, Georgetown
United Helping Hand of Pikeville, Pikeville
Unlimited Choices, Lexington
Wayne County Historical Society, Monticello
Ways Meet Healing Arts Center, Inc., Berea
Wee Care Preschool, Prestonsburg
Wendell Belew Center, Stanton
Nonprofit Leadership Initiative

2005 Upcoming Events

July 20    Social Enterprise: Earned-Income Strategies for Nonprofit Organizations
July 29    Nonprofit Boards 101
August 26  Budgeting: It’s More Than Just Numbers
October 6  Annual Nonprofit Leadership Forum
December 2 Evaluating Nonprofit Programs and Services

Please check our website regularly for calendar updates at www.kynonprofits.org.