

State Culture Change Coalitions Networking Call Summary
November 19, 2010

Topic: Organizational Structures for Coalitions

Present: Bonnie Darwin (California); Carole Ault (Arkansas); Sue Crane (Florida); Kim McRae (Georgia); Lynn Perrine (Iowa); Nadine Grosso (Maine); Alissa Weintraub (Massachusetts); Arlene Germain (Massachusetts); Elinor Fritz (New Jersey); Elayne Villa (New Mexico); Erin Peddigrew (Ohio); Lynda Crandall (Oregon); Ken Beiler (Pennsylvania); Wanda Placheki (Wisconsin) Guest: Judith Woodruff. Staff: Cathy Lieblich

Lynda Crandall introduced Judith Woodruff, an attorney and now a Program Director with the Northwest Health Foundation who helped the Oregon coalition decide on its organizational structure. In addition to grantmaking, the Foundation does a lot of technical assistance and convening of organizations around health related issues. Judith said that coalitions sometimes assume that they have to become a 501 C-3 not for profit organization in order to function but that is not the case and, in fact, may not be the best way to go. Unless the coalition decides that it needs to raise money to finance its activities, hire staff, pay bills, etc., and coalition partners are not or are no longer able to provide in-kind support, it is not necessary to become a 501 C-3. It may also not be necessary if there is an existing 501 C-3 organization willing to serve as the coalition's fiscal agent. Judith said that the Northwest Health Foundation sometimes serves in this capacity until the entity is ready to become its own 501 C-3. Cathy mentioned that the Senior Resource Alliance, an area agency on aging, has been the fiscal agent for the Florida coalition for 8 years which enable the coalition to secure a grant from a national foundation due to SRA's experience in managing large grants. Sue Crane asked who has legal control over the funds and Judith replied that the fiscal agent is legally responsible. Judith said that there can be a Memorandum of Understanding or another type of contract between the coalition and fiscal agent that outlines each entity's responsibilities.

Lynda asked Bonnie Darwin, former Executive Director of the California Culture Change Coalition, for her perspective on this topic. Bonnie said that the California coalition started out with a Steering Committee and then used a fiscal agent (the AAHSA affiliate). The fiscal agent was paid an administrative fee. The coalition received a grant from the California Health Foundation. One of the requirements of the grant was to incorporate. First, the coalition needed to become incorporated by registering with the state of California and then applied to the IRS for 501 C-3 status. Bonnie said that she found that becoming a legal entity changed the culture of the coalition. A Board of Directors had to be established and the coalition's concerns moved from the passion that the Steering Committee had of advancing the mission of culture change in the state to concerns about financial liability and legal issues. Some members of the Steering Committee were not interested in continuing as Board members with all of the responsibility and business that entails. Bonnie recommended that **prior** to incorporating, an organization should establish a Finance Committee, elect a Treasurer who is knowledgeable about accounting procedures, including tax filings, select and set up an accounting system including the financial reports to be submitted to the Board of Directors on a regular basis.

Judith agreed with Bonnie that sometimes becoming a 501 C-3 can be “the kiss of death” for a coalition of organizations doing passionate, wonderful work. She suggested that if a foundation is insisting on the coalition becoming a 501 C-3, the partners sit down with the Foundation representative and talk to them about using a fiscal agent instead. She said that a coalition can function with a fiscal agent over a long period of time. Instead of staff, the fiscal agent can contract with professionals to do the work on behalf of the coalition. Judith said that becoming it’s own 501 C-3 may be the way to go for a particular coalition but suggested that coalitions consider all of the options in order to make an informed decision.

Lynda thanked Judith and Bonnie for their informative presentations. She reminded participants to let her or Cathy know what topics they would be interested in for future calls. Cathy said that due to the holidays, there will not be a Coalitions Networking Call in December. The next call is scheduled for January 21, 2011 at 3 p.m. ET; 2 p.m. CT; 1 p.m. MT; 12 noon PT.