

July_MD_NonProfits

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SPEAKERS

Paddy Morton, Announcer, Ashley Biggs

Announcer

This podcast is brought to you by the Maryland State Library Agency. The MSLA podcast features presenters from Statewide Youth Programs, as well as learning opportunities for library staff and resources for patrons of the Maryland State Library for the Blind and Print Disabled.

Ashley Biggs

Hey, everyone, this is Ashley Biggs with the Maryland State Library for the Blind and Print Disabled coming to you with another LBPD Guest our and our guest today is Patti Morton, and she is with the Maryland nonprofits organization, where she has been their legal counsel since 2002. So, first, before I even jump into reading her bio, I want you to know that I'm a huge fan of Maryland nonprofits. They've done a lot of good and they work with, they have worked with the blind and low vision community before in helping set up nonprofits, a smaller, smaller groups across the state. So Patti, joined Maryland nonprofits in 2002. Prior to that, she was an associate with Whitefield, Taylor and Preston and a law clerk, clerk for the honorable William Nickerson, who is a US District Court judge in Baltimore.

Ashley Biggs

And for more than 25 years, she's been giving legal advice and volunteer leadership advice to nonprofit organizations throughout Maryland. She advises association members on regarding corporate, real corporations taxes, legal compliance, governance, management, best practices, mergers and other strategic partnerships. And she also directs nonprofit startup program for Maryland, nonprofits. She's a licensed consultant with the standards of excellence for excellence Institute. She got her law degree in 1991, from the University of Maryland. And she holds a BA in English and Philosophy from Georgetown. Did I get all of that? Oh, my gosh,

Paddy Morton

Ashley, it sounds like a lot. You sure did. Thank you so much.

Ashley Biggs

Well, my first question is going to be what led you to nonprofits, I mean, lawyers, they I mean, they can do anything they want, what what led you to nonprofit? Well, Ashley, first

Paddy Morton

of all, thank you so much for inviting me today. I'm just delighted to be here to speak with you. And to support the good work of the Maryland State Library for the Blind and Print Disabled, what took me to nonprofits really was a passion for mission, I have always been inclined toward service and servant leadership. That is just part of how I was raised and who I am, and reflected in my Jesuit education at Georgetown. So it felt like a natural move for me to leave private practice, which was wonderful. And I learned a lot there. But to enter the nonprofit sector, we're really all of the work that we do in whatever professional field is in support of organizations that are really trying to make our community a better place for us all to live. So mission focus is why I joined the nonprofit sector. See, that's pretty

Ashley Biggs

awesome, you know, libraries across the across the state, you know, we all have that passion for service. So and especially here at the Library for the Blind. You know, that's something we love. So tell me, you started with Maryland nonprofits in 2002. And it sounds like you wear multiple hats there. So you're the General Counsel, but you also work with people starting nonprofits. So my big question for those who don't know is what is Maryland nonprofits?

Paddy Morton

Well, you're kind to set me up like that. Thank you. I do want to share a little bit about Maryland nonprofits with anyone who might be listening. We are the State Association of nonprofit organizations. We are ourselves a 501 C three public charity. We are celebrating our 30th anniversary this year, which is very exciting. Thank you so much. And we have been around for all of these years pursuing our mission, which now it's been restated a few times refined and a little bit changed now is our mission is to strengthen organizations for greater quality of life and equity. Everything that we do is through the lens of equity and improving the lives of Marylanders. So So I've told you what our mission is. We have a board of about 15, which is diverse in a variety of ways, the geographic location of the organization, the race, gender, ethnicity of the board member, the kind of organization that they represent. We have a staff of 34 also very diverse and a range of ways. We provide support to Oregon as nations to help them at wherever they are in their lifecycle, whether it's in startup or growth phase, or peak performance, or decline and crisis or renewal, we meet them where they are to provide educational supports, learning opportunities, consulting, in all areas, including fundraising board development, we have a really vibrant and active advocacy arm. So we are in Annapolis all of the time pushing for new laws that are good for nonprofits. We have a number of programs at Maryland nonprofits, that are sort of specially designed to help organizations including the nonprofit development center, which is a program that's funded by the Maryland Department of Commerce. It's designed to support organizations that are younger than 10 years old, that have less than \$750,000 in gross receipts annually. So if you fit those criteria, you can apply to the NDC, or nonprofit development center, and get a bunch of free support and education. We've recently been awarded a \$5 million grant from the Department of Commerce to support the launching of a nonprofit accelerator program. And that accelerator program is accessible to all organizations. It is designed to provide education in cohort models. So groups of organizations work together and collaboratively in a learning environment, and

also to provide back office services. So we're still developing the program. But it's really exciting. And we feel like we are in a growth phase ourselves.

Ashley Biggs

That is a lot. And I'm sure this sounds like a silly question. But how does Maryland nonprofits define a nonprofit? Because one of the things that popped into my head as I was listening was like, Okay, this sounds like this is business advice that I would get if I were starting a business. So how does how does Maryland nonprofits make that distinction between this is a nonprofit and this isn't?

Paddy Morton

So Ashley, it's a great question. And thank you for asking it. We provide advice to organizations that are exempt from federal income tax. So there are a big number, different categories of tax exemption, which can include 501, C three, which is a public charity, and the most common form of tax exempt entity 501 C four, which is a social welfare organization, 501 C six, which is a business league or Chamber of Commerce, those are the three most common forms of tax exempt entities. But there are more than a dozen other categories. And we've worked with all of them in the past. So you need to be tax exempt, or an emerging nonprofits, someone who is seeking to become tax exempt, and using our services for that purpose. So that's who we help anybody who is a nonprofit, we also have associate members who are service providers to nonprofits, so they can join our association, and then gain access to our member portal so that they can talk with nonprofits about the services that they offer, all toward the strengthening of those organizations,

Ashley Biggs

you know that there are communities out there. There's so many nonprofits already. And there's only so there's such a limited number of resources very finite, going from what you just said, and kind of helping them. Have you ever had to look at someone and say you're duplicating the work of someone else.

Paddy Morton

All the time, Ashley. So we have a really well developed and vigorous process for speaking with emerging organizations, new nonprofits that want to get their tax exemption. And sometimes the answer is there's already somebody out there doing what you're doing. And you should reconsider whether you just want to partner with an existing organization before starting a new organization, something folks don't generally know, there are more than 39,000 nonprofits in Maryland right now. Know, there's a lot of nonprofit organizations, they're not all active, but they're on the books. And those nonprofits employ over 400,000 citizens of Maryland, with with an accumulated revenue between 45 and 60 billion with a B billion dollars and assets nearing \$200 billion. So so the nonprofit sector, you know, represents a huge segment of of our working business world in Maryland. I'm employing about 13% of the citizens of Maryland. So So there are definitely a lot of nonprofits out there. And your question is sort of on on the point in the center of the target, why start a new organization, there's probably somebody out there already doing what you want to do. And so when we talk to startup founders, I like to think of them as social entrepreneurs, we really push them to identify how what they want to do is different from what existing organizations already do. Is their mission the same as

compatible with aligned with the mission of another organization that already exists? And should they really just consider partnering with that organization or becoming a program of a larger entity?

Ashley Biggs

Do you put them in touch with that other organization? Or do you say, or do you're like, well, here's, here's the name of it, you're responsible for getting in touch? Or do you actually like, say, Dear, so and so you know, we have an organization who wants to do done it at all. And they're interested in partnering, I mean, are you that bridge,

Paddy Morton

we can be Ashley, we, we try to be networkers in the sector, we really try to introduce organizations to other organizations where there is that affinity or that criss cross with what they're doing. And if it's an easy referral, obviously, we would do that. Sometimes it is easy, and sometimes it is not. But there is Google. So if you are an animal welfare organization, in Baltimore City, you can Google animal welfare organization in Baltimore City. And there's a long list of nonprofits, that you can be in touch with yourself. So we really, really encourage some research before organizations get started down the path of pursuing tax exemption on their own, because we want them to know who those potential partners might be who those potential program heads could be. And if for no other reason, if they really are committed to starting a new organization, we think that they should be in communication with those organizations so that they're coordinating their efforts and not duplicating efforts. Sometimes, a founder just has that special, something that makes them more effective at delivering on a mission, even if another pre existing organization has that mission. It does happen sometimes that that a founder has some special quality that makes them a better leader, or more able to fill a void in the community or just that fresh energy. So if they're going to start up, we want them to know who their potential partners are and who their potential competition is. They're, as you say, finite resources. And if they're going to be competing for public dollars, they should know who else is in the game.

Ashley Biggs

That's such a such a exhilarating, yet scary place to be, I guess. I'm thinking to myself, you know, right now, you know who I can, I could probably name like four or five people I know, who would love to start a nonprofit, like would love it. But my gut goes, there's someone else already do it. This

Paddy Morton

is a great instinct. Yeah.

Ashley Biggs

It's expensive to start a nonprofit. And, and there's a lot of things to consider. You have to consider your Why. Why you're starting it. In the library world. A lot of friends groups are nonprofits and and they're unique to the library that they serve. So it doesn't matter how many of those there are, because they're each unique to the library they serve, even though they all kind of do the similar similar functions. My brain is kind of spinning thinking about all these things. Why would someone want to step into this arena? Even if there is someone, you know, you said that there was a special quality that might make them a better leader? But is it maybe they have a better service model? Maybe they have a better?

Maybe they're a little bit more charismatic in funding, you know, what are some reasons people would want to step into this arena?

Paddy Morton

You know, it is one of the reasons why I love the work that I do, Ashley because I get to work with folks who really are driven to bring about change, not for themselves, but for others. It's really altruistic. And so regardless of the mission that they are pursuing, what I see day after day, is people who want to make the world a better place for others, and it is inspiring. So why do people think about starting nonprofits? It could be because they've had a personal experience that has taught them some things and they think that they can spare others the learning the difficult learning process. It could be an honor of a loved one. It could be because as they live in a community where they see a need, day after day after day that goes on net. And so there are a lot of reasons. Sometimes I do see that people start a nonprofit, to create an employment situation for themselves. There are lots of examples of that being a successful model, as long as we're really careful around conflict of interest. But there are lots of reasons why people would start nonprofits, it's largely to fill the void that they perceive exists in the sector. So whether there are lots of let's just use the example of animal rights organizations. There are lots of them, we know that but maybe they're maybe they're not doing a great job in one way or another. And a startup founder feels like they will be really good at that particular thing. So so they may be motivated by the mission, they may have goals to improve the circumstances around that mission. And then we talked to them about what their options are, which which would be to start the nonprofit to work in partnership with an existing organization, or this third option we haven't talked about yet, which is Fiscal Sponsorship is a way for a program that does not yet have its own tax exemption to stand under the roof of an existing 501 C three, as a program of that organization, and to experience the benefit of that larger organizations tax exemption, without having to pursue it themselves. So it's usually a business relationship between the sponsored organization and the sponsor.

Ashley Biggs

If that makes sense. I'm just going to clarify that point. To make sure I understand it. Yeah. Someone who may, who stepping into this arena may partner with a larger organization will go with animal rights again, or animal welfare. And they want to do a specialized program, they may partner with an existing nonprofit that's so that they haven't because they haven't gotten their 5013 C yet. So

Paddy Morton

exactly right. And and it's called a sponsorship, relationship, fiscal sponsorship, where the sponsoring organization, the larger, pre existing 501, C three, will extend the use of its tax exemption to that program that does not yet have its own private one C three, so that for a period of time, which is usually agreed to contractually, usually a year, the program can use the 501 C three tax exempt status of the sponsor, so that it can go out and fundraise because you can't go out and fundraise without paying income tax until you have tax exemption from the federal government. And so the bigger pre existing organization already has that tax exemption. And in essence, they lend that tax exemption to the program or project so that it can conduct programming and do fundraising for a period of time with the benefit of tax exemption before they've applied and gotten it for themselves from the IRS.

Ashley Biggs

Now that this is where I'm going to ask for your legal hat. You're in your ethics hat. Because to me that if I were running a larger nonprofit, that would be very scary, because I think I would I would want to one I want something in return. But 2am I responsible for what you fundraise? Am I responsible for you as an organization? Because I'm lending my 5013 C.

Paddy Morton

So Ashley, these are really great questions. And very insightful. What you get in return as the sponsoring organization is an administrative fee, which is usually someplace between five and 15% of the program's gross receipts. So if I raise \$100,000, I'm going to pay the fiscal sponsor five or 10% of that. And so the question that you raised about oversight or liability for the actions or programming activities is just a really good one. So in that Fiscal Sponsorship Agreement, that's going to be written down and negotiated between the parties. Let's just the sponsoring organization will make very clear that the program has to report regularly, what they're doing, what their activities are, and have to seek permission from the sponsor before doing certain kinds of things, including pursuing philanthropic support, so you can't go out and write a grant without getting permission from your sponsor. And if you are providing services to the public, you need to be reporting routinely what you're doing so different fiscal sponsors, offer the service in different ways. And sometimes they require the program to get their own insurance. So that's just an easy way for a sponsor to cover have their own business security. And sometimes they provide insurance for the program. And the other question that you asked, which is also just very insightful? Yes, the sponsor is responsible for reporting all of the income and all of the expenditures of the program as if it were their own program on their 990. So every year, nonprofit organizations file an annual report or return with the IRS. They don't have to pay taxes, but they do have to report about their income and expenses. And on that 990, they will report any fiscally sponsored programs, incomes and expenses. Cool.

Ashley Biggs

Thank you for clarifying that.

Paddy Morton

Well, thank you for asking. That was.

Ashley Biggs

I'm a very like nuts and bolts kind of person. And sometimes I see the sometimes I see the tree and forget the forest, like the tree has rot all of it, but you need to fix this first. Moving on, and kind of looking into, I'm someone who's wanting to start a nonprofit kind of deal. But, you know, I want to I know what I want to do, I've reached out. And I think that there's a, that we're filling a niche in the community. But I don't necessarily want to be the person, like I want to be the face, and I want to be the fundraising person, but I don't want to necessarily be running the day to day operation. And I guess as a startup, you know, you you might have to for a little while. But if it does, the founder always have to be the person who is leading the organization.

Paddy Morton

Not at all. So founders have a primary decision to make when starting a nonprofit organization. And the decision is whether they want to be on the side of governance, or the side of management. So

governance is another way of talking about the board of directors, that group of people who do not get paid, who serve as the governing body of the organization, the Board of Directors, will set the mission, vision and values of the organization, they will establish policy, they will guide the direction of programming, they will approve budgets. Management is usually led by your highest ranking paid person, sometimes called the CEO, sometimes called the executive director. But title doesn't matter as much as that roles and responsibilities are clearly defined. So founders have to decide, do they want to be a voting member of the Board of Directors? Or do they want to be in charge of day to day operations, sort of running the activities of the organization and get a paycheck. So the paycheck is frequently the divider for folks, if it needs to be their daily work, and their source of income for their household, then they will choose management. But that means they don't get a vote at the board level. And they are subject to hire and fire by the Board, which is a painful reality for a founder. So in 20, almost two years of doing this work, I really have only ever seen a founding executive director be terminated by the board. And it was nearly 15 years into the life of the organization and the board had grown in a different direction. And the founder had grown in a different direction. And they just no longer saw the future of the business if I so the board had the right and authority to fire that executive director.

Ashley Biggs

I'm sitting in shock right now. Because I didn't think that as a founder, you will be subject to hire and fire. But then again, the didn't Steve Jobs get fired from Apple.

Paddy Morton

You're exactly correct. That's true. So there are a lot of parallels between the for profit world and the nonprofit world. Nonprofits are small businesses and they are subject to the same corporate code that that for profits are their special rules for nonprofits. It's true, but but there are a lot of parallels between for profit and nonprofit world and the choice between governance and management exists

Ashley Biggs

there as well. I'm gonna go with governance. Oh, yeah, you're right. You want to vote? Oh, definitely, I want the vote, but also because I know my limitation. You know, thinking about this, and I'd rather I'd rather be, you know, doing the plight of the overall planning. I like to look at the big picture and boil it down to the nuts and bolts, but then I don't have the wherewithal to make it happen. So I would want to turn that over to somebody else, myself,

Paddy Morton

or you're wise to evaluate and identify string to your strengths and, and opportunities. So we really encourage startups to do that very thing. You have to think about whether or not you will be able to carry out all of the pieces that need to be completed. And so maybe if you aren't, then you recruit somebody who does have those skills and put it

Ashley Biggs

all together that way. Well, that kind of that kind of brings me to my next question about planning. Before I start my nonprofit, I kind of have I have my idea I have I know what I want to do. I know what kind of role I want. I wrote a business plan. I have an idea, but it reads more like a business plan. So is

it our business plans and nonprofit plans? The same thing? Or do they? Are they nuanced? Like, how does that how does that work? How does How do you? You tell people to make it go?

Paddy Morton

So So yes, then yes, you need a business plan. And it should look like any other business plan. And it is nuanced. It is different for nonprofits. So we would encourage a startup to develop a business plan, we have a model document that we offer to our members, that it's kind of like a mad lib, you know, you're just fill in the lines, you fill in, fill in the blanks. So a business plan, a resource development plan, which is a fancy way of saying fundraising plan. We want our new nonprofits to have some sense of strategy, a three to five year plan, a strategic direction, a marketing plan, how are you going to get the word out to the public about what it is you plan to do, you can't just start your nonprofit, and then sit there and wait for people to come to you, you have to tell the world that you are ready for them. So you need a marketing plan. The backbone of any successful business, including a nonprofit business, though, is your budget, you need to understand where the money is coming from, and how you're going to spend it. And the more you think about the budget in advance of launching your business, I really believe the better your chances are for long term success. So lots of planning goes in to starting a nonprofit, even before you put pen to paper to to create those articles of incorporation, which is how you're going to start your nonprofit. And then we're really into the nuts and bolts of how to start a nonprofit which I'm delighted to jump into when

Ashley Biggs

you're ready. Well, I'm I am I the only question I have about budgeting and planning is when you say you have to know where the money's coming from, is it basically you need to know which organization donated what money and for what purpose?

Paddy Morton

I think actually, you just need to have a plan for how you are going to pursue the public support that is necessary to fund your activities. So it may be that you are going to pursue government contracts. The government, you know, seeks to support the public in all kinds of ways, but they don't have the capacity, or the staff sufficient to carry out on all of their good ideas. So many, many times the government will hire organizations, nonprofit organizations, on a fee for service basis, a government contract to provide those services in the community. So if you have that plan, then understand who it is you're going to speak to in the government, I have a proposal prepared so that as soon as you are tax exempt, you can send that RFP, you want to develop a list of potential individual donors or sources of philanthropic support. We have a database that you can search at Maryland nonprofits, for grant funding, and it will match you through sort of a filtering process with foundations and corporations that typically support mission areas. So if it's education, or the arts or health care, certain foundations have pet projects, they have areas of the community that they prefer to support. So you can search through this database and match up your organization's mission with the area that that foundation supports. So have a list of organizations that you're going to solicit for contributions know the people have the list of names together of people that you're going to ask for contributions from just have have something on paper a plan for how you're going to support your your budget. Okay, cool. Yeah. Well, that that brings us to the nuts and bolts. That brings that brings us to the the part that I like to figure out which is the puzzle of getting started.

Ashley Biggs

I love getting started. I hate doing the moment apart.

Paddy Morton

We're a match made in heaven because I love to hear you talk about your mission. And we really enjoy the implementation of the planning. So at Maryland nonprofits, we have a couple flat fee services for startup organizations, there are basically two levels. And one product is for smaller organizations that are going to have gross receipts below \$50,000 each year for the first couple of years. And the other is for the slightly larger organizations that will have over \$50,000. And so the dividing line is between the forms that you filed with the IRS, it's either the 1023, easy application or the 1023 application. So in either instance, we will talk with you about what it is you're trying to accomplish, we'll go through that piece of the conversation around who else in the community is already doing what you want to do to see if you should maybe better partner with them or seek Fiscal Sponsorship. But nine times out of 10, nine and a half times out of 10 founders are just committed to starting their organization. So we want to ensure that they head out on the right foot, and that they don't step into a trap or onto a landmine. So nuts and bolts. Here's how we do it. We support organizations and a little organizational development consultation, we talked to them about the pieces of the puzzle, before we start walking forward with them. We begin the process by preparing articles of incorporation that get filed with the Maryland State Department of assessments and taxation called sta T. And that's the office at the state where all corporate charters are started and maintained. So that's how you begin the process. And it's that legal entity, that corporation that will pursue tax exemption from the IRS. So after the articles are filed, we get you an employer ID number from the IRS. Then we prepare bylaws, which are your internal rules for governance for the organization, they talk about who can be a member of the organization, what your term limits are, as a director or officer of the organization, what are the committee's that the board will maintain, we prepare that document for the board to adopt, we also prepare a conflict of interest policy for the board to adopt. And that's a really important document that basically says directors will serve in the best interest of the organization, and never for private gain or personal gain. So those are what we call the organizing documents, the articles of incorporation, the bylaws and the conflict of interest policy. We get those all together in advance of preparing and submitting the 1023 application to the IRS, which we do for our applicants after the application is filed. You have to wait for the IRS to review it. And it can take them about three months for the 1023 easy application. And anybody's guess on the long application. But closer to 12 plus months after the IRS reviews your application and then sends you back a determination letter that says Congratulations, you are tax exempt. We will prepare and submit for you state compliance documents. So they include the charitable solicitation registration, the state income tax exemption application, and the sales and use tax exemption application. So when we finished our startup work together, a nonprofit is fully compliant, ready to fundraise registered with the federal and state governments and a member of Maryland nonprofits, able to take advantage of all of our resources.

Ashley Biggs

Okay, if I were someone who was getting started, you would be holding my hand throughout this whole thing, making sure that every i is dotted, every T is crossed. In the cases of and I know this from experience, having worked with Maryland nonprofits for a couple of years now. I do know that for those

who are listening who do want to start a nonprofit, that they are very accommodating and making sure that the materials are as accessible as possible. They will do that. So earlier you had said that you assist in all walks of life. So we talked a little bit about you know, we talked about the nuts and bolts about getting started. But what if somebody already has a nonprofit? And they come in and they're like, I need help but I don't know what I need. Do you go back and start them all over again? Like as if they were brand new? What what what

Paddy Morton

do you do? Ashley, we meet them where they are and we have seen organizations at every point on the continuum. Every place from I'm thinking about starting up too, I just need to dissolve this thing. So we meet them where they are. And we provide the support that they want. And many times we just listen, we listen carefully to what's going on in their organization, with their board with their staff, with their activities with their programming. And then we offer them the best advice that we can, that will help them pursue and achieve best practices in governance and management. It may be that their board has been the same five people for 20 years that they haven't been using term limits that they need to update their bylaws that they need some fresh blood, some new people, it could be that there is a toxic relationship in the workplace that they need some HR intervention, they might just need some fundraising assistance, they might have great programming, but not really know how to pay for it. So we listen. And then we help them. Put in the missing pieces. We have a really robust consulting practice at Maryland nonprofits, so we can provide whatever type of assistance is needed. Depending upon where the organization is in its growth cycle, if they are eligible for that NDC program, the nonprofit development center, which is for organizations that are younger than 10 years old, and have less than 750,000. In gross receipts, they can get a little bit of free consulting, if they are in that more established range older than 10 years. Not quite at peak performance. But someplace around there, we can offer them all kinds of training and educational programming. Based on the standards for excellence, which is our ethics and accountability code of conduct for nonprofits, we really promote best practices. So we have 27 Education Resource packets that talk about all of the topics related to governance and management, everything from Board Member roles and responsibilities to the board executive partnership, to conflict of interest to resource development planning. And we match the needs of the organization with a standards topic for for education, we have a training called board excellence, it is a three hour training that comes to your organization in person and delivers really rich and popular information about how boards can improve their performance. We we also can help organizations that just find themselves either having achieved their mission or having run course, and they want to wind down activities and ultimately dissolve their corporation. So there are steps that you should take in that process also, after satisfying all of your debts and liabilities, providing notice to creditors that you intend to go out of business and then dissolving at the corporate charter level. And the reason that that's important to do is we want to avoid any trailing liabilities, or threats of trailing liabilities for officers and directors. So really, what if you come to the end of a nonprofits life? It's important to close things properly as well there,

Ashley Biggs

I was actually getting ready to ask that because I had the thought of Has anybody ever just walked away from their nonprofit? Just so you know, for whatever reason? And you know, they've come to

you? And they're like, I'm done. I don't want this anymore. Can I sell it? What can I do with it? You know? Because I lot of work.

Paddy Morton

Thank you for asking that question about selling. And it's an important point that everybody should understand about nonprofits. Nonprofits can't be owned, and therefore can't be sold. So there are no owners of nonprofits. You have the governing body, which is the board of directors. And then you have people who work for the mission who get paid and their staff. So there's no such thing as owning a nonprofit organization. Nonprofits are held in the public's trust. We are all stewards of the charitable assets that are taken in by our organizations. So we certainly have assets in the bank. And many times I get phone calls from organizations that have these assets and they have a potential partner. So how do we combine what we're doing to increase efficiency and reduce redundancy? Or maybe you know, one of the organizations is ready to sort of wind down but they've got these assets. So we guide them through a process of corporate in Gration in the for profit world, you'd call that merger. We don't call it merger because we don't want any of those liabilities to blend into the surviving entity, we really only want the assets that remain. So we guide them through a process of corporate integration, so that the assets of one organization that's winding down, are distributed or delivered to the surviving organization. And then that surviving organization is expected to carry on the mission activities of the organization that's going out of business. So that happens actually, many times in this situation that you're describing, where either either the executive director or the board or both have just become exhausted in the work, and they just don't want to do it anymore. But what do we do? We've got cash in the bank. And these are charitable assets that we are responsible stewards for what do we do with these charitable assets? Will you give them to another nonprofit? Who's willing to carry on your activities?

Ashley Biggs

That doesn't make sense? Oh, yeah. And that must be a really sad and hard decision to make for something that you're very passionate about. But you know, I have, yeah, I've

Paddy Morton

seen it go both ways. I've seen. I've seen organizations where there's sadness about it. And I've seen organizations where there's just tremendous joy about it, because there's the opportunity for the mission related activities to continue, even though the people have sort of been depleted and don't want to do it anymore. The people that they serve, the mission related activities are going to continue on. And so that's, that's just a really, that, to me, is a happy circumstance.

Ashley Biggs

Awesome. So when when you and I talked initially, you know, you had given a list of resources to me. But, you know, I'm, I'm lucky because so our library's not a nonprofit, we are a state agency. So we don't we don't get to benefit from Maryland nonprofits. But our friends group, you know, could or you know, the other groups that we partner with could, but I know that there's this long list of resources that you have available. Could you just name a few, for people who really want to learn and dig in about nonprofits?

Paddy Morton

Yeah, absolutely. And it's a little ironic, but the top three on the list are state agencies. So military state is really after Maryland. Nonprofits, I will say are in conjunction with Maryland at CCO, us, we're happy to help you, regardless of whether you're a state agency or or a 501 C three, with the Secretary of State's office and their website, hold a host of resources that are just so useful to nonprofits. So the the law, the Maryland solicitations act, that governs nonprofit assets in the state of Maryland, is actually monitored and enforced in conjunction by the Secretary of State and the Maryland Attorney General. So those two offices together have the tremendous privilege and responsibility of enforcing the law around the use of charitable assets. So if, for instance, a member of the public had a suspicion that a nonprofit was abusing or misusing charitable assets, they would contact the Secretary of State or the Maryland Attorney General. And we really value the work of those offices and think they are just excellent in their service and so useful for nonprofits to have on speed dial. And the third and very practical other state office is the State Department of assessments and taxation, SDA t, which is where corporate charters go to be born to be managed and maintained and, and to to be closed when the time is right. Really super smart and helpful staff. We couldn't do what we do without any of those three offices. So they are the top of the hit parade for me in terms of partner organizations. And then of course, we have the National Council of Nonprofits, which is the Association of associations sort of above Maryland. So in almost every state there is an association of nonprofit organizations and we all pay dues to be members of nCn, the National Council of Nonprofits, and they are just excellent at advancing policy related to the nonprofit sector. They're in DC. They are smart and timely in their notifications, and provide just lots of useful resources to nonprofits as well.

Ashley Biggs

So if someone wanted to get in touch with Maryland nonprofits, how would they do that help

Paddy Morton

at MD nonprofit.org or you can always call our number 410-727-6367. People should feel free to reach out to me directly either by E Email, which is P. Morton at MD nonprofit.org. Or you can call my line at the office 443-438-2331. We really are all happy all of us on staff to answer any question put to us by any member of the public. But the help at is probably the most expedient way and in your question will be assigned appropriately based on the staff person who's most expert in the question area.

Ashley Biggs

Awesome. And if they wanted to become a member, what's the process?

Paddy Morton

Thank you so much. We have a Join button on our website, which is MD nonprofit.org. And our membership dues are sliding scale. So we try to make ourselves accessible in that way as well. Ashley, so for small organizations with budgets below \$25,000, it's \$100 a year, which is so cheap, the greater your annual income is, the higher your dues go. So somebody like Johns Hopkins Hospital would have to get \$5,000 a year in dues. But, but we welcome all nonprofits, to join us and to take full advantage of all of the resources that we offer. That is, after all, why we are here?

Ashley Biggs

Well, this has been very informative. I cannot tell you how much I appreciate it. Again, I'm a huge fan of Maryland nonprofits. You know, I've worked with you guys for several years now. Just on and off. You know, you guys have answered every question I've ever had. Hopefully, I've done the same. But, you know, I can't tell you how much I appreciate you, you being on here to assist and to give us this information and to encourage some nonprofits in our in our community.

Paddy Morton

Well, Ashley, thank you so much for the invitation. And we really, really appreciate all that you were doing at the State Library for the Blind and print disabled and appreciate you so much appreciate the invitation to join you. And hope we can have another conversation another time.

Ashley Biggs

Definitely, definitely. Alright, ladies and gentlemen. Well, that was our presentation for this month. Thank you so much for joining us yet again. And I hope you have a good month.

Announcer

This has been a presentation of the Maryland State Library Agency. For links to additional resources provided by today's presenter, please visit the show notes. For more information on MSLA or the Maryland State Library for the Blind and Print Disabled, visit [Maryland libraries.org](https://libraries.org)