

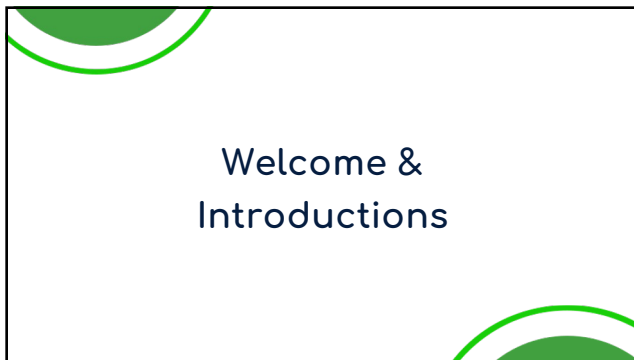


District Coalition &
Neighborhood Associations
Board Training

Law
Garden

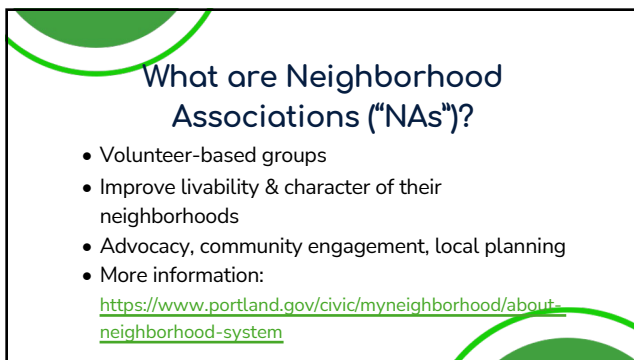
District 4 Coalition
June 12, 2025

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Welcome &
Introductions

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What are Neighborhood
Associations ("NAs")?

- Volunteer-based groups
- Improve livability & character of their neighborhoods
- Advocacy, community engagement, local planning
- More information:
<https://www.portland.gov/civic/myneighborhood/about-neighborhood-system>

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What is District 4?

- Supports 32 Neighborhood Associations
- Diligently striving together for a future that is not only comfortably livable, but also steadfastly sustainable, reflecting our shared commitment to environmental responsibility and community well-being.
- Specific support (Darlene Urban Garrett)
- More information: <https://districtfourcoalition.org/>
<https://www.portland.gov/neighborhoods/district-offices/district-4-office-district-four-coalition>

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What are Different Nonprofit Legal Structures?

- State level: Public Benefit, Mutual Benefit, Religious
- Federal level: over 20 different types
 - Most common: 501(c)(3), (c)(4), (c)(6)
- Why 501(c)(3) is special and most sought after
 - Tax-exempt, donors can take a tax deduction

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What are Different NA Legal Structures?

- Unincorporated Voluntary Associations ("UVAs")
 - UVAs will generally be a "project" of a 501(c)(3).
- Public Benefit Nonprofit Corporations (incorporated with Oregon Secretary of State).
- Public Benefit Nonprofit Corporation with tax-exempt status from the IRS under Section 501(c)(3) of the Internal Revenue Code.

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What is Fiscal Sponsorship?

- "Project model" - when a UVA is a project of a 501(c)(3) nonprofit.
- "Grantor-Grantee model" - when a nonprofit corporation does not yet have its 501(c)(3) status.
- "Independent Contractor model" - where another 501(c)(3) contracts for fund administration and other services.

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Hierarchy of Law

- Federal: IRS regulations
- State: ORS 65 regulations
- Your Articles of Incorporation & Bylaws
- Policies
- Any contracts or agreements made

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Effective Board Development

- Board members are volunteers, not illegal to have board members who are also staff, but not advised
- New board member on-boarding:
 - Mentored by current board members
 - Provide resource guide/handbook
 - Provide all regulatory info, policies, and important documents
 - Bylaws, Articles, budget, board contact info, organizational chart

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What are NP Board Members' 3 Legal Duties?

- Duty of Due Care
- Duty of Loyalty
- Duty of Obedience

<https://www.doj.state.or.us/wp-content/uploads/2022/06/guide-nonprofit-board-service.pdf>

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Duty of Due Care

- Using your best judgment
- Active participation as a board member
- Reasonable Inquiry
- Informed decision-making

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Duty of Loyalty

- Vote in the best interest of the organization
- Avoid conflicts of interest
 - Transparency and objectivity when there is a conflict of interest
 - Abstain when cannot resolve conflicts of loyalty
- The organization may not lend money to an officer or director

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Duty of Obedience

- Duty to abide by governing documents, mission, procedures, state and federal law.
- When in doubt, this duty includes learning the law (part of what we are doing today!)

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What is the Difference between Conflict of Interest and Conflict of Loyalty?

- Conflicts of interest** - "insiders" getting financial gain from vote (web designer example).
- Conflicts of loyalty** - when you have loyalty to two competing organizations/entities. Best practice - resolve similar to conflicts of interest.

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What are Board Members' 5 Main Responsibilities?

- Controlling the purse/adequate financial records and controls/fundraising
- Determining Org's mission, purpose, objectives
- Setting policies, acting as legislative body of the organization
- Selecting, hiring, evaluating Executive Director
- Ensuring effective organizational planning.

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Governance / Operations

Role of the Board (Governance):

- Sets strategic direction and policies.
- Ensures legal and ethical integrity.
- Oversees and evaluates the Executive Director.

Role of the Executive Director (Operations):

- Implements board policies and strategic plans.
- Manages daily operations and staff.
- Reports to the board on operational progress and challenges.

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What are Best Practices for Financial Controls?

- Nonprofits - disproportionate risk for financial abuses
- Separation of Functions - approval, spending, tracking
- Budgeting, reporting, transparency
- Fiscal policy
- Expense reimbursement policy (approved, economical, substantiated)
- Nonprofit accounting basics:

<https://www.nonprofitaccountingbasics.org/>

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Public Meeting Laws

Neighborhood Coalitions must follow OR's public meetings law.

Notice Requirements:

- Publicize meeting dates, times, and locations in advance.
- Ensure notices are accessible to all community members.

Meeting Accessibility:

- Venues must be accessible to everyone.
- Provide accommodations as needed (e.g., interpreters).

Open Meetings:

Keep all sessions open to the public, except legally exempted executive sessions.
ORS 192.610 to 192.690, ONI Standards

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What are NA Public Meeting Requirements?

- NAs not directly public bodies, but often perform roles similar to public entities, especially under Portland's Office of Community & Civic Life standards.
- **ONI Standards** require NAs to adhere to public meeting protocols to maintain transparency and community trust.
- **Notification:** NAs must provide timely notice of meetings to all members and the public.
- **Accessibility:** Meetings must be accessible to all community members, including providing accommodations for disabilities.
- **Openness:** Meetings should be open to the public except in specific circumstances that warrant executive sessions (e.g., discussing sensitive personal data).

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What are DC4's Public Records Requirements?

Adherence to Law: Governed by Oregon public records law.

Record Accessibility:

- Ensure all operational documents are available to the public.
- Exclude only legally exempted records.

Transparency Practices:

- Maintain clear records of all decisions and financial transactions.
- Provide easy public access to records upon request.

Oregon Public Records Law: ORS 192.410 to 192.505

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What are NA Public Records Requirements?

- **Context:** NAs generally operate as private entities; however, they interact closely with public entities and the community, which can blur the lines regarding public record responsibilities.
- **ONI Requirements:** Under city standards, NAs are encouraged to keep detailed records and make them available to the public to foster transparency.
- **Role of Technology:** Incorporating modern record-keeping and sharing technologies to ensure records are accessible and secure.
- **Recent Multnomah Co. DA decision:** The DA concluded that the NA is not the functional equivalent of a public body and thus not subject to the same stringent public records law that applies to public bodies.

ONI Standards (2005):

https://www.portland.gov/sites/default/files/2021/oni_standards_final_6-13-05_1.pdf

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What are NA Public Records Requirements? (cont.)

- **Transparency and Documentation:** The primary purpose of keeping records of meetings, whether through minutes or recordings, is to ensure transparency, maintain a historical account, and provide all members with access to the deliberations and decisions made.
- **Functionality of Minutes:** Minutes are designed to be the official record of the proceedings. They summarize discussions, capture decisions, and record votes, providing a clear and concise account that is accessible to all members.
- **Best Practices:**
 - Draft clear policies that define what constitutes a record, how records should be maintained, and the process for the public to access these records.
 - Maintain minutes (or recordings if that is the NA's policy) in a secure, accessible manner and ensure they are available to community members upon request.

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Five Corporate Formalities

As outlined in your Bylaws:

- **Notice** of meeting (at least 48 hours)
- **Quorum** to do any business (usually $\frac{1}{2} + 1$)
- **Voting and Motions** - majority for most decisions
- **Minutes** of all decisions made
- **Approval and Storage** of Minutes

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Specific roles in your organization

- **Officers**
 - President
 - Vice President
 - Secretary
 - Treasurer
- **Committees**
- **Executive Director**

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Regulatory Compliance

- IRS - 990
 - Types and Due Date
 - (Interim Receipts)
- Secretary of State
 - Annual Report - due on or before "corporate birthday" (date of incorporation)
 - <https://sos.oregon.gov/business/Pages/find.aspx>
- OR DOJ
 - New registration and annual registration
 - <https://www.doj.state.or.us/charitable-activities/>

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Managing Liabilities and Risks

- Volunteer Protection Act
- Insurance
 - D&O
 - Liability
 - Other
- Safety policies
- Liability waivers

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Nonprofit Corporation as Employer

- Volunteers vs. employees
- Employees vs. independent contractors
- Confidentiality issues
- Policies
 - Personnel, grievance, safety/risk management, financial, fundraising

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Board Policies

- Conflict of interest
- Records retention
- Whistleblower
- Financial
- Other

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Tax-exempt status

- Notify IRS of changes in activities, funding sources, and governing documents
- Fundraising prior to IRS determination letter
- Maintaining public charity status - avoiding private foundation status
 - IRS rules for 509(a)(a) publicly supported organizations
 - 5 year test
 - Unusual gifts
 - Improper private benefit
 - Prohibited private inurement

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Political Activity & Lobbying

- Prohibited from financially supporting a campaign, endorsing candidates for public office, and misrepresenting information
- Lobbying is legal, and often very helpful to your organization
 - Lobbying rules: Section 501(h) of IRC
 - Limits on amounts of direct and indirect lobbying
 - Reporting requirements

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Income

- IRS rules for websites on receiving donations, sales
- Donor acknowledgment vs. advertising for donors
- Unrelated business income
- Multi-state reporting of donation solicitations
- Receipt requirements for donations
- Cash vs. in-kind donations
- Restricted donations and grants

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Income cont.

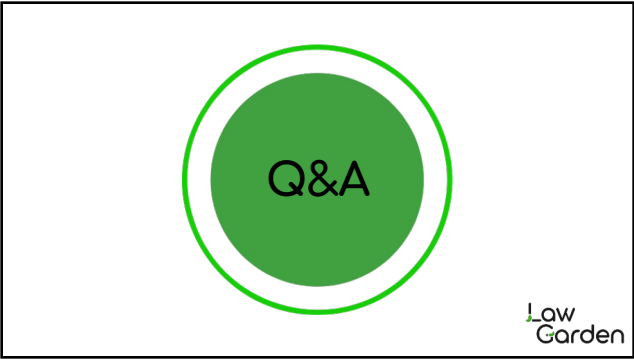
- Prohibition on earmarked donations
- Special rules for donations of:
 - vehicles
 - real property
 - conservation easements
 - intellectual property

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Miscellaneous

- Rules for conducting foreign activities
- Rules for giving grants to foreign organizations
- Scholarship program IRS rules
- Professional fundraisers
- Oregon DOJ rules for raffles and bingo
- Fiscal sponsorship rules
- Donor advised funds
- Grants to 501(c)(3) organizations
- Cooperative projects

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