How to Make the Most of the Board/Staff Relationship

PLUS: Have You Applied for a Los Angeles Tax Registration Certificate?

FREE Nonprofit Training on October 18: Working With Your Board - How to Make the Most of the Board/Staff Relationship

Join us on **Tuesday, October 18** for a live video conference training for nonprofits, co-sponsored by Public Counsel as part of Pfizer's *Strategic Legal Thinking Seminars for Nonprofit Executives* training series.

Having a good relationship between a board of directors and staff is one of the keys to running an effective nonprofit organization. A well-functioning board that has a good understanding of its role in nonprofit governance also provides leadership, resources, and expertise to the management staff.

However, getting the board/staff relationship right can be one of the trickier elements of nonprofit management. What is the proper role of the board? When does a board member's assistance become interference with management's responsibilities? What happens when staff gets too involved with the board's responsibilities?

This seminar will discuss how to make the most out of the board/staff relationship and how to make sure the board is fully engaged in ensuring the financial soundness of the nonprofit. The first session will focus on the basic roles and responsibilities of board and staff. The second session will cover the role of the board and staff in financial reporting, budgeting and the audit process.
The seminar will be held at the offices of DLA Piper, 500 South Hope St., Suite 2300, Los Angeles, CA 90071, from 7:30 AM to 12:30 PM. Parking validation and a light breakfast will be provided. **Advance registration is required.**

*Please visit our website for more information. To register, click here.*

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**Los Angeles Charities: Have You Applied for a Tax Registration Certificate?**

Every person or entity (including charities) that conducts business for seven or more days per year within the City of Los Angeles is **required** to obtain a Tax Registration Certificate and pay the required business tax due. As described in the questions and answers below, however, a charity may qualify for an **exemption** from the business tax if it files an exemption application.

**How do we apply for a City of Los Angeles Tax Registration Certificate?**

You must file a **Business Tax Application** with the Office of Finance. For office locations and online registration instructions, visit the City of Los Angeles **Office of Finance website**.

**How do we claim the business tax exemption?**

You must file a **Business Tax Exemption Application** and a copy of your organization's federal or California tax exemption letter with the Office of Finance. The application also requires a description of the business or activity for which exemption is requested.

Our organization did not know about the exemption and has been paying Los Angeles business taxes. Can we apply for a refund?

Yes, your organization may qualify for a refund. A refund claim is valid if it is filed within **one year** from the date of the claimed overpayment. The refund claim should be filed using the **Claim for Refund Application**. Additionally, you must apply for exemption from business taxes mentioned above.

Our organization has been operating for several years and
never applied for a Tax Registration Certificate or paid business taxes. What do we do?

Your organization should contact the Office of Finance to begin the registration and exemption process as soon as possible. The Office of Finance has indicated that it will apply the charity exemption retroactively as long as the organization can show that it qualified for exemption during the year(s) of non-compliance. Contact Public Counsel if your organization needs assistance with this process.

Our organization is not located or operating in Los Angeles. Do we need to worry about this?

Many counties and separately incorporated cities impose business license taxes. Charities are generally exempt from such taxes, but certain actions may be required in order to qualify for exemption. Please check with your local city and/or county government for more information.

For more information about the City of Los Angeles business tax exemption for charities, including forms, FAQs and contact information, visit the City of Los Angeles Office of Finance website.

Next Nonprofit Formation on Wednesday, November 2

Are your friends or colleagues interested in forming a nonprofit but overwhelmed by the legal process? If so, invite them to Public Counsel's Nonprofit Formation Seminar on Wednesday, November 2.

Seminar attendees will be eligible to participate in a “Ask A Lawyer” Nonprofit Formation Clinic (date TBA at the seminar), where they will be able to meet one-on-one with an attorney to discuss specific questions relating to forming a nonprofit and obtaining tax exemption.

For more information and to register for the seminar, please visit our website.

CA Property Tax Exemption: Activities Must Primarily Benefit Californians

special attention to if applying for or increasing a line of credit? Have any of your key vendors filed for bankruptcy?

Fundraising

Is your nonprofit considering alternative fundraising methods (e.g., loans from directors, starting a for-profit business, joint-ventures, etc.)? Do you know how to structure these activities to protect your tax-exempt status? Are you aware of the legal ramifications of using restricted or endowment funds to pay ongoing expenses?

Mergers & Strategic Alliances

Is your nonprofit considering a merger or consolidation to save or expand programs? Do you know the difference between a formal merger and other types of strategic alliances?

Organizational Documents

Did you know that the Articles of Incorporation and Bylaws determine the legal scope of your organization's activities? Has the economy forced your nonprofit to consider changing its activities or operations? Do you know the procedure for amending your nonprofit's organizational documents and notifying the proper government agencies?

Lobbying & Advocacy
As reported in the NY Times, California's Board of Equalization (BOE) has recently denied property tax exemption (known as the “welfare exemption”) to charities that do not primarily benefit persons within the State of California. For example, a charity with property in California with educational programs for low-income children throughout the country and/or internationally may have difficulties qualifying for property tax exemption unless most of its activities benefit persons in California. If your charity primarily benefits persons outside of California, you should consider the implications of the BOE's recent decisions on your charity's ability to qualify for or maintain its exemption from California's property tax.

Visit the BOE website for more information, forms and FAQs about the property tax exemption.

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**Public Counsel's Programs for Individuals (Part II)**

You already know that the Community Development Project assists nonprofits with legal issues that arise when adapting to and operating in this tough economic environment. However, you may not know that the Community Development Project is just one of nine programs that Public Counsel offers to persons struggling with poverty in Los Angeles County. In this issue of our newsletter we continue to feature Public Counsel's other projects so that you have a better idea of how Public Counsel can make a difference in the lives of your clients and community.

**Children's Rights**

The *Children's Rights Project (CRP)* provides legal representation to children, youth and families in civil legal matters including special education and school discipline; benefits and services for children with developmental disabilities; adoption; guardianship (including guardianship for children whose parents are terminally ill); and issues affecting transition-age foster youth and pregnant / parenting teens. In addition to providing services at the Public Counsel office, CRP staff provide on-site advocacy and support for foster youth at various Los Angeles high schools; an education rights clinic at Kenyon Juvenile Justice Center; a self-help clinic for relatives seeking guardianship of a child at the downtown Los Angeles courthouse; and representation for prospective adoptive
parents of foster children at the Edelman Children's Court.

**Homelessness Prevention**

The *Homelessness Prevention Law Project (HPLP)* provides legal representation to homeless families and individuals, including at-risk youth, in order to secure shelter, clothing, food, cash aid and other vital benefits. Many of these services are provided through its legal advocacy program in the offices of the Los Angeles County Department of Public Social Services, its Skid Row Disability Benefits Clinic, a homeless youth clinic at My Friends Place in Hollywood, neighborhood clinics at Magnolia Place and Toberman Neighborhood Center and a medical-legal partnership with SHIELDS for Families and St. John’s. HPLP also administers the Los Angeles County Homeless Court Program, which assists at-risk individuals clear outstanding warrants and tickets.

In addition, HPLP staff is devoting even more services to keeping individuals in their homes. In connection with a new pilot project authorized under AB 590, Public Counsel’s HPLP team is part of a consortium of legal aid agencies selected by the California Administrative Office of the Courts that will be providing assistance to thousands of unrepresented low-income litigants in unlawful detainer actions whose opponents are represented by counsel in the downtown Los Angeles Stanley Mosk Courthouse.