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Most insane donor database method ever - Transcript

[Speaker 1]

Welcome to Charity Therapy, a podcast about building better nonprofits. I'm your host, Jess Birken. With me today are my illustrious teammates, Meghan Heitkamp.

[Speaker 2]

Hi.

[Speaker 1]

And Jack Pendleton.

[Speaker 3]

Hello, an honor to be here.

[Speaker 1]

All right, that's awesome. It's an honor to have you. Oh my god.

[Speaker 2]

Who are you people, anyway?

[Speaker 1]

I'm Jess Birken. I'm a lawyer. I live in Minneapolis, Minnesota, where I run a law firm called Birken Law Office.

I love nonprofits, and I just wanted to create this podcast because it's, you know, the nonprofit sector is like such an interesting, like, juicy place to work, and there's so much stuff that doesn't get talked about, right? Like, I think that we just sweep so much stuff under the carpet because it's bad PR or it doesn't play well with donors. So this podcast is a way to sort of, like, be a little bit irreverent, talk about difficult issues, point out things that are right or wrong, or, like, be able to laugh at ourselves and, like, maybe learn something from it along the way.

And with me on the podcast, maybe not every time, but certainly some of the times, will be my team at Birken Law Office. We have Jack, who is our third year law student right now at St. Thomas in Minneapolis. Jack, what's your take on nonprofits so far?

[Speaker 3]

I think nonprofits are good.

[Speaker 1]

That's code for, I don't know anything because I'm just a law student, which is exactly why you're here.

[Speaker 3]

Absolutely.

[Speaker 1]

Because you're going to bring great perspective.

[Speaker 3]

I think, I just want to say, like, I am passionate about helping the community. I think it's important to give back and realize how privileged we are to live in such a great state, in such a great country, and we have the resources to make people's lives better. So that's why I'm here.

[Speaker 1]

Did you use that speech in your Mr. America competition?

[Speaker 3]

It was actually for some other kind of contest.

[Speaker 2]

Perfect diplomatic answer.

[Speaker 1]

Diplomatic answer. Bravo.

[Speaker 3]

I like long walks on the beach.

[Speaker 1]

There you go. The other voice you are hearing is my intrepid wing woman. What does intrepid even mean?

[Speaker 2]

I don't even know. No idea. It's a great word, though, and I really wanted to use it.

Let's just leave it as is. No one needs to know. So Meghan Heitkamp, who are you and why are you here?

Hi, I'm Meghan. I am the firm manager at Birken Law, which is a title that means everything and nothing at the same time. I've been here for about two years after graduating college, having the, you know, quintessential 22 moment of what am I going to do with my life.

I met Jess Birken and decided to set up shop with her. So I work with Jess and all of our clients. So not a lawyer but interested in the nonprofit sector.

[Speaker 1]

So we are going to do some nonprofit Q&A. Meghan and Jack have done a bunch of research looking for people on the with crazy situations, interesting questions or just general nonprofit shenanigans. So without further ado, I guess let's get down to business and answer some questions.

[Speaker 2]

All right, let's begin. All right, I have a situation for you. All right, let's hear it.

Here's the question. There is a beautiful church that was going to be demolished. So I, the writer, tried to buy the building, but they wanted to donate it to a nonprofit.

The building's owners wanted to donate it to a nonprofit. Because it's a church. Yep, yep, exactly.

So this person quickly started a nonprofit and the owners donated the church to this person's new 501c3 charity. But the writer's plan had been to fix it up and then immediately sell it again. So basically flip the church.

[Speaker 1]

So the original church was like, done, problem solved. We're out from under this albatross around our neck.

[Speaker 2]

Exactly. But now this new charity has bought the church, fixed it up, and is planning on selling it. So the person that started the new 501c3 charity has now realized that they can't just pull their own money back out of the charity that they have started.

I find that I have to keep the money in a charity even after I dissolve my charity. I really need to get my money back from this project. What am I supposed to do?

[Speaker 1]

If they had a time machine, that would be really good. Because then they could go back in time, consult with a lawyer before starting this project. Find out that you cannot start a charity and flip the project and take all the money.

That's not how it works. Sounds like it would benefit you as an individual in that situation. Yeah, we call that private endearment, private benefit.

Yeah, I mean, this is really, it's just like an unfortunate situation. This person's really SOL. There is legally not any way, anytime you have somebody saying, like, my charity, I'm like, oh god, all right, what happened here?

This was just a really bad idea, and this person didn't get the advice that they needed before they started. And unfortunately, their legal option is to sell the building, and the money that comes from selling the building essentially needs to go to deliver their mission. Or if they're dissolving, it needs to go to a same or similar charity.

Yeah, basically this person's F'd.

[Speaker 2]

Well, and to me, it brings up the question of, like, who did they have on their board? Because, like, if their whole purpose of this was to buy the church, fix it up, sell it out, get their money

back out of it, and ultimately make money on the deal, like, who sat on their board and was like, yeah, that sounds great. I'm going with cousin, neighbor, spouse.

[Speaker 1]

Yeah. I don't know. Not anybody that knew anything or had any clue about nonprofits.

It was probably three names of three people that were like, would you be this title on a piece of paper? Unfortunately. And not to be, like, super cheeky, but, like, that's what you get, you know?

Like, you're basically trying to use the nonprofit to serve yourself, and that's exactly what the IRS doesn't want. And so this is one of those, like, in the legal world, we call it deterrence, when you, you know, basically get punished for doing things so that other people don't are deterred from doing the same thing. It's, yeah, like, there's no way out of this one, really.

Not legally.

[Speaker 2]

Yeah, it sounds super, you know, business-minded, but you're just scamming the system at this point.

[Speaker 1]

Yeah, very entrepreneurial, but you should have just said, I would like to pay you for this church, and not got caught up in the, we're going to donate it, because basically they were seeing dollar signs. I'm going to get this donated for zero dollars, and then I'm going to flip it for money. No, you, you got it donated to a C3, and it needs to stay a charitable asset now.

[Speaker 3]

What are those two hot brothers on HGTV that, like, flip houses?

[Speaker 1]

Oh, yeah! Property brothers! What you need is the property brothers to come in and do a church reno.

[Speaker 3]

Get some open light fixtures.

[Speaker 1]

Bring some tight pants in there, it'll be great. All right, what else you got?

[Speaker 3]

Cool, this one I like a lot. Um, it's called the strangest ways I've seen some non-profits manage their databases. Oh, this is, this is got some guy just kind of venting, I think, more than anything, but I thought it was hilarious.

[Speaker 1]

Hashtag, non-profit rant.

[Speaker 3]

Take to Reddit. He says, I work for, it could be a she. Yeah, I work for they, yes, correct.

Um, they work for a membership management software non-profits. Wait, back up. Membership management software.

[Speaker 2]

For non-profits?

[Speaker 3]

Yes, they produce software to manage their membership.

[Speaker 2]

Got it, so he works at a for-profit company that creates software for non-profits to manage their databases. Is that right?

[Speaker 3]

I'm not sure if it was a non-profit or a for-profit that he is a part of, or she, or they.

[Speaker 1]

They, no gender pronouns. Stick to they. Get your pronoun game on, Jack.

[Speaker 3]

So, that's what they do. I'm not sure if they are working for a profit or a non-profit, but they have seen a lot of interesting and crazy ways people are managing their membership. Here are a few they've come across.

[Speaker 1]

Okay, so this is, it's a software vendor that is providing the software to the non-profit organizations. So, they're coming in and seeing the current process and being like, oh my lord. And they get a view into how their customers are managing their databases, like doing integrations, helping them solve technical issues, set things up.

All right, continue. Reddit rant, let's go.

[Speaker 3]

There are three that he, that they outline, and I want you guys to vote on which one you think is the most egregious. All right, you get one vote. The first one is everything kept in vanilla folders in someone's garage.

[Speaker 1]

Wait, what? He means manila.

[Speaker 3]

I did not catch that.

[Speaker 1]

You're supposed to be the editor for these, Jack. What are you doing? All right, all right.

[Speaker 3]

I was just writing the color of the folders.

[Speaker 1]

What are these?

[Speaker 2]

What are we voting on? These are three.

[Speaker 3]

Yeah, which one do you think is the worst?

[Speaker 2]

The worst way to manage non-profit databases. Okay, yes. All right.

[Speaker 3]

So, the first one's everything in a manila folder in someone's garage.

[Speaker 1]

Is it even a database if it's all in paper folders?

[Speaker 3]

It could be a database in paper form.

[Speaker 1]

That takes analog to a new extreme, I feel like.

[Speaker 2]

Also, what happens when it floods? Like, rough time for everyone.

[Speaker 3]

The second one is using the executive director's personal phone contact lists to keep everyone's information. Stop catching someone with their iPhone being like, oh, there's Jenny's contact. I'm gonna keep all my info right here.

[Speaker 1]

Okay, oh, that's rough. It's digital though. It is digital.

Probably backed up.

[Speaker 2]

It's in their iCloud. I mean, they run out of space in their iCloud and lose everything.

[Speaker 3]

And the last one it says, I kid you not, one association with a lot of older members was literally putting sticky tabs in the yellow pages besides their member's names.

[Speaker 1]

Oh no. What? Oh my, wait.

This puts lawyers to shame. I'm always talking about lawyers and they're not using technology. When was this posted?

[Speaker 3]

This was posted within the last two years.

[Speaker 2]

Oh my God. What? Okay.

Okay.

[Speaker 1]

Unanimous, right?

[Speaker 2]

It's the third one.

[Speaker 1]

We're supposed to vote on which one is the best, worst.

[Speaker 2]

Yeah.

[Speaker 1]

Oh God.

[Speaker 2]

Yellow pages.

[Speaker 1]

Yellow pages. You can hands down.

[Speaker 2]

How do you even get yellow pages anymore?

[Speaker 1]

Oh, you could think if you live in like an apartment building, they just show up. I live in an apartment building, and one has never showed up. Someone's throwing them away before they get to you.

That's possible, but wow. Yellow pages. I mean, on one level, it's ingenious because you could recreate your database at any given time.

[Speaker 3]

That's what I'm thinking. Like at least he, this person has someone or something that you can, you know, look to, you can page through it. You know where everything is.

Whereas with the like iPhone personal contacts, you don't know which person's actually you're working with. You get to like go through one by one to see all your contacts. That sounds way worse than having yellow pages.

[Speaker 1]

Here's the problem with the sticky flags though. It's like, do you actually have a master list somewhere? Because otherwise, once you lose that phone book, you're done.

[Speaker 2]

But like, also we struggle all the time with the stupid sticky flags not sticking well enough. So what happens when everything falls out of the phone book or gets restuck to the wrong page?

Suddenly you're thanking this donor for this large donation and they're like, I've never even heard of your nonprofit.

Ah, phone book.

[Speaker 1]

Okay. I mean, all right. In all seriousness though, I am with a straight face saying the phone book is better than the executive director's contact list because if the executive director leaves, you're done.

[Speaker 2]

Yeah.

[Speaker 1]

They take everything over. If you have a falling out, you fire them, whatever. It's in their personal device.

Unless the company, the organization is paying for it, but still it's just like, I don't like that. But I mean the phone, I can't believe I'm saying that's in some capacity better than the phone book. Yes.

But the phone book at least is, have they not heard of the internet? Like why don't they have like a bookmarks in their Chrome browser?

[Speaker 3]

These are old people.

[Speaker 2]

Phone book. Oh my God. But even like a decent paper filing system would be better than a freaking phone book.

It's not like you can keep notes in a phone book. What if you have three numbers per page and then there's suddenly not room to take notes anymore. Post-its.

[Speaker 1]

Post-it notes, man.

[Speaker 3]

For like three words on a post-it note.

[Speaker 2]

Keeping 3M in business. That hurts my order muppet soul. I can't do it.

I need some level of organization. I can't.

[Speaker 1]

I wasn't expecting any of these answers. The Manila folders thing. Okay.

Yeah. But I get that one. But phone book.

Okay. All right. I have nothing other.

If you're listening and you work in a nonprofit and you're managing your database in something other than an electronic backed up digital resource, even if it's just Excel, you're doing okay compared to these girls.

[Speaker 2]

Yeah. Feel a little better about yourself. Even if it's not perfect, you have more than a phone book.

Okay. Next one. All right.

This is kind of a thorny question. So the person writes in and says our environmental protection organization, a 501c3 public charity, is running a fundraising event and has received a check from a local city council member who ran on an environmental platform last year and who wants to be a high level sponsor. The council member is interested in what we do and wants recognition for helping us protect the air and water for our community.

Can we accept that payment?

[Speaker 1]

Short answer is yes. It's not political activity. They're not.

So the rules for nonprofits are that you can't participate in political activity, which is basically coming out in support of a candidate, you know, furthering their election activities. But this is not that. Right.

This is a private citizen. Yes, they're on the city council, but they're not running for office right now. And obviously they actually care about environmental issues, and they want to donate to organizations that they believe in.

So there's no prohibition on that. And there's no problem with accepting that donation. I get the concern because it's like, oh, you're like going to be an elite silver sponsor.

So your name is going to go in the brochure. And then therefore, does that look like we're endorsing this candidate? But it's pretty clear that this is a fundraiser this person donated to you at a certain level and it's not on the night of or in the midst of an election or having anything to do with an election.

[Speaker 2]

So the fact that this person, when they're up for reelection in a couple of years, probably will point to this as a like, hey, I'm supporting of these platform issues, maybe not to the nonprofit itself, but to, hey, I have, you know, these environmental issues matter to me. They don't have to worry about that.

[Speaker 1]

No, not really. I mean, everybody. The world would grind to a halt if we couldn't be people that cared about stuff.

Right. So I get the concern, but it's like, just take their money. They're giving you money.

[Speaker 2]

Great.

[Speaker 1]

It's fine.

All right, folks, that's our show. Be sure to follow me on Instagram or Twitter at Jess Birken. We want to hear from you.

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About the Author



Hi, I'm Jess Birken.

I'm the owner of Birken Law Office, I help nonprofits solve problems so they can quit worrying and get back to what matters most – The Mission. I'm not like most attorneys, I actually have an outgoing personality, and – like you – I like to think outside the box. Most of my clients are passionate and have an entrepreneurial spirit. I'm like that too. My goal is to help you crush it. Getting bogged down in the minutia sucks the joy out of the important stuff. My clients want to do the work – not the paperwork.

Let's connect!

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