A+ Academic Resources

Together We Can

Quarterly Mission Impact Report

January - March 2018 (1st Quarter)

March 31, 2018

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Mission

To meet the educational needs of children in San Antonio who do not have the necessities for educational growth and development

Incorporation

A+ Academic Resources incorporated in the state of Texas on January 11, 2018.

Using the Power of Incorporating for Sound Governance

One of the biggest decisions that an organization has to make is to incorporate or not incorporate. An organization must know and understand the advantages and disadvantages of incorporation, so it can make an informed decision about the management structure of the organization. A+ Academic Resources has adopted an ideal type of nonprofit organization (NPO) based on our mission. The organization has implemented the mandatory steps to create the formal and legal organizational structure that fosters sound governance and cements the credibility of an NPO in communities, across the nonprofit sector and around the world.

A+ Academic Resources greatly benefits from becoming a separate and legal NPO because incorporating allows us to function as an organization that executes sound governance. Legally, there are three forms that an NPO can take: (1) corporation; (2) association; or (3) limited liability company. However, a corporation is ideal for NPOs because the advantages of incorporating outweigh the disadvantages (www.irs.gov). By taking the required legal steps to become a separate and legal NPO, A+ Academic Resources is poised to have ***significant mission impact***.

Advantages of Incorporating

Personal Liability Protection

"Self-protection, stemming from prudent behavior and fulfillment of fiduciary responsibility, can go a long way to ensuring that personal liability is avoided" (Hopkins, 2005, p. 261). Incorporation is a structural and formal step to protect individuals from personal liability. When a group incorporates, it becomes an organization that is a separate legal entity. A corporation form protects the organization's members from personal liability (Hopkins, 2005). Protecting members from personal liability is a major advantage of incorporation; an organization's board, directors, officers, and employees are all protected. They receive protection from liability for corporate debts or lawsuits. Significantly, creditors can only pursue corporate assets, not the personal assets of the organization's managers, workers or volunteers. However, in addition to incorporating and receiving some of these protections, an organization should purchase liability insurance to cover situations that are not covered under incorporated status (www.nonprofit.about.com). Although liability insurance safeguards the organization's members from corporate debts or lawsuits, insurance cannot protect members from criminal legal liability because this contradicts public policy (Hopkins, 2005).

Tax Exemptions

A nonprofit corporation enjoys the benefit of not paying taxes. The organization is eligible for county, state and federal exemptions from corporate income taxes and certain other taxes. This is a major benefit because federal corporate tax rates can be expensive while state corporate taxes can be very high also. Another advantage is tax-exempt public and private donations. After incorporating, most charities apply for nonprofit designation as a 501 (c) (3) NPO from the IRS. This allows the organization to receive grants and donations. Individual donors can claim personal state and federal income tax deductions, and federal estate taxes may be inapplicable for bequests. Notably, foundations only give grants to 501 (c) (3) organizations (www.nonprofit.about.com).

Organizational Perpetuity

A third advantage of incorporating is organizational perpetuity. A separation exists between the individuals who manage or organize a corporation and the corporation itself. This separate legal existence is what provides protection from liability, but this may cause the organization to become somewhat immortal because the nonprofit corporation continues to exist after the lifetime or involvement of its founders or managers. Since the organization has a perpetual existence, it is more attractive to donors who want to fund a program for a long-term (www.nonprofit.about.com).

Employee Benefits

A fifth advantage is that employees can receive worthwhile benefits by working for a corporation. Corporate employment allows employees to receive benefits such as group life insurance, health insurance and a retirement plan. These benefits are not available to workers in unincorporated organizations (www.nonprofit.about.com).

Corporate Structure

A fifth benefit of incorporation mandates that members have clarity about the organization's mission, operating rules and procedures for decision making. NPOs must have clear-cut rules about delegation of authority and how to get things done since Board members may have opposing ideas. An NPO should have its principles and operating procedures clearly identified and explained in the organization's articles of incorporation (AOIs) and bylaws because these legal policies allow the organization to operate effectively (www.nonprofit.about.com).

Board Duties

Duty of Care

The duty of care requires Board members to be cognizant of what is going on in the organization and have a working knowledge of the organization's AOIs, bylaws, polices, activities and operations, so the board can make informed and reliable decisions when it comes to the organization and its resources. Duty of care allows the board to make prudent decisions that are in the best interest of the organization (Hopkins, 2005). The Board is charged with the fiduciary responsibility of an organization. The Board should use sound financial policies to establish, maintain and sustain the organization's financial health (Weikart, Chen, & Sermier, 2013). The Board is ultimately responsible for the ***transparency*** and ***accountability*** of the organization. The Internal Revenue Service Form 990 is a public document, so the Board must be ready to vouch for the credibility of the document when it comes to governing policies, compensation and the organization as a whole.

Duty of Loyalty

The duty of loyal requires Board members to place organizational interests and goals above personal goals and desires. It is especially important for a Board member not to place their interests in another organization where he or she has a formal relationship because this is a conflict of interest. Board members must remember that they are *ambassadors* of A+ Academic Resources, so they must place the interests of the organization above their personal and professional interests (Hopkins, 2005).

Duty of Obedience

The duty of obedience requires Board members to comply with federal, state and local laws. Additionally, Boards must adhere to the organization's AOIs and bylaws (Hopkins, 2005). Most importantly, the Board must have ***mission integrity***. This means doing the right thing for the mission's sake, even when nobody is looking. The Board must make mission-based decisions.

Board members are in place to create sound policy and execute strategy that ensures plans and programs are in sync with the organization's mission. Responsible NPOs show that their programs and services are connected to the mission by providing financial statements that verify fiscal responsibility. NPOs must prove that the money they receive is being used for programs and services that support the NPO's stated mission (Lynch-Cerullo & Cooney, 2011). This means that the Board must exhibit strong organizational leadership through ***good stewardship***. The Board must make prudent financial decisions, including compensation, aimed at daily mission accomplishment that keeps the organization on track and on target for reaching its vision.

Implementing & Funding the Mission

Board members are mindful that they are ultimately responsible for implementing the organization's mission which requires funds, so Board members are committed to fundraising. According to the Board President, Jonathan Newell, "If we are committed to A+ Academic Resources' mission and fundraising is required to achieve the mission, then we have no choice but to participate." The bottom-line is it is difficult to ask for public contributions to the organization when Board members have not made a financial commitment to *their* organization. So far, the Board has raised **$1,500** to help ***advance the mission***.

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