

**Mississippi Secretary of State
2008 Business Reform Committees
Minutes of the Nonprofits/Charities Laws Study Group, Meeting #1
June 18, 2008**

The first meeting of the Nonprofits/Charities Laws Study Group was called to order on Wednesday, June 18, 2008 at 11:00 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. A list of the persons who were present is attached at Exhibit A.

Introduction of Meeting

Chairman Mark McCrary welcomed everyone to the meeting and stated his belief that the Group had a great opportunity to protect charities who were doing good in the State of Mississippi. Secretary Hosemann characterized the Group's goal as making charity regulatory requirements as inexpensive, seamless, and technology savvy as possible, in order to reduce the burden on charities within the state. Secretary Hosemann stated that Mississippi has a reputation of being number one in its giving, and that it needs to have the same reputation in regard to its nonprofit laws.

Speaker's Remarks

Chairman McCrary next introduced Audrey Alvarado, Executive Director of the National Council for Nonprofit Associations ("NCNA"), as the speaker for the meeting. Ms. Alvarado expressed her happiness that Mississippi has continued to recognize the nonprofit sector as critical to the quality of life of people who live in the state. She noted that when scandals have occurred in the nonprofit sector in the past, quick decisions made to stop further scandals from occurring have often hurt smaller charities. Because of increased regulatory burdens, Ms. Alvarado said, many smaller and mid-sized organizations needed more information and training on how to maintain compliance with state laws.

Ms. Alvarado said that in response to this need, a number of state associations, including Colorado, South Carolina, and Iowa have suggested "best practices" for nonprofit charitable organizations, and stated that some associations have created training programs to help charities implement these standards. In Iowa, Ms. Alvarado stated, one of the state nonprofit associations has created a voluntary register of charities who have adopted corporate best practices. A charitable organization will be listed on the register if: (1) it has passed a board resolution adopting best practices; (2) its representatives have completed a training program with the state nonprofit center; or (3) the organization has been accredited by an outside agency.

A member of the Committee asked Ms. Alvarado's opinion about how Mississippi should address the need for charity transparency and accountability. Ms. Alvarado commented that charities should be required to include audit reports, financial records, and other important fiscal information on their websites. She stated that this

would increase transparency and be consistent with best practices even if not required by state law. In addition, Ms. Alvarado said that the state should refrain from requiring charities to abide by a certain ratio of program expenditures to overhead costs.

Committee Members' Suggestions for Discussion

Chairman McCrary explained that the group should discuss how it would shape the agenda for the Committee's upcoming meetings. He identified the following issues which would be addressed in further meetings:

- How to require transparency from charities while easing the burden of disclosure on these organizations;
- Researching the extent of electronic fundraising in an effort to determine guidelines and controls for future regulation of solicitations made via the Internet;
- Discussing board training and development as a best practices standard for nonprofits;
- Whether charities should be classified by size and/or type, and potentially applying different regulations to different groups of charities;
- Investigating whether the Secretary of State should adopt a certification program requiring charities to adopt best practices;
- Determining a threshold amount at which charities are required to publicly disclose financial information; and
- Investigating a way to link together information on registered corporations and charities registration information on the Secretary of State's website.

Secretary Hosemann's Comments

Secretary Hosemann opined that if the Secretary of State's Office implemented a certification process, it would have to raise registration and other filing fees. Secretary Hosemann explained that he would prefer that a certification process be created by utilizing existing centers that support charities, and for the Secretary of State's Office to recognize the standards adopted by those centers.

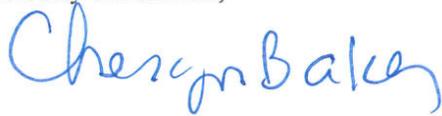
Secretary Hosemann further noted that he expected the Group to redesign the reporting forms for charities. Secretary Hosemann also emphasized that the Group should not create a barrier for any citizen who wants to create a charitable organization within the state.

Closing Remarks

Cheryn Baker, Assistant Secretary of State, Policy & Research Division, noted that sub-groups would be formed to better address the topics raised in the meeting. She stated that the Secretary of State's Office would facilitate the meetings of the sub-groups.

There being no further business, Chairman McCrary thanked the group members for attending and adjourned the meeting at 12:50 P.M.

Respectfully submitted,



Cheryn Baker
Assistant Secretary of State
Policy & Research Division

EXHIBIT A
to the minutes of the Nonprofit/Charities Laws Study Group Meeting #1

Attending

Rep. Brian Aldridge
Ivy Allen
Chris Blount
Carol Burger
Angela Carson
Larry Christian
Jan Eastman
Kim Erickson
Rep. Harvey Fillingane
Marlyn Fillingane
Matt Holleman
Yvonne Laird
Charles Lindsay
Mathew McLaughlin
Aileen McNeill
Mark McCrary
Linda Montgomery
Ann Neal
Robert Paine
Greg Pirkle
Marc Ransier
Dara Skinner
Eugenia Stark Thomas
Dolphus Weary
Primus Wheeler
Sen. Lee Yancey
Warren Yoder

By telephone:

Aletha Burge
Tom Buckley
Felicia Goon
Jet Hollingsworth
Deborah Moore
Mike Wilbanks
Virginia Weaver

Secretary of State Personnel Attending:

Delbert Hosemann, Secretary of State
Cory Wilson, Chief of Staff
Cheryn Baker, Assistant Secretary of State, Policy & Research
Tanya Webber, Senior Attorney, Business Regulation & Enforcement
Doug Jennings, Senior Attorney, Policy & Research
Pamela Weaver, Communications Director
Phillips Strickland, Division Coordinator, Policy & Research
Brian Bledsoe, Intern, Policy & Research
Jeff Lee, Intern, Policy & Research