

Molloy University

DigitalCommons@Molloy

Faculty Works: Business

2017

Corporate Structure that Supports and Facilitates Social Good

Yennys Rodriguez

Molloy College, yrodriguez@lions.molloy.edu

Laura Riegel

Molloy College, Lriegel@lions.molloy.edu

Maureen L. Mackenzie Ph.D.

Molloy College, mmackenzie-ruppel5@molloy.edu

Follow this and additional works at: https://digitalcommons.molloy.edu/bus_fac



Part of the [Business Commons](#)

[DigitalCommons@Molloy Feedback](#)

Recommended Citation

Rodriguez, Yennys; Riegel, Laura; and Mackenzie, Maureen L. Ph.D., "Corporate Structure that Supports and Facilitates Social Good" (2017). *Faculty Works: Business*. 85.

https://digitalcommons.molloy.edu/bus_fac/85

This Conference Proceeding is brought to you for free and open access by DigitalCommons@Molloy. It has been accepted for inclusion in Faculty Works: Business by an authorized administrator of DigitalCommons@Molloy. For more information, please contact tochter@molloy.edu, thasin@molloy.edu.

Corporate Structure that Supports and Facilitates Social Good

Yennys Rodriguez, MBA Candidate
Molloy College
yrodriguez@lions.molloy.edu
(917) 957-2038

Laura Riegel, MBA Candidate
Molloy College
Lriegel@lions.molloy.edu
(631) 335-5564

Maureen L. Mackenzie, Ph.D.
Molloy College
MMackenzie@Molloy.edu
(631) 682-039

Abstract

Over the past few years the pedagogical philosophy of the Molloy College Graduate Program has been demonstrated through a series of publications, which have provided evidence of learning at both the course and program level. The foundational pedagogical philosophy is that business graduate students should demonstrate learning by doing. Therefore every MBA graduate must demonstrate that he or she can draw from the knowledge, skills, and disposition developed within the graduate program and be able to publicly demonstrate that the learning can be applied in the real-world. The mission of the institution establishes the founding belief in social responsibility, service, community, and study. The college's commitment to academic excellence and the promotion of lifelong learning demonstrates the transformative education experienced by the students. As a result, the evidence of learning for the MBA program is a set of solution-driven recommendations that will lead to social good.

This paper focuses on the consulting work performed for charitable group, *The Paths of Hope*. The student consultants were faced with a significant problem to solve. The story of *Paths for Hope*, and its legal journey with its Molloy student consultants, is a great story to tell.

Key words: charitable group, Cateri Center, Guatemala religious schools, not-for-profit, social entrepreneurship.

1 PEDOGOGICAL PHILOSOPHY

The design of the Molloy College graduate program intends to develop future leaders. The leadership focus is not only for the student's chosen profession, but also to fill the dearth of leadership in our country, and in our world. It is our mission to prepare the student to become a participating member of society; to become a socially responsibility citizen. We hope that the Molloy student recognizes that the collective must serves the needs of the larger society. We believe that this can be accomplished within a capitalistic economy where innovation and hard work is rewarded, but the social focus is never lost. Therefore, the student's journey provides not only knowledge and skills, but a disposition that serves society.

The mission of the college articulates the focus on transformative education; it promotes a lifelong search for truth and the development of ethical leadership (Molloy College Mission Statement). Civic Engagement was selected as the annual theme for the 2012-2013 academic year. This is the year that the MBA capstone course was completely

overhauled so that student learning could be subtly coupled with social responsibility; this quickly became part of the student learning objectives. The development of a Consulting Capstone experience provided a opportunity to view the learning outcomes for the program. By definition, a capstone is that last stone put in place to show the community that the structure is complete and has structural integrity. Simply stated, the consulting capstone course intends to provide the students with the opportunity to demonstrate all that has been learned by working with a client that serves society.

The 2017 MBA Capstone Class was divided into three consulting teams serving two clients. This paper reports on the work product created by the students under the consulting team name of, "*Avid Consulting*." Each team used the Bloomberg Philanthropies, "Mayor's Challenge" application to guide the consulting process. This process takes the students through four stages: (1) establishing a solution-driven vision, (2) developing a turnkey implementation plan, (3) determining the impact of the plan, and (4) determining if the solution can be replicated.

2 THE CONSULTING PROBLEM

The clients are hand selected by the Capstone professor. The client must have a social mission, be a not-for-profit, or be a governmental agency. The client also must understand that the students are 'consultants' and are not interns. The client identifies the real-world problem, provides institutional knowledge and direction, but then must step back to let the 'consultants' do their job. The client works with the Dean of the Business Division to identify the consulting problem for the students. *The Paths for Hope* identified the following problem:

The Paths of Hope organization is currently no more than a group of dedicated people who give of their own time, talent, and treasure to help others to have a higher quality of life. But, now this group needs to create a legal entity to both protect the future of its work and the individuals working within this mission. As a result, the consulting problem/project is to research and execute the steps that will lead this charitable group to become a legal Not-for-profit.

The students met with the client and quickly realized the danger that this charitable group was facing. Money was being raised, money was being transported outside of the country to Guatemala to support a number of religious and learning facilities, and there were people depending on this charitable group for its survival. This was much more than

a group of people who were sharing their time and talent; rather they had become intimately intertwined in the lives of the adults and children that defined their cause. Much damage would emerge if this group of charitable individuals were no longer able to transmit money from the US donors to those waiting in Guatemala.

3 THE VISION

Avid Consulting's vision is to create a legal entity for a group of charitable people. By doing so, Avid Consulting will enable them to act on their charitable efforts as an established not-for-profit. The process of forming an organization into a legal not-for-profit is an arduous and time-consuming task. The first step was to learn. The students-consultants had little to no knowledge of what steps needed to be taken. Upon gaining this knowledge, the responsibilities of the consultants included consulting the 'soon-to-be' board members and drawing out the needed information for a range of documents. So, the process of filing several forms started with the reservation of a name. After meeting with Diane Esposito and Tony Marinelli, they agreed that they would like to keep the name they've been operating under, "Paths of Hope, Inc." After some research, they confirmed with the Department of State, Division of Corporations that the name "Paths of Hope, Inc." had not been taken. They could now proceed with filling the Application for Reservation of Name. The goal for the following seven weeks were to incorporate Paths of Hope, file all the necessary paperwork for tax-exempt status, register the group as a charitable organization, and then provide final recommendations for managing this newly formed corporation.

Each year, Paths of Hope will need to fill out a CHAR-500 form, as well as a form 990, which is the IRS' annual return for tax-exempt organizations. Additionally, Paths of Hope will need to recruit an accountant to audit their work annually as well as to file the necessary annual paperwork, stated above. It was strongly suggested that Paths of Hope, Inc. hire a bookkeeper to track all of the accounting records and to create the monthly and annual financial reports. The current members of Paths of Hope are working solely as volunteers; however, if more staff is needed for the future the organization may want to consider a payroll system.

Furthermore, we expect Paths of Hope to succeed and grow as a foundation. We want to help the members create an organizational structure that supports an efficient workforce. Currently, Paths of Hope has five individuals that are dedicated to this cause, but we created positions within the company that are not presently necessary, but may be so in the near future.

Our consultants recognized that Paths of Hope's biggest threat is its lack of organizational structure, which has been hindering its progress. Paths of Hope has been operating on the time and dedication of its most prevalent advocates, Diane Esposito, Jack McHale, Rosa Jimenez, Len Cahill and Tony Marinelli. Although the mission of the organization is widespread and shared with individuals outside of New York State, it's apparent that the organization and funding has

been primarily conducted by Diane Esposito and Anthony Marinelli. Paths of Hope was founded on the notion of charity, humility, and education. These ideas are being executed by its devoted members many years after the founder's passing. Therefore, our mission is to apply structure to the fundamentals of this charitable entity. By forming Paths of Hope into a legitimate foundation, it will be providing an even greater service to the community it serves. Through the incorporation process Paths of Hope may now seek donations legally and guarantee tax benefits to the individuals donating funds. As a consultant team, we will conduct the research and complete all the necessary paperwork that is required for the client.

4 MAKING THE VISION A REALITY

Once Paths of Hope is officially incorporated, the organization has to hold its first corporate meeting where they elect corporate directors and officers, as well as adopt their by-laws. At this point, AVID Consulting will begin the application process for applying for an Employer Identification Number, or EIN, through the IRS. This form acknowledges Paths of Hope as a business entity. If we were to mail in the form, it could take up to four weeks; fortunately, the online option will issue Paths of Hope an EIN immediately upon completion of the form. Once Paths of Hope has their EIN, they must establish a bank account and check signing procedures, as well as designate which officers have the power to sign checks.

Next, Paths of Hope needs to file for tax-exempt status with the IRS as well as New York State. With the IRS, they will need a form that is for 501(c)(3) tax-exempt status. The 1023 is lengthy, and requires collaboration between our consulting team and Diane Esposito. Once approved, the IRS will send Paths of Hope, Inc. an IRS Determination Letter that will make them officially tax exempt. At the same time, AVID Consulting can begin preparing the forms for New York State and Local tax exemptions. These are separate forms, and they do not require filing fees. They will be sent by mail to their Albany location. The last form that Paths of Hope needs to complete is the Registration Statement for Charitable Organizations or the CHAR410. Because we are registering to solicit contributions, we must also send a fee to the NYS Department of Law. There are four forms that need to be attached when sending back the CHAR410. These are the Certificate of Incorporation, Bylaws, IRS Form 1023, and the IRS tax exemption determination letter. Once all of these forms are sent in and approved, Paths of Hope will be a legal not-for-profit organization that can legally accept donations.

START-UP COSTS. Paths of Hopes' start-up costs are very straightforward. In order to become a legal not-for-profit, they must go through the steps outlined above. There are four forms that require the organization to pay a fee. These are the Reservation of Name, Certificate of Incorporation, Form 1023 EZ, and the Registration Statement for Charitable Organizations. Fortunately, Paths of Hope does not have to pay a fee for the Employer Identification Number and state and local tax exemptions. The total start-up costs are \$435.00

for these forms, including the fee to expedite both the name and incorporation. The costs after this point will vary, depending on how Paths of Hope wants to market its organization. Avid Consulting has come up with two marketing ideas that require funds. The first idea is to create a website. We have decided that Squarespace would be the best solution for a website, because the foundation can reserve a domain name, build the website, and provide security for \$18 a month. In addition, Diane may want to do a TED Talk to bring awareness towards her water purification efforts in Livingston. After doing our research, we have come to the conclusion that Paths of Hope will not have to incur any costs. The cost of the TED Talk is a \$100 attendance fee that goes towards operating costs. In total, the cost of the implementation plan over three years will be \$1,183, as calculated in the attached excel spreadsheet.

FUNDING. The Department of New York State has established a website that assists all businesses with any inquiries. The site lists step by step how to create a not-for-profit organization. Within the web page, there are several links that assist not-for-profits in finding other sources of funding to supplement their fundraising efforts. According to nyc.gov, there is only one grant that applies to Paths of Hope as a charitable organization. Paths of Hope qualifies for a grant from The Lawrence Foundation for Human Services. Although Paths of Hope does not qualify for other grants within the United States, it can partner with other foundations internationally to raise funds and also build a network.

Outside of The Lawrence Foundation, Paths of Hope can continue to procure donations through Anthony Marinelli, a teacher of theology at Holy Trinity High School. Anthony Marinelli obtains contributions from his connections at Holy Trinity High School, personal donations from friends, family, and the community. Another source of funding is from a colleague of Diane Esposito, who runs a successful Not-for-Profit Foundation established in Europe.

MARKETING PLAN. Avid Consulting recommends that Paths of Hope initiate a marketing plan to build awareness. A marketing plan should only be as elaborate as the organization can support. Avid Consulting recommends that Paths of Hope create a website to build an online presence. A website is the first tool that donors will turn to in order to get a better understanding of the group's purpose and mission. The website must be attractive, easy to navigate, and informative.

Paths of Hope must demonstrate transparency in its initiatives to gain the trust of supporters and potential sponsors. The website can have a built in link to a GoFundMe page that collects donations electronically. When the website is established, the entity must delegate a person within the organization to monitor the website. The website will also allow the foundation to promote various social media platforms. In addition, Paths of Hope can create a Facebook, Instagram and YouTube account. On each platform, members can post pictures, videos, and

testimonials. Each post should begin with a religious quote that relates to the vision of founder Fr. Thomas Moran. On YouTube, Paths of Hope can post Vlogs of its expeditions to show a day in the life of the Livingston and El Estor communities.

As an accredited scientist, Diane Esposito would best represent Paths of Hope in its efforts to establish a water purification system in Livingston. Diane can lead a TED Talk to explain the benefits of water purification, what it entails, and how it correlates to the mission of Paths of Hope. TED Talk is a voluntary informative seminar that reaches populations across the globe. With Diane at the forefront of the project, it will give Paths of Hope the publicity it needs to serve not only the communities in Guatemala but other communities in need.

With a mission centered around the care and education of children, Paths of Hope should pursue a partnership with an NGO to support its endeavors. UNICEF is a non-government organization that raises donations for the education of youth in impoverished communities. The goal of the UNICEF Foundation is to give underprivileged children a better life. UNICEF provides a partnership proposal form for potential collaborators. The partnership proposal form is open to all entities. However, the only hindrance is the requirement that a business must be in operation for at least two years before submission. Since Paths of Hope has only been recently incorporated, it will have to wait two years before it can qualify. In addition, the form includes a mandatory donation be contributed by the applicant, which is a common stipulation.

NON-MONETARY RESOURCES. These resources include the team's ability to consolidate the information submitted by our client and also include the team's capability to network and communicate. Time management is the biggest skill the team can rely on. The process of implementing the idea is time sensitive; the team must draw on its ability to delegate the work required in order to complete the process in an effective and efficient way. Additionally, our group has ample experience using social media and will be able to use that experience to coordinate a marketing program for our client. We will use and recommend certain technologies and online platforms, such as QuickBooks and Squarespace to further help our client once our idea is implemented. Being able to work as a team is our biggest asset in completing and implementing our idea.

5 CONCLUSION and DISCUSSION

The ideas embodied in this consulting projects are built upon the purpose of serving underdeveloped villages in Guatemala. Prior to our capstone team/consulting work with Paths of Hope, Inc., the primary members were operating in a manner not in accordance with the federal law. Although the members of Paths of Hope, Inc. were able to act on their charitable endeavors for many years, it is time they should be recognized as more than a group of good Samaritans. With a foundation to guide their efforts, the members will find it easier to receive donations and offer donation receipts

for tax deductions, increase the amount of contributions for the community they serve, and to be able to partner with other foundations, corporations, and government entities. In all, the members will no longer have to live with the fear of engaging in fraudulent behavior or taking on the risk of losing the donations. Also, raising funds without IRS supervision could lead to auditing and back tax fees. Through legalization, Paths of Hope, Inc. will no longer have to be in fear of facing these repercussions. Lastly, the legalization process allows the community to recognize that these charitable efforts come from an organization, not just the individuals that visit Guatemala once a year.

It is our hope that the headline on the cover of *Bloomberg Businessweek* in the next five years will read: "Saving Lives, Step By Step." In essence, Paths of Hope, Inc. is not only saving lives, but also changing them in various ways. Paths of Hope, Inc. has given the Guatemalan natives a new perspective on life through the group's philanthropic initiatives. The good that will emerge from the actions of Paths for Hope, Inc., will change the world, even if it is small change. Therefore, we, as students, have been changed.

6 ACKNOWLEDGEMENT. The authors wish to thank Dr. Diane Esposito, the heart and soul of *Paths for Hope*. Dr. Esposito is a scientist and a trustee of the college, but most important, she is a charitable woman who has humbly created an organization that will last long into the future because of her vision. We also wish to acknowledge the other consulting team members: Connor Daly and Noman Sayed who know more now, than they ever could have imagined about the legal steps of incorporation and the development of a legal not-for-profit organization.

ADDITIONAL INFORMATION.

Grant Guidelines. (n.d.). Retrieved 2017, from <http://www.thelawrencefoundation.org/grants/grant-guidelines/>

NYC Good Governance Blueprint (Financial Management and Oversight Section) [PDF]. (2016). New York: City of New York.

Partnership Proposal Submissions. (n.d.). Retrieved 2017, from <https://www.unicefusa.org/form/partnership-proposal-submissions>

Pricing. (n.d.). Retrieved 2017, from <https://www.squarespace.com/pricing>

So You Want To Start A Nonprofit... New York City, Long Island, Westchester | NPCC. (n.d.). Retrieved 2017, from <https://www.npcny.org/the-things-you-gotta-do-to-start-a-nonprofit-organization/>

Starting a Nonprofit. (n.d.). Retrieved 2017, from <http://www1.nyc.gov/site/nonprofits/resources/starting-nonprofit.page>

TEDx Rules. (n.d.). Retrieved 2017, from <https://www.ted.com/participate/organize-a-local-tedx-event/before-you-start/tedx-rules>

The Guide to Not-For-Profit Governance [PDF]. (2012). Weil, Gotshal & Manges LLP.

Vocational Boarding School. (n.d.). Retrieved 2017, from <http://www.aktenamit.org/education/>

What are Board Committees and What Do They Do? (n.d.). Retrieved 2017, from <https://cnmsocial.org/featured/what-are-board-committees-and-what-do-they-do/>

What are nonprofit bylaws? Where can I find samples? (2017). Retrieved from <http://grantspace.org/tools/knowledge-base/Nonprofit-Management/Establishment/nonprofit-bylaws>

FORMS USED TO INCORPORATE PATHS FOR HOPE, INC.

Application for Reservation of Name [Pdf]. (2017). New York: Department of State.

Certificate of Incorporation [Pdf]. (2017). New York: Department of State.

IRS.(2017). *EmployerIdentificationNumberForm*.Retrieved2017,from <https://sa.www4.irs.gov/modiein/individual/index.jsp>

Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code [Pdf]. (2017). Washington DC: Department of the Treasury.

IRS. (2017). Information on Tax-Exempt Application Process. <https://www.irs.gov/uac/about-form-1023> (retrieved 2017)

www.tax.ny.gov/pdf/current_forms/ct/ct247.Pdf

www.tax.ny.gov/pdf/current_forms/st/st119_2_fill_in.pdf

www.charitiesnys.com/pdfs/char410.pdf

<https://labor.ny.gov/formsdocs/ui/nys100.pdf>

NOTE: The copyright for this document is jointly owned by the authors and the Northeast Business & Economics Association (NBEA).