



# EFFECTIVE COLLABORATION

Information, Best Practices,  
Resources for MOUs



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# Why Would a Library Want a Friends Group?

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- Provides a mechanism to overcome a limitation (e.g., some Foundations only allow a 501(c)(3) organization to apply for funds)
- Provides a nontraditional source of financial support (traditional being governmental funding)
- Permits library to segregate funds which might otherwise end up in governmental general fund accounts
- As a mechanism to avoid bureaucratic procedures and governmentally imposed restrictions
- Provides a link to resources in the community (funding, contacts, influence, advocacy)
- Provides support for various library initiatives and projects
- Provides a wide array of volunteer assistance

# Does Every Library Need/Want a Friends Group?

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- No.
- We are aware of a library system that made a conscious choice not to have Friends. That decision was made many years ago, so the basis for it is not known and the reason may or may not be relevant now.
- We are aware of one very large library that had a Friends group for many years and now it has determined that the library has outgrown the need. This is certainly legitimate.
- The library manager may have had a prior bad experience with Friends and is prejudiced against Friends.
- The library may have a Foundation that provides the financial support that might otherwise be provided by Friends.
- There could be many other reasons.

# What is the Purpose of a Friends Group?

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- Two things define purpose:
  - Bylaws
  - Mission Statement
- Purpose/Mission included with filing
  - Articles of Incorporation with the State
  - 501 (c)(3)
- Bylaws & Mission Statement should include:
  - Statement of supporting one or more libraries
  - Support may include: financial, political, cultural
- Bylaws & Mission Statement MAY include:
  - Developing & supporting a community of readers and lifelong learners
  - Promote literacy, encourage love of books
  - Contribute to the cultural enrichment of the local community
  - Making distributions to organizations that qualify as exempt organizations under 501 (c)(3) IRS code
  - Awarding grants to libraries and community organizations
  - Expenditures to benefit the library directly or indirectly



# How Are Friends Structured?

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- How Friends are structured makes a difference in their legal status
- Ways to structure:
  - Unstructured or informal—loose knit group with no legal standing
  - Nonprofit registered or incorporated in the state in which they operate
  - Nonprofit recognized by the IRS as a 501(c)(3)
- Those with legal status have rules and guidelines they must follow to retain that status
- Those without legal status may be at risk as most, if not all, states have laws governing charitable solicitation
- There are some limited protections for an incorporated nonprofit's officers, directors and members against organizational debts and liabilities
- Donors may not be able to take a tax deduction for the donation if Friends are not a 501(c)(3)
- How are your Friends structured?



# How Do Libraries and Friends Work Together?

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- Basic understanding:
  - Friends are structured as a separate organization and have state and federal guidelines they must follow to protect their legal nonprofit status.
  - The use of Friends funds must align with their bylaws and mission or they are out of compliance with their legal status.
  - Libraries cannot legally dictate to nonprofit organizations how they spend their funds.
  - The libraries themselves, their trustees (if any) and their Foundation (if any) have their respective roles in fundraising for the library and the presence of a Friends group does not in any way negate those responsibilities.
- Elements of the library/Friends relationship that need clarification/understanding:
  - Development (fundraising) functions for which Friends are responsible
  - Scope of Friends' service within the organization
  - Degree of integration in the priorities of the Friends and the library  
(Source: Fundraising Through Friends Groups)
- Armed with these understandings, the library and the Friends can jointly draft a Memorandum of Understanding

# What are the Degrees of Autonomy of the Friends?

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- Range from extreme (bureaucratic) control to complete independence.
- Issues with high degree of oversight and control of Friends by the Library--While it may be satisfactory to the library—it:
  - Seriously limits the Friends' effectiveness
  - Limits the group's ability to attract quality board members
  - Prevents the Friends' board from exercising their fiduciary responsibilities
  - Jeopardizes the tax-exempt status of the group.
- Issues with too much independence of Friends—While it may be satisfactory to the Friends, it may cause:
  - Animosity
  - Distrust
  - Lack of Communication
- Groups at either end of this spectrum MAY become dysfunctional

# What is a Memorandum of Understanding and Why Needed?

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- An MOU is a written agreement that sets forth the principles and guidelines under which various parties promise to meet stated standards or goals
- An MOU is a less formal document than a contract
- Statement of commitments giving consideration to the missions of both these distinct groups
- United for Libraries strongly recommends MOUs so that “...as players change, the commitment from the library and the Friends stays stable”
- Put in writing respective roles, responsibilities, and fiscal relationship
- Some recommend it be reviewed annually, others that it be renewed as parties change

# Who are the Parties to an MOU?

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- In addition to Friends, parties might include:
  - Local government (county, municipality or regional library)
  - Library Board of Trustees (only if they have legal authority---not just advisory)
  - Regional Library Board of Trustees (if the library in question is part of one)
  - Regional Library Director (if an RL system)
  - Library Director/Administrator/Manager (depending on title)



# What should an MOU minimally contain?

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- An introductory section naming parties to agreement with names and contact information
- A statement that the Friends are a separate entity from the library
- Statement on how the library administration will include the Friends in the library's planning process and vis-a-versa
- A plan for regular communication
- A broad statement on how funds raised on behalf of the library will be distributed
- An agreement that the Friends will publicly support library policies and advocate on behalf of the library
- Statement as to who will have the say on accepting or declining gifts to the library
- Statement that the Friends will maintain their nonprofit status by complying with state and Federal rules and guidelines.
- A succession plan should the Friends become inactive.

## Other Observations and Issues

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- MOUs are not required for libraries and Friends to function well together
- MOUs may be required by the entity that provides the primary funding to the library
- MOUs are no guarantee that the relationships will go smoothly OR that they will be followed by either party
- More often than not, if there are relationship issues, they are promulgated by personalities rather than the elements of the MOU
- Groups may prefer the informality of a guidance document rather than the more formal MOU
- In order to function consistently, written guidelines are helpful to both Friends and library staff

## Published “most frequent reasons”—Friends getting off-track

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These are statements made by librarians:

- Friends believe that because they raised the money, they should decide how it is spent.
- Friends withhold money for which the library has a legitimate need.
- The Friends group gives funds raised to organizations or initiatives outside the library.
- Friends become “clubbish” and follow their own agenda.
- Friends’ officers don’t turn over, and they begin to think of the money raised as their own.

(Source: When Friends Go Rogue)

# Serious Issues Libraries Have With Friends

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- Friends expecting or demanding special privileges/services from library staff
- Friends not sharing or publicizing organizational data (e.g., minutes, reports, financial statements)—lack of transparency
- Friends are ineffective at fundraising
- Friends group is stagnant
- Friends' operations are behind in the use of technology and social media

# Serious Issues Friends Have With Library

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- Libraries dictate to Friends how the Friends funds should be spent. Libraries cannot **LEGALLY** control or dictate to the Friends how the organization's funds are spent.
- Libraries exclude Friends from meaningful involvement in programming and organizational development and then get upset when Friends don't support the decisions.
- Friends have a legitimate concern that Friends' funding is used to supplant instead of supplement the library's funding.
- There is no accountability and feedback to the Friends on how money they gave to the library ends up being spent.

## Best Practice Advice

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- If negotiating an MOU for the first time, find a model that both groups can agree on and use it as a starting point.
- Keep the points as general as possible as things do change. You do not want to be constantly adjusting the MOU. You could create a separate operating guide to address the fine points (e.g., the Friends must schedule the use of a meeting room the same as other groups using the room).
- Libraries should give Friends their “wish list” for things to be funded a month or so before the start of the Friends’ new fiscal year. May need to be reviewed mid-year.
- Friends should do everything possible to reduce their dependence/impact on the library staff (e.g., manage their own website; sell their own books/products/tickets; handle donated books; have a separate mailing address).
- Friends are nonprofits and should be transparent regarding their operations and finances. They have a fiduciary responsibility to their donors to account for the funds.
- Develop a good relationship between Friends’ Board and library management/staff.

# Best Practice Advice: Friends Funds

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- Friends need money:
  - To manage the organization (e.g., website creation and maintenance, meeting costs)
  - To recruit, retain, recognize members (e.g., brochures, recruitment events, awards)
  - For upfront expenses for events/fundraisers
  - For ongoing expenses related to books sales (e.g., supplies, posters, marketing, storage, boxes, help)
  - To capitalize on opportunities (e.g., new grant that requires a cash match or that requires funds spent be reimbursed rather than be given in advance)
  - To carry the organization through lean times (e.g., COVID)—akin to a reserve or savings fund
  - To celebrate special occasions (e.g., National Friends of the Library week)
  - To celebrate/thank library staff (e.g., luncheon, gift cards, small gifts)
- Friends provide funds to the library they serve:
  - For purchases of needed/wanted materials, supplies, furnishings, equipment, software, licenses, etc.
  - For expenses related to programs (e.g., bags and refreshments for summer reading participants)
  - For expenses related to projects (e.g., the installation of a garden area at the entrance)

# Best Practice Advice: Friends Funds

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- Friends may or may not fund things that supplant rather than supplement the library's operating budget:
  - Repairs (interior or exterior)
  - Renovations (interior or exterior)
  - Cleaning
- Friends may fund their own projects that align with their bylaws/mission:
  - Temporary StoryWalk®
  - Permanent StoryWalk® display frames
  - Retail storefront for book sales
  - Special occasion projects (e.g., books for children at Christmas)
  - Installation of a commemorative plaque or statue (e.g., honoring a long-time past Friends supporter)

## Best Practice Advice: Friends Funds

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- Friends may provide funds to another organization or jointly fund projects that align with their bylaws/mission:
  - A conference, workshop or speaker (e.g., on literacy, reading, freedom to read)
  - Sharing a booth at community event.
- Donation to Friends designated for a specific purpose
  - If a Friends group receives a donation and the donor stated that the funds were to be used for a specific purpose (e.g., books for the children's library), the Friends are obligated to ensure that the funds are used for that specific purpose (donor intent)
- If members are concerned about how Board spends (or doesn't spend) the organization's funds, the bylaws generally have a clause about a called special meeting where this can be discussed.

# Building Relationships

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- Identify Shared Goals & Values
- Develop Mutual Respect
- Share Some Vulnerability---Get More Personal
- “I’ve Got Your Back”
- Do Something Fun Together
- Let Go of Expectations
- Schedule Brainstorming Time
- Offer Something Before Asking for Something

(Source: Small Business Trends)

## Bottom Line—If There Are Issues

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- An MOU will not ensure cooperation as there are personalities involved
- Neither party can force the other to comply with the MOU
- Threatening legal action to disassociate the library from the Friends is a zero-sum game—no good will come of it
- It behooves both parties to work together for the benefit of the whole
- If there are issues, both the State Library and the State Friends of the Library (if one exists) might assist in mediating concerns

In Closing...

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## Resources/References

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Fundraising Through Friends Groups

<http://www.lehmannstrobel.com/articles/fundraising-through-friends-groups/>

NYLA A Primer on Friends Operating Agreements

[https://www.nyla.org/userfiles/FLS%202020-2021/FLS W MOU primer with Operating Agreement sample.pdf](https://www.nyla.org/userfiles/FLS%202020-2021/FLS%20W%20MOU%20primer%20with%20Operating%20Agreement%20sample.pdf)

United for Libraries

<https://www.ala.org/united/friends>

MOU—The Basics—a document developed jointly by NC/SC/GA State Friends

<https://foncpl.org/resources/resource-start/> (scroll down to the MOU)

When Friends Go Rogue by Sally Garner Reed

<https://www.friendstnlibraries.org/wp-content/uploads/LJ-Hotline-When-Friends-Go-Rogue-23Oct2017.pdf>