

Nonprofit Boards Are Not for the Bored or the Inexperienced

by Daniel M. Isard, MSFS

I GOT THE FOLLOWING LETTER ABOUT A YEAR AGO ... *I have been a successful business owner and was asked by my local cemetery to come onto their board almost 20 years ago. In the past few years, I was made the president of the board. I can see that we need to be more than a graveyard but so many of my fellow board members do not take an interest. They show up to our quarterly meetings just for the free lunch we provide. As president I am paid a salary and have the day to day responsibilities for the nearly 400 interments we provide and the care of our 80 acres. Yet, I cannot get board approval for any of the changes we need to make to provide for the future. Am I alone in having a bored board?*

About a third of the cemetery consulting I've performed over the past 40 years has been for nonprofit corporations that have the stewardship responsibility over a cemetery.

In some states, this business model is a requirement. In other cases, the choice for nonprofit stewardship is because the owner is a benevolent organization created for community purposes only, and cemetery stewardship is one of its tasks.

In some other cases, it is an effort to keep the recognition of the profitable income from the business operation untaxed. Remember, a cemetery is a unique enterprise. It has both a community function and a business purpose.

In the almost two and a half centuries of our country's evolution, we have seen many laws and social dynamics come about related to cemeteries. Many unincorporated cities could not become a formal city if they did not have a cemetery. Often, the cemetery was on the outskirts, close enough to walk or ride a horse for an interment yet just outside of the visuals of the town.

With all these key points of city development and the blended civic purpose and business needs of a cemetery, we found a nonprofit board was needed to run them. That is the intersection we are faced with today, which is now killing many cemeteries.

What's Missing?

The basic problem with a nonprofit board is that most members don't have business acumen. Even those who possess business acumen still receive no reward for their risk.

Can you imagine having a business where the board advising the operators had no business experience? Not having the perspective of seeing other cemeteries operate is one thing, but not having a business perspective is potentially deadly.

I worked with a 100-year-old, 120-acre cemetery about half filled. The reality is it has about 200 years of inventory. Due to some local investing, its endowment trust had over \$4 million in it.

It is spinning off about \$40,000 annually and the board was concerned that it didn't have the money to invest in new mausoleums, which have proven very sellable.

I explained that if we just changed the way the trust is invested, it would more than cover any debt service for new above ground inventory. One board member, whose father was an insurance salesman, asked why we don't place the entire amount in an annuity? He waxed on about how he placed his retirement money in an annuity.

I explained that an annuity is based on a life and being. As such, the cemetery could not use annuities for the investing of this fund. He was very upset with me and stormed out of the meeting after finishing his lunch.

Where's the Training?

How do you develop a board that is responsible to the needs of running the business of a cemetery? This is where you must look to your bylaws. What are the requirements for being a board member? Board members typically are volunteers. Do you need to amend your bylaws? Should you limit the board members to someone who is an interment rights holder? This limits your pool of volunteers. Do you pay board members or do you just pay officers? What are the reasons to attract qualified applicants to these positions?

DID YOU KNOW?

The ICCFA pays a retainer so that all members in good standing can benefit from telephone consultations on:

- employment law,
- labor relations and
- human resources management.

IF YOU'VE GOT QUESTIONS, CONTACT

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It is also important to have solid training in place for board members. Do you bring in training or invite board members to attend ICCFA meetings? Of course, for the past year and a half, much of the training has been done virtually.

Where's the Future?

The cemetery business is changing. The cemetery exists to serve the consumers, not vice versa. Every cemetery with a master plan that has not been reviewed within a decade must revisit this plan now. The plan for marketing must be changed.

As cremation rises, we must repurpose the master plan to provide for more cremation inurnment. It is not as easy as learning to divide a grave space into parts.

Five generations from now, we are going to have a void in our personal life histories, as we will have lost memorial points that graves have served in the past due to all the scattering of cremated remains. A grave is a tangible point proving that someone once lived. We lose that if we do not give good value and attractive offerings for cremation consumers.

The future is in the hands of every person that is a board member of a cemetery. No *bored* people should be sitting in those chairs. ☑



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services and family surveys. He is the author of several books and hundreds of published articles in industry magazines, including "The Director's Finance 201" column. He can be reached at 800.426.0165 or danisard@theforesightcompanies.com.

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