LoT Co-Lab Session 3 Transcript: Operations

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0:00:10.1: All right. Welcome everybody to another session of the Library of Things Co-Lab. We're so happy to have you here. Just wanna... Housekeeping, got any questions? Feel free to pin us either in the chat or you can send a message directly to any member of the Shareable team. We all have pizza before our name starts, so it's pretty easy to identify who's with Shareable and we can help with any tech stuff you might have. Also, just continue if you have any questions related to how to use Canvas or any other issues with the Co-Lab itself, please do get in touch with Candice. And today is session 3 of 12 of the first kind of set of this Co-Lab. And we are fortunate to have Leanna Frick joining us to talk about operations, all of that nitty gritty backend stuff that's necessary to be on top of to run a successful Library of Things. So without further ado, I'm gonna pass it off to you.

0:01:13.7: Cool. Thanks, Tom. I'm just gonna jump right in, 'cause we have a lot to cover. I know Tom said all the nitty gritty backend stuff, but there's no possible way we can cover that all in an hour. So, I'm gonna cover the things that have been the biggest headaches for me and hopefully share a little bit of what I've learned the hard way. So we're gonna talk about starting with values in mission and how they can affect operational decisions. We'll talk about business structures, which is a big one, staffing, insurance, risk management, and some resources for after our time here today. So I am that person on the right in this photo. I'm Leanna, like lasagna and she her pronouns. I live in Baltimore, Maryland. I'm currently on Immokalee land in Southwest Florida on vacation. But I have worked in nonprofits my whole life.

0:02:01.9: And I've been involved with my tool library for about eight and a half years, started as a volunteer, and then a teacher and then a committee member, and then a board member, and now I'm on staff. So have learned a lot of things the hard way. [laughter] Yes, I'm sure a lot of us do. My library is in Baltimore, Maryland. We are just about 11 years old, the 11 years old next month. We have four full time staff. And we have actually always had about four full time staff since we opened, which is very unusual. But we also have 79 regular volunteers who work with us at least six hours a month, every month. We offer 36 classes, we have 39 instructors, we offer about 4000 lendable tools, and we have about 1700 members.

0:02:48.3: So, just a little bit of background for where my knowledge comes from. Okay, so let's start by before we get into what can seem like a really technical, sort of unartful aspect of our business. I think, it's always really important to think about our values in mission, like who are we? So this is an example of how some of the mission vision statements can affect the decisions that you make in terms of operations. So this is our mission statement, from station to library and some excerpts from our values document. And so, we actually had these things in place long before we had an insurance policy and things like that. It's a great place to start right, thinking about who you are as a group and what you're trying to do in the world can really affect the shape that you take, the ways that you invest all kinds of different things. So one of the most important things in our mission that I pulled out is all people, right? So our mission is to serve everybody, which changes a lot of the ways that we spend money, for example. And in some of our values, we find directions, some of like the the groundwork of the directions that we've gone as an organization.

0:03:58.0: So we believe in building a better economy, where we are pretty explicitly anti-capitalist at the station at tool library. We ground and trust equity and generosity. We believe in consensus, consensus making decision making, and we believe that governance bodies should reflect the identities and lived experiences of people whose decisions they impact. So we take the organizing motto, nothing about us without us from disability rights organizers there. So, I really wanna

challenge you, I'm gonna give you a couple of reflection questions. We're not gonna have a ton of time for discussion, but I hope you'll go back to your team, whether that's your staff, your fellow board members, volunteers, people in your neighborhood, whoever you are organizing with, and it does take multiple people to start and sustain a Library of Things. Go back and really reflect on these questions with your team, and hopefully they will help you to make some of these decisions.

0:04:50.0: So consider what philosophies or agreements you have in place that can help shape your functional decisions, right? You might even think what's the decision making process we're going to use? Is one person deciding? Are we voting? Are we going to use consensus? And those are all things that when you discuss them on the front end, it really saves time and heartache as you go through some of these operational decisions that can get pretty weighty and can lead to conflict. So, let's think about the first big question. And I can't see the chat, but Tom, if there's anything that feels like relevant or anyone, feel free to just chime in, but I hopefully have saved some time at the end for Q&A too. Let's talk about the first big question. How do you structure what you're doing, right?

0:05:35.3: So there's a lot of options. I am not a lawyer. I'm not a tax attorney. All of this is from my nonprofit master's program and my experience, so that's my caveat. But these are some of the structures that you might consider for your Library of Things. Many of them start as an informal group, right? These are neighbors, people who live in a specific city, people who know each other often, and often the first step they take is to become a fiscally sponsored project. We'll talk about that all in a minute. If you wanna formalize, the step you take, regardless of structure, is incorporation. You incorporate as a business. And the kind of business you choose really affects a lot of the future of your organization. Most, the vast majority of libraries of things in the US are 501 [c] [3] nonprofits. Every country has different structures, but in the US, these are the structures that we have available to us.

0:06:27.9: Some, especially internationally, that in countries that don't have this kind of structure or don't have sort of the culture of nonprofit or like charity-based governance, will choose to be a traditional corporation, what we call a for-profit often. In the US, we have some hybrid options, S corporations and B corporations. You think of something like Patagonia or KIND bars. These are companies that have taken advantage of this new tax structure. We'll talk about that a little bit, but it's a little bit complex. If you're considering being an S or B corporation, I would look at one of the resources that we'll talk about at the end for some legal help.

0:07:09.5: All right. So these are some pros and cons of all of them. None of these is the right way. Your group, your community, your users will dictate what's best for you. So informal groups are flexible and easy, right? Very good way to get started. You can stay a formal group until you need to not be one. That's okay. But you need to consider that all of the income and expenses for the organization have to be tied to an individual. So in the US, some entity needs to be responsible for any transaction, whether that's money in or money out. And without a corporate entity, a person has to be responsible. That means you get taxed on any donations, income, anything like that as an individual. So, if you have a GoFundMe or any other sort of crowdfunding platform and you don't have a corporate tax ID, some individual is gonna get that listed as income on their taxes, just so you know.

0:08:00.3: You also don't have a business entity to purchase a domain or insurance or sign leases or anything like that, it all kind of has one person gets stuck with it. And you don't have a structure for succession planning or handing it off. So that one person has a really hard time getting out when

they need to. And that can lead to it being very messy. Oops. Fiscal sponsorship is a really great first step. Shareable was fiscally sponsored. We were fiscally sponsored for a decade before we became an independent 501 [c] [3]. And this is essentially, you become a project of a nonprofit. So you operate under their 501 [c] [3] designation, which is your tax-exempt designation from the IRS. Often they provide additional business services. Like they legally, all of your employees are employees of that nonprofit. And so they do payroll, HR, sometimes they will do training or offer you a mailbox, other kinds of things like that. But really what that means is that they are legally responsible for your money.

0:08:58.4: So all of the money goes through them, which it has its pluses and minuses. Typically, they charge between 5 and 10% of income. I have seen fiscal sponsors propose fees of up to 20%. Be very wary of that. 5-10, maybe 15 is an industry standard, so be wary of any nonprofit that's gonna charge you a larger percentage of your income. Some of them charge a flat fee also, which is great. Technically, your organization is also governed by your sponsor's board. So, you're all employees of that nonprofit. This is just a program basically of theirs legally. And so you have some amount of less autonomy and transparency than you would if you were an independent nonprofit. You don't have to file your own taxes, but also nobody can see your 4990.

0:09:44.4: Okay. If you're ready to move on from either of those options, your first step for anything else is to incorporate. This is state by state. So your first step is to determine your state's requirements for incorporating a business. They're all pretty standard. You have to choose your resident agent. This is the filling out the paperwork part. You need to create bylaws and gather any other documentation that's required by your state. And they all charge some fee for the most part. Most states do, not all do. It's generally not a huge amount of money. It's typically under $100. You will, when you incorporate, need to decide whether you're going to pursue a nonprofit status or not in most states. You will have to file, you'll have to create a business structure for yourself either way. And then you go on to get your nonprofit certification from the IRS, hopefully.

0:10:41.4: Most of these incorporate as an LLC. Sole proprietorships and other business structures get complicated when you go to turn them into a nonprofit. So LLC is typically what people choose. And you'll wanna file for, as a non-stock corporation. So that just means nonprofit, and then you will get the tax exemption later. Resident agent is just somebody in the state who will sign the application and gets the mail. That's all it is. You can always change it. But it's not huge. It's kind of cool for somebody to get to be the first resident agent of a business. Yeah. And then you file. And typically, this step is pretty quick turnaround a month or two to get your business license or your certificate of incorporation, not a business license. A lot of paperwork involved here.

0:11:31.8: Okay. So once you've incorporated, it's a good idea right away, even before you've gotten, or as soon as you've gotten your tax exemption from the state to go ahead and file your 501 [c] [3] application. If you know that's what you wanna do, because it takes a long time. At a certain point in 2020, and actually in the years previous, the IRS was so back up to a year to 18 months. Now, it's back down to four to six months for the most part, but it can really get held up, so just know that this takes a while. It's a process. It's also not the easiest form to fill out, but I did an hour version of this. It's called the 1023 form that you file with the IRS, as well as our bylaws. Every other document I'm gonna talk about today, I've sent Shareable a folder that they're gonna share with you that has our examples.

0:12:22.2: So you'll have at least some place to start. And I hope on Candice, people will trade

additional examples, 'cause I know that we're not the only people who have these. So, the pluses and minuses of being a nonprofit. This is what the vast majority of us choose. The biggest one is that you can get grants and tax deductible donations. Almost all grants have to be made to a 501 [c] [3] designated business. That's because of the structure of private foundations, which we'll get to in a second. There's also a culture of seeing nonprofits as trustworthy, right? People like to support a nonprofit. You get industry discounts and resources, I'll talk about at the end. And then, you're also exempt from paying sales income and property tax. So not only do people get a tax deduction for giving you money, theoretically, you also don't pay any taxes as a business, which is huge. And I just wanna dispel this myth, nonprofits can carry a profit, they can carry a surplus from year to year. It's just that individual people, shareholders can't profit from the business. So when we say nonprofit, you can make money, you can have a surplus, you can have cash in the bank. It just means that that surplus doesn't then get divided among shareholders. That's it.

0:13:38.2: There are downsides. Besides the whole nonprofit industrial complex, which is its own topic, we could get into at any point. There are hiccups to being a nonprofit. Things you need to be on the lookout for. So it's rigorous, right? You have to do this corporation corporate filing first, you have to submit this IRS application, you have to do an annual 990 federal tax filing. This is just like submitting your personal taxes, but for the business. And the IRS really cares, because they have given you the specific exemption. So they look pretty carefully at your filings. If you have no income, or very little income, it takes about 10 minutes.

0:14:19.3: It's very, very simple to do what's called 1099, 10 or 990 postcard or 990 easy, very easy. So if, for example, you are fiscally sponsored, and you're not technically getting any money 'cause it's going to your sponsor, you can become a nonprofit at any point and your tax filing, super easy 'cause you don't have any money. So there's no no need to wait on that if you don't want to. If you are an independent nonprofit, you have to file that 990 every year. And you also have to register in almost every state to do fundraising and to get a sales tax exemption. So there's additional registrations you need to do to get the benefits. And then once you grow, once you get to having $600,000 in charitable contributions or more, you have to do a financial audit with a certified auditor, it's very expensive and very lengthy. So just know that that threshold is there.

0:15:10.9: When you go to fill out your 1023 form, there will be a couple different options. So the other tax exempt structure in the US is also a 501 [c] [3], but it's a private foundation. That is not what you want. That is for grantmaking. This comes up every now and then in the Tool Library Google Group. I'm registering, which one do I pick? Do not pick private foundation. That is not for you. It's complicated. There are also other 501 [c] designations you could consider. Most of them are not the right fit, but you can look into it. The 501 [c] [6] membership organization is one that I've seen a few tool libraries use. This is not, it's not tax exempt and donations are not tax deductible, but you also don't have to do all that business with the filing and the fundraising, all that stuff. So if you had, for example, just a neighborhood association that was going to start a tool library, your neighborhood association, if it's incorporated, is probably a 501 [c] [6]. If you had an HOA, for example, some of those are 501 [c] [6] s. So there are other structures you could consider. One of the things we'll talk about at the end is you probably have a Community Law Clinic near you, and they are a great place to go to. I am not a lawyer, again. But just know that there are other options out there if you wanna explore them beyond the 501 [c] [3] designation. I think there are eight in the US.

0:16:40.9: Okay. And then, traditional and social benefit corporations are an option, right? You can

be a for-profit tool library or Library of Things. That is an option. It's somewhat counterproductive. I think in some ways it's a little bit counterintuitive to what we do in terms of sharing and decapitalizing, but it is an option. You would then have to pay sales and property tax. You would still have to file business income taxes, and you can't get grants or do fundraising. So, there's not a huge amount of benefit for what we're doing. Okay. Let's talk about staffing. The thing to know about staffing is there's so much more to know than you think if you're starting out for the first time and more to know than I'm going to cover. I just wanna go over a couple things here. So when you start to pay people for being staff members of your library, there are two big categories you can choose from.

0:17:32.2: You can either pay people as 1099 independent contractors or as employees. And so, the 1099 and the W-2 are the two different kinds of tax forms that you get at the end of the year. And so that's kind of how we refer to people, is how we, by the name of the tax form that we give them. So independent contractors, there are very strict restrictions on who can be designated a 1099, 'cause they have a lot less rights. There are far fewer requirements of an employer to be good to a 1099 contractor. So you might, remember some of the lawsuits around Uber and Lyft, right? Are their drivers 1099s or W-2s? 1099 contractors, typically they do one very specific thing for you. So our marketing consultant, for example, is a 1099. Our workshop instructors are 1099s.

0:18:19.1: They're paid either by the job or hourly. They don't have, typically, you can pay someone on retainer, but typically if you're paying someone all the time for years, they're probably not a 1099. Typically, if they need insurance, they carry it themselves. It's a very regulated category. I would encourage you to consider, if you can, making anybody you can a W-2 employee. That allows for all kinds of things like employer benefits. It's much easier for people to buy a house, for example, when they have W-2 income that they can demonstrate. But you have to consider not only the salary, which can be hourly or annual, but also you'll need to pay payroll tax, unemployment insurance, workers' compensation insurance, and typically you need to include them in your organization's liability insurance. So it's not just as simple as giving someone a paycheck, just so you know. Which is another reason why it could be great to be a fiscally sponsored project while you're getting started. Because your fiscal sponsor figures all of that stuff out for you, they pay the payroll tax for you, they get the insurance, all that stuff.

0:19:29.1: So, if you think you might be at a place in your budget where you could pay people for labor, consider, are you really? Are you really ready to provide staff members a positive, well-supported experience? Are you ready to take on a W-2 employee? If not, you maybe you wanna consider another structure. Also, these are all the legal ways to pay people. There are extra legal ways to pay people. I'm just not gonna go into that. Okay. So, I just talked a lot about insurance. Let's go through some of the high points. This is not exhausting, [chuckle] again. So, the two big kinds of insurance you need to worry about, aside from staffing. Staffing has its own sets of insurance unemployment workers' compensation. For you Library of Things, regardless of how big you are, regardless of whether you are a tool shed in someone's backyard or a big organization that owns your building, please get both of these kinds of insurance. Do your best. Our Sister Library in DC just had a series of break-ins. They lost almost all of their inventory, and it was not insured enough to replace it. They were able to raise the funds, but it was really scary. And it's as many holes as our insurance system has, having insurance is a great thing.

0:20:47.8: So, the big one is property insurance, right? If we are loaning things, if we have Libraries of Things, we own a lot of things, and they're worth money. So, if we lose them, if they

get broken, if they get stolen, we wanna be able to replace them. Typically, property insurance also covers any item or any building that you own. So, as a homeowner, if I had a Library of Things in my backyard, my homeowner's insurance would cover that property, that shed, and everything in it. As an organization, you need to think about it the same way. Typically, your property insurance does not cover damage to leased property, which is something you need to know. So, we lease our space, we rent it, and our property insurance doesn't cover our building. So, that's something to make very, very sure of with your landlord, that the building is covered, that they have appropriate insurance, especially if you have, like gas-powered tools or anything that could cause a fire. Just make sure that you have that discussion with your landlord, if this happened, who would be responsible for replacing the window if it got broken, things like that.

0:21:51.1: The tricky thing with getting property insurance, there's a couple tricky things. One, we let strangers have our things and take them home, right? This is not something that most insurance brokers are used to, and it's a pretty high risk, right? So, a lot of insurers are concerned about the risk to property if people take it home and we hope that they bring it back. Some property insurance policies for Libraries of Things don't cover theft for that reason. They would only, or not theft by a member, they would cover a break-in, but not loss in the course of business. It also requires you to value your inventory, which if you get to be as large and old as we have before going out on your own as a nonprofit, is a huge task. So, I really encourage you, as you are building your inventory, keep track of how much things are worth. Just do it on the front end.

0:22:42.3: Jason last week, I think, talked about some of the inventory management software that's available. Almost all of it has a place where you can record value. Do it early. It's hard to catch up. The other big category is liability insurance. This covers damage to other people and the things that they own. This can also be pretty tricky to get for some landable items, like ladders, table saws. So, for example, our liability insurance policy does not allow us anything but a SawStop table saw. They have that safety feature where people can't cut their finger off. We cannot even loan a SawStop table saw out for somebody to go home and cut their fingers off with. They won't do it. Our liability insurance broker is phenomenal and I'm happy to share his contact information in Canvas. If you are having trouble getting someone to give you liability insurance, I would recommend reaching out to him.

0:23:36.7: We'll talk more about resources at the end. It can be tricky. It can be tricky to get liability insurance if you are a Library of Things that lends anything dangerous. If you're lending camping gear, maybe a little easier. Kitchen stuff, maybe. If you're lending chainsaws, that risk is high. [chuckle] So, having a strong user waiver also really helps. So, your liability insurance broker will probably wanna see your waiver and they might have some language that they need you to include. So, it's also worth having some samples from other libraries, having some contract lawyers, maybe volunteers, look at your waiver as well.

0:24:12.4: Okay. So, this is the dorkiest part of my entire presentation. Let's talk about NAICS codes. [laughter] These are the Census Bureau's designation for what the heck you are? And there is not a good one for us, yet. That's one thing that I hope we can work on as a collective. But these codes are used to categorize businesses, not just for insurance, for the census, really, but it's what the insurance companies use to figure out who we are and what the risk is. So, there are some options. We have not, I would say, as an industry, I don't think we've settled on one that works. It can be a negotiation, right? So, if your insurance broker says, "I think that you're a tool rental business," and you could come back and say, "No, no, we're a civic and social organization." Here's

why. So, it's a conversation to have with your broker if you have the capacity. These are some from the current NAICS database. So, these codes are current as of 2022. They change every couple of years. So, if somebody recommends one to you and then you don't see it later, it may have just changed. They may go away. Sometimes they go away. Sometimes they get added. These are some that you might consider using. If someone asks you for a NAICS code instead of giving you one, here's a list. You can choose one. Okay. We're gonna have plenty of time for Q&A. I'm a fast talker.

0:25:30.4: So, let's talk about risk management, right? So, we do all of these. We have all of these conversations. We get our insurance policies. We find out the best business structure. And still, bad things can happen, right? So, without staying up worrying about it every night, how do you prepare to just deal with it when stuff happens? You have your insurance policy. That's great. Here's a couple things that can help. Having a really strong code of conduct. So this is another document that I've shared an example of. This one took us a really long time to get to. This is our newest document as an organization. We've been working on it for 10 years. So, hopefully we can save you some headache. The code of conduct to me connects the most directly to your mission and your values, your vision for the world, right? How do we wanna be together in a community? This is not the kind of thing where you're preventing a lawsuit or anything like that. This is really like, ensuring that your community stays safe together and that the relationships among you stay strong, which is, I think, almost more important than making sure you have a good inventory that's protected from theft. Your code of conduct, at minimum, will need to include harassment and discrimination policies, right? What is not welcome in our space? And then, some kind of response and consequences. So, if this happens, here's how we as a community will respond. And then, your code of conduct also should include roles.

0:26:55.2: So, who is the we, in this conversation, right? Who is empowered in your community to make decisions about what kind of behavior is unwelcome and what happens when that happens? You know, luckily, knock on wood, we haven't really had to use our code of conduct very much, but we have. You know, I think it's having explicit expectations for the people in your community, whether that's for your members. Like, what kind of condition do things need to be in when they come back, and what happens if they're broken or dirty to your volunteers? Like, how do we treat each other? What happens if someone gets too drunk and makes a bad decision? Thinking about that stuff in advance can be really valuable. And then an emergency response plan. We've also included our version of this, which is from our volunteer handbook. So, it's not comprehensive. An emergency response plan really should help someone in an emergency, who is not you, who's in charge of everything, figure out what to do and how to do it appropriately, right?

0:27:53.6: So, our emergency response plan goes through, what if there's a fire? What if there's a burglary while someone's at the library? What if you find someone unresponsive and you think they might have overdosed? What if there's just somebody who's exhibiting behavior that's like kind of sketchy or unwelcome? What do you do? So, it's similar to the code of conduct, but it's really a guide for the people in your community to go to in a moment of maybe panic, and know what to do. So, it includes contact information for our building manager, for our staff. We have a policy of not calling 911 unless someone's life is in danger, and we talk about why that is. We include the 980 mental health crisis hotline in the US And then, if something happens, someone gets injured in the workshop, there's a fight, something like that, how do we document it so that we can learn from it, respond appropriately outside of that immediate moment? I think a good emergency response plan also includes what if something happens publicly? What if a reporter contacts you to find out about something? Who's allowed to respond? If the press does come to volunteer, who do they send the

press to? Are they allowed to make a statement? Things like that. It's worth doing just a little bit of disaster forecasting, just to think through, if this were to happen, how would we respond? How would we want our volunteers to respond? How would we want our members to feel?

0:29:18.2: Oh, another reflection question. Do you feel prepared to handle things when they go wrong? Because knowing that things will go wrong, and you have a plan, keeps you from worrying that they will, and make the plan, so that then you can rest easy. All right. So, we have a couple minutes for Q&A, but I wanna talk about some of the resources, and I hope that this group will also share others. Some of the resources about where to go next. So, this Co-Lab is a great resource. I hope we'll come to all of the remaining nine presentations that are left. Engage in Canvas. Ask questions. I will be checking that. I'm on vacation this week, but I will follow up to any question that's in Canvas personally.

0:30:03.7: You can also reach out to me. These are the sample documents that I've provided. These will be posted. I'm also happy to share them directly. They include our Articles of Incorporation, which again, is what you need to become a business. Our nonprofit application to get our 501 [c] [3] status. So, that's the IRS form, and our bylaws. Our bylaws also took us a super long time to figure out how to do them based on our mission and values. Our employee handbook. So, if and when you do decide to add staff, or if you already have staff, and you need samples of policies, this was a labor of love. I incubated this thing for more than nine months. I feel like it's mother. This is a massive document that hopefully will help you. As well as our Code of Conduct and our Emergency Response Guide.

0:30:48.0: So, those are there for you as examples, and in addition, if you want to get insurance, and you want to look at categories that might fit you in the NAICS, there are paid databases out there. Don't get tricked. The NAICS code search is free through the Census website, know that. Some of the things that we didn't talk about, or I didn't talk about, we can talk about them next, are like bookkeeping. How you do that kind of thing? I encourage you, as soon as you have access to a 501 [c] [3] number, whether that's yours or your fiscal sponsor's, get a TechSoup account. TechSoup is a non-profit clearinghouse of non-profit discounts for software. So, we have free Microsoft Office. We get about a 50% discount on QuickBooks Online, which I use for bookkeeping, and we have a discount on Adobe Creative Suite.

0:31:36.2: So, lots and lots of things are free through TechSoup. There are other things, like Canva, which is fabulous design software. The pro version of that is free for 501 [c] [3] s, and always will be. It's a commitment of the community, or of the company. So, if you need to do graphic design, things like that, that is a great place to look. Many states have a nonprofit service organization. So, in Maryland, ours is called Maryland Nonprofits. Colorado has a really strong one. I used to live in Colorado, too. But pretty much any state in the US, and I think many in Canada, have a nonprofit service organization that helps you find these resources. They do trainings on how to build a board, which I will talk more about in our governance presentation later in the series. Please come to that as well if you're interested.

0:32:24.5: And then, many law schools, especially, but also, there are many independent non-profits that offer legal consultation. So, if you have a law school in your city, they probably have free legal advice. And if not, there's probably a nonprofit center somewhere near you that offers legal advice in your state. So, it's important to find advice in your state. In addition, there are organizations like Catchafire, where you can apply for pro bono professional volunteers. So, it's

really worth finding a lawyer and making really good friends with them pretty early on. And then, if you are a Library of Things that lends tools, you can join the Tool Library Alliance Google Group. This is actually an international, so you don't have to be in the US, an international Google Group of tool libraries.

0:33:12.5: And we have, I think it was started in 2016. So, we have eight to nine years of really great history that you can search for all kinds of startup guides. And in addition to what Shareable is going to be putting together, you can join that Google Group. If you have specific questions, I'm an admin, you can email me to join it. How to email me? This is my contact information. So, I'm just leanna@toollibrary.org. You can find more about station at tool library @toollibrary.org. And if you're interested in scheduling a chat, I'm happy to. I do nonprofit consulting, but I love to do it for free for tool libraries, specifically other Libraries of Things. I'm happy to chat more. Now, I think we have about 20 minutes. And if it's okay, I'm gonna leave this slide up just for a minute, in case folks want to grab that contact information. And let's see if there's any questions in the chat. There's so many messages that I couldn't see 'cause I was talking. But if anyone wants... Yeah.

0:34:11.1: Yeah. There's a few questions I can just kind of jump through. One was there was a question about those waiver forms and if there's the ability to share some examples of those waivers as well.

0:34:25.9: Yes. Somehow I didn't even think of that. I'll drop ours into this folder that I gave to Tom. I'll do that right after this presentation. So, when you access it, hopefully it'll be in there. And then, I also hope, I mean, this is something that almost every tool library has some kind of waiver. Especially, my other book icon friends in the group, I hope that you'll share those on Canvas as well. Can you attach files in Canvas?

0:34:51.9: Yep. Definitely.

0:34:52.9: Cool. Yep. And this folder, you should be able to drop other things in there as well. So yeah, strong waiver is important. Ours was looked at by one of our lawyer friends. So that's as much as I know about it. Our insurance agent likes it.

0:35:04.6: There was also, and speaking of insurance, that was the next question was kind of like, what can somebody expect to pay for insurance per year? And I'll just say that in the chat, I also just dropped the Library of Things report, a link to there and one of the screenshots from what those costs can look like. But if you wanna share specifically what your costs have been, and maybe what they are now.

0:35:28.4: Totally. Yeah. So we have a combined property liability policy that's $6,600 a year. Ours is unusually high because we do classes and we have a public workshop. So we have people using tools on site at our library. So ours is high compared to what you might find elsewhere. I know Vivek from Chicago just dropped theirs in the chat. It's about $3,600. They have a huge inventory, also. So, it really varies. The cost of your insurance is going to depend on the number of items that you would need to replace, like the value of your replacement stuff for property. And then, the risk of those things to human life for the most part, like to bodies for liability. So if you have chainsaws specifically, your liability insurance is gonna be really high if you can get it. If you have extension ladders, that's another thing that can drive up your liability insurance. And so, it's also worth finding a good agent. So a great agent won't charge you to ask questions, right? That's something I didn't

realize before I started doing this. The broker is there to just find the insurance and sell it to you. And so if you really understand what you need, their job gets easier. And so find a broker who's willing to just chat about what you can do to lower those costs, basically.

0:36:52.3: And have you had any examples of the waivers that you've had being challenged? Like somebody got injured and said, "Hey, this shouldn't be covered by a waiver." I know sometimes there's been some legal examples, not necessarily in Libraries of Things that I'm aware of, where those have been found not to actually be legally binding. But if you have...

0:37:13.1: Yes. [laughter]

0:37:14.9: Or anybody else who's been running a Library of Things has an example they wanna come off of chat and answer after we hear from Leanna.

0:37:23.1: Yeah. So I have not in this role had a waiver be challenged. I used to work for a couple of different organizations. One of them was Habitat for Humanity, which is massive international. They have had lawsuits. Waivers don't do a lot to protect you legally. I will say another kind of insurance that I didn't include, but we'll talk more about in our governance discussion, is officers and directors insurance. So if you're an independent nonprofit, that protects your board of directors from being sued, basically. Like losing their personal property if your organization is sued for $4 million because someone loses a hand with one of your tools, for example, God forbid. So a waiver is not necessarily going to keep you from losing a lawsuit or keep anyone from suing you. It does allow you to get insurance for the most part, ironically. [laughter] So, I think there have been relatively few tests of nonprofit waivers in the US. There have been some legal precedents set that are good. So you can... Yeah. So as Vivek just mentioned in the chat, you don't waive your right to sue for negligence because of a waiver. You have to make sure that you're not negligent also as an organization.

0:38:42.6: What was I gonna say? Yeah. So there are other things like safety courses that can impact your insurance. Having a waiver, yeah, really is just a deterrent to a lawsuit. And the precedents I was gonna talk about were electronic waivers are now acceptable, but not, they haven't been tested for minors to my knowledge. So we still have anyone under 18 who participates in a workshop, have their parent paper, like the hand sign a paper waiver, but the sort of legal test for electronic consent to signing a waiver has been passed. So that's good. Also, every state has different requirements for how long you need to keep the waiver and how long the waiver is good for. So in Maryland, that's three years. We have to keep record that somebody has signed a waiver for three years, but then also after three years, they have to sign a new one. So, that's something to keep in mind, and that process can be really annoying, but it's worth thinking about as you set up your structures. There's a question about directors and officers insurance, not super expensive. It costs us maybe $600 a year, yeah, Chicago is $500. Anyone else have experience with waivers that you wanna share? Feel free to add a voice.

0:40:01.0: I wanna jump in. Bobby from Shareable here. With not an LLT specific waiver, no, but my wife and I used to own an organic vegetable farm. And we had a business partner who was a lawyer, who said, "From a legal perspective, obviously, waivers don't provide necessarily legal protection, but the value, not just in deterrence is that it creates an expectation, and puts volunteers potentially in the mindset that you may encounter dangerous things and you need to be careful when you are here." So that is another benefit there to the waivers is just making sure people are

cognizant of what they're doing when they're there.

0:40:49.1: Yeah, absolutely. And we have a different waiver for tool lending than we do for our classes than we do for our workshop. And in large part, it's because we want people to read them. We don't want it to be a three-page document that they skim through. We include some jokes in our waiver so we can tell if someone's reading it, they chuckle. [chuckle] That's always kind of fun. Your waiver needs to include specific language, but doesn't preclude you from including anything else. So for the most part, these documents, they need to have specific things in them, but you can also make them your own and make them fun. It helps people actually read them if they know that your documents are cool. Daryl mentioned the limitations on tools due to insurance. So, we have a couple of limitations on the tools that we lend. We don't keep any gas powered tools in our library for a number of reasons. I know that this is like a big thing between two libraries, like do you have gas powered stuff or not? One of them is liability. Gas powered things are a little more dangerous. They're more likely to break. We don't even lend electric chainsaws because, not because our insurer said we couldn't, but because we didn't feel like members could safely use them. We do include extension ladders and we have table saws, but they're the SawStop table saws and ensures, so I just saw that table stop or SawStop.

0:42:12.7: This is very tool library specific. They just gave up their patent on the technology in exchange for being the requirement by OSHA. These are table saws that have a stop, an electric stop. So if they encounter skin, basically they destroy themselves instead of cutting. I know, it's really good news. And so, our insurance agent, they have a policy that they don't actually insure any workplace that uses non-stop stop table saws. So we're just like any commercial wood shop in that we have to have these safety features on them. And we agree. I mean, regular table saws, we stopped lending them before the requirement. 'Cause again, we just didn't think that people could reliably use them safely. We didn't wanna be responsible for someone cutting off their finger, even if it wasn't really our fault.

0:43:00.1: Our insurance, we have a really unusually kind and flexible insurance program. So they have not asked us for an inventory audit, but they did recently. So that's the other thing is you can get dropped from your insurance, which really sucks. This happens to libraries every now and then. So it's really, really worth not trying to state under a requirement or like be secret about the things that you're doing, because it really sucks to be able to have to stop offering your Library of Things because you're not insured. And you definitely don't wanna operate without liability insurance. So just be upfront with your broker, shop around, find a broker who wants to work with you. Brokers that are already working with other Libraries of Things are definitely the go-to. 'Cause they have some amount of knowledge about what we're doing. There's some precedent there.

0:43:54.0: And on that note, I just wanna say that in that Library of Things report that we put out right before the Co-Lab again, and again, it's in the chat a little ways up now, but it's in there. We have a listing of many of the current insurance companies that are serving many current Libraries of Things. About 10 different insurance companies in the United States, another six in United Kingdom, about that many in Australia, a few in Canada and France as well. Unfortunately, many of the other groups that were outside of those countries that didn't end up sharing their insurance companies. But for those countries, there's a lot of great options to find out about if those companies service your area. And it's a good place to start. You can also talk to your broker, but it will help if you have that list of potential companies when you talk to a broker.

0:44:54.5: All right. I'm just going through the chat to see if there's anything else that we should talk about. Fiscal sponsorship is definitely something to look into. I can talk more about that with anyone one-on-one, if you're interested. Libraries of Things, we saved our original email to our fiscal sponsor. We were just like, "Hey, here's what we're trying to do. We think it's cool." And she just wrote back and she was like, "We think it's cool too, hop on board." So it can be very easy. I think fiscal sponsorship in the last 10 years has gotten more popular, which means it's gotten a little bit more become more of an industry. It's gotten a little more formalized. But there are kind of two different kinds of fiscal sponsors. There are groups that exist solely for fiscal sponsorship. They're incubators. And that's what we worked with. And then there are other nonprofits that might just bring you in under their wing. Sometimes associations of grant makers will also do fiscal sponsorships. So that's an example of a private... I don't know why I just entered the waiting room again. That's the example of a private charity who can also do fiscal sponsorship for 501 [c] [3 public charities.

0:46:03.7: Yeah. So if you already work closely with a nonprofit, just ask them if they've considered fiscal sponsorship, they might be willing to do it. The other thing is, I know some Libraries of Things have worked with municipalities to be their fiscal sponsors. So the DC tool library works with sort of like a quasi-governmental friends of the parks style group and also the parks and recreation department. And so, it's worth, especially if you live in a smaller municipality or one that is like very poor people, it's worth reaching out to them, if you have a connection.

0:46:46.1: There was, I was going to say there was... Yeah. Go, go ahead, please.

0:46:49.2: Jason's question about a safety course. We do. So we do require a safety course for all of our woodworking shop use. We do require that. So that's another insurance requirement. I will say, sometimes we tell people things are insurance requirements, just to make them stop arguing. And that can get lost to the sands of time where it really is and isn't. But yes, our shop safety orientation class is required before use. So people, if they use our makerspace, have to take a class that uses that tool before they can use it on their own. And that's good practice. Even if people are experienced woodworkers, every tool is different. We do not have required safety classes before any of our tools are lent. We require a class before we lend our floor refinishing equipment, but that's for the safety of the tools, not for the safety of the people. And every Library of Things is a little different in that regard.

0:47:52.8: All right. Any last questions for Leanna while you have her? All right. Well, thank you so much for that presentation. It definitely was a lot to chew on, and it's gonna be very helpful to be able to dig in through a lot of those forms and different resources that you provided that are going to be up on Canvas very soon. Candice, rhymes with Canvas, but is not, has just put a link in the chat to our post-session assessment. And I just wanna please encourage folks to take a couple of minutes. We even have five minutes left over at the end of the session right now, to fill that out. Thank you to everyone who filled it out last week. We're sharing those responses with the presenters. Jason, you'll get yours very soon. And we're also taking that information in. And one of the things that we heard from a few people last week specifically, was that there was a desire for more time just to get to talk and connect with each other that were participating in the Co-Lab and some of these sessions are very intensive. There's a lot of heady content, and they don't have quite as much time for breakouts, which we wanna make sure there's plenty of space when we do a breakout.

0:49:09.6: I think in the first session, we were a little short on time for that. There wasn't a lot of time to dig into the questions and to meet everybody. So, we wanna make sure when we do have breakouts that we provide enough time for that. And also, some of these sessions coming up are gonna have more than one presenter. And when that happens, it also is gonna be a little harder to do that. So, what we've decided to do is we're gonna have a couple of kind of open hours, like open office hours for people who wanna jump in, connect with each other. We're gonna be sending out the dates for those. I think, we're gonna have one next week, actually. So, we'll send the data for that very, very soon. And then, we'll do them kind of monthly as well. And then the other thing is that we want to just keep this room open after these sessions are over for at least about 15 minutes for people who just wanna chat, wanna talk about their specific situation where they're at, wanna connect with other people. Ask questions that maybe weren't related to the subject matter of the presentation that happened on that day, but is related to Libraries of Things in general.

0:50:11.9: So, with that, gonna open this up. And if you feel like you got your fill and you wanna jump off, please take the opportunity to do so. Also wanna share the reminder that we will be sharing the recording of this session. The video will go up on Canvas tomorrow, and then we'll be posting the transcript. Both in English, but also translated into Spanish. The chat record is saved and is also being put up onto Canvas. And later down the line, we're gonna be editing down all these videos and all this content into kind of easily the bite-sized chunks of content. So, we're editing them into chapters and putting it out publicly as a self-paced online course. You can revisit any of this content later in the specific nuggets you might wanna check out.

0:51:04.3: There will also be graphic recordings from every single one of these sessions to be able to have a visual representation and to be able to jog your memory quickly about what was talked about in which session. So, that will be coming out as part of the larger toolkit that's being produced following the Co-Lab. And all of these different sample bylaws, membership agreements, waivers, like we talked about, the different things will be included in that larger toolbox in a centralized location that's easy to access both on Canvas and off of Canvas for anybody that's working with you moving forward to be able to get as well. All right. That was a mouthful from me. I'm gonna stop right there. And I'm seeing a few more questions kind of coming through here. And I'm wondering, well, there's one more question that's come here. Jason put this in. A lot of discussion about instruction or how to use guidance provided. Apparently, some insurers have an issue with it. Has anyone heard that directly from insurance companies? So, showing people how to use an item could add additional liability if you didn't train them correctly. Anybody have any issues with that?

0:52:39.4: No answers for Jason on that one. Also, just seeing, you know, those that are just getting onto Canvas, when you get in on there, if you, I'm just going to click over to student view so I can tell you exactly what it would look like for you. If you go to the modules, click on modules and then under every single module, you'll start to see these resources. So, we haven't added, actually, no, thank you. While we've been talking, Candice has been able to put up a lot of those things that Leanna was talking about in her presentation under the operations module.

0:53:22.5: Yeah, I can speak to Jason's question. I think one of the challenges is that, we are such a new model. The idea of Libraries of Things really has not trickled out into the larger marketplace of business services in a big way. So, someone was mentioning that the NAICS code that you choose has big implications for your workers' compensation insurance, et cetera. And most insurers are just not familiar enough with what we do to have good guidance. So, in a lot of ways, we are on the vanguard of doing those kinds of legal tests that we've seen with waivers about things like

instructional videos, you know, guides of how to use tools. Even the risk associated with lending items is really not, has not been studied by adjusters. And so, they don't know. In large part, they don't know more than we do.

0:54:17.4: But I think asking those questions and knowing the questions to ask, knowing what we don't know can help us have those more informed conversations with our brokers so that then if something does happen, at least we brought it up, right? At least we put it on the table. If anyone here is interested in being added to the national or the international tool library Google Group, you can feel free to just drop your email in the chat, and I will make sure that you get an invitation to that Google Group. There are thousands of people on it from all over the world. And like I said, there's many, many years of history if you're interested in specifics. And it is specific to tool libraries, which I know is on everybody's bag.

0:55:06.8: It is, but there's a lot of non-tool library people asking questions on there as well. And so, because it's a Google Group, you can go, once you sign into it, you can scroll back through all the topics, all the different threads that have been asked. I will say that one of the things that when people join, they often do not do that. And we get the same questions often come up every few months, especially questions around insurance and liability and some of those things that we talked about on today's session. So, you can find additional answers from other existing Libraries of Things on that, on the various threads. And again, this goes back, how long has that Google Group been around? About 15 years or something at this point, maybe longer?

0:55:54.0: I think since 2016, I think was when it started. So, it's newer than you think. [chuckle]

0:56:01.5: 2016. Okay. Okay. So, not quite as long. But definitely, it was a very valuable resource in the first couple of years as we were working on starting the Asheville Tool Library. And I know for many others have...

0:56:16.3: Maybe it's older than that then. Yeah. It's the go-to source. Yeah. [laughter]

0:56:20.8: Yeah. Yeah.

0:56:24.6: Yeah. Definitely, search the Google Group before asking a question. But then if you don't find your answer, do feel free to ask. You can also always email me directly. And I think there's, like I said, there's this sort of emerging group of established libraries, and we're working on how we share what we've learned. Just coming in soon. Well, I've got everyone's email that was in the chat, and I'll add them to the Google Group.

0:57:04.2: Awesome. Yeah. And if anybody wants to stick around, has any other questions, or wants to pop off, come on the video and say what's up, we'll just keep the room open for a few more minutes. And man, I know you're on vacation. So, if you wanna hop off and get back in the pool, you are very welcome to do so.

0:57:23.1: I will. I will in a minute. If anybody has any more questions, I'm happy to add.

[pause]

0:57:52.9: Cool. All right. Thanks, everyone.

0:57:56.9: All right. I'll go ahead and stop the video.

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