



© John and Karen Hollingsworth

Snow geese, DeSoto NWR, Iowa

Building the Organization

“People who get involved with public causes open themselves to frustration and disappointment, but – through it all and after it all – those moments of making change happen for the better are among our lasting joys. There’s something wonderfully rewarding in being part of an effort that makes a difference and there’s something rewarding too, in being among other people when they’re at their best.”

Brian O’Connell,
The Board Member’s Book

Building the organization

Now you have a core leadership and a mission statement. Maybe you also have a few projects that your group has agreed to do with the refuge. What’s next? How do you move from being a group of dedicated volunteers to being an organization with membership, money and recognition?

There are a number of steps, and a few legal hoops, your group must go through to formally establish your organization. Some of the questions you may want to consider include:

- Do you want a voting membership or just contributors?
- Do you want to raise funds, and for what?
- What type of activities will your group be involved in?
- Do you want to be a non-profit organization that can receive tax-deductible contributions, and what are the options?
- How many board members do you need and what skills should they bring to the group?
- What do you expect from the board members?
- Do you need formal committees?

Some answers to these questions will come naturally from your mission and goals statement, others will be more difficult to answer.

No two Friends groups are exactly alike – some are more formal than others, some focus on outreach, others focus on projects or fundraising. Some have voting members and others have only contributors.

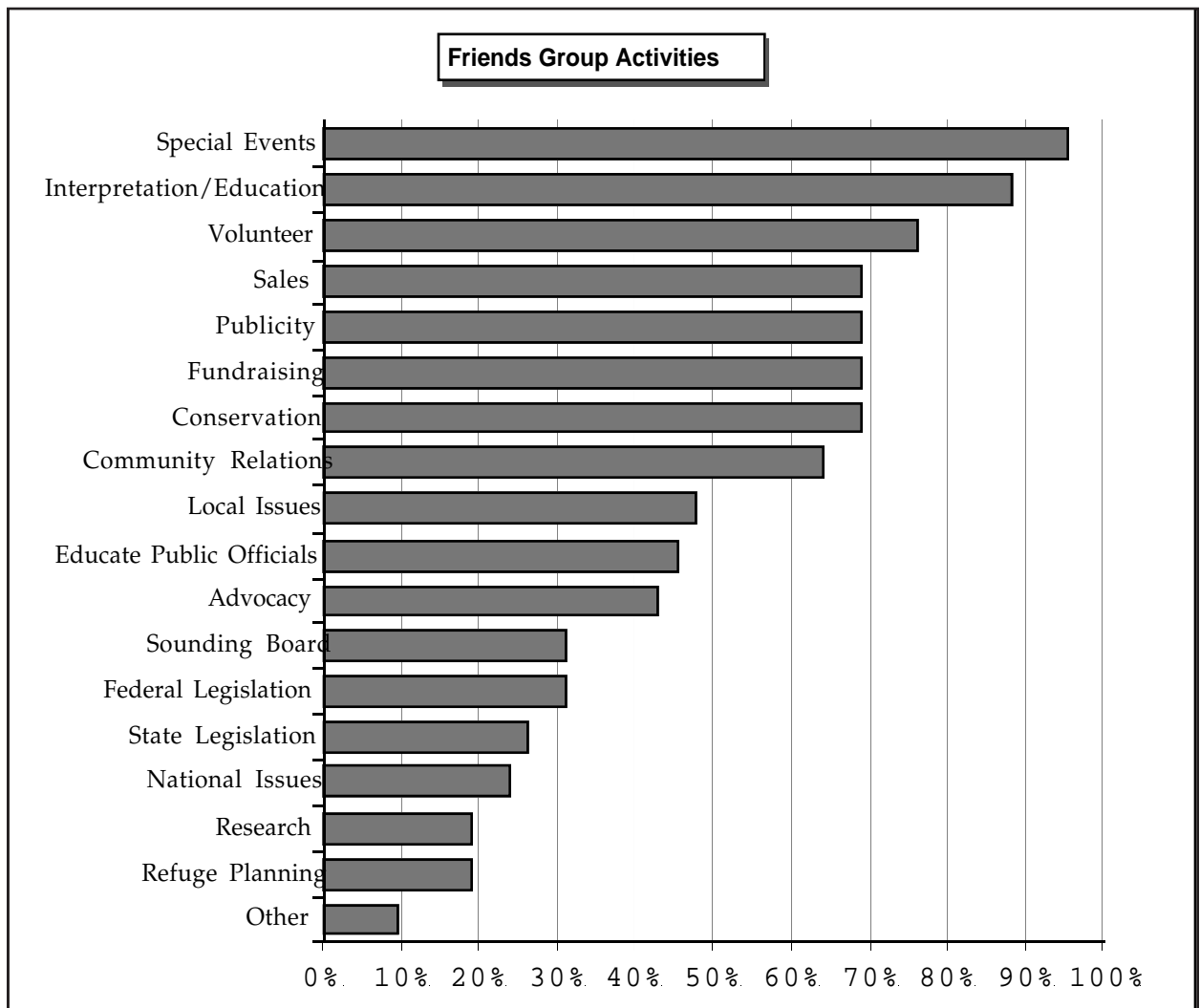
Friends groups report being involved in a wide variety of activities.* (See chart opposite)

Steps to formalize your organization

- Determine the purpose of the organization
- Form a board of directors
- Draft bylaws
- File articles of incorporation
- File for an Internal Revenue Service determination of federal tax exempt status
- Meet the requirements of state, county, and municipal charitable solicitation laws

Making decisions about what your organization will look like and how it will function takes time – maybe as much as six months to a year. While the process may feel terribly slow, these are important decisions that will dictate how your organization will function for years to come. There really is no reason to rush.

It’s also important to move forward and not allow yourself to get bogged down with difficult issues. Some disagreement is inevitable, and sometimes it may be best to “agree to disagree” and move on. You can always agree to change things later if some part of your organization isn’t working the way you want it to. In fact, it is important as a group to regularly (annually) review your mission statement, goals and accomplishments to be sure you are on track. Any needed changes can be made at that time.



* National Wildlife Refuge Association Friends Survey, 1997.

Three different kinds of Friends Groups

1. Friends of Back Bay decided to form a 501 (c) (4) organization. Their mission is focused on land acquisition: lobbying is a main activity, thus they have no formal agreement with the Fish and Wildlife Service, but excellent people-to-people communications.

2. Friends of Minnesota Valley is a 501 (c) (3) organization. Their mission is to conserve and protect the natural and cultural resources of the Minnesota River Valley. Their activities are a mix of supporting the refuge, establishment and development, education of the public, fund raising to support these activities, all the while helping to “educate” congressional leaders about the Valley’s resources and needs. They have formal agreements with the Fish and Wildlife Service on a project specific basis.

3. Seney Natural History Association has 501 (c) (3) status. Operating a sales outlet is their main activity. They have a cooperating association sales agreement with the Fish and Wildlife Service. They successfully operate a \$80,000+ sales facility. Proceeds go directly into support of refuge educational and interpretive activities.

Tools to build the organization

- Develop an annual and long term strategic plan
- Develop a budget and resource development plan
- Establish Committees
- Establish a record keeping system for the organization’s official records
- Establish an accounting system
- Choose a logo, use it on your stationery
- Develop a brochure
- Print some stationery
- Create a Public Relations plan

The Board

Members of the Board of Directors of a Friends group will be the key people who develop policy and make decisions about how the organization's mission will be translated into action. An effective Board of Directors is critical to the success of the organization. The core group will need to reach out to the community to build the board. What follows are some tips on how to put together an effective board.

Consider people's strengths and use those strengths on your board.

As you build your board, consider the skills needed to make the organization work. For example, a lawyer and/or tax accountant to help with the non-profit filing, a banker to help with financial aspects, etc. The initial board will be composed of both "worker bees" and leaders. In time, you will have members who will pay dues and volunteer on the refuge.

Look for people willing to:

- Commit time and energy to the organization.
- Put the interests of the organization first.
- Prepare for and attend meetings.
- Ask questions, listen and think creatively.
- Take responsibility, follow through on assignments.
- Contribute personal and financial resources in a generous way according to circumstances.
- Open doors in the community.
- Evaluate themselves.
- Work well with people individually and in a group.
- Cultivate and solicit funds.
- Cultivate and recruit board members and volunteers.
- Read and understand financial statements.
- Learn more about the organization.
- Be honest, sensitive to and tolerate differing views.
- Have a friendly, responsive, and patient approach.
- Possess community-building and leadership skills.

“When I look at what makes a board tick, it's often the ability to work together that counts, and this depends on qualities that lend themselves to team work.”

Brian O'Connell,
The Board Member's Book

Organizing tools:

- Do not make the board too large or too small. A size of 9 to 15 or fewer is preferable.
- Match skills with needs.
- Prepare a written job description for individual board members.
- Ask each board member to serve on at least one board committee. For new members, one committee assignment is enough.

Responsibilities of the Board of Directors:

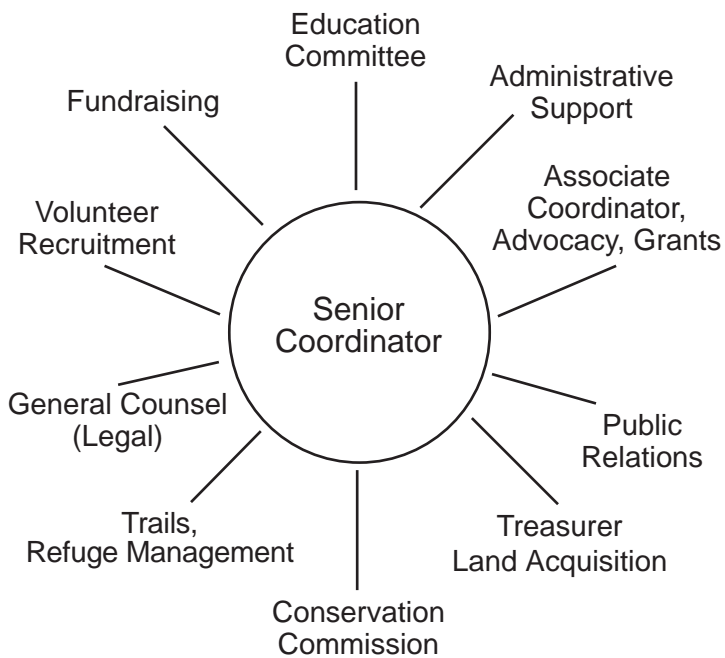
- Clarify the institution’s mission
- Approve long range plans
- Oversee the educational programs
- Insure financial solvency
- Preserve institutional independence
- Enhance the group’s public image
- Interpret the organization to the community
- Serve as a court of appeal
- Assess board performance

– Brian O’Connell,
The Board Member’s Book

Here is an example of how one Friends group formed its Board of Directors:

Friends of Mashpee on Cape Cod in Massachusetts was formed to acquire lands to create the refuge. Their message to the public is: “The Refuge is Good for You.”

A non-hierarchical board was gathered from a list of people who served on various organizations in the community to bring the organization leverage:



Each spoke represents a needed skill, which helped the group identify people they wanted on the board. Each board member holds an identified responsibility and sometimes heads a volunteer committee to accomplish the job. On one hand, they sought people who could help them accomplish their goals. On the other, they also brought in people who showed lots of interest. For example, one fellow kept showing up at board meetings. “Who is this guy?” the core members asked. They found out he had lots to offer and lots of connections with important players in the community.

Mashpee’s senior coordinator David Palmer says he keeps a broom by his desk to remind him what his job is: “. . . to sweep the stuff out of the other board members paths – to help them accomplish their jobs.”

Committees

The goal of your group is to get something done. You'll want to translate your mission into tangible action. One good way to do this is to set up a number of committees, each with a specific focus.

The job of committee members is to carry out the objectives set forth by the Board of Directors. Because committees are small (made up of one or more people) and focused (generally one project or issue), they can get a lot of work done that can't be done at the larger Board meetings. It is through your committees that the "real" work of your organization will be accomplished.

To encourage smooth functioning committees, we suggest that you:

- Keep it simple and the numbers small. Consider using ad hoc committees when practical, disbanding them when their objectives are completed.
- Prepare written statements of committee responsibilities, guidelines and goals. Plan on reviewing these statements every one to two years for the long standing committees.
- Make committee work assignments according to the background, expertise, and schedule of each member.
- Distribute tasks among members so that everyone participates but no one is overloaded.
- Create a system of checks and balances to monitor committee members' work and assure that tasks are completed on schedule.
- Assign an appropriate board member to work with each committee.

As a board grows in size, here are some of the committees the group might form in addition to the Executive Committee, the board officers and the committee chair:

■ Nominating Committee

To identify and recruit new board members.

■ Budget Committee

People with financial experience to take care of the financial management of the group.

■ Fundraising Committee

To take on the fund-raising role.

■ Strategic Planning

Carries out the task of realistic planning, reviewing the group's mission regularly. One good strategy for planning is to hold a facilitated annual planning retreat to develop the agenda for the coming year.

■ Membership Committee

Seeks new members. Sets dues. Prepares and updates a membership brochure or flyer.

Friends report having other committees for:

specific annual events and functions; outreach; education; land acquisition; newsletter; board development and evaluation; refuge conservation; etc.

The Stages of Board Development:

All Friends groups are dynamic organizations. Understanding what type of group you want to be and deciding how to get there will help your group succeed in the long run. You must expect your group to change as it grows and matures. The following observations note three stages of progression in the life of nonprofit boards as described in Karl Mathiasen's book, *Board Passages: Three Key Stages in a Nonprofit Board's Life Cycle*.

1. An Organizing Board of Volunteers – a small, homogenous group of committed volunteers who form a board to work on a mutually agreed project. This board tends to be rather informal in its operational style.
2. A Volunteer Governing Board – as the organization grows, the board's focus ultimately shifts away from performing the day-to-day operational tasks. This board is more diversified and concentrates much of its work in committees and task forces; less work is done by the board acting as a committee of the whole. This board takes a larger role in planning and executing the organization's work, overseeing its finances and accounting for the organization's integrity.
3. Institutional or Fund Raising Board – this board tends to be very large and includes more people who have the capacity to give or have access to funders. This board becomes more prestigious and accepts the role of fundraising. Governance of the organization is delegated to an executive or management committee.

Many Refuge Friends groups are in the first or second stage. Many groups never reach the third stage, preferring to stay in the smaller, less formalized volunteer board stage. What's important is to understand where your group is, where you want to be, and to regularly evaluate your progress. Reevaluation is the key to a group's successful growth, and how it weathers change.

The legal stuff

Note: The following is intended to provide general guidance and information. It is not intended to be used as legal advice regarding the tax consequences of action by your group. If possible, seek the advice of a qualified attorney during this process.

State rules vary

Each state has its own rules for incorporation and nonprofits. It's critical that your group understands and follows these rules. Consult with your state Department of Revenue or your state Attorney General's office.

Incorporation

After your group has formulated the mission and bylaws and completed the board development, it should then consider whether or not to incorporate. Incorporation allows the normal debts of an organization to be confined to the organization and generally does not put the personal assets of an individual at risk. While incorporation provides some protection, the board of directors is still liable for the conduct and management of the organization under state and federal law. Whether or not to incorporate may also be dictated by

Continued on page 50

Use this "map" of tax status options. Follow it to help you determine what tax status your group will file.

	Individuals	Corporation
Liability	Joint	Limited
Governed by....	Individuals	Board, bylaws and officers
Tax exemption.	Not possible	Possible
	Non-tax-exempt	Tax exempt
Income.....	Taxed	Not taxed
Donations	Not deductible	May be deductible
Activities	Not limited by tax law	Limited by tax law
Bulk mail.....	Commercial rate	Charitable rate
	501(c)(4)	501(c)(3)
Lobbying.....	Not limited	Limited
Electioneering..	Not allowed	Not allowed
Income.....	Not taxed	Not taxed
Donations	Not deductible	Deductible
	Private Operating Foundation	Publicly Supported
Support.....	From fewer donors	From more donors
Donations	Less deductible	More deductible

Source: *Starting Up: A Handbook for New River and Watershed Organizations*

Filing for non-profit status

Pros of 501 (c) (3) . .

- *Able to receive private tax-deductible gifts and donations*
- *Nonprofit status gives group credibility*
- *Able to receive funds from the government including the FWS and other organizations **
- *Some private foundations only fund 501(c)(3) organizations*

Cons of 501 (c) (3) . . .

- *Accountable to follow state laws managing the organization*
- *Ability to lobby is severely restricted*
- *Cannot campaign for or fund political candidates*
- *Annual paperwork involves time and commitment*

**In 1998, the Fish and Wildlife Service will distribute more than \$100,000 in grants for Friends, and you must be a 501(c)(3) nonprofit to be eligible.*

Continued from page 49

your state's laws governing nonprofit organizations. Making the decision to incorporate will likely be made at the same time you are making the decision whether or not to file for nonprofit status.

To be or not to be a nonprofit organization?

Filing for nonprofit status is not that difficult, however having a lawyer will help you understand the legal jargon and get through the language of the forms. Most Friends groups choose to do it. Whether or not to file is an extremely important decision your group must make.

Under IRS codes, there are many different categories for non-profit groups. Most Friends groups choose to file under 501 (c) (3) — the charitable organizations section of the IRS code.

The benefits of a 501 (c) (3) is that it legally exempts your group from paying taxes on its income, and allows a tax deduction to contributors. Some funding agencies, including the federal government and many foundations and corporations will make donations and grants only to organizations with 501 (c) (3) status. Groups that want to operate a sales outlet on a refuge must also gain non-profit status. If the option is available, your group can operate under the umbrella of another group that has 501 (c) (3) status.

The drawback of 501 (c) (3) is it legally limits some actions. A 501 (c) (3) status allows very little lobbying. If you do any lobbying at all under 501 (c) (3) status, you must track it carefully. The general rule is that up to 5% of your group's activity may be spent on lobbying. Between 6-19% is a gray area. Anything more than 20% could jeopardize your group's 501 (c) (3) status. The broad definition of lobbying is: "any attempt to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof," (known as "grass roots" lobbying) or "any attempt to influence any legislation through communication with any member

Continued on page 51

Continued from page 50

or employee of a legislative body, or with any governmental official or employee who may participate in the formulation of the legislation.”

In addition, under the 501 (c) (3) status your group may not fund or endorse a candidate for election.

However, you can meet with your legislators to educate or inform them about refuge issues without it being considered lobbying. Educating legislators would include, writing/visiting/calling to provide them with information about the refuge, and refuge programs; their benefit to the community; who you are; and what your group is trying to do. These activities can be considered relationship building, not lobbying.

If your group is founded specifically to lobby, it can file under 501 (c) (4) - the social welfare section of the IRS code. Lobbying is allowed under 501 (c) (4) status, but is still restricted. This status makes the organization tax exempt, but does not allow tax deductions to contributors. You can lobby, for example, to influence your legislator's vote on specific bills and on such matters as refuge funding, policies on land acquisition, or resources that effect either your local refuge or the National Wildlife Refuge System in general.

Getting through the Paperwork

The primary purpose of a non-profit is to be a charitable organization. If you've decided nonprofit is the way to go with your group, you must file for tax-exempt status. Call the IRS and send for the forms. Then, our best advice to you is to get a lawyer to guide you through the process.

The most important way your group can prepare to file is to have a clear idea of your group's purpose with a mission statement. From that mission comes the group's operating document, goals and objectives.

This information is needed when filling out the forms. If your goal is 501 (c) (3) nonprofit status, the primary purpose of your group cannot be lobbying or your application will be denied.

■ Finding a lawyer

Call the State Bar Association

Speak with other nonprofits (who do they use?)

Ask members of your group

Contact your local nonprofit management institute or the National Center for Nonprofit Boards for leads

Ask your FWS regional office legal department for leads

■ Getting the forms

Federal:

Call the IRS at 1-800-829-3676 and ask for the following forms:

Publication 557 – “Tax Exempt Status for Your Organization” information booklet

Form 1023 – to file 501 (c) (3) status

Form 1024 – to file 501 (c) (4) status

Form 8178 – “User Fee for Exempt Organization Determination Letter Request”

Form SS-4 – “Application for Employer Identification Number”

Form 872-C – “Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code”

State:

Contact your state's Corporations Division, Secretary of State's Office, to find out what your state's laws are.

Cooperating Association Resources

- ✓ *Talk to other Cooperating Associations to discuss products, accounting, management, etc.*
- ✓ *Some Cooperating Associations provide loans for start-up.*
- ✓ *Loans may be available from the National Fish and Wildlife Foundation, Call: (202) 857-0166 for information.*

To be or not to be a Cooperating Association

Many refuge Friends groups also have a cooperating agreement with the U.S. Fish and Wildlife Service that allows them to sell items of educational or interpretive value like books and posters on the refuge. The Cooperating Association Agreement is a legal document between the Friends group and the FWS that defines the responsibilities of the Friends group and the FWS in the sales outlet partnership. Only groups who file for non-profit status with the IRS will be allowed to set up a sales outlet on a refuge.

The major benefit to having a cooperating agreement is that having a sales outlet provides a steady source of income. The Friends can then use the profits for projects that will benefit the refuge.

Having a sales outlet also requires your group to manage a business, which includes careful book-keeping, keeping goods in stock, and training and managing staff and or volunteers to run it.

Reasons to become a Cooperating Association . . .

- *Steady source of income – these funds will enable your group to provide many resources to the refuge that may otherwise not be possible.*
- *Builds visibility through sales of refuge and Friends specific items.*
- *Builds membership and volunteers through a visible presence on the refuge.*

. . . or not

- *Lack of space at a visitor center, kiosk or other structure for sales space.*
- *Doesn't fit with your group's mission or objectives.*
- *Your group doesn't meet non-profit status requirement.*
- *Competes with current volunteer time, resources or both.*
- *Your group is not ready to take on the management of a business.*

What you need to start a Cooperating Association

Business manager (volunteer or hired) or Bookstore Committee

Volunteers

Start-up money to purchase initial stock

Cooperative agreement with Fish and Wildlife Service

501(c)(3) Non-profit status

Sales space

Important note

The FWS has written guidelines for Cooperating Associations. Standard agreements are also available.

To learn more, contact:
Tina Dobrinsky
U.S. Fish and Wildlife Service,
Division of Refuges
4401 N. Fairfax Drive,
Room 670
Arlington, VA 22203
Phone: (703) 358-1744

Board Membership Checklist

Decide first what skills you need, and then seek out people who have them.	
Prepare written job descriptions for board members.	
Ask each board member to serve on at least one committee.	
Each member must understand the responsibilities of the board of directors.	
Understand what stage your board is in, and be willing to regularly evaluate your progress. Be willing to grow and change.	
Decide which committees your group will have, and how they will conduct their business.	
Put together a Board Manual with all pertinent information about the group. Update it regularly (see appendix).	

Organization Checklist

What is your group's focus and what types of activities will you engage in? This will determine the structure of the organization.	
Formalize your organization with a board of directors, committees, bylaws, and articles of incorporation.	
Decide whether to file for 501 (c) (3), or 501 (c) (4) tax-exempt status.	
Decide if it is appropriate for your group to become a Cooperating Association with a sales outlet on the Refuge.	
Begin the planning process. Start with an annual plan. Later think about a long-term strategic plan and public relations plan.	
Establish a record keeping system.	
Establish a bookkeeping system.	
Create a logo and a brochure.	
Print letterhead.	

