



## Background

The City of Rochester Parks and Recreation Department is working to initiate the development of a fundraising organization to support the park and recreation system in Rochester.

Parks and Recreation departments receive numerous financial and advocacy benefits from relationships with friends groups and park foundations.

**In addition to the traditional fundraising role for community parks and recreation systems, successful park foundations provide support and advocacy through the following activities:**

<b>Advocacy for Traditional and Alternative Funding.</b>	<ul style="list-style-type: none"> <li>• Conduct organized opinion campaigns advocating for additional park financing from annual local taxes and park maintenance and development bond funds.</li> <li>• Establish partnerships with community foundations where appropriate.</li> <li>• Serve as a fiscal agent for groups working to improve parks.</li> </ul>
<b>Coordinate Volunteer Activities</b>	<ul style="list-style-type: none"> <li>• Encourage community involvement and volunteer activities.</li> <li>• Coordinate and leverage the efforts of friends groups volunteers.</li> </ul>
<b>Promote the benefits of Parks and Recreation.</b>	<ul style="list-style-type: none"> <li>• Promote the social, educational, environmental and cultural life of communities.</li> <li>• Promote park programs and facilities.</li> </ul>
<b>Equitable Distribution of Programs and Resources.</b>	<ul style="list-style-type: none"> <li>• Provide financial assistance to people in need so they can benefit from park and recreation programs.</li> <li>• Monitor park planning and operations for economy, efficiency and equitable treatment.</li> </ul>

Adapted from: Albers, H. (2015, November) Park Foundations Can Prove Valuable Partners. *Parks and Recreation*

## Steps in Forming a Park Foundation

The Minnesota Council of Non-Profits recommends the following steps in forming a nonprofit organization. The steps include required legal actions as well as best management practices from successful non-profit organizations.

### Visionary Stage

Steps	Status	Notes
1. Determine if it is Necessary To Start a Nonprofit.	Complete	A subcommittee of Park Board members, Parks and Recreation staff and other stakeholders have reviewed fundraising options and have determined that an independent nonprofit organization would best serve the Parks and Recreation Department. Other options considered: operating under the umbrella of Rochester Area Foundation, expanding the scope of an existing friends group, or requesting a merger of several park related nonprofit groups.
2. Decide on the Purpose and Mission. <i>The purpose of a charitable nonprofit must be for the public interest and common good. It should establish a single mission and a set of goals and programs that will accomplish that mission.</i>	Partial Completion	General direction can be provided by the Park Board and staff. A mission statement should be developed when foundation board members are recruited. The mission should have input from staff and the Park Board.
3. Recruit Board Members. <i>The initial board of directors will assume much of the responsibility in starting a new nonprofit. They will determine the direction and goals of the organization and set forth precedents for future board members.</i>	Underway	<p>Park Board Members, Mayor and City Council and others have been asked to assist in recruiting potential foundation board members. Social media announcements have been posted.</p> <p>Ex officio positions recommended: A representative from the Park Board and the Director of Parks and Recreation.</p> <p>The organization can function as an unincorporated association until all the nonprofit organization requirements are met.</p>
4. Check for Availability and Reserve a Name.	To be completed by initial board members.	

## Planning Stage

Steps	Status	Notes
5. Write the Articles of Incorporation. <i>The founders of the organization should write its articles of incorporation. This document formally names the entity, its location and its purpose. This document is the legal record of how the organization is to be managed.</i>	To be completed by initial board members.	Examples along with guidelines can be found at <a href="http://minnesotanonprofits.org">minnesotanonprofits.org</a>
6. Incorporate as a Nonprofit Organization. <i>The main purpose of incorporating an organization is that of risk management. Filing articles of incorporation with the Minnesota Secretary of State's Office provides a limited liability for the governing body of the organization.</i>	To be completed by initial board members.	
7. Create a Business Plan with a Budget. <i>Creating a thoughtful business plan during the beginning stages of a new nonprofit can provide a sense of direction to the organization as it develops. A plan should include what the organization's goals are, what programs it will operate, where it will get funding, whether or not it will conduct events, have staff, volunteers, and more.</i>	Underway	The National Association of Park Foundations recommends initiating a membership drive in the first year. The focus should be on raising funds to cover the cost of administrative expenses and to fund future events and fundraising activities.
4. Draft the Corporate Bylaws. <i>The bylaws serve as the rule book for the nonprofit. Section 317A of the Minnesota Statutes is the basis for Minnesota's nonprofit law, and the organization's bylaws should follow this law. There is substantial flexibility to writing the organizational bylaws to fit the uniqueness of an organization. They are flexible and relatively easy to amend as the organization changes and grows.</i>	To be completed by initial board members.	
9: Hold the First Meeting of the Board. <i>The first official meeting should consist of the initial board members or incorporators. This gathering marks the official start to the organization. At the first meeting of the board, the initial board members must approve the drafted bylaws and adopt its principles. The new organization will also vote on new board members and officers as it is called for in its bylaws. Once these activities are accomplished, the board should begin forming the mission and start the process of obtaining tax-exempt status.</i>	To be completed by initial board members.	

## Federal Filing

Steps	Status	Notes
10. Apply for Federal ID Number (EIN). <i>Nonprofit organizations should have an EIN, often referred to as a Federal ID Number, even if it has no employees. The EIN acts similarly to a social security number for individuals and may be requested when opening a bank account or during other fiscal operations.</i>	To be completed by initial board members.	Detailed instructions and references are found at <a href="http://minnesotanonprofits.org">minnesotanonprofits.org</a>
11. Obtain Income Tax Exemption from the IRS. <i>Once the organization's articles of incorporation have been filed and the bylaws have been approved by the initial board of directors, the next step for a new nonprofit is applying for federal tax exemption from the Internal Revenue Service. A common myth is that all nonprofits are automatically tax-exempt. This is not the case.</i>		

## Minnesota Filing

Steps	Status	Notes
12. Apply for Sales Tax Exemption <i>Some nonprofits qualify for exemption from sales tax on purchases through the Minnesota Department of Revenue. This exemption allows purchases on office supplies, furniture, vehicles, computer equipment and other taxed items to be purchased without a 6.5 percent (7 percent in Minneapolis and St. Paul) sales tax. Most exemptions are given to purely educational or direct service organizations.</i>	To be completed by initial board members.	Detailed instructions and references are found at <a href="http://minnesotanonprofits.org">minnesotanonprofits.org</a>
13. Receive Tax Identification Number <i>If the organization will sell products or services subject to Minnesota sales tax, withhold Minnesota income taxes from employees, pay Minnesota Care taxes or special taxes, or is a vendor of goods or services to a state government agency, the organization must receive a tax identification number from the Minnesota Department of Revenue.</i>		
14. Register as a Charity. <i>The Charitable Solicitation Act, Chapter 309 of the Minnesota Statutes, states that nonprofits must register as a charity with the Attorney General's Office, Charities Division.</i>		Exceptions apply (refer to statute).

## Moving Forward

As outlined above, there are several significant tasks ahead in forming a park foundation. A great deal of the initial organizing effort will need to be conducted by the founding board members. Staff will assist where appropriate. It would be helpful if potential foundation board members have experience in forming and managing nonprofit organizations. Board members with skills in fundraising, marketing, public relations, accounting and legal would be ideal candidates.

The newly formed Park Foundation should focus on achievable goals and projects. A wealth of information is provided by the National Association of Park Foundations (NAPF). The City of Rochester Parks and Recreation Department is a NAPF affiliate. The membership will be extended to the newly formed foundation. Limited consulting services are provided as a member benefit.

There are many park advocates and willing volunteers in Rochester. With the proper encouragement and grass roots efforts, there is potential to harness this energy and raise awareness of the benefits provided by the Park and Recreation system and to recruit additional financial and hands-on support. Initial efforts should focus on strategies frequently employed by friends groups:

- Create highly visible volunteer projects that will serve as a focus to solicit cash donations and recruit volunteer service. Numerous opportunities exist throughout the department: tree planting, landscaping projects, park clean up, painting and similar activities.
- Establish a membership drive to kick start fundraising events and to cover the minimal administrative costs of the foundation.
- Network with business and other community leaders.
- Identify grant funding opportunities that can be coordinated in collaboration with Parks and Recreation staff.
- Develop and initiate a marketing plan. The plan should outline the advocacy role of the foundation.

In the discussions and research that led to the recommendation to establish a park foundation, a common objective was frequently mentioned. Rochester has potential to model the success of numerous non-profit organizations that support community park and recreation agencies in other communities. Many of these organizations were established with funds from a legacy donation or a corporate partnership. All involved in the Rochester effort should be cautious in comparing the donations of other nonprofits. The Rochester Park Foundation should focus on long term financial success. Success should also be measured in terms of advocacy and volunteer recruitment efforts.

On behalf of Parks and Recreation staff and the Park Board we welcome the opportunity to partner with future foundation board members to support Rochester's 150 year legacy of providing Park and Recreation resources.