

THIRD EDITION

**GUIDELINES FOR ORGANIZATION**  
**Friends of the Library**

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*United Effort on Behalf of Minnesota Libraries*

**Minnesota Association  
of Library Friends**

MINNESOTA ASSOCIATION OF LIBRARY FRIENDS

# Guidelines For Organization

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The mission of the Minnesota Association of Library Friends is to promote excellence in library services by working with and through Friends of the Library organizations and the libraries they represent.

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# Acknowledgements

This third edition of the Friends of the Library Organizational Guidelines is a revised and updated version of earlier editions originally created by Evy Nordley, Jo Karle, Nowell Leikzke and Carolyn Stanson (former Presidents of MALF). Many people have been instrumental in the revision of these guidelines. We owe a great deal to Friends throughout the state and other members of the library community who have contributed their ideas and knowledge to bring this manual up-to-date.

The Minnesota Association of Library Friends hope you will find it useful!

Barbara Byers and Janet Urbanowicz  
Co-Presidents, Minnesota Association of Library Friends

Third Edition  
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## Forming A Friends Group

### *Why Organize?.*

**T**Here are many reasons for a group of citizens to join together to organize a Friends of the Library group. Among the most mentioned are:

- Public Relations – To create awareness in the community of the library, its services and needs.
- Advocacy – By speaking to civic groups, attending government meetings, and writing legislators.
- Fundraising – To undertake projects to raise needed funds for the library.
- Sponsoring Programs – Assist staff to provide activities of cultural interest in the community.
- Volunteering – To provide volunteer help in the library, when and where needed.

### *Who Takes The Lead?*

- Librarian or library trustee inviting citizens to form a group.
- A local service group through a committee on civic or community affairs.
- An individual who simply gets people together to form a group.

## Information Meeting

Plan a meeting with the Library Director, librarian and a small group (3 – 10) interested people, who will act as a Steering Committee, to discuss the formation of a Friends group.

After goals and relations are established:

1. Formally prepare a resolution: “That a Friends of the Library of \_\_\_\_\_ be formed to (list aims).” This will be the statement used when publicizing the group.
2. Select a chairperson and secretary pro tem.
3. Discuss the sample bylaws included in this packet, and appoint a committee to prepare bylaws for approval at an organizational meeting.
4. Appoint a Nominating Committee to draw up a slate of officers to present at the organizational meeting. (If there are not many people present, work on bylaws and nominations as a group.)
5. Plan an organizational meeting. Make arrangements for:

**Date and Time:** Select a time that will attract the largest audience. Check to make sure you are not in conflict with another important meeting in the community.

**Location:** Best choice is the library. Other items to think about.... Will you need microphones, is the space available of adequate size, is a kitchen available if serving refreshments, costs, if any?

**Publicity and Invitations:** Develop news releases, make posters, and distribute handbills. Give special invitations to those leaders in the community you would like to have in attendance. (You might want to send a written invitation and follow it up with a phone call.) Among those leaders are: members of the Chamber of Commerce, representatives from social, cultural and educational groups in the community, city or county officials, library trustees and staff.

**Take Photos** of committee members, send to the media with a news release.

## Organizational Meeting

1. Chairperson pro tem opens the meeting and reads the resolution that was written, explains the need for Friends in the community, their role, and relationships.
2. The librarian is asked to say a few words about the need for such a group.
3. Chairperson calls for discussion on the mission statement. The statement may be amended or revised. The chairperson calls for vote on the statement. The statement, when passed, is recorded in the minutes. Copies of the statement should be available for the media.
4. Secretary pro tem reads the minutes of the pre-organizational meeting.
5. The Bylaws Committee presents bylaws for discussion and/or adoption.
6. The Nominating Committee presents the slate of officers for election and accepts nominations from the floor.
7. Newly elected president takes over and presides at the meeting.
8. Newly elected secretary passes an attendance sheet and announces that dues are now payable to the treasurer. Be sure to have membership blanks ready to be filled out.
9. The board members, elected or appointed, should make plans for an important project that will include or involve the community. Make it a big affair: get good entertainment or a speaker (small grants are available to provide speakers, music, etc.)... or sell tickets to cover costs of the event. Every board member should sell X number of tickets.
10. Once officers, bylaws, and project are established, appoint a committee to plan a simple brochure to state your goals. Include an application for membership. Make it simple, but as professional looking as possible. Consider a logo, paper to be used, and the return address. If you use the library's bulk mail permit for a mailing of more than 200 pieces, you must use the library's return address. Collect mailing lists. Other organizations, councils, businesses or civic groups may share their mailing lists.

11. (Optional) Appoint a committee to research incorporation and tax-exempt status.
12. Set a date for the Executive Committee meeting and report from committees working on the first general program or project.

These are necessary priorities for beginning a Library Friends group: goals, governance, membership and image. They take time and effort, but can be fun. They generate positive publicity. It is rewarding to know you will soon have a viable group, sometimes seemingly small, but efficient – a learning nucleus of workers.

### *Helpful Hints*

- Work with a librarian.
- Get as much publicity as possible.
- Make plans which include future goals and dreams.
- Keep clippings and photos – you may want to have a historian as a standing committee.
- Have treasurer's receipt book, dues book, and membership forms at the first meeting.
- Join MALF and send for materials, project ideas, and newsletter!
- Join FOLUSA (Friends of the Libraries, USA), receive their newsletter, and/or visit their website, ([www.folusa.org](http://www.folusa.org)).

### *Sample Friends of the Library Mission Statement*

The mission of the Friends of the Zenith Public Library is to promote excellence in library services by working with the Library Board and staff to support the library, its services and programs. To carry out this mission, the Friends focus will be on advocacy, fundraising, public relations and volunteer services.

## Recommended Committees

As your organization grows and membership increases various committees can be formed to assure viability. The Board can designate chairpersons for the following committees and issue a job description for each. Elected officers can chair a committee. Members welcome responsibility, authority and recognition. Committee suggestions:

### START WITH...

-- Finance    -- Program    -- Membership    -- Special Events

### ADD AS NEEDED...

-- Newsletter            -- Nominating            -- Fundraising  
-- Marketing            -- Historian

### OPTIONAL...

-- Telephone            -- Hospitality            -- Parliamentarian  
-- Auditor            -- Exhibits and Displays

### *Duties of a chairperson/committee head...*

- Select committee members
- Attend board meetings and present reports
- Planning sessions with their committee
- Turn files in annually.

### *How To Be A Good Officer...*

**Qualities:** Tact, ability to get along with others, businesslike approach, patience and time to give to the organization.

**Background:** Must know the organization to operate effectively, should review bylaws, past reports and minutes immediately upon election.

## *Sample Job Descriptions*

### **Membership Committee**

1. Have brochures printed.
2. Introduce new members at meetings.
3. Give name and addresses of new members to the president, treasurer, secretary, telephone and newsletter.
4. Keep files on interests of members.
5. Keep an up-to-date membership file.
6. Make a directory of members, officers, programs, and meetings. Give members a copy.

### **Telephone Committee**

1. Notify members of regular or special meetings, programs or other information.
2. Be brief but encouraging.
3. Ask those you contact to “Be A Friend and Bring A Friend.”

### **Hospitality Committee**

1. Maintain a guest book.
2. Make name tags.
3. Provide refreshments.
4. Provide flowers.
5. Provide thank you notes or phone calls.

## Suggested Officers Duties

### **President**

At meetings –

- Preside – If you cannot attend, notify the Vice President who then presides.
- Agenda – Set an agenda so the secretary can provide a copy to each board member one week before each meeting. Include time, place, date, and business to come before the board. The usual order for an agenda includes:
  - Call meeting to order
  - Roll call or attendance sheet
  - Introduction of guests
  - Announcements
  - Reading of minutes by secretary  
(Ask for any additions or corrections, then a motion to approve the minutes.)
  - Report from officers – Vice President, Secretary and Treasurer
  - Committee reports
  - Old Business
  - New Business
  - Program
  - Adjourn

Other duties include:

- Appoint standing committees.
- Sign all contracts with secretary and sign all checks with treasurer.
- Advise on public relations. The president should meet with committee chairperson of public relations, membership, program and newsletter to plan a good publicity campaign.
- Provide installation of new officers. Turn over files to incoming president at time of election of officers, then serve in an advisory capacity, when asked.

## **Vice President**

- In absence of president, presides at meetings.
- Should be as knowledgeable as the president in event the president cannot fulfill term.
- Be willing to represent the Friends organization with the president at civic meetings, conferences, and conventions.

## **Secretary**

At meetings –

- Take minutes of the meeting.
- Read minutes of the previous meeting.
- Take attendance.

Other Duties:

- Maintain a permanent record of minutes in a looseleaf notebook. The front of the book should contain copies of the bylaws, articles of incorporation, and a note as to where the original documents are kept in the library.
- Correspondence
  - Responsible for all correspondence. Answers should be filed alphabetically in a looseleaf notebook.
  - Type and send meeting agendas to all board members.
  - Send condolences and get well messages to members.
- Maintain a permanent record of publicity mentioning the Library Friends organization.

## **Treasurer**

At meetings –

- Present treasurer's report and give a copy to the secretary for the minutes file.
- Pay bills and co-sign checks with president, vice president or secretary. (All of the officers should be listed as signers in the event others are unable to sign.)
- Itemize all receipts and disbursements on financial statements.
- Dues
  - Keep records of each payment.
  - Send renewal notices in ample time.
  - Advise members if they are being dropped for nonpayment of dues.
- Membership file (if not kept by a Membership Committee)
  - Maintain a list or database (paper or electronic) for each member with name, address, phone number, e-mail address and record of dues paid.
  - Publish a membership list once a year.
  - Notify the secretary of resignations and members dropped so their name can be removed from the mailing lists.
- Audit Preparation – Have all records to the auditor five days prior to audit. In small Friends groups, a yearly audit can be a simple check of deposit records, bank statements and payment of bills. A retired banker or accountant might do this work gratis, at no charge.

## Paperwork for the Organization

### Create a **Corporate Record Book**

- Articles of Incorporation and Bylaws
- Tax exempt status, state and federal
- Copy of minutes
- Membership list with addresses and phone numbers
- Copy of committee reports.

### **President** should maintain...

- Corporate record book
- Annual report of officers and committees
- Important correspondence with answers
- Copies of membership list, budget and monthly financial statements
- Contact lists of local officials, chairperson(s) of other civic organizations, and legislators' names and addresses.

### **Secretary** should maintain:

- Up-to-date file including photocopies of articles of incorporation, bylaws, and budget.
- Minutes book.
- Officers and committee reports.
- Correspondence.
- Scrapbook with clippings, copies of announcements, etc.

### **Treasurer** should maintain:

- Ledger, checkbook, cancelled checks and bank statements.
- Audit report.
- Budget.
- Income tax returns.
- Membership file as well as membership in other organizations, such as MALF, MLA, FOLUSA, etc.

## Checklists for Start-Up

### ***Things to Be Done When Establishing a Friends of the Library Organization***

Projected Date-Completion	Completion Check Off	
		Planning meeting to determine purpose and structure.
		Set up organizational meeting.
		Form initial board of directors and elect officers.
		Draft bylaws. Sample copies are available in this guidebook and on the Internet.
		Determine program plan for at least a one-year period.
		Develop project budgets.
		Establish a record-keeping system.
		Establish a bookkeeping/accounting system.
		Draft a fundraising plan.
		Develop and submit fundraising proposals.
		Submit appropriate forms to federal and state agencies.

## Chapter 2

# Consider Becoming A Non-Profit Organization

*Portions excerpted from the Minnesota Council of Non-Profits. Used with permission.*

Starting a new nonprofit is neither an easy nor a swift task. Staying legal through the process can be difficult if you are not prepared. Below is an outline of the major steps necessary to start a nonprofit in the state of Minnesota. These steps are meant to be used as a general guide and may not apply to all situations. In some more complex situations, legal assistance may be necessary. ***MALF strongly suggests that you use the resources of the Minnesota Council of Non-Profits to help you with this process.***

Determine if you really need to start a nonprofit.

Is starting a new nonprofit organization really the best way to accomplish the goals you have set forth? Other alternatives, including collaborating with an existing nonprofit organization, establishing an informal club or association (a viable option for groups with annual budgets under \$25,000), finding a fiscal sponsor, or forming a for-profit business, may achieve your objectives quicker, more efficiently, and for the best benefit of your target audience.

Check for availability and reserve a name.

Not only is it Minnesota law, it is crucial to your new organization's identity to obtain a unique name under which to operate. Any potential names for a new business or nonprofit can be checked through the Minnesota Secretary of State's Office for duplications. Organizations should reserve a unique name through the Minnesota Secretary of State's Office. Once a name is reserved, no other organization may use that name. To reserve your organization's name, use the "Request for Reservation of Name Form" available from the Minnesota Secretary of State. The filing fee for this form is \$35.

### Write the articles of incorporation.

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. The Minnesota Nonprofit Corporation Act, Section 317A of the Minnesota Statutes, lists laws that govern Minnesota nonprofit corporations. It is important to remember when drafting the original articles of incorporation that parts of the Minnesota Nonprofit Corporation Act state the default laws that nonprofits must follow, unless their articles or bylaws state otherwise. See Chapter 3 for sample documents.

It is necessary to write and file the articles of incorporation prior to applying for tax-exempt status from the Internal Revenue Service. The IRS requires specific language to be used describing the charitable purpose of the organization, and the requirements it must follow for exemption.

### Incorporate as a nonprofit organization.

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. If directors act in a responsible, reasonable way, they can avoid personal liabilities to creditors of the organization. However, this does not include debts to the Internal Revenue Service for due payments, or due to fraudulent activities.

Incorporating an organization also provides stability during personnel changes, eases future relationships with funders, contractors and employees, and provides the means to apply for tax-exempt status through the IRS. Once the articles are filed, the organization will receive a "Certificate of Incorporation" from the Minnesota Secretary of State's Office. This certificate includes a charter number unique to that organization. The charter number is used only internally by the Secretary of State. To incorporate, send your organization's Articles of Incorporation to the Minnesota Secretary of State, Business Services Division. The filing fee is \$70.

Draft bylaws (if not already completed).

The bylaws will 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.

Bylaws are much easier to amend than the articles of incorporation and should be reviewed frequently. This document should be more detailed than the articles of incorporation.

**FEDERAL FILINGS**Apply for Federal ID Number (EIN).

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 the social security number for individuals and may be requested when opening a bank account or in other fiscal operations. Organizations must receive their EIN before filing Form 1023. Use IRS Form SS-4 — Application for Employer Identification Number (EIN). Organizations must be incorporated prior to applying for an EIN. There are no filing fees. Processing can take up to five weeks if application is through mail or fax; it's immediate through Tele-TIN telephone filing. Minnesota organizations should mail their application to: IRS, Attn. Entity Control, Stop 6800, 2306 E Bannister Rd, Kansas City, MO 64999. For more information, call 1-866-816-2065 between 7:30 a.m. and 5:30 p.m.

Obtain income tax exempt status from the IRS.

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.

There are several steps and filing requirements an organization needs to complete before receiving exemption. And even then, not all organizations qualify for the same exemptions. The following applies for 501(c)(3) status from the IRS, the most common type of tax-exempt organization.

First, obtain IRS Publication 557— Tax-Exempt Status for Your Organization. This 55-page document includes no forms to file, but lays out the federal laws regulating tax-exempt organizations. It is available free and serves as a useful reference guide for filing requirements, employment issues, lobbying expenditures, and many other complex nonprofit issues regulated by IRS codes.

Second, get copies of IRS Form 1023 and Form 8718 — Application for Recognition of Exemption under 501(c)(3) of the Internal Revenue Code. Form 1023 applies for for a ruling or determination letter on an organization’s exempt status under Section 501(c)(3). This package of forms contains both Form 1023 and Form 8718 (User Fee for Exempt Organizations Determination Letter Request). Form 8718 is used to process the fee for applying for tax-exempt status and must be included when filing Form 1023. Organizations applying for exemption under another 501(c) section should file IRS Form 1024.

The filing fee is \$500 for organizations anticipating gross receipts averaging more than \$10,000 during its first four years and \$150 for organizations anticipating gross receipts averaging less than \$10,000 during its first four years.

IRS Form 1023 and 8718 must be submitted together. Processing time varies, but can take six months. Mail the forms to IRS, PO Box 192, Covington, KY 41012-1092.

## **MINNESOTA FILINGS**

### Apply for sales tax exemption from the state.

Some (not all) 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. To find out if an organization may be eligible for sales tax exemption, contact the Minnesota Department of Revenue Sales and Usage Tax Division at 651-296-6181 or 1-800-657-3777.

To apply for sales tax exemption, organizations must complete and submit Form ST-16 — Application for Certificate of Exempt Status. Submit the form to Minnesota Department of Revenue, MS 6330, St. Paul, MN 55146.

Receive tax identification number, if needed.

If the organization will sell products or services subject to Minnesota sales tax, withhold Minnesota income taxes from employees, pay MinnesotaCare taxes or special taxes, or are 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.

To obtain a tax identification number, complete and submit Form ABR (Application for Business Registration). Organizations must submit this form if they register for at least one type of tax, including sales and withholding taxes, income tax, and excise and gross receipts taxes. The package also includes registration forms for each of these taxes and instructions. There are no filing fees. Mail the completed form to: Minnesota Department of Revenue, MS 4410, St. Paul, MN 55146.

Register as a charity.

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. An organization does not need to register only if it meets one of the following three conditions:

- does not hire staff or a professional fundraiser and does not plan to receive more than \$25,000 in total contributions;
- is a purely religious organization; or
- is a private foundation that does not solicit contributions from more than 100 persons during a fiscal year.

An organization must register with the Attorney General before soliciting contributions. Do so by filing a Charitable Organization Registration Statement with a copy of the organization's articles of incorporation, IRS determination letter, and most recent financial statement. The filing fees are \$25. Mail the Statement, attachments, and fee to: State of Minnesota, Office of the Attorney General, Charities Division, Ste 1200 NCL Tower, 445 Minnesota St., St. Paul, MN 55101.

## ANNUAL FILINGS

### File annual registrations.

Annual reporting ensures nonprofits are held accountable for their charitable fundraising and annual expenditures. Qualifying organizations must submit the following three types of documentation annually.

#### **1. IRS Form 990 — Return of Organizations Exempt from Income Tax**

Even though a nonprofit organization may be tax exempt, it must file an annual tax return with the Internal Revenue Service. Generally, charities with more than \$100,000 in gross revenues and more than \$250,000 in total assets must file the Form 990; smaller charities may file the EZ Form.

This is the most detailed and most misunderstood filing for nonprofits. It is the most complete documentation of an organization's financial history and is often used to hold the organization accountable for its past actions and future decisions. Recent rulings by the Internal Revenue Service state that nonprofit organizations must make their Form 990 and applications for tax-exempt status widely accessible and available to anyone who requests.

There are no filing fees but severe penalties apply for filing late or failing to file. IRS Form 990 should be mailed to: Internal Revenue Service, Ogden, UT 84201-0027.

#### **2. Charitable Organization Annual Report Form**

The Charitable Solicitation Act states that an annual report must be filed with the Attorney General by the 15th day of the 7th month after the close of the organization's fiscal year. An organization must also include a copy of IRS Form 990 and an audited financial statement, if applicable. The filing fees are \$25 and should be mailed with the annual report form to: State of Minnesota, Office of the Attorney General, Charities Unit, Ste 1200, NCL Tower, 445 Minnesota St., St. Paul, MN 55101.

#### **3. Nonprofit Corporation Annual Registration**

After an organization has filed for incorporation, it must continue to register annually with the Minnesota Secretary of State. Failure to register by December

31 each year will result in the dissolution of the organization, and a \$25 fee will apply to reinstate the organization's corporate existence.

The Secretary of State's Office will send the incorporated nonprofit its registration form each year with the organization's name and address already completed. If that information has changed, the organization will also need to amend its Articles of Incorporation. There is no filing fee if the annual registration is filed on time. There is a \$25 fee to reinstate corporate registration the form is filed late. The form should be mailed to: Secretary of State, Records Processing Division, 180 State Office Building, 100 Constitution Ave., St. Paul, MN 55155-1299. ([www.sos.state.mn.us](http://www.sos.state.mn.us))

**Minnesota Council of Nonprofits**

Please check this site ([www.mncn.org](http://www.mncn.org)) for the most up-to-date information concerning these documents.

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***Checklist of Forms, Publications, and Fees (if applicable)***

Form	Fee	Submit to	Description
Publication 557	None	N/A	An IRS publication that details the rules and procedures for seeking to obtain exemption from federal income taxes
Request for Reservation of Name	\$35	Secretary of State	Reserves a unique name for the organization.
Articles of Incorporation	\$70	Secretary of State	Legally incorporates the nonprofit.
Form SS-4	None	IRS	Applies for Employer Identification (Federal ID) Number.
Form 1023 and Form 8718	\$500 or \$150	IRS	Applies for federal tax exemptions under Section 501(c)(3) of the IRS tax code. Must accompany Form 8718 (User Fee for Exempt Organizations Determination Letter Request).
Form ST-16	None	Department of Revenue	Applies for exemption from Minnesota sales taxes. (Not all 501(c)(3) organizations qualify for this exemption.)
Form ABR	None	Department of Revenue	Registers for tax ID number for organizations collecting tax on products or services, or withholding taxes for employees.
Charitable Registration	\$25	Attorney General	Registers the organization for charitable solicitation.
Form 990	None	IRS	Files tax return for tax-exempt organizations.
Annual Report	\$25	Attorney General	Files annual financial statements.
Annual Registration	None	Secretary of State	Maintains organization incorporation status. Organizations must pay a \$25 fee to reinstate its incorporation.

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## Non-Profit Lobbying

### *What is lobbying?*

Lobbying is defined by federal tax law as any attempt to influence specific legislation. Legislation means a bill that has been introduced, or a draft bill that may be introduced in any legislative body such as a city council, state legislature or Congress.

### *The 501(h) Election*

Prior to 1976, there was enormous ambiguity over the amount of lobbying that nonprofits could do. The IRS rules required that tax-exempt nonprofits could lose their tax-exempt status if they did more than an "insubstantial" amount of lobbying. This "insubstantial-lobbying test" was never specifically defined in IRS rules, and individual IRS agents had no guidance in what constituted "too much lobbying."

The 1976 Lobby Law, however, established clear guidelines for lobbying expenditures. The Lobby Law allows nonprofits to choose to be covered by a clearly defined set of lobbying rules. This law clarifies that 501(c)(3) nonprofits that elect to fall under these rules can spend up to a defined percentage of their budget for lobbying without threatening their tax-exempt status. In 1990, the IRS published final rules on implementing the Lobby Law that make it quite clear that nonprofits should elect to be covered by the lobbying-expenditure test and not fall under the vague insubstantial lobbying test.

What are some of the benefits of taking the 501(h) election versus not electing?

- No limit on lobbying activities that do not require expenditures, such as unreimbursed activities conducted by bona fide volunteers.

- Clear definitions of various kinds of lobbying communications, enabling electing charities to control whether they are lobbying or not.
- Higher lobbying dollar limits and fewer items, which count toward the exhaustion of those limits.
- Less likely to lose exemption because the IRS may only revoke exempt status from electing organizations that exceed their lobbying limits by at least 50% averaged over a four-year period.
- No personal penalty for individual managers of an electing charity that exceeds its lobbying expenditure limits.

In order to be covered by the rules, your organization must file IRS Form 5768 with the IRS. This simple one-page form can be filed at any time. The IRS has provided clear documentation to nonprofit organization that filing this form is favored by the IRS and will not trigger an audit. You can download the form from the [IRS website](http://www.irs.gov) (www.irs.gov).

### *What does not count as lobbying?*

There are five activity categories that are excluded from the term "influencing legislation." They are:

1. **Self-defense:** communication on any legislation that would affect an organization's existence, powers and duties, tax-exempt status, or deductibility of contributions.
2. **Technical advice:** providing technical advice to a governmental body in response to a written communication.
3. **Non-partisan analysis or research:** studying community problems and their potential solutions is considered non-partisan if it is "an independent and objective exposition of a particular subject matter...(which) may advocate a particular position or viewpoint so long as there is a sufficiently full and fair exposition of pertinent facts to enable the public or an individual to form an independent opinion or conclusion."
4. **Examinations and discussions of broad social, economic and similar problems:** communication with the organization's own members with respect to legislation which is of direct interest to

them, so long as the discussion does not address the merits of a specific legislative proposal and make no call for action.

5. **Regulatory and administrative issues:** communication with governmental officials or employees on non-legislative (i.e. administrative) matters such as rule-making.

### *Lobbying Limits*

If your organization has **not** taken advantage of the 501(h) election ([see above](#)) then "no substantial part" of your organization's activities can be devoted to lobbying. Clearly, this is a very vague guideline. Therefore, in 1976, specific expenditure guidelines were established, known as the "section 501(h) expenditure test." However, in order to be protected by these guidelines, **your organization must take formal steps to fall under these guidelines** ([see above](#)).

The **total** lobbying expenditure limits under the 501(h) election are:

- 20% of the first \$500,000 of exempt purpose expenditures, plus
- 15% of the next \$500,000 of exempt purpose expenditures, plus
- 10% of the next \$500,000 of exempt purpose expenditures, plus
- 5% of the remaining exempt purpose expenditures up to a total cap of \$1 million.

*(Exempt purpose expenditures are all payments you make in a year except investment management, unrelated businesses, and certain fundraising costs.)*

### *Direct vs. Grassroots Lobbying*

Under the 501(h) election, the IRS distinguishes between direct and grassroots lobbying.

**Direct lobbying** is when you state your position on specific legislation to legislators or other government employees who participate in the formulation of legislation, or urge your members to do so. In order to count as direct lobbying it must refer to specific legislation and express a view on it.

**Grassroots lobbying** is when you state your position on specific legislation to the general public AND ask the general public to contact legislators or other government employees who participate in the formulation of legislation. If you do not include a call to action in your communication to the general public, it is not lobbying. Remember,

urging your members to lobby counts as *direct lobbying* not *grassroots lobbying*.

The distinction between direct and grassroots lobbying is important under the 501(h) election because the 1976 Lobby Law specifies different expenditure limits for grassroots and direct lobbying activity. An organization may spend only one-fourth as much on grassroots lobbying, as on direct lobbying. For example, if an organization's annual permissible lobbying expenditures were \$100,000, it could spend only \$25,000 on grassroots lobbying. But it could spend the remaining \$75,000 on direct lobbying.

### *Reporting Lobbying Expenditures*

All 501(c)(3) organizations (except churches, association of churches, and integrated auxiliaries) must report lobbying expenditures to the IRS. For those nonprofits that do not elect to fall under the 1976 Lobby Law (for information on the 501(h) election, [see above](#)), the IRS requires detailed descriptions of a wide range of activities related to lobbying. For organizations that take the 501(h) election, the only requirement is to report how much was spent on lobbying and how much of the total amount for the year was spent on grassroots lobbying.

# Division of Library Responsibilities

<b>Responsibility of...</b>	<b>Library Director</b>
<b>General Administrative</b>	Administer daily operation of the library including personnel, collection development, fiscal, physical plant and programming functions. Act as technical advisor to the Trustees and ensure staff representation at Friends' meetings.
<b>Policy</b>	Apprise Board of need for new policies, as well as policy revisions; implement the policies of the library as adopted by the Trustees; keep Friends apprised of all library policies.
<b>Planning</b>	Coordinate and implement long range planning process with Trustees, Friends, staff and community. Strategic planning coordination will include preparation of appropriate status reports.
<b>Marketing</b>	Coordinate all ongoing marketing programs.
<b>Fiscal</b>	Prepare an annual budget for the library in consultation with the Trustees and Friends; present current financial reports at each Trustees meeting; make Friends aware of the special financial needs of the library.
<b>Legislative</b>	Educate Trustees and Friends regarding current local, state, and federal library laws and pending library legislation
<b>Meetings</b>	Provide written reports and participate at all Trustee and Friends meetings; ensure that there is a staff liaison to the Friends
<b>Networking</b>	Affiliate with the state and national professional organizations; and workshops; make sue of the services and consultants of the Minnesota Association of Library Friends (MALF)!

**Trustee**

Recruit and employ a qualified library director; maintain an ongoing performance appraisal process for the director.

Identify and adopt written policies to govern the operation and program of the library including personnel, general operating, and collection development policies.

Ensure that the library has a planning process with implementation and evaluation. The process should include input from Friends, community and staff.

Ensure the library has a marketing program.

Secure adequate funds to carry out the library's program; assist in the preparation and presentation of the annual budget.

Be familiar with local, state and federal library laws as well as pending library legislation.

Participate in all Board meetings; oversee the keeping of accurate library records and rules; appoint a liaison to attend Friends' meetings.

Attend regional, state, and national Trustee meetings and workshops, and affiliate with the appropriate professional organizations, including MALF!

**Friend**

Support quality library service in the community through fundraising, volunteerism, and service as advocates for the library's program

Support the policies of the library as adopted by the library board; adopt a constitution and bylaws for the Friends group.

Provide input into the library's planning process and remain knowledgeable as to the status of the plan.

Promote the library program to the public.

Conduct fundraising, which complements the library's mission and provides funding for special library projects.

Serve as advocates for local, state, and national library issues; represent the library program to legislators and other governmental officials.

Maintain a liaison to the Board of Trustees. Liaisons for the Trustees and Friends should attend each other's meetings.

Affiliate with the state and national Friends organizations and attend their meetings and workshops. Make use of the services and consultants of MALF!

# Library Advocate's Checklist

*From Library Advocate's Handbook, American Library Association*

Each of us has countless opportunities to speak out for libraries in our daily lives. Speaking out now will strengthen today's libraries and help to ensure free and open access to information for future generations.

*A Library Friend will...*

- **Contact my librarian** – school, public, academic or special. Find out what the library needs and how I can help.
- **Stay informed** about policies and decisions that affect libraries and public access to information.
- **Speak up** at every opportunity. Share my concerns about libraries and free access to information with my friends, neighbors, and co-workers.
- **Suggest libraries** as a program topic to community or campus groups that I belong to – the PTA, the Faculty Senate, or the Chamber of Commerce.
- **Attend** local government and school board meetings. Recruit others to express their support.
- **Call in** to local radio or TV talk shows, involve the library in discussions of employment, education, the Internet, and literacy.
- **Write letters** to the editor or an op-ed in support of the library.
- **Call, write, visit or e-mail** to voice my concerns to school board members, college administrators, and city, county, and state officials.
- **Attend library legislative days** in my state or Washington, D.C. (Ask your local librarian to get more details from the state association.)
- **Recruit** others to be library advocates.
- **Join or start a Friends** of the Library group. Contact your state library association to volunteer to be part of its legislative network.
- **Support** the American Library Association's national campaigns for advocacy. Libraries of all types benefit from greater public awareness at the local, state, and national levels.

## Chapter 3

# Other Useful Samples and Information...

### **Sample Documentation:**

#### **Friends of the (Name) Library Bylaws**

##### **Article I: Name**

The name of this association shall be Friends of the (Name) Library.

##### **Article II: Purpose**

The purpose of this association shall be to maintain an association of persons interested in books and libraries; to focus attention on the library services, facilities, and needs; and to stimulate gifts of books, magazines, desirable collections, endowments, and bequests.

##### **Article III: Limitations**

Any property, monies or other items of value belonging to this association or hereafter acquired is and shall be irrevocable dedicated to the herein described purposes, and no individual shall be entitled at any time, including dissolution, to receive any benefits from the property or accounts of the association. In the event of dissolution or the impossibility of performing the purposes herein described, the assets will be distributed to an organization which is exempt under the Minnesota Revenue Code, or Section 501(c)3 of the Internal Revenue Code.

##### **Article IV: Membership and Dues**

**Section 1:** Membership in this association shall be open to all individuals in sympathy with its purposes, and to organizations and clubs when representation in the association is desired, in which case dues shall be paid by the organization.

**Section 2:** The annual dues shall be as determined by the Board of Directors.

**Section 3:** Each organization and individual shall be entitled to one vote.

**Section 4:** The fiscal year shall start July 1 and end June 30.

### **Article V: Officers and Committees**

**Section 1:** The Board of Directors shall consist of the Officers, the Chairs of the Standing committees, and Members-at-Large as needed, and shall serve as the governing body of this association.

**Section 2:** The Officers shall be President, Vice-President, Secretary, and Treasurer. They shall be elected by the general membership at the annual meeting. The terms of office shall be one year. The President shall be an ex-officio member of the Board the year following his/her term.

**Section 3:** The Standing Committee shall be as follows: Membership, Program, Publicity, Newsletter, Gifts and Bequests, and Nominating. The Chairs of the Standing Committees and the Members-at-Large shall be nominated by the Nominating Committee and offered for approval at the annual membership meeting.

**Section 4:** The Board of Directors shall meet at the call of the President or by petition of three or more Board members. The Board shall meet not fewer than four times each fiscal year. A majority of the members of the board shall constitute a quorum for the transaction of business.

**Section 5:** Other special committees, as may be necessary from time to time, shall be appointed by the President, subject to the approval of the Board.

**Section 6:** The President shall be an ex officio member of all committees, with the exception of the Nominating Committee.

**Section 7:** The Nominating Committee Chair shall be a member of the board. The members shall be appointed by the previous Nominating Committee and be approved by the Board at its first meeting after each annual meeting. This Committee will propose candidates to the board to fill vacancies to complete un-expired terms as they may occur, and shall present to the membership nominations for Officers, Chairs of the Standing Committees, and Members-at-Large at the following annual meeting.

### **Article VI: Meetings**

**Section 1:** The Association shall hold its annual meeting on a date selected from April through June for the purpose of electing officers, Chairs of the Standing Committees, and Members-at-Large; to receive various reports and to transact any other business. A written notice shall be sent to the members at least two weeks prior to the meeting.

**Section 2:** Special meetings may be held as directed by the President. A written notice shall be sent to members two weeks before the meeting.

**Section 3:** At the annual meeting, a majority of those present is sufficient to transact business, except for the purpose of adopting amendments to the bylaws.

**Article VII: Amendments**

The bylaws may be amended at any regular or special meeting of the association by a two-thirds majority of the members present. However, the intention to amend bylaws must be given by written notice to the members two weeks prior to the meeting, at which they are to be presented for consideration.

**Article VIII: Funds**

**Section 1:** Adequate books of accounts shall be maintained by the Treasurer who shall be responsible therefor.

**Section 2:** No funds or properties shall be disbursed without written authority of the President and Treasurer.

**Section 3:** The Board shall appoint an auditor, not an Officer, to audit the Treasurer's books prior to the annual meeting.

**Article IX: Parliamentary Authority**

All meetings shall be conducted according to Robert's Rules of Order Revised, except when in conflict with the bylaws of this association or with the laws of the State of Minnesota.

## **Attachment to Articles of Incorporation**

### **Article X:**

This organization is organized exclusively for charitable purposes within the meaning of section 501(c)3 of the Internal Revenue Code.

### **Article XI:**

**Legislative or Political Activities:** No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

### **Article XII:**

**Dissolution Clause:** Upon the dissolution of the corporation, the Board of Trustees shall, after paying or making provisions for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes or organizations under Section 501(c)3 of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue Law), as the Board of Trustees shall determine. Any of such assets not so disposed of shall be disposed of by the circuit court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

### **Article XIII:**

**Finances:** No part of the net earnings of the organization shall inure to the benefit of, or be distributable to, its members, trustees, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered.

### ***IMPORTANT TO NOTE:***

1. "Directors" may be substituted for "trustees" throughout the Articles, if desired.
2. To receive federal tax exempt and public foundation status (under the IRS Code Section 501(c)3, these articles must be stapled to the

Articles of Incorporation document when it is filed with the Secretary of State.

## **Other Resources:**

### **Best of the Best**

**Starting and Running A Non-Profit Organization**, by Joan M. Hummel, 1996. Second edition, University of Minnesota Press; Revised by the Center for Nonprofit Management, University of St. Thomas. *Content includes incorporation, establishing a board, writing bylaws, obtaining tax-exempt status, creating a strategic plan, budgeting and grant seeking, understanding accounting principles, managing human resources, and creating a community relations plan. Handy checklists and worksheets, plus sources for assistance are included. The Center for Nonprofit Management provides training and guidance in all aspects of the nonprofit sector to existing organizations as well as individuals or groups who are seeking help in starting a nonprofit. It is a department of the Graduate School Business at the University of St. Thomas in Minneapolis and St. Paul.*

### **Friends of Libraries U.S.A. (FOLUSA)**

Website: (<http://www.folusa.org>)

*This organization has a membership of more than 2000 individual and group members. Its mission is to motivate and support local Friends groups across the country in their efforts to preserve and strengthen libraries. The website offers a wide range of information from Friends groups across the nation. Find Fact Sheets about a variety of topics of interest to Friends, learn about current advocacy issues, plus hear about Friends in need!*

**Handbook for Starting A Successful Nonprofit**, published by the Minnesota Council of Nonprofits, 2001, 2002.

*This book features all you need to consider in organizing your group... from sample documentation to information on common management issues for nonprofits. It is a MUST read before you begin and has lots of good advice for the seasoned group!*

### **Minnesota Council of Nonprofits**

Website: (<http://www.mncn.org>)

*The Info Central section of this website contains all you need to know about starting and managing a nonprofit group. It contains the most up-to-date information and forms needed for your group!*

*More Resources...*

Fundraising Fundamentals: A Guide to Annual Giving For Professionals and Volunteers. By James M. Greenfield, 2002, Second edition. John Wiley & Sons. *How to orchestrate nine principal methods of annual giving*

Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment. By Kay Sprinkel Grace, 1997. John Wiley & Sons. *How to develop long-term relationships with funders and volunteers; how to prevent mission drift; and how to institute planning that supports innovations at the philosophical, strategic, and tactical level.*

Managing the Non-Profit Organization: Principles and Practices. By Peter Drucker, 1990. HarperCollins.

Boards That Make A Difference: A New Design For Leadership In Nonprofit and Public Organizations. By John Carver, 1997. Jossey-Bass Publishers. *In Carver's policy governance model, nonprofit boards produce "policies that make a difference, missions that are clearly articulated, standards that are ethical and prudent, meetings, officers, and committees that work, and leadership that supports the fulfillment of long-term goals."*

Leadership Jazz. By Max DePree, 1992. Dell. *The art of conducting business through leadership, fellowship, teamwork, touch, voice – harmony, renewal, innovation, vitality, lasting solutions, and more...*

Friends of the Libraries Sourcebook. By Sandy Dolnick. American Library Association and Friends of Libraries U.S.A.

**American Library Association** website: (<http://www.ala.org>) contains information on library-related issues and advocacy opportunities.

**Minnesota Council on Foundations** website: (<http://www.mcf.org>) includes a host of resources for groups considering foundation status.

Links to more than 80 **Academic Library Friends** sites can be accessed at: (<http://www.winona.edu/library/systems/friends.htm>). *Our thanks to Russell F. Dennison, Winona State University Library, for its creation.*

## **A Minnesota Association of Library Friends Publication**

*The mission of the Minnesota Association of Library Friends (MALF) is to promote excellence in library service by working with and through Friends of the Library organizations and the local libraries they represent.*

### **MALF works with...**

- Library Friends groups, individuals and other organizations who care about excellence in Minnesota Libraries.
- The state library agency; the Minnesota Library Association, the Minnesota Library Trustee Association, and Friends of Libraries USA.
- Directors and staff of public, academic, and special libraries throughout Minnesota.
- Officials of state and federal government who deal with library-related legislation.

### **MALF membership provides...**

- A newsletter offering valuable information for Library Friends and great ideas from Friends groups across the state and nation.
- Notice of MALF-sponsored programs and workshops.
- Reduced MALF Conference and program fees.
- Grant opportunities for new organizations or those applying for non-profit status.
- Opportunity to apply for the Evy Nordley Award for Best Project of the Year by A Friends Group.
- Online discussion group for Friends.
- Publications, advice, and consulting on Friends issues.
- A voice for local Friends groups in support of Minnesota libraries.

For more information or to request a current membership application,

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