



## ***THE PRACTICAL BENEFITS OF BECOMING A PPFF FRIENDS GROUP - WHY SHOULD WE TAKE THIS STEP?***

An important decision to make when a group of committed volunteers steps forward to work with their favorite state park or forest is whether or not to become an affiliate Chapter of the Pennsylvania Parks & Forests Foundation. Of course you can be an independent and effective friends group and PPFF will be happy to work with you always for the betterment of your park or forest!

The following might help clarify a group's decision-making on this issue, since by being a PPFF Chapter:

1. ***The work of becoming a recognized charitable organization under Section 501(c)(3) of the Internal Revenue Code has already been done.***

In order to accept tax-deductible contributions, receive grant funding from most foundations or governmental agencies, and be exempt from federal income tax on the proceeds of its activities, an organization must be recognized as a bona fide charitable organization by the Internal Revenue Service.

Granting of this status (or "exemption" as it is called by IRS) is contingent upon an organization jumping through a number of hoops – filing for an Employer Identification Number (EIN), incorporating in PA (\$125), and completing the 30-page IRS Form 1023 (and paying a fee of \$275-\$600, depending on the group's anticipated revenue) for starters. Granting of the exemption can take in excess of a year!

***With PPFF Chapter status, you are automatically recognized as a charitable organization under the auspices of our 501(c)(3) status.***

2. ***Subsequent filings with the IRS are completed for the Chapter as a part of the whole.***

All charitable organizations are required to file Form 990, the annual tax return of a nonprofit organization. Very small (under \$50,000 in gross receipts) organizations need only file the new Form 990-N (what the IRS calls the "e-Postcard"). However, organizations of any size must make an annual filing of the Form 990 in order to keep their 501(c)(3) status in order.

***With PPFF Chapter status, your annual IRS filing is a part of PPFF's filing.***

3. ***The annual filing required by the Department of State, Bureau of Charitable Organizations is completed by PPFF for all its Chapters.***

All nonprofit organizations raising money in Pennsylvania must register with the Bureau of Charitable Organizations on an annual basis and pay a fee based on the organization's

income. Pennsylvania's BCO has a reputation for being very serious indeed about the correctness and completeness of this requirement and will pursue all legal remedies against an organization that fails to comply in a timely manner.

***With PPF Chapter status, your annual BCO filing is a part of PPF's filing (current BCO registrations rates range from \$15 to \$250 depending on income).***

- 4. An audit of your financial records (required by IRS in some cases and desired by all funders from private foundations to governmental agencies) is completed each year.***

No question, an audit by a certified public accountant is a time-consuming, paperwork-intensive and expensive process. But as your organization grows and raises more money, your books will be subject to the requirement for completion of at least a review by a CPA and, eventually, a full audit. Clean books keep your status as a charitable organization intact and insure that funders of all kinds feel confident that their money is going to a well-managed, efficient group.

***With PPF Chapter status, a complete audit (at a cost in 2022 at over \$23,000 for PPF) is performed on all Chapter accounts.***

- 5. Your officers and directors are insured against potential claims for mismanagement or unethical behavior.***

No one likes to think that things can go wrong – especially when you're acting as a volunteer and only trying to Do Good. Nevertheless, claims can be made that someone acted improperly on behalf of your organization (failed to do something they promised to do, said something bad about someone that causes damage to a reputation, etc.). Therefore, PPF Chapter Officers and Directors receive Directors & Officers Liability Coverage (annual premium in 2023 was \$4,300)

Having coverage means the insurance carrier retains an attorney to defend the officer/director and your Chapter against the claim and pays any damages or settlement which may be assessed.

***With PPF Chapter status, you're covered from the first day you sign your memorandum of understanding and your officers and directors remain covered so long as you complete your annual report and keep your list of directors and officers up-to-date.***

- 6. Your Chapter is also insured against potential claims for injury or damage.***

Again, no one likes to think that things can go wrong when you're only trying to help, but people sometimes get injured or their property is damaged. PPF carries a general liability policy that provides coverage to your Chapter in the event someone or

something is injured during one of your volunteer days. This insurance is in ADDITION to the Conservation Volunteer coverage under DCNR (the 2023 premium was \$2,400).

Some chapter events may require additional insurance which we will assist chapters to attain either as a rider on our policy or through another vendor.

***With PPF Chapter status, you have personal injury and property damage coverage in place as a matter of course, and a low-cost option for special additional coverage.***

**7. *You tap into an existing network for promotions and publicity, fundraising and training opportunities.***

- Our newsletter goes out to just over 10,000 subscribers; we send a weekly eBlast to nearly 7,000. Our Facebook, X/Twitter, and Instagram pages are designed specifically to promote the wonderful work that's being done in the state parks and forests.
- We share Zoom chat opportunities for officers (new and existing) at the beginning of each year as well as regular sessions with Productive Fundraising, our "on-call" fund- and friend-raising consultant.
- At least once a year, our Chapters are invited to attend a retreat workshop where we enlist the services of experts on subjects ranging from recruiting volunteers to talking to your elected officials.

***With PPF Chapter status, your Chapter becomes a part of a thriving network of other people working to do just what you want to do in your park or forest.***

**8. *We offer a variety of tools and assistance so that you can make an impact on your potential members and volunteers with consistent communication and information-sharing.***

- We can provide a newsletter template for each chapter that you can mail or email to your members.
- We have assistance for you in building a social media presence especially through a dynamic Facebook page.
- Our website provides a direct link for your Chapter members to make online donations and membership payments and allows you to access their information with an automatically sent report and/or the touch of a button (or two).
- Our staff is always available to help walk you through any challenges or questions that may arise.

***With PPF Chapter status, you will have the tools to manage and communicate with the people who are interested in your park or forest and are the most likely participants in your efforts.***

Offering the significant cost-savings benefits listed above to our Chapters does demand a commitment on the part of the Chapter to comply with certain procedures. It is important for everyone to recognize at the outset that PPF is not in the business of telling you what to do. But we are in the business of providing a framework by which we, our staff and board, our Chapters and our volunteers operate at all times in a completely open and transparent manner.

We require that any donor to or member of our organization knows that their valuable time and money is given to a nonprofit that is absolutely professional and ethical.

To that end, PPF Chapters must:

1. Sign and honor the terms of a memorandum of understanding (MOU) and articles of association outlining the relationship.
2. Pay a fee of \$35 to establish the first administrative accounts.
3. Provide (and keep current) a list of the Chapter's officers and directors for purposes of the D&O and CGL policies and effective communication with your Chapter.
4. Provide an annual report of the Chapter's activities to the PPF office in the form and manner required by the PPF office as it might change from time to time, including completion of an annual statement of the existence of any potential conflict of interest between your personal or business dealings and the Chapter.
5. Agree to abide by all policies with respect to financial records and procedures PPF may have in effect at the time of the MOU or that may become necessary in the normal course. Understand that any such changes to the procedures or requirements are not arbitrary whims from Camp Hill but are always because of (a) a new governmental regulation; (b) a new requirement from our auditor; or (c) a recommended "best practice" from recognized nonprofit management experts. And, unfortunately, just like in kindergarten sometimes a kid misbehaves and everybody suffers through imposition of a new requirement!
6. Finally, although this is spelled out in the MOU and articles of association, it is worth repeating that the Chapter must at all times abide by the requirements of the 501(c)(3) designation. This classification is what allows PPF and your sister chapters to raise money for their projects and each Chapter must agree to make sure that nothing jeopardizes that privilege.

We hope the foregoing provides a basic outline of the benefits of joining PPF as a Chapter. Please don't hesitate to contact us to discuss your ideas further.