



How to Start a Lake Association, River, or Friends Group

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April 10, 2019

Wisconsin Lakes Partnership Convention & Water Action Volunteers Symposium



Topics We Can Cover

- ▶ Different forms of non-profit organizations
- ▶ Non-profit vs tax-exempt
- ▶ What can NPO's (non-profit organizations) do exactly?
- ▶ Reporting regulations
- ▶ Do NPOs need insurance?
- ▶ Fundraising
- ▶ Membership involvement



Different forms of nonprofit organizations

- ▶ Nonprofit entities created at the state level
- ▶ Nonprofit (nonstock) corporation (Ch 181, Wis Stats)
 - ▶ Board of at least 3
 - ▶ Can be a member organization or not
 - ▶ Must follow bylaws. State law rules if bylaws are silent (e.g. # of meetings)
- ▶ Voluntary association (Ch 184, Wis Stats)
 - ▶ 3 members “joined by mutual consent for a common, nonprofit purpose
 - ▶ Various kinds of tenancy (e.g. joint ownership of a building) “does not, by itself, establish a nonprofit association, even if the co-owners share use of the property for an non-profit purpose”
 - ▶ Provides some immunity for members from liability



Nonprofit vs Tax-exempt

- ▶ Nonprofit is state decision in regards to the entity type
- ▶ Tax-exemption is determined by IRS if organization meets certain qualifications. Exemption is usually immediately conferred to state taxes as well (in WI registration required)
- ▶ *An organization can be nonprofit, but if it raises money and does not have a tax-exemption, it could owe taxes!!*



What Can Nonprofits Do?

- ▶ Educate
- ▶ Raise money
- ▶ Own property
- ▶ Lobby*

*-Some restrictions apply



Reporting Regulations

- ▶ State Dept of Financial Institutions Corporate Report
 - ▶ Names and address of board members
- ▶ IRS Form 990
 - ▶ \leq \$50,000 in revenue, 990-N postcard
 - ▶ $<$ \$200,000 revenue AND $<$ \$500,000 assets, 990-EZ
 - ▶ $>$ \$200K revenue OR $>$ \$500K assets, 990
- ▶ State Charitable Report
 - ▶ \leq \$25,000 in contributions, Affidavit in lieu of financial report
 - ▶ $>$ \$25,000, Form 308 or 1952 (depends on whether 990 was filed)

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Other topics

- ▶ Insurance
- ▶ Fundraising
- ▶ Membership Involvement

<https://www.wisconsinrivers.org/local-groups/starting-up/>