HOW TO GUIDE: ESTABLISHING A "FRIENDS OF THE PARKS"NONPROFIT

University of Iowa Initiative for
Sustainable Communities

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How To Guide: Establishing a “Friends of the Parks” Nonprofit

A Practical Guide for Bondurant, Iowa.

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How to Use This Guide

This guide is designed for the person—or small group of people—who will take the lead on forming a “Friends of the Parks” nonprofit in Bondurant, Iowa. It translates the research, case comparisons, and expert advice from the companion capstone report into concrete, actionable steps.

You do not need to be a lawyer or an accountant to use this guide. Each step tells you what to do, why it matters, what resources are available, and what to watch out for. Tips from leaders of existing Iowa “Friends of the Parks” organizations—in Polk City, Des Moines, and Bettendorf—are included throughout.

> ℹ **Note:** Iowa-Specific: This guide focuses on Iowa law and Iowa-based resources. Key references include the Iowa Secretary of State, the IRS, and the Larned A. Waterman Iowa Nonprofit Resource Center (free guidance for Iowa nonprofits).

The guide is organized into six major steps:

- Step 1: Lay the Groundwork (Before You Incorporate)
- Step 2: Incorporate with the Iowa Secretary of State
- Step 3: Draft Your Bylaws
- Step 4: Apply for Federal Tax-Exempt Status (501(c)(3))
- Step 5: Establish Your City Relationship
- Step 6: Launch Your Nonprofit

At the end of each step, there is a checklist to track your progress.

STEP 1: Lay the Groundwork

Before You Incorporate

Before filing any paperwork, take time to build the foundation. Organizations that rush this phase often make costly mistakes that are difficult to undo.

1A. Form a Founding Committee

Gather three to five committed community members who will guide the formation process. This is not the same as your eventual board—it is a small working group to get the organization legally established and initially structured.

- At least one person should have nonprofit experience (serving on a board, working at a nonprofit, etc.).
- At least one person should be comfortable with financial record-keeping.
- Include someone with strong ties to Bondurant's parks community.

> ✓ **Tip from the Field:** In Polk City, the Parks and Recreation Director personally recruited known park advocates to form the initial group. In Bettendorf, a small group of passionate community members self-organized. Either approach works.

> ⚠ **Watch Out:** Do not skip this step by jumping straight to incorporating with a large group. A small founding committee with a shared vision is far more effective than a large group with competing priorities.

1B. Clarify Your Purpose

Before incorporating, your founding committee should reach a clear shared understanding of what the organization will do. Discuss:

- What problem does this organization solve (e.g., Bondurant's Parks & Rec budget cannot fund all needed improvements as the city grows)?
- Who will the organization primarily serve (e.g., Bondurant residents who use parks)?
- What is the organization's primary function: fundraising, volunteering, advocacy, or a mix?
- What is the organization's relationship with the city government? (Partner, not replacement.)

> ✓ **Tip from the Field:** From legal expert Dave Bright (Larned A. Waterman Iowa Nonprofit Resource Center): Start by researching mission statements from peer "Friends" organizations. 'Beg, borrow, and steal'—find language that resonates, then adapt it to Bondurant.

Look at the mission statements from:

- Friends of Des Moines Parks: "At Friends of Des Moines Parks, we are dedicated to creating a healthier and more vibrant Des Moines community for all by preserving, enhancing and advocating for parks, trails, and recreational programs." (www.friendsofdmparks.org)
- Polk City Friends of the Parks: "Our mission is to enhance, grow, and promote Polk City's parks, trails, and greenspaces for the benefit of the entire community." (www.polkcityfriendsoftheparks.com)

1C. Draft a Preliminary Mission Statement

Your mission statement will be used in your Articles of Incorporation, your IRS application, and all public communications. Key principles for a strong mission statement:

- Be specific enough for IRS approval. The IRS requires that your exempt purpose be clearly charitable, educational, or similar (per Section 501(c)(3)).
- Be broad enough not to limit the organization to a single project. (e.g., avoid “to build a new playground at Lincoln Estates Park” as your only stated purpose.)
- Ground it in the community. Mention Bondurant, its parks, and the residents you serve.

Sample mission statement language (adapt as needed):

> *“The Friends of Bondurant Parks is a nonprofit organization dedicated to enhancing, preserving, and advocating for the parks and green spaces of Bondurant, Iowa through community fundraising, volunteer engagement, and partnership with the City of Bondurant.”*

⚠ **Watch Out:** Do not limit your mission to a single project or park. Future fundraising and grant opportunities depend on a broad charitable purpose.

1D. Identify Your First Year's Project(s)

Even before you're legally formed, start thinking about what your first project will be. Research consistently shows that fundraising is most effective when tied to a specific, tangible improvement—something donors can see and use.

- Consult the Parks and Recreation Department about their "wish list"—projects that are needed but fall outside the city's capital budget.
- Based on the Bondurant Parks and Recreation Board survey, top priorities include equipment upgrades, ADA-compliant paths/activities in older parks, and natural water playscapes.
- Choose something achievable in your first year. Early wins build community trust and donor confidence.

> ✓ **Tip from the Field:** From Polk City: 'Fundraise for one specific, tangible project each year. Donors can see exactly where their money goes and will personally use the improvement.'

Step 1 Checklist

- ☐ Founding committee of three to five members identified
- ☐ At least one member has nonprofit experience
- ☐ Group has discussed and agreed on the organization's purpose
- ☐ Preliminary mission statement drafted
- ☐ Reviewed peer organization mission statements
- ☐ Consulted with Parks & Rec about potential first projects

STEP 2: Incorporate with the Iowa Secretary of State

Filing Articles of Incorporation

Incorporating creates your nonprofit as a legal entity under Iowa law. This step must be completed before applying for federal tax-exempt status.

2A. Choose a Name

Your organization's name must:

- Be distinguishable from all other business entities registered in Iowa (search the Iowa Secretary of State's business entity database at sos.iowa.gov to check availability).
- Reflect your mission. Common naming conventions: "Friends of Bondurant Parks," "Bondurant Friends of the Parks," or similar.
- Not imply government affiliation (e.g., avoid "City of Bondurant Parks Foundation").

> ✓ **Tip from the Field:** Search the Iowa SOS business database first to make sure your preferred name is available. Have 2–3 backup names ready.

2B. Designate a Registered Agent

Iowa law requires you to designate a registered agent who will receive legal and government correspondence on behalf of the organization. The registered agent must:

- Be an Iowa resident or a business authorized to do business in Iowa.
- Have a physical Iowa street address (P.O. boxes are not accepted).

One of your founding committee members can serve as the registered agent, or you can hire a registered agent service.

2C. Draft and File Articles of Incorporation

Articles of Incorporation are the foundational legal document that creates your nonprofit. Iowa's Nonprofit Corporation Act (Iowa Code Chapter 504) governs nonprofit formation.

Your Articles of Incorporation *must* include:

- Entity Name: Your organization's legal name.
- Registered Agent and Registered Office: The name and Iowa street address of your registered agent.
- Incorporator(s): The name(s) and address(es) of the person(s) filing the Articles (this can be one or more founding committee members).
- Charitable Purpose Statement: A brief statement that your organization is organized exclusively for charitable purposes under IRS Section 501(c)(3).
- Non-Distribution Constraint: A statement that no part of the organization's net earnings will benefit any private individual.
- Dissolution Clause: A statement that upon dissolution, remaining assets will be distributed for charitable purposes.
- Membership or Non-Membership: State whether the organization will have voting members beyond the board. (Most small nonprofits are non-membership organizations—this simplifies governance.)

> ℹ **Note:** Iowa Code §504.202 sets out what must be included in Articles of Incorporation. Full text: https://www.legis.iowa.gov/DOCS/ACO/IC/LINC/Section.504.202.pdf

Required IRS language for your charitable purpose clause (include verbatim):

> *"Said organization is organized exclusively for charitable, educational, religious, or scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code."*

2D. File with the Iowa Secretary of State

File your Articles of Incorporation online or by mail with the Iowa Secretary of State:

- Online: https://sos.iowa.gov (Business Entities → File a New Business)
- Filing fee: $20 for nonprofit corporations (as of 2025).
- Processing time: Online filings are typically processed within 1–5 business days.

> ✓ **Tip from the Field:** File online—it's faster and you receive confirmation immediately. Save your Certificate of Organization once issued; you will need it for bank accounts, the IRS application, and grant applications.

> ⚠ **Watch Out:** Do not use the for-profit corporation filing option. Select "Nonprofit Corporation" specifically.

2E. Obtain an Employer Identification Number (EIN)

An EIN (also called a Federal Tax ID) is required before opening a bank account or filing with the IRS. Apply for free through the IRS:

- Online (fastest): https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online
- You will receive your EIN immediately upon completing the online application.
- Select "Other nonprofit/tax-exempt organization" as your entity type.

Step 2 Checklist

- ☐ Organization name confirmed as available with Iowa SOS
- ☐ Registered agent identified (name and Iowa street address)
- ☐ Articles of Incorporation drafted (includes all required elements + IRS language)
- ☐ Articles filed with Iowa Secretary of State and filing fee paid
- ☐ Certificate of Organization received and saved
- ☐ EIN obtained from IRS

STEP 3: Draft Your Bylaws

Establishing Your Governance Framework

Bylaws are your organization's internal rulebook. They govern how the board operates, how decisions are made, and how the organization handles key situations. Bylaws are required by the IRS as part of your 501(c)(3) application.

> ⚠ **Watch Out:** Board members should actually read and discuss the bylaws—not simply receive them and move on. Bylaws only protect your organization if people understand and follow them. (Dave Bright, Larned A. Waterman Iowa Nonprofit Resource Center)

3A. What Your Bylaws Must Cover

Your bylaws should address the following:

- **Name and Purpose:** Restate your organization's name and charitable purpose (consistent with your Articles of Incorporation).
- **Board Size and Composition:** Specify a minimum and maximum number of directors (e.g., no fewer than five, no more than 15). Write this as a range—not a fixed number—so the board can grow without amending the bylaws each time.
- **Board Terms:** Define term lengths (e.g., two- or three-year terms) and whether terms are renewable. Include staggered terms so that not all board members roll off at once.
- **Officer Roles:** Define at minimum: President/Chair, Vice President, Treasurer, and Secretary. Describe each role's responsibilities briefly.
- **Meetings:** State how often the board meets (minimum), how meetings are called, quorum requirements (typically a majority of board members), and whether remote participation is allowed.
- **Voting:** Specify how decisions are made (majority vote, supermajority for major decisions), and whether proxy voting is allowed.
- **Conflict of Interest Policy:** Required by the IRS. Define what constitutes a conflict of interest and require directors to disclose conflicts and recuse themselves from related votes. (A standalone Conflict of Interest Policy can be adopted separately and appended to bylaws.)
- **Volunteer Requirements for Board Members:** Specify that board members are expected to actively participate as volunteers, attend meetings, serve on at least one committee, and contribute to fundraising efforts.
- **City Representative (Ex Officio):** If you will include a city representative (recommended), specify that this person serves as ex officio (non-voting) and in an advisory capacity. This prevents any appearance that the city controls the nonprofit.
- **Fiscal Year:** Define your organization's fiscal year (e.g., January 1–December 31).
- **Amendment Procedure:** State how bylaws can be amended (e.g., two-thirds vote of the board, with advance notice).
- **Dissolution:** Specify how remaining assets will be distributed if the organization dissolves (must be consistent with Articles of Incorporation and IRS requirements—assets must go to another 501(c)(3)).

3B. Board Size Guidance

Based on research and interviews with peer organizations:

- Iowa law: Minimum of one director required by Iowa Code.
- IRS expectation: At least three directors (organizations with fewer may face scrutiny).
- Recommended founding range: five to 11 members (per Larned A. Waterman Iowa Nonprofit Resource Center).
- Optimal for small-to-mid-sized organizations: seven to nine members (research finding from Vecco & Srakar, 2021).

> ✓ **Tip from the Field:** Write bylaws with a range (e.g., 'no fewer than five and no more than 15 directors'). This lets the board grow without a bylaw amendment each time you add a member.

> ⚠ **Watch Out:** Avoid the 'warm body' fallacy: do not fill board seats with anyone willing to serve. Prioritize people with the right skills, time commitment, and genuine engagement with the mission.

3C. Skill Areas to Prioritize for Your Founding Board

Based on expert interviews and case study findings, prioritize the following skill areas on your founding board:

- Finance: A banker, accountant, or financially experienced professional (essential for the Treasurer role).
- Municipal/government background: Someone who understands city budgeting and processes.
- Parks and Recreation experience: Someone who has worked in or closely with a parks department.
- Marketing/communications: For social media, community outreach, and event promotion.
- At-large community members: Bondurant residents who regularly use parks and can advocate for the community.
- Grant writer: Difficult to find but highly valuable for future grant applications.
- Legal expertise: An attorney familiar with nonprofit law (can be advisory).

> ✓ **Tip from the Field:** Bettendorf found that recruiting younger board members (under 40) improved the board's understanding of current park usage patterns. As your organization matures, prioritize generational diversity.

3D. Resources for Drafting Bylaws

Resource	Description	Link / Contact
Larned A. Waterman Iowa Nonprofit Resource Center	Free guidance on bylaws, governance, and Iowa nonprofit law. Staff can review your draft documents.	watermanfund.org | 319-337-6547
Iowa State Bar Association	Referrals to attorneys with nonprofit law experience.	iowabar.org
National Council of Nonprofits	Free bylaws templates and governance resources.	councilofnonprofits.org
IRS Publication 557	Tax-exempt status for your organization—includes required governance language.	irs.gov/pub/irs-pdf/p557.pdf

Step 3 Checklist

- ☐ Bylaws drafted covering all required elements
- ☐ Board size specified as a range (min and max)
- ☐ Officer roles defined (President, VP, Treasurer, Secretary)
- ☐ Conflict of Interest Policy included or appended
- ☐ Board volunteer requirements specified
- ☐ Ex officio city representative role defined (non-voting)
- ☐ Bylaws reviewed by legal advisor or Waterman Center
- ☐ Bylaws formally adopted by founding board

STEP 4: Apply for Federal Tax-Exempt Status (501(c)(3))

Obtaining IRS Determination

501(c)(3) status is what makes your organization's fundraising tax-advantaged: donors can deduct contributions, and you become eligible for many grants. This step is essential—but take it carefully.

> ⚠ **Watch Out:** Do NOT solicit tax-deductible donations until you receive your IRS determination letter. If the IRS does not backdate your exemption to your incorporation date—which is not guaranteed—donations received before the letter was issued may not be tax-deductible, which damages donor trust.

4A. Choose the Right Application Form

The IRS offers two application forms:

- **Form 1023-EZ (Streamlined Application):** Available if your organization projects gross receipts of $50,000 or less per year AND total assets of $250,000 or less. Filing fee: $275. Most new small nonprofits qualify. Filed online at pay.gov.
- **Form 1023 (Full Application):** Required if you project revenues above $50,000 or assets above $250,000. This is more detailed and requires narrative descriptions of activities. Filing fee: $600.

> ✓ **Tip from the Field:** Most new Friends of the Parks organizations qualify for Form 1023-EZ. The Waterman Center can help you determine which form applies to your situation.

> ⚠ **Watch Out:** Select 'Public Charity'—NOT 'Private Foundation'—on your application. This is one of the most common and costly errors. Correcting a private foundation filing incurs significant fees and delays.

4B. What You Will Need

- EIN (obtained in Step 2)
- Iowa Articles of Incorporation (Certificate of Organization)
- Bylaws (adopted by your founding board)
- Description of your organization's activities (how you will accomplish your mission)
- Financial data: Projected revenue and expenses for current year + 2 future years
- Information about board members (names, addresses, titles)
- Filing fee payment method

4C. File Your Application

- Form 1023-EZ: File at pay.gov. Processing time is typically one to three months.
- Form 1023: File at pay.gov or by mail. Processing time can be three to 12+ months for full applications.
- Check your application status at irs.gov/charities-non-profits.

> ✓ **Tip from the Field:** After filing, the IRS may contact you with questions. Respond promptly to avoid delays. The Waterman Center can help you prepare responses.

4D. After You Receive Your Determination Letter

- Save the determination letter permanently—it is proof of your tax-exempt status for donors, grantors, and government agencies.
- Now you may begin soliciting tax-deductible donations.
- Register with the Iowa Secretary of State as a charitable organization if soliciting donations from the public (Iowa Code Chapter 13C). Check current requirements at sos.iowa.gov.
- Obtain a state sales tax exemption (if applicable) through the Iowa Department of Revenue.

> ℹ **Note:** Iowa does not require a separate state 501(c)(3) equivalent—your federal determination letter is sufficient for Iowa tax purposes. However, charitable solicitation registration may be required depending on your fundraising activities.

Step 4 Checklist

- ◻ Determined eligibility for Form 1023-EZ vs. Form 1023
- ◻ All required documents gathered (EIN, Articles, Bylaws, financial projections)
- ◻ Application filed at pay.gov with correct filing fee
- ◻ Confirmation of submission received and saved
- ◻ IRS determination letter received and saved
- ◻ Iowa charitable solicitation registration completed (if required)
- ◻ Bank account opened using EIN and Articles of Incorporation
- ◻ Tax-deductible donation solicitation now active

STEP 5: Establish Your City Relationship

Partnering with the City of Bondurant

One of the most critical factors in the success of a “Friends of the Parks” organization is its relationship with local government. All three Iowa case organizations—in Polk City, Des Moines, and Bettendorf—credit their strong city relationships as a primary driver of their effectiveness.

5A. Why Formal Separation Matters

Your nonprofit must be legally separate from the city. This is both a legal requirement (to maintain 501(c)(3) status) and a practical necessity (to build donor trust, apply for grants, and operate independently). However, legal separation does not mean distance—it means structure.

> ⚠ **Watch Out:** The city should not control or direct your nonprofit. Avoid interlocking boards, shared staff, or financial arrangements that blur the line between the city and the nonprofit.

5B. Options for Formalizing Your Relationship

Choose the level of formality that fits your organization's stage and your city's preferences:

- **28E Agreement (most formal):** An intergovernmental agreement under Iowa Code Chapter 28E. Specifies roles, responsibilities, and processes. Filed with the Iowa Secretary of State. Best for organizations with established programs and financial flows between the city and the nonprofit.
- **Memorandum of Understanding (MOU) (intermediate):** A less formal written agreement documenting how the two parties will work together, what the nonprofit commits to provide, and what the city agrees to do. Can be updated as the relationship evolves.
- **No formal agreement (least formal):** Some organizations operate fully separately with only informal communication. More autonomous but also more prone to misalignment. Not recommended for Bondurant given the importance of coordinating with the Parks & Rec Department on project selection.

> ✓ **Tip from the Field:** Dave Bright (Waterman Center) recommends starting with an MOU and graduating to a 28E Agreement as the relationship matures. Bettendorf uses a formal board seat for the Parks Director; Polk City and Des Moines use informal attendance at board meetings.

5C. The Ex Officio City Representative Role

Strongly recommend including the Bondurant Parks and Recreation Director (or designee) on the nonprofit board as an ex officio, non-voting member. This role:

- Ensures the nonprofit and city have the same information about parks needs and priorities.
- Creates a direct channel for the city to present its annual "wish list" of projects.
- Does NOT give the city a vote or control over the nonprofit's decisions.
- Should be documented in your bylaws (see Step 3).

5D. Project Request Process

Require a formal written request from the city whenever it wants the nonprofit to fund a specific project. This should not be a verbal ask. The written request should include:

- A description of the project and its location.
- The reason the project is outside the city's current capital budget.
- An estimated cost and timeline.
- The expected community benefit.

> ✓ **Tip from the Field:** Requiring a formal request protects your nonprofit's independence and ensures the board can make an informed decision. It also creates a paper trail that demonstrates your organization's accountability to donors and grantors.

Step 5 Checklist

- ☐ Meeting held with Bondurant Parks and Recreation Director to discuss relationship structure
- ☐ Relationship structure selected (MOU, 28E, or informal with plans to formalize)
- ☐ MOU or 28E Agreement drafted (if applicable) and signed by both parties
- ☐ Ex officio city representative role defined in bylaws
- ☐ City representative (Parks Director or designee) identified and invited
- ☐ Formal project request process established and communicated to Parks & Rec

STEP 6: Launch Your Nonprofit

Getting Started in Your First Year

Congratulations—you are now legally incorporated, tax-exempt, and have a city partner. Now comes the most important part: building community trust, completing your first project, and establishing the culture that will sustain the organization for years to come.

6A. Open a Bank Account

- Open a dedicated bank account in the organization's name using your EIN and Articles of Incorporation.
- Choose a bank with nonprofit-friendly features (low fees, online banking, multi-signatory requirements).
- Require two board member signatures for checks above a set threshold (e.g., $500). This is a basic internal control.

6B. Hold Your Organizational Meeting

Convene your founding board for an organizational meeting to formally:

- Adopt the bylaws.
- Elect officers (President/Chair, Vice President, Treasurer, Secretary).
- Adopt a Conflict of Interest Policy.
- Set the fiscal year.
- Authorize the opening of a bank account.
- Set a regular meeting schedule (monthly or quarterly, depending on workload).

Keep minutes of this meeting—they are important governance records and may be requested by grantors or the IRS.

6C. Choose Your First Project Carefully

Your first project is your most important credibility-building opportunity. It should be:

- Small and achievable within one year.
- Specific and tangible—something people can see, touch, and use.
- Formally requested by the city in writing.
- Communicated clearly to the community as the nonprofit's first contribution.

> ✓ **Tip from the Field:** Start with something everyone can participate in, like Polk City: "Our first projects were a 5k, a bike ride, and a free-will donation party in the park. Within our first year, we expanded our reach to the whole community."

6D. Host a Community Kickoff Event

Before or alongside your first project fundraising, host a low-barrier community event to introduce the organization to Bondurant residents. This event should:

- Be free or very low-cost to attend.
- Happen in or near a park.
- Include a brief explanation of what the organization does and what its first project will be.
- Collect names and emails for your volunteer and donor list.

> ✓ **Tip from the Field:** Keep the kickoff event simple. Polk City hosted a party in the park. Bettendorf's Cars & Coffee started small and grew into a major annual fundraiser. Start manageable—you can always scale up.

6E. Prioritize Event-Based Fundraising Over Grants in Year 1

Based on the experience of all three Iowa case organizations, event-based fundraising is more effective than grants in the first one to two years. Here is why:

- Grant writing is time-intensive and requires specific expertise that most new nonprofits lack.
- New organizations with no financial track record are less competitive for many grants.
- There is a risk of competing with the city itself for the same grant funds.
- Event-based fundraising builds community relationships and donor lists that support long-term sustainability.

> ✓ **Tip from the Field:** Polk City: 'The return on time invested in grant writing was often lower than simply asking local businesses for a donation.' Focus on events and direct solicitation first; explore grants in Year 2+.

> ⚠ **Watch Out:** Do not solicit tax-deductible donations before receiving your IRS determination letter (Step 4). You may still hold fundraising events—but be clear with donors that contributions are not yet tax-deductible until your determination letter is received.

6F. Maintain Legal and Financial Compliance

Once operating, your organization must maintain good standing with the IRS and Iowa Secretary of State:

- **Annual Report (Iowa SOS):** File an annual report with the Iowa Secretary of State to maintain your nonprofit's active status. Fee varies; check sos.iowa.gov for current requirements.
- **IRS Form 990:** File annually with the IRS. Which version you file depends on your annual gross receipts: 990-N (e-Postcard) for under $50,000; 990-EZ for $50,000–$200,000; 990 (full) for over $200,000.
- **Board Meeting Minutes:** Keep minutes of all board meetings. These are permanent governance records.
- **Financial Records:** Maintain accurate financial records. Consider hiring an accountant (or retaining a board member with financial expertise) to handle tax filings if no board member is comfortable doing so.

> ✓ **Tip from the Field:** Bettendorf: 'Dot the I's and cross the T's. Annual filings are not optional. Missing them can jeopardize your tax-exempt status.'

Step 6 Checklist

- ◻ Bank account opened in organization’s name
- ◻ Organizational meeting held and minutes recorded
- ◻ Officers elected and documented
- ◻ Conflict of Interest Policy adopted
- ◻ First project selected through formal city request process
- ◻ Community kickoff event planned and scheduled
- ◻ Fundraising strategy for first year developed (events first)
- ◻ Annual compliance calendar set (990, Iowa SOS annual report)
- ◻ Liability insurance investigated and budgeted (as organization grows)

Beyond Year One: Building for the Long Term

Once your nonprofit is established and your first project is complete, shift focus to sustainability. Based on findings from the capstone report, the following practices support long-term organizational health:

Board Development

- Conduct an annual board composition review: What skills and perspectives (ages, backgrounds, families, etc.) are missing?
- Proactively recruit younger board members (under 40) who reflect current park users.
- Update your bylaws every three years or when significant organizational changes occur.
- Develop a board succession plan so leadership transitions are smooth.

Fundraising Expansion

- In Year 2+, explore grant opportunities through Iowa-based funders, community foundations, and national parks/recreation grants.
- Avoid competing with the city for the same grant sources—coordinate with Parks & Rec before applying.
- Maintain an annual event calendar with at least one signature event tied to a specific project.
- Consider establishing a small annual giving program or recurring donor list.

Community Engagement

- Publish an annual impact report: how many dollars raised, what was funded, how many volunteers engaged, what the community gained.
- Maintain an active social media presence (Facebook page minimum). All three case organizations recruit volunteers primarily through Facebook.
- Continue community education about the difference between city tax dollars and nonprofit-funded improvements.

Insurance

- As your events grow in size, budget for Directors and Officers (D&O) liability insurance.
- Bettendorf identified increased litigation risk as events scaled up. A modest annual policy protects board members personally.

> ✓ **Tip from the Field:** Contact the Larned A. Waterman Iowa Nonprofit Resource Center for guidance on appropriate insurance coverage for your organization’s size and activities.

Key Resources at a Glance

Iowa-Specific Resources

Resource	Description	Link
Larned A. Waterman Iowa Nonprofit Resource Center	Free nonprofit formation guidance, document review, governance advice. Highly recommended for new nonprofits.	https://inrc.law.uiowa.edu/
Iowa Secretary of State – Business Entities	File Articles of Incorporation, annual reports, search business names, access nonprofit registry.	https://sos.iowa.gov/
Iowa Code Chapter 504 (Nonprofit Corporation Act)	Iowa's governing statute for nonprofit corporations. Includes requirements for Articles of Incorporation.	https://www.legis.iowa.gov/docs/code/504.pdf
Iowa Department of Revenue	Sales tax exemption for nonprofits.	https://revenue.iowa.gov/taxes/tax-guidance/sales-use-excise-tax/sales-use-tax-guide/nonprofit-entities
Iowa Code Chapter 13C	Charitable solicitation registration requirements.	https://www.legis.iowa.gov/docs/code/13c.pdf

Federal Resources

Resource	Description	Link
IRS Form 1023	Form 1023-EZ is streamlined 501(c)(3) application (for orgs projecting under $50k/year).	https://www.irs.gov/forms-pubs/about-form-1023
IRS Publication 557 (01/2025)	Tax-Exempt Status for Your Organization.	https://www.irs.gov/publications/p557
IRS EIN Application	Apply free online for your Employer Identification Number.	https://www.irs.gov/businesses/employer-identification-number

Master Checklist: All Steps at a Glance

Step 1: Lay the Groundwork

- ◻ Founding committee of 3–5 formed (includes nonprofit experience)
- ◻ Purpose and mission statement drafted and agreed upon
- ◻ First-year project(s) identified in consultation with Parks & Rec

Step 2: Incorporate with Iowa Secretary of State

- ◻ Organization name confirmed available (sos.iowa.gov)
- ◻ Registered agent identified
- ◻ Articles of Incorporation drafted with all required elements + IRS language
- ◻ Articles filed with Iowa SOS; Certificate of Organization received
- ◻ EIN obtained from IRS

Step 3: Draft Bylaws

- ◻ Bylaws drafted covering all required elements
- ◻ Board size set as a range (e.g., 5–15)
- ◻ Conflict of Interest Policy included
- ◻ Board volunteer requirements defined
- ◻ Ex officio city representative role defined (non-voting)
- ◻ Bylaws reviewed by legal advisor/Waterman Center and adopted

Step 4: Apply for 501(c)(3) Status

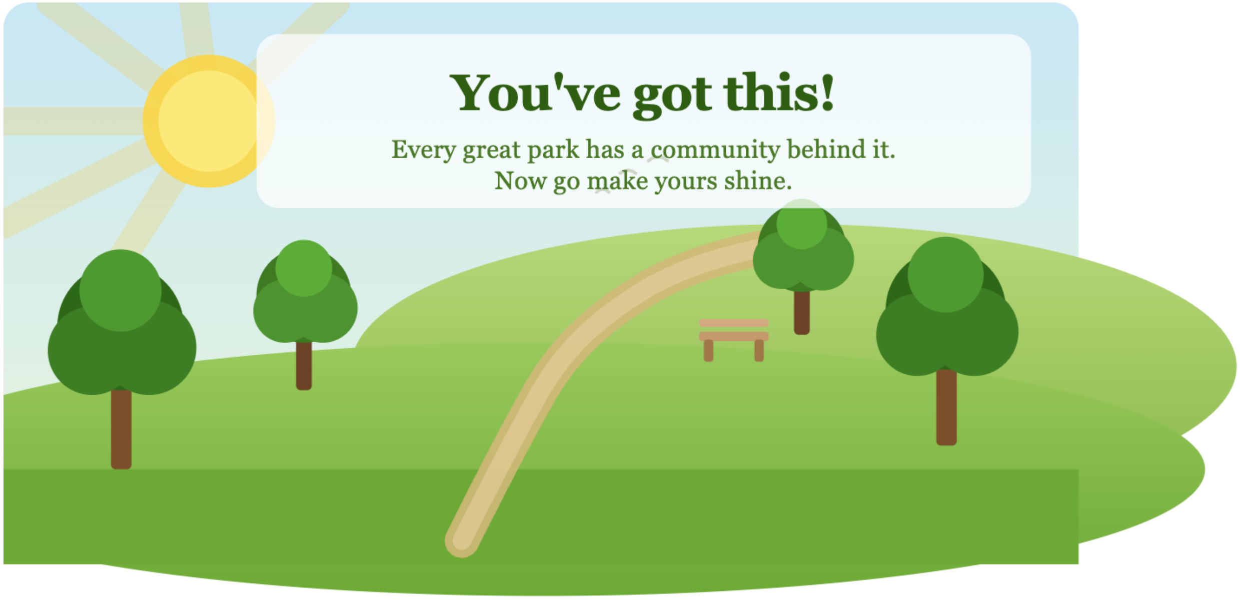
- ◻ Form 1023 or 1023-EZ determined and filed
- ◻ IRS determination letter received and saved
- ◻ Iowa charitable solicitation registration completed
- ◻ Bank account opened

Step 5: Establish City Relationship

- ◻ Relationship structure agreed upon (MOU, 28E, or informal)
- ◻ MOU or 28E Agreement signed (if applicable)
- ◻ Ex officio city representative identified and invited to board
- ◻ Formal project request process established

Step 6: Launch

- ◻ Organizational meeting held; officers elected; minutes kept
- ◻ First project selected via formal city request
- ◻ Community kickoff event held
- ◻ Fundraising calendar for Year 1 set (events-first approach)
- ◻ Annual compliance calendar set (Form 990, Iowa SOS annual report)



Appendix: Sample By-Laws

DES MOINES PARK AND RECREATION FOUNDATION

BY-LAWS

ARTICLE I

Name

The name of the corporation is "Des Moines Park & Recreation Foundation," doing business as "Friends of Des Moines Parks" and is hereinafter referred to in the By-Laws as the "Friends."

ARTICLE II

Place of Business

The Friends shall have its principal place of business in Des Moines, Polk County, Iowa.

ARTICLE III

Powers and Purposes of the Corporation

The Friends is a nonprofit corporation, created and existing under the laws of the State of Iowa, and shall have such powers as are now or may later be granted by the General Nonprofit Corporation Act of the State of Iowa, Chapter 504.

Without limiting the foregoing, the primary purposes of the Friends shall be as follows:

a. To solicit, collect and provide funds, and to receive gifts and bequests for maintaining and improving facilities and programs of the Park and Recreation Department of the City of Des Moines.

b. To promote interest among the general public concerning the parks and recreational programs of the City of Des Moines.

c. To provide charitable and educational assistance in association with the Park and Recreation Department of the City of Des Moines, and to solicit and accept contributions, gifts, grants, and funds which along with the income therefrom, shall be held, administered and expended for the use and direct benefit of the parks and recreational programs of the City of Des Moines.

ARTICLE IV

Board of Directors

SECTION ONE – General Powers:

The business affairs and the control of the property of the Friends shall be managed and vested in the Board of Directors.

SECTION TWO – Term of Office:

Members of the Board of Directors shall be elected so that approximately one-third (1/3) of the terms of office shall expire annually. Term of service shall be limited to two (2) consecutive terms.

Each Director shall hold office for a three (3) year term, or until a successor shall have been duly elected and qualified, or until death, or until the director resigns or shall have been removed in the manner in hereinafter provided.

A Director that is elected to serve during the first six months of a calendar year shall be deemed to have served one full year in the year of election. A Director that is elected during the last six months of a calendar year shall take office on the following January 1, unless the Board determines otherwise.

SECTION THREE – REMOVAL:

A director may be removed from office by the majority vote for the dismissal of such Director at any regular or special meeting of the Board. A Director may resign at any time by filing a written resignation with the Secretary of the Friends.

Members of the Board of Directors shall attend at least 75% of regular and special board meetings unless they obtain an excused absence by contacting an officer of the Board of Directors prior to a scheduled meeting. Board members missing more than two of the scheduled regular or special meetings without being excused therefrom during any consecutive twelve (12) month period may be removed from the Board of Directors by a majority vote of the Board of Directors taken at a regular or special meeting.

SECTION FOUR – Regular Meetings:

Meeting of the Board of Directors shall be held at least bi-annually; time and place shall be designated by the President. One meeting will be designated as the annual meeting; time and place shall be designated by the President. Advance notice of these meetings will be given to the Directors. Members of the Board may participate in a meeting by means of remote communication in a manner consistent with the provisions of section 504.702A of the Code of Iowa. The President of the Board (or Vice President, in the absence of the President) shall verify that each person participating remotely is a director and has an opportunity to vote and otherwise participate in the meeting.

SECTION FIVE – Special Meetings:

Special meetings of the Board of Directors may be held by or at the request of the President, or by request of the majority of the Directors: Notice of any special meeting, stating the place, date, and hour of the meeting shall be emailed to each director not less than two days prior to said special meeting, or said notice may be given by telephone notice not less than 24 hours prior to said meeting.

SECTION SIX – Number of Board members and Quorum:

The Board of Directors shall be composed of at least 7 but not more than 15 members. Six members shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a quorum is present at any meeting, the majority of the directors present may adjourn the meeting without further notice.

SECTION SEVEN – Informal Action of Board:

Any action required to be taken at a meeting of the board, or any other action which may be taken at a meeting of the Board, may be taken without a meeting by unanimous written consent of at least 80% of members, wherein each director signs a consent describing the action to be taken and delivers it to the Friends via email, in person, or in writing via United States Postal Service mail.

SECTION EIGHT – Vacancies:

Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, shall be filled by the Board. A Director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

SECTION NINE – Compensation:

Directors as such shall not receive compensation for their services by reason of serving on the Board of Directors of the Friends; provided, that nothing herein contained shall be construed to preclude any Director from serving the Friends in any other capacity and receiving compensation therefore.

ARTICLE V

Officers

SECTION ONE – Number:

The principal officers of the Friends shall be President, Vice-President, Secretary and Treasurer, each of whom shall be a member of the Board of Directors and elected by the Board of Directors and serve in respective role for a term of two (2) years. Such other officers and assistant officers are deemed necessary may be elected or appointed by the Board of Directors. Such other officers may or may not be a member of the Board of Directors. The immediate Past President shall also serve as a member of the Executive Committee.

SECTION TWO – Election and Term of Office:

The officers of the Friends shall be elected by the Board of Directors at the December meeting. If the election of the officers shall not be held at such a meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until a successor shall have been duly elected and qualified, until death, until the officer resigns, or shall have been removed in the manner hereinafter provided.

SECTION THREE – Removal:

Any officer or agent appointed by the Board of Directors may be removed by the affirmative vote of two-thirds (2/3) of the entire Board, whenever in the judgment of the Board the best interest of the Friends would be served thereby.

SECTION FOUR – Vacancies:

Vacancy in any principal office because of death, resignation, removal, disqualification, or otherwise shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION FIVE – Compensation of Officers:

An elected officer shall receive no compensation for services rendered for performing the duties of the respective office, however an officer may be entitled to reimbursement for expenses incurred on behalf of the Friends of Des Moines, subject to approval by the Board. The Executive Director of the Friends appointed by the Board shall be entitled to receive such compensation for services rendered by them as the Board shall determine appropriate from time to time, and in addition thereto, such persons shall be entitled to reimbursement for reasonable expenses incurred in the performance of duties, as determined appropriate by the Board.

SECTION SIX – Description of Duties

President: The President shall be the principal executive officer of Friends and subject to the general powers of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the Board of Directors and shall in general perform all duties incident to the office of President and such other duties as may be prescribed by these Bylaws or by the Board of Directors from time to time.

Vice President: The Vice President shall perform the duties of the President in the event of the President's absence, death, inability or refusal to act. When so acting, the Vice President shall have all the powers of and be subject to all the restrictions upon the President; and in addition thereto, shall perform such other duties as may be assigned by the President or by the Board of Directors, or as may be prescribed by these Bylaws.

Secretary: The Secretary shall:

A. ensure that minutes of meetings of the Board of Directors are taken and keep the minutes of such meetings in one or more books provided for that purpose;
B. see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
C. be custodian of the corporate records;
D. have general charge of the books of the Corporation; and
E. in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Treasurer: The Treasurer shall:

A. serve as chair of the Finance Committee of the Board;
B. supervise the financial activities of the organization, including receipts and disbursements, the management of assets and liabilities, and internal controls;
C. ensure that proper financial records are created, maintained and preserved in accordance with any records management policy;
D. work closely with staff and external consultants on the preparation of tax returns and independent audits;
E. provide reports to the Board upon request; and
F. perform any other duties assigned by the President or Board of Directors.

ARTICLE VI

Committees

The President shall appoint committees, subject to the confirmation of the Board of Directors. It shall be the function of the committees to investigate and make recommendations. Committees shall report to the Board of Directors orally and/or in writing as requested by the President. The meeting of the committees may be called at any time by the President or by the chairperson of the specific committee. Not limited to the following, the President may appoint, subject to approval of the Board, members to and a chairman of the following committees:

Executive; Fundraising; Planning and Development; Promotion; Membership; Volunteers; Nominating; Finance

and such other committees as deemed necessary by the President or Board of Directors. The Executive Committee shall include the President, Vice President, Secretary, Treasurer, immediate Past President, and such other person as the President may appoint with the confirmation of the Board of Directors. Minutes will be taken at each formal meeting of the committee.

ARTICLE VII

Contracts, Loans, Checks, and Deposits

SECTION ONE – Contracts:

The Board of Directors may authorize any officer or officers, agents or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Friends, and such authority may be general or confined to specific instances.

SECTION TWO – Loans:

No loans shall be contracted on behalf of the Friends and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. This provision does not apply to debt incurred by officers or employees by means of credit or debit cards that have been authorized by a Board resolution and used for corporate purposes. Such authority may be general or confined to specific instances.

SECTION THREE – Checks and Deposits:

All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness issued in the name of the Friends shall be signed by such officer or officers, agent or agents of the Friends and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President of the Friends. All funds of the Friends shall be deposited from time to time to the credit of the Friends in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE VIII

Indemnification

The Corporation shall indemnify each of its Directors and Officers, whether or not then in office, against all reasonable expenses actually and necessarily occurred, including, but not limited to, judgments, costs and counsel fees. An officer or director shall have no right to reimbursement, however, in relation to matters as to which the officer or director has been adjudged liable to the Corporation for negligence or misconduct in the performance of duty. The right to indemnify for expenses shall also apply to expenses of suits which are compromised or settled if the Court having jurisdiction of the action shall approve such settlement. The foregoing right of indemnification shall be in addition to, but not exclusive of, all other rights to which such officer or director may be entitled under the Revised Iowa Nonprofit Corporation Act or any amendment thereto.

ARTICLE IX

Disbursements

Grants to Des Moines Parks and Recreation may be made upon approval of the Board of Directors or, between meetings of the Board, by the Executive Committee. Grants or sponsorships to other persons or organizations may be made upon approval of the Board of Directors so long as such grants or sponsorships are consistent with the mission of Friends and do not violate any provisions of applicable law relating to maintaining the exemption of Friends from federal income tax under section 501 of the Internal Revenue Code, as amended. Other disbursements, e.g., for payment of expenses, may be made if they are consistent with the budget approved by the Board for that year.

ARTICLE X

Seal

No corporate seal shall be acquired for said Friends unless specifically provided by resolution of the Board of Directors.

ARTICLE XI

Parliamentary Rules

The meetings of the Board of Directors shall be generally be governed by Roberts Rules of Order.

ARTICLE XII

Waiver of Notice

Whenever any notice is required to be given to any member of the Board of Directors of the Friends under the Provisions of Chapter 504 of the Code of Iowa, or under the provisions of the Articles of Incorporation, or By-Laws of the Friends, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE XIII

Document Retention Policy

SECTION ONE – General:
The Document Retention and Destruction Policy identifies the record retention responsibilities of any staff, volunteers, members of the board of directors, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.

The organization's staff, volunteers, members of the board of directors, committee members and outsiders (independent contractors via agreements with them) are required to honor the following rules:

a. Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained by treasurer.

b. All other paper documents will be destroyed after three years;

c. All other electronic documents will be deleted from all individual computers, databases, networks, and back-up storage after one year;

d. No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation (check with legal counsel or the human resources department for any current or foreseen litigation if employees have not been notified); and

e. No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards (Single Audit Act).

SECTION TWO – Record Retention Schedule:

Type of Document	Minimum Retention Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes, and leases (expired)	7 years
Contracts (still in effect)	Contract period
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with members, vendors, etc)	2 years
Deeds, mortgages, and bills of sale	Permanently
Determination letter for income tax exemption	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules, reports	7 years
Year-end financial statements	Permanently

Type of Document	Minimum Retention Requirement
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently
Internal audit reports	3 years
Inventory records for products, materials, and supplies	3 years
Invoices (to customers, from vendors)	7 years
Meeting Minutes, Resolutions, Bylaws, Articles of Incorporation, IRS Determination Letter, any other charter/organizational founding documents	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years
Funded Grant Proposals, Reports, Correspondence, etc.	7 years
Rejected Grant Proposals, Correspondence, etc.	2 years
Employee Evaluations	7 years

ARTICLE XIV

Amendment to By-Laws

These By-Laws may be altered, amended, or repealed and new By-Laws may be adopted by a majority of the Board of Directors at any regular or special meeting of the Directors.

ARTICLE XV

Dissolution

SECTION ONE

Upon a decision by the Friends to dissolve itself, the Friends shall, after a final auditing of its books, surrender all its books, financial accounts and any and all documents and records of whatsoever nature to the Park and Recreation Department of the City of Des Moines to be used for the development of park and recreational facilities that are of special interest to the citizens of said City.

SECTION TWO

Any funds donated under a stipulation limiting their use, shall be disbursed consistent with the donor’s direction.

Dated this __________ day of ____________, 2025.

____ President

____ Secretary