

PARKS & TRAILS COUNCIL OF MINNESOTA
FISCAL CLIENT PROGRAM MANUAL



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ABOUT THE PROGRAM

Parks & Trails Council of Minnesota (P&TC) Friends Group Partners are eligible to apply for fiscal sponsorship as Fiscal Clients. Through the fiscal sponsor relationship, P&TC extends its legal and tax-exempt status (under 501(c)(3) of the Internal Revenue Code) to a partner group. Benefits include:

- Financial Accounting and Reporting: P&TC assumes the responsibility for receiving, holding, and administering funds on behalf of the Friends Group, creating and maintaining accounting records and preparation of legal, financial, and tax reports as required by donors and funders.
- Eligibility for Tax-Deductible Funding: Fiscal clients receive 501(c)(3) status under P&TC's umbrella, allowing them to solicit and accept tax-deductible donations from individuals, and apply for certain grants for which they would otherwise not be eligible.
- Online donations: Fiscal clients can request to have an online donation on P&TC's website for their group.

As P&TC is taking on financial and legal liability, Fiscal Clients are required to meet specific eligibility criteria and agree to operate and manage funds as outlined in P&TC's Fiscal Sponsorship Agreement.

P&TC provides detailed online information including forms, benefits, and answers to frequently asked questions on the [Fiscal Client Resources](#) section of our website.

Eligibility

To qualify for P&TC fiscal sponsorship, the group must:

- Be a Friends Group with a mission to serve as a steward of a specific public park and/or trail in Minnesota.
- Conduct projects with approval of the management agency of the park and/or trail (e.g. Minnesota Department of Natural Resources, county, or city parks authorities.)
- Be comprised of volunteers.
- Apply funds raised toward non-profit purposes. (Funds cannot be used for lobbying or other activities focused on influencing legislation or local government policy and Fiscal Client Friends Groups may not support or make statements that can be construed as support for any candidates for elected office.)
- Agree to other specific conditions on fund management and activities as described in this manual and in the P&TC Fiscal Sponsorship Agreement.

Application Process

The first step for a Friends Group interested in becoming a P&TC Fiscal Client is to fill out an initial [Interest Form](#). P&TC evaluates fiscal sponsorship based on our organizational capacity as well as the needs and interests of the applicant group. New applications are reviewed and approved by P&TC staff then must be approved by P&TC's Board of Directors.

Program Fees

The fiscal sponsorship program is part of our charitable mission: P&TC's fees do not fully cover the administrative costs.

Fiscal client membership must be renewed annually and is valid from January 1 - December 31. If the organization neglects to pay the fee within 5 months after the membership has expired, P&TC will request payment before processing further deposits or payment requests from the Friends Group.

Fee	Detail
\$0	It is free to apply to become a Fiscal Client
\$75-\$125	Friends Groups that are admitted into the Fiscal Client program are charged an annual fee on a sliding scale: <\$15,000 account balance at prior year end = \$75; \$15,000 to \$25,000 balance = \$100; and >\$25,000 balance = \$125.
4%	P&TC will charge a 4% administrative fee for any credit card donation on behalf of the Fiscal Client until Dec, 31, 2023.
5%	Beginning Jan 1, 2024, P&TC is raising the fee for credit card transactions in accordance with the increasing fees charged by P&TC's credit card processor.
Rush Fee	P&TC reserves the right to charge rush fees if we need to accommodate requests on short notice.

Next Steps Upon Receiving Approval

Once a Friends Group is confirmed as a P&TC Fiscal Client, the following steps are required:

- Provide Organization Information, including contact information for leadership; mission statement; articles of incorporation and bylaws, if such exist; and activity and project details.
- Fully review this Fiscal Client manual.
- Sign a Fiscal Sponsorship Agreement: The agreement encompasses the expectations of both parties. It should be signed by two members of group leadership who are authorized to make decisions on behalf of the group. The agreement is binding until a new one is signed or the relationship is terminated, per agreement terms.

Insurance

P&TC's Workers Compensation insurance, Director and Officers insurance and liability insurance policies DO NOT cover fiscally sponsored projects/organizations.

P&TC can extend its liability insurance under only very specific circumstances: one day events that are pre-approved by the management agency and P&TC and lists P&TC as a co-sponsor. P&TC cannot enter into any multi-year agreements on behalf of volunteer organizations due to the changing nature of volunteer groups. P&TC is not a party to any agreement to which it is not a signatory.

If a fiscal client determines that some form of insurance coverage is necessary, we recommend looking for an insurance policy or set of policies that best fits the needs of the group and the scale of their work.

Renewal

The Fiscal Client Agreement with P&TC renews annually on January 1, unless notice of non-renewal is given or received by P&TC prior to October 1.

An acknowledgement that reviews the core elements of the Fiscal Sponsorship Agreement must be submitted annually, with all other renewal materials, to the Friends Group Program Manager.

Steps to Consider Beyond Fiscal Sponsorship

P&TC's fiscal sponsorship program is intended to be an incubator. If Fiscal Clients seek to engage in activities that P&TC cannot support, or seek \$25,000 or more in capital campaign or annual fundraising, groups must pursue independent 501(c)(3) status or consider making the project a direct initiative of P&TC.

Federal resources for considering independent 501(c)(3) status include: [Stay Exempt: Tax Basics for Exempt Organizations](#) (IRS) which has trainings and resources to peruse. State resources include [Registration and Reporting – Charities and Charitable Trusts](#), and [propel](#) which provides resources and support. Some groups may need or want to pursue federal incorporation, regardless of whether they intend to pursue independent status as a 501(c)(3) organization. The [IRS website](#) provides information about Federal Tax ID Numbers (also called Employer ID Numbers or EINs).

SOLICITING FUNDS

Donations

Donors must make checks payable to “Parks & Trails Council of MN”—the Fiscal Client name should be included in the memo line.

Because donations to fiscally sponsored projects are legally made to P&TC, Fiscal Clients must properly identify their relationship with P&TC. Fundraising materials and solicitations -- such as brochures, letters and event invitations -- must follow legal guidelines. The following is the text to use when soliciting donations:

[Client Name] is a sponsored project of the Parks & Trails Council of Minnesota, a nonprofit organization. Contributions on behalf of [Client Name] may be made payable to the Parks & Trails Council of Minnesota, and are tax deductible to the extent permitted by law.

Online Donations

Online donations must be made through the P&TC website. Fiscal Clients can fill out an [online form](#) requesting an online donation page. Once approved, a page will be created on the Parks & Trails website for the Fiscal Client with a unique URL that can be used to direct people to donate online.

In order for donations to be tax deductible to the donor the funds must be under P&TC's chain of custody at all times and cannot be accepted on other websites.

Donor Acknowledgment

Generally, P&TC does not send receipts and acknowledgements for donations - that is the responsibility of the Fiscal Client. The Fiscal Client is required to acknowledge its relationship with P&TC in the letter by including the following paragraph:

[Project Name] is a proud affiliate and sponsored project of Parks & Trails Council of Minnesota, a conservation and outdoor recreation organization. Parks & Trails Council of Minnesota has been organized and operated to qualify as tax-exempt under Section 501(c)(3) of the Internal Revenue Code; Taxpayer Identification Number 41-1450303.

See more details and find a template letter [here](#).

Two types of donations will receive an acknowledgement from P&TC:

- Online donations made to Fiscal Clients via their page on the P&TC website receive an automatic email acknowledgement from P&TC.
- For any donations of \$250 or more, P&TC will send an acknowledgement to your donors, provided we've received and deposited the payment. Similarly, P&TC will send acknowledgement letters for gifts of \$250 or more from granting organizations when checks are sent directly to our office.

In-Kind Donations

P&TC's Fiscal Client program is designed to support acceptance of tax-deductible contributions of cash or readily tradable securities. P&TC does not process in-kind donations (property, or goods such as office equipment that will benefit your organization) without pre-approval. Please contact the Friends Group Program Manager if you would like to discuss accepting in-kind donations.

Matching Donations

Workplaces will often offer giving programs that will match an employee's charitable donation. Donations to a group through a fiscal sponsor are often eligible for these programs. The employee donating to your project must remember to note P&TC as the recipient of the funds, and designate the gift for the Fiscal Client's project. Employer match forms must be forwarded to P&TC for processing. Once the matching check arrives, it will be credited to the Fiscal Client's account.

Charitable Gaming

Because Fiscal Clients are not tax-exempt organizations, they may not engage in charitable gaming (including bingo and raffles), and Minnesota law does not authorize or permit fiscally sponsored groups to conduct charitable gaming in the name of (or as an affiliate of) P&TC.

Sale of Goods or Services

Fiscal Clients may not solicit contributions through the sale of goods or services (i.e. selling calendars or other merchandise) without P&TC consent.

P&TC Grants

P&TC offers grants to fiscal clients, 501(c)(3)s and unincorporated groups. Visit our website to learn more.

External Grants

Fiscal Clients must obtain permission from P&TC before applying for external grants by filling out the [Grant Applications Form](#). This must be submitted to P&TC a minimum of 30 days before a

grant proposal is due to ensure sufficient time to confirm eligibility and prepare needed attachments and other documents.

Many grants are only available to 501(c)(3) nonprofit organizations. P&TC Fiscal Clients may be eligible to apply for those grants by using P&TC's federal tax ID. However, because P&TC and/or other fiscal clients may be considering applying for the same grant, we need to make sure to follow the rules set by the grantor and any applicable laws. Some foundations and grant programs **do not accept** proposals from fiscally sponsored projects, so Fiscal Clients are encouraged to read requirements carefully.

Once permission is granted by P&TC, the Fiscal Client may submit their grant application. It should be clearly stated on the application that P&TC is the group's fiscal sponsor. When a Fiscal Client receives a grant, they must notify P&TC of the award and share any applicable materials, such as the award letter and/or agreement. Groups should ensure the check is made out to "Parks & Trails Council of MN" and sent to P&TC for deposit into the fiscal account as normal. Groups are required to keep P&TC updated throughout the grant implementation period and share any interim or final reports.

Restricted Funds

Restricted contributions are dedicated to a particular purpose or project, as designated by donors. They are permanently restricted for that purpose and cannot be used for any other expenses. Careful tracking and documentation need to be in place in order to adhere to applicable laws. According to Foundation Group, "The IRS is serious about restricted funds. Improper use can result in severe penalties, or even loss of exempt status. Boards can be sued by donors for misuse of such funds." Read more about restricted funds [here](#).

For this reason, P&TC does not generally allow Fiscal Clients to use our 501(c)(3) status to seek restricted funds. However, we are willing to consider projects and will discuss them with Fiscal Clients. Any pursuit of project funds will require P&TC board approval.

MANAGING FUNDS

Bank Account

Fiscal client funds are held in P&TC's General Fund but are separately accounted for using the Fiscal Client's unique account number. They will not be used by P&TC for any purposes other than toward the fiscal client's projects without the express permission of the primary and secondary representative of the group. We do not recommend that Fiscal Clients set up a separate bank

account of any kind.

Contributions from donors will be recorded on the books and recorded by P&TC as “revenues” of P&TC in compliance with generally accepted accounting principles (“GAAP”). Any funds distributed by P&TC to the Fiscal Client will be recorded on the books and records of P&TC as “program service expenditures,” in compliance with GAAP.

Upon termination of the Fiscal Sponsorship Agreement, any remaining funds held by P&TC, less outstanding obligations, will be distributed to the Fiscal Client if it has become a tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code. If at the time of such distribution the Participating Organization is disbanded, or is not a 501(c)(3) tax-exempt organization, the remaining funds held (less outstanding obligations) may be donated to one or more tax-exempt organizations or public agencies with compatible missions, as designated by the Fiscal Client. If the disbanding group does not identify the recipient of the funds within 90 days, the remaining funds will be retained by P&TC.

Deposits

All checks must be made payable to “Parks & Trails Council of MN.” The Fiscal Client name should be included on the memo line. Deposits should be submitted in batches to the P&TC office, accompanied by a Deposit Sheet (available on P&TC’s [Fiscal Client Resources Page](#).)

Record Keeping

P&TC keeps records on the following:

Financial account information, including:

- Revenue (amount and source)
- Expenses (authorization, amount, and purpose)

Group information, including:

- Bylaws and/or articles of incorporation
- Board/leadership roster

P&TC manages accounting records from the perspective of P&TC. P&TC does not record information in the level of detail that Friends Groups often need. Therefore, the Fiscal Client is strongly encouraged to keep detailed records as well, including:

- Donor names and contact information
- Donation amounts and date received
- Membership information

- Expenses (amount and purpose)
- Revenue (amount and source)
- Group information (bylaws, articles of incorporation, mission statement, etc.)

Payment Requests

An Expenditure Request form must be submitted in order to use funds for any purpose. Please note the following:

- Online form: The online [Expenditure Request](#) form, found on P&TC's website, is the preferred method for payment requests. A printed copy may also be completed and mailed to P&TC.
- Documentation: P&TC requires either an invoice to pay the vendor or proof of payment (i.e., a receipt from the vendor that clearly shows the bill was paid), to reimburse the Fiscal Client.
- Authorization: At least two people on the Fiscal Client board / officers list must provide authorization before payment is issued. The representatives who may submit and approve requests are limited to those who signed the Annual Acknowledgement Form for Fiscal Clients. In the event a representative is absent, or an alternate or additional approval is required, another group board member or officer may act on behalf of the group. If the requester is requesting reimbursement or payment to themselves, an additional approval is required. The payee cannot be the person who authorizes the payment.

All funds distributed must be used solely and exclusively for work as outlined in the Fiscal Client's application materials. Ineligible expenses will not be processed.

P&TC pays by check only.

In some pre-approved instances, Fiscal Clients can save money by making purchases that are tax-exempt. In order to do this, however, a fiscal client must request a sales tax exemption form (Form ST-3) from P&TC. Use of the ST-3 Form is limited to a single purchase from a specific vendor with a specific purchase order number. In the past, Fiscal Clients who received special project grants from P&TC were offered a letter authorizing certain people to use Form ST-3 for more than a single purchase. As of 9-1-2023 that authority has been revoked and only requests to make tax exempt purchases will be considered on a purchase-by-purchase basis.

Prohibited Expenses

Funds distributed by the Council to the Fiscal Client may not be used by the Fiscal Client in a manner that may jeopardize P&TC's nonprofit and tax-exempt status, as determined by P&TC.

Such prohibited use would include:

- Participating or intervening in any political campaign on behalf or in opposition to any candidate for public office.
- Engaging in any lobbying activities or other attempts to influence legislation.
- Providing compensation or other benefits to any private individual or non-charitable organization, except to the extent such payment represents fair and reasonable compensation for services rendered or market value goods received.

Taxes, Vendors, and Reimbursement

Parks & Trails Council of Minnesota will **NOT** reimburse fiscal clients for payments they make to independent contractors for contracted services. These payments have tax implications and must be made directly from Parks & Trails Council of Minnesota to the contractor and thus require the contractor to provide P&TC with a W-9 form so P&TC can issue a 1099 tax form at the end of the calendar year if the contractor is paid more than \$600 for the year. If you are not sure whether an expense you are about to incur is reimbursable please contact Anneliese Tatham at fiscal@parksandtrails.org before incurring the expense. Fiscal clients should never assume that all expenses are reimbursable. Fiscal client communication with P&TC staff is vital to ensuring we are in compliance with state and federal law.

Reports

P&TC emails monthly financial statements to the main fiscal contact identified by the Fiscal Client.

OTHER PROGRAM BENEFITS AND SERVICES

As part of our mission to acquire, protect and enhance critical land for the public's use and benefit, P&TC provides an array of resources and opportunities to Friends Groups, with additional financial services for Fiscal Clients. The [Friends Groups](#) section of our website provides details.

Within our capacity, P&TC works to provide services that are most needed and requested by Friends Groups. We welcome suggestions on additional services.

FISCAL CLIENT REMINDERS

DO:

1. Make sure donation checks are made out to "Parks & Trails Council of MN" with the Friends Group name in the memo line.
2. Include a statement on P&TC's fiscal sponsor role in all fundraising materials and thank you letters to donors. (P&TC does not provide thank you letters or acknowledgement to

- Fiscal Client donors not made through its website, though provides a [letter template](#).)
3. Use Expenditure Request and Deposit Sheet Forms to make transactions with funds.
 4. Keep track of records, such as donor names and contact information, income, and expenses.
 5. Report any discrepancies between P&TC's monthly financial statements and Fiscal Client records within 30 days from the day the statement is issued.
 6. Report any changes in leadership – particularly financial contacts and individuals who can authorize payment.
 7. Let P&TC know what's working and what's not. We're here to help, and we always strive to do better.

DO NOT:

1. Use P&TC's EIN or Tax Exemption Certificate without our knowledge or consent.
2. Use funds received through P&TC's Fiscal Client program to conduct lobbying of any kind (local, state, federal, or agency).
3. Participate or intervene in any political campaign on behalf or in opposition to any candidate for public office.
4. Provide compensation or other benefits to any private individual or non-charitable organization, except to the extent such payment represents fair and reasonable compensation for services rendered or market value goods received.
5. Record and keep credit card information from your donors.
6. Use contributed funds for anything outside your stated mission or project.
7. Use P&TC's name or information to register for services or accounts.

P&TC CONTACTS

There are two main P&TC staff that work with Fiscal Clients. Anneliese Tatham, Administrative Assistant, manages the fiscal client accounts and is the main contact for any account- or transaction-related questions or concerns.

Phoebe Ward, Friends Group Program Manager, manages P&TC's Friends Group program and is the main contact for some general fiscal client questions and for all other Friends Group-related questions or concerns.

Anneliese Tatham

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