



*Lewis and Clark Trail Heritage Foundation*

# Chapter Operations Guide

Approved by the LCTHF Executive Board Committee  
July 29, 2008

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## **Introduction**

The Lewis and Clark Trail Heritage Foundation, Inc. organized in 1969 to provide national leadership to preserve the story of the Lewis and Clark Expedition and the trail it traveled. The Foundation has a 15-member Board of Directors and a National Advisory Council. It partners with various government agencies, including the National Park Service, the Bureau of Land Management and the U.S.D.A. Forest Service in caring for the Lewis and Clark National Historic Trail.

The vision of the Foundation is to provide national leadership as keepers of the story, stewards of the Lewis and Clark National Historic Trail, and its vibrant, engaged membership promotes inclusiveness and cultural diversity.

As of this writing, the Foundation, based in Great Falls, Montana, has a staff of seven (three fulltime and four part-time), with 37 Chapters and more than 3,000 members throughout the world. It serves as a clearinghouse for historically accurate information on the expedition, encourages new scholarship on the expedition, and publishes a quarterly journal of Lewis and Clark research, "We Proceeded On," and a quarterly membership newsletter, "The Orderly Report."

The Foundation's William P. Sherman Library and Archives is a part of our headquarters office, both of which are located in the USDA Forest Service's Lewis and Clark National Historic Trail Interpretive Center in Great Falls, Montana. It is one of the premier repositories for the study of the Lewis and Clark Expedition and related history, with a collection of thousands of books and other artifacts dedicated to the Expedition and western history available to any researcher. It is also the official archive of the Bicentennial Commemoration of the Lewis and Clark Expedition. The Foundation's Library and Archives houses the historical and institutional records of the Lewis and Clark Trail Heritage Foundation and its Chapters, as well as copies of many of the Trail's early administrative documents. It also has over 5,000 historical slides of the Trail, along with a wide range of trail and other photographs.

The Foundation's trail stewardship efforts conserve and protect the trail for future generations. Its efforts include river and trail maintenance, development of interpretive signs and volunteer monitoring programs to report abuses of the trail and its surroundings. The Foundation partners with dozens of government agencies, organizations and corporations to conduct its programs, and works with its Chapters on a wide variety of education and stewardship programs and projects.

## **SECTION I – FOUNDATION CHAPTER ORGANIZATION**

### **A. Chapter Establishment/Creation**

Adopted by the Board January 2008

Chapters of the Foundation may be established by ten (10) or more members of the Foundation for the purpose of cooperating with the Foundation in furthering its objectives. The Foundation requires Chapters to conduct business as "Not-for-Profit" organizations. The Chapter shall describe itself as a Chapter of the Foundation, have the same mission as the Foundation and maintain its Chapter Charter.

### **B. Chapter By-Laws**

Adopted by the Board January 2008

Chapters are required to establish and be governed by Board-approved By-laws, which generally address election of the Board of Directors, admission to membership, the conduct of meetings, required reports to the membership and similar matters.

Chapter By-Laws must include the following:

- ∞ CHAPTER PURPOSE: To organize education and stewardship programs and projects to promote public interest and awareness in the stories of the Lewis & Clark Expedition; to assist the Foundation with the preservation and protection of the Lewis & Clark National Historic Trail; and to promote and support the Foundation's mission, goals and objectives at the local level.
- ∞ STANDARD NON-PROFIT WORDING: The Chapter's By-laws should also set forth the standard non-profit wording of purpose.
- ∞ RELATIONSHIP OF CHAPTER TO THE FOUNDATION: State that the Chapter is a Chapter of the Lewis & Clark Trail Heritage Foundation.

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∞ REPORTS AND LEGAL:

- The fiscal year of the Chapter shall begin on the 1<sup>st</sup> day of October each year and end on the 30<sup>th</sup> day of September of the following year.
- The Chapter shall comply with applicable state and federal laws and Foundation Board policies.
- A Chapter Annual Report including a Treasurer's Report, Volunteer Hours, and Chapter Officer/Membership Roster and any amended By-laws shall be submitted to the Foundation no later than November 1 every year. (See Section III for details on Chapter reporting procedures)
- A Foundation Group Tax Exemption Form must be submitted by May 15 every year by each Chapter regardless of 501(c) (3) status or the Chapter's decision whether to be included in the year's Group Tax Exemption. (See Section III for details on Chapter reporting procedures)
- By-laws must also contain a provision insuring that a Chapter's assets will be permanently dedicated to the Foundation's exempt purpose, and they may be directed to the Foundation upon a Chapter's dissolution.

A copy of each Chapter's current By-laws must be on file with the Foundation.

**See Appendix 1 for Model Chapter By-laws.**

### **C. Chapter Charter**

Adopted by the Board January 2008

A Chapter of the Lewis and Clark Trail Heritage Foundation, Inc. will be given a Chapter Charter upon completion of all Chapter Establishment requirements and is considered a Chapter in good standing. It is preferable to update the Charter for each newly elected Chapter President. Any new Chapter Charter will be presented at the Foundation's annual meeting. The requirements for acquiring and maintaining a Chapter Charter are as follows:

- ∞ Complies with all federal and state laws pertaining to not-for-profit organizations
- ∞ Timely files any necessary federal and state tax documents with the relevant governmental agency and sends a copy of those tax documents to the Foundation office
- ∞ Submits an annual report, a financial report and a volunteer hours report to the Foundation by November 1
- ∞ Files as part of the Foundation's Group Tax Exemption before using the Foundation's 501(c) (3) indicia
- ∞ Maintains a current copy of its By-laws, a list of officers and membership roster on file with the Foundation
- ∞ Identifies itself as a Chapter of the Foundation whenever the Chapter name is used in print
- ∞ Conducts at least two membership meetings and/or field trips a year, of which one may be at the Foundation's annual meeting
- ∞ Holds at least two Board of Directors meetings a year, which may be by teleconference
- ∞ Sends copies of the minutes of all meetings to the Foundation

A Chapter will lose its charter immediately if one or more of the following occur:

- ∞ Fraud
- ∞ Intentional illegal activity
- ∞ The Chapter ceases to meet the Charter Requirements

**See Appendix 2 for The Foundation's Chapter Charter.**

### **D. New Chapter Financial Grant**

Newly formed Chapters may apply to the Foundation for a "New Chapter Financial Grant" to assist with organizational expenses. The Foundation will fund such a request provided the new Chapter meets certain requirements with regard to establishing its geographical area. A new Chapter may receive up to \$150 grant upon approval of the Executive Director. The prospective Chapter must submit the following information as part of its application for Chapter status:

- ∞ The names and contact information of 10 or more members who are also members of the national Foundation
- ∞ The Foundation's Group Tax Exemption Form
- ∞ Chapter By-laws
- ∞ A list of officers
- ∞ A signed Chapter Charter

**See Appendix 3 for The New Chapter Financial Grant Application.**

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## **E. Taxpayer Identification Number and Fiscal Year**

Adopted by the Board January 2008

Regardless of 501(c) (3) status, all Chapters must obtain a Taxpayer Identification Number (EIN) and provide the number to the Foundation for tax reporting purposes. Chapters must obtain an Employer Identification Number (EIN, also known as a "tax ID number") from the IRS. An EIN is NOT the same as the 501(c) (3) exemption number. An EIN can be obtained in a few minutes by calling your local IRS service center. You will need the Foundation's 501(c) (3) number to get your EIN. All Chapters must annually elect to be a part of the Foundation's group exemption. Chapters without 501(c) (3) status are eligible to be part of the Foundation's Group Exemption filing.

For consistency and reporting purposes, all Chapters must adopt the fiscal year of the Foundation (October 1 to September 30).

## **F. Group Tax Exemption**

Adopted by the Board January 2008

The Foundation was granted 501(c) (3) status because it is a non-profit corporation of a "charitable" purpose that does not engage in political activities or lobbying. This provides the Foundation two things:

1. It is not required to pay federal or state tax on its income, except on income that is derived through activities that are unrelated to its central mission. (This is called "unrelated business income tax" or "UBIT.")
2. Dues paid to and contributions made to the Foundation are considered tax deductible.

If your Chapter does not have 501(c) (3) status and you do not file under the Foundation's group exemption, donations to your Chapter are not tax exempt to the donor and the Chapter may be liable for taxes on that income. Chapters are strongly encouraged to become part of the Foundation's group exemption if you do not have a 501(c) (3) exemption. Becoming part of the Foundation group exemption is an easy process.

**See Appendix 4 for the Group Tax Exemption Form.** (The form is mailed to Chapters by April 15 each year and is due back in the Foundation office by May 15.)

## **G. Foundation Membership**

Adopted by the Board January 2008

- ∞ For Chapters formed before February 1, 2008, Chapter membership does not also require Foundation membership. However, Foundation membership should be strongly encouraged.
- ∞ For Chapters formed on or after February 1, 2008, membership in the Chapter requires membership in the Foundation.

## **H. Foundation Board of Directors and Committees**

The Foundation elects its Board of Directors each year by mail-in ballot prior to the annual meeting. An updated list of the Board of Directors and Foundation Staff will be sent to every Chapter at the beginning of each fiscal year, and a current list can be obtained at any time by contacting the Foundation's Headquarters Office.

The Foundation's committees help carry out the vision and mission of the Foundation. The Executive Committee handles the business of the Foundation, meeting by conference call monthly. All members are encouraged to participate in Foundation committees ~ check with the office for the list of current committees and their goals for the year.

## **I. Foundation Benefits to Chapters**

Foundation Chapters in good standing receive benefits from the Foundation including:

- ∞ General liability insurance in the amount of \$1 million (See Section IV)
- ∞ Use of the Foundation's federal tax identification number, with approval
- ∞ Inclusion in the Foundation's federal Group Tax Exemption, which makes donations to the Chapter tax deductible (See Section I)
- ∞ Monthly mailings with information on Foundation activities, program and project suggestions, grant opportunities, trail stewardship opportunities and more
- ∞ Expertise from Foundation Staff in membership recruitment, leadership and Board training, capacity building and other non-profit expertise

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- ∞ Inclusion of Chapter news releases on the Foundation's Web site, a link to the Chapter's Web site and a listing of events and activities on the Foundation's Web calendar.
  - ∞ Use of the Foundation's Bulk Mail Permit (See Section VII)

#### **J. Foundation Chapter Awards**

The Foundation's Chapter Award is given out annually to one or more Foundation Chapters in good standing (see definition on page 1) that:

- ∞ Have shown exemplary or distinguished service to, or promotion of the Foundation on a state, local or national level; and/or
- ∞ Have demonstrated or accomplished an activity of merit, which benefits its members, their community and the mission of the Foundation.

The Awards Committee is responsible for the Chapter awards given annually at the Foundation's annual meeting.

#### **K. Foundation Meetings**

##### **Annual Meetings**

The Foundation's annual meetings are one of its most important and popular membership activities. Camaraderie and fellowship are essential elements of a Foundation annual meeting. Foundation members have a deep common interest in Lewis and Clark and over the years, many members have developed close relationships to other regular attendees and a deep love of the Foundation and the Trail. About 10% of the Foundation membership attends the meetings, which are typically held in early August (the birth month of both William Clark and Meriwether Lewis) at Board approved locales.

The Foundation's annual meeting is typically organized and hosted by a Chapter and is held at a site selected by the Chapter in consultation with the Foundation's Annual Meeting Site Selection Committee. Each Foundation annual meeting reflects the nature of the local area and the host Chapter or Chapters, while promoting the Foundation's mission. These meetings are held at a site of historic significance to the expedition. If your Chapter is interested in hosting an annual meeting, please contact the Annual Meeting Committee Chair.

The Foundation's Annual Meeting Handbook addresses the process for proposing, organizing and running an annual meeting. It also describes the financial and administrative support the Foundation office provides to meeting organizers. Questions should initially be addressed to the Chair of the Annual Meeting Site Selection Committee and, then, closer to the meeting, to the Foundation staff.

##### **Regional Meetings**

Chapters throughout the US enjoy getting two or more Chapters together for regional meetings, which typically are held at least once or twice a year in a location close to the host Chapter(s). If one or more Chapters are interested in hosting a Regional Meeting, they must contact the Foundation's Headquarters Office and submit a Regional Meeting proposal.

Meetings are approved on a first-come, first-serve basis. Preference is given to Chapters that have not yet hosted a Regional Meeting, so that all Chapters have the opportunity to do so. The Foundation will contact the chosen Chapter(s) to host the meeting and coordinate the details such as place and date, speaker, updates from the Foundation office, lunch and/or trail stewardship training. At least one hour of the meeting should be allotted for a Foundation presentation.

The length of a Regional Meeting should be limited to one or two days. Chapters can apply for a Regional Meeting grant of up to \$200 to help cover the expense of conducting the meeting by contacting the Foundation.

**See Appendix 5 – Regional Meeting Proposal Form**

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## **SECTION II – CHAPTER OPERATIONS**

### **A. Chapter Description**

All Foundation Chapters shall state that they are a “Chapter of the Lewis and Clark Trail Heritage Foundation, Inc.” on their letterhead, newsletters, Web sites, banners, print materials and any other place where Chapter designation is used. This is primarily for identification and brand imagining purposes that benefit both the Chapter and the Foundation.

### **B. Officer Updates**

Chapters should send information on changes in its leadership to the Foundation immediately when a change is made. This information is referred to daily by the Foundation and is given to individuals who wish to be more involved in the Foundation at the local level. If Chapter officers do not have e-mail capabilities, Chapters should designate another member as a Foundation liaison. This information is also to be included in the Chapter’s Annual Report.

### **C. Chapter Dues**

Each Chapter determines its own dues structure. Annual Chapter dues are necessary to cover operational costs including postage, copies, speakers, meeting facilities, Web site maintenance, and printing of stationery, newsletters and brochures.

### **D. Chapter Membership Recruitment**

Chapters are encouraged to promote Chapter **and** Foundation membership at the grassroots level. The Foundation is committed to providing Chapters with recruitment tools to assist with new-member recruitment. Available resources include:

- ∞ Brochures, informative materials and applications
- ∞ Free prospective member lists (see part H below)
- ∞ Sample issues of “We Proceeded On” and “The Orderly Report.”

The Foundation has a banner that can be used for parades or exhibits and a standing display to accompany a booth, which are available to Chapters. Both items must be reserved in advance through the Director of Member Services. The Foundation will pay to ship items to a Chapter, and the Chapter is responsible for return shipment costs. Promotional Foundation materials may be included upon request.

### **E. Chapter Mailing List**

The Foundation’s Director of Member Services maintains all member records for the Foundation. The Foundation’s database is updated daily to reflect address changes, membership payments, additions and cancellations.

Chapters may receive Foundation member information to conduct membership recruitment campaigns in their geographic areas. They may use database sort criteria such as state, zip code, member type or join date. Requests for electronic files should be directed to the Director of Member Services.

### **F. Chapter Meetings and Programs**

Each Chapter will develop its own structure, recruit members from its own sources, and evolve its own particular interests and projects. The key to a Chapter’s success and longevity will be its programs.

If your Chapter is near the trail or expedition-related sites, contact area museums, heritage organizations and libraries for resources. College history departments, state humanities councils, and in some trail states, state park personnel, are excellent resources, as are tribal cultural committees and federal agencies such as the U.S.D.A. Forest Service, Bureau of Land Management, U.S. Army Corps of Engineers and the National Park Service. In addition, Foundation members, Foundation Staff, the Board of Directors or Committee Chairs may be available for programs on the Expedition, the Trail, the Foundation, etc.

If you have the resources, you may be able to bring in a nationally known speaker for a major program. Grants, co-sponsorships, Chapter partnerships and corporate donors potentially could help offset the cost of such programs.

### **G. Chapter Meeting Minutes**

Minutes need not, and indeed should not, record everything that was said at a meeting. They should be a record of what formal actions, resolutions and decisions were made. They should state date and place, record who attended, indicate the date for the next meeting and be signed by the secretary. The written minutes are adopted by resolution

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at the next meeting. Chapters must send the Foundation a copy of the minutes of each meeting within 30 days of the meeting.

#### **H. Chapter Newsletters**

Chapters should send the Foundation their newsletters in hard copy and PDF format for dissemination of information and archival into the Sherman Library. If able, the Foundation will post the newsletter on the Foundation website for all to view. This facilitates communication and the exchange of ideas between Chapters, Foundation Staff, Foundation Board of Directors, Foundation members and interested public.

#### **I. Fundraising and Lobbying**

The IRS and other regulatory entities require Chapters to track and report to the Foundation any money the Chapter spends on fundraising and lobbying. In general, no organization may qualify for 501(c) (3) status if a substantial part of its activities is attempting to influence legislation. A 501(c) (3) may engage in some lobbying, but too much lobbying activity risks loss of tax-exempt status.

Legislation includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, resolutions, or similar items, or by the public in referendum, ballot initiative, constitutional amendment or similar procedure. It does not include actions by executive judicial or administrative bodies.

An organization will be regarded as attempting to influence legislation if it contacts or urges the public to contact members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.

Organizations may, however, be involved in issues of public policy without the activity being considered lobbying. For example, organizations may conduct educational meetings, prepare and distribute educational materials, or otherwise consider public policy issues in an educational manner without jeopardizing their tax-exempt status.

See Section VI, parts F and G for the Foundation's Stewardship and Advocacy Protocol and the Foundation's Advocacy Process.



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## **SECTION III – CHAPTER REPORTS**

Adopted by the Board January 2008

### **A. Chapter Annual Report**

The Chapter Annual Report is to be submitted to the Foundation **no later than November 1<sup>st</sup> every year**. Included in the Chapter Annual Report are:

- Annual Report Form
- Treasurer's Report for the preceding fiscal year
- Volunteer Hours Report
- Chapter Officers/Membership Roster
- Any Amended By-Laws

***See Appendix 6 for the Chapter Annual Meeting Report.***

### **B. Volunteer Hours Report (included in the Annual Report)**

The number of volunteer hours Chapter members contribute to Lewis and Clark-related activities and projects is an essential component of the Foundation's working relationship with the Partnership for the National Trails System, an association of the nation's 24 nationally recognized scenic and historic trails. The Foundation and the Partnership use the volunteer hours for grant applications, fund-raising projects and membership development.

The National Park Service also relies heavily on the Foundation's volunteer hours for its federal funding requests.

The following are among the many activities that can be recorded as volunteer hours:

- ∞ Attending, planning or presenting a Lewis and Clark meeting, program or class
- ∞ Attending, planning or working at an educational event, festival or visitor center
- ∞ Presenting living history programs or guiding a tour
- ∞ Helping to install waysides or exhibits along the trail
- ∞ Cleaning up or rehabilitating sites along the trail
- ∞ Participating in a trail monitoring program along the trail
- ∞ Serving as a Board member for a Chapter, Foundation, or Commission
- ∞ Writing grants for your Chapter

The Volunteer Hours Report form should be completed and returned with a Chapter's annual report by October 1 each year. It is important that Chapters keep accurate information for each member and that they submit each member's annual total, not just a Chapter total. The report is posted and can be printed from the Foundation's Web site. ***See Appendix 7 for the Volunteer Hours Report Form.***

### **C. Foundation Group Tax Exemption Form**

The Lewis and Clark Trail Heritage Foundation is a tax-exempt organization as defined in section 501(c) (3) of the Internal Revenue Code. Per IRS rules, the Foundation, Inc. is required to file the annual Group Exemption Report that includes Chapters that want to use or are using the Foundation's non-profit tax identification number.

The Foundation Group Tax Exemption Form is to be submitted to the Foundation **no later than May 15<sup>th</sup> every year** by each Chapter regardless of 501(c) (3) -status or Chapter decision to be included in that year's Group Tax Exemption.

***See Appendix 4 for the Group Tax Exemption Form.***

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## SECTION IV – CHAPTER INSURANCE

### A. Sources of Legal Liability/Chapter Directors and Officers Insurance

501(c) (3) charitable organizations are particularly vulnerable to a variety of claims of legal liability, among them:

- ∞ Liability for physical injuries at meetings and conventions;
- ∞ Copyright infringement, slander and other liabilities common to publishing activities;
- ∞ Breach of contract; and
- ∞ Wrongful discharge, discrimination and other employment law claims.

**Directors and officers of non-profit organizations, whether compensated or not, and whether the organization is incorporated or not, are personally exposed to legal liability from the sources listed above and many more.**

The most common business insurance packages do not cover the kinds of legal liability listed above, involving directors and officers. There are specific insurance products tailored to the needs of non-profit organizations and their volunteer leadership, called Director and Officer Liability Insurance. **Chapters are strongly encouraged to consider this type of policy to protect their leadership and financial holdings.** The Foundation's insurance does not cover individual Chapters' directors and officers from personal liability, but it does cover liability for physical injuries at Chapter meetings and conventions, provided the Chapter is in good standing with the Foundation.

In addition, Chapters are encouraged to consider also getting event insurance for specific Chapter events. Chapters can contact the insurance agency that handles the Foundation's insurance (McDonald Zaring Insurance) to see if the Foundation's policy covers their event. McDonald Zaring can also provide the Chapter with proof of insurance should one be needed.

The request should be sent to:

McDonald Zaring Insurance  
22 East Main Street  
PO Box 648  
Walla Walla WA 99362  
Phone: 509.525.5730  
Toll Free: 800.759.0910

### B. Foundation Liability Insurance Coverage

**See Appendix 8 for Information on the Foundation's Liability Insurance Coverage.**

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## SECTION V – CHAPTER FINANCIAL/RECORDS MANAGEMENT

### A. Fiscal Year

Adopted by the Board January 2008

The Foundation and each Chapter must operate within the fiscal year beginning October 1 and ending September 30 for financial reporting purposes and to facilitate partnerships with the federal land management agencies we work with on an ongoing basis.

### B. Budgeting

The key advantage of having your Chapter's Board approve budgets in advance of each year and each monetarily large event or undertaking is the preservation of the Chapter's financial soundness. It also gains the Board's authorization for overall levels and categories of spending, within which operating officers may exercise day-to-day authority over specific expenditures.

Budgets need not be elaborate. They should specify an amount for each revenue and expense line item or category for which the Chapter keeps records. They should be derived by estimates that are based first on prior history, and then on known commitments, contracts and leases.

Deriving and gaining Chapter Board approval for the budget is only one step in the process. The next step is to track actual results against the budget, on a month-by-month or at least quarter-by-quarter basis, showing all variations from expectations, both positive and negative, and giving a full report to the Chapter Board that includes explanations of large variances.

### C. Audits

Sound financial management encourages Chapters to have their books audited every year by an outside accounting professional. A copy of that report should be sent to the Foundation by March 30 each year.

### D. Reporting to the IRS

#### **Form 990-N:**

Chapters who gross less than \$25,000 annually are NOT required to file a Form 990 or 990-EZ to the IRS. However, beginning in 2008, small tax-exempt organizations that are not required to file a Form 990 or 990-EZ are required to file an annual electronic notice, **Form 990-N**. The electronic notice (e-postcard) requirement applies to tax periods beginning after December 31, 2006. For more information go to the IRS website at <http://www.irs.gov/charities/article/0,,id=169250,00.html>.

#### **Form 990 and 990-EZ:**

If a Chapter's gross receipts normally are \$25,000 or more, or if the IRS mailed your Chapter a Form 990 or 990-EZ package with a pre-addressed label, it will be required to file a return even if it is not otherwise required.

~ Instructions for completing the 990 form(s) can be found on the Internet at <http://www.irs.gov/pub/irs-pdf/i990-ez.pdf>.

"Gross receipts" is defined very broadly, however, to include the entire proceeds from sale of investments and inventory items. If you are in doubt, it is best to file because there are stiff penalties for failure to file by four and one-half (4 ½) months after the close of your fiscal year. The fine currently is \$20 a day for most organizations with revenues under \$1 million. Extensions may be obtained, in increments of as much as three months, up to a maximum of six months. Form 2758 is used to request extension of time to file.

Chapters that have less than \$100,000 in gross receipts and less than \$250,000 in total assets are allowed to file the two-page Form 990-EZ to meet their annual information filing requirement. Chapters with gross receipts or assets over those thresholds are required to file the six-page Form 990.

Chapters that do not have their own federal tax identification number must be a part of the Foundation's Group Tax Exemption Filing. (See Section I, Part C on page 2 for more information.)

Most states require some form of annual information filing as well. The majority will accept a simple copy of the Federal Form 990 or 990-EZ. Others, notably New York, California and Illinois, have annual information forms of their own that you must file.

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## **E. Reporting Compensation and Fringe Benefits**

If Board members or other volunteers (by which we mean anyone who is not paid a salary or independent contractor fee) receive other forms of compensation such as expense allowances, director's fees, honoraria, complimentary tickets or hotel rooms, or free travel and expenses for their family members, then important reporting tax issues arise.

1099 forms must be provided to any Board member or other volunteer who receives cash or items of value in excess of \$600 during the year, excluding amounts they are reimbursed, dollar for dollar, for legitimate Chapter-related business expenses they incur. Those legitimate business expenses, including mileage and per diem allowances (not to exceed the standard federal rate) must be listed and reported to the Chapter using a standard expense reimbursement form otherwise used by employees, with proof of the expenses attached.

If no expense reimbursement form is submitted, then the payment must be reported on a 1099 (if the annual overall total exceeds \$600). If a fully documented expense reimbursement form is submitted timely to the Chapter, then all of that tax reporting is avoided. The Chapter must keep those expense reimbursement forms on file.

What kinds of payments can be classified as legitimate business expenses, and which cannot? If it is not an "ordinary and necessary" business expense under the tax laws, then it is taxable income whether submitted on an expense reimbursement form or not. Generally speaking, the travel, lodging and meal expenses of a spouse or other family member who accompanies the Board member on Chapter business are not ordinary and necessary business expenses unless the spouse or family member performs some substantial services related to Chapter business.

Under most circumstances, therefore, payment of spouse travel, or providing free travel or entertainment not directly connected with the meeting, will have to be reported on a 1099 issued to the Board member (not the spouse).

Who bears the risk if no 1099 is issued? The Chapter risks a \$50 fine, but the Board member risks a much larger fine if he or she fails to report the income on his or her own 1040. It is not sufficient excuse for them to say that they never received a 1099, and therefore did not report it.

## **F. Reimbursing Expenses**

As discussed in the preceding section, if a fully documented expense reimbursement form is submitted timely to the Chapter, using the Chapter's standard forms and showing receipts or other substantiation of the business nature of the expense, then all tax reporting is avoided. The Chapter must keep those expense reimbursement forms on file.

The Board member or volunteer must substantiate the amount, date, place, and character of each business expense or group of expenses. Separate categories of expense, such as lodging, meals, telephone, etc., must be shown separately, either on the expense reimbursement form or on the attached receipts.

Some expenses do not require receipts. First, mileage reimbursed at or below the standard federal mileage rate requires no receipts – only a listing of the date and location of the trip, and the mileage between points. Similarly, if the Chapter has a per diem policy of paying a standard daily amount for meals or lodging, then no receipts are required – just a listing of the days of travel and proof that you were away from home on those days, such as an attached airline ticket receipt.

The per diem amounts paid must be at or below the federal standard rates for the city in question. Since there are different federal rates for every city every year, there is a simple option – one rate for a list of high-cost cities and a second, lower rate for all others.

Receipts are not required for meals, incidentals and local transportation expenses totaling no more than \$75 per day. Lodging is a separate category for which receipts are always required, unless the per diem method is used. Transportation costing more than \$75 normally requires a receipt, but not if one has used a paperless airline ticket system. In those instances, you can list the airfare, date and points of departure and arrival on your expense report, with the cost and a notation that no receipt was available.

## **G. Selling Merchandise**

As a non-profit organization, there are strict federal guidelines as to what you can sell. ***See Appendix 9 for IRS information on Unrelated Business Income Tax and the sale of merchandise.***

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If your state has a sales tax, you must charge sales tax when selling merchandise. Check with your state sales and use tax bureau on its rules.

**H. Gaming/Bonds/Fundraising**

Chapters may not conduct charitable gaming, issue tax-exempt bonds, be involved in low-income, elderly, or handicapped housing, or use professional fundraisers or telemarketers for fundraising purposes, according to the IRS. Occasional raffles are not considered gaming events. Chapters may use professional fundraisers if coordinated through the Foundation.

**I. Records Retention**

A Chapter's organizing documents, meeting minutes, insurance policies (even expired ones), corporate documents and its essential records should be retained indefinitely. Essential financial records would include all final financial statements (balance sheets, and income or profit and loss statements), the general ledger and all income tax return filings.

There are many suggested periods of retention for other categories of records, generally geared to the statutes of limitations for enforcement of various business and tax laws. "The Compliance Guide for 501(c) (3) Tax-Exempt Organizations" can be found on the Web at:  
<http://www.irs.ustreas.gov/pub/irs-pdf/p4221.pdf>.

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## SECTION VI – FOUNDATION POLICIES

### A. Foundation By-Laws

See *Appendix 10 for a copy of the LCTH Foundation's By-Laws*.

### B. Chapter Reporting Compliance Policy

Adopted by the Board January 2008

Chapters shall comply with applicable state and federal laws and Foundation Board policies. Chapters are required to file the following reports with the Foundation each year:

- ∞ **Chapter Annual Report:** Submitted to the Foundation no later than November 1st every year.
- ∞ **Foundation Group Tax Exemption Form:** Submitted by May 15 every year by each Chapter regardless of 501(c) (3) -status or Chapter decision to be included in that year's Group Tax Exemption.

The reports should be sent to:

Lewis and Clark Trail Heritage Foundation, Inc.  
PO Box 3434  
Great Falls MT 59403

Procedures Adopted by the Foundation Board of Directors: March 6, 2005.

**Annual Report Deadline:** By November 1 of each fiscal year, all Foundation Chapters will submit an annual report to the Foundation office. (See Section III, Part A - Annual Report)

**Request for Extension of Time:** Should a Chapter encounter extraordinary reasons why these reports cannot be filed, the Chapter should contact the Foundation's Headquarters Office in writing no later than October 15 of that year to request an extension for a specific period of time.

**Follow Up:** On or before November 15 of each fiscal year, Foundation Staff will contact, by letter and by email, those Chapters that have not submitted their Annual Reports to inquire as to the status of the reports.

**Notification:** On or before December 15 of each fiscal year, Foundation Staff will notify those Chapters, by Certified Mail, that have not submitted their Annual Reports that as of January 31, their Chapter charter will not be renewed and that the Foundation will consider their Chapter inactive.

**Procedure for Re-Activation:** Should an LCTHF Chapter want to have active status and again receive liability insurance coverage for the Chapter's activities, coverage under the Foundation's Group Tax Exemption, assistance from the Foundation and other benefits of being a Foundation Chapter, they must pay a \$50 re-activation fee and file all delinquent reports with the Foundation office.

### C. Media Protocol

Adopted by Executive Committee: September 28, 2004.

**Media inquiries fall into three general categories:**

- 2) Sensitive primary information that includes the Foundation's or your opinions, positions and projections.
- 3) Non-sensitive primary information that includes information on Foundation programs, projects and committees.
- 4) Secondary information includes historical facts, Foundation background, Bicentennial information, events and trail/travel information.

**Procedures for handling media inquiries:**

- 1) Media inquiries to Board members, Foundation Staff or Chapter/Foundation members regarding sensitive primary information should be directed to the Foundation Executive Director or Director of Field Operations. These questions will be answered by the Foundation President, Executive Director or another person requested to do so by the President.
- 2) Media inquiries to Board members, Foundation Staff or Chapter/Foundation members regarding non-sensitive information should be directed to the appropriate person.

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- a. Questions regarding Foundation committees should be directed to the Committee Chairperson, Executive Director or President.
  - b. Questions regarding Foundation projects or programs should be directed to appropriate staff or the President.

Any questions that involve Foundation opinions or positions, or requests involving any kind of projection or speculation, should be handled as a sensitive primary information request.

- 3) Media inquiries to Board members, Foundation Staff or Chapter/Foundation members regarding secondary information can be answered if the Board member or staff person knows the answer. If not, direct the call to the Foundation President, Executive Director or appropriate staff member.

#### **Primary information requests:**

The President, Executive Director, or an individual representing the Foundation at the request of the President may answer primary information requests.

They can answer questions regarding the Foundation's opinion or position on issues, projects, legislation, etc. only if the Executive Committee and/or Board of Directors have voted to take a position on that subject.

They can answer questions regarding speculation and projections in a positive manner. They should feel free to decline to speculate.

**All information requests should be answered in a timely, positive manner.** Internal concerns and grievances should be handled in the appropriate setting at a Board meeting or during a conference call with all appropriate parties present.

Our message to the media always should be positive and concise. Do not let the media put words in your mouth and do not be pressured into answering questions you are not comfortable answering.

**Copies of all articles including quotes, background information or photos should be sent to the Foundation's Director of Field Operations. Please notify the Director of Field Operations of all interviews with the media.**

#### **D. Land Ownership and Easement Policy**

Adopted by the Foundation Executive Committee: December 2002.

Chapters of the Lewis and Clark Trail Heritage Foundation cannot hold easements or any other real property in the Chapter's name.

#### **Rationale:**

The Foundation and its Chapters cannot own or lease property or easements because of the legal and liability ramifications that go along with owning or leasing land - responsibilities for noxious weed management, litter management (including meth lab removal), snow plowing the parking area, accident and injury issues.

The lands can, instead, be acquired by a county, state or federal agency or another not-for-profit conservation organization such as the Land and Water Reliance, Conservation Society, Wilderness Society, etc. Chapters can and should consider partnering with that organization to help provide interpretive signage on site as well as to coordinate the site improvements.

#### **E. Trail Stewardship Policy**

Adopted by the Foundation Board of Directors: April 2, 2006.

#### **Trail Stewardship Mission Statement:**

To encourage, support and assist stewardship projects that protect and conserve the historic, social and cultural significance of the Lewis and Clark Expedition.

This includes activities that:

- ∞ Establish formal stewardship partnerships with a wide diversity of tribal, public and private institutions, corporations and individuals to monitor the trail's route to ensure the preservation of its historic sites and encourage positive recreation ethics.

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- ∞ Provide continued vigilance of the trail to protect its natural resources from negative impacts.
  - ∞ Target youth by increasing children's awareness of and involvement in stewardship programs.
  - ∞ Assist Chapters in identifying sites and providing signage that accurately interprets the historic sites along the trail.
  - ∞ Promote cultural diversity and tribal stewardship initiatives.
  - ∞ Encourage sustainability in all stewardship activities.
  - ∞ Provide documentation when requested on the relevance and significance of an historic site relating to the Lewis and Clark National Historic Trail.
  - ∞ Educate our membership, the public, government agencies and elected officials as to the importance, relevance and need for adequate funding and protection of the Lewis and Clark National Historic Trail.
  - ∞ Monitor the quality of the trail at its most historically important points, and make every effort to preserve the pristine nature of the trail by identifying and publicizing any developments that might threaten the quality of the public's experience.
  - ∞ Encourage dialogue about protection along the trail.

## **F. Stewardship and Advocacy Protocol**

Adopted by the Foundation Executive Committee: April 2, 2006

It is the policy of the Foundation that no Lewis and Clark Trail Heritage Foundation member, present or former leader, Chapter member or staff member shall make a statement or take a public position in the name of the Foundation or a Chapter that is contrary to, or creates a misimpression of a policy or position established by the Foundation's Board of Directors. When speaking or taking a public position on their own behalf or on behalf of organizations other than the Foundation, people shall avoid giving the impression that they are representing the Foundation and endeavor to correct any impression in this regard.

Chapters shall act on questions of public policy only in pursuance of policies of the Foundation's Board of Directors or in a manner consistent with them.

The primary liaison between the Foundation and its Chapters is the Director of Operations and Member Services. Chapters and members are encouraged to communicate with this staff member regarding membership and Chapter information. Questions regarding Annual LCTHF Stewardship and Advocacy Priority List are directed to the Foundation's Director of Field Operations.

Chapters and members, along with Foundation Staff and Board of Directors, play an important role in selecting stewardship and advocacy priorities for the Lewis and Clark Trail Heritage Foundation. Chapters and members participate in the development of policies, positions and strategies primarily through processes coordinated by Foundation Staff. The Foundation's Board of Directors sets Foundation policies.

**Procedure:** Working with Foundation Staff, Chapters and members annually identify and rank Foundation stewardship priorities at the state, regional and/or national level. A Foundation "position request" application must be sent to the Foundation's Headquarters Office for each priority identified by June 1 of each year. Foundation Staff incorporates the results into a list of suggested priority action goals. These suggested goals are reviewed, modified and adopted by the Foundation's Board of Directors at its August Board meeting. This process is intended to provide an opportunity to encourage Chapter and member participation in the development of the Foundation's policy agenda.

**Quick-Response Issue:** Occasionally, stewardship and advocacy issues arise that need immediate attention. A Foundation Chapter or member requesting the Foundation Board of Directors to take a position on legislation, public policy, land-management decisions or other issues outside the annual stewardship priority process must submit a "position request" application. Board decisions could take up to six months, as these proposals will be discussed and voted on at Board meetings, which occur three times a year.

## **G. Foundation Advocacy Process**

Adopted by the Board of Directors: April 1 2006

A Foundation member or Chapter requesting the Foundation Board of Directors to take a position on legislation, public policy, land-management decisions or other issues must submit the information listed below.

- 1) Date



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- 2) Name and contact information of party/parties making request.
  - 3) Project/Issue title, description and any background information.
  - 4) Description of controversial aspects of the issue and parties involved.
  - 5) Requestor's position on the issue.
  - 6) Detailed description of what action the requestor wants from the Foundation, such as:
    - a. Letter of support.
    - b. Name listed as a supporter.
    - c. Advocacy – type and level.
    - d. Estimated amount of staff time to be dedicated to the project/issue.
    - e. Estimated amount of financial support requested.
    - f. Other.
  - 7) Timeframe of project/issue.
  - 8) Photos and visual materials if applicable.
  - 9) Any other pertinent information useful to the Board in making a decision.

The request should be sent to:  
Director of Field Operations  
Lewis and Clark Trail Heritage Foundation, Inc.  
P.O. Box 3434  
Great Falls, MT 59403

#### **H. Foundation Proposal Form**

Because of the huge volume of proposals that the Foundation is asked to evaluate, support or take on, the Foundation developed a form to ensure that the Foundation Staff, Executive Committee and/or Board has all relevant information before they make any decisions about the suggestion.

An individual or group that wants the Foundation to evaluate, take on, staff or fund a project must submit the following information:

1. Applicant's Name and Contact Information:
2. Project Summary:
3. Project Timeline:
4. Goals:
5. Measurable Outcomes/Objectives:
6. Budget:
7. Funding Sources:
8. Partners:
9. Others working on the project:
10. Estimated amount of Foundation Staff time to be dedicated to the project:
11. Action you want the Foundation to take and why:
12. Any other pertinent information/details:

The request should be sent to:  
Executive Director  
Lewis and Clark Trail Heritage Foundation, Inc.  
PO Box 3434  
Great Falls MT 59403

***See Appendix 11 for the Foundation Project Proposal Form.***

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## SECTION VII – LEGAL & TAX REGULATIONS

### A. Non-Profit Status

Through its amended By-laws, the Foundation “encourages Chapters to be not-for-profit organizations.” (Article II, Paragraph 1) The Foundation encourages Chapters to review the advantages of incorporating as a not-for-profit entity. Chapters may wish to consult with an attorney or tax accountant given that laws regarding incorporation, taxation and not-for-profit status vary by state and change over time.

### B. Tax-Exempt Status

A Foundation Chapter whose mission is identical to the Foundation’s qualifies for federal income tax-exempt status under section 501(c) (3). No part of their net earnings may “inure” to the benefit of any private individual or shareholder. This does not exclude payments to individuals for the fair market value of services rendered or goods sold.

Additionally, the Chapters must not be primarily engaged in a regular business of a kind normally carried on for profit. Primary activities should be things such as production of Lewis and Clark publications, exchanging up-to-date information, and conducting Lewis and Clark educational meetings and seminars. Primary activities also may include such things as setting standards of quality for the field. Member dues support the Foundation and other income from activities substantially related to exempt purposes.

A Chapter may obtain its own federal non-profit tax identification number. If a Chapter receives more than \$25,000 per year in receipts, a federal 990 tax form must be submitted. Chapters with their own federal non-profit tax identification number shall send the Foundation copies of all tax and other documentation relating to the Chapter, both for legal and archival purposes.

Chapters that do not have their own federal non-profit tax identification number may be a part of the Foundation’s Group Tax Exemption filing. Those Chapters should obtain an Employer Identification Number from the Internal Revenue Service and provide it to the Foundation, along with a signed document requesting inclusion in the Foundation’s 990 tax filing, by May 15 of each year. (The Foundation will send each Chapter a Group Tax Exemption Form 30 days before it is due every year. See Appendix 4)

***See Appendix 12 for IRS Group Exemption Information.***

A Chapter may not use the Foundation’s tax identification number (see Part C below) unless it agrees to file under the Group Exemption and follow the IRS rules for Group Exemptions. **Donations to Chapters that do not have their own federal non-profit tax identification number or do not participate in the Group Exemption is not tax deductible for the donor.**

**Chapters that do not have their own federal non-profit tax identification number or do not participate in the Group Exemption may be liable for payment of federal and state income taxes.**

### C. Use of Foundation Federal Tax Identification Number

Federal law and the Internal Revenue Service require the Foundation to file non-profit tax returns detailing how our federal tax identification number is used. Therefore, Chapters must get written permission from the Foundation each time they use the Foundation’s tax identification number.

In each instance, written permission from the Foundation must be obtained prior to using the Foundation’s tax identification number. The request should be submitted to the Executive Director, who in turn will submit the request to the President for action by the Foundation’s Executive Committee.

***See Appendix 13 for a Federal Tax Identification Number Use Form.***

### D. Bulk Mail Permit and Postal Regulations

Non-profit postal permits offer valuable reduced rates to certain types of exempt organizations, including the Foundation. Chapters may use the Foundation’s bulk mail permit, but stringent U.S. Postal Service rules and restrictions apply. For example, each mailing must be a minimum of 200 pieces and the Foundation’s name must be featured prominently on the mailing. Additionally, there are restrictions as to the content of the mailing. For more information on using the Foundation’s bulk mail permit, contact the Foundation’s Headquarters Office.

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### **E. Graphic and Name Standards Guide**

The Foundation's "Graphic and Name Standards Guide" adopted provisionally by the Board of Directors on March 6, 2005. It includes guidelines and information on the use of the Foundation's logo, its painting, "Lewis and Clark West to the Pacific," by Frank R. "Bob" Davenport, and its motto, "Keepers of the Story ~ Stewards of the Trail."

***See Appendix 14 for the LCTHF Graphic and Name Standards Guide.***

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## SECTION VIII – CHAPTER DATES TO REMEMBER

### A. Foundation Deadlines

Oct. 1	Report Fundraising and Lobbying Expenses and Activities
Oct. 15	Deadline for Chapters to request extension to file Annual Report
Nov. 1	Annual Report Due _____ Annual Report _____ Treasurer's Report _____ Volunteer Hours Report _____ Amended Chapter By-laws (if changes were made during the previous year) _____ List of Chapter Officers and Contact Information
Jan. 15	National Park Service Challenge Cost Share application deadline
March 30	Chapters send audit reports to Foundation office
April 15	Foundation will send Chapters Group Tax Exemption form
May 15	Chapter Group Tax Exemption forms due in Foundation office
June 1	Advocacy Position Requests due in Foundation office.
August	Foundation Annual Meeting
As occurs	Chapters submit meeting minutes to the Foundation office within 30 days of meeting
As published	Chapters send their newsletters to the Foundation office

### B. The Orderly Report (TOR) Deadlines

Chapters are encouraged to send Chapter news to the Foundation's Publications Editor for the Chapter Round Up portion of the quarterly newsletter The Orderly Report.

Dec. 1	The Orderly Report deadline for January issue
March 1	The Orderly Report deadline for April issue
June 1	The Orderly Report deadline for July issue
Sept. 1	The Orderly Report deadline for October issue