What is a lake association?

Each lake is unique and each has its own group of people – the property owners and visitors to the lake – who are passionate about the quality of the lake and its future. It is human nature to protect what we care about, and it is up to everyone who cares about a particular lake to leave it clean as a legacy for future generations.

Lake associations are organized groups of people who come together because they care about a specific lake. As an organized group they can work toward determining and carrying out the best actions to protect the lake. Lake associations represent the first line of defense for protecting the water quality and ecological integrity of a lake.

What do lake associations accomplish?

Lake associations serve a variety of valuable functions. They may monitor the condition of the lake, develop lake management plans, educate shoreland property owners about individual and collective actions to protect the lake, or network with other lake associations to learn from their experiences. They can work with the Minnesota Department of Natural Resources (MDNR) to improve fish habitat or stock fish, get permits for aquatic plant removal, or maintain the lake access. They can also provide volunteers to assist in lake and watershed projects, such as revegetating shorelines or monitoring water quality.

An important function of a lake association is to serve as the organized voice for its membership with township and county government and as the watchdog for enforcement of local ordinances.

What are some clues to making a lake association successful?

A lake association can join a county coalition of lake associations to have a stronger collective voice in local government. Working in partnership with the Minnesota Lakes Association (MLA), a lake association also has a voice at the state level for legislation that impacts Minnesota’s lakes.

Sometimes, a lake association forms to solve a particular problem, such as an infestation of the aquatic nuisance species Eurasian watermilfoil, unwanted development, poor water quality, or water level concerns. However, you don’t have to wait for a problem. Be proactive and form an association now to prevent problems in the future. If your lake has a lake association and you don’t belong, consider joining now.

What steps do we take to organize?

Forming a lake association isn’t difficult; all you need is a core of people who care and want to make it happen. There’s only one basic rule – if you and others who use the lake resource don’t take action to protect your lake, no one else will!

The Minnesota Lakes Association provides these suggestions:

1. List reasons for forming a lake association. Ask other local lake associations for advice or support.
2. Hold a public meeting. Invite everyone – individuals, groups, or business owners – who might have an interest in your lake.
3. Publicize the first meeting to the entire lake community. Check with your county land records department (usually the assessor’s or auditor’s office) to find out if there is a list of shoreland property owners.
4. Reserve a convenient location at a time and date that doesn’t conflict with other events. Consider inviting a guest speaker to kick off your first informational meeting.

5. Choose a leader and recording secretary for the meeting. Discuss the lake in general and then focus on specific issues common to all participants.

6. Invite participation on a 4- or 5-person steering committee to establish the lake association. The steering committee will select a name, write articles of incorporation, file with the State of Minnesota to establish non-profit status, draft bylaws and a mission statement, and develop a slate of candidates for the lake association’s board of directors.

7. Once the steering committee has finished, set the first official meeting of the lake association to vote on the bylaws, elect a board of directors, vote on dues, and develop committees to support future action. Committees often include membership, water quality, social activities, safety and recreation, and communications.

8. Schedule an annual meeting and perhaps other social events throughout the year.

What are some clues to making a lake association successful?
1. The address of the lake association should be a physical address, not a post office box. Choose a permanent address, if possible.

2. Set up a budget for at least one year based on annual membership fees and donations. Annual expenses will relate to proposed projects, newsletter costs, membership materials, mailing, executive secretary expenses, etc.

3. A maximum of 12 directors should be elected to the board of directors, with only one-third required for a quorum (State statute 317A.235).

4. The board of directors should elect the President, Vice-President, Secretary, and Treasurer from within their membership.

5. Actual dues, fees, or assessments charged for membership should not be part of the bylaws; determine these by resolution so they can be changed as needed. Keep the bylaws simple to begin with; they can be modified at a later date.

6. If your association plans to have a bank account, establish a Federal Identification Number (EIN) by completing form SS-4 (see Step 4 in next section for more specific information).

7. Link to your County Coalition of Lake Associations (your local partner) and the Minnesota Lakes Association (your state partner), for help in protecting your lake for the future.

What steps do we take to form a non-profit corporation in Minnesota?
The Minnesota Lakes Association encourages all lake associations to formally incorporate with the State of Minnesota as a nonprofit legal entity. Some associations may wish to take the next step, seeking recognition as a federally tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. This allows contributions to the lake association to be eligible for deductibility as a charitable contribution and meets the eligibility requirement for most direct grant programs. Non-profit organizations are regulated by a variety of government agencies, including three primary offices with annual filing requirements: 1) The Internal Revenue Service; 2) The Minnesota Secretary of State; and 3) The Minnesota Attorney General’s Office, Charities Division.

There are six primary steps in forming a nonprofit organization in Minnesota. Steps 1 through 3 are necessary for incorporating as a Minnesota nonprofit. Most often this status is all a lake association needs. Once the certificate of incorporation is received, the association is a legal entity, though without tax-exempt status. Establishing a 501(c)(3) status might be advisable if contributors to the association want to be able to deduct their donations or if the association is doing extensive fundraising. For 501(c)(3) status, follow the steps to become a Minnesota nonprofit (1-3) plus the additional steps (4-6). The details of the steps can be found at http://www.mncc.org/howto.htm, including sample bylaws and articles of incorporation. The Minnesota Lakes Association office also has samples (800-515-5253).

1. Check for availability of the proposed name of the organization by calling the Minnesota Secretary of State’s Office at 651-296-2803.

2. File Articles of Incorporation with the Secretary of State’s Office. The filing and incorporation fee is $70. Forms can be obtained at http://www.sos.state.mn.us/business/forms.html or by calling the Secretary of State’s office. Because articles of incorporation are difficult to amend later, MLA advises associations to write their articles of incorporation initially to conform with federal tax-exempt requirements, in case they should choose to become a 501(c)(3) organization later. Write the articles to include the required language in State statutes 317A, Minnesota Nonprofit Corporation Act, and 501(c)(3) (IRS publication 557). State statutes are online at www.revisor.leg.state.mn.us, or you can purchase a copy from the Secretary of State’s office. The association address must be a physical address, not a post office box. A cover letter with the name/address of the person who will receive the approved articles from the Secretary of State’s office should accompany the materials, which should be sent to Secretary of State, State of Minnesota, 180 State Office Building, St. Paul, Minnesota, 55155. Each year, thereafter, your organization will be sent an annual registration form, for which there is no filing fee.

3. Write Bylaws. Bylaws are an internal document that describes how the association will operate and contains information on membership, the board of directors, frequency of meetings, and fiscal management. Bylaws do not have to be filed to incorporate as a nonprofit in Minnesota, though they are encouraged for proper management of the association. Bylaws are required to obtain federal 501(c)(3) status.

4. Obtain Tax Exempt Status from the Internal Revenue Service (IRS). Call the IRS to obtain forms (800-829-3676) and publication 557, Tax Exempt Status for Your Organization. Forms are also available online and can be completed online at www.irs.gov/forms_pubs/fillin.html using Adobe Acrobat Reader. Forms SS-4, 1023, and 8718 must be filed. The filing fee is $500, if the organizational budget is likely to average more than $10,000 per year over four years, or $150 if less. The average processing time for form 1023 is 100 days; processing for EIN application (form SS-4) takes approximately ten days.

5. File for Minnesota Certification of Exempt Status (Form ST-16) once federal tax-exempt status is received. Call Minnesota Department of Revenue at 800-657-3777.

6. Register With the State As a Charitable Organization. Contact the Attorney General’s Office, Charities Division at 651-297-4613.
There is a $25 application fee; if revenue is greater than $350,000 per year, an annual certified audit must be submitted. Once 501(c)(3) status is obtained, Federal Form 990 (Return of Organization Exempt From Income Tax) must be filed annually with the IRS and State Attorney General’s Office, Charities Division, no later than five and one-half months after the end of the organization’s fiscal year.

What is the Minnesota Lakes Association?
The Minnesota Lakes Association is a statewide 501(c)(3) organization with the mission "to promote statewide advocacy to preserve and enhance Minnesota’s lakes and rivers." MLA helps lake associations get started and helps with other organizational issues. MLA also provides guidance on best management practices for lakes through their newsletter, on their web site, and through statewide educational conferences and networking events for members. The organization works closely with state legislators to keep them informed about lake related issues such as property taxes, water quality, pollution sources, exotic species, and agency rules and regulations. It also supports a lobby to introduce and fight for legislation to protect Minnesota’s lakes. The MLA Web site (http://www.mnlnakesassn.org) contains information on organizing a lake association, a bibliography of over 600 lake resources, the Sustainable Lakes Workbook in PDF format, and archives of articles for use in your own lake association newsletter.

Who can I contact if I have questions or a problem related to lake associations?
Check your local telephone listing, the "Who to Contact" section of the Minnesota Shoreland Management Resource Guide Web site, www.shorelandmanagement.org, or the Web sites listed below for:
Your county Water Plan Coordinator
Your local Planning and Zoning Office
Your county Soil and Water Conservation District (SWCD)
   www.mn.nrcs.usda.gov/partners/maswcd/maswcd.html
University of Minnesota Extension Service www.extension.umn.edu
Minnesota Lakes Association (MLA) www.mnlakesassn.org
North American Lake Management Society (NALMS) www.nalms.org

What are some additional resources related to lake associations?
Organizing Lake Users: A Practical Guide. 1991. Terrene Institute