



# United States Department of the Interior

## FISH AND WILDLIFE SERVICE

Washington, D.C. 20240

### DIRECTOR'S ORDER NO. 183

Subject: Working with Friends Organizations and Cooperating/Interpretive Association Sales Outlets and Book Stores

**Sec. 1 What is the purpose of this Order?** This Order provides guidance and administrative procedures for Fish and Wildlife Service (Service) employees working with Friends organizations and cooperating/interpretive associations, which operate and manage sales outlets or bookstores on national wildlife refuges or fish hatcheries.

**Sec. 2 Does this Order supersede any other policy or guidance?** Yes, this Order supersedes the following sections in Part 8, Public Use Management, Chapter 12, Cooperating Associations, of the Service Refuge Manual (RM):

- a. 8 RM, 12.3, Authorities.
- b. 8 RM, 12.4, Definitions.
- c. 8 RM, 12.8, Recordkeeping, Insurance, and Audits.
- d. 8 RM, 12.15, Cooperating Association Agreements.
- e. 8 RM, 12.17, Termination of Agreements.

**Sec. 3 What are the authorities for working with Friends and cooperative/interpretive association bookstores?**

- a. The Fish and Wildlife Act of 1956 (16 U.S.C. 742a-742j).
- b. The National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd-ee), as amended.
- c. The Refuge Recreation Act of 1962 (16 U.S.C. 460k - 460k-4), as amended.
- d. The Anadromous Fish Conservation Act (16 U.S.C. 757a-757g), as amended.
- e. The Fish and Wildlife Coordination Act of 1934 (16 U.S.C. 661-667e), as amended.
- f. The National Wildlife Refuge System Volunteer and Community Partnership Enhancement Act of 1998 (16 U.S.C. 742f), as amended.

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**Sec. 4 What are Friends organizations?** Friends are private, independent, 501(c)(3) nonprofit organizations (under Title 26, Internal Revenue Code, Subtitle A, Chapter 1, Subchapter F, Part I), formed and managed primarily by private citizen volunteers who support the mission and purposes of the site they serve (i.e., national wildlife refuges or fish hatcheries). We consider cooperating/interpretive associations to be a type of Friends organization. Friends organizations support our mission by providing many vital services to the sites they serve, including community outreach, education and interpretive programming, habitat restoration, special events support, volunteer staffing, and fundraising.

**Sec. 5 How are Friends organizations different from cooperating/interpretive associations?** Like Friends, cooperating/interpretive associations are private, independent, 501(c)(3) nonprofit organizations. While historically there have been distinctions between the two within the Service, today, many Friends organizations and cooperating/interpretive associations operate similarly. Traditionally, cooperating/interpretive associations have been established primarily to support only the interpretive and educational programs of the field stations they serve and are not a community-based citizen organization. Friends organizations have had a broader program focus that may include activities such as fundraising, community outreach, volunteer staffing, and advocacy, in addition to education and interpretive programming. To carry out their missions, cooperating/interpretive associations have traditionally hired paid staff to operate and manage bookstores, while Friends organizations have traditionally operated and managed bookstores and programs with volunteers. However, today Friends organizations and cooperating/interpretive associations work in a wide variety of ways, with few distinctions between the two. Whether they are called a cooperating/interpretive association or a Friends organization, these groups conduct similar activities on national wildlife refuges and fish hatcheries and should be treated similarly.

**Sec. 6 How are Friends organizations different from concessions?** Friends, established and managed primarily by citizen volunteers, function as nonprofit, charitable 501(c)(3) organizations under Internal Revenue Service (IRS) regulations. Their primary objectives are to support the mission and purposes of the national wildlife refuge or fish hatchery they serve. Concessions are for-profit businesses operated by private enterprises under a contract awarded through a competitive bid process. Their objectives are to provide commercial visitor services for the visiting public. As such, the motivation for the two types of organizations is different. Concessionaires are driven by the need to maximize value for their customers and financial return for their business. Friends organizations operate to maximize return for the benefit of the refuge or fish hatchery they serve. They are also driven by mission statements that support the site they serve and use revenues generated, either from donations or from the sale of products or services, to support this mission and the purposes stated in their bylaws.

**Sec. 7 Must Friends organizations and cooperating/interpretive associations that operate and manage sales outlets and bookstores incorporate and have**

**nonprofit status?** Yes, they must incorporate as nonprofit organizations in one or more States, have a formal headquarters, and Articles of Incorporation, Bylaws and Boards of Directors, as required by section 501(c)(3) of Title 26 of the IRS Code. Each Friends organization or cooperating/interpretive association must also obtain all necessary tax-exempt certificates, sales permits and retail licenses, and comply with its State(s) and local laws.

**Sec. 8 What defines the relationship between the Service and a Friends organization or cooperating/interpretive association sales outlet and bookstore?** A cooperative agreement defines the relationship between the Service and a Friends or cooperating/interpretive association sales outlet and bookstore. We require a cooperative agreement for a Friends organization or cooperative/interpretive association that sells items or runs a sales outlet or bookstore on a refuge, fish hatchery, or other Federal property. The cooperative agreement should address:

- a. The purpose of the collaboration.
- b. Each party's respective responsibilities.
- c. How the field station and Friends organization or association will work together to determine the content, quality, price, and display of sales items.
- d. The facilities we will provide to the Friends organization or association.
- e. Terms of the agreement.
- f. How the Friends organization or association will staff the sales outlet by either paid staff or volunteers.
- g. Key personnel, including the primary contacts and liaisons for each party.
- h. The Friends organization's or association's audit and financial reporting requirements.
- i. Applicable Service requirements.

**Sec. 9 What is the format and process for approval of a cooperative agreement?** The Friends organization or cooperative/interpretive association and Service field station, office, or program must develop a cooperative agreement specific to their needs that meets Service policy and requirements found in 301 FW 5. For guidance on developing a sales outlet and bookstore cooperative agreement, contact the Regional, California/Nevada Operations Office (CNO), or National Friends Coordinator. You must submit the cooperative agreement to the Regional Refuge Chief/CNO Assistant Manager for Refuges, or Assistant Regional Director/CNO Assistant Manager – Fisheries and Habitat Conservation for review by the Regional/CNO Friends Coordinator. The Regional Director/CNO Manager (or designee) is responsible for signing the cooperative agreement. The date the

Regional Director/CNO Manager (or designee) signs the cooperative agreement is its effective date. The cooperative agreement will be effective for 5 years with 5-year renewal options, as agreed upon by the Service and Friends organization or cooperative/interpretive association. A provision for early termination of the agreement by either party with 60 days written notice to the other party should also be included. The Service also reserves the right to terminate the agreement at any time if it is in the public interest to do so. The Friends organization or cooperating/interpretive association, the field station, or program office, and the Regional/CNO Friends Coordinator should keep copies of the cooperative agreement for future reference.

**Sec. 10 What responsibilities does the Friends organization or cooperating/interpretive association bookstore have for reporting and record keeping related to its organization and the activities/events it conducts?** As nonprofit, 501(c)(3) organizations, Friends organizations and cooperating/interpretive associations have reporting requirements. The IRS requires that they keep financial records, Board of Directors and membership meeting minutes, and records of all other fiduciary matters, including the annual filing of Form 990 or 990EZ. The Form 990 or 990EZ (Return of Organization Exempt From Income Tax) are tax returns filed annually by nonprofit organizations that have annual gross receipts in excess of \$25,000. The IRS requires Friends organizations or cooperating/interpretive associations to maintain these records and other legal documents onsite at their headquarters office. The IRS imposes stiff penalties for failure to comply with its regulations, underscoring the importance that support groups fulfill their responsibilities as 501(c)(3) organizations.

a. Records. A Friends organization and cooperating/interpretive association must keep accurate and appropriate records such as receipts, invoices, purchase orders, and inventory records. They are expected to follow Generally Accepted Accounting Practices—a set of guidelines, procedures and conventions published by the Financial Accounting Standards Board that define accepted accounting practices. Upon request, the Friends organization or cooperating/interpretive association makes available its financial records for review by the Regional Director/CNO Manager, or designee, or the site manager. The Friends organization or cooperating/interpretive association maintains all records, including, but not limited to, original documents, current 501(c)(3) status, Articles of Incorporation, sales information, bank statements, and other applicable documents in a secure place.

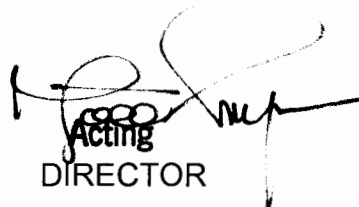
b. Audits. Each State's Secretary of State, Attorney General, or Public Corporation agency determines audit requirements for nonprofit organizations. In addition, there are some nonprofit audit requirements associated with receiving Federal funding that are determined by the Office of Management and Budget under their Circular A-133. In both instances, there are established thresholds of annual income received by an organization that determine when and what type of audit is required. Given the origins and modest level of income most small nonprofit organizations (e.g., Friends organizations and cooperating/interpretive associations) receive annually, many do not trigger State or Federal audit requirements. The

cooperative agreement between the field station and Friends organization or cooperating/interpretive association should address the established threshold that triggers an audit requirement in the State in which the Friends organization or association is incorporated. In addition, you should spell out in the cooperative agreement any additional organizational financial disclosure or reporting required by that State.

c. Audit Requirements. The Service does not require or impose audit requirements on partnering Friends organizations or cooperating/interpretive association sales outlets and bookstores. However, in the interest of effectively evaluating internal controls and recordkeeping, we strongly recommend that Friends organizations and cooperating/interpretive associations obtain periodic evaluation of financial records (e.g., compilation, review, audit) by an independent accounting firm or someone with an accounting background. Further, many funding organizations (e.g., foundations, corporations, agencies) may require organizations seeking financial assistance to provide some level of independent financial review of the organization with their funding applications.

**Sec. 11 What are the insurance requirements for Friends organization and cooperating/interpretive association bookstores?** We do not require a partnering Friends organization or cooperating/interpretive association to procure public liability insurance for the purposes of operating a sales outlet or bookstore at a Service facility. However, we strongly recommend that Friends organizations and cooperating/interpretive association bookstores procure an appropriate amount of insurance to protect against the loss of inventory and other property in case of such events as fire and theft. Other activities undertaken by the Friends organization and cooperating/interpretive association, and outlined in the cooperative agreement, may require liability insurance on a case-by-case basis, depending on the level of risk. The Friends organization or association will determine this level of risk and, therefore, the amount of insurance required by working with the Regional/CNO Contracting and General Services Office and consulting with insurance professionals, and it should be addressed in the cooperative agreement. Other types of insurance that may be desirable include loss of business income; security bonding of staff and board members; Directors and Officers insurance that covers actions taken by board members, officers, and staff; and event insurance.

**Sec. 12** This Order is effective immediately. It will expire June 30, 2006, unless amended, superseded, or revoked. We will incorporate its content into Part 604 of the Fish and Wildlife Service Manual.

  
Acting  
DIRECTOR

Date: 5.20.05