

How To Make Your Not for Profit Thrive

Structure and Strategy

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For Non-Profits to Thrive, They Must Demonstrate Passion within a Grounded Reality

- NESS is a case study of an emerging thriving tax exempt/not for profit
- Structuring a not for profit that thrives requires discipline
- There are five keys to long term success



NESS was Created at the Same Time as Its Parent: Stonington Harbor Yacht Club

2002:

Formation of SHYC

Establishes Community Sailing Program with 14 children, 8 boats

Now:

Independent 501(c)(3) tax exempt organization

Taught over 2,700 students in 2013

Year Round Programs: Sailing, Marine Science, Adventure Sports

STEM Curriculum under Common Core & Next Generation Science Std.

Scholarships provided to 944 students, 35% of participants

Own over 130 boats

US Sailing Certified Community Sailing Center

US Powerboating Certified Powerboat Training Center



NESS has Come a Long Way

2002: Launched Community Sailing Program

2004: Community Started to Donate Funds, Incorporated as a 501(c)(3)

2006: Formulated Governance Structure

2007: Added Marine Science

2008: Leased Waterfront Property

2010: Added Full Time Management

2011: Purchased Property for \$2.8 Million

2012: Changed Name to NESS

2013: Curriculum Endorsed by New London Magnet Schools



SHYC had 3 Strong Reasons to Form a Community Program Right From the Start

- Building a member driven yacht club that was inclusive of the community was not a conflict
- We were able to achieve scale that many captive yacht club programs cannot:
 - Critical mass of students
 - Attract higher quality of instructors
 - Enable more diverse programs
 - Leverage scarce infrastructure
- SHYC members did not bear the financial burden of building/running programs



NESS Four Core Values Define Everything We Do

- Experiential 'Hands On' Learning
- Personal Growth
- Inclusiveness
- Stewardship



The Best Way to See the Value of Our Programs is in the Eyes of the Students

2013

Realizing Dreams

N E S S



One of the Most Difficult Points in our History Was the Name Change



- Old name did not reflect program structure or goals
- Confusion by SHYC members and community at large
- Donors did not want to support a “yacht club” program
- NESS continues to provide programs for SHYC members



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Founders Must be Absolutely Clear on Objectives of Forming a Non-Profit

- Research is key (takes more time to undo a structure that was ill conceived)
- Mission must be consistent with federal tax exempt (501(c)(3)) and state not for profit rules
- Know your place in the market to seek competitive differentiation
- Invest in fundraising/capacity building/personnel
- Strategic plan is critical



...Mid Course Corrections are VERY Dangerous



There are Significant Tax Issues to be Addressed...

- Program goals must fit IRS and state requirements
- Common thread: lack of private ownership and profit motive
- Most sailing schools and community sailing centers are organized under state not-for-profit statutes and apply for federal tax exempt status under 501(c)(3)
- 501(c)(3) entities exist for charitable purposes. Contrast with most yacht clubs, organized under 501(c)(7), designed for social clubs
- Both rules and benefits are greater for 501(c)(3)



...Thoroughly and Patiently Keeping Focus on Mission

- Most common exempt purposes for community sailing organizations are educational (teaching sailing and other related arts and sciences) or to foster national or international amateur sports competition
- Keep the bylaws broad as tax exempt organizations must be able to grow and change
- Be mindful of boat donations: good, bad and ugly. Special rules apply!



The Approval Process can be Long

- IRS approval of tax exempt status can take as long as 18 months
- If acting in good faith an organization can assume approval in advance of IRS determination letter
- Web based solutions are increasing the transparency of all reporting: Guide Star “Gold Standard” charity navigator “star rating”, 990 forms in on time



Corporate Governance is the “*Foundation*” of a Thriving Non-Profit

- Strong board that embraces the mission is essential
- Solid practices, procedures and policies
- Articles of Incorporation and Bylaws define core activity
 - Don’t make them too narrow/constricting
 - Thriving non-profits must evolve
- Good controls free non-profits to work on their mission rather than watching its back and are essential in maintaining tax exempt status
- Excellent governance inspires confidence and long term viability



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1. Clear Mission/Purpose and Core Values

- Essential to gain alignment of all stake holders
- It is your promise to the community
- Complexity is the enemy → keep it simple
- Clarity enables organization to establish focus and prioritize



2. Strong Leadership to Create a Culture of Excitement Around Mission and Values

- Passion for mission that energizes others
- Thriving non-profit leaders maximize the effectiveness of staff and volunteers
- Culture of excitement creates a community connection
- Enhances ability to mobilize resources
- Make it fun



3. Aim High: Program Quality is Critical

- Hire the best instructors possible: role models for students
- Strong reputations are based on the quality of your program
- Try new things, but be willing to admit failure
- Performance based outcomes



4. Don't Stand Still: Engage in Long Term Strategic Planning to Move Forward

- Must continually update the vision of where you are going. IRS can be informed of program changes through annual tax filings
- Strategic plan, both process and document is critical
- Builds staff ownership and morale
- Planning is an important way to engage new stakeholders (especially donors)



5. Survive in an Atmosphere of Scarcity

- Dual bottom line: mission driven, but cannot ignore cash
- Use scarcity to drive passion in the mission
- Scarcity can become a “All Hands” on deck to move forward
- Try to diversify income sources to improve financial stability



Five Keys to Success for a Thriving Non-Profit

1. Clear Mission/Purpose and Core Values
2. Strong Leadership to Create a Culture of Excitement Around Mission, Vision and Values
3. Aim High: Program Quality is Key
4. Don't Stand Still: Long Term Strategic Planning
5. Survive in an Atmosphere of Scarcity



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