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
NESS
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 stakeholders
- 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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