A CLUB OWNER’S GUIDE TO BEING A NON-PROFIT

THE BENEFITS ON OPERATING YOUR CLUB AS A NON-PROFIT
INTRODUCTION

BACKGROUND

USA BOXING IS COMMITTED TO THE DEVELOPMENT AND GROWTH OF AMATEUR BOXING IN THE UNITED STATES. AT ITS CORE LIES A PASSIONATE AND COMMITTED COMMUNITY DEDICATED TO THE PROMOTION AND DEVELOPMENT OF THIS WONDERFUL SPORT.

A MAJORITY OF OUR MEMBERS CONTRIBUTE TO THE SPORT ON A VOLUNTEER BASIS. AS SUCH, SOME MEMBERS MAY NOT HAVE THE RESOURCES TO FULLY FUND THEIR BOXING OPERATIONS.

AS STEWARDS OF THE SPORT, WE DEVELOPED THIS GUIDE TO ASSIST CLUB OWNERS ON HOW TO REGISTER THEIR CLUB AS A NON-PROFIT, SO THEY MAY BECOME ELIGIBLE FOR DONATIONS AND GRANT OPPORTUNITIES.

SUMMARY

WE WOULD LIKE TO BEGIN BY STATING USA BOXING IS NOT REQUIRING CLUBS TO REGISTER AS A NON-PROFIT. VARIOUS CLUBS OPERATE AS FOR-PROFIT ORGANIZATIONS, AND THAT'S PERFECTLY FINE. THIS GUIDE IS GEARED TOWARDS MEMBERS LOOKING TO GET INVOLVED AS A NON-PROFIT ORGANIZATION AND FIND ALTERNATE MEANS TO FUND BOXING PROGRAMS.

WHY A NON PROFIT?

NON-PROFIT ORGANIZATIONS QUALIFY FOR NUMEROUS BENEFITS TRADITIONAL FOR-PROFIT ORGANIZATIONS AREN'T ELIGIBLE FOR, SUCH AS:

- ACCESS TO GRANTS/DONATIONS
- TAX BENEFITS
- LIMITED LIABILITY

PLUS, NON-PROFIT ORGANIZATIONS ARE AN EXCELLENT WAY FOR MEMBERS TO ENRICH THEIR COMMUNITY THROUGH BOXING, YOUTH GROUPS, AFTER-SCHOOL PROGRAMS AND OUTREACH PROGRAMS ARE A FEW EXAMPLES OF HOW MEMBERS HAVE USED BOXING TO GIVE BACK TO THEIR COMMUNITY.
SECTION I: PREREQUISITES

BEFORE APPLYING, IT’S IMPORTANT TO UNDERSTAND IF YOUR GYM’S/CLUB’S OBJECTIVES ALIGN WITH THOSE OF A NON-PROFIT.

NOTE: THIS GUIDE IS SOLELY A REFERENCE. USA BOXING IS NOT AFFILIATED WITH THE IRS. FOR SPECIFIC QUESTIONS, PLEASE CONSULT THE IRS OR A CERTIFIED TAX PROFESSIONAL.

REQUIREMENTS

THE IRS IS RESPONSIBLE FOR THE APPROVAL OF ALL CORPORATIONS SEEKING A NON-PROFIT DESIGNATION. CORPORATIONS ARE ASSIGNED A SPECIFIC CODE THAT INDICATES THE OBJECTIVE OF THE ORGANIZATION. IT’S LIKELY YOUR CLUB WOULD EARN A 501C3 CLASSIFICATION. BELOW ARE THE REQUIREMENTS TO FILE YOUR CLUB AS A NON-PROFIT ORGANIZATION:

- COMPLETE AN IRS 1023 OR 1023-EZ FORM
  - A 1023 IS A 12 PAGE DOCUMENT OUTLINING ALL FACETS OF YOUR ORGANIZATION. THE COST TO FILE THIS FORM IS $600.00.
  - A 1023-EZ IS A 3 PAGE DOCUMENT BRIEFLY SUMMARIZING YOUR ORGANIZATION. THE COST TO FILE IS $275.00.

- ENSURE THEIR CLUB’S/COMPANY’S OBJECTIVE ALIGNS WITH THE REQUIREMENTS OF A 501C3:
  - NET EARNINGS CANNOT BENEFIT ANY SHAREHOLDER OR PRIVATE INDIVIDUAL.
  - IT CANNOT BE CONSIDERED AN “ACTION ORGANIZATION” (A CORPORATION THAT USES ITS STANDING TO LOBBY OR INFLUENCE POLITICAL OUTCOMES OR CAMPAIGNS FOR/AGAINST ANY SORT OF LEGISLATURE
  - HAVE A CLEARLY THOUGHT OUT AND DESIGNED OBJECTIVE TO SHOW HOW YOUR CLUB/ORGANIZATION IS INVOLVED IN PHILANTHROPIC AND COMMUNITY ENRICHMENT EFFORTS. THIS PART IS VERY IMPORTANT, AS YOUR COMPANY’S OBJECTIVES AND COMPANY STRUCTURE ARE CRITICAL TO THE APPROVAL OF YOUR ORGANIZATION. THIS WILL BE EXPLAINED IN MORE DETAIL LATER IN THE GUIDE.

ONCE ALL REQUIREMENTS HAVE BEEN MET AND ALL DOCUMENTATION HAS BEEN SUBMITTED TO THE IRS, THE AVERAGE TURNAROUND TIME CAN RANGE FROM 2 - 12 MONTHS. HOWEVER, AS THE COVID-19 OUTBREAK HAS IMPACTED STAFFING, RESPONSE TIMES MAY VARY. GRANTSPACE IS A NON-PROFIT ORGANIZATION DEDICATED TO HELPING OTHER NON-PROFIT ORGANIZATIONS OBTAIN THE TOOLS AND RESOURCES NEEDED TO ACHIEVE THEIR MAXIMUM POTENTIAL. THE LINKS BELOW PROVIDE HELPFUL INFORMATION ON STARTING A NON-PROFIT AND WHETHER IT’S THE RIGHT FIT FOR YOUR CLUB.

HTTPS://GRANTSPACE.ORG/RESOURCES/KNOWLEDGE-BASE/STARTING-A-NONPROFIT

SECTION II: PROGRAM DEVELOPMENT

When working toward obtaining your non-profit status, it’s important to illustrate the holistic nature of your gym/club. Showing how your gym/club benefits the community is critical not only for obtaining your non-profit status, but attracting those you seek to receive funding from. In short, **show how boxing is only a portion of what you do.**

Begin to write things your club offers to your community. Some good questions to answer are:

- **Does my gym attract kids/people who are at-risk?** (Low income, reside in high crime areas, history of criminal activity, unstable family/home conditions, etc.)
- **Do I offer activities that provide alternatives to unlawful or dangerous activities?**
- **Do I give transportation to members of my gym?**
- **Do people in my community trust me by coming to me for help or advise?**
- **Have I ever purchased food, gloves, tape, etc. for people in my club who need it?**
- **Have I used my status in the community to help others?** (i.e. connecting people to resources they need)

The passage below is an example provided to us by USA Boxing member, Jennifer Richard. She has helped numerous boxing clubs obtain their tax exempt designation and obtain funding.

*The (Your Program name) is a mentoring program in (areas you serve) that uses the sport of boxing to draw in youth in order to have a positive impact in their lives. Boxing is a sport that notoriously attracts youth who are otherwise hard to reach. Our program specifically targets at-risk youth/young adults (low-income, broken families, currently or formerly on probation, history of drug abuse, etc.) ages 8 to 24 years old, in order to mentor them, instill values, and build character. Through the sport of boxing, our youth are mentored in all areas of their lives, including home life, relationships, school, work, college and their relationship with God. Boxing is a common ground we use to relate to youth on a deeper level.*

In the passage above, the applicant illustrates how they use boxing as a means of mentoring, relationship building, tutoring, and so on. It’s important to focus how boxing helps you achieve those objectives. Next, we’ll focus on creating the operational framework of your organization.
Once you’ve thought out what your club does for the community, it’s time to put that together. The forms which express the collection of these ideas will be your Articles of Incorporation. Below are a few key pieces, which make up these articles.

I. Mission Statement

One of the most important parts of this process is having a good mission statement. Not only does this tell people who you serve and how you serve them, but it’s a great barometer when making company decisions, guiding employees on how to act, and unify different parts of your club under one voice. Below is a link to help write the perfect mission statement.

https://donorbox.org/nonprofit-blog/nonprofit-mission-statement/

II. Business Plan

You may already have a business plan for your current club. However, it’s important your business plan aligns with the objectives and mission of your newly formed non-profit. If you do not have one, create one. Luckily, your Articles of Incorporation are a good start. A good business plan has detailed specifics on how you plan to achieve your mission. It’s also a good resource when looking to expand or start a new project. Below is a link on developing a business plan specifically for non-profits.

https://grantspace.org/resources/knowledge-base/business-plans

III. Create a Board of Directors

The IRS requires all 501c3 applicants to have a minimum of three board members. However, they are not required to serve any specific length of time. Choose members who are passionate about the mission and are willing to contribute toward it. Board members typically serve 1 - 5 years, but that depends on how you want to run your club. Plus, having a board of directors is a great way to ensure the organization is being run properly. The link below is a great resource on understanding the role an effective board has on your organization, choosing the best candidates, and the different roles found in a typical board of directors.

https://www.501c3.org/nonprofits-board-directors/

The link below are examples of what the articles of incorporation for a non-profit should look like.

https://form1023.org/how-to-draft-articles-of-incorporation
SECTION III: FUNDING

With a plan in place, it’s time to start thinking about funding. In becoming a non-profit, your club is now eligible for grants and alternate forms of financial assistance that for-profit organizations can’t apply for. However, applying for assistance is more than just asking for money. Funding models are critical to any non-profit, as they set the foundation on the action plan used to obtain funding.

FUNDING MODELS

Funding models describe the specific actions and resources used to obtain funding in a certain manner. Donations, fundraising, and grants are just a few forms of funding. Different funding sources require different skills to obtain said funds. For example, if you’re applying for a grant, you may need to show proficient writing and communication skills, while fundraising requires a strong focus on relationship building and interpersonal communication. Below are some of the more common funding models used by non-profit organizations, provided by the Stanford Social Integration Review (SSIR).

The Heartfelt Connector - A company who focuses on causes that resonate with large groups of people, and brings them together in ways that didn’t exist before. This model relies on volunteers and fundraising. (i.e. The Susan G Komen Foundation)

Beneficiary Builder - A company who provides a service below market cost and builds relationships with beneficiaries of those services to help increase donations. Typically used by schools and hospitals. (i.e. The Cleveland Clinic)

Member Motivator - By focusing on individual contributions, these types of organizations are typically membership based and advertise their service as critical to the membership’s way of life. (i.e. The National Wild Turkey Foundation)

Local Nationalizer - Big Brothers & Big Sisters of America is an example of this. These organizations earn funding by creating a network of smaller satellite locations, earning money from individuals, corporations, or special events local to each location.

These are only a few examples of the funding models used by non-profits. Below is a link from SSIR explaining these, and other funding models, in more detail.

https://ssir.org/articles/entry/ten_nonprofit_funding_models
ONE WAY TO EARN FUNDING IS TO ESTABLISH PARTNERSHIPS WITHIN THE COMMUNITY. FIND CORPORATIONS, MUNICIPAL PROGRAMS, OR INDIVIDUALS WHO SHARE THE SAME PASSION FOR YOUR OBJECTIVE. OFTEN TIMES, GRANTORS WILL LOOK TO SEE THE TYPES OF RELATIONSHIPS YOU’VE DEVELOPED TO GAUGE YOUR LEVEL OF COMMITMENT TO YOUR CAUSE. MANY SUCCESSFUL CLUBS HAVE PARTNERED WITH:

- JUVENILE COURT SYSTEMS
- CHILD PROTECTIVE SERVICES
- FOSTER CARE SYSTEMS
- MENTAL HEALTH AGENCIES
- LOCAL SCHOOLS AND COLLEGES

WORKING WITH SUCH ORGANIZATIONS HELP ESTABLISH YOUR ORGANIZATION’S/CLUB’S REPUTATION, MAKING PARTNERSHIPS AND AWARDING GRANTS TO YOUR CLUB MUCH MORE ATTRACTIVE TO POTENTIAL DONORS/PARTNERS. PARTNERSHIPS NOT ONLY DRIVE REVENUE, BUT CAN HELP YOU OBTAIN ITEMS OR SERVICES KEY TO YOUR OPERATIONS (TYPICALLY REFERRED TO AS VALUE-IN-KIND PARTNERSHIPS).

FOR EXAMPLE, YOUR CLUB MAY NEED 10 PAIRS OF BOXING GLOVES FOR KIDS IN YOUR PROGRAM WHO CAN’T AFFORD THEM. YOU HAVE A RELATIONSHIP WITH STING SPORTS, SO YOU ASK THEM TO PROVIDE THOSE GLOVES AT NO COST. IN RETURN, THEY ASK YOU TO HANG THEIR BANNER IN YOUR GYM TO HELP THEM ADVERTISE. THESE TYPES OF RELATIONSHIPS ARE VERY IMPORTANT, AS GRANTORS/SPONSORS MAY BE MORE OPEN TO OFFERING ASSISTANCE VIA AN IN-KIND AGREEMENT OVER ONE WHERE THEY OFFER CASH. THIS CAN ALSO INCLUDE PARTNERING WITH A WELL ESTABLISHED AGENCY TO HELP FACILITATE YOUR PROGRAM FOR EXAMPLE, ONE OF OUR MEMBERS PARTNERED WITH THE YMCA. DOING SO ALLOWED THE CLUB TO:

- GAIN FURTHER RECOGNITION IN BEING ASSOCIATED WITH THE YMCA NAME
- RECEIVE FUNDING AND SUPPORT FROM THE YMCA
- MARKETING COSTS ARE ELIMINATED, AS THE YMCA BECOMES RESPONSIBLE FOR THOSE COSTS
- COACHES AND ADMINISTRATORS ARE PAID

THIS PARTNERSHIP ALLOWED THEM TO SERVE MORE PEOPLE THAN THEY EVER COULD ALONE. THE FOLLOWING LINK HAS GREAT INFORMATION ON THE IMPORTANCE OF STRATEGIC PARTNERSHIPS.

https://www.classy.org/blog/strengthen-nonprofit-strategic-partnership/
GRANTS

Grants are a more traditional means of obtaining funding. Grant funding is very competitive. It’s not uncommon for numerous companies to compete for the same grants. To increase your chances of being awarded a grant, it is important to consider searching for grants across different platforms.

Note: When strengthening your grant application, it’s helpful to track the impact your organization has made. Stating, “My program keeps kids off the streets” is much less impactful than, “My program helped 50 kids in my neighborhood stay off the streets.” Plus, data gives donors tangible results, which are critical to developing a successful partnership agreement. This helps paint the picture of your organization to a prospective partner.

**Foundation Directory**

https://fconeonline.foundationcenter.org/

This organization offers assistance to non-profits seeking funding by giving them access to an extensive database of donors looking to provide assistance. Here, you can research different companies to ensure you choose a donor/organization that is the right fit. However, this resource is not free. Services start at $49.99. Fortunately, this service is offered through local libraries at a reduced or no cost.

**Federal Grant Database**

https://www.grants.gov

A free government resource which lists all available federal grants. With nearly 3,000 available federal grants, there is likely a grant suited for your program. This service is also available as a mobile app.

**Grant Gopher**

https://grantgopher.com/grants-for-nonprofits

A simple, no frills, website that provides a list of donors and organizations currently accepting grant applications. Here, you can filter results by state, county, or program area. They offer additional services, for a fee, but their "lite" service is free to use.

**Local Organizations**

Lastly, numerous donors and organizations offer support to members of their community. It’s not uncommon to find local organizations that offer grants, which are rarely publicized. Many cities offer various grants for youth programs or other social services, which your club can benefit from. Local grants are a great option, as they are typically less competitive than nationally publicized grants.
CONCLUSION

USA BOXING UNDERSTANDS THE DIFFICULTIES MANY CLUB OWNERS CURRENTLY FACE. WE AIM TO BE GOOD STEWARDS OF THE SPORT, AND TO OUR MEMBERS, BY PROVIDING AS MANY RESOURCES TO OUR CLUBS AS POSSIBLE. WE HOPE THIS GUIDE HELPS CLUBS IN NEED BY TAKING ADVANTAGE OF ADDITIONAL RESOURCES MADE AVAILABLE BY REPOSITIONING THE THINGS THEY DO CURRENTLY. AS THE NON-PROFIT SECTOR CAN BE COMPLEX AND OVERWHELMING, THIS GUIDE IS BY NO MEANS A DEFINITIVE RESOURCE. FOR ADDITIONAL QUESTIONS SURROUNDING THE FORMATION OF A NON-PROFIT, TAX IMPLICATIONS, AND ANYTHING ELSE DISCUSSED (OR NOT DISCUSSED) IN THIS DOCUMENT, PLEASE SPEAK TO A LICENSED PROFESSIONAL FOR ASSISTANCE.

ON BEHALF OF USA BOXING, WE THANK YOU FOR YOUR ONGOING AND TIRELESS SUPPORT OF OLYMPIC STYLE AMATEUR BOXING. WE WOULDN’T BE ABLE TO DO THIS WITHOUT YOU!
The flow chart below can be used as a general resource on the process of applying as a non-profit. Any specific questions should be directed to a professional for assistance.