



MidwayUSA Foundation, Inc.

6001 W Van Horn Tavern Rd, STE C

Columbia, MO 65203-9258

(573) 447-5957

www.midwayusafoundation.org

General Guidelines for Creating a Youth Shooting Team/Organization

Organization Guidelines for Opening a MidwayUSA Foundation Endowment Account.

A youth shooting sports team that is a formal part of a larger non-profit “parent” organization that is already formally/legally organized should use the parent organization’s credentials when creating its MidwayUSA Foundation Team Endowment Account. Some examples of this are teams that are formally part of a high school or college (not just using their name), a 501(c)(3) organization, a sportsmen’s club, church, etc.

An independent youth shooting sports team entity that is not part of a larger non-profit parent organization, must create its own legal organization using the following guidelines:

A team must be organized and recognized within its respective state as a not-for-profit entity, preferably a corporation. A properly organized and operated corporation also provides some liability protection. MidwayUSA Foundation will not accept an Individual, a Sole Proprietor, a Single Member LLC, or any for-profit entity. Since each state has different requirements for corporations and not-for-profit entities, it is difficult to provide a single standard. **Therefore, we strongly suggest that teams consult competent legal and/or tax advisor(s) before creating a legal entity.** Once the team is set up as a not-for-profit within its state, the team must apply for an IRS issued federal Employer Identification Number (EIN) using its state recognized not-for-profit name. Keep in mind that being recognized by the state as a not-for-profit does not necessarily make the corporation federally tax exempt. After receiving the corporation’s EIN and before any grants are received, a bank account should be set-up for the team using that EIN as the tax responsible entity. **All team business conducted with MidwayUSA Foundation will be linked to the team organization’s EIN, and the total value of all cash and noncash grants awarded during a calendar year may be reported to the IRS using form 1099-Misc.**

Steps for a nonprofit corporation:

1. Develop team By-laws (See example on pages 2-4). Consider the non-profit options and requirements of your state when developing the team’s By-laws. Information from the By-laws may be required to complete the forms for steps 2 & 3. For instance, your team must have a unique corporate name within your state.
2. Complete the articles of incorporation forms for your state (*See state links on page 5*).
3. Apply to your state to be recognized as a not-for-profit corporation (*This may be combined with step 2 in your state*)
4. Once recognized by your state, apply to the IRS for your Federal Employer Identification Number (EIN) (*See IRS link at the bottom of page 5*)
5. Set-up a team bank account using the not-for-profit corporation name and EIN



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The IRS also allows youth sports team booster clubs, identified as **Sports Teams (community)**, to acquire an EIN simply for banking purposes without a corporate structure as previously described.

“These organizations are comprised of sports teams or clubs primarily participating in live sporting events before a non-paying audience. Examples include bowling leagues and little league teams. These groups generally apply for EINs for banking purposes only.”

https://sa.www4.irs.gov/modiein/individual/help/all_organizations_type.jsp#50

While MidwayUSA Foundation believes a more formal organizational structure, like a nonprofit corporation, is better for multiple reasons, a Sports Team (community) entity is acceptable for opening a Team Endowment account.

If you have any questions about this information or are unsure about your team/organization and where it fits within these guidelines, please contact the MidwayUSA Foundation for assistance.

Phone: 573-447-5957 option 3

Email: info@midwayusafoundation.org

MidwayUSA Foundation strongly suggests that teams consult a competent legal and/or tax advisor(s) before creating a legal entity.

MidwayUSA Foundation State Non-Profit Requirements

Due to our growth and, therefore, more stringent audit standards, the MidwayUSA Foundation requires teams to register as an official non-profit corporation within their state, except for booster clubs, in order to create or maintain a Team Endowment Account. The non-profit stipulation **does not** require a team to be tax exempt or a 501(c)(3). There are important differences between “state non-profit,” “federal tax exempt,” and a “501(c)(3),” so please review the following information.

The Difference between a Non-Profit Corporation and a 501(c) Organization

This information is based on an article by Sam Ashe-Edmunds, Demand Media

<http://smallbusiness.chron.com/difference-between-non-profit-corporation-501c3-59719.html>

Not all non-profits are tax-exempt [501(c) organizations], and not all tax-exempt organizations are charities. A *non-profit corporation is a state entity that does not come with a federal tax exemption. Not every non-profit organization needs to apply for federal tax-exempt status.*

State Non-Profit Corporation

The first step in becoming a non-profit organization begins with a state registration as a non-profit corporation. Each state has its own requirements for non-profit corporation status, and you can find the rules for your state by visiting the website of your Secretary of State. The process is usually simple, requiring paperwork you can file online and a small fee, often less than \$100. State non-profit incorporation **does not** come with federal tax-exempt status, but the organization can apply for and receive some tax relief at the state level, such as sales or income tax. Some state non-profit organizations never apply for federal tax-exempt status.



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Federal Tax-Exempt Status

A 501(c)(3) may allow donors to take a tax deduction for contributions of goods, cash and other assets.

MidwayUSA Foundation does not require an organization to be a 501(c)(3) to open an endowment account. If you believe the federal tax exemption and public charity status will be beneficial for your team/organization, we recommend you review information provided on the IRS website <https://www.irs.gov/pub/irs-pdf/p557.pdf> and consult a competent legal and/or tax advisor(s).

Summary

MidwayUSA Foundation requires teams to be an official state non-profit corporation or Sports Team (community) (booster club) in order to create a Team Endowment Account. Filing for federal tax-exempt status or becoming a 501(c)(3) is not required. **We recommend seeking competent legal and/or tax advice for additional information and assistance.**

Sample Bylaws (without members)

When creating a non-profit corporation, you will need write bylaws. The following bylaws (next 3 pages) are intended only as a model. They show some of the most general ways of writing bylaws. An organization has a great deal of latitude in shaping its bylaws, and does not need to follow this model. Keep in mind that the organization can and should amend its bylaws as often as necessary to keep up with changes to the organization. Organizations are free to reproduce all, or parts of the samples provided in this section.



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BYLAWS of ABC NONPROFIT

Items highlighted in red type signify information specific to the organization. Other information provided in this sample may not be adequate for all types of nonprofits and are provided only as an example.

Article I must be included. For organizations not incorporated, state that the nonprofit is organized in compliance with the laws of the specific state.

The purpose statement must maintain the standards stated in IRS Publication 557 and give a brief description of the organization's goals to ensure approval of Federal tax exemptions.

ARTICLE I – NAME and PURPOSE

Section 1 – Name: The name of the organization shall be **ABC Nonprofit**. It shall be a nonprofit organization incorporated under the laws of the **Specific State**.

Section 2 – Purpose: **ABC Nonprofit** is organized exclusively for charitable, scientific, and education purposes.

The purpose of this corporation is: **to conduct charitable and educational activities to support youth shooting sports programs which teach firearms safety, shooting and hunting outdoor skills.**

ARTICLE II – MEMBERSHIP

Section 1 – Membership: Membership shall consist of the board of directors.

ARTICLE III – BOARD OF DIRECTORS

Section 1 – Board role, size, and compensation: The board is responsible for overall policy and direction of the association, and delegates' responsibility of day-to-day operations to the **staff and committees**. **The board shall have up to 20, but not fewer than 16 members**. The board receives no compensation other than reasonable expenses.

Section 2 – Terms: All board members shall serve **two-year terms**, but are eligible for re-election for up to **five consecutive terms**.

Section 3 – Meetings and notice: The board shall meet at **least quarterly**, at an agreed upon time and place. An official board meeting requires that each board member have written notice at least two weeks in advance.

Section 4 – Board elections: During the **last quarter of each** fiscal year of the corporation, the board of directors shall elect Directors to replace those whose terms will expire at the end of the fiscal year. This election shall take place during a regular meeting of the directors,

The statutory limit for a board term in 10 years.

A board of directors must meet at least once during a fiscal year.



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called in accordance with the provisions of these bylaws.

Section 5 — Election procedures: New directors shall be elected by a majority of directors present at such a meeting, provided there is a quorum present. Directors so elected shall serve a term beginning on the first day of the next fiscal year.

A quorum of directors for the purpose of conducting transactions, consisting of at least 1/3 of the directors.

Section 6 — Quorum: A quorum must be attended by at least forty percent of board members for business transactions to take place and motions to pass.

A board must consist of at least a chair/president and a treasurer. Other offices can be created as needed.

Section 7 — Officers and Duties: There shall be four officers of the board, consisting of a chair, vice-chair, secretary and treasurer. Their duties are as follows:

The chair shall convene regularly scheduled board meetings, shall preside or arrange for other members of the Executive Committee to preside at each meeting in the following order: vice-chair, secretary, treasurer. (Secretary / Treasurer may be the same person.)

The vice-chair shall chair committees on special subjects as designated by the board.

The secretary shall be responsible for keeping records of board actions, including overseeing the taking of minutes at all board Meetings, sending out meeting announcements, distributing copies of Minutes and the agenda to each board member, and assuring that corporate records are maintained.

The treasurer shall make a report at each board meeting. The treasurer shall chair the finance committee, assist in the preparation of the budget, help develop fundraising plans, and make financial information available to board members and the public.

Section 8 — Vacancies: When a vacancy on the board exists mid-term, the secretary must receive nominations for new members from present board members two weeks in advance of a board meeting. These nominations shall be sent out to board members with the regular board meeting announcement, to be voted upon at the next board meeting. These vacancies will be filled only to the end of the particular board member's term.



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Section 9 — Resignation, termination, and absences: Resignation from the board must be in writing and received by the secretary. A board member shall be terminated from the board due to excess absences, more than two unexcused absences from board meetings in a year. A board member may be removed for other reasons by a three-fourths vote of the remaining directors.

Section 10 — Special meetings: Special meetings of the board shall be called upon the request of the chair, or one-third of the board. Notices of special meetings shall be sent out by the secretary to each board member at least two weeks in advance.

Committees are assigned by the board of directors to work on specific issues facing the organization. Standing committees, such as an Executive Committee or Finance Committee, should be outlined in the bylaws, whereas ad hoc committees can be created for a time period set by the board of directors.

ARTICLE IV – COMMITTEES

Section 1 — Committee formation: The board may create committees as needed. The board Chair appoints all committee chairs.

ARTICLE V – AMENDMENTS

It is necessary for the bylaws to detail how they are to be amended. Because the bylaws are more detailed than the articles of incorporation, they should be updated and changed in accordance with the organization's growth and change.

Section 1 — Amendments: These bylaws may be amended when necessary by two-thirds majority of the board of directors. Proposed amendments must be submitted to the secretary to be sent out with regular board announcements.

CERTIFICATION

A copy of the original articles and bylaws should be filed for the organization's records.

These bylaws were approved at a meeting of the board of directors by a two-thirds majority vote on _____.

Secretary

Date