

Earning Our Tax Exemption Every Day



YMCA

We build strong kids,
strong families, strong communities.

Earning Our Tax Exemption Every Day

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Background and History of YMCAs' Charitable Status

Basic Tax Exemption Facts

- For more than a century, the federal government and state courts and legislatures have agreed that YMCAs qualify for their charitable tax exemption.
- Since 1984, it has been the IRS position that a YMCA qualifies for tax exemption, demonstrated primarily by:
 - Accessibility to all in the community it serves;
 - Affordable membership dues and program fees;
 - Providing financial assistance.
- Every YMCA is an independent, charitable not-for-profit organization, qualifying under Section 501(c)(3) of the U.S. tax code.
 - To protect for-profit businesses from unfair competition, there are provisions to tax any charity that engages in business unrelated to its charitable exemption.
 - That tax is called Unrelated Business Income Tax (U.B.I.T.).
 - It is charged at a higher rate than tax on for-profit business activities.
- Regulations on property and sales tax situations differ in states and localities.

Tax Exempt Standard Reaffirmed at Federal Level

- Congress and the IRS have conducted intensive reviews of tax treatment of YMCAs.
- Both reaffirm the “community benefit standard” for tax exemption of YMCA operations.
 - This IRS standard, which has been applied to YMCAs since 1984:
 - Does not require the YMCA to give away most of its services
 - Does not require a precise correlation between the income distribution in the community and that in the YMCA membership
 - Does require a YMCA to show its adult fitness membership includes significant representation from various income levels in the community
 - No YMCA has failed to meet this standard, to the knowledge of YMCA of the USA.
- Most challenges in the 1980s were made on two grounds:
 - To revoke a YMCA's tax exempt status
 - To require a YMCA to pay U.B.I.T. on income from such activities as adult fitness centers and school-age child care programs

Health Club Industry Challenges—Lessons Learned

- Most often led by the major trade association, the International Racquet Sports Association (IRSA), now called International Health, Racquet and Sportsclub Association (IHRSA), sometimes teaming with other business trade associations.
 - IHRSA's challenges at the national level:
 - Has urged Small Business Committee of U.S. House of Representatives to ask General Accounting Office to investigate whether YMCAs and not-for-profit hospital fitness centers "actually serve needy individuals and charitable classes"
 - Attacked YMCAs, not-for-profit hospital fitness centers and government recreation departments in slick, 15-page 1996 booklet *The Case for Fair Competition*, which includes several misstatements. See point-by-point response in Section 5.
 - How IHRSA may work at the state or local level:
 - Often provides guidance to state and local challenges
 - IHRSA representative recently testified at Pennsylvania legislative hearings to support barring not-for-profits from offering any service that could be purchased from a business
 - IHRSA Web page
- "U.B.I.T. Watch"
 - Based in Albuquerque, N.M.; national in scope
 - Headed by a for-profit club owner (Scott Garrett)
 - Current focus is on disrupting capital campaigns
 - Responsible for attack on YMCA of North Oakland County, Mich., that threatened to derail its capital campaign
- Any local not-for-profit agency seeking to deflect possible challenges to its own tax status (for example, hospitals)
- Key state court decisions on unusually restrictive definitions of a tax exempt charity
 - Example: In 1989, the Commonwealth Court of Pennsylvania overturned a trial court decision that the Pittsburgh Metropolitan YMCA's downtown branch—which catered mainly to adults—was 100 percent taxable.
 - The case resulted in a voluntary agreement whereby the downtown branch paid tax on about half the value of the building until the end of 1996.
 - Other branches remained exempt.
 - In 1992, the California Court of Appeals upheld a trial court decision that the Downtown Oakland Branch YMCA meets the state's tests for charitable tax exemption.
 - The case had originally been filed by a health club coalition.
 - Again, only the downtown branch was involved.
- What makes a Y vulnerable to challenge, and what can a Y do to strengthen its tax exempt position? The YMCA of Columbia-Willamette, Portland, Ore., is a national example.
 - The case:
 - With a for-profit club owner paying the county's legal bills, the county revoked the property tax exemption of the Portland Y's Central Branch/Metro Family.
 - The state Supreme Court upheld revocation on the grounds that the Central Branch/Metro Family YMCA did not provide sufficient donated services to qualify as a charity.

- After making fundamental changes, the YMCA regained property tax exemptions in 1992, and the Oregon Tax Court upheld that reinstatement.
- Key factors that make a Y vulnerable:
 - Upscale, adults-only fitness facilities
 - Minimal scholarship programs
 - Expensive upper-tier and discount memberships
- Operational changes implemented by the Portland Central Branch—how all Ys can assure their programming reflect the community service mission.
 - Moving to single-tier memberships
 - Increasing scholarships
 - Changing from adults-only to family programming
 - Aggressively developing community outreach programs to serve youth, seniors, other groups in need
 - Better positioning of Y to assure the public and key decision makers know why the Y is vital and worthy of support
- Though health club challenges waned in the early 1990s, unfortunately they are increasing again.

Challenges by Child Care Providers—Lessons Learned

- Most challenges originate with other child care providers—especially, for school-age children.
 - For-profit child care centers charging unfair competition
 - Schools interested in operating after-school child care programs
 - National Child Care Association, based in Conyers, Ga.—a trade group of for-profit child care companies
 - National for-profit child care operations or franchises;
 - Voyager, a relatively new force in the child care arena:
 - A for-profit company offering after-school learning and enrichment programs; has plans to expand
 - Teacher-directed, with solid curriculum, but without the balance of Y programs, which feature games, sports, recreation time, etc.
 - In some schools where YMCAs are or were operating child care
 - Not-for-profit arm, Voyager Foundation, raises funds for schools and for children who cannot afford the program
- In the late 1980s, for-profit child care providers unsuccessfully attacked school-based YMCA child care programs in Virginia, Texas and Louisiana. These cases taught:
 - Challengers are often better at raising the issue of competition than at following through by developing high-quality programs like those of the YMCA.
 - Y programs need not fear an open bidding process and can actually benefit by participating with school boards in developing program standards for open bids.
 - A for-profit challenge timed during the fall enrollment period may be designed not to shut down the Y program, but to cause media attention that will create parental concern about program stability, so parents select another provider.

- The time to build a political base is before a Y program is challenged.
- A 1993 Iowa case set precedent for challenges in the '90s:
 - The case originated in a complaint by a for-profit child care competitor.
 - The Iowa Supreme Court upheld a trial court ruling that a YMCA child care center qualified for property tax exemption as charitable.
- Thus far, results of challenges by child care providers have resulted primarily in affirming Ys' high standards for child care.

Challenges by Taxing Authorities

- Today, more and more government officials or agencies are looking to increase the tax base.
- Because Ys' tax exempt status has been widely upheld in the courts in those cases where Ys can prove their community service mission, recent challenges have tended to take more subtler forms than direct court challenges.
- Today, when a taxing authority challenges a Y's tax exempt status, it may be at the urging of for-profit competitors or other not-for-profits.
 - The Central Branch/Metro Family YMCA, Portland, Ore., case (see page XX) is an example of for-profits getting behind local taxing authority.
 - Not-for-profits initiate challenge in an effort to deflect scrutiny concerning their own tax exempt status.
- Some localities require or request "payment in lieu of taxes." If this happens, call the General Counsel of the YMCA of the USA at 800-872-9622.
- These challenges point to the importance of positive relationships with local policy makers—with school board members, county supervisors or city council, legislators, tax assessor, etc., as well as the media.

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Proactive Positioning to Predict, Prevent and Prevail Over Challenges

Begin by Understanding Possible Challenges

Having to react to tax challenges may put your YMCA in a crisis mode. To avoid this upheaval, be proactive instead.

Prepare now! Positioning your Y in a positive mode begins with understanding the kinds of challenges that might be launched against your YMCA.

- **Timing:** Be aware that new challenges may arise when a YMCA undertakes to:
 - Launch a capital campaign for a new building or new program
 - Seek approval for tax exempt bond financing
 - Lease property, especially government-owned property
 - Begin or expand child care programs, especially in the schools
 - Collaborate with either not-for-profit or for-profit partners
- **Types:** New challenges by for-profit competitors or taxing authorities may take indirect and subtle forms, such as:
 - **Contacting major prospective donors to a capital campaign:**
 - Claiming incorrectly that YMCAs must seek an advance tax exemption ruling from the IRS before constructing a new facility
 - Implying that donations might not be tax exempt
 - **Disrupting partnerships with local government:**
 - Provoking controversy over decisions such as granting YMCAs favorable lease arrangements on city or county land or in municipal buildings
 - Urging school boards to charge the YMCA rent or other fees for Y age-appropriate child care programs housed in school buildings
 - Suggesting “Payment In Lieu of Taxes”
 - **Charging that YMCA fitness or child care centers or programs constitute unfair competition to for-profit enterprises by taking “clients” from them**
 - **Threatening that YMCA facilities and/or programs shrink the tax base:**
 - Spreading fear that new Y fitness or child care facilities will compete unfairly and force for-profit enterprises out of business, thus costing jobs and weakening the tax base
 - Incorrectly suggesting that Ys’ encouragement of volunteerism undercuts paying jobs that strengthen the tax base
 - **Waging active anti-Y campaigns in the press to damage public perception of Y child care and disrupt enrollment in Y programs**
 - **Carrying on other powerful “nuisance” challenges to YMCA child care programs in an effort to break down relationships between the Y and local policymakers:**
 - Lobbying behind the scenes for development of school-based child care programs, even though Ys are already providing high-quality age-appropriate programs

- Objecting that an open bidding process was not followed when a Y program was chosen to provide school-based child care
- Urging school boards to cancel contracts with YMCAs for child care programs
- Asking legislators or governors to designate schools as exclusive providers of school-age child care
- Campaigning actively in the press against the Y or Y programs
- Threatening to cease business with Y board members

Documentation to Underscore Your YMCA's Service Mission

Compile and periodically update financial and statistical evidence to document your position that the YMCA earns its tax exempt status every day. To do this, follow these steps:

- Develop a "Facts at Your Fingertips" profile of the YMCA, which includes:
 - Basic budgetary information
 - A statement of the YMCA's financial assistance policy and how it is publicized
 - Estimates of the value of the subsidies the YMCA provides. These fall into three general categories (for an example of how one YMCA made these estimates, see Toolkit Document 5: Case Studies and Supporting Materials):
 - Scholarships or other financial assistance to people in need
 - Subsidies for membership categories (e.g., youth, senior)
 - Program subsidies (e.g., child care, teen programs, youth sports, activities for people with disabilities)
 - Free or low-cost use of Y facilities by community groups (e.g., Big Brothers/Big Sisters, Boys and Girls Clubs, Scouts)
 - Event subsidies (e.g., family nights, teen nights, Healthy Kids Day)
 - The number of YMCA volunteers and the approximate number of hours they worked (for an example of how one YMCA put this information together, see Toolkit Document 5: Case Studies and Supporting Materials)
 - The subsidy value of use of the YMCA facility. (Note: Because dues and fees are too low to recover depletion of the YMCA's capital assets, everyone using the YMCA benefits from the charitable contributions that went into building or rehabilitating the facility. Unfunded depreciation is a rough approximation of the value of this subsidy.)
 - YMCA Safety Training—e.g., Safe Swim training, lifeguard training, CPR training
 - Usage information about your YMCA (because youth members often use the YMCA more frequently than adults, this may allow you to show a higher proportion of use by young members than their relative membership share would indicate); you may also wish to emphasize the Y's contribution to the local community's social fabric by being a place where all participate, regardless of income; all can join in equally
 - How character development is included in all programs, including fitness programs
 - How your programs support the underprivileged, the disadvantaged or the disabled
 - A list of practices your YMCA avoids:
 - Programs and facilities will not include activities or equipment that are not medically sound (e.g., tanning beds, unsafe exercise programs)

- Documentation that the Y does not market or advertise programs the way that for-profits do—no price comparisons, hard-body sex appeal, etc.
- Documentation of positive positioning in all YMCA advertising:
 - Ads contain the YMCA mission statement and/or organizational description
 - Ads portray the diversity of audiences the YMCA serves
 - Ads contain a balance among all the Y's programs
- Tax exempt status documentation—Be sure to have these on hand should you need to respond quickly to a challenge to your Y's tax exempt status.
 - Copies of the YMCA's last three IRS annual information returns (Form 990), if requested. (You are not required to provide the attachment that lists the YMCA's major contributors.)
 - The YMCA's Application for Recognition of Exemption (IRS Form 1023)
 - The Y's exemption letter from the IRS (unless the application was submitted before July 15, 1987, and you did not have a copy in your files on that date)

Other Information to Aid in Positive Positioning

- To assist each YMCA in positive positioning, the YMCA of the USA provides the following materials:
 - Basic informational sheets:
 - YMCA fact sheet "At a Glance"
 - "YMCA Strategic Directions"
 - "YMCA Characteristics, YMCA Goals"
 - "Sample Phrases for Mission Statements and Organizational Descriptions"
 - Integrated Positioning Campaign materials
 - YMCA Communications Example Books:
 - Free; arranged by subject;
 - Contain photocopied promotional pieces from local YMCAs;
 - Available on request from the Association Development and Communications department. To request an order form, call 800-872-9622, ext. 520.

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Action Plans to Prevent and Prevail Over Challenges

Preparedness Action Plan

- The best way to prevent a challenge is to be prepared.
 - Timing is everything: Prepare for potential challenges before starting a capital campaign, bond issue, collaborations, new programs or facilities.
 - Complete a needs assessment, not simply a market survey.
 - View competition and challenges as healthy.
 - They motivate us to stay current with trends and issues affecting our programs, our communities and our mission.
 - They give us an opportunity to reinforce the traditional differences between YMCAs and for-profit businesses.
- Ensure that YMCA programs match your mission.
 - The goal is always to build strong kids, strong families, strong communities.
 - Emphasize that YMCA programs are inclusive:
 - They serve the whole community, regardless of ability to pay.
 - They serve children and adults with special needs.
 - They serve people of all faiths, races, abilities, ages and incomes.
 - Develop programs to meet community needs, working in partnership with local policymakers, school officials and community leaders.
 - This will build a strong political base and assure that public policy is not being made without complete information about YMCA programs.
 - If a challenge occurs, these powerful individuals will understand and support the Y's not-for-profit charitable mission and programs.
 - Periodically survey policymakers, community leaders and affected groups—ask how well programs are meeting community needs. Invite them to visit your Y.
 - Develop programs with strict quality standards, ongoing monitoring and evaluation procedures.
 - Seek accreditation whenever appropriate.
 - Avoid programs and policies that might make your Y vulnerable to challenge.
 - Educate the community that the YMCA's strengths extend beyond any single activity or a single audience.
 - Underscore that YMCAs take a holistic approach to designing programs that help build spirit, mind and body for all.
 - It is your mission to work on all three areas.
 - Character development is part of all programming.
 - This distinguishes the Y from health clubs and traditional child care.
- Constantly review and update programs to reflect the YMCA's long-range plans.
- Emphasize that the YMCA's international mission reflects its charitable status; specify how your Y is involved in a worldwide movement

- Indicate if your Y has provided community support in a crisis situation.
- Promote volunteerism as a way to develop leadership skills that strengthen the community, the nation and the world.
- Note that your contributors believe in what you do. Given that challenges often come when a Y strives for the quality of facilities and services the community deserve, ask what is wrong with providing high-quality, clean, new buildings to the disadvantaged as well as the advantaged?

Public Perception Action Plan

- To create positive public awareness, always emphasize that YMCA programs build strong kids, strong families, strong communities and healthy spirit, mind and body. Describe how you do these things. It is always helpful to tell stories about particular lives changed as a result of the Y.
 - Advertising and promotion—Guidelines for materials, messages:
 - Keep a noncompetitive tone, consistent with the Y mission.
 - Build awareness of all programs, not just fitness programs.
 - Do not compare prices, equipment and facilities.
 - Focus on program benefits and services.
 - Do not use hard-body advertising based on sex appeal.
 - Keep messages clear and simple.
 - Use photos depicting a diverse population (age, race, gender, ability).
 - Do not offer discounts on programs or membership.
 - Always include a mission statement or organizational description:
 - Use the phrase “not-for-profit charitable organization.”
 - Example: “The (name) YMCA is a not-for-profit charitable organization dedicated to developing spirit, mind and body for all. It works to nurture the healthy development of children and teens; strengthen families; and make communities healthier, safer, better places to live. Based on Judeo-Christian principles, the Y is open to all people, regardless of religion, race, income, age, ability or gender. Financial aid is available.”
 - Always include a financial aid statement, such as:
 - “No one is turned away because of inability to pay.”
 - “No one will be denied participation for lack of funds.”
 - “Financial aid is available.”
 - Join the YMCA’s multifaceted Integrated Positioning Campaign
 - Balances different programs, targets diverse population
 - Emphasizes service mission
 - Builds and reinforces positive perceptions of YMCA
 - Balance information and focus on different YMCA programs and diverse audiences in newsletters and other printed materials.

Challenge Response Action Plan

All the planning in the world cannot assure your YMCA will avoid challenges. Here are basic steps to follow if a challenge occurs:

- Review this toolkit.
- Update (compile, if documentation not already in place) information to support your YMCA's tax exempt status (see Proactive Positioning: Toolkit Document 2, page XX).
- Drawing from these sources, prepare a one-page statement of your YMCA's case for tax exemption. (As examples, see Shasta County (Calif.) YMCA and Valley of the Sun YMCA, Phoenix, sheets in Toolkit Document 5—Case Studies and Supporting Materials, page XX).
- Notify your board of directors and provide them with statements and copies of Toolkit Document 4—Sound Bites and Q&As (page XX) and other pertinent documents, so they can respond to queries they may receive.
- Inform the YMCA of the USA General Counsel's office at 312-269-1136. For media relations, call Dan Maier at 312-269-1129 or Arnie Collins at 312-269-1151. You can call the YMCA of the USA toll-free at 800-872-9622.
- Determine if the challenger has contacted anyone else (such as media, government officials, YMCA donors, etc.) and contact these people to make the case for the YMCA.
- Respond briefly, succinctly, but quickly to media inquiries or to letters to the editors of local newspapers.
 - Designate one spokesperson, preferably a volunteer.
 - Respond first by telephone, recognizing the time-sensitive nature of media inquiries.
 - Follow up with a written response by fax or mail.
 - Sign written responses by a YMCA policy volunteer, not a staff member.
- If these contacts do not dissipate the challenge, call the YMCA of the USA General Counsel's office for additional assistance at 312-269-1136.

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Sound Bites and Q&As To Make the Case for Charitable Status

To make the case that the YMCA is earning its tax exemption every day, you need fast facts. This is true whether you're talking or writing; whether your audience is the media, the public, community decision makers or those who seek to challenge your YMCA's charitable not-for-profit status.

These sound bites will make your case for the YMCA's charitable tax exemption, and these questions and answers will prepare you to handle the hard questions that may come your way.

Be sure to amplify the sound bites and Q&As to reflect your own YMCA situation, adding supporting facts, statistics, points, anecdotes and quotes that bring your message to life and give it a human face.

How the YMCA Meets Community Needs: Basic Sound Bites About the Y's Charitable Mission

The (name) YMCA is a not-for-profit charity that is governed by a board of community volunteers. It receives its tax exempt status from the government because it provides for important community needs.

The (name) YMCA's work is summed up in just eight words: We build strong kids, strong families, strong communities. Everything we do is dedicated to that purpose.

The (name) YMCA offers activities and programs for people of all ages, incomes, religions, races and abilities.

The (name) YMCA provides programs and activities that the community wants and needs, whether these programs pay for themselves or not. The YMCA will never turn anyone away due to inability to pay.

Last year, the Y provided scholarships that enabled ____ adults and kids to participate in Y programs and activities. The YMCA subsidized membership dues for ____ youth memberships and ____ senior members.

The Y provided subsidized child care for ____, making it possible for moms and dads to go to work knowing their youngsters are in an environment where they will not only be cared for but also be taught positive character-building values—caring, honesty, respect and responsibility.

We also allowed many community groups—including (names)—to use Y facilities at little or no cost.

The YMCA supports the disabled population in our community by: (programs).

The (name) YMCA is more than just a collection of programs and activities. The YMCA provides family-centered, value-focused programs to build healthy spirit, mind and body.

The (name) YMCA is more than a gymnasium and swimming pool (or, more than child care and after-school programs for school-age kids). The Y teaches values. It builds character. It mentors, it teaches, it provides job skills. In other words, we provide the YMCA's legendary services to children, families and communities. That's what the Y's mission statement says—and that's what we do. We build strong kids, strong families and strong communities.

Through teaching and by example, the (name) YMCA encourages positive character-building values—caring, honesty, respect and responsibility. (Detail some ways you include these in your programming.)

The (name) YMCA is one of the few places in our society where people of different incomes come together on an equal footing for the good of all.

The YMCA gives voice and action to the generosity of spirit, ideas and resources that represent the best of our nation and its people.

The (name) YMCA provides a framework where people in more advantaged circumstances are challenged to help meet the broader needs of the community and to give time and money to help those less fortunate than themselves. Conversely, people with few advantages are pulled into a mainstream organization that helps them escape social isolation.

At a time when charities are being asked to do more than ever, the (name) YMCA and other not-for-profits are providing much-needed services to this community.

The YMCA has no private owners or stockholders. The Y is "owned" by the community itself.

At the YMCA, we use any revenue surplus to fund scholarships, to strengthen existing programs or to start new ones.

When individuals and businesses invest time, expertise, energy or funds in the YMCA, they get a very good return on their investment—a community organization that offers hope, opens doors, encourages self-improvement, trains leaders and works to solve community problems.

If a private provider feels that the (name) YMCA enjoys tax advantages that constitute unfair competition, they might be surprised at the rigorous documentation the charitable not-for-profit tax exemption requires. For example, (fill in details from "Documentation," in Document 2).

The YMCA has many strengths that extend beyond our fitness facilities (or, child care). For instance, the (name) YMCA offers (fill in appropriate programs,)

Sound Bites About YMCA Child Care

The (name) YMCA began providing child care in ___ because working families needed affordable, high-quality day care. Last year, we served ___ preschool children and ___ school-aged kids, including scholarships for ___ disadvantaged youngsters.

The (name) YMCA began offering child care for school-age kids back when “latch-key kids” first became a hot public issue. After a full day in a structured classroom setting, children need hands-on, child-initiated, play-centered experiences supervised by a warm and caring adult.

The (name) YMCA provides child care for the children, not the money.

As part of a national network, the (name) YMCA is one of the best, oldest and most qualified providers of child care. And YMCA child care helps kids develop good values (provide details of character development at your Y).

YMCA child care is child care with a plus: an emphasis on character-building.

The (name) YMCA’s age-appropriate child care not only provides safe, supervised recreation, but also emphasizes life skills, conflict negotiation and problem solving, substance abuse prevention, literacy, writing, the arts and other enrichment opportunities.

The (name) YMCA child care programs are developmentally appropriate, and we constantly monitor and evaluate program quality, using the national YMCA Child Care Quality Check model as a standard. Further, our child care programs are licensed by the (agency or agencies) and accredited by the (organization or organizations).

YMCA programs are inclusive. We serve children with special needs and those whose families are unable to afford the full cost of quality care.

We welcome an open-bidding system for contracts. (If appropriate: The (name) YMCA pays rent, or provides additional YMCA programs and services in exchange for rent, for programs we operate outside the Y facility.)

In a society where good child care is hard to find, we urge collaboration instead of confrontation.

The YMCA has many strengths that extend beyond our child care programs. For instance, the (name) YMCA offers (fill in appropriate programs).

Sound Bites About Health and Fitness Programs

YMCAs have been serving the American public for 150 years, and health and fitness has been part of the Y's charitable mission for more than a century.

As an example of how strong the YMCA fitness tradition is, did you know that two major sports were born at the YMCA? That's right—basketball and volleyball. And a Y instructor created the first mass swimming lessons, using the Australian crawl.

With only 40 percent of the U.S. population engaging in regular physical activity, and health care costs approaching 14 percent of the gross national product, Ys need to work to increase the number of people who are physically active.

In addition to our fitness programs, the (name) YMCA is also a major local provider of child care and other child-oriented programs. We mentor children who lack other strong adult support, intervene and provide a safe haven in inner-city neighborhoods where children are vulnerable to gangs and violence, educate children and teach job skills. No health club does these things.

We traditionally make it possible for children and adults to use our facilities—no matter what they can afford to pay. The health club industry, appropriately, has no such mission, no such goals, no such history and no such record.

Well-run private health clubs coexist with YMCAs in many communities. We at the (name) YMCA urge the (for-profit health club name) to support us in creating a climate that encourages more people to live healthier lives.

Through comprehensive, medically sound fitness programs, the (name) YMCA helps _____ members of this community develop the spiritual, mental and physical strength and self-confidence to be more effective parents, workers and citizens.

Y fitness programs build good values, help participants live healthier and more productive lives and help prevent health problems before they become chronic and costly.

The Y has many strengths that extend beyond our fitness facilities. For instance, the (name) YMCA offers (fill in appropriate programs).

How the Y's Different Partnerships Make the Case for Charitable Status

Right here in (community name), the YMCA works in partnership with churches, schools, the United Way, other not-for-profits, government and local businesses to strengthen neighborhoods and improve lives.

Much of the YMCA's work is done in small groups such as classes, clubs, committees, task groups, teams, support groups and families. Such work builds leadership skills, teamwork, collaborative thinking and the sense of community that is central to the YMCA's mission.

Overall, YMCAs serve 30 million people in 130 countries. Through both World Service and Y-to-Y partnership support, U.S. YMCAs share resources and expertise with YMCAs worldwide, contributing to the strength of these multipurpose community organizations. U.S. YMCAs help build a strong voluntary sector worldwide that mobilizes local community action and nurtures development of a new generation of leaders around the world.

The (name) YMCA also operates local international programs to help foster international understanding and communication. (Note the benefits your community derives from specific programs.)

All YMCA international programs and initiatives demonstrate the values of caring, honesty, respect and responsibility both by sharing resources and expertise and also by becoming aware of the conditions and challenges under which other members of our world family operate.

All of our volunteers give their time and energy to the Y because they believe the Y makes a difference in people's lives. (Amplify with real success stories from your Y.)

Real Success Stories—Develop Stories From Your Y

Every Y has inspirational real stories that capture the essence of its mission to build strong kids, strong families, strong communities. When you're doing media interviews, making speeches, talking with local decision makers or meeting with the public, sharing these stories can be a powerful way to show your community what is special about the Y.

You can put together the real stories that exemplify what is special about your Y and write them down to share with local press. To give you an idea of how to do this, here are Real Stories from five Ys that are featured in the YMCA Real Stories Advertising Campaign launched in January of 1998:

- Conrad Mallett Jr. came to the Y at age 5 to learn to swim. Later, he became a lifeguard and entered the Y's Junior Leader Program. He earned college tuition for the University of Southern California by working at the Beverly Hills YMCA. Just after earning his law degree, he joined the Y and he's been active every day since then. A board member of the Metro Detroit Y, he was the first African American to serve on Michigan's Supreme Court. Now chief justice, he credits his success in large part to the values and leadership skills he learned at the Y.

- “Mr. Bill” Claxton, 77 years young, is a regular on the Y’s basketball court, teaching kids 6 to 16 and joining men of all ages for a pick-up game. The founder of the first YMCA Garden Club in the nation, whose annual flower and plant sale benefits YMCA programs, he also tutors and mentors youngsters in the Y’s PACE program, an alternative to school suspension that sets them on the right path. As Mr. Bill says, PACE teaches “how to get along and be respectful of others. That’s the real secret of life and of business.” He believes, “If you can affect the lives of just two or three people in this world, you’ve made a real impact.”

- Doris Figueroa became pregnant when she was just 16. The YMCA’s Resource Mothers outreach mentoring program linked her with volunteer Bunny Latkin. “She took me to all my doctor’s appointments, made sure I understood everything my doctor told me, gave me rides and kept me in school,” Doris recalls. “She was even there when Jessie was born.” Jessie is now 5 and doing well; Doris just earned her college degree and she’s working toward a teaching certificate. “Bunny really went above and beyond the call of duty,” she shares.

- Laurie and Robert Mercier were blessed with twins five years ago, and triplets three years later. With five young children and a weight gain of more than 100 pounds, Laurie knew she had to get fit emotionally, mentally and physically. She found the Y, and it became her haven. Now the whole family is involved in adult, children’s and family programming. Laurie says, “I’m a better person, a better spouse, a better mother because of the YMCA.”

- When Noah Byrd was 2 years old, he lost his mother to cancer. His father and grandparents wanted to find activities to keep Noah active and involved, a place where he could play with other children and receive love and support. They came to the YMCA, where Noah has bonded with staff and his new play friends. When the child care room was remodeled with beautiful six-foot murals of giraffes, elephants and other exotic animals, the room was renamed Noah’s Place. “We can’t be Noah’s mom or replace her,” says Y director Sean Allison, “but whatever we can do, we want to do it.”

Real stories are a great way to get your message across. Using these real stories as examples, think about the success stories you have right there at your Y.

Talk to staff and the individuals affected. Be sure to get the subjects’ permission before you speak about them to the public or give their names and phone numbers to the press.

Then write up these stories succinctly and keep them handy as “talking points” for Y spokespeople or to give to the press for use as the basis of good news interview stories.

Q&As: Hard Questions About the YMCA's Charitable Not-for-Profit Tax Exemption

Q: How can a not-for-profit organization charge fees?

A: Like many other charities, such as colleges and universities, Girl Scouts and Boys & Girls Clubs, YMCAs earn part of their revenue from fees and dues.

Federal law does not require that a charitable organization with a 501 (c)(3) exemption give away its services, but that it serve a "significant segment" of the community. The (name) YMCA meets the "significant segment" requirement by setting fees at levels that most people in the community can afford, and we provide financial assistance for those who can't.

Q: Can you prove the YMCA serves a fair proportion of low-income people in this community?

A: Yes, we serve (details). However, the IRS does not require a precise correlation between the income distribution in community and that in the YMCA membership.

What's important is that we develop our programs with a strong input from community leaders who know the needs of the whole community, and that no one is turned away from a YMCA program due to inability to pay.

Q: But shouldn't a real charity limit its service to people who are poor?

A: Some charities define their mission as serving specific populations in need. The YMCA approach is that there should not be one set of facilities for the affluent and another that is restricted to serving the poor.

Serving the whole community does not mean that the YMCA neglects the disadvantaged. The (name) YMCA brings together people of all incomes, ages, abilities, interests, backgrounds and attitudes. This breaks down the barriers of social isolation, to everyone's benefit.

We are proud that the (name) YMCA provides a places where people of different incomes come together on an equal footing for the good of all.

Q: What percentage of YMCA revenues are derived from donations versus fees, and how does this compare with other charitable organizations?

A: Comparing revenue sources for different charities is like comparing apples and oranges. For instance, some critics have suggested that Boys & Girls Clubs have a "better" ratio of donated and fee revenue. Yet we are too different to compare. In fact, Boys & Girls Clubs and many other fine charitable organizations actually use YMCA facilities (in many locations across the United States).

Q: Has a YMCA ever lost its charitable not-for-profit tax exemption?

A: The IRS has never revoked any YMCA's tax exempt status, and the IRS has never challenged any YMCA's right to receive tax deductible contributions.

Further, three recent decisions from appeals courts in three different states affirm that YMCAs continue to meet stringent state standards for charitable property tax exemption. All three cases directly addressed the issue of "unfair competition" and all found for the YMCA.

Q: Haven't there been several cases where YMCAs actually lost their tax exemption?

A: You're probably thinking of two cases involving YMCA branches that offered adults-only fitness programs. Here are the details.

In 1989, a Pennsylvania court decided not to revoke the tax exemption of the Pittsburgh Metropolitan YMCA's downtown branch—which at that time served primarily adults—but the case resulted in that branch making voluntary tax payments until the end of 1996.

The YMCA of Columbia-Willamette, Portland, Ore., Central Branch/ Metro Family Branch had its property tax exemption revoked for three years. In 1992, that branch was again granted tax exempt status after making several operational changes, such as moving to single-tier memberships, changing from adults-only to family programming and increasing scholarships. What's more, when that reinstatement was challenged, the Oregon Tax Court affirmed the charitable status.

Q: Doesn't it erode the tax base for the YMCA to use unpaid volunteers, while for-profits must pay their workers?

A: Rather than undercut for-profit businesses, the Y's use of volunteers allows us to serve everyone in the community, including those unable to pay for programs offered by the for-profit sector.

Anything the YMCA gains through donation of volunteer time and talent, we give back to the community by making sure everyone has access to activities that promote healthy spirit, mind and body, to much-needed child care and to other programs and activities that build strong kids, strong families, strong communities. And we never skimp on qualified staff members by using unqualified volunteers, so we are not keeping anyone from holding down a tax-generating job.

Further, the YMCA's child care programs actually contribute to the tax base by providing safe, dependable child care so more parents can be gainfully employed taxpayers.

Q: Doesn't the presence of tax exempt not-for-profits shrink the tax base and thus hurt the overall business climate, making it especially hard for small businesses?

A: No, because the YMCA gives so much to the community. Emphasize teen, older adult, child care programs, scholarships given, etc. The (name) YMCA works with small businesses all the time, and in many different ways, just as we work with churches, governments, schools, United Way and other not-for-profits. (Provide local details.)

We believe that cooperation among private businesses, not-for-profits and the government is the only way to solve our country's critical health and social problems.

Plus, leaders from small businesses in this community serve on our boards, volunteer in YMCA programs and give generously to support the YMCA's work. Following a model which many Ys use, we hope to work with . . .

- (name of challenging health club) to increase the number of people of all ages who exercise regularly and to provide safe and appealing exercise programs for young people; or
- (name of challenging child care center) to assure that age-appropriate, quality child care is available for all parents who need it.

Q: With a name like Young Men's Christian Association, how can you say you serve everyone in this diverse community?

A: That name is 150 years old and after surviving this long, it seems unlikely it will ever change.

But almost from the beginning in the United States, there were efforts at some YMCAs to expand service to boys, then to women and girls. And after World War II, the YMCA mission expanded to

entire families, including seniors.

The original Protestant Christian goals also broadened over the years, too, and for the last quarter century Ys have been formally required to serve—and to welcome to all volunteer and staff ranks—people of all faiths—or no faith at all. The Y's Judeo-Christian roots do still figure in the values we emphasize—caring, honesty, respect and responsibility.

Q: Doesn't the IRS require not-for-profit organizations such as the YMCA to get a tax status ruling when building or opening a new facility or program?

A: No, the IRS has never suggested the need for such a ruling.

Q. When decisions are made to build new YMCAs, aren't there some kind of requirements for population size, minimum household income level, how close a new facility is to another Y, or for building size?

A: No. Whether a community can support a new YMCA depends on many factors, the most important of which is the local community's desire to establish a new YMCA, its willingness to contribute to its establishment and ongoing support and the leadership of the community volunteers who govern each local YMCA.

YMCAs go where their services are needed, a commitment that often includes establishing YMCAs in lower-income communities.

Q: Doesn't the (name) YMCA's participation in the national and international YMCA movements take funds out of our community?

A: No, (community name) gains a great deal from the Y's being part of these larger movements.

Our staff and volunteers benefit from leadership training in the United States and abroad. They learn from U.S. and overseas YMCA success stories and model programs, which broaden the impact of their work here.

And just in terms of money, the YMCA of the USA returns more to the (name) YMCA in the services, information, advice and support than it receives from us in percentage support.

Plus, the YMCA movement has a long history of developing innovative programs that are then replicated at local Ys such as the (name) YMCA, or in the broader community. For instance, the Y pioneered and greatly expanded ideas of summer camping, night school, vocational counseling, adult education, college student services and junior colleges.

And, did you know that YMCA World Service workers were forerunners of Peace Corps volunteers, that the YMCA assisted in the formation of other major voluntary groups such as Boy Scouts, Camp Fire and the U.S.O., and that Y head John Mott received a Nobel Peace Prize in 1946 for work in both World Wars?

April 1998

IHRSA Claim: YMCAs do not pay interest for borrowed money to buy land or build a building.

YMCA Position: Ys shoulder lots of debt; they are not exempt from paying interest, so this claim is patently wrong.

IHRSA Claim: YMCAs can use volunteers; for-profits cannot.

YMCA Position: Ys use volunteers because people want to do something good for their community. The fact that for-profits do not get people coming in to volunteer their services proves the Y's point, and not IHRSA's; people in the community want to join in to help the young, the disabled, the elderly, to help a place that BUILDS COMMUNITY—no health club does this.

IHRSA Claim: YMCAs slow growth in the private sector.

YMCA Position: Nothing could be farther from the truth. Ys across the country have given some of the greatest leaders their start (cite examples from local community).

IHRSA Claim: Tax exempt organizations that run commercial businesses should pay taxes.

YMCA Position: And they do. YMCAs are required to pay income tax on any unrelated business they do, but fitness is a part of Y's mission and is not a commercial business—and the IRS agrees. See attached summary of IRS Revenue Ruling.

IHRSA Claim: YMCAs are just another fitness club.

YMCA Position: The YMCA is a charitable association. YMCAs are one of the oldest and largest charities in the country. Since its founding, the YMCA has responded to the needs of each new generation with a succession of innovative programs and services.

YMCAs accomplish their mission through a broad range of programs for people of all ages and backgrounds. YMCAs reach out to families, to children, to youth, to adults, to older people, to people with disabilities, to people who can't afford to pay and to people who would like to be more involved but don't know how to start.

Everyone is welcome at the YMCA, regardless of ability to pay.

Sound communities need leaders, and YMCAs help train them. Shared leadership is basic to the YMCA. Members are invited to practice leadership roles and to follow the lead of others; the YMCA leader, John Mott, was awarded the Nobel Peace Prize—what health club does things like that? (See attached dates in YMCA History.)

Sound communities also need gathering places. YMCAs provide a framework within which people from all walks of life can come together. People in more advantaged circumstances are challenged to get involved in meeting the broader needs of the community and to give time and money to help those less fortunate than themselves. People from disadvantaged communities are pulled into a mainstream organization that helps them escape social isolation and are also challenged to contribute to improving community life.

IHRSA Claim: Adult fitness is not part of the YMCA's historical charitable mission.

This is not true. Long before fitness became popular, YMCAs were offering physical and health education programs. The YMCA in the United States introduced its first physical education offering in 1857, long before for-profits entered the fitness arena.

YMCA membership programs help YMCA members become effective parents, workers and citizens. Adult programs are one part of the lifelong progression of activities, experiences and education

the YMCA offers.

YMCAs help people of all incomes take responsibility for their own health. YMCA financial assistance policies help low-income people who are less likely to exercise to gain access to YMCA membership.

YMCAs also work to motivate people to become more physically active. YMCAs have always been more concerned with expanding the number of people who participate than in the limited involvement of the few who excel. YMCAs offer a caring, comfortable and accepting atmosphere that supports and encourages all members of the community in undertaking the regular physical exercise that will help them lead healthier lives.

In 1891, a Y physical program leader created the now-familiar YMCA triangle, which symbolizes the unity of spirit, mind and body and to this day symbolizes the association's commitment to helping people live healthier lives. The YMCA movement gave basketball and volleyball to the world. YMCA methods for swim instruction became the standard in learning how to swim.



IHRSA Claim: Private health clubs offer the same services as YMCAs, but they also pay taxes, providing local communities with a much-needed source of revenue.

YMCA Position: There is not a private health club that does teen intervention work, counseling to those in need, training in self-governance, safety, leadership development, or group work. Thus, YMCAs earn their charitable status every day by providing services that benefit their communities. Others may offer some services that appear similar to what YMCAs do, but none offer the YMCA's wide mix of services, which are aimed at character development, community-building and making children and adults feel good about themselves within their communities. Many other providers serve only adults who can pay the full fee. YMCAs do not.

YMCAs are family-oriented and meet community needs through such programs as preschool and school-age child care, summer camps, youth memberships, programs for older adults and activities for people with special needs.

YMCAs serve a broader range of people than other providers because YMCA financial assistance policies help ensure that everyone can afford the YMCA.

YMCAs tend to reflect their entire communities; they are places where the social fabric of a community is strengthened more so than private clubs.

IHRSA Claim: Charitable contributions to YMCAs and YMCA volunteers give YMCAs an unfair competitive edge over for-profit health clubs.

YMCA Position: Charitable contributions and volunteered services are the best evidence there is that the YMCA is a charity. YMCAs are able to attract contributed support precisely because they are not organized and operated for profit and because they do contribute significantly to the well-being of people and their communities.

The people who give time and money to the YMCA are people who live in the communities that YMCAs serve and who know the YMCA. They would not give so generously if they did not believe that YMCAs improve lives and improve the communities in which they operate.

IHRSA Claim: "Real" charities get most of their revenue from contributions and limit their services to people who are poor or members of other charitable classes.

YMCA Position: IHRSA's claim of what a charity is not what our communities, after long consideration, have defined them to be. The YMCA is a charity that is open to all and strives to serve all segments of society. The YMCA is deeply committed to serving the disadvantaged as well as the total community.

The YMCA believes that charity is for everyone. YMCAs do not agree that there should be one set of facilities for the affluent and another that is restricted to serving the poor. What is wrong with having good facilities for all the community to use, and not just those who can afford it? Consequently, YMCAs bring people of different incomes together on equal footing, working to break down the barriers of social isolation that seem to have become more and more pronounced in our society.

Many charities earn part of their revenue from fees and dues. Colleges and universities receive a substantial amount of the support from tuition charges. Museums, symphonies and other arts and culture organizations are examples of charities that charge fees.

IHRSA Claim: Tax exemption gives YMCAs a substantial price advantage over a comparable for-profit facility.

YMCA Position: YMCAs are subject to obligations that no businesses must meet. YMCAs must make their services available to a wide cross-section of the community. Any surplus at the end of the year must go back into the YMCA to carry on its charitable purpose. Finally, the assets of a YMCA are dedicated to a charitable purpose and may not be used for the private profit of any YMCA volunteer or staff member. No one can own a YMCA and no one can profit from one.

Accessibility and affordability are key issues in efforts to increase the number of people who participate in regular physical activity. YMCAs offer to help people live fuller and more productive lives.

When only a minority of the adult population is engaged in regular physical activity, there is plenty of opportunity for both private clubs and YMCAs. Well-run private health clubs exist and flourish alongside YMCAs in many communities. YMCAs welcome any opportunity to broaden the number of kids, grown-ups and seniors who make exercise a regular part of their lives.

There are also significant limitations on charities that for-profit businesses do not need to concern themselves with:

- Government report on significant financial matters, including incomes of YMCA senior staff required
- Banned from partisan political activities
- Limits on income of staff
- No private inurement allowed

IHRSA Claim: YMCAs should stop providing adult fitness or pay taxes.

YMCA Position: The YMCA's philosophy: Adult fitness is one of many programs offered by the YMCA so that it can fulfill its charitable mission.

IHRSA keeps trying to isolate YMCA programs that are geared toward adult fitness from everything else that the YMCA does. This is an artificial and unrealistic distinction: Adult fitness is one part of a larger whole, not a separate activity divorced from the YMCA's other programs.

The YMCA's mission to build healthy spirit, mind and body is a lifetime process. One way the YMCA accomplishes its mission is by offering the YMCA as an association to belong to for life. From a 6-week-old in a YMCA program to an 86-year-old in a water exercise program, the YMCA has activities that help people of every age live healthier lives.

YMCA programs interact with each other in a synergistic manner. YMCAs are "a complex of related activities rather than a collection of discrete programs."

YMCAs are not fulfilling their mission, which is to provide a place for religious discussion and meeting space for men and boys. That may have been part of the mission of the Y when it started during the Industrial Revolution, but society has progressed in the last 150 years, and so has the YMCA. It serves all now, and at the center of this 150-year movement is the YMCA's commitment to healthy spirit, mind and body—all three are required, with none given priority over the other. Only in this way can Y participants live and grow as total human beings able to contribute to community.



Earning Our Tax Exemption Every Day—Toolkit Document 5

Case Studies and Supporting Material

This section includes supporting materials used by real YMCAs in their real-life efforts at earning their tax exemption every day.

Contents of Document 5:

“1994 Charitable Services through Program/Membership Scholarships and Subsidy”

“Volunteer Support”

One-page documents making the tax exemption case—from the Shasta County (Calif.) YMCA, the Valley of the Sun YMCA, Phoenix, and Florida’s First Coast YMCA, Jacksonville

“Sample Phrases for Mission Statements and Organizational Descriptions”

Marketing the Fitness Promotion Message Y-Style, article from *Perspective*, May 1966



1994 charitable services through program/membership

Scholarships and subsidy

Youth basic membership scholarships	50 @ average of \$30 per	= \$ 1,500
Youth facility membership scholarships	50 @ average of \$200 per	= \$10,000
Adult facility membership scholarships	20 @ average of \$300 per	= \$ 6,000
Family facility membership scholarships	10 @ average of \$400 per	= \$ 4,000
Child care memberships scholarships	5 @ average of \$150 per month x 10 payments	= \$ 7,500
Youth day camp scholarships	10 @ average of \$80 per 2 wk. session x 5 sessions	= \$ 4,000
Program meeting space made available to Big Brothers/Sisters and Interfaith	\$650 mo. x 12 months	= \$ 7,800
Teen Activity Club	Staff, supplies, facility usage, training school and/or rallies	= \$ 3,000
Youth and preschool basic memberships	Subsidized youth member- ships. Registration @ \$30 fee verses regular adult fee of \$45. \$15 per person x 1,965	= \$29,475
Facility memberships offered at reduced rates include: sr. citizens (354), family (488), and youth/teen (11)	\$145 x 354 (seniors) \$335 x 488 (family) \$215 x 110 (youth/teen)	= \$51,330 = \$163,480 = \$23,650
Subsidized aquatic programs for children in our camp programs	\$5 per camper/week @ 310 campers x 10 weeks	= \$15,500
Knight Park program provides for more than 50 children per session in the summer	\$30 week/per child x avg. of 50 children x 6 weeks = \$9,000 minus \$5,000 subsidy from borough	= \$ 4,000

Parent/child program subsidy	Allocation of: full-time staff to plan/operate program. Part-time staff to administer program. facility usage for meetings/special events.	= \$ 3,000
Adult handicapped swim program	Average 50 x \$40 per session x 6 sessions	= \$12,000
Rotary exchange student participation	Average 5 participants x \$200 per person	= \$ 1,000
Easter Seals preschool subsidy program and facilities	Average 15 children per week x \$20 per person x 40 weeks	= \$12,000
Weekly Teen Night program/facility subsidy	Average 40 x 48 weeks x \$5 per person	= \$ 9,600
Youth Sports subsidy	Average 5 children per session x 5 sessions @ \$50 per scholarship Subsidized fees for all participants. 500 children x \$5 per session x 5 sessions	= \$12,500
Chapter II - Adult Literacy program	30 participants. Mailings support staff training, materials and program space to train tutors and students	= \$ 3,500
Senior citizen weekly swim	80 seniors per week x \$6 per person subsidy=\$480 per week subsidy x 50 weeks	= \$24,000
Black Achievers program	30 youth memberships, Black Achiever program sponsorship, facility and van usage and supplies	= \$ 7,500

YMCA Child Care and parent/child
computer program

Computer supplies, staff
and facilities to operate a
comprehensive youth education
computer program for child
care participants and for
parent/child inter-
generational learning = \$ 7,000

Family Fun Nights and Healthy Kids
Day event

Facility costs, refreshments,
staff and supplies = \$ 2,000

Grand total of forecasted
subsidy of programs,
facilities, services and
scholarships = \$425,585



Volunteer support

The YMCA depends heavily on volunteer support to assist the branch in policymaking, operations and fundraising. Nearly 300 dedicated volunteers are recruited to fill positions that otherwise would need to be included as part of payroll, to deliver the current programs and services offered to the general membership, the public and those children and families needing financial subsidy to participate at the YMCA.

The display below depicts the itemized hours with respect to the program labor costs that are not paid out by the YMCA because the YMCA actively recruits volunteers as a not-for-profit organization in order to keep fees affordable and allow the YMCA to subsidize the growing demand for scholarship assistance. More than \$120,000 in salary costs are saved and used for program and membership subsidy.

#Volunteers	Title	Hours/Time	Savings
118	Annual Support	118 x 2 hrs/wk x 8 wks x \$15/hr	\$28,320
32	Board of Managers (Prof. Advisory)	32 x 3 hrs/mo x 12 mos x \$35/hr	\$40,320
40	Youth Sports	40 x 3 hrs/wk x 10 wks x \$10/hr	\$12,000
5	Karate	5 x 3 hrs/wk x 50 wks x \$10/hr	\$7,500
20	Committee/Other	20 x 10/mtg x 1 hr/mtg x \$15/hr	\$3,000
50	Special Events	50 x 3 hrs/yr x \$10/hr	\$1,500
20	Literacy Program	20 x 2 hrs/wk x 50 wks x \$10/hr	\$20,000
5	Desk/Maintenance	5 x 2 hrs/wk x 50 wks x \$8/hr	\$4,000
5	Aquatics/P.E.	5 x 2 hrs/wk x 50 wks x \$8/hr	\$4,000
TOTAL VOLUNTEER SUPPORT:			\$120,640



Shasta Family YMCA

Facts At Your Fingertips

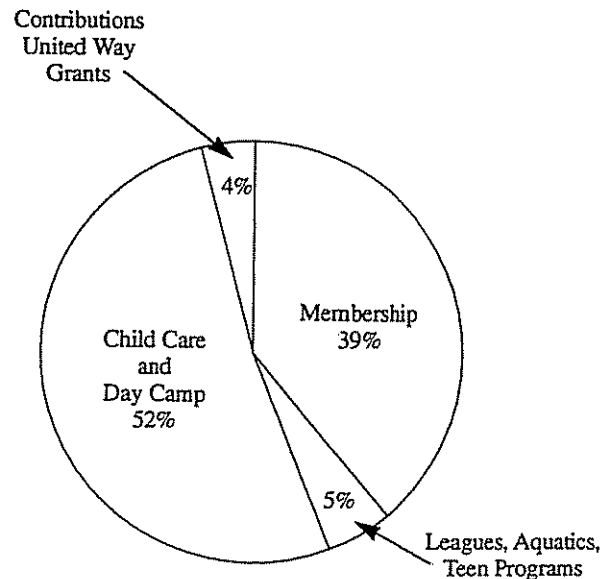
Focus: The Y focuses on strengthening families, developing leadership in youth, promoting healthy lifestyles and assisting in community development.

Programs: Top YMCA programs include: After-school child care, day camp, swimming, youth sports, fitness, Youth-At-Risk Programs. Programs at the Y include:

- Youth Sports
- Teen Aerobics
- Lifesaving
- Gym & Swim
- Child Care
- Sports Camps
- Youth & Gov't
- Karate
- Intramural Sports
(for Middle Schools)
- Special Olympics
(Volleyball, Basketball, Swim Team)
- Resident Camps
- Swim Lessons
- Day Camp
- Teen Hoop
- Holiday Camps

Membership Whom We Serve: The Shasta Family YMCA serves people of all sexes, ages, abilities, races, religions and incomes. No one is turned away because they cannot afford the fee. 54% of our membership are Families. 60% of our membership are Youth (17 years of age and younger). 10% of our membership are Seniors.

Budget Information: The YMCA is supported by Membership, Program Fees, Public and Private Contributions, the United Way, and Grants.



Charitable Service Through Financial Assistance: The YMCA has provided Financial Assistance to 901 individuals at a cost of \$70, 416 in 1997. Indirectly, the Y has subsidized over \$15,000 in facility use and staff time to: Special Olympics, Shasta High School, Crystal Creek Boy Camp, Group homes, Boy Scouts, Shasta County Office of Education, American Heart Association, Numerous Elementary Schools, Phone Friends, Mary St. School, Martin Luther King Center and Preschool.

Valuable Volunteers Make A Difference: The YMCA depends heavily on volunteer support to assist the Y in policy making, operations and fundraising. Nearly 250 dedicated volunteers are recruited to fill positions that otherwise would need to be included as a part of payroll, to deliver current programs and services offered to the general membership, the public and those children and families needing financial subsidy to participate at the Y.

The display below depicts the itemized hours with respect to the program labor costs that are not paid out by the YMCA because the YMCA actively recruits volunteers as a Not-For-Profit Organization in order to keep fees affordable and allow the YMCA to subsidize the growing demand for scholarship assistance. More than \$88,000 in salary costs are saved and used for program and membership subsidy.

# Volunteers	Title	Hours/Time	Savings
80	Annual Support	80x2hrs/wkx8wksx\$15/hr	\$19,200
22	Board Members	22x3hrs/mox12x\$35/hr	\$27,720
140	Youth Sports	140x3hrs/wkx10wksx\$10/hr	\$42,000
Total Volunteer Support			\$88,920



Valley of the Sun YMCA

We earn our tax exemption every day!

- The YMCA builds strong kids, strong families, strong communities. This short theme represents the driving force behind all of the YMCA's programs and services. Indeed, is it the essence of the YMCA's mission which is to put Christian principles into practice through programs that build healthy body, mind and spirit for all.
- The Valley of the Sun YMCA is the largest civic organization in Arizona with 85,000 members, 70% of which are under the age of 18. The YMCA makes a huge contribution in the lives of our Valley's youth:
 - 36,000 children served annually through youth sports
 - 2,000 children per summer in resident camp
 - 7,500 children per summer in swimming lessons
 - 1,500 teens per year in juvenile diversion/intervention
 - 2,400 children daily through summer day camp programs
 - 5,000 children daily at 104 child care sites throughout the Valley
- The Valley of the Sun YMCA, founded in 1892, has been building healthy mind, body and spirit for over 100 years. Today, the YMCA receives countless hours of dedication from over 5,000 community volunteers each year and contributions from over 6,200 donors. Through the support of these volunteers and donors, the Valley of the Sun YMCA will give away nearly \$5 million in free programs and services in 1995 alone.

Why the YMCA is charitable

- No one is turned away because of inability to pay.
- All revenue over expense goes to run charitable programs.
- If YMCA went out of business, assets must go to kindered organization or government.
- The YMCA is governed by an unpaid, voluntary Board of Directors.
- YMCA receives contributions from the public, the United Way, foundations and the government to support charitable services.
- YMCA operates facilities and offers programs in the South Phoenix community and other disadvantaged communities.
- YMCA meets standards necessary to qualify under Federal tax code as a 501 (c)(3).

Legal Background

- For-profit businesses are protected by the Federal Tax Code which has provisions to tax charities that engage in business unrelated in its charitable exemption. The U.B.I.T. (Unrelated Business Income Tax) taxes charities at a level higher than the regular tax rate that is charged to for-profit businesses.

YMCAs in Portland, Oregon, and Oakland, California, have had their property tax exemption challenged. Oakland's exemption was upheld. One of Portland's eight branches did pay property tax for a couple of years, until the Oregon Supreme Court reinstated its property tax exemption in 1992.



YMCA of Florida's First Coast

The tax complaint is a non-issue

- The YMCA is a non-profit corporation which has been operating in the State of Florida since 1942 and which is currently classified by the Internal Revenue Service as a Section 501 (c) (3) organization for federal income taxation purposes. Our federal tax exemption was granted in 1947 and nothing has changed in the law or the way we operate since that time.

The YMCA is a charitable organization

- The YMCA is a charitable not-for-profit health and human service organization-founded to help people, not make a profit. We serve over 50,000 people each year, 28,000 (or 56%) of whom are children.
- We earn our tax exemption every day by making available and accessible much needed services in the community. In 1997, we provided over \$2.3 million in various program and membership scholarships and subsidies.

The YMCA is dedicated to building a healthy spirit, mind and body

- Physical fitness programs have always been part of our three-part mission of spiritual, mental and physical development. The YMCA's wellness programs offer community-based health and fitness, not just adults, but for children and teens. These programs promote a healthy lifestyle for the entire family and the community.

The YMCA is for everyone

- Because we are mission-centered rather than profit-based, we believe that access to YMCA programs should be open to anyone who can benefit from them, regardless of where they live or their ability to pay.
- Therefore, we run YMCA programs in 45 locations in five counties, taking the YMCA programs to children and families where they live.

The YMCA belongs to the community

- The YMCA of Florida's First Coast is one of 82 charitable agencies supported by the United Way of Northeast Florida.
- Public support—whether through contribution in dollars or volunteer time—is integral to the YMCA's mission and existence as a charitable organization.
- In 1997, 2900 volunteers gave over 80,000 hours of service to our YMCA, valued in excess of \$881,000.
- Additionally, 3,311 individuals and businesses contributed to our "Really Caring" Campaign, raising nearly \$500,000. "Really Caring" dollars allow the YMCA to offer financial assistance to those who can benefit from YMCA programs but would otherwise be unable to pay.
- Our 1994 "Growing Strong" capital campaign was supported by individuals and businesses that raised over \$3.5 million. Capital funds enable the YMCA to expand facilities and, thus, expand its services to the community, as well as build YMCAs in areas not presently served.

YMCA of Florida's First Coast

1. Financial information - for year 1996

In 1996, the YMCA of Florida's First Coast earned revenues and support of \$9,927,838. Eighteen percent or \$1,763,005 came from public support, through contributions, grants and United Way. Of this amount, \$932,431 is permanently restricted for capital improvements and the Endowment Fund. Membership dues and program fees accounted for 43% and 38% respectively. Expenses totaled \$8,961,330.

The YMCA is audited annually by independent CPAs from the auditing firm Smoak Davis & Nixon and has consistently received an unqualified opinion, the highest opinion a CPA can render.

2. Financial assistance policy

The Florida's First Coast YMCA's membership and program services are open to all, regardless of ability to pay. Additionally, program fees are structured in such a way that they are accessible to a broad segment of the various communities the YMCA serves.

Financial assistance is available based on need and the YMCA actively seeks to identify and involve those in need. The availability of financial assistance is included in newsletters, program brochures and other printed materials.

YMCA of Florida's First Coast

1997 Charitable services through program/membership

Scholarships and subsidy

Youth facility membership scholarships	60 @ average of \$240 per	\$14,400
Adult facility membership scholarships	85 @ average of \$408 per	34,680
Family facility membership scholarships	120 @ average of \$654 per	78,480
Facility memberships offered at reduced rates include: senior citizens, family and youth teen	Youth - 127 x \$15 avg. x 12 months	22,860
	Teen - 196 x \$15 avg. x 12 months	35,280
	Single Parent - 382 x \$15 avg. x 12 months	68,760
	Senior - 507 x \$15 avg. x 12 months	91,260
	Family - 4520 x \$19 avg. x 12 months	<u>1,030,560</u>
		1,248,720
Preschool child care scholarships	40 x \$30 per week subsidy x 50 weeks	60,000
School-age child care scholarships	Dye Clay sliding fee scale	200,000
	500 @ average of \$10 per week subsidy x 40 weeks	
	Other branches	40,000
	50 x \$20 per week subsidy x 40 weeks	
Youth day camp scholarships	325 @ average of \$70 per week x 10 weeks per summer	227,500
Resident camp scholarships	208 camper week	39,000
Youth Sports scholarships	600 @ average of 50 per	30,000
Subsidized aquatic programs for children in our camp programs	\$5 per camper per week x 1,800 campers x 10 weeks	90,000
Parent child program subsidy (e.g. Indian Guides and Indian Princesses)	Allocation of part-time and full-time staff to plan and administer programs, 3 programs @ \$5,000	15,000
Teen Activity Club	Staff, supplies, facility usage at 5 locations @ \$3,000 per	15,000
Weekly Teen Night program facility subsidy	Average 200 x 48 weeks x 5 per	48,000
Family Fun Nights and Healthy Kids Day events	Annually	10,000
Collaborative family usage to community organizations at no cost (e.g. churches, Boy Scouts, Big Brothers/Big Sisters, Pace Center for Girls, Young Life)	10 locations @ \$3,000 per	30,000
Cost of outreach programs offered at no cost to disadvantaged youth	4 full-time staff, benefits, supplies, etc.	<u>150,000</u>
		\$2,330,780



Volunteer Support

The YMCA of Florida's First Coast depends heavily on volunteer support to assist the branch in policy-making, operations and fundraising. Over 2,900 dedicated volunteers are recruited to fill positions that otherwise would need to be included as part of payroll, to deliver the current programs and services offered to the general membership, the public and those children and families needing financial subsidy to participate.

The display below depicts the itemized hours with respect to the program labor costs that are not paid out by the YMCA. We actively recruit volunteers as a not-for-profit organization in order to keep fees affordable and make programs accessible to a broad segment of the community. More than \$989,000 in salary costs are saved through the usage of volunteers.

Volunteers	Title	Hours/Time	YMCA Savings
678	"Really Caring" Annual Support/Special Events	6780 hours @ \$15/hour	\$101,700
277	Board of Managers (Policy/Professional Advisory)	8022 hours @ \$35/hour	280,770
1341	Youth and adult sports	14,445 hours @ \$10/hour	144,450
316	Desk, Maintenance, Gym, Nursery	27,364 hours @ \$6/hour	164,184
150	Black Achievers Program	150 x 2 sessions x 12 months @ \$15/hour	54,000
130	Outreach Program	130 x 8 hours/mo. for 12 months @ \$10/hr.	124,800
<u>25</u>	Tradesmen for Camp Immokalee	25 x 16 hours @ \$30/hr	<u>12,000</u>
2917		80,291 volunteer hours	\$881,904



Sample phrases for mission statements and organizational descriptions

Here's a list of phrases and words that you can mix and match to form your own mission statement or organizational description.

- a not-for-profit charitable organization
- dedicated to developing spirit, mind and body
- nurtures the healthy development of children and teens; strengthens families; and makes communities healthier, safer, better places to live
- based on Judeo-Christian principles
- builds the values of caring, honesty, respect and responsibility
- open to all people regardless of age, gender, race, religion, income or ability
- serves [number] people in [local community]
- founded in [community] in [date]
- first founded in the United States in Boston in 1851
- along with more than 2,000 Ys—at least one in each state—forms the country's largest community service organization
- part of the largest voluntary organization in the world
- part of an international organization of YMCAs at work in more than 120 countries, serving 30 million members

Marketing the Fitness Promotion Message Y-Style

Your YMCA isn't a fitness club—so your marketing communications should convey the very special organization it is. Make sure your public is aware of the difference.

Lori Swann

YMCA's are often cautious about fitness program promotion because they fear their tax-exempt status will be challenged.

On the contrary, if we do a good job promoting our programs and facilities, it will help our communities and even our competitors understand our unique mission-driven place in the market.

For example, at the YMCA of Nashville and Middle Tennessee, we use the following guidelines in all of our advertising:

- The YMCA mission is always prominently printed on every brochure or ad.
- Our YMCA financial assistance policy, "No one is turned away for inability to pay," is communicated in all advertising.
- YMCA members, not professional models, are used in photos whenever possible.
- YMCA members portrayed in our promotional materials reflect the diversity of our membership. Models represent different minority populations in our community. They are also different shapes and sizes, and are always dressed conservatively (T-shirts and shorts, as opposed to leotards). They represent healthy, happy people to whom the general public can relate. Not the kind of physical perfection that is out of reach for so many but standard in much advertising YMCAs

bring people with many differences together. Our advertising should reflect this.

- Families and family activities are the primary focus of our promotional materials. Even though only 60 percent of our memberships are family memberships, we believe that the other members must be comfortable with the family-centered programming and atmospheres present in our YMCA branches. Children are always present in our advertising messages.

Walk the Talk

In addition to these guidelines, other promotion principles help us communicate our uniqueness to our community.

YMCA facilities are never compared to other like service providers in our community. Phrases like "more convenient than...", "a better value than...", "cleaner than...", should be avoided.

Price should not be listed in mass media promotions, and YMCAs should never compare their prices with those of like service providers.

YMCA membership and program participant campaigns focus on people who are currently not

involved in a similar program in the community. Our YMCAs never intend to take market share away from competitors. Instead, the focus is on those who are currently not involved in a fitness, aquatics, youth sports or child care program in our community.

Communication strategies are chosen which help tell the greater story of the YMCA, versus just advertising a certain program. For example, in our recent "The YMCA—It's Fun and Good for You" campaign, the following were listed as things that would help improve your health and help you have fun at the YMCA:

- free aerobics classes
- personal trainers
- state-of-the-art fitness equipment
- opportunities to tutor or spend time with an underprivileged child
- free fitness evaluations

In the 1995 "The YMCA. It Will Change Your Life" campaign, the message focused on the benefits of exercise and volunteerism to help members change their lives for the better.

Sales goals are set for full-pay membership, and for financial assistance memberships. Branches are encouraged to be active in searching out new financial assistance members. Financial assistance membership campaigns identify prospects in certain household income ranges (usually under \$30,000) and mail out information about the financial assistance programs and invite the families to try the YMCA. In every campaign, the goal is that 10 percent of the new memberships we sell will have financial assistance.

Before you unveil your next promotion campaign, ask yourself this: Could those in your community who consider themselves to be competing with the YMCA take your advertising, change the name and use it? If the answer is yes, throw it out and start over. YMCAs are different. Our promotion efforts must reflect our uniqueness. **ADP**



Lori Swann is vice president of marketing for the YMCA of Nashville and Middle Tennessee