

Non-Profit Organizations – Facts and Mis-Conception?

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In 2009, The Sarasota-Manatee Bicycle Club (SMBC) ended the year with a profit/surplus of \$ 726, that is, we took in more money than we spent. I occasionally hear from members, "if we are a non-profit organization, shouldn't we end the year at zero?" and "Should our net worth also be close to zero?"

Overview

A non-profit organization is a group organized for purposes other than generating profit/surplus and in which no part of the organization's surplus is distributed to its members or officers. That is not to say we can't pay salaries to employees (if we had any), or reimburse members for expenses they incurred in support of the club's mission or activities. It means we can't take the surplus and give it out to members like a For-Profit organization that distributes profits to its owners, usually in the form of Dividends. For example, we can't say every member will get a check for \$10, representing the surplus divided by the number of members.

The organization can have a profit/surplus, but it must use the surplus to help the organization pursue its goals. The organization can retain any surplus, but it must be used for self-preservation, expansion, or future plans related to its goals. Operating any organization without a sufficient "rainy day" fund is not good business or practice.

SMBC Mission

SMBC was founded in 1974, with the mission dedicated to bicycling for recreation, fitness, exercise, sport, and transportation.

So, as long as we are acting in support of our mission, we can generate and retain a surplus.

Incorporation

Anyone can become a non-profit organization just by getting together with some friends to form a self-help group with a common mission.

The founding fathers (and mothers) of SMBC made the decision to incorporate the organization in the State of Florida. With incorporation, the organization can own property, have its own bank account, continue after members come and go, and most importantly, legally protect members' personal assets from unfavorable operations of the non-profit organization.

Why are Non-Profits Tax Exempt?

Tax-exemption is the government's acknowledgment of an organization performing an activity that relieves some burden that would otherwise fall to federal, state, or local government. The government, in fact, provides an indirect subsidy to nonprofits and receives a direct benefit in return. Nonprofits also benefit the society as a whole when they provide valuable services. The viability of some of these services would be threatened if they were subject to taxes.

Early on, SMBC submitted an application to the Internal Revenue Service to be considered for tax-exempt status. In the application, the organization explained in detail its mission as described above. The IRS granted SMBC tax-exemption status as a 501(c) 3 organization. That refers to the section of the Internal Revenue code. This also allows anyone donating to SMBC to get a tax deduction for their donation. Not all tax-exempt organizations are 501(c) 3 organizations. Social clubs are a 501(c) 7. They are non-profit, but donations to them are not tax deductible.

With the tax-exempt status, SMBC is exempt from paying Federal income tax on our profits/surplus. We maintain this tax-exempt status as long as the club's activities supports its mission, and we don't do anything to violate the tax-exempt "rules".

How Can We Lose Our Tax-Exempt Status?

We can lose our tax-exempt status in 4 ways:

Distributing our surplus to members, as described above

Engaging in political activity such as endorsing or opposing a candidate for public office

Engaging in too much lobbying to influence legislation

Not filing a tax return for 3 years (automatically lose tax-exempt status)

SMBC files a tax return annually for non-profit organizations. In that tax return we have to list our revenues and expenses, how they were generated, how much we pay our officers, how much time our officers and key members spend on club activities, and finally, describe what activities the club conducted in the current year to support its mission that contributed to its getting tax-exempt status.

In addition, we have a sales-tax exemption status with the State of Florida. This allows us to buy items in support of our mission and not pay sales tax. We also file an Annual Florida tax return.

Summary

In summary, what distinguishes nonprofits is not whether they can make a profit/surplus, but what happens to the surplus. Nonprofits are prohibited from distributing profits in the same way as For-profit corporations can. All profits/surplus must be earmarked for the organization's mission.

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BIKE HEALTH: *spring tune—ups*

RICHARD CHAYKIN

Every year we think about having our bike checked or serviced to make sure that it is running properly. Do we do the same for ourselves? Then there are those that try and get the bike as light in weight as possible but do we do the same for ourselves? I ask these questions knowing that there are a lot of us that don't take the time each day to improve ourselves. It has long been known that it is not the bike that makes the rider but the rider that makes the bike. So I have written down some activities that should help all of us become better riders. As with any exercise program please check with your doctor to be sure that you are able to participate in these activities. In fact take this to your doctor and show these movements to him or her and ask them if you are capable of doing them.

The following movements are designed to help in developing core strength and your proprioceptive skills. The movements are designed for the riders though they can be done by the general riding population. They call for no real equipment and can be done in any environment. All movements can be done in less strenuous positions or in the case of lower backs and knee problems in ways that avoid excessive stress to them. Please remember to breathe when doing all of these movements. As I have stated in the past there are a lot of muscles that make up one's core. This article is going to stress a few of them. These movements are not easy and will take time to learn. If you have a lower back or knee problem please contact me for variations of these movements that will not stress these areas.

There is a deep muscle in our abdominal wall that most of us do not work out when we think of abdominals. This muscle is called the Transverse Abdominals and even if one has a solid six pack of an abdominal wall this muscle can still be weak. Weakness of this muscle causes problems as it allows shifting of the pelvis while doing activities. A strong transverse abdominal prevents this and takes the pressure off the lower back. It crosses from one iliac bone to the other forming a wall that holds and maintains the position of these bones. The muscle is not strengthened by traditional sit ups or crunches. There are positions that do work this muscle but they are difficult to master and can be a stress to the lower back. In yoga the position is called the Plank. It is where one is in a pushup posture except that you rest on the forearms not the hands. The body must be kept straight and a normal



breathing maintained. The object is to maintain this position for one minute. To start off try doing a modified plank where the body is not fully extended but the lower point for contact is the knees, as if one is doing a modified pushup. When you are able to hold that position for one minute then try the plank posture as it is normally done. Do not get upset if you have difficulty in holding the normal position but with time you will be able to do it. The movement starts off with the stomach on the floor and when you begin the movement the stomach is brought off the floor and the body is held straight. The next movement is to work on the transverse abdominals and obliques. To do this lie on one side with the forearm on the floor, the feet stacked on each other, and the hip on the floor. Start the movement by raising the hip up forming a straight line for the body, do one side then the opposite. Work this position up slowly until you are able to hold it for one minute. These two movements will help to stabilize the anterior and side walls of the body. The next movement is one that takes some getting used to and does place a lot of stress on the lower back. Again do this movement very carefully and if there are any signs of pain stop! Stand up straight taking a deep breath and relax. Bend the upper body at the hips as if you are riding on a bike. The knees are to be bent at a comfortable angle that approximates a riding position. Let the arms dangle from the shoulders. Slowly start to rock the back up and down without moving the hips or legs. The object is to get to fifty of these movements and one should only feel a slight soreness in the lower back as if you are doing a mild exercise.