



Club Formation Tips and Guidelines

A guide for organization intending to apply for membership with Wyoming Youth Soccer
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BENEFITS OF BEING A WYS AFFILIATED MEMBER

All member organizations are encouraged to learn about and take advantage of the [benefits of membership](#). In addition, attendance at board meetings is the best way to stay current and gives an organization the opportunity to provide input, bring up or help resolve problems, and be an active part of youth soccer in Wyoming.

In addition to completing the application process as outlined in the Process and Policy for WYS Club the following are some information and suggestions that can help an organization with the process.

ARTICLES OF INCORPORATION AND BYLAWS:

All corporations should have these two basic documents. Generally, the Articles of Incorporation state the name of the corporation, what type of corporation it is, and its purpose, and are filed with a state government as part of creating the corporation. The corporation's Bylaws provide the basic principles that control how the organization is governed and operates, and often set forth fundamental rights and obligations of the organization, its directors and officers, and members. The two documents together define what the corporation is, what it does, and how it is governed.

Be aware that the laws of many states require that only the basics be stated in the Articles of Incorporation with the more detailed and substantive provisions for corporate governance be set forth in the bylaws. In addition, determining what is required versus what is desired should be made with the advice of legal counsel; there is no substitute for proper legal advice in what is a legally intensive subject.

Suggested items to address:

1. Name of the club, its purpose and mission and rules of order
2. Its affiliation with WYS, US Youth Soccer, and the US Soccer Federation
3. A statement of non-discrimination and equal opportunity
4. Membership eligibility, how members are admitted, which members can vote
5. That the club is managed by a board of directors, all of whom are elected by the voting membership; all of whom may be removed by the voting membership
6. What positions make up the board of directors, 4 positions minimum
7. The title and duties of each director/officer
8. The term of office for board members and officers, which are not to exceed 2 years
9. When the annual general meeting is held and who is eligible to vote at the AGM
10. A minimum requirement of one meeting per quarter
11. A conflict of interest statement and whistle blower policy
12. That minutes will be kept of all board meetings
13. Fiscal year, seasonal year and financial operations
14. Grievance, protest, and appeals statement
15. Dissolution of the club and asset distribution

WHY CLUB BYLAWS:

- Bylaws are written to provide guidance to an organization. Most youth soccer clubs are managed by volunteers who rotate in and out of positions and onto and off of the board. Bylaws and policies provide management guidance so the club may continue to operate in a seamless manner despite changes in leadership.
- Bylaws should not prevent officers and directors from making decisions needed for the betterment of the organization. They should, however, impose prudent restrictions on authority to help avoid improper actions.

- WYS member clubs should be membership organizations operated for the benefit of the youth served by the club's operations. WYS believes that all member clubs should have members who elect the Board of Directors in a democratic process.
- Bylaws provide the underlying governance structure of the organization and should only be modified by a vote of the membership at a meeting for which the members have been sent notice.
- Wyoming nonprofit corporations with members are required to hold at least one general membership meeting each year at which the president or other designated officer reports to the members on the finances and activities of the corporation. Such a business meeting is typically called an AGM (annual general meeting) and is usually the meeting where board members are elected
- Policies are created by the board to direct the daily operations of the organization. Board members may generally modify or adopt policies at any board meeting. Policies should be used to spell out operational details, *e.g.*, how to form teams, while reserving the bylaws for more general governance directions, *e.g.*, "The registrar shall adopt and publish a policy regarding how teams will be formed."
- Wyoming nonprofit corporation status is obtained by filing Articles of Incorporation with the Wyoming Secretary of State. To be eligible to accept tax deductible contributions you need to file an application with the IRS for recognition as a qualified charitable organization under §501(c)(3) of the Internal Revenue Code. Check with the Secretary of State and the IRS for updated forms and requirements.
- WYS recommends that you review the [Wyoming Non-Profit Corporation Act](#)

RULES AND POLICIES – Suggested Items to Address:

- a. Rules of play
- b. Player tryout and selection process
- c. Structure of teams and/or leagues
- d. Coach expectations, qualifications and licensing requirements
- e. Standards of conduct for officers, players, coaches, volunteers and parents
- f. Disciplinary and hearing procedures
- g. Grievance, protest, and appeals procedures
- h. Field safety, registration, and risk management policies
- i. Other policies and procedures as needed to operate the organization in accordance with its constitution and/or bylaws

IRS 501(C)(3) TAX EXEMPT STATUS EXPLAINED:

Most youth sports organizations, school booster clubs, and PTOs/PTAs qualify for Internal Revenue Service (IRS) 501(c)(3) status, but fail to apply for it as required by federal law. In fact, many organizations operate as if they were tax exempt organizations, although no application for tax exemption was ever filed with the IRS. Still other organizations have incorporated as a non-profit corporation, but never filed for tax exempt status with the IRS. While most youth organizations are capably operated by their volunteer staff, few appreciate the potential financial risk to their volunteers because they or their predecessors failed to apply for tax exempt status.

Among other benefits, 501(c)(3) status exempts organizations from federal income taxes as well as allowing donations made to the organization to be deducted on the donor's tax return. 501(c)(3) status also gives an organization the ability to apply for a multitude of corporate and government grants, which can be used to pay for uniforms, equipment, transportation costs, new facilities, etc.

A significant percentage of organizations have been operating for years and in some cases, decades, before learning that they did not have 501(c)(3) status. There are a myriad of reasons for these incorrect assumptions:

- At some point in the organization's existence, a board member may have attempted to apply for exemption and never completed the process.
- The organization applied for and received an Employer Identification Number. In the application they indicated that the organization was a Non-Profit and incorrectly thought this was all that needed to be done.

- Many organizations assume that because they are run by volunteers and don't get paid that they are automatically tax exempt; the only way to attain 501(c)(3) status is to apply for it through the IRS.

Q & A - OBTAINING IRS 501(C)3 TAX EXEMPT STATUS:

1. **What form is filed to get tax exempt status?** Organizations seeking 501(c)(3) status (generally, Religious, Educational, Charitable, National or International Amateur Sports Competitions) file IRS Form 1023.
2. **Does a small organization really need to apply?** Tax law does not require a 501(c)(3) application when the organization has gross receipts of less than \$7,500 per year. You may want to apply anyway to save donors possible inconvenience in an audit, to be able to apply for grants, or to obtain a bulk mailing permit. An organization that no longer qualifies for a low gross receipts exception must submit an application to the IRS within 90 days of the end of the year in which gross receipts exceed \$7,500.
3. **How much will it cost to get tax exempt status?** The IRS has charged a non-refundable processing fee for exemption applications since 1987. There is currently a two tier fee schedule:
 - a. Organizations whose gross receipts have averaged, or will average, not more than \$10,000 per year pay \$400.
 - b. Larger organizations pay \$850.
 - c. *The IRS Revenue Procedure* announcing fees comes out each January. If you are submitting your application late in the year there may be some benefit to getting it in before January 1st.
4. **What are the chances of the exemption application being approved?** Recent statistics show the IRS approving tax exempt status for a little more than 70% of the applications and denying tax exempt status for less than 1% of the applications; the other 29% give up before they get a ruling.

These publications/presentations and other resources are available from the state office:

- Developing a Model Club
- Fiduciary Duties of Officers and Directors
- Bylaws and Policies – Purposes, Provisions, and Distinctions
- Executive Sessions, How to Use Them

Websites that can provide guidance:

Kids Non Profits USA
www.knpusa.org
 (888) 846-4342

www.legalzoom.com
 800-962-7490

www.boardsource.org

www.parlipro.org/postponeindef.htm

www.backgroundchecks.com

www.pullenins.com

www.usyouthsoccer.org

www.nonprofitrisk.org

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You can contact the state office for guidance, contacts, or if you have questions. Always remember that what is required versus what is desired should be made with the advice of legal counsel; there is no substitute for proper legal advice in what is a legally intensive subject.