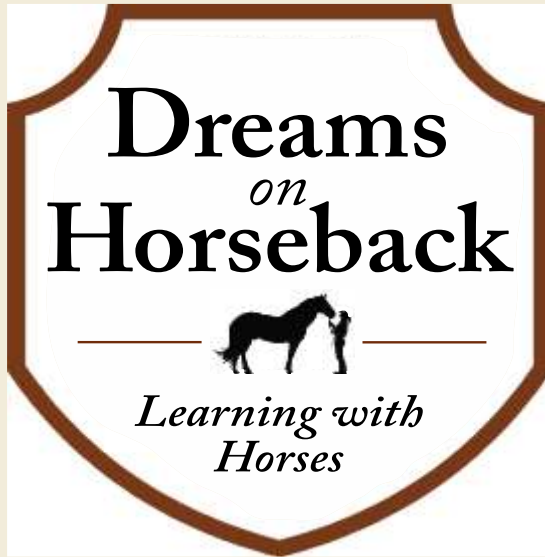


Plan for Success: Strategic Planning for Small to Medium Centers



Jennifer Hansen, J.D.
Executive Director

Small to Medium Centers

- Very Small
 - \$0 - \$24,999
- Small Center
 - \$25,000 - \$149,999
- Medium Center
 - \$150,000 - \$299,999

\$?



501(C)(3) Requirements

Organizational test

Exempt purpose

Legal entity

Operational test

Run primarily according to purpose stated in Articles of Incorporation

30% public support

Disqualified persons

Unrelated business income

Inurement Test

Earnings must not benefit individual

Public Benefit Test

Serve the community

Public policy test

Example 1: Therapeutic Riding Lessons charge \$35/hour
10 students/week/48 weeks each year
Business Revenue \$16,800
Charitable contributions minimum \$7,200 (30% "match")

Example #2

Barn with 10 stalls

- Owner has 5 horses
- Boarding 5 privately owned horses \$350/month
(Annual revenue \$21,000)
-
- Owner decides to add Therapeutic Riding Lessons charge \$35/hour
- 10 students/week/48 weeks each year (Annual Revenue \$16,800)
-
- Business Revenue = \$37,800 (\$21,000 + \$16,800)
- 30% “match” would be \$16,200 of Charitable Revenue
-
- Second problem: Unrelated business income



501(C)(3) Requirements

Organizational test

Exempt purpose

Legal entity

Operational test

Run primarily according to purpose stated in Articles of Incorporation

30% public support

Disqualified persons

Unrelated business income

Public Charity ≠ Foundation

Inurement Test

Earnings must not benefit individual

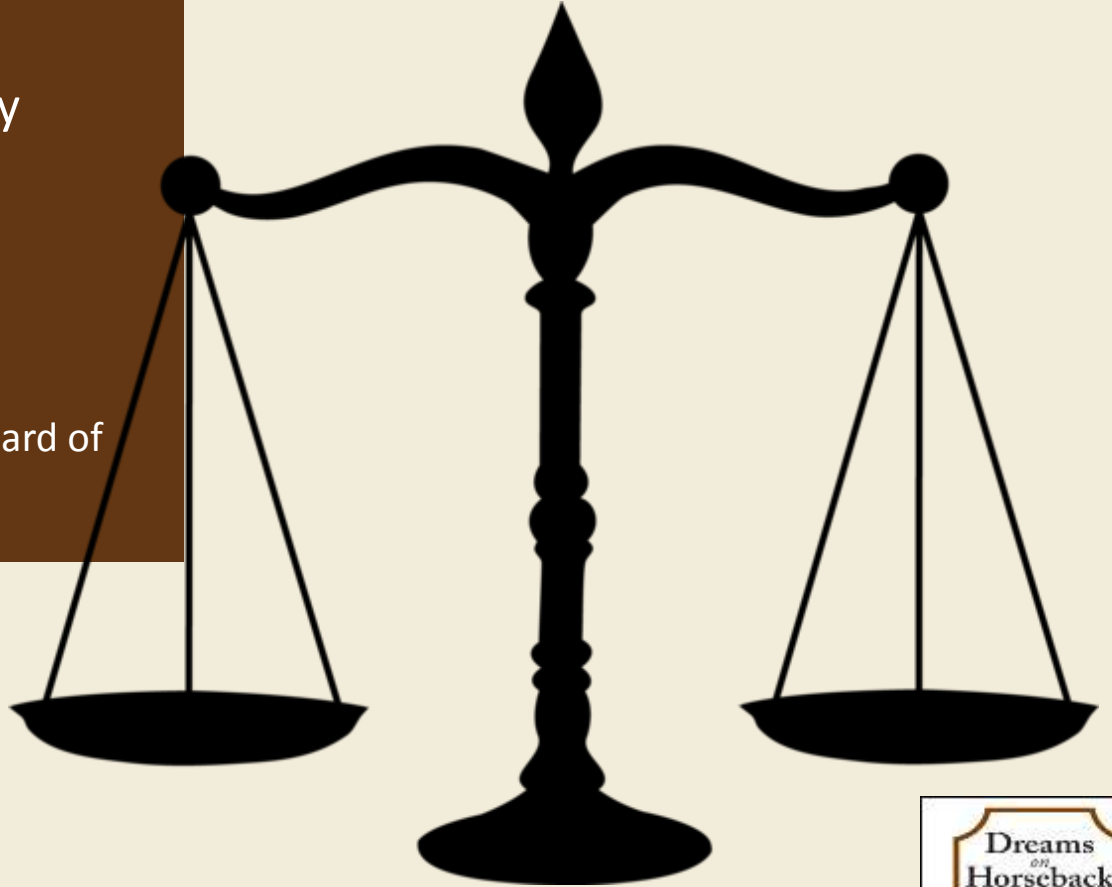
Public Benefit Test

Serve the community

Public policy test

Importance of Incorporating

- Legal protection for equine activity sponsor
- Legal protection for property owner
 - Public
 - Employees/Volunteers
- Personal indemnity
 - Acted in good faith, met standard of care



Symbiotic Organizations

501(C)(3) Non-profit organization

+

For-profit corporation

NON-PROFIT CORPORATION

Organizational test=Exempt purpose
Operational Test=30% public support
Inurement Test=not personal gain
Public Benefit Test

FOR-PROFIT CORPORATION

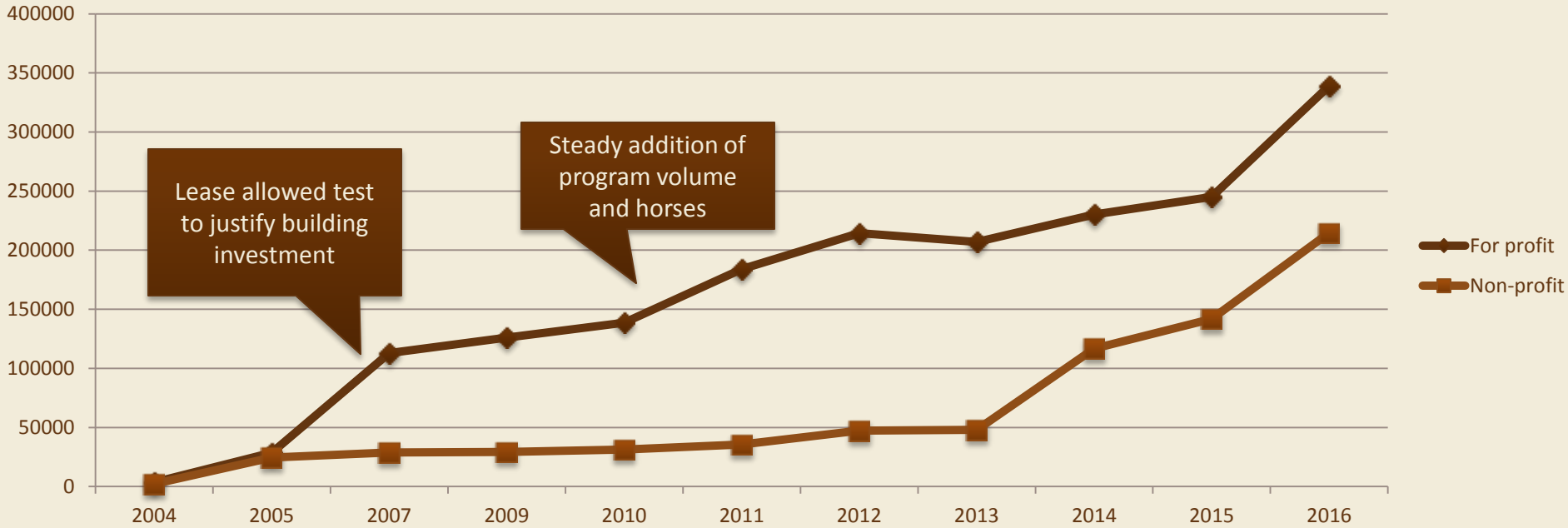
Revenue generation
Support overhead

Benefits and Dangers of Creating Symbiotic For-Profit Corporation

- Benefits
 - Allows non-profit to survive; Grow into mission
 - Diversification of revenue
 - Benefit to horses
 - Second location for overflow programs
 - Test concept of franchising operations
- Dangers
 - Overreaching limited resources
 - Marketing confusion
 - Conflict of interest



Example History of Growth



Lease allowed test to justify building investment

Steady addition of program volume and horses

Leased Indoor Arena

Built Indoor Arena

Started TRL program

2015 Opened 2nd facility

Dream • Believe • Achieve



Regular Check Up

5 Year Review

Why the organizations exists

Mission

Describe what the organization will look like at specified time.

Vision

Strategic Plan

Allocate resources ensuring target goals are reached

Change balance of use of limited resources

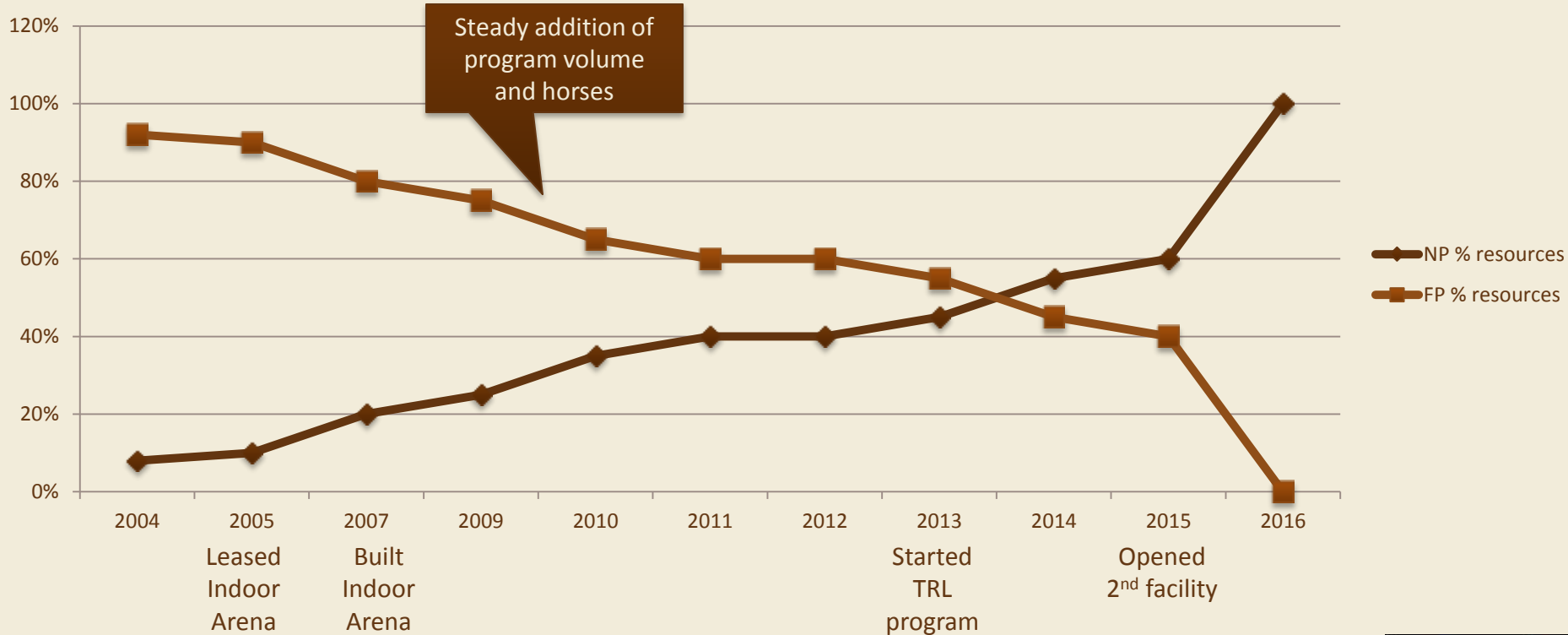
- “Buy” more arena time
- Justify number of stalls used for program horses

Annual Review

Evaluation against strategic plan

Budget – always balance non-profit equation

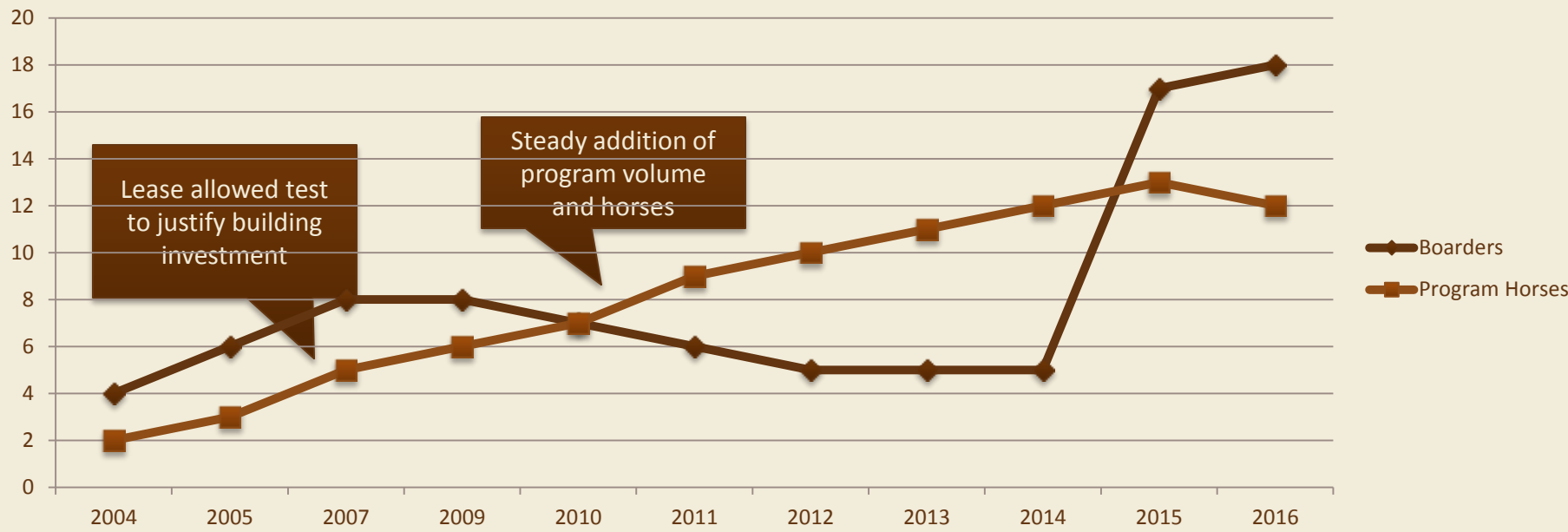
Adjustment of Use of Facility Resources



Dream • Believe • Achieve



Horses: Adjustment of Resources



Leased
Indoor
Arena

Built
Indoor
Arena

Started
TRL
program

2015
Opened
2nd facility

Dream • Believe • Achieve



Small Growth Techniques

Budget hourly expense of arena

Non-profit “buys” typical lesson slot when ready

Stockpile services in preparation for expansion

Example 1:

Quad a therapeutic riding lesson before splitting into two triples

Example 2:

If use of an indoor, schedule activity to use other space (ie. Outdoor arena) with rain cancellation policy



Milestones for Major Changes

Program infrastructure

- Staff, horses, curriculum, evaluation rubric

Level of Community Awareness and Support

Can you meet the 30% donation “match?”

Market-is there a need?

Cautions

- **Conflict of Interest**
 - Inurement test
- **Clear documentation**
 - Boarding agreements, lease of space
 - Title to assets (facility, equipment, horses)
 - Compensated staff time tracked carefully (hourly staff, administrative staff)
- **Separate resource usage**



DON'T EVER LET SOMEBODY
TELL YOU CAN'T DO SOMETHING,
NOT EVEN ME. ALRIGHT?
YOU GOT A DREAM,
YOU GOTTA PROTECT IT.
PEOPLE CAN'T DO SOMETHING
THEMSELVES, THEY WANNA
TELL YOU CAN'T DO IT.
IF YOU WANT SOMETHING,
GO GET IT. PERIOD.

CALLING DREAMS

