



SPORTS FIELD
MANAGEMENT ASSOCIATION

www.sportsfieldmanagement.org

Membership Pricing, Cycles & Legal Considerations

Introduction

Although Chapters have a myriad of ways to organize the logistics of their membership activities, there are some similarities found between many Chapters.

It is worth noting that most growing Chapters offer the ability to renew memberships online. Certain Chapters offer discounts for multiple memberships from the same organization, and the most common membership cycle amongst all Chapters is annual.

Ideas for Consideration

Chapters typically set up their memberships by Category and price those categories differently. As noted above some Chapters provide discounts for multiple members from the same facility. Noted below are the typical categories represented within Chapters and the general pricing structure

:: Professional

- Sports field managers - those whose job focuses on the management and/or maintenance of sports fields
- Typical Fee Range: \$20 - \$95, average cost \$40

:: Commercial

- Those who work in the commercial field providing goods, services, and equipment related to the sports field industry
- Typical Fee Range: \$50 - \$175, average cost \$90

:: Student (Not all chapters offer a student membership)

- Typical Fee Range: Free - \$50, average cost \$15

Bylaws

To be an affiliated Chapter of SFMA, each chapter must be separately incorporated, have articles of incorporation, bylaws and elect officers. See full details and an example of bylaws at SportsFieldManagement.org/Chapters.

Remember that bylaws are overarching governing documents. It is advised that bylaws capture your membership categories but do not include membership dues rates. If they do include dues rates, to make changes to those rates Chapters would need to change their bylaws. That typically will require a vote of the membership. Sometimes price increases are tough to get approved. However, as Chapters grow and develop, it is not uncommon for their bylaws to change and advance as needed. For example, if your Chapter is finding that its members are aging yet keeping those members in the Chapter and keeping them engaged is important, then the Chapter might consider adding a "Retired" category. That would require a change to the bylaws and a vote by the Chapters' membership to do so.

Legal

There are legal considerations for Chapters. Legal requirements start as soon as you begin to establish a Chapter and end after the Chapter is dissolved. The first legal aspect is to determine what type of non-profit corporate status to incorporate under. Each state has different requirements. Non-profit status may make an organization eligible for certain benefits, such as state sales, property, and income tax exemptions; however, this corporate status does not automatically grant exemption from federal income tax. To be tax exempt from federal income tax, most Chapters must apply for recognition of exemption from the Internal Revenue Service (IRS) to obtain a ruling or determination letter recognizing tax exemption. Tax-exempt status from the IRS exempts a nonprofit from paying corporate federal income tax on income generated from activities that are substantially related to the purposes for which the group was organized. SFMA does not require Chapters to be tax exempt. See IRS.gov for more information on how to apply for a tax exemption.

Once a Chapter is established, SFMA-affiliated Chapters must provide annual fees and documentation to their state's Secretary of States (SOS) office to keep this corporate status. Most SOS offices allow the renewal of the corporate status online, and it is a very simple process. (Go your State SOS office)

Exempt organizations are generally required to file annual returns of their income and expenses with the IRS. Small tax-exempt organizations with gross receipts under a certain threshold may be required to file an annual electronic notice. Those Chapters that are not tax exempt (did not file and did not receive a determination letter) may be required to file a return. (Go to IRS.gov) This may require help from a tax preparer.

Financial

Most Chapters set up bank accounts. Most banks (as well as SFMA) require that the Chapter is incorporated. It can be a challenge to change bank signers each year; SFMA recommends that you have several from your board authorized to sign on the account (or have a long-term signer such as a board advisor position or emeritus included) to avoid yearly signer changes, which can take quite a bit of time to implement at your bank.



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Insurance & Liabilities

Many Chapters ask about Directors and Officers Liability Insurance. Although this insurance is nice to have, it is expensive and typically is not necessary if you have Chapter procedures and protocols in place.

Board members can be held personally liable based on three fiduciary duties: the duty of care, the duty of loyalty, and the duty of obedience. The good news is that Board members can only be held responsible for breaches of fiduciary duties if the breach is due to recklessness or willful misconduct. If your chapter is following the three duties, liability is nearly nonexistent.

- ∴ **Duty of Care** – Board members must exercise the same care that an ordinary, prudent person would exercise under similar circumstances. Generally, this duty is also understood to include informed decision-making. One major way that the duty of care is violated is by the Board's failure to keep all of the nonprofit's documents, i.e., the articles of incorporation and the bylaws updated and current. The biggest trap for duty of care violations, though, often relates to employment practices. Of the nonprofit organizations who filed a claim on their D&O insurance in the last 10 years, more than 85 percent of those claims were employment related.
- ∴ **Duty of Loyalty** – This duty requires Board members to act in good faith and pursue the organization's best interests. This includes full disclosure of any issue that could cause, or be perceived to cause, a conflict of interest and then recusing oneself from all discussions, both formal and informal, related to such conflict. It also requires Board members to not take opportunities away from the nonprofit for their own personal gain and to protect the organization's confidential information. The biggest issue with this duty is conflict of interest issues.
- ∴ **Duty of Obedience** – This duty forbids acts outside of the scope of the organization's rules, policies, mission statement, articles of incorporation, and bylaws. In addition, the Board must comply with state and federal laws. Board members are to follow the rules of the organization as laid out in the various corporate documents as well as comply with the applicable state and federal laws. One major issue with the duty of obedience is ensuring that the funds of the nonprofit are used to fulfill the organization's stated mission, and the Board's failure to abide by its own articles or bylaws.

SFMA provides Event Liability insurance to Chapters that request it for an event they are having at a facility that requires it. Go to sportsfieldmanagement.org/chapters to fill out the request form.



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