

Youth Sports Nonprofit Business Plan

YouthSports

Executive Summary

Twenty-five percent of Richmond Metro youth participated in organized sports last year, compared with 85 to 90 percent in the suburbs, according to a recent State University report entitled Richmond's Youth Sport Need Assessment. Currently, there are 40,000 children in the Richmond Metro area between the ages of 6 to 14. In contrast to the metro area, the suburbs have a full array of youth sports with strong financial support. This late start for urban children, especially urban girls, in organized sports robs them of the opportunity for physical activity, coaching, being part of a team, learning skills, and substantial time away from "negative recreation" (drugs, violence or sexual activities).

Clinical studies also show that sports and recreation programs can help youth establish lifelong, healthy, physical activity patterns. Regular physical activity can ward off life-threatening diseases; reduce feelings of depression and anxiety; help control weight and obesity; and build and maintain healthy bones, muscles, and joints, according to the President's Council on Physical Fitness.

The children in the city's core must have the opportunity for a successful start in education and sport regardless of age, race, gender, family composition, income or community. In response to this significant disparity, YouthSports will be created to provide the sports program necessary for Richmond children to have equal opportunity for organized sports.

Thanks to a three-year matching grant from The John Ford Stevenson Foundation (JFSF), YouthSports and several corporate partners plan to utilize organized sports and physical activity programs to promote healthy development in youth.

The JFSF, based in San Francisco, CA, is the nation's largest philanthropy devoted exclusively to health and health care. It concentrates its grantmaking in three goal areas: to assure that all Americans have access to basic health care at reasonable cost; to improve care and support for people with chronic health conditions; and to reduce the personal, social and economic harm caused by substance abuse; tobacco, alcohol, and illicit drugs.

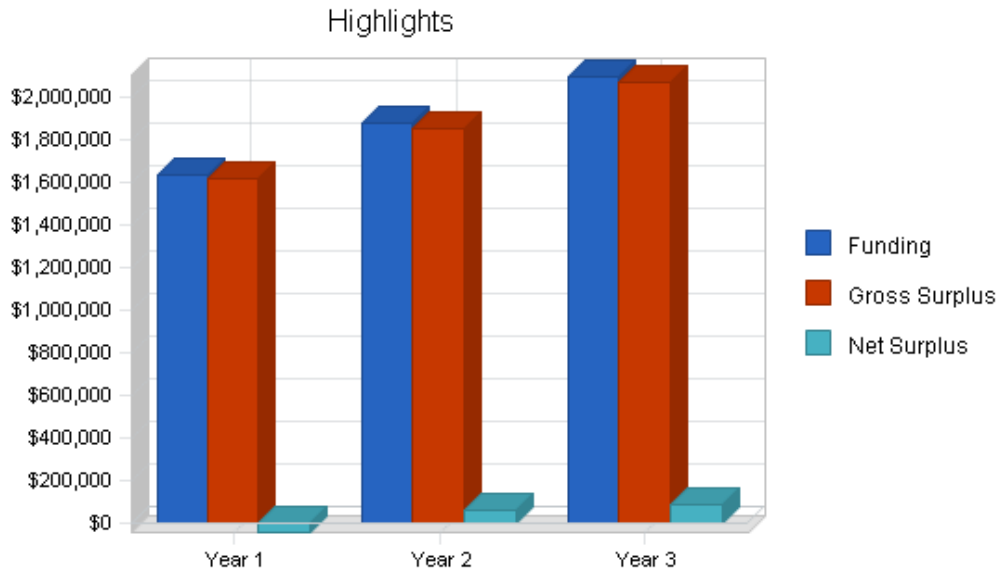
Schools and health care centers will host sport registration. The JFSF renewable matching grant is based on the concept that local funding sources have the clearest understanding of their communities' needs. With matching contributions from local partners, the project will receive substantial funding.

Collaborating partners include:

- BlueCross/BlueShield.
- Mayor Linda Hargrove and the City of Richmond.
- Parks & Recreation Department.
- Richmond Unified School District.
- Templex Corporation.
- A.I. Kaufman and Sons.
- PriceRight Supermarkets.
- Avion Computers.

- The Richmond Mall.
- Richmond Bank.
- Rider Corporation.

With this base of support, YouthSports will raise additional money from program sponsors and fundraising campaigns.



1.1 Objectives

- To increase participation in youth sports and recreation programs in the Richmond Metro area.
- To increase youth access to health care and healthy development.

1.2 Mission

The mission of YouthSports is to create a youth sport program in the Richmond Metro area increasing both sport participation rates and healthy development of the area's youth.

1.3 Keys to Success

- Utilizing the school system to promote the sports program and recruiting team coaches.
- Minimize field maintenance and facility costs with the school and city park systems.
- Maintaining the City Council's support to provide scholarship funds for needy youth who want to participate in sports.
- Recruiting more corporate support for the sports program.
- Maintaining a high approval rate with the area's parents and youth.

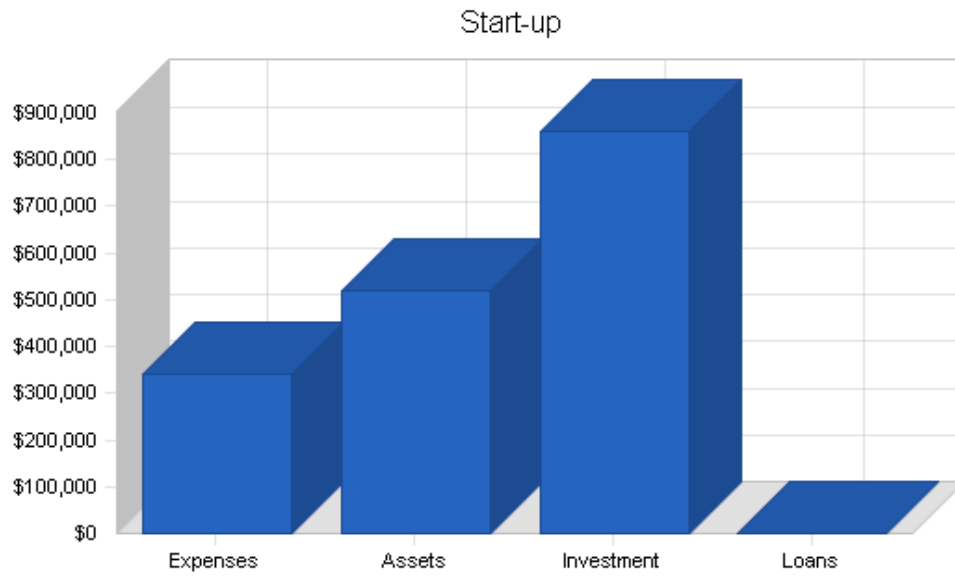
Organization Summary

YouthSports will be a private, non-profit, youth sports program serving children, ages 6-14, in the Richmond Metro area. The focus of the program is to promote youth sport participation, promote healthy development in youth, and increase youth access to health care.

YouthSports has rented office space near the city cent park system. Outdoor sports will be played on public school and park property. Indoor sports will be played in public school gyms.

2.1 Start-up Summary

Start-up costs and initial financing are shown on the following tables and chart.



Start-up Funding

Start-up Expenses to Fund \$342,000

Start-up Assets to Fund \$518,000

Total Funding Required \$860,000

Assets

Non-cash Assets from Start-up \$250,000

Cash Requirements from Start-up \$268,000

Additional Cash Raised \$0

Cash Balance on Starting Date \$268,000

Total Assets \$518,000

Liabilities and Capital

Liabilities

Current Borrowing \$0

Long-term Liabilities \$0

Accounts Payable (Outstanding Bills) \$0

Other Current Liabilities (interest-free) \$0

Total Liabilities	\$0
Capital	
Planned Investment	
JFSF	\$430,000
Blue Shield/Blue Cross	\$100,000
Templex Corporation	\$25,000
A.I. Kaufman and Sons	\$25,000
PriceRight Supermarkets	\$80,000
Avion Computers	\$50,000
The Richmond Mail	\$50,000
Richmond Bank	\$50,000
Rider Corporation	\$50,000
Other	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$860,000
Loss at Start-up (Start-up Expenses)	(\$342,000)
Total Capital	\$518,000
Total Capital and Liabilities	\$518,000
Total Funding	\$860,000

Start-up

Requirements

Start-up Expenses

Legal	\$5,000
Stationery etc.	\$5,000
Brochures	\$20,000
Promotion	\$100,000
Insurance	\$10,000
Rent	\$2,000

Research and Development	\$0
Sport Equipment	\$100,000
Office Equipment/Software	\$100,000
Other	\$0
Total Start-up Expenses	\$342,000
Start-up Assets	
Cash Required	\$268,000
Other Current Assets	\$50,000
Long-term Assets	\$200,000
Total Assets	\$518,000
Total Requirements	\$860,000

Services

YouthSports will offer the following sports during the year:

- Flag Football, August-November.
- 1st/2nd Grade Basketball, October-December.
- 3rd-8th Grade Basketball, December-March.
- Spring Soccer, March-May.
- T-Ball/Softball/Baseball, May-July.

Market Analysis Summary

There are 40,000 children in the Richmond Metro area between six to 14 years of age. The age group percentages break down as follows:

- 50% - Ages 6-8.
- 30% - Ages 9-11.
- 20% - Ages 12-14.

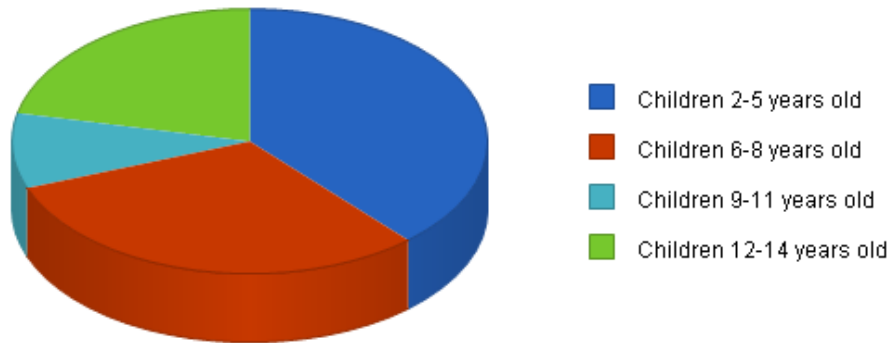
Currently, only 10% of 6 -11 year olds in the Richmond Metro area participate in organized sports. More importantly, only 5% of girls in that age group are involved in sports. The current age break down provides YouthSports with an excellent opportunity to impact half of our target group at the youngest ages. This will have a tremendous impact on the success of the program over the next five years.

It is also important to note that there are over 25,000 children in the Richmond Metro area between the ages of two to five. These children will be entering the YouthSports program within the next three years.

4.1 Market Segmentation

The 2-5 and 6-8 age groups represent over 70% of the children that YouthSports will serve over the next three years. It is critical that the program is prepared to manage the influx of these young children.

Market Analysis (Pie)



Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Children 2-5 years old	8%	25,000	27,000	29,160	31,493	34,012	8.00%
Children 6-8 years old	10%	20,000	22,000	24,200	26,620	29,282	10.00%
Children 9-11 years old	10%	6,000	6,600	7,260	7,986	8,785	10.00%
Children 12-14 years old	8%	14,000	15,120	16,330	17,636	19,047	8.00%
Total	8.81%	65,000	70,720	76,950	83,735	91,126	8.81%

Strategy and Implementation Summary

It is critical that YouthSports takes a proactive strategy in promoting its program in the community as well as creating a strong fund-raising program. To accomplish these goals, YouthSports will have two groups overseeing the program's growth and development. The first will be a 12-member Program Services Group comprising of community members. This group will provide oversight of the program's service delivery to the community and will also be responsible for building community support for YouthSports. The second group will be a 10-member Finance Group that will have Richmond business representation. The Finance Group will have oversight over the program's fiscal operation and fund-raising activities.

The next step will be to recruit the volunteer coaches and facility supervisors for each season and use this group to promote the program at local schools. Coaches and facility supervisors will be recruited by using the community churches and civic organizations. In addition, the Richmond Police Department is initiating a new program to recruit volunteer youth coaches from their own ranks. YouthSports is also working with the Community Service Program of State University to recruit college students as coaches. They will receive three university credits hours for their participation with YouthSports.

Mobilizing a coaching/supervision base will provide YouthSports the people power necessary to get its message to the entire community.

Sign-up for the program will be simplified by providing participation forms at each school and at the larger community markets. At each location, there will be a collection kiosk where the forms can be dropped off.

5.1 Competitive Edge

YouthSports' competitive edge is twofold. One is the support of the community's public resources to build a successful sports program that will have a positive impact on the attitude and health of the area's children.

The school district has committed to strongly pushing the sports program. Each of the area's elementary and middle schools will choose a school team name. The name will then be used by the school teams. Sport participation will be promoted in the classroom and volunteer coaches will be allowed to visit classrooms and speak to the children.

The city park system has been pivotal in obtaining sports equipment for the program at a discounted rate, saving the program a large expense.

The program's second advantage is the support of businesses to have a real impact on the metro youth. The revitalization of the Richmond's urban center can only be built upon the improved quality of life of metro residents. The current demographics, with the majority of metro children under the age of six, provides a unique opportunity to have a dynamic impact on the area's youth. Richmond businesses are lining up to become sport sponsors and school team sponsors.

5.2 Fundraising Strategy

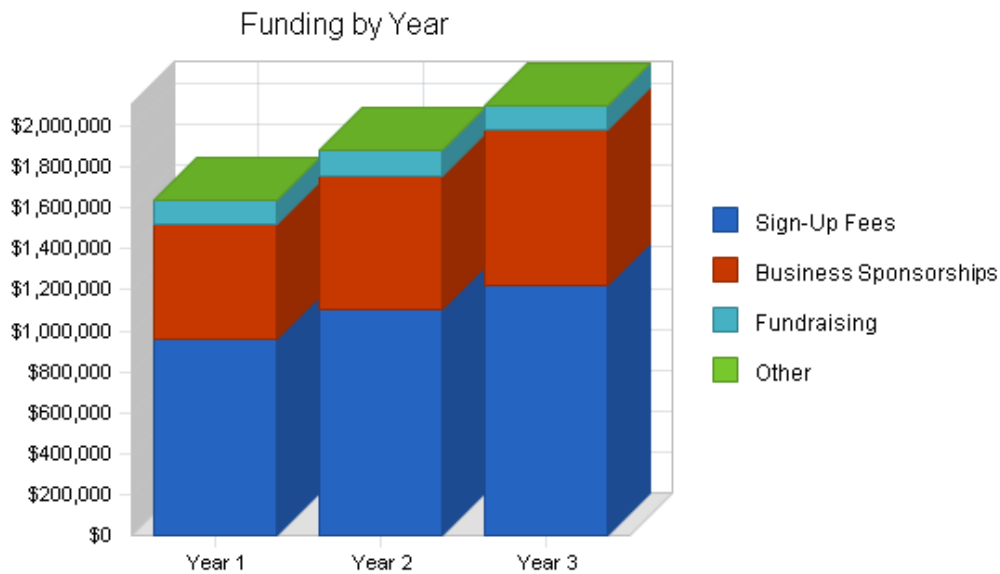
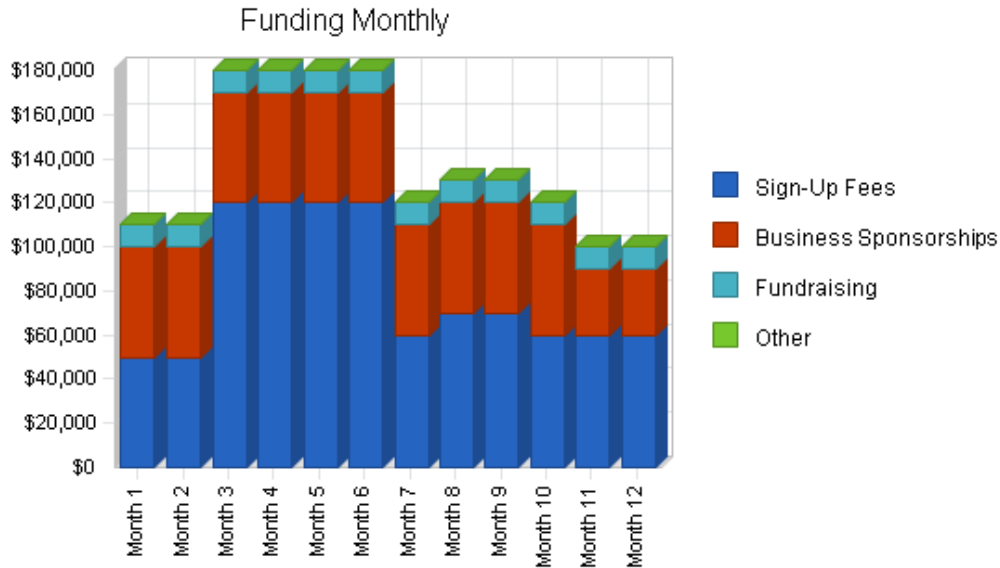
YouthSports will be directing its fund-raising program at two groups. One will be the metro area parents, the other will be Richmond's businesses. Being successful with both groups is key to the program's future.

- **Metro Area Parents:** The program's expectations is that sign-up fees will pay for only 30% of operating cost but the fee is crucial for several reasons. First, without a sense of ownership in the program the community will not support the program over time. Second, a monetary commitment to the program creates an expectation of services that will push the program to become more responsive to the community needs. The third reason, and the most important, is that the fee is an organizing tool to recruit volunteers who will commit to work a number of hours for the program as part of a child scholarship agreement.
- **Richmond Businesses:** Local businesses can become sponsors of YouthSports sport seasons (like PriceRight can sponsor the Flag Football Season), school teams, or sport tournaments. With the

sponsorship will come the opportunity to have the company name on field/facility banners, team uniforms, and YouthSports mass mailings. YouthSports will also have four high-profile fundraisers each year.

5.2.1 Funding Forecast

The following is the funding forecast for three years.



Funding Forecast

Year 1 Year 2 Year 3

Funding

Sign-Up Fees	\$960,000	\$1,100,000	\$1,220,000
Business Sponsorships	\$560,000	\$660,000	\$760,000
Fundraising	\$120,000	\$120,000	\$120,000
Other	\$0	\$0	\$0
Total Funding	\$1,640,000	\$1,880,000	\$2,100,000
Direct Cost of Funding	Year 1	Year 2	Year 3
Sign-Up Fees	\$0	\$0	\$0
Business Sponsorships	\$12,000	\$15,000	\$18,000
Fundraising	\$12,000	\$12,000	\$12,000
Other	\$0	\$0	\$0
Subtotal Cost of Funding	\$24,000	\$27,000	\$30,000

Management Summary

YouthSports will establish a team to manage the day to day operation of the program.

6.1 Personnel Plan

The program team will have the following positions:

- Director.
- Assistant Director.
- Volunteer Coordinator.
- Sponsorship/Fundraising Developer.
- Facility Coordinator.
- Coordinator of Game Officials.
- Area Supervisors (3).
- Office Manager.
- Clerical Staff (2).

Personnel Plan

	Year 1	Year 2	Year 3
Director	\$36,000	\$39,000	\$42,000
Assistant Director	\$31,200	\$34,000	\$37,000
Volunteer Coordinator	\$30,000	\$33,000	\$36,000
Sponsorship/Fundraising Developer	\$33,600	\$37,000	\$40,000
Facility Coordinator	\$30,000	\$33,000	\$36,000

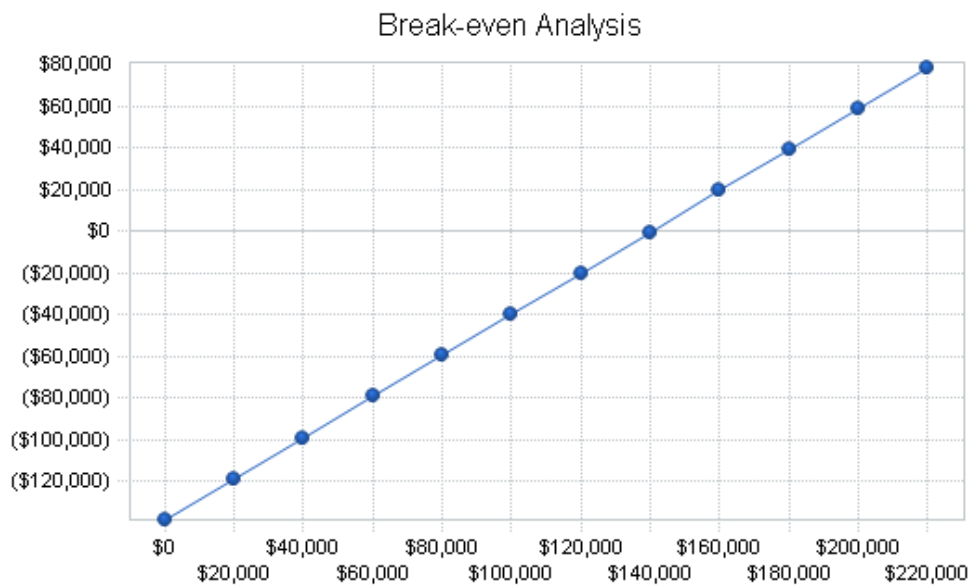
Coordinator of Game Officials	\$28,800	\$31,000	\$34,000
Area Supervisors (3)	\$72,000	\$80,000	\$90,000
Office Manager	\$30,000	\$33,000	\$36,000
Clerical Staff (2)	\$38,400	\$41,000	\$44,000
Total People	12	12	12
Total Payroll	\$330,000	\$361,000	\$395,000

Financial Plan

The following is the Financial Plan for YouthSports for three years.

7.1 Break-even Analysis

The following table and chart show the Break-even Analysis for YouthSports.



Break-even Analysis

Monthly Revenue Break-even \$140,548

Assumptions:

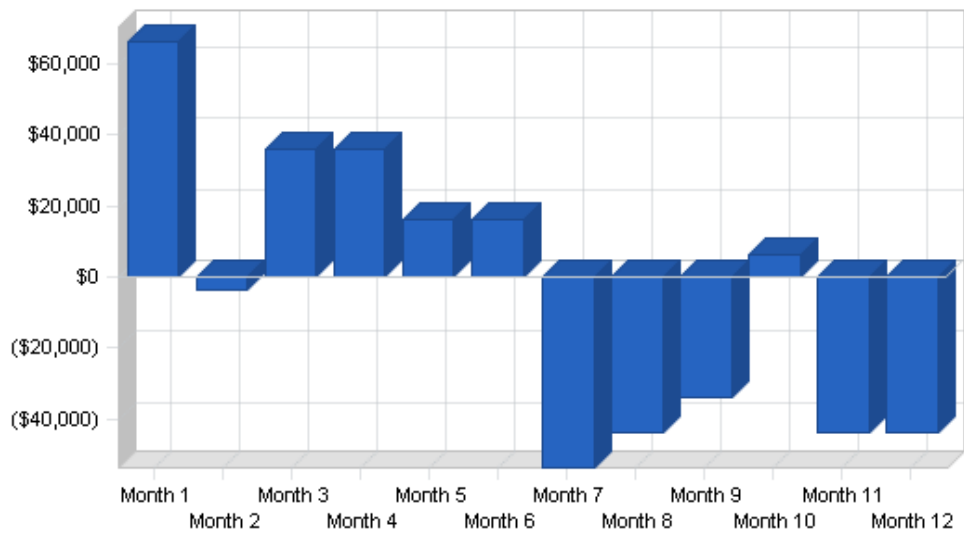
Average Percent Variable Cost 1%

Estimated Monthly Fixed Cost \$138,492

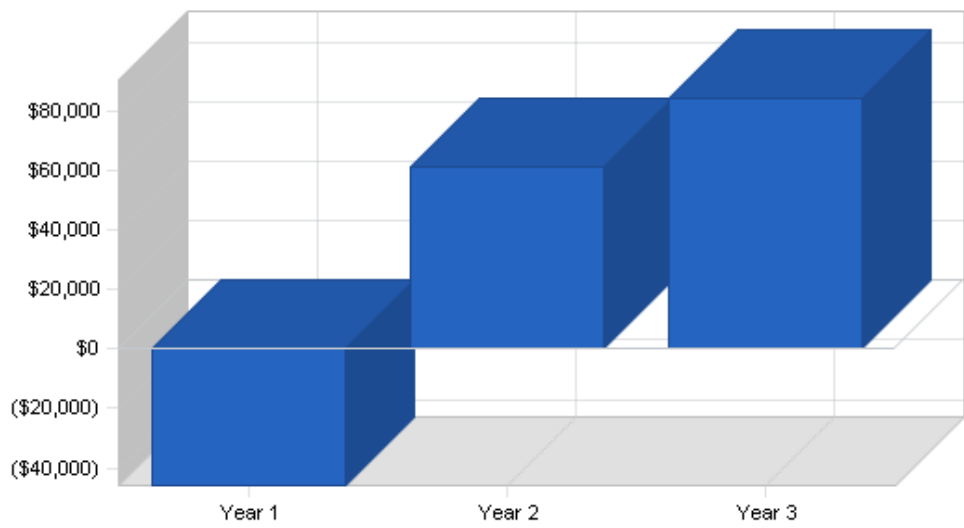
7.2 Projected Surplus or Deficit

The following is the Surplus or Deficit of the program's operation for three years.

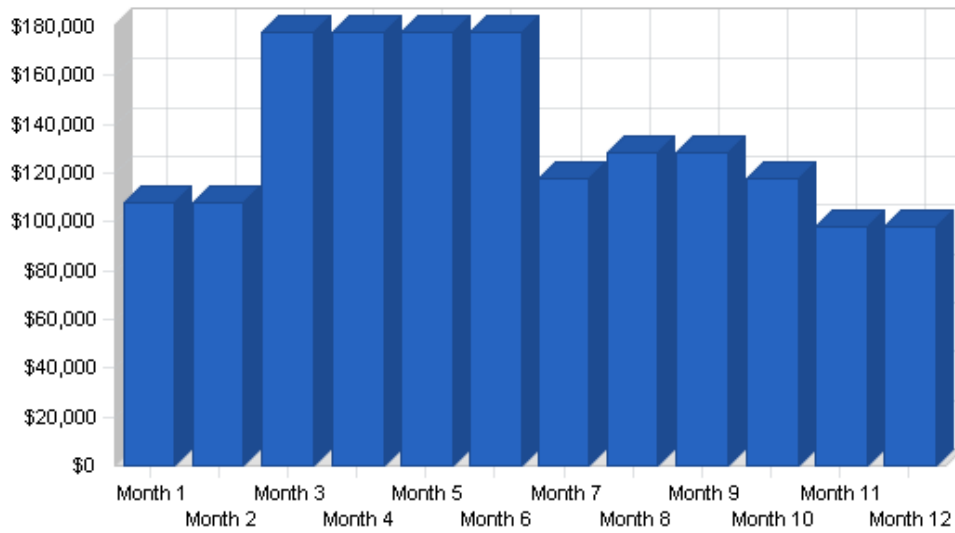
Surplus Monthly



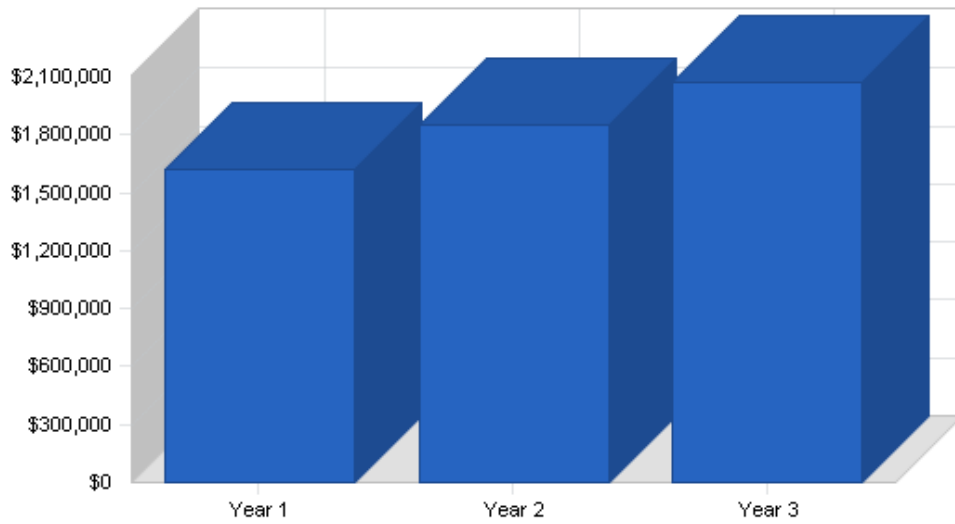
Surplus Yearly



Gross Surplus Monthly



Gross Surplus Yearly



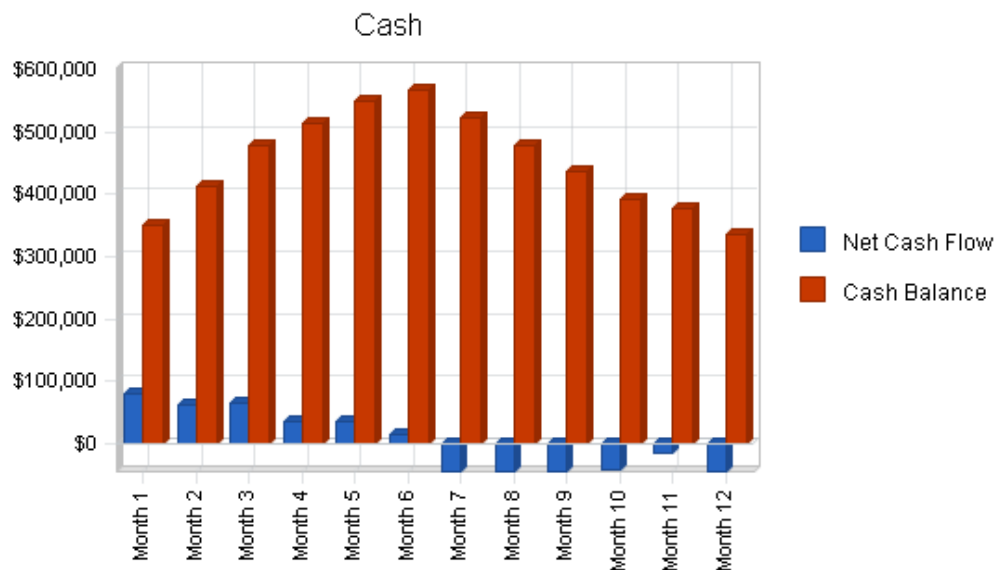
Surplus and Deficit

	Year 1	Year 2	Year 3
Funding	\$1,640,000	\$1,880,000	\$2,100,000
Direct Cost	\$24,000	\$27,000	\$30,000
Other Production Expenses	\$0	\$0	\$0
Total Direct Cost	\$24,000	\$27,000	\$30,000
Gross Surplus	\$1,616,000	\$1,853,000	\$2,070,000
Gross Surplus %	98.54%	98.56%	98.57%

Expenses			
Payroll	\$330,000	\$361,000	\$395,000
Sales and Marketing and Other Expenses	\$1,196,000	\$1,290,000	\$1,445,000
Depreciation	\$0	\$0	\$0
Leased Equipment	\$0	\$0	\$0
Utilities	\$2,400	\$2,400	\$2,400
Insurance	\$60,000	\$60,000	\$60,000
Rent	\$24,000	\$24,000	\$24,000
Payroll Taxes	\$49,500	\$54,150	\$59,250
Other	\$0	\$0	\$0
Total Operating Expenses	\$1,661,900	\$1,791,550	\$1,985,650
Surplus Before Interest and Taxes	(\$45,900)	\$61,450	\$84,350
EBITDA	(\$45,900)	\$61,450	\$84,350
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0
Net Surplus	(\$45,900)	\$61,450	\$84,350
Net Surplus/Funding	-2.80%	3.27%	4.02%

7.3 Projected Cash Flow

The following is the Projected Cash Flow of the program's operation for three years.



Pro Forma Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Funding	\$1,640,000	\$1,880,000	\$2,100,000
Subtotal Cash from Operations	\$1,640,000	\$1,880,000	\$2,100,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$1,640,000	\$1,880,000	\$2,100,000
Expenditures			
Expenditures from Operations			
Cash Spending	\$330,000	\$361,000	\$395,000
Bill Payments	\$1,243,453	\$1,450,199	\$1,607,245
Subtotal Spent on Operations	\$1,573,453	\$1,811,199	\$2,002,245
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$1,573,453	\$1,811,199	\$2,002,245

Net Cash Flow	\$66,548	\$68,801	\$97,755
Cash Balance	\$334,547	\$403,349	\$501,104

7.4 Projected Balance Sheet

The following is the Projected Balance Sheet of the program's operation for three years.

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$334,547	\$403,349	\$501,104
Other Current Assets	\$50,000	\$50,000	\$50,000
Total Current Assets	\$384,547	\$453,349	\$551,104
Long-term Assets			
Long-term Assets	\$200,000	\$200,000	\$200,000
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$200,000	\$200,000	\$200,000
Total Assets	\$584,547	\$653,349	\$751,104
Liabilities and Capital			
	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	\$112,448	\$119,799	\$133,204
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$112,448	\$119,799	\$133,204
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$112,448	\$119,799	\$133,204
Paid-in Capital	\$860,000	\$860,000	\$860,000
Accumulated Surplus/Deficit	(\$342,000)	(\$387,900)	(\$326,450)
Surplus/Deficit	(\$45,900)	\$61,450	\$84,350
Total Capital	\$472,100	\$533,550	\$617,900

Total Liabilities and Capital	\$584,548	\$653,349	\$751,104
Net Worth	\$472,100	\$533,550	\$617,900

7.5 Standard Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 7999, Amusement and Recreation, are shown for comparison.

Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Funding Growth	0.00%	14.63%	11.70%	4.07%
Percent of Total Assets				
Other Current Assets	8.55%	7.65%	6.66%	33.94%
Total Current Assets	65.79%	69.39%	73.37%	42.54%
Long-term Assets	34.21%	30.61%	26.63%	57.46%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	19.24%	18.34%	17.73%	24.50%
Long-term Liabilities	0.00%	0.00%	0.00%	23.36%
Total Liabilities	19.24%	18.34%	17.73%	47.86%
Net Worth	80.76%	81.66%	82.27%	52.14%
Percent of Funding				
Funding	100.00%	100.00%	100.00%	100.00%
Gross Surplus	98.54%	98.56%	98.57%	100.00%
Selling, General & Administrative Expenses	101.34%	95.30%	94.55%	68.43%
Advertising Expenses	2.20%	2.13%	2.14%	3.66%
Surplus Before Interest and Taxes	-2.80%	3.27%	4.02%	2.96%
Main Ratios				
Current	3.42	3.78	4.14	1.13
Quick	3.42	3.78	4.14	0.70
Total Debt to Total Assets	19.24%	18.34%	17.73%	56.09%

Pre-tax Return on Net Worth	-9.72%	11.52%	13.65%	4.33%
Pre-tax Return on Assets	-7.85%	9.41%	11.23%	9.87%
Additional Ratios		Year 1	Year 2	Year 3
Net Surplus Margin	-2.80%	3.27%	4.02%	n.a
Return on Equity	-9.72%	11.52%	13.65%	n.a
Activity Ratios				
Accounts Payable Turnover	12.06	12.17	12.17	n.a
Payment Days	27	29	28	n.a
Total Asset Turnover	2.81	2.88	2.80	n.a
Debt Ratios				
Debt to Net Worth	0.24	0.22	0.22	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$272,100	\$333,550	\$417,900	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Funding	0.36	0.35	0.36	n.a
Current Debt/Total Assets	19%	18%	18%	n.a
Acid Test	3.42	3.78	4.14	n.a
Funding/Net Worth	3.47	3.52	3.40	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Funding Forecast

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Funding													
Sign-Up Fees	0%	\$50,000	\$50,000	\$120,000	\$120,000	\$120,000	\$120,000	\$60,000	\$70,000	\$70,000	\$60,000	\$60,000	\$60,000
Business Sponsorships	0%	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$30,000	\$30,000
Fundraising	0%	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding		\$110,000	\$110,000	\$180,000	\$180,000	\$180,000	\$180,000	\$120,000	\$130,000	\$130,000	\$120,000	\$100,000	\$100,000

Subtotal Current Liabilities	\$0	\$15,781	\$83,448	\$112,448	\$112,448	\$131,781	\$131,781	\$141,447	\$141,448	\$131,781	\$83,448	\$112,448	\$112,448
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$15,781	\$83,448	\$112,448	\$112,448	\$131,781	\$131,781	\$141,447	\$141,448	\$131,781	\$83,448	\$112,448	\$112,448
Paid-in Capital	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000	\$860,000
Accumulated Surplus/Deficit	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)	(\$342,000)
Surplus/Deficit	\$0	\$66,175	\$62,350	\$98,525	\$134,700	\$150,875	\$167,050	\$113,225	\$69,400	\$35,575	\$41,750	(\$2,075)	(\$45,900)
Total Capital	\$518,000	\$584,175	\$580,350	\$616,525	\$652,700	\$668,875	\$685,050	\$631,225	\$587,400	\$553,575	\$559,750	\$515,925	\$472,100
Total Liabilities and Capital	\$518,000	\$599,956	\$663,798	\$728,973	\$765,148	\$800,656	\$816,831	\$772,673	\$728,848	\$685,356	\$643,198	\$628,373	\$584,548
Net Worth	\$518,000	\$584,175	\$580,350	\$616,525	\$652,700	\$668,875	\$685,050	\$631,225	\$587,400	\$553,575	\$559,750	\$515,925	\$472,100