

A 501(c) Agencies Trust Case Study:

YMCA of the Inland Northwest



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YMCA of the Inland Northwest was established in 1884. Since then Inland Northwest has grown to serve thousands of members, hundreds of volunteers, and nearly 1,000 employees. They remain dedicated to the mission of the YMCA to put Christian principles into practice through programs that build healthy spirit, mind and body for all.

Collectively, YMCAs are the largest not-for-profit community service organizations in America. They work to meet the health and social service needs of 20.9 million men, women and children.

In the decade before working with 501(c) Agencies Trust, YMCA of the Inland Northwest had paid nearly \$1 million in state unemployment taxes to the State of Washington.

A 501(c)(3) Tax Option

While searching for ways to save their operations money, YMCA of the Inland Northwest began to explore their option as a 501(c)(3) to opt out of the Washington state unemployment insurance tax system and reimburse the state only for unemployment claims it paid out to their former employees.

Historically nonprofits have lower turnover than for-profits, many 501(c)(3)s, like YMCA of the Inland Northwest, save money by becoming reimbursing employers. While performing their due diligence on the matter, YMCA of the Inland Northwest discovered the



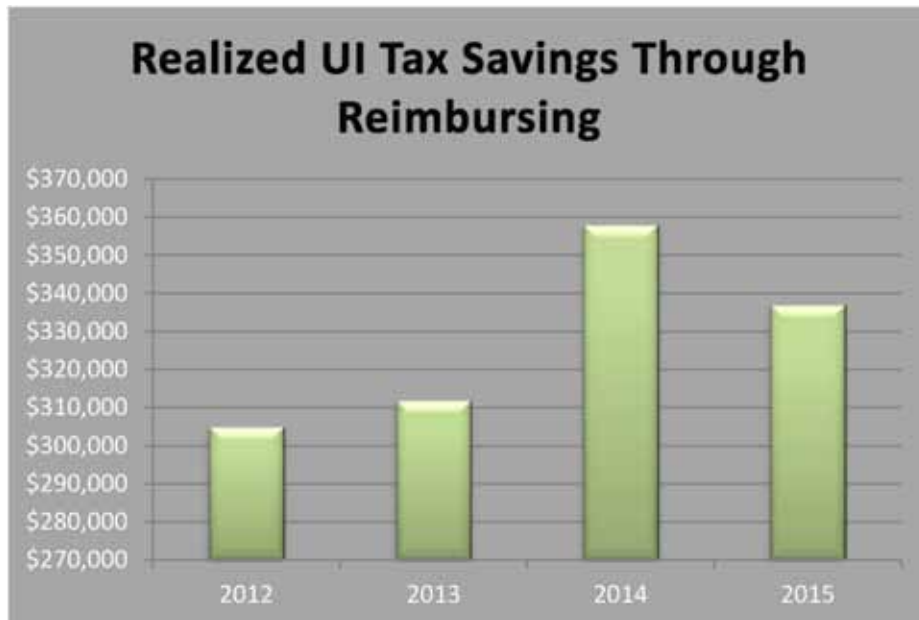
third-party reimbursement option through a grantor trust. Approximately 5,000 nonprofits belong to different grantor trusts throughout the country.

In the end, YMCA of the Inland Northwest decided to begin working with 501(c) Agencies Trust.

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501(c) Agencies Trust initially helped YMCA of the Inland Northwest file the paperwork with Washington to become a reimbursing, and now they handle YMCA of the Inland Northwest's reimbursement payments to the state as well as supplement their human resources and employee training functions. YMCA of the Inland Northwest's chief financial officer, Alan Leshar, has even served as a member of 501(c) Agencies Trust's board of trustees for a three-year term.



YMCA of the Inland Northwest Budget Savings

YMCA of the Inland Northwest employs nearly 1,000 people annually and has a budget of approximately \$17 million. Their programs serve nearly 44,000 members at three locations throughout Spokane, Washington. Their payroll has been approximately \$9 million annually over the past decade. This means, on average, that YMCA of the Inland Northwest owes nearly \$200,000 in unemployment taxes annually to the State of Washington.

"Initially, our involvement with 501(c) Agencies Trust was to leverage all the tax saving options afforded us as a 501(c)(3)," said YMCA of the Inland Northwest CFO Alan Leshar. "When it came down to finding a partner to help us reimburse, 501(c) neatly filled that role."

In addition to the assistance YMCA of the Inland Northwest receives associated with unemployment claims and taxes, the organization also heavily utilizes many of 501(c) Agencies Trust's auxiliary services.

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"In the ten years we've been partnered with 501(c), we've called their HR Hotline dozens of times for assistance on various personnel matters," explained Leshner. "We've also smartly incorporated many of the internal procedures that they constantly advocate

like proper employee hiring, training and disciplining."

"By taking seriously all of 501(c)'s recommendations, when we do separate from an employee the claims process – whether we pay or protest – is handled much more efficiently and the outcomes are more positive. We've reduced our unemployment tax liability by nearly \$1.5 million in five years, and we are also a better user of our human capital."

Conclusion

YMCA of the Inland Northwest's association with 501(c) Agencies Trust has reduced their unemployment tax liability by more than \$160,000 annually. But in addition to reducing those real costs of doing business, leveraging all of the benefits provided by 501(c) Agencies Trust in their daily operations has increased the capacity of the human resources function allowing YMCA of the Inland Northwest to focus more of their time and money on promoting healthy living and fostering a sense of social responsibility.

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