

From Your Dream to Nonprofit Reality

Starting a charitable nonprofit can take you down many paths but each journey begins with a mission. A mission is simply a clear statement of the scope and dimension of your nonprofit. Why does your nonprofit need to exist? Who will it serve? What will it actually do? Where will you operate? The answers to these questions should help formulate a clear mission statement.

Now that you know your mission, what are the technical issues of starting a nonprofit? First you must determine if your mission requires establishing a nonprofit corporation. If you intend on raising funds in the form of tax deductible contributions, the organization must serve some charitable, religious, educational, scientific or literary purpose beneficial to the public interest. This will allow the organization to seek tax

The designation "501c3" refers to the section of US Tax Code that deals with tax exempt organizations. Tax-exempt organizations do not pay federal corporate income taxes. Not all state regulations are equal in regards to tax status of nonprofits so be certain to check with your state government. Being designated as a tax-exempt nonprofit also can qualify the organization for lower postal rates and for government and private grants. The negative part of incorporating is increased paperwork, record keeping and reporting requirements.

Incorporating as a nonprofit is very similar to incorporating as a for-profit. Each nonprofit corporation must file articles of incorporation specifically stating the purpose of the organization. Each must establish by-laws and consider regulations and operational requirements. As each state has independent regulations regarding incorporation, it is wise to consult an attorney. While this may not be necessary to complete the paper work, the advice of an attorney can speed the process and reduce potential conflicts that will delay or deny your ability to proceed. Many books are available that provide state-specific information regarding incorporating as a nonprofit. Check your local book store or online book resource.

The Real Work Begins

Do you need a staff? Can you pay a staff? Can you retain volunteers? Someone has to do the work. Workers are needed for two general responsibilities, administrative and service. Administrative workers run the corporation including raising funds, managing budgets and handling all business operations.

Service workers are responsible for the mission of the organization and for accomplishing the purpose for which the nonprofit was formed. In small nonprofits, one staff member may do it all. This is where volunteers become critical to the success of the nonprofit.

Do you have a budget? From where will funding come? Nonprofits can earn income through program and service fees, but raising funds is usually an essential activity.

If, however, you do not receive enough funding to provide for all of your operational and service needs, consider partnering with a similar organization. A trend in the nonprofit industry is sharing resources that are common to many nonprofits. This could take the form of sharing office space, administrative tasks, fundraising and other work that a small nonprofit may need but not to the extent of requiring a full-time employee. You may be able to partner with an organization that could use the services you provide within the scope of their larger mission. Research your local nonprofit community to determine if a similar organization exists and if your services would be complementary to their mission.

Starting a nonprofit begins with a dream, grows with hope and succeeds with hard but rewarding work. If you are up to the challenge, someone or something needs your commitment, concern and passion.

NOTE:

This document and information is provided FREE of charge by the Northwest Arkansas Chapter of SCORE. It is provided primarily for use by non-profit (not-for-profit) organizations. However, may be of benefit to other types of organizations. This document is intended to be only a Sample for consideration by Your Organizations paid and volunteer leadership. You may use it, modify it to fit your organization, and for nor charge freely share it with others.