How to Start a Nonprofit
April 19, 2016
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Overview

- Mission Statement
- Initial Staffing
- Paperwork & Legwork
- Business Plan
Mission Statement

1. Answer these questions:
   - Why does this organization need to exist?
   - Who needs this organization’s help?
   - How can this organization deliver its help to those in need?
   - Are other organizations already providing this kind of help?

2. Keep it simple.
   - Be willing to revisit and revise.
   - There are no “right answers.”
   - The first draft will be the shortest.
Initial Staffing

- Who will make the organization make a difference?
  - **Board of Directors**
    - Make it an odd number!
    - Look for effective people, not just famous or wealthy folks.
      - But there is nothing wrong with having good contributors on the Board.
    - Are you the best choice to be in charge?
  - **Employees**
    - Start slow! Full staffing can wait for the Business Plan.
    - Does it make sense for you to be an employee?
  - **Advisors**
    - Attorneys, CPA’s, bankers, and fundraising advisors
Paperwork & Legwork - Part 1

- Choose a **name** for the organization.
- Open a **bank account** and develop a banking relationship.
- Get **liability insurance** and develop a relationship with your agent - you’ll need more insurance later.
- Write the organization’s **Articles of Organization and Bylaws** (Organizing Documents).
  - These are the rules of the road for the organization.
  - Once the Board approves, file the Organizing Documents with your Secretary of State.
  - The most common organization for nonprofits is a corporation.
  - Using an attorney is a good idea.
Paperwork & Legwork - Part 2

- Apply for a Federal Employer Identification Number (FEIN).
- Apply for federal tax-exempt status.
  - Section 501(c)(3) Exempt purposes:
    - Charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children and animals.
    - “Charitable” means relief to the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.
Apply for state tax-exempt status.
  ▶ In Tennessee, organizations with actual annual revenues of less than $30,000 are exempt from this requirement, but must file less-detailed annual reports with the state.

Apply for local property tax exemption.

Apply for Solicitation License (if needed).

Apply for nonprofit mail permit.

Determine the need for applying for unemployment insurance.
Business Plan

- Put it in writing!
- The Plan is “Evergreen.” You’re writing a plan for success!
- The Plan should detail *WWWWH*:
  - *WHAT* your organization will do to help others.
  - *WHERE* your organization will do its work.
  - *WHO* will do your organization’s work.
  - *WHEN* your organization will do its work.
  - *HOW* your organization will do its work.
- Since the Plan is Evergreen, you should **review it quarterly** and **revise it when necessary**.
Questions and Answers