



“So You Wanna Be a 501(c) 3?”

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The following check list is a part of a “Boot Camp” workshop for those who are considering starting a Nonprofit. It was developed by our colleague Cindy Bahn.

Cindy’s training is broken into two parts: the Mechanics which includes the legal filings and the Planning or things you should consider before starting the paperwork. The Mechanics vary from state to state. The best resources on Mechanics are the state associations - the Maine Association of Nonprofits and the New Hampshire Center for Nonprofits. Both have a section on starting nonprofits on their web site. You should also consult the State Attorney General’s web sites. We used the Nolo Book” How to Form a Nonprofit Corporation” by Anthony Mancuso. It was helpful in understanding the legal issues, but we recommend you consult a lawyer. Here is the more important part, the planning.

Planning for a Nonprofit Start-Up – a Checklist - By Cindy Bahn

Reasons Given By Others:

- ⇒ Unfilled need in the community
- ⇒ Earn a salary for volunteer work
- ⇒ Want to run own organization
- ⇒ Honor a grandmother’s memory
- ⇒ To do good
- ⇒ For-profit conversion to tap new \$
- ⇒ Formalize work currently doing

The Very Best, Ideal, A+ Response:

- ⇒ There is a need in the community which is not being addressed by any other organizations.
- ⇒ Several funders and individual donors have committed dollars to the new organization.
- ⇒ 6 “disinterested” people have agreed to serve on the founding board & help with fundraising
- ⇒ The founder doesn’t require a steady income or benefits for 3 years.



The Two Parts to Forming a Nonprofit:

- ⇒ The mechanics – filing paperwork to meet local, state, & federal requirements. Believe it or not, this is the easy part!
- ⇒ The planning – getting your ducks in a row so that you have the best possible chance for success.

The “Essential 8” - Considerations before filing any paperwork!

1. Board of Directors

- ⇒ Yes, you will need one!
- ⇒ Yes, they can fire you!
- ⇒ No, your cat “Fluffy” cannot serve!
- ⇒ Nor should the majority of your board consist of interested parties!
- ⇒ Duty of care – must act as person of “ordinary prudence” would act in similar circumstances.
- ⇒ Duty of loyalty – owed to the organization, not the founder or any other individual.

2. Competition and Collaboration

- ⇒ Who else does this work?
- ⇒ Who else works with this population?
- ⇒ What’s the substitute for your service?
- ⇒ What are the paying sources for the service? Who competes for these?
- ⇒ Who can you work with? For referrals? Can you subcontract?

3. Fundraising

- ⇒ Can your founding board contribute \$2,000 to \$10,000 to start your program? If not, are they willing to raise it?
- ⇒ If you can’t immediately secure grant funding, what will you do?
- ⇒ Are there agencies who might partner or offer in-kind support?
- ⇒ How do you think about generating community support?
- ⇒ Who might you ask for money?

4. Administration and Staffing

- ⇒ How many staff do you need to get started? Can volunteers perform essential tasks?
- ⇒ What are the essential tasks?
- ⇒ Is anyone sitting on the Board intending to become an employee of the organization?



5. Financial Planning

- ⇒ Aside from legal & filing fees, how much money will it take to get started?
- ⇒ Have you developed a first-year budget? Three years?
- ⇒ What are your estimates – revenue & expenses – based on?
- ⇒ What will you do if funding falls significantly short of your estimated need?

6. Business and Strategic Planning

- ⇒ Why is this program important?
- ⇒ What planning has been done so far? Who else was involved?
- ⇒ Do you have the numbers?
- ⇒ Is there a relevant community plan or study?
- ⇒ Have you conducted focus groups or interviews?

7. Program Planning

- ⇒ How do you know a need exists? How do you know the organization will address the need?
- ⇒ How will you know you're succeeding?
- ⇒ What will happen if you don't?
- ⇒ How will you establish criteria for services? Where will you find participants?
- ⇒ Where will you begin?

8. Mission and Vision

- ⇒ Mission – why the organization was created (to meet an identified need)
- ⇒ Mission should be articulated in brief statement which should answer 3 questions:
 1. Opportunities or needs to be addressed;
 2. What we are doing to address those needs;
 3. Principles or beliefs which guide the work
- ⇒ Is there a list of programs & services or values or other descriptive information around which consensus has been reached?
- ⇒ What's your vision for the future? What kind of organization are you going to become? What factors would make your work unnecessary?