

7 Tips for Starting a Nonprofit

Before You Start Your Nonprofit, be sure you have laid the groundwork for a successful beginning.

1. Do Your Research

Having a passion for your cause is important, but remember that a nonprofit is essentially a business and you need to be as realistic in starting one as you would in starting your own for-profit business.

Is there a need for your organization? Or could you team up with another, existing nonprofit? Do you know how to operate a nonprofit organization? Will your proposed nonprofit actually qualify for tax-exempt status? Study, attend classes or workshops, research your field before moving forward.

2. Develop a Business Plan

A nonprofit is simply another version of a business. You need to have at least as much money coming in as going out in order to even survive, much less succeed in your mission. Many nonprofit start-ups are launched on a wing and a prayer rather than a well-thought-out plan.

3. Make Sure That Your Proposed Nonprofit Will Qualify as a Nonprofit

You might have a great idea but are you sure it will qualify as a charitable cause? There are many types of nonprofits...which one is yours? It may not be what you think.

4. Take Care of All the Legal Requirements for Starting Your Nonprofit

Nonprofits are heavily regulated, both by the state in which it resides and by the federal government. Regulation is needed to make sure that citizens are protected from fraud. Just because you are "nonprofit" doesn't mean that you can't get into some serious trouble.

5. Understand How to Keep Good Records

Good record keeping is a must, and nonprofits have some reporting requirements that are special to them. Start with good records and you are less likely to run into problems later.

6. Develop a Preliminary Fundraising Plan

Fundraising is a sophisticated, complex, and competitive endeavor. But it is unavoidable for a nonprofit. Don't make the mistake of thinking that all you need is a bake sale or a fancy dinner to raise the money you'll need to properly fund your organization.

7. Think About How You Will Build an Effective Board

It cannot be overstated how important your organization's board is to your nonprofit's success. Your board is legally responsible for keeping you on track with your mission, helps you to secure the funds you need to accomplish that mission, and provides much of the expertise that you will need. Find the right people, get them on board, and keep them interested.

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