

# Should I Start a Nonprofit



## THE NEED

### **Someone else is already doing this**

*If someone else is already doing this, you need to consider if there is truly a need for a new organization. If there is a need, how will you compete for the same funding?*

### **Your idea is a fundraiser/one-time event**

*If your idea is a fundraiser or one-time event, you don't need to start a nonprofit. Find an organization to serve as your fiduciary.*

### **Your idea is better suited as a program**

*A program is the delivery of a specific "widget" to a specific demographic. You don't want to start a nonprofit when your idea is best served as a program of an existing group.*

### **Suggestions:**

- Consider partnering with an existing organization who will serve as a fiduciary.
- Serve on a board or committee of an existing organization.

## THE FUNDS

### **Similar nonprofits struggle for funding**

*If there is a gap that you are seeking to fill for the community, consider why the gap is there. Is someone else not meeting the need because they couldn't stay open? You may need to be innovative with your business plan*

### **You're counting on grants**

*Only 40% of charitable donations come from foundations. If you're counting on grants, you won't make it through the first year.*

### **Suggestions:**

- Conduct a feasibility study to confirm the need and to ensure there's a way to fund your efforts to meet that need.
- Build a business plan with diverse revenue streams.

## THE RULES

### **You will be politically active**

*Don't start a 501(c)3. Look at other 501 designations (I.E. (c)6 )*

### **You will sell products or services**

*Unless your "widget" is part of your mission, you'll be paying taxes on that income. Make too much money and you'll lose your nonprofit status.*

### **You want long-term control of the idea**

*Nonprofits are not owned by a single person. If you want to maintain control, consider a social entrepreneurship or*

### **Your board has friends and family**

*A board should be a group of independent thinkers. Don't find the people you know, find the people you need. Ask around for referrals and get creative with where you look.*

### **Suggestions:**

*Consider a structure that pursues social good (I.E. C corporation, LLC, B corporation, L3C)*