



RESOURCES FOR STARTING A NEW NONPROFIT TAX-EXEMPT ORGANIZATION IN NEW YORK

Note: The following information does not constitute legal advice and does not create an attorney-client relationship between you or your organization and Pro Bono Partnership, Inc.

Pro Bono Partnership (PBP) strongly recommends that individuals who want to start a new nonprofit organization begin with solid business planning. In fact, before PBP will consider providing legal assistance to a start-up organization, we ask the client to provide a comprehensive business plan, including a proposed three-year budget.

As part of the business plan, PBP also strongly recommends new organizations engage in market research- identifying other organizations in the area which engage in similar activities or which have a similar mission to the organization you wish to start. If there are any such organizations, we suggest you determine how your organization is different from the others or how your organization would serve a unique need in the community. Alternatively, if there is a similar organization in your area, you might want to explore working with them – either as a program of their organization, or using them as a “fiscal sponsor.” You should assume potential funders will ask these questions before they donate to your organization.

We ask all of these questions to help us determine whether we think your organization is likely to be viable, and to assure the best use of our limited resources.

Please see the following resources which we believe will be useful to you.

HELP WITH BUSINESS PLANNING

Creating a Business Plan

A business plan is a logical, easy-to-understand blueprint of your organization that explains what you intend to do, why you feel compelled to do it, and how you will accomplish it. Developing a thorough and organized business plan will help you to anticipate the future and make well-informed decisions.

The creation of a well-written business plan ideally requires the founders of an organization to examine what they hope to accomplish, fleshes out a strategic vision, and enables them to share that vision with investors and users in a clear and organized manner.

Sound business plans include descriptions of the following:

Program:

- What services/goods will you provide?
- Who is the target of these services/goods?
- What convinced you there is a need for these good/services?
- Why can you provide these goods/services better than anyone else?
- What do you/does your organization do extremely well?
- How can you use your skills and talents to grow a thriving organization?
- What changes in the community will occur if you succeed?
- What are the short and long term goals of the organization and how will they be measured?

Operations:

- Who will govern this organization?
- How will you provide your services/goods?
- Who will provide the services/goods?
- When will these services/goods be accessible?
- Where will these services/goods be produced?
- Where will these services/goods be accessible?

Financing:

- What will it cost to provide the goods/service?
- Will there be a fee for users?
- Where will the financial support for your organization be found?
- What is your fundraising plan?
- How will you meet your organizations financial needs in the future?
- What are the risks?

Additional information could be attached in order to construct a more in-depth and comprehensive business plan (e.g., your organization's mission statement, the history of the issue you hope to address through your nonprofit as a local problem, any relevant research about current service provision or need, copies of any financial documents, etc.).

(The above Business Plan information was reprinted with permission from the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership. www.johnsoncenter.org)

The following entities may be able to help you create your business plan and/or budget:

Service Corps of Retired Executives (SCORE®). A volunteer organization of primarily retired business executives whose mission is to assist small business owners at no charge. SCORE® is sponsored by the U.S. Small Business Administration. SCORE volunteers provide free, confidential counseling to new and existing businesses to help them get started or to solve current problems. Volunteers represent a wide range of business expertise, and can counsel at either the local SCORE offices or at the business's site. <https://www.score.org/>

New York Council of Nonprofits (NYCON). A membership organization that assists its members with Board leadership, financial matters, organization design and structure, as well as provides educational opportunities for its members. www.nycon.org/

Other Resources for Developing a Business Plan

SCORE: <https://www.score.org/resources/business-planning-financial-statements-template-gallery>

U.S. Chamber of Commerce Small Business Nation:
www.uschambersmallbusinessnation.com/toolkits/start-up

U.S. Small Business Administration: <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business>

GENERAL INFORMATION ON STARTING A NONPROFIT

- The **PBP website** has nine free, on-demand webinars for new organizations and groups considering incorporating and applying for tax-exempt status.
 - *Starting a Nonprofit: Upsides, Downsides and Alternatives.* This webinar will help you determine if becoming a nonprofit 501(c)(3) tax-exempt charity is the best choice for your organization. <https://www.probonopartner.org/publications/starting-a-nonprofit/>.
 - *Legal Issues for New Nonprofits.* This eight-part webinar series summarizes many of the laws and best practices related to maintenance of tax-exempt status, corporate governance, fundraising, employment law, intellectual property, and risk management and insurance. Watch some or all at your convenience. <https://www.probonopartner.org/publications/legal-issues-new-nonprofits/>
- The PBP website also contains articles on fundraising regulations, fiscal sponsorship, corporate governance, and other nonprofit legal topics. <https://www.probonopartner.org/learning-center/articles-on-demand-webinars/>
- **The Foundation Center** provides a tutorial to assist an organization in incorporating a nonprofit organization, drafting bylaws, building a board of directors, and a summary (with links) of important things to know when starting a nonprofit organization. <http://foundationcenter.org/getstarted/tutorials/establish/index.html>.
- **The Center for Nonprofit Management** publishes a guide called "Get Ready Get Set! What you Need to Know Before Starting a Nonprofit" which describes why – and why not - to start a nonprofit organization. <http://cnmsocal.org/publications/>
- **Center for Nonprofits** booklet "Thinking of Forming a Nonprofit? What to Consider Before You Begin" www.njnonprofits.org/ThinkingOfFormingDesc.html
- **New York State Office of the Attorney General Charities Bureau**, www.charitiesnys.com/ provides a number of publications related to starting, maintaining and closing a nonprofit organization in New York, including "Right from the Start: Responsibilities of Directors of Nonprofit Corporations" <http://www.charitiesnys.com/pdfs/Right%20From%20the%20Start%20Final.pdf>
- **Nonprofit Coordinating Committee of New York (NPCC)** provides newsletters and educational opportunities on a number of nonprofit topics: <http://www.npccny.org/> as well as a check-list of "to-dos" before starting a nonprofit titled "The Things You Gotta' Do To Start a Nonprofit Organization" <http://www.npccny.org/checklist.htm>
- *Getting Organized:* A manual, which includes a chapter written by the former executive director of PBP, published by **Lawyers Alliance for New York** for attorneys representing organizations (\$93) www.lawyersalliance.org.
- *Advising Nonprofits:* A guide published by Lawyers Alliance of New York to the legal issues encountered by attorneys, staff, and board members in operating and managing not-for-profit corporations (\$100 + shipping and handling). www.lawyersalliance.org

GENERAL INFORMATION REGARDING TAX-EXEMPTION

- IRS Publication 4220, Applying for 501(c)(3) Tax-Exempt Status provides an overview of tax-exempt organizations. <http://www.irs.gov/pub/irs-pdf/p4220.pdf>

- IRS Publication 557, Tax-Exempt Status for Your Organization provides detailed information about various types of 501(c)(3) organizations, the bases for exemption, and how to apply for tax-exempt recognition. <http://www.irs.gov/pub/irs-pdf/p557.pdf>
- IRS Frequently Asked Questions about the Form 1023 (the application for tax-exemption). <http://www.irs.gov/charities/article/0,,id=130101,00.html>
(includes a link to the application itself, and the instructions)
- IRS Life Cycle of a Public Charity provides information, explanations, guides, forms and publications most charities will need as they proceed through the phases of their "life cycle." <http://www.irs.gov/charities/charitable/article/0,,id=122670,00.html>.
- IRS: Stay Exempt: Tax Basics for 501(c)(3)s is a set of on-line training modules by the IRS. <http://www.stayexempt.org/>
- Help Filling Out Your 501(c)(3) Application is a helpful website for those who are starting a nonprofit without legal assistance. (The website's author also offers an e-book for sale.) <http://www.form1023help.com/>
- The IRS recently released a short-form of the application for tax-exempt status called the Form 1023-EZ. Only certain small organizations are eligible to use this short form. To learn more about the Form 1023-EZ, visit <https://www.irs.gov/uac/about-form-1023ez>.

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