



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

Note: The following information does not constitute legal counsel and does not create an attorney-client relationship between you 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 we consider providing legal assistance to a start-up organization, we always ask the client to provide a business plan and/or budget for the next three years. This helps us determine the likely viability of the organization. We also strongly recommend you engage in market research; that is, identifying other organizations in the area which engage in similar activities or which have a similar mission. If there are any such organizations, you will need to determine how yours is different or serves a unique need. You should assume that potential funders will ask that question before they donate to you. In the alternative, if there is a similar organization in your area, you might want to explore working with them – either as a program, or using them as a fiscal sponsor. PBP will ask about this market research if you apply for our services. We ask all these questions to assure the best use of our admittedly 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 to anticipate the future and make well informed decisions.

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?
- Why can you do this better than anyone else?
- What do you do extremely well?
- How can you relate this to a thriving organization?
- What changes will occur if you succeed?
- What are the short and long term goals and how will they be monitored?

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 be found?
How will you meet financial needs in the future?
What are the risks?

The creation of a well-written business plan forces the founders of the organization into a realistic examination of 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.

While preparing this plan, any additional pieces of information (i.e., your organization's mission statement, the history of this issue as a local problem, any relevant research about current service provision or need, copies of any financial documents, etc.) could be attached for constructing a more in-depth and comprehensive business plan.

(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:

New Jersey Small Business Development Centers. A member of America's Small Business Development Centers, with a state headquarters at Rutgers Business School in Newark, NJSBDC provides confidential, one-on-one business counseling services to small business owners and nonprofits throughout the state, in conjunction with local colleges and universities. <https://www.njsbdc.com/>

Institute for Entrepreneurial Leadership (IFEL). A nonprofit organization dedicated to assisting entrepreneurs start and grow their businesses, via Business Plan Boot Camps and other services. www.ifelnj.org

UCEDC provides training and business tools to new for-profit and nonprofit corporations. <https://ucedc.com/>

National Executive Service Corps of New Jersey (NESC). NESC offers business planning, strategic planning, board development, organizational assessment, fundraising strategies, facilities management and more by experienced executive consultants. Consultants donate their time and expertise, so modest fees are based on the client's budget and the scope of the project. <http://www.nesc.org/tag/new-jersey/>

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/>

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 REGARDING 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/>
- Center for Non-Profits booklet “Thinking of Forming a Non-Profit? What to Consider Before You Begin”: www.njnonprofits.org/ThinkingOfFormingDesc.html
- The New Jersey Department of State’s webpage for nonprofits has a variety of resources: <http://www.state.nj.us/state/nonprofit.html>
- The Foundation Center provides a tutorial to assist you in incorporating a nonprofit organization, drafting the bylaws, and building a board of directors, and a summary (with links) of important things to know when starting a nonprofit organization. See <http://foundationcenter.org/getstarted/tutorials/establish/index.html>.

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 This 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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