



RESOURCES FOR STARTING A NEW NONPROFIT TAX-EXEMPT ORGANIZATION IN CT June, 2017

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

The 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?

© 2017 Pro bono Partnership, Inc.

This document was developed by the *Pro Bono Partnership* to provide general guidance to nonprofit organizations and is not intended to provide legal advice on any specific legal matter.

Distribution of this document by *Pro Bono Partnership* does not create an attorney/client relationship.

For further information, please contact the *Pro Bono Partnership*, www.probonopartnership.org.

HANDOUT #17c

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:

Connecticut Small Business Development Centers. Provided in cooperation between the US Small Business Administration and the University of CT, CSBDC provides confidential, one-on-one business counseling services to small business owners and nonprofits throughout the state. The focus is on helping those considering starting a small business or nonprofit to develop the skills required to successfully run a business and thrive. All business services are provided for free. There may be a small charge for workshops and seminars. <http://ctsfdc.com/>

National Executive Service Corps of Central CT (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>.

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/>

Community Accounting Services, Inc. (CAS). Through professional accountants who donate their time, CAS provides free professional accounting and financial counseling to economically disadvantaged businesses, individuals and not for profit organizations in Connecticut. Contact CAS at sheryle@communityaccountingaid.org or (860) 302-6729. See also <http://www.communityaccountingservices.org/>

© 2017 Pro bono Partnership, Inc.

This document was developed by the *Pro Bono Partnership* to provide general guidance to nonprofit organizations and is not intended to provide legal advice on any specific legal matter.

Distribution of this document by *Pro Bono Partnership* does not create an attorney/client relationship.

For further information, please contact the *Pro Bono Partnership*, www.probonopartnership.org.

HANDOUT #17c

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: <http://uschamberssmallbusinessnation.com/>

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

GENERAL INFORMATION REGARDING STARTING A NONPROFIT

The Pro Bono Partnership website has nine free, on-demand webinars for new organizations:

- *Starting a Nonprofit: Upsides, Downsides and Alternatives*. This interactive presentation will help you determine if becoming a 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. <http://www.pbpatl.org/for-nonprofits/legal-issues-for-new-nonprofits/>

The Pro Bono Partnership also has answers to frequently asked questions about starting a nonprofit at https://www.probonopartner.org/learning-center/articles-on-demand-webinars/?topic_filter%5B%5D=36

The Pro Bono Partnership website also has articles on fiscal sponsorship, corporate governance, and other nonprofit topics. <http://www.probonopartner.org/pages/publications/all-publicationsfaq-x>

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>. Not Connecticut-specific.

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/> Not Connecticut-specific.

Center for Non-Profits booklet "Thinking of Forming a Non-Profit? What to Consider Before You Begin": www.njnonprofits.org/ThinkingOfFormingDesc.html

Hartford Public Library. The library has a very good collection of books on the subject and Daniel Alexandre, Special Projects Coordinator, is very familiar with the topic. Contact Mr. Alexandre at dalexandre@hplct.org.

© 2017 Pro bono Partnership, Inc.

This document was developed by the *Pro Bono Partnership* to provide general guidance to nonprofit organizations and is not intended to provide legal advice on any specific legal matter.

Distribution of this document by *Pro Bono Partnership* does not create an attorney/client relationship.

For further information, please contact the *Pro Bono Partnership*, www.probonopartnership.org.

HANDOUT #17c

New Haven Free Public Library also has excellent resources; librarian Seth Godfrey is head of Business, Job & Nonprofit Services there and is also very familiar with the topic. Contact him at businessnhfpl@gmail.com.

Public Library of New London has a new Nonprofit Resource Center, and lots of useful resources. Contact the Head of Circulation, Ellen Paul, at epaul@lioninc.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>. **Note, the two-page Certificate of Incorporation form from the CT Secretary of State's website is sufficient to establish a CT entity, but is *not* sufficient for IRS (tax-exemption) purposes. If you plan to apply to the IRS for tax-exempt recognition, make sure to see the language required by the IRS at the above link.**

IRS: Stay Exempt: <https://www.stayexempt.irs.gov/>

Help Filling Out Your 501(c)(3) Application This is a very decent and helpful website for folks who are doing it on their own. (The website's author also offers an e-book for sale, but the website alone is pretty good.) <http://www.form1023help.com/>

NOTE: 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 <http://www.irs.gov/uac/Newsroom/New-1023-EZ-Form-Makes-Applying-for-501c3Tax-Exempt-Status-Easier-Most-Charities-Qualify>.

© 2017 Pro bono Partnership, Inc.

This document was developed by the *Pro Bono Partnership* to provide general guidance to nonprofit organizations and is not intended to provide legal advice on any specific legal matter.

Distribution of this document by *Pro Bono Partnership* does not create an attorney/client relationship.

For further information, please contact the *Pro Bono Partnership*, www.probonopartnership.org.