

Starting Your Nonprofit

First Things First -- What Do You Mean by "Starting a Nonprofit"?

Get Clear About the Purpose (the Mission) for Your New Organization

Perhaps the best way to really clarify to yourself what you intend to accomplish by starting a new nonprofit is to write a basic mission statement for your organization. You'll soon need this mission statement anyway if you plan to incorporate your nonprofit (more about incorporation a little later on). The following guidelines may be helpful to you when writing your first, basic mission statement.

1. At its most basic, the mission statement describes the overall purpose of the organization. It addresses the question "Why does the organization exist?"
2. The statement can be in a wide variety of formats and lengths, ranging from a few sentences to a few pages. At this stage in the development of your nonprofit, it might be best to keep your mission statement to at most about half a page.
3. When writing the mission statement, try include description of what you think will be the new nonprofit's
 - a) primary benefits and services to clients
 - b) groups of clients who will benefit from those services
 - c) values that will guide how your nonprofit will operate
 - d) how you'd like others to view your nonprofit
4. It's often useful to refine the first, basic mission statement by adding or deleting a sentence or a word from the mission statement until you feel the remaining wording accurately describes the purpose of the new nonprofit organization.

(You may want to read more about [Developing/Updating Mission Statements](#).)

Now Think About What Kind of Nonprofit You Want to Start

The phrase "starting a nonprofit" can mean several things. Read the following very basic information to begin thinking about what you mean when you set out to "start a nonprofit". Keep your mission statement in mind when thinking about each of the following. (There will be more specific guidance later on when you read the next subsection [Variety of Checklists to Reference When Formalizing Your New Nonprofit](#).)

- You can be a nonprofit organization just by getting together with some friends, eg, to form a self-help group. In this case, you're an informal nonprofit organization.
- You can incorporate your nonprofit so it exists as a separate legal organization in order to
 - a) own its own property and its own bank account;
 - b) ensure that the nonprofit can continue on its own (even after you're gone);
 - and c) protect yourself personally from liability from operations of the nonprofit. You incorporate your nonprofit by filing

articles of incorporation (or other charter documents) with the appropriate local state office. (An incorporated nonprofit requires a board of directors.) In Canada, you can file for incorporation at the provincial or Federal levels.

- If you want your nonprofit (and if you think your nonprofit deserves) to be exempt from federal taxes (and maybe some other taxes, too), you should file with the IRS to be a "tax-exempt" organization. (The IRS states that you must be a corporation, community chest, fund, or foundation to receive tax-exempt status. Articles of association may also be used in place of incorporation.) (Probably the most well known type of nonprofit is a the IRS classification of 501(c)(3), a "charitable nonprofit".) (Being tax-exempt is not the same as being tax-deductible.) In Canada, you can file for tax-exemption at the provincial and Federal levels.
- Depending on the nature of your organization, you may also granted tax-deductible status from the IRS. Publication 526 lists the types of organizations to which donations are deductible. In Canada, the Canada Customs and Revenue Agency (CCRA) grants charitable status, and you must be incorporated to achieve charitable status.
- So, for example, you could start a nonprofit that is incorporated, tax-exempt and eligible to receive tax deductible donations.
- The particular steps you take when starting your nonprofit depend on your plans for your organization, including the nature of its services. They also depend on how the IRS interprets the nature of your organization, including its services. Again, in Canada, you can file for incorporation and tax-exempt status at the provincial or Federal levels.