



Introduction to Starting a Non-Profit Organization

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What is a non-profit?

- A type of business that has a focus on solving a social problem or meeting a social need
- The name is deceiving – non-profits can and should make a profit!
- Must register with both the IRS (federal) and State
- Does NOT have an owner – remember, it is a public organization!
- Still must pay taxes!

IRS 501c3

Registering as a corporation does not mean you are tax-exempt

You must also apply for tax exemption to the IRS as a 501c3

- A public charity, identified by the Internal Revenue Service (IRS), normally receives a substantial part of its income, directly or indirectly, from the general public or from the government
- File Form 1023 to IRS to get approval

Must have a Board of Directors- people can be voted out!

Traditional Non-Profit Organization

Has a minimum of 3 members of the Board of Directors

Is 100% focused on the social cause and does not seek to have for-profit mindset

Limited in funding that can be paid to directors

Significant oversight and complex business management.

NO Owner!

If not 501©3 *then what?*



Legal Entities with Social Mission

Florida Non-Profit Corporation

Benefits Corporation: for-profit companies committed to social good

B Corp Certification (not legal entity) are for-profit companies certified by *B Lab* to meet rigorous standards of social and environmental performance, accountability, and transparency

Other out of state options: L3C (Low-profit limited liability companies)

- Social ventures; for profit with social mission

Fiscal Sponsorship

A solution if you don't want to incorporate or become your own non-profit organization

Operate under the umbrella of another 501c3

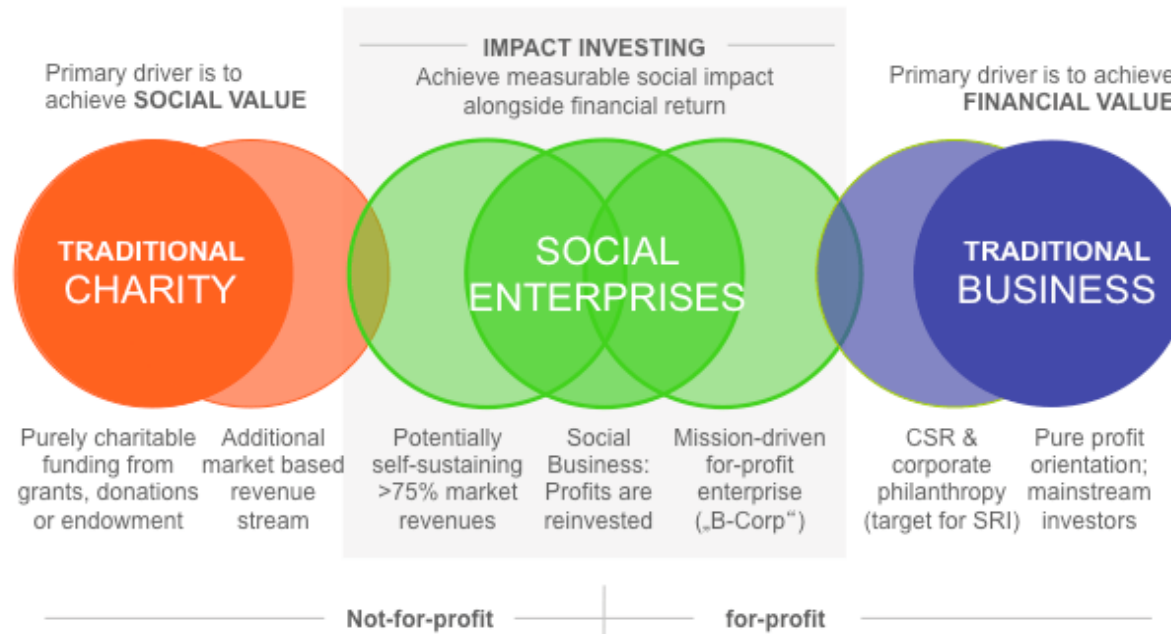
The Fiscal Sponsor assists with bookkeeping, financial tracking for grants and fundraising support for a fee

Do You Want to Make an Impact?



How to Make an Impact with Business

The business model spectrum revisited



Source: Adapted from J. Kingston Venturesome, CAF Venturesome, and EVPA.

Case Studies: Organizations Doing Social Good

Case Study #1: Social Enterprise

[Women's Bean Project](#) (Denver)

Social Enterprise: Organizations that address a basic unmet need or solve a social or environmental problem through a market-driven approach.

Women's Bean Project

“Women’s Bean Project is a social enterprise because of our impact and business model. We are a nonprofit addressing chronic unemployment in women through our transitional employment program. We are also a retail company selling food products. But those two elements are *inextricably tied*.”

Our transitional employment program offers jobs and supportive programming that build job readiness and life skills in the women who work with us. While women work with us, they produce the food products that we then sell. The sales of products go directly back into the program and nonprofit. Without one, the other does not exist.”

- How is this different from a traditional for profit?
- What challenges do you think a social enterprise might have?

Case Studies: Organizations Doing Social Good

Case Study #2: For Profit with Social Impact

Tom's Shoes

[Toms.com](https://www.toms.com)

Matches every pair of shoes purchased with a new pair of shoes for a child in need. One for One[®]

- How is this model different from a traditional for profit?
- How is it different from a non-profit?

Why & When to Start a Non-Profit or Social Enterprise

Social

There is a community need you are passionate about and want to dedicate significant time and effort into making a change

You have done *extensive* market research, self evaluation and have developed a solution to this problem that is “out of the box” and will create change

You are ready to dedicate time and energy to making a better world for all!

You come from a unique background – career, expertise, etc. – that makes you a key person to solve the community need

Funding Sources / Methods

Grants (private or corporate foundations, government)

Donations (individuals or corporate)

Strategic Partnerships (nonfinancial or financial)

Gifts (nonfinancial or financial)

Earned revenue: charging fees, selling product or services

Methods

- Crowdfunding
- Events
- Submitting grant proposals (grant writing)

Note:

- *Be sure to register in your state for solicitation*
- *Be aware of Unrelated Business Income consequences*

THANK YOU!

Keep in touch!

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