

How to Start a Nonprofit

A step by step overview...



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Nonprofits continue to be the hearts
and hands of our communities and our
world. You have the potential to

establish a new organization and complete your first funding campaign within the next 6 weeks to 3 months.

Let's get to work!

1. **Recruit your board of directors**

To grow a high-performing charity organization, you need a well-functioning board behind the scenes.

Recruit for these **soft skills**:

- a passion for your mission
- generosity
- ability to articulate and advocate
- available
- problem solving
- humble – willing to help with many small tasks toward accomplish long-term goals

Next, recruit for **professional skills and experience**:

- previous nonprofit board experience
- a lawyer

- an accountant
- specific skills toward your goals like:
 - knowledge of the industry you serve
 - facilities
 - fundraising
 - public relations
 - real estate or land development
 - other expertise that would serve your unique situation

Ideally, the make-up of your board will reflect the demographics of your area by gender, ethnicity, etc.

How many board members? Not all States require a board of directors; however, I strongly recommend you build one. Your board members exponentially increase your fundraising opportunities.

Where to find these people: First, ask the best people you know to serve; then ask for their personal referrals. Then, reach out to your local service

clubs like Rotary International. Their members are often highly-skilled and open to community service opportunities. You can also post board positions as jobs on LinkedIn and VolunteerMatch.com.

2. **With your board, clarify your mission and vision.** How will you uniquely meet an unmet need? (Regarding coronavirus related services, talk with your local government officials about your plans. These representatives may know where the greatest currently unmet needs exist.)

Your mission will tell what you do; how you serve. Your vision describes the impact you plan and desire to make over time. Before your leadership team meets to draft these statements, compare the mission and vision statements of similar organizations. Allow ample meeting time for discussion. Your mission and vision statements

should be unique, brief, and easy to memorize. **Tip:** Choose one person to be the public voice for your nonprofit.

3. Apply for your 501 (C) 3 nonprofit status with the IRS.

You can begin fundraising before your application is approved. Inform donors that your application is pending. Make sure your mission is not narrowly defined on your application.

Here is the Harbor Compliance list of nonprofit governance by state:

<https://www.harborcompliance.com/information/nonprofit-governance-by-state>

4. Conduct a feasibility study, formal or informal. By researching similar organizations in your area you will clarify what is unique about

your mission and assess any duplicated services.

5. **Choose your name.** With your unique mission in mind, choose a name. Do a search to avoid confusion or legal infringement on rights of another organization's name, local and national.
6. **Obtain City and State business licenses.** Search "nonprofit business license" for your State. You will need to file By-laws and Articles of Incorporation with your State.
7. **Build Your Year 1 budget.** Your budget projections will help you assess financial feasibility, set fundraising goals, and set your pace for growth.

Tip: Plan to make a profit. "Nonprofit" is a tax classification, not a business strategy. This is not a new saying, but it's expresses an important mindset. Budget for locally competitive salaries and build a reserve.

8. Prep for Fundraising

Important Data: According to Giving USA, **80+% of nonprofit funding comes from individuals**, 10 – 13% comes from grants, and about 5% from corporate donors. This is why you solicit individuals first.

9. **Use a gift range calculator to check the feasibility of your fundraising goal.** I use the one at <https://giftrangecalculator.com/> Your budget will show you how much money you need to raise. Plug that number into the calculator. The calculation will project the number of prospective donors you need to be successful and other really important norms.
10. **Tally your prospective donors.** With your founding team, begin this list with yourselves. Brainstorm and list all the people you know who might support your cause. List everyone that comes to mind; add from your LinkedIn and

other social media contacts.

- 11. Important Check Point:** If you don't have the number of prospects recommended by your gift range calculation, identify enough donors by referrals from your current donor prospects, or scale back your goals and related costs to fit a new calculation that your current donor list could manage.

- 12. Rank prospective donors** to help you ask for the largest appropriate donations. Give each potential donor one to three points for: (A) linkage/connection, (B) interest/enthusiasm, and (C) ability to give. The highest ranking is 9.

- 13. Founders and board members lead in giving.** Rank yourselves. According to your gift range calculation, give according to your ability. For example your leaders likely rank 3 for both linkage and interest,

then 1 – 3 for ability to give. This puts them in the 7 – 9 level for donations. This ranking aligns with giving in the top third of your gift range.

14. Conduct solicitations: Send solicitation packets that include a cover letter inviting a meeting, your budget, your gift range calculation and a pledge form. Solicit your highest ranked donors first. Send packets out in small enough batches to follow up on within a week. Call to schedule meetings. A team of 2 people from your charity should attend these meetings. **Tip:** 80% of your funds will likely come from your top 10% of prospective donors.

15. Thank everyone within 48 hours who donates or meets with you.

16. Grant Writing: Research grants funding from local community foundations and service clubs first; then via your library's Professional Level Foundation

Center Directory. Prioritize by matching focus, and consistently submit proposals.

Tip: To increase your grant funding and online giving opportunities, claim and update your NGO's profile at Guidestar.org and create a profile at Benevity.com.

If you have questions along the way, feel free to contact me.

As always, I work for you and am hoping for your every success!

Elizabeth

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