

## How to Start a Nonprofit — The Playbook

Much like starting a business, you will need to complete some fundamentals to best position your nonprofit mission for success and start creating some wins.

We all like to win in life, whether it is business or personal. The knowledge your efforts paid off is extremely rewarding, and knowing your hard work also creates wins for others is even better. Putting time in, applying effort and heart to create change is the basis of most nonprofit missions.

So we've created a playbook, simplifying the rules of engagement, to help you reach your goals quicker and start winning the mission game.

### "W" isn't just for Winning

**What** — Your nonprofit will need a name; you'd be surprised how big of a role your nonprofit's name can play, so don't take this lightly. If possible, enlist the aid of like-minded friends and supporters to come up with names. The name should inspire and identify your key reason to exist.

**Why** — More important than how to start a nonprofit foundation is the *why*. Here, you'll want to create a strong mission statement that clearly and concisely conveys the organization's purpose. Specifically, make sure you choose a [tax-exempt purpose](#) to make your nonprofit eligible for 501(c)(3) status.

**Who** — Choose your leadership team. These will be the people who eventually compose the nonprofit's board, so it's important everyone is on the same page regarding the purpose and place of the nonprofit. It's also vital that everyone involved understands the commitment they're making before you incorporate the entity.

**Where** — There are some genuinely [global nonprofits](#) out there, but starting one from scratch is highly ambitious. More likely, you will want to focus on a geographic region, such as a single state or country.

**When** — Figure out the best time for starting a nonprofit and filing for tax-exempt status. Many of the filing documents are time-sensitive, and you'll have to wait for decisions from the IRS before going on to the next step.

## Plan Like A Business

Approaching the structure of your nonprofit should be like planning a business. Both have products or services to sell and earn revenue. The difference between the two is where the revenue goes. As a nonprofit, yours goes toward charitable causes.

## Money for Missions, Costs to start a nonprofit

You should expect to pay specific fees to incorporate your nonprofit and request a tax-exempt status. Here's how those break down:

- **Incorporation fee** — \$50–\$200; this is what you'll spend filing a Certificate of Formation and varies by state.
- **Tax exemption filing fee** — \$600; the fees for filing the paperwork to receive 501(c)(3) status.
- **Charitable registration fees** — These vary by state and based on the amount of public support you receive but can be anywhere between \$0 and \$150.

Don't let it deter you if you don't know how to start a nonprofit business plan. You can rely on many [business planning tools and guides](#) available online. Even if your business plan isn't perfect, you'll have time to amend it later and fix any errors.

Just make sure it includes all the financial implications of your nonprofit, a growth strategy, a budget, and an analysis of how you intend to make an impact. The costs of starting a nonprofit can add up. In addition to the filing fees, you probably also want to consider initial startup costs such as:

- Purchasing a domain for an organizational website
- Insurance costs
- Marketing costs

The initial costs can quickly get out of hand, and it's one of the reasons many people fail to get their nonprofits off the ground.

## No Money? No Problem

If you know your cause is worthy, and you can present it convincingly in a coherent business plan, you can start fundraising to pay for the initial costs. Again, there are plenty of crowdfunding sites to choose from and find the one that's most likely to fund your cause successfully.

## Make it Legal. Incorporating your Nonprofit

Assuming you've already done your research and come up with an appropriate name, you can move on to selecting a registered agent for your nonprofit. Again, remember to choose a name that isn't used by any other nonprofit organization in your state.

The steps we're outlining here are general. Your state laws may be slightly different, so if you need to learn (say) how to start a nonprofit in [Arkansas](#) as opposed to one in Vermont, you should check with your local Office of the Secretary of State.

1. **Draft the articles of incorporation** — You can find templates for this online or work with someone qualified to help you.
2. **Appoint officers or directors** — You'll need to appoint the organization's directors either in the articles of incorporation or via a written action.

**Note:** In most states, you'll need at least three unrelated directors to request a 501(c)(3) exemption.

3. **Draft organizational bylaws** — These include conflict resolution procedures, duties of the officers, and how the board of directors can take action.

Again, we advise you to work with someone qualified to help start a nonprofit, especially if you choose the DIY route.

4. **Hold an [initial meeting](#).**
5. **Obtain an EIN** — You'll still need an employee identification number when you're starting a nonprofit. However, you can [apply for it online](#) after you've created the entity.
6. **Additional state-specific actions** — At this point, you'll have to refer to your Secretary of State for any other steps you need to take. That usually includes filing additional forms and registrations that you may need to review in the future.

## Apply Don't Deny. Getting Your Tax-Exempt Status.

Once done with all the steps above, you can move on to (arguably) the most critical step — applying for tax-exempt status. It's one of the main reasons to start a nonprofit, and most nonprofits in the US use the 501(c)(3) designation for charitable organizations. If you created the organization correctly, you could [apply for tax-exempt status](#) with a Form 1023 (or Form 1023-EZ if you qualify for a streamlined application).

Then wait until the IRS approves your tax-exempt status.

### **How to Start a Nonprofit Charity with a Filing Service**

You can outsource your charity's formation if you find the step above daunting and don't mind paying for convenience. [Rocket Lawyer](#) offers a service that takes the pain out of the application process and is a professional software service supported by professionals.

Or, work with an attorney in your area who handles nonprofit formation — you'll end up paying anywhere between \$50 and \$300 depending on how much of the work you want to do yourself.

When you complete all the steps above, you will have a charity that can start funding its efforts and making a positive difference.

### ***But wait, there's more....***

As we mentioned above, there is a lot of oversight when charities are involved in any action. A great resource you can continuously refer to from start to growth is the [Council of Nonprofits](#), where you will find many tools and directives as you create wins for your mission.

Some key areas you will need to approach and configure will be:

- Advocacy
- Boards and Governance
- Diversity, Equity, and Inclusion
- Employment
- Ethics & Accountability
- Financial Management
- Fundraising
- Leadership

These areas, and potentially more depending on your mission and service, are essential in a regular business model. You and your board will need to review and create strategic plans to continue evolving to create better impact and growth.

Just know, if you follow this playbook, be ready to win at your nonprofit model and mission. Of course, it will take time and effort, but doesn't everything that matters the most?