



RESOURCES FOR STARTING A NEW NONPROFIT TAX-EXEMPT ORGANIZATION IN NEW JERSEY

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

Pro Bono Partnership, Inc. (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 require that the applicant provide a business plan and budget for the next three years. This helps us determine the likely viability of the organization. We also strongly recommend that 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 your organization 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 by 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.

We also strongly recommend that you do research on creating and managing a nonprofit organization in New Jersey and on the federal regulations pertaining to tax-exempt organizations so that you will have an understanding of the considerations for starting a nonprofit and applying for federal tax-exempt status.

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's plans and expectations that explains what you intend to do, why you feel it serves a needed purpose, and how you will accomplish it. Developing a thorough and organized business plan will help you anticipate the future and make well-informed decisions.

As to considerations for inclusion in a business plan, PBP suggests that applicants address at least the following topics:

Describe the mission of the organization

Describe the target beneficiaries of the organization's mission

Provide a detailed description of the actual and proposed activities of the organization that will accomplish the mission

Describe how you plan to implement the activities

Describe the short and long-term goals of the organization

Include a description of the skills and experience that will be needed to manage the organization's activities, including experience working with a charitable organization

Include a proposed staffing plan for the organization (employees and/or volunteers)

Analyze and describe the risks facing the organization and the opportunities available to the organization in accomplishing its mission

Identify other organizations that are addressing the same mission or issues and how your activities will differ

Consider and discuss whether the organization will assess partnering with another organization or working with a fiscal sponsor to carry out its activities

Describe the organization's expected sources of financial support and fundraising plans

Prepare a proposed three-year budget

- Consider what must be spent to implement the activities that will accomplish the organization's mission and prospective sources of revenue
- Itemize revenue and expenses as specifically as possible

Entities That May Be Able to Help You Create Your Business Plan and Budget

National Executive Service Corps of New Jersey (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/tag/new-jersey/>

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/>

<https://www.score.org/resources/business-planning-financial-statements-template-gallery>

Other Resources for Developing a Business Plan

U.S. Chamber of Commerce Small Business Nation:

<https://www.uschamber.com/co/step-by-step-guide-starting-new-business>

U.S. Small Business Administration:

<https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan>

GENERAL INFORMATION REGARDING STARTING A NONPROFIT

- The **PBP website** has nine free, on-demand webinars for new organizations and groups considering incorporating and applying for tax-exempt status.
 - *Starting a Nonprofit: Upsides, Downsides and Alternatives.* This webinar will help you determine if becoming a nonprofit 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. Please note that you should confirm that any specific laws or regulations mentioned are still in effect as described in the webinar or on the slides. <https://www.probonopartner.org/publications/legal-issues-new-nonprofits/>

- The PBP website also contains articles on fundraising regulations, fiscal sponsorship, corporate governance, and other nonprofit legal topics. <https://www.probonopartner.org/learning-center/articles-on-demand-webinars/>
- NJ Center for Nonprofits has a booklet titled “Thinking of Forming a Non-Profit? What to Consider Before You Begin.” www.njnonprofits.org/ThinkingOfFormingDesc.html
- The New Jersey Department of State’s webpage for nonprofits has a variety of resources. <http://www.state.nj.us/state/nonprofit.html>
- Candid Learning 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. <https://learning.candid.org/topics/starting-a-nonprofit>

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 status. <http://www.irs.gov/pub/irs-pdf/p557.pdf>
- IRS Frequently Asked Questions about the Form 1023 (the application for tax-exemption). The IRS has a number of pages on its website that provide information about the application for tax exemption.

<https://www.irs.gov/charities-non-profits/frequently-asked-questions-about-form-1023>

<https://www.irs.gov/forms-pubs/about-form-1023>

<https://www.irs.gov/forms-pubs/about-form-1023-ez>

- 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>.
- IRS: Stay Exempt: Tax Basics for 501(c)(3)s. The following IRS website provides a number of resources for 501(c)(3) organizations. <https://www.stayexempt.irs.gov/>

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