

DUKE STREET BUSINESS CENTER

 LANCASTER PUBLIC LIBRARY

Duke St Business Center
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1. Is starting a nonprofit organization right for you and the impact you want to make?

- A nonprofit organization is a group that operates in many ways like a for-profit business, with some key differences. Profits are not distributed among shareholders, but rather used to support the organization's mission. By reinvesting profits towards a charitable goal, nonprofit organizations are able to apply for beneficial tax exemptions. This legal status assures donors that their contributions are supporting a cause, not going into someone's pockets as profit.
- There are over 68,000 nonprofits in Pennsylvania (2016), according to the [National Center for Charitable Statistics](#). Consider working, volunteering, or donating to an existing nonprofit organization. [Learn more](#) about volunteerism through the United Way of Lancaster County. Identify [job openings](#) with local nonprofits. Browse [Idealist.org](#) for a wide range of opportunities.
- Research [fiscal sponsorship](#) opportunities to find established nonprofit organizations that can help you fund, manage, and execute your project. Partnering with established 501(c)(3) organizations can save you time, effort, and money.
- Borrow books about starting a nonprofit from the [Duke Street Business Center at Lancaster Public Library](#). To reserve a specific item, search the [online catalog](#), click "Request" at the top of the full page entry for the item, and complete the online E-Reserve verification form. For help with the catalog or reservations, call the Reference Desk at 717-394-2651 x128.
- Small business ownership can have a powerful and positive social impact as a [social enterprise](#). A social enterprise is a *for-profit* organization that distributes profits to shareholders, but also invests in a social cause through its operations. Some for-profit businesses choose to become certified as a [B Corporation](#) to demonstrate their commitment to social good. [ASSETS](#) has free business resources to guide you towards meaningful business ownership.
- Review free nonprofit startup resources from [GrantSpace](#), the [Pennsylvania Association of Nonprofit Organizations](#), and the [National Council of Nonprofits](#).
- Contact our local [SCORE Lancaster/Lebanon](#) chapter for free business & nonprofit mentoring at 717-397-3092.

2. Define the need for your work in the community.

- Research local organizations who are working towards the same goals or serving the same population. Then, highlight how your organization's approach to the problem is different. You can use the following websites to create a list of organizations:
 - [Nonprofit Resource Network](#)
 - [GuideStar](#)
 - [GreatNonprofits](#)
 - IRS [Exempt Organization Select Check](#).
 - For excellent in-depth research, visit the Duke St. location of Lancaster Public Library to access the [Foundation Directory Online](#) database. This resource is accessible only **within** the Duke St branch of Lancaster Public Library.
- Collect statistics, reports, and articles on the problem you want to address or the population you will serve. Consult with local organizations or government offices for up-to-date statistics: [211](#) is an effective starting point. Check the Business Center for [current demographic data](#) from the Pennsylvania State Data Center. Search licensed GIS databases such as [SimplyAnalytics](#) to gather information about your community, accessible in the library or

remotely with your library card. For assistance accessing the business databases, contact a librarian. Library accounts expire automatically every 3 years, and your local library can renew your account in person or by phone.

- Start to develop metrics for how you can measure your impact on your target population or issue. In other words, how will you know you're making a difference?
- Contact the Business Reference Librarian for Guidance** at 717-394-2651 x131 or by sending an email to dsbc@lancasterpubliclibrary.org

3. Outline your mission statement.

- Construct a short, simple statement that describes the purpose of your organization. This statement will be the guiding force behind your organization, leadership, and activities. To help you write a powerful mission statement, consult the [Wilder nonprofit field guide](#).
- [Watch the "Defining Mission and Vision" webinar](#) from GrantSpace.org to help you articulate your purpose.

4. Prepare a business plan.

- A business plan will establish your credibility as an organization. The process of organizing and planning is just as helpful as the final document because you will clearly demonstrate how you plan to maintain a sustainable organization. There are generic sections that cover the basics of business planning; include the essentials and other helpful information, including start-up fees and a timeline.
- For full-text examples of business plans, consult the [Business Plans Handbook](#), an online reference book accessible with your library card.
- The Small Business Administration (SBA) provides free business planning information and tools [online](#).
- In preparation for opening a bank account, filing with the IRS, and/or hiring employees, apply [online](#) for a **free** Employer Identification Number (EIN) or with [IRS Form SS-4](#). An EIN is necessary in many cases, and protects your personal social security number from organizational operations.

5. Determine your legal organization.

- Decide if your organization is a trust, corporation, or association (sometimes known as an unincorporated organization), and prepare the corresponding documents. Consult [IRS publication 557](#) or the [IRS website](#) to ensure your organizing documents contain the necessary language for 501(c)(3) status. For information about incorporating, see Step 9.
- [How to Form a Nonprofit Corporation](#) can help you identify which structure to choose. Depending on the size, purpose, and activities of your group, incorporation might not be worth the time and fees. You should formally organize your group before pursuing any operations, including taking donations.

6. Select your board of directors.

- The board of directors ensures that your organization stays true to its mission by providing strategic leadership and accountability to the organization's stakeholders.
- In Pennsylvania, you **must** have a President, Secretary, and Treasurer role on the board of directors. One individual may fulfill each role.
- The [Pennsylvania Nonprofit Handbook](#) outlines strategies for board organization, recruitment, retention, and operations. [Check out](#) our full collection of nonprofit governance books or visit [BoardSource](#).
- To recruit board members, connect with local organizations, associations, or councils relevant to your mission.

7. **Hire nonprofit professionals.**
 - Hire and retain an attorney who specializes in nonprofit law. For lawyer referrals, contact SCORE or the [Lancaster Bar Association](#).
 - Hire and retain an accountant.
 - If you are not based in Pennsylvania, appoint a registered agent or office to receive legal documents on your organization's behalf. The office must be physically located in Pennsylvania and maintain normal business hours.
8. **Write your bylaws.**
 - Bylaws contain official policy and procedures for organizational governance and operation. They should incorporate tax or legal information applicable to your organization. They will later be submitted to obtain tax-exempt status.
 - Consult [How to Form a Nonprofit Corporation](#) for bylaw samples. Harbor Compliance offers a [free, downloadable bylaws template](#).
9. **File Articles of Incorporation.**
 - File your Articles of Incorporation with the PA Department of State. You can [download](#) the forms and [submit](#) them online or through your attorney. The fee to file Articles of Incorporation is \$125, but is [subject to change](#). You can contact the Dept. of State at 717-783-1720 or ST-CHARITY@pa.gov.
 - You must include supplementary information in your organizing documents to meet the IRS Organizational Test to obtain 501(c)(3) status. Refer to [IRS Publication 557](#) for information and [examples](#). Avoid delays and extra fees by organizing with the appropriate provisions now.
 - [PA law requires](#) published advertising of the filings of articles of incorporation in **two** circulating newspapers, one of which must be a legal journal. Our local legal journal is the [Lancaster Law Review](#) at 28 E Orange St, or at 717-393-0737.
10. **Apply for federal tax-exempt status – 501(c)**
 - Consider the following when deciding if or when to apply for 501(c)(3) status:
 - Donors who contribute to exempt organizations can deduct it on their tax return.
 - Your organization gains credibility to the public and potential donors.
 - If you apply for grants, this status ensures that your organization has a charitable purpose. Many grant-makers will only fund 501(c)(3) organizations. If you have a pending grant, you [may qualify](#) for expedited processing.
 - Nonprofit organizations must prove that they qualify for exemption from federal income tax by applying to the IRS. The organization must have a charitable purpose: religious, charitable, scientific, testing for public safety, literary, educational, amateur sports, or prevention of cruelty to children or animals (See [IRS Publication 557](#)). There are other types of charitable organizations, outlined in [IRS Publication 557](#), if your organization does not meet these requirements.
 - Some organizations may not be able to justify the time, cost, and paperwork. Your current operations may suffice until your organization is ready to grow.
 - You will use either [Form 1023 or 1023-EZ](#), depending on the average annual gross receipts. The [fee](#) can vary from \$275 for Form 1023-EZ to \$400-850 for Form 1023, but is subject to change.
 - If your organization, which is not a private foundation, normally has less than \$5,000 in annual gross receipts, you do **not** need to file Form 1023. You are **automatically** exempt, if you meet other 501(c)(3) requirements.
 - If your organization is a church, or related institution, such as a religious school, missionary society, youth group, etc., you do **not** need to file Form 1023. You are **automatically** exempt, if you meet other 501(c)(3) requirements.

- Start with the [Interactive Form 1023 Prerequisite Questions](#). You can also review [1023 FAQs](#). [How to Form a Nonprofit Corporation](#) explains the process in clear and plain language.
 - After submission, it can take anywhere from 2 to 12 months to receive the IRS ruling. Expect correspondence from the IRS to follow up with your application. The best way to ensure the IRS can process your application quickly is to be as thorough as possible. Follow [their tips](#) to avoid common problems.
 - The [user fee may change](#). Be certain you are sending the correct amount or your application will be delayed.
- 11. Apply for a Pennsylvania sales tax license**
- All organizations must register, even though charitable organizations are exempt from sales tax.
 - Review the [PA-100 Form and Guide](#).
- 12. Apply for Pennsylvania sales tax-exempt status**
- To apply for exemption from PA sales tax, download, fill out, and submit [Form REV-72](#) to the PA Department of Revenue. It can be submitted at 717-787-3708 (fax) or ra-rvtrotaxspecialty@pa.gov (email).
- 13. Register with the Pennsylvania Bureau of Charitable Organizations**
- All nonprofit organizations [must register](#) with the state to solicit contributions from Pennsylvania residents. If you are doing business in or regularly soliciting donations from another state, research that state's registration requirements.
 - Your organization may be [exempt or excluded](#) from registering because of its size or purpose. Review the [criteria for registration](#) carefully.
 - Download, fill out, and submit [Form BCO-10](#), following the [instructions](#) closely. If your organization files IRS Form 990EZ, 990N, or 990PF, download, fill out, and submit [Form BCO-23](#).
- 14. Maintain your tax-exempt status**
- Legal compliance begins with [efficient recordkeeping](#), as the IRS will expect you to submit certain documents each year.
 - Most exempt organizations file one of the [990-series forms](#). Depending on your organizational activities, you may have additional forms to file. Review [this IRS training](#) carefully, or consult with a nonprofit professional.
 - Keep [up to date](#) with IRS information.
 - [Report changes](#) in your bylaws to the IRS on your annual return.
 - Renew your PA charity registration according to [this schedule](#).
- 15. Hire staff and manage volunteers**
- Check out [Starting & Building a Nonprofit: A Practical Guide](#) and [The Nonprofit's Guide to Human Resources](#).
 - [Stay current](#) with volunteer requirements, especially those in contact with children.
- 16. Find your funding!**
- [Explore](#) various fundraising channels: grant-writing, fundraising events, solicitations, major gifts, and capital campaigns are just a few strategies. In 2016, 72% of our nation's \$390 billion dollars in charitable giving came from individual donors, according to [Giving USA](#), as opposed to only 15% from giving through foundations.
 - For grant opportunity research, schedule an appointment with the Business Reference Librarian for an orientation with the Foundation Directory Online database.
 - Get [free training and resources](#) from GrantSpace.
 - Demonstrating how your organization is making an impact is essential to securing funding.