

- Review all Colorado ([www.sos.state.co.us/](http://www.sos.state.co.us/)), Larimer County (<http://www.co.larimer.co.us/finance/salestax.htm>) and Fort Collins ([http://www.fcgov.com/salestax/pdf/rulesnregs/exemption\\_charity-govt.pdf](http://www.fcgov.com/salestax/pdf/rulesnregs/exemption_charity-govt.pdf)) charitable trust/solicitation requirements.
- File to obtain the Employer Tax Identification form (IRS Form SS4).
- Consider applying for a bulk mailing permit.
- Get quotes for insurance, including Directors and Officers.
- Set up the office operations, including hiring the Executive Director or CEO, obtain office space, open bank accounts, hire other staff as needed, get quotes for and determine all employee benefits.

## RESOURCES TO GUIDE YOU

### Foundation Center Grantspace:

[www.grantspace.org](http://www.grantspace.org)

### Colorado Nonprofit Association (CANPO)

<http://www.coloradononprofits.org>

### Community Resource Center (CRC)

<http://www.crcamerica.org>

### Colorado Secretary of State, Business Division

[www.sos.state.co.us](http://www.sos.state.co.us)

### Colorado Secretary of State, Charitable Division

[www.sos.state.co.us](http://www.sos.state.co.us)

*\*For more information contact the Poudre River Public Library District's Nonprofit Resources Librarian, [sscobey@poudrelibraries.org](mailto:sscobey@poudrelibraries.org)*

### Online Business and Nonprofit Center

<http://read.poudrelibraries.org/adult/business/z529.html>

Sarah Scobey, Nonprofit Resources Librarian  
[sscobey@poudrelibraries.org](mailto:sscobey@poudrelibraries.org)



Old Town • Council Tree • Harmony  
[www.PoudreLibraries.org](http://www.PoudreLibraries.org)  
221.6740



A joint-use facility of Front Range Community College and Poudre River Public Library District  
Reasonable accommodations will be made for access to programs for people with disabilities.  
Please call 221-6680 for assistance.

Small Business Development Center  
970-498-9295 • [www.Larimersbdc.org](http://www.Larimersbdc.org)



# STARTING A NON-PROFIT



## BEFORE YOU START A NEW NONPROFIT

- 1. Instead of starting a new nonprofit organization, consider collaborating with an existing nonprofit. The benefits of collaboration include:**
  - Elimination of many start-up and overhead expenses for the new entity.
  - Provision of “back-office” and support services from the existing organization.
  - New services can be provided through the existing organization.
  - Fundraising options may be enhanced.
  - Greater community and funder support based on the assumption that there are too many nonprofits in existence and that collaborations strengthen the nonprofit sector.
- 2. Consider Fiscal Sponsorship instead of developing a separate nonprofit organization:**
  - The new program is placed under the tax-exempt umbrella of an existing 501(c)(3) organization.
  - It is simpler and less expensive than forming another independent 501(c)(3) organization.
  - The sponsoring organization may provide accounting services, administrative support services, fundraising and strategic planning guidance.
  - The fees for the sponsorship may be based on a flat rate per year or on a percentage of income brought by the new program.
  - There should be a written agreement defining the terms of the fiscal sponsorship.
  - The fiscal sponsor should have a similar mission to the “new” organization.
  - Contact your local community foundation to see if they know of organizations willing to act as fiscal sponsors.

## 3. Investigate other organizations serving similar clients or providing similar services:

- Make sure you are aware of the organizations that already provide the service you want to offer. Find out where they are located, what population they serve, what needs they may be aware of in the community, what their funding sources are currently and what their expectations are for future funding.
- Foundations and other funding sources are usually not interested in funding similar programs in similar areas.
- Support the need that you want to meet through statistics, city and county planning information and other sources.

## TO DEVELOP A NEW NONPROFIT ORGANIZATION

### 1. Form a nonprofit corporation under Colorado law:

- Develop the Articles of Incorporation.
- Form the Board of Directors (See CRS Title 7; Articles 121-137).
- Write the Code of Regulations and By-Laws.
- Submit the Articles of Incorporation with Colorado Secretary of State ([www.sos.state.co.us](http://www.sos.state.co.us), filing fee: \$50).

### 2. File as 501(c)(3) tax-exempt organization:

- Obtain IRS Form 1023, Application for Recognition of Exemption, either online or order by letter or phone ([www.irs.gov/charities](http://www.irs.gov/charities) Filing Fee: \$750; \$300 if revenues are less than \$10,000/year).
- Complete and file the application.
  - ◊ legal review of the application is highly recommended.
  - ◊ It usually takes 6-18 months to receive the IRS determination letter of tax-exempt status.

## TO OPERATE A NEW NONPROFIT ORGANIZATION

### Planning and Development Steps:

- Determine the organization’s purpose, set the mission and vision.
- Form a Board of Directors.
- Hire an attorney to file the Articles of Incorporation with the Colorado Secretary of State.
- Draft the Regulations/By-Laws.
- Develop a Strategic Plan that expresses the vision for the organization; outline steps necessary to reach your goals; develop a plan to impact your mission.
- Develop a Business Plan, a “blueprint” or “road-map” of the organization over the next 2 years.
- Develop a Budget and Resource Development Plan for fundraising including all sources:
  - Earned income,
  - Membership fees,
  - Fundraisers,
  - Donations,
  - Grants and contracts, etc.
- Establish a record-keeping system for your corporate documents, board minutes, financial reports, and other official records.
- Establish an accounting system; consider hiring a CPA with nonprofit experience or recruit a CPA for the Board of Directors
- File the IRS Form 1023 for tax-exempt status
- (IRS Publication 557 provides details [www.irs.gov/charities](http://www.irs.gov/charities)).
- Obtain Colorado Corporate Income and Sales Tax Exemptions
  - ◊ Submit Colorado Department of Revenue Form DR 0715 with Articles of Incorporation, a financial statement, and the 501(c)(3) Determination Letter from the IRS ([www.revenue.state.co.us/](http://www.revenue.state.co.us/). Filing Fee: \$0).