

[00:00:00] **Michelle Day:** Good afternoon, everyone and welcome to The Fletcher Group rural Center of Excellence's webinar series. Today's session is scheduled to run from 2:00 PM to 3:00 PM Eastern Standard Time. My name is Michelle Day, and I am your moderator for the session along with Janice Fulkerson and Erica Walker. A couple of brief housekeeping items

and then we'll begin. You enter today's session on mute and your video was off and will remain so for the entirety of the webinar. Your chat feature is located at the bottom right of your screen. Use the dropdown feature to communicate with either the panelists only, or panelists and attendees. Please direct all questions regarding the webinar content to the Q and A section.

Be advised that this meeting is being recorded and will be available to you on our website once it has been transcribed. You can access our website at www.FletcherGroup.org. Also at the [00:01:00] conclusion of today's session, there will be a short survey regarding the webinar content. Your participation in that survey is greatly appreciated and will only take a few moments

to complete. Our guest speaker today is Stacy Hanson, Executive Director at Compassion Kansas. Stacy Hanson began her nonprofit career at Scripps Health Foundation in San Diego, California raising money for a large city hospital system. After more than seven years at Scripps, Stacy moved to raise money for Colorado State University.

Following an entrepreneurial venture, Stacy became Vice President of Resource Development at Heart to Heart International in Kansas City. Then took a turn away from nonprofit work by becoming an Edward Jones financial advisor. She returned to nonprofit work as Vice President of Resource Development at Susan G. Komen, Colorado. Currently she is Executive Director of Compassion Kansas, a startup nonprofit. Between her nonprofit and entrepreneurial experience, Stacy learned [00:02:00] how to raise money from individuals and corporations deal with boards, supervise large numbers of staff and volunteers, market engage and reengage people.

She knows about businesses and nonprofits, rules and regulations, best practices and what not to do. Stacy, the floor is yours.

[00:02:24] **Stacy Hanson:** Hi everybody. I'm so happy to be here. And, um, I was honored when The Fletcher Group asked me to, to make this presentation about things to consider. When you're thinking about a nonprofit startup, I hope that by the end of today, you'll have lots of food for thought and, um, some information that you needed.

So let's just dive in and get started. Our topics for today are going to be what to consider before you start a nonprofit. Managing your nonprofit business, [00:03:00] because it is a business. Building and working with your board of directors. And although marketing and fundraising could be its own separate, uh, presentation.

We will have a quick word about that at the very end.

But before we get started, I wanna introduce you to Buddy. He's, uh, he's gonna be our comic relief when, uh, our topic gets kind of deep and we all need a little breather, Buddy is a rescue. I'm not sure how old he is, but in the neighborhood of 16 and he can't hear very well. He can't see very well. Little back legs don't work like they used to, there's not a tooth in his head, but he's this funky little guy and I'm crazy about him.

So he'll be our comic relief when we need a little throughout the day. But let's just go ahead and dive into our presentation. So. Uh, there are pros and cons to starting a nonprofit and [00:04:00] this presentation will not be to discourage you from starting a nonprofit, but I really do want you to be, um, well versed with how difficult it is to start a nonprofit.

I don't want you to walk away from today thinking, oh, this is gonna be a piece of cake. I also don't want you to walk a day. Walk, from today thinking, oh, that's more than I can bite off because you can bite this off and chew it really well. But, um, Uh, hopefully, hopefully this will give you all good for thought.

Good food for thought. So some of the pros of forming a nonprofit company, and I'm gonna go through these kind of quickly, um, one pro is that you'll be a separate entity status. And that means that the nonprofit will generally be the one to hold the assets of the corporation. And it's entitled to receive the revenue or

profits from your operation. Um, there's [00:05:00] also legal separation between, uh, the nonprofit and everyone associated with it. I'll go into that a little bit more. Uh, here in a few minutes, you get perpetual existence when you have a nonprofit company, which means that you can come and go, your directors on your board can come and go.

Your employees can come and go, but the, um, the nonprofit will remain until somebody really actively shuts it down.

This is, um, this limited liability protection is something that I touched on in the previous slide. But basically this means that if you, um, If there's some reason that there's legal action or financial action being, um, held, being, um, uh, held against your nonprofit, that this separates you [00:06:00] and your board of directors from any personal liability so that your personal finances will not be, um, at risk.

Now I wanna talk a little bit about tax exempt status. So most nonprofits are exempt from most federal income taxes and state, certain state taxes, like property taxes and, um, sales taxes, and donors to nonprofits can take a tax deduction for their contribution.

There are several different kinds of nonprofits that you can become. But most of the people probably sitting in on this conversation today will be interested in a 501C3. And these can,

um, you can take your, um, uh, income tax exemption and your donors can take their tax deductions as well. [00:07:00]

Some more pros of becoming a nonprofit, um, is the U.S. Postal Service will give you a mail, a bulk mail discount rate. And when you are sending out your. Um, your annual giving solicitation letters. And I'll talk more about that in a few minutes, you will be very glad that you don't have to pay the full rate for those mailings.

Credibility. Um, you know, this is, this is certainly a, a soft sort of benefit to becoming a nonprofit. But when you're a nonprofit, people do trust that you're not trying to, to make a buck that you're really trying to do good in the world. And that gives you a certain credibility that you don't have. There are lots of hoops to jump through, to become and stay a non-profit in good standing.

And which we'll talk about more here in a few minutes. Um, but if people know that you're a nonprofit, [00:08:00] lots of times, they'll, they'll um, they'll hold you in high esteem. And finally, um, this nonprofit registered agent, you can have a legal point of contact for any legal issues that come up so that your board isn't gonna be having to field questions

if any legal issues come up or your staff, you can, you can appoint one person.

Now I'm gonna spend some more time on this, because like I said, I want you to really be able to think fully through everything. Uh, all the contingencies, when you're thinking about starting a nonprofit. There are some cons to, to forming a nonprofit and among them are the upfront costs. There is currently a fee of \$600 to the Internal Revenue Service when you apply for your tax exempt nonprofit [00:09:00] status.

So that's something that you have to bake into your, into your, um, um, costs of getting started up. There are also additions to the normal cost of doing a business that you're not gonna have if, for instance, you're trying to start a clothing store. Um, you're not gonna be held to the standards of annual audits.

You're not gonna have to deal with fundraising expenses. There are lots of additional costs that you're just gonna have to think through. How are we gonna get this money? How are we gonna, um, spend this money? How are we gonna budget everything out? And I'm gonna talk much more about that here in a few minutes. The IRS does have extensive, um, requirements such

like I said that annual audit. There are certain documents that you'll need to make readily, readily available to the public. Uh, including if you have a [00:10:00] website, they really strongly encourage that you post a lot of documents, um, online so that people can see them very, very easily. And you're gonna be reporting to your donors, whether you have a federal grant or you have donors who are giving you a month to month gift, they are all going to

want to know how your organization is doing, uh, how you're spending the money, what kind of program success you're having.

Um, and so sometimes that reporting can be kind of onerous to be honest. So you need to, you need to be thinking about how you can manage that sort of thing when you're thinking about starting a nonprofit. Now, also with a nonprofit, you cannot lobby, um, or do any cap, political campaign campaigning as your nonprofit, of course, as an individual, you can, but[00:11:00]

you, you can go try to educate your legislators about various topics that, um, that interest your nonprofit. You can educate them about what it's like to run a nonprofit, but there's a, there can be a fine line between lobbying and education of legislators. And so you need to be very careful about that.

So, and I'm gonna spend quite a bit of time here on this slide too. Um, and you'll, you'll have access to all the, um, to all these slides later and to the recording, but, um, this sounds like, um, it should be sort of a given, but you really need to make sure there's a need for your nonprofit, for your idea.

And you really need to be able to verify that. This may not necessarily be the case quite so much with, um, with recovery [00:12:00] residences. You probably really do know how many, um, how many recovery residents beds, there are in the area. Um, but how do you verify the need for yours? Um, you need to really be able to think through all of these things.

I've seen time and again, um, people who have gone through some sort of, um, usually a very terrible experience. Their heart's full of love and concern and their desire that other people don't have to go through this. They will try to start a nonprofit to address the issue they came up against. So for instance, um, a, um, a, a family loses a child to cancer, something terrible that happens.

They don't want any other family to ever have to go through that. They wanna honor their loved one. So they think they'll start a nonprofit. But if you do that without market [00:13:00] research and, and, and, um, reaching out to other nonprofits, you'll, you'll never know, what kind of money and resources you could be siphoning off from an existing nonprofit

that's already doing the work that you want to do. Now, if you have some particular, um, angle or perspective or program that you're not seeing out there after you've done your market research, then, then you might consider going ahead and starting your nonprofit. But for instance, in the case of the family, who's lost a child,

um, if they want to raise money to give, to research for a particular kind of cancer, you really need to search because there's probably a university out there who's already doing that kind of research and they would love to have someone uh, come alongside them to help raise money. You may not be able to do things [00:14:00] exactly the way you think you would want to

if you were the executive director of a nonprofit. Sometimes you have to check your ego at the door to be really honest. But if there are, um, If there are already groups out there doing that, you don't want to divide the limited resources that are already out there. You want to make sure as many of those resources are going to the actual programs and research that, um, that you're looking

to support. Um, your nonprofit will have its own administrative expenses that will probably be coming out of fundraising and, uh, and or any revenue you might get from, um, from programs and services. And again, that's just dividing resources. So I really strongly encourage everybody who's starting a new nonprofit.

Or a new business to do a lot of market research. Google Google, Google, Google, um, to find out what's already out there, what [00:15:00] people are doing, what their philosophies are, what their mission statements are. Um, there's a lot of information you can find online and you have to do your due diligence um, To do that.

I also really encourage that you would reach out to other nonprofits and, um, and in the case of recovery residences, I would say, make sure you know, what the other recovery residences, if there are any in your area, are doing. Um, I don't think of this as competition research. I think of it more as really trying to make sure that you're not duplicating efforts. Um, that if you have services to offer that you're helping add a more robust offering to the people in your area.

So you also need to really think through how are you going to pay for your work? Um, do you know anything about grant funding and other kinds of [00:16:00] fundraising? This is not a small topic. Um, are you going to, as I mentioned earlier, are you going to, um, bring in any um, fees for services or programs? Sometimes that, that is the case that will, those fees cover everything that you need.

Will that cover your staff? Will that cover, um, you know, um, office space rental, will it cover your, your wifi and your electricity? These are just things that you really have to think through. I'll talk more about a budget here in a few minutes, but. And in a few minutes, I'm gonna talk more about a board of directors, but you really need to think through whether or not you can seat the kind of board of directors that will really benefit your nonprofit.

And then I've mentioned this briefly before, but, um, you do have to report for any of your funders. Whether [00:17:00] again, it's a it's federal grant, which can be an onerous, um, really difficult kind of, um, kind of, um, reporting to do. Or even if you've just got smaller donors, they're all going to want to make sure that you are spending their money well. That you're having successes in your programs and services.

And if you're not having successes, how you're going to address those issues. So lots of things to consider before you start a nonprofit.

So, I don't know about you, but I think I need a, I think I need a little break. So, um, this is what happens after an old guy has just had a bath. We get the Doomies for a couple of minutes, a couple of runs, and then, then we slow down. Cause we're tuckered out. We're still cute, but you know, we're tuckered out.[00:18:00]

So, um, so let's get back into our program. Here are steps to starting a nonprofit. So first of all, as I, as I hammered home previously, you need to make sure that your ideas and programs are solid. You need to really make sure that there is that need for your, for your, um, For your, um, programs and services.

And I'll go through a little bit more of what a business plan will look like, but you really need to make sure there's that need and that your ideas are solid. You need to change or choose a name. That's a, that's pretty much a given you need to file your articles of incorporation, just like with any other business.

And then you apply for your IRS tax exemption status. Now you can apply for this status by yourself. Um, I generally recommend, if you can find a [00:19:00] knowledgeable attorney or accountant, accountant, um, there are even companies out there that specialize in just helping people get their tax exempt status from the IRS.

This is a lot of work. It can take six to 12 months right now for, um, for, from the time you apply until the time you receive your, your nonprofit status, your tax exempt status. So be prepared to bake all that, um, really hard work upfront when you're starting a nonprofit. Um, after you get your, um, tax exempt status from the IRS, then you'll apply for your state tax exemption.

And then you get into the, in, into the part of really running, uh, a nonprofit. So you need to have bylaws. We'll talk more about bylaws and boards of directors here in a few minutes, [00:20:00] but, um, basically the IRS requires that you have bylaws and that you have a board of directors. The bylaws are, they're, they're a sort of roadmap for how you're going to run your business.

The other roadmap that you'll have is, is your business plan, but, um, there are great resources online to find bylaws. You can just Google, um, Nonprofit bylaws and tons of templates will come out, will come up. I suggest you look through several of those, find a format and, um, and a basic concept that seems to work for you.

And then you can, um, then you can customize your bylaws for your specific nonprofit. Um, you have to appoint a board of directors, and again, we'll be talking about more, uh, this in a few minutes. After you have your board of directors, you need to hold a meeting to officially seat them [00:21:00] and approve your bylaws.

And then you're pretty much in business. So you need to obtain any licenses and permits if you need. Um, if your staff needs to have licenses, if you need a building permit, then, then

you're in business to take care of those sorts of things. And then you also have to show, um, search for funding. And again, we'll talk more about that here in a few minutes.

So I'm throwing a lot of information at you. Um, I hope that you're, that you're having a better, um, uh, better time staying awake than Buddy does. I have to actually wake him up in the morning. He's such an old guy and when I wake him up, he's got bed face. So, um, as ridiculous as that sounds I've, I've got a dog with bed face.

So let's get back into the conversation. All right. Let's spend some time talking about running your nonprofit business as a business, because make no [00:22:00] mistake. It is a business and it has to be run. Um, it has to be run with a lot of accountability and, um, and resourcefulness. Okay. So, um, in businesses, so say that you are, um, you're gonna open a business as a clothing store in a case like that.

Any profits you get, go to you as the owner in a non-profit the profits or revenues go back into the organization. So you're not taking anything off of that. Although, you know, salaries are certainly, um, legit. You should budget those in, you should pay your people. You should pay yourself. Um, but, um, you you're.

Putting everything that you make or fundraise back into the organization. You've got a lot of fiscal responsibility to your clientele. If you're starting that, that [00:23:00] clothing store, you don't really have the fiscal responsibility to your customers, but in a case of a nonprofit. Whether you're starting a recovery residence or some other kind of nonprofit, you, you really do have a fiscal responsibility to your clientele to run things as, um, um, um, as ethically and as, uh, upfront as possible.

There's a lot of other responsibility I've touched on this again, uh, this reporting and this fiscal responsibility to everybody who gives you money. Um, this is called stewardship. When we, when we report back to our donors, we're calling, we're calling that stewardship and, um, and the, um, the the reason we call it stewardship,

is that your best, your best, um, [00:24:00] potential funders in the future are the people who are funding you now with the possible ex, exception of, of grants that you might be looking for. Um, but there's a lot of that oversight sort of, uh, responsibility that you have. There's also, you report to a board of director.

If you're the executive director, even though you are going to be asking these people to sit on your board, you're gonna ultimately report to them. And so you have that oversight that you not are gonna have as a, as a clothing store owner. And then there are all kinds of IRS related legal obligations. We talked a little bit about that previously.

Um, some of the, some of the transparency with documents that you, that you need to have et cetera.

Well, there we go. So [00:25:00] a business plan for nonprofits, whether somebody is starting a, a for profit business or a nonprofit, I always really strongly, strongly recommend that you, that you develop a business plan. And that you keep it current as things change for you. This is really, you know, you've heard about planning your work and working your plan.

And this is where the business plan is where that really comes in. So, um, You can Google for examples of business plans, but in general, they're all going to have these seven, seven different elements. I generally, uh, encourage people to write sections two through seven before they go to the executive summary.

But the executive summary will go on the front end of your, um, of your business plan. And that's gonna be a brief two page, give or take, um, [00:26:00] summary of everything else that's in your, that's in your business plan. You're gonna use the business plan for yourself. You're going to come back to that for, um, you're gonna come back to that for, um, information that you want to give to potential donors.

You're going to want to come back to it for, for, um, for your own help. And sometimes you have to remember what was it I was doing before 85 squirrels jumped in my way. You have to keep your focus and a business plan can help you do that. So, so really I say, start with an organization description and this will be a

fairly high level description of what your organization is gonna be like, but that's gonna give information about, high level information about your market analysis, about what your organization and management is gonna look like, what programs you're gonna have, your fundraising [00:27:00] marketing plans and, um, and your financial, but in each of these other sections, you dive down much more deeply.

For instance, number three is gonna be your market analysis. We've already talked a little bit about this, but that market analysis to make sure there's actually a good reason for your nonprofit to exist is critically important. And you'll want to write an in depth detailed description of the research that you've done and your findings.

Uh, of your market analysis, the organization and management section of your, of your, um, business plan is going to go into a lot of detail about what your org chart is gonna look like, what kind of personnel you're gonna be looking for, or if you already have them, you'll need to have, um, um, short.

Biographies and resumes of, of you and any other staff or, [00:28:00] um, potential employees that you may have hired. If you don't have anybody hired, you'll need to have a really detailed job description so that, so that you can, um, Uh, go right to those and you know exactly what, what kinds of things people are gonna be doing when you can bring them on.

There's gotta be a really detailed analysis of what kind of management you're going to provide. Um, how, how will you oversee your staff? What kind of. Results. Are you going to be expecting those sorts of things? You need to go into a lot of detail. This is a critically important part of your business plan.

This organization and management piece, do a deep dive on that and you'll save yourself a lot of headache on down the line. The programs again, programs or services that you're going to be providing, uh, as a nonprofit, um, you will really need to make sure that you've got, um, that you've got a lot of [00:29:00] detail about what you're.

Which are gonna be providing and how you're going to be providing it. Who is your clientele going to be? Um, what, what kinds of things can they expect from your services and programs? How long will you be serving these clients? Um, detail step by step, by step, everything that you're going to be, that you're going to be asking, uh, of your organization to provide to people.

Um, the marketing and fundraising piece, again, , this could be its own set aside presentation. Um, but you really need to go into a lot of detail about what kind of marketing you're gonna do. Is it going to be all social media? Are you going to have, um, newspaper articles or newspaper ads or radio or billboard?

Um, how much is all that marketing going to cost you? Why are you going to be marketing in specific ways rather than other [00:30:00] specific ways? Um, when it comes to the fundraising part of this part of the business plan, you really need to be thinking through how you're, how you're going to be, um, how you're going to be fundraising.

Why , um, if you're going to be charging for some of your programs and services, how much of that revenue will help you with your administration costs? Um, and that, that includes, you know, rent. Keeping the lights on keeping your staff paid those sorts of things. Um, will your, will your program revenue cover all of that or will there be a, a Delta where you'll have to raise that money?

And what kind of fundraising are you going to do? What kind of expectations for results are you gonna be, um, looking for from your fund? And finally you'll need to, to put in a budget, a detailed [00:31:00] budget and all your financial projections. So, um, You know, again, you'll be thinking through all of these things in great detail as you go through the rest of the business plan.

But when you get to, to number seven, these financial projections are gonna be really important for potential funders to Seed Sower, that they can understand whether or. You're gonna be a viable organization that they're going to want to invest in because most organizations, um, most organization or most donors to organizations do consider themselves to be investors.

And, and, um, they're gonna wanna know how you're gonna treat their money and what you can expect to what they can expect that you're gonna, you're gonna, what kind of returns you're gonna be getting.

So, okay. I don't know about you, but I need a little Buddy. [00:32:00] Um, here, this is what happens when you don't have any teeth. If you're lucky you just get cuter, um, if you're not lucky, then, um, then your tongue still hangs out of your mouth, but in Buddy's case, it makes it him even cuter.

But this presentation is not about Buddy. So let's dive right back. So, uh, this next section is gonna be about building and working with your board of directors.

So why do you have to have a board of directors? Well, for one thing, if you're going to be a, a tax exempt nonprofit, the IRS report requires that you have at least three directors on a board and that you must meet at least once a year. I think for a startup, nonprofit, you know, three to five people is probably a good starting number.

And I really encourage you to meet more often than [00:33:00] once a year. I really encourage people to think about, um, I really encourage people to think about their board of directors as, as partners, as colleagues. Um, if you choose your board of directors correctly, you're going to have expertise on that. Um, You're gonna have expertise on that, uh, board that you don't have, and they're gonna help you think through issues and problems.

Yes. These, the board will be your bosses. You do ultimately report to them as will be outlined in your, in your bylaws. But, um, but don't. Don't let that stop you from having a really collegial, tight relationship with your board of directors. You wanna have expertise, you wanna have expertise on your board that you don't have.

That's very important [00:34:00] that you're, um, you're looking for. For people who know more things than you do or they know more things about different things than you do, you shouldn't expect that you need to know everything. Um, You just need to have the right people around you. One of the things that you also wanna do in, in addition to having great expertise on your board is you want to have your, um, the board broaden your organization's sphere of influence.

So. The people on your board are gonna have their own friends and family and colleagues at work. And you want them out there, out there talking about your organization about how excited they are to be on your board about what great things they're doing, that sort of, uh, word of mouth will really help with your fundraising and will help.

Help get people involved, it'll help bring [00:35:00] in, um, donors, clientele and volunteers. Um, one thing that you can really utilize a board for. Is to give them, um, committees so that they are helping do some of the work that you and your staff may or may not, or probably

don't have time for. So for instance, there can be a fundraising committee on your, on your board.

If you are considering starting a new program or service line, you can, uh, form a committee of your board to do the research. Um, to do the research, to help you with, with all of that. So they can help, they can help share the burden of the work. And you wanna make sure when you're choosing a board of directors that they're gonna be in for all the work that you're gonna be asking them to do.

All right. So we talked a little bit about bylaws. This is in addition to your business plan, really going to [00:36:00] be the way that you. That you, um, drive your business, your nonprofit going forward. I suggest Google, nonprofit, bylaws. there. You're gonna find tons of templates out there. You may even find some actual bylaws from, uh, from.

Existing organizations read through several of those, get an idea of what you, uh, what kind of format you want. If there are bylaws out there that, that seem close to what you are going to be, um, uh, doing than that will make it easier to customize, but I'm a shameless Googler. And, um, and I encourage you to be as.

So who should be on your board of directors? The number of directors is gonna depend on your bylaws. Lots of more established organizations may have bigger, um, bigger boards, but I, uh, I said earlier that I think three to [00:37:00] five is probably a really good place to start for a nonprofit. Um, I think, um, I think you really need to have somebody who represents your clientele on your, on your board.

So for instance, if you're starting a recovery residence, nonprofit, then having somebody who's in, uh, long-term recovery, um, who can speak to the. Um, the experience that your clientele will have, that they need to be represented on your board. You need to have someone with program experience who's on your board.

So for instance, if you're, you know, starting a recovery residence, uh, if you can find a, a substance use disorder counselor therapist who may be willing to, to sit on your board, somebody like that would be terrific. Here is with number three, here is where you can really expand your. You're board to help you [00:38:00] with areas that you don't know.

So look for attorneys, marketing experts, accountants, fundraising experts. There may come a point where they may say I can't be your full-time attorney, but if, if you're lucky, then you'll find somebody who will do pro bono attorney work for you or, or accounting. Or marketing work or somebody who would really help you get your nonprofit fundraising program up and going.

And then you also wanna look for people in, in addition to having experts. On your board, you really need to think about those sorts of people in your community who are gonna have, um, their, who are opinion makers, who, who are well known and well respected in the

community. These are people who, who can be out there really talking up your organization, helping you with that grassroots marketing of word of mouth that also can help, [00:39:00] um, who can help bring in fund.

Okay. Here's the quick. Just checking to see how much time we have. Here's the quick word about marketing and fundraising. So marketing, you're gonna market your nonprofit for all the reasons that any other business would market their nonprofit. You're gonna be looking for clientele. You're gonna be looking for donors.

You're gonna be looking for volunteers because if you're smart, you'll, you'll use volunteers as much as you can. But you really, again, like I said earlier, you really need to think through what kind of, uh, what kind of, um, marketing you're gonna do. If it's all gonna be social media. If you're gonna have bill bar billboards on the side of the road, those are things you really need to think through.

And you think through those with your end audience in mind. So [00:40:00] if you're looking for more clients, Then where will the, then you market in the places where those potential clients will see you. If you're looking for volunteers then, uh, and donors, you're gonna be trying to market in the areas that those people will try to will see you.

So, this is part of what you really have to think through you can't just market by throwing everything out there. You have to be very strategic about who, who your audience is and, um, and how you're gonna get to them. So fundraising, huh? Again, I said this could be a its own topic in and of itself that I run some and we've.

Hopefully give you some good food for thought. So, um, in order to [00:41:00] provide tax receipts for your donors, you must have that tax exempt, I, that IRS tax exempt status. So make sure that you're on that as quickly as you can, if that's, um, if that's the, if you want for your donors to be able to, to take tax deductions for their contributions to you grants.

Grants can be a great way to bring money in, but whether it's a federal grant or a, a, um, private family foundation grant, you have to understand going in that. That that organization is going to be trying to accomplish its own specific goals. And they are only going to fund you if your programs and services fit into what they want.

Right. So, um, so for instance, you're trying for a federal grant, [00:42:00] you can't just apply for any old grant that's out there and hope that you'll get it. You have to read through all the information they have. Federal grants are really good about detailing. Exactly what kinds of things they're trying to achieve from their, um, from giving money.

And then if you. Programs fit into that, then you, then you might stand a chance of, of getting the, of, of getting a grant, same thing with any other kinds of grants. There's a really terrific, um, uh, resource out there that I encourage everybody to look into. It's expensive. It's about \$1,500 a year. Um, but it's called, um, oh, oh, a brain.

It's the online foundation directory. Sorry about that. Um, you're you're you can Google online foundation directory. You can get a subscription for a year. Again, another one of those [00:43:00] startup costs to an nonprofit would be about \$1,500 a year. But, but with this, um, foundation directory, you can, you can search through their database of literally hundreds of thousands of nonprofits to find.

Or foundations, family foundations, corporate foundations, other kinds of foundations, um, so that you can plug in your, um, so that you can plug in your exact, um, Funding needs and find those funders who are trying to achieve their philanthropic goals through the needs that you're trying to fill. If that makes sense, you're really, it's a puzzle.

You're really looking for your piece to fit into that other piece. Um, as well as possible, that's the only way you're going to get the, the money from granters, um, corporate giving. There are a lot of big and medium sized companies out [00:44:00] there that do corporate giving. They, um, um, they too are looking for types of programs and services that will help them achieve the mission that they want to achieve.

Their mis, what they want to achieve with their philanthropic giving could be, um, could be exposure in the community. That's great. Um, they, but they may have some particular, um, Things that they're really trying to find. So for instance, if you're, if you're, um, looking for a corporate donor and you find that they are interested in, um, early childhood hood education and, um, senior.

Senior citizen support services. If you're trying to start a recovery residence, you're not gonna get money from that foundation. So you, you really are looking for your, your puzzle piece to fit with their puzzle piece. [00:45:00] Um, in kind gifts, don't ever look a gift horse in its mouth. So for instance, you're starting, uh, a recovery residence.

And if you can find somebody who would give you furniture, tables, chairs, beds, whatever, um, that's money that you're not gonna have to spend on down the line. And those, those, um, those can be really meaningful and very helpful gifts. So. Don't say no to those whenever you, whenever you come across them individual giving now, um, I've touched on this a little bit.

Basically there are three different kinds of individual giving. Um, it breaks down a little bit further, but here are the three basics. So annual giving will be, you're probably familiar. You've probably all received mailers where you're, um, where somebody's asking you for money to support this program or that program.[00:46:00]

That's an annual giving. Um, ask, we call them or a solicitation. They are sending those out, um, to everybody in their database to. Um, they're sending those out to everybody in their database to ask them for money. Annual giving can be expensive to do because you're paying for, you know, the, the paper and the envelopes and the printing.

And, but thank goodness be. You're a tax exempt, um, nonprofit, because you get the bulk mail rate from the United States postal service. So, um, but annual giving can be a great way. I almost think of annual giving, um, solicitations through the mail. As, as marketing, they help raise the awareness of the people who receive those

about your nonprofit. Major gifts and plan giving are probably going to be, um, The types of individual gifts that a more established [00:47:00] nonprofit will get, but you might be really lucky and have a donor or a couple of donors who want to help you with your startup expenses. And in that case, those would be, um, those would be considered major gifts.

It, um, the definition of a major gift varies by organization to organization. What, um, a thousand dollars gift may be a major gift to one organization and a \$25,000 gift may be a major gift to another organization. So it, it varies, um, tremendously, those definitions, nonprofit to nonprofit. It's not all apples and oranges.

Planned giving is estate giving. Somebody's left you a gift in their, in their will. That's the, that's the short version of planned giving. So if you're fundraising, you have to report. And I like to call this stewardship. [00:48:00] Um, I talked a little bit about stewardship earlier. Um, But that does stewardship does include reporting.

And it, again, I'm, I'm beating this, um, I'm beating this pretty hard, but it's really important in nonprofit in fundraising circles. We say that for every gift you get from a corporation or an individual, um, you need to find seven. Different ways to thank them for their gift. So there can be a lot of creativity that goes on in fundraising, um, all along the line, but they're in, uh, in thanking donors seven times for each gift.

Sometimes you have to get really creative to do that. Um, that's not a hard and fast rule. That's something that you could aspire to, but the point is that you want to make sure that your donors. All your donors, feel your gratitude, um, and feel that you are, um, you are, um, um, doing the best [00:49:00] possible work with the dollars that they've given you.

So, all right. So Buddy's tuckered out. I imagine you all are too. So I'm gonna say that this is the end of the presentation. Um, I'm happy to take any questions that might have come up. Come on.

[00:49:21] **Janice Fulkerson:** Um, hello, Stacy. Hi. We have some questions from the participants. Uh, great across the us. The first one. Um, it's true that nonprofits have to be careful between education, advocacy and lobbying. However, isn't it true that 501C3 can do some lobbying. It just can't be substantial. Can you expand on that?

[00:49:47] **Stacy Hanson:** Well, I prefer to really think of it as, as education again, because that can be such a fine line. I really, uh, I really feel like, [00:50:00] um,

You have to be really careful with your nonprofit status, with your tax. I expense status. And I prefer to err on the side of caution. Um, but you can go see legislators. I've done it myself. I've been in Topeka here in Kansas, our state capital, and I've been in Washington DC, um, meeting. Uh, with members of Congress and their staff.

And so it's, you just have to, again, um, I prefer to err on the side of caution, so I've always taken a, I'm educating you stance with this. I'm telling you what it's like to run this nonprofit. Here are some of our needs. Here are some of the ways that you could help, um, sort of stance rather than out and out lobbying.

[00:50:53] **Janice Fulkerson:** All right. Thank you for that.

[00:50:54] **Stacy Hanson:** Mm-hmm.

[00:50:55] **Janice Fulkerson:** Um, question about board, uh, makeup and, um, [00:51:00] who should be on your board? You talked a lot about that. Some, uh, thanks and appreciation in the chat for that.

[00:51:05] **Stacy Hanson:** Great.

[00:51:06] **Janice Fulkerson:** Um, one of the questions is about, um, is it a requirement they've been told that, that you have to have a lawyer, you have to have an accountant, you have to have certain types of resources

um, to help with that governance, right.

[00:51:23] **Stacy Hanson:** There is not an actual requirement. Um, and I wanna put, put up my resources here. Um, there's not an actual requirement, but it's really good. Best practice to. Um, to have, um, to have a variety of expertise on your board that you don't have, but you don't have to have an attorney.

You don't have to have an accountant, but if you can find those people, then, then I suggest you get 'em.

[00:51:53] **Janice Fulkerson:** That's great. Um, here's another question. Um, I haven't [00:52:00] read it all the way through, but a family member tragically passed. And they wanted to form a nonprofit in their honor.

Would a donor advised fund at a community foundation be a better route to take, or an option, versus creating a nonprofit and hiring staff to carry out the work?

[00:52:22] **Stacy Hanson:** Yes. In, in a, in a, in an answer, a quick answer. Yes. The caveat to that is however, if there is. If there's nothing else out there that's, that's, um, doing work on

that particular issue, you know, um, if, if there's really nobody out there doing research on that particular kind of cancer or, or, uh, whatever, then, then, then yes, you might wanna start your,[00:53:00]

you might wanna start your own profit, but generally speaking, um, I would say a donor advised fund where you can give money to the organizations that are already doing that work is, is probably the best way to go. And, um, and you can, you can research a lot to find out who's already doing that work. Say for instance, there, um, you're looking for programs and you're looking for, you know, the American cancer association, um, then.

You know, you might be able to, you would be able to set up a fund with them that your friends and family could donate to in honor of your loved one. Or in the case of, you know, if you wanna support research, then again, there are lots of places out there that are doing research. Find out which ones are doing research, talk to the development officers, to the fundraisers there.

They'd be happy to help you set up, [00:54:00] um, some kind. Um, maybe an endowed fund where you can give and friends and family can give in honor of your loved one.

[00:54:10] **Janice Fulkerson:** Thank you, Stacy. There's another example that popped up related to that. Uh, similar. Question and solution a family member, um, set up a small fund, a donor advised fund at a community foundation in Oregon.

And, uh, they designated the proceeds of the endowed fund to go towards things at a cancer center that insurance wouldn't pay for. Anybody can donate to that fund. However, every year they use the interest to support people and things that insurance wouldn't cover related to an insurance fund. And it will go on in perpetuity, um, because they're using the interest from that fund, a donor advised fund.

So great example, Stacy, thank you.

[00:54:55] **Stacy Hanson:** That's yeah, that's a lovely, lovely thing that, um, that that [00:55:00] family has done. And, um, you're gonna be helping a lot of people in that.

[00:55:05] **Janice Fulkerson:** Great. I'm checking Stacy to see if there are other, um, questions in the chat and in the Q and a, but I think those are the ones that we have for now.

Um, are, is there any parting advice or any recommendations that you'd like to close with today?

[00:55:22] **Stacy Hanson:** Well, you know, I know I've hit on this really hard, but I, I just want to really encourage everybody to, um, to do your market research. Make sure that you're not gonna be duplicating efforts that are out there.

Um, sometimes you have to swallow your ego just a little bit, if you, if you find that there's somebody out there already in that space, um,

Fundraising can be really, really tough. So, um, you know, I, there's the, um, there's the, um, National Association of Nonprofit [00:56:00] Executives. I would suggest that you could, you could, um, Uh, Google them and there are gonna be resources there that can help you with, and lots of other, um, lots of other resources that you can find to help you learn some more about fundraising, because that's, that's gonna be a big part of your nonprofit world.

[00:56:20] **Janice Fulkerson:** Okay.

Um, related to fundraising, a question did come in around the difference between a 501C3, a traditional versus the EZ form application. There are some limitations as to revenue and fundraising in the first couple of years related to the EZ. Is that correct, Stacy?

[00:56:39] **Stacy Hanson:** There, there are. And, um, that EZ form, yeah. It's. Yeah, there are, there are restrictions around that. I really suggest that you just bite the bullet and go through the whole process of, of really applying for the whole [00:57:00] 501C3, and just, it's gonna save you hassle and time on down the line. And I think that's the, the, probably the smarter way to go in the long run.

[00:57:10] **Janice Fulkerson:** Thank you for that. And Stacy, you've put some lovely sources, um, online. I'll just let all the listeners and viewers know today that this presentation will be available on The Fletcher Group website next week. And in the interim, if you have any questions or any, uh, thoughts about starting a nonprofit, particularly for recovery housing, to expand the capacity and quality of substance use disorder service

across rural America, please reach out to Fletcher Group at FletcherGroup.org. And that concludes our webinar for today. Thank you Stacy for joining us. Thank you everybody online and in the viewing audience, we'll see you next month.

[00:57:55] **Michelle Day:** This concludes our webinar session. Thank you so much for joining us today. [00:58:00] Also, please tune in on the first Thursday of each month from 2:00 PM to 3:00 PM Eastern Standard Time where we will be hosting subject matter experts from across the nation to bring you valuable tools and resources for rural recovery house operators and SUD professionals.

If you would like information on technical assistance, you can go to our website. Again, www.FletcherGroup.org, which I have also copied in the chat, and submit a technical assistance request. Lastly, please take a moment to respond to the survey questions once they become available on your screen. Your feedback is very important and greatly appreciated.

Thank you and have a blessed day.