

Nonprofit Life Cycle

Legal and Development Considerations



1 Idea Stage



- You have an idea and a passion, but no formal organization exists
- This is the inspire and imagine phase
- Identify potential resources, activities, outputs, and short and long-term outcomes
- Recruit like-minded individuals
- Develop business plan, logic model and budget
- Need to decide if this is a hobby or an organization

 [Project Planning Worksheet](http://sideprojectinc.org/resources/) <http://sideprojectinc.org/resources/>

2 Start Up



- File Articles of Incorporation
- Apply for EIN Number
- Apply for Federal Income Tax Exemption
- Apply for State Sales Tax Exemption
- Register with State Department of Charitable Organizations
- Create Corporate Minute Book
- Draft Corporate Governance Policies and Procedures
- Risk Assessment & Insurance Needs

 [Download the Legal Compliance Checklist](http://sideprojectinc.org/resources/) <http://sideprojectinc.org/resources/>

3 Growth



- Review & update corporate bylaws
- Review & update gift acceptance policy
- Be aware of on-going compliance matters such as Unrelated Business Income Taxes, Private Benefit Transactions, Commercial Co-Ventures, Social Enterprise issues
- Review financial controls
- Employment Handbook & Personal Policies
- Federal and State Employment Taxes
- Workers' Compensation Law Requirements
- Social Enterprise Legal Issues

4 Maturity

- Review of organizational bylaws
- Planned Giving opportunities & endowments
- Compliance with federal, state, and Local laws
- Review lobbying & political activities restrictions
- Development of quality control and evaluation systems
- Executive succession planning to foster community impact
- Collaborations and Memorandums of Understanding (MOU)

5 Transition and Regeneration

- Transition period between leaders
- Executive Compensation Legal Issues
- Review and update job descriptions
- Legal issues related to mergers, consolidations, and dissolutions
- Transfer of assets and winding down of the business affairs

For Answers to Your Nonprofit-Related Legal Questions

Contact Jeffrey Fromknecht, MSW
Attorney at Law

800-330-5801



Side Project Inc.

Legal & Development Services for Nonprofit Organizations
Pennsylvania & Florida
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