



STARTING A NONPROFIT

Nonprofit organizations are integral to the survival and vibrance of our communities. Their contribution to the collective wellbeing of our region — its people, places, heritage, and future — is incalculably valuable. And yet there are more than 100 active nonprofits providing services in Routt and Moffat Counties today, so launching a new one is not always a given.

As the Community Resource Center has reported, **5 out of 6 nonprofits fail in their first five years**. Much like standing up a new entrepreneurial business, launching a nonprofit requires time, money, and passion. And there are alternative models that are possibly a better fit. So before you start down the long path to become a 501(c)(3) tax-exempt organization, please read on.

Explore your readiness and options

"[Nonprofit Start Up Resources](#)," Community Resource Center (CRC - *a nonprofit serving Colorado's nonprofits*). Reading time: 2-5 min. – defines terms and eligibility, offers a couple alternatives, has a very useful checklist to complete before you go much further, then offers direction on what steps to take and where to seek additional assistance.

Alternatives to becoming a 501(c)(3) nonprofit

The two most common reasons we hear to explore launching a nonprofit are:

- tapping into **revenue sources** (such as grants or tax-deductible donations), and
- addressing an **unmet need** in the community.

Both are potentially valid, but in both cases, there may be other alternatives to achieve the same end result. Here are our top suggestions to explore before going the 501(c)(3) route:

1. **Consider a conventional (for profit) business model.** In some cases it may be quicker, easier, and more sustainable to launch your initiative as a for-profit business. Nothing prevents such businesses from doing good: There is a lot to be said for community-mindedness being effective for attracting and retaining loyal business customers. Have you considered how you might achieve your goals while also running a smart and sustainable for-profit business plan? In our counties, these resources can help you succeed:
 - [Routt County Economic Development Partnership](#) – multiple forms of targeted support for Routt County businesses
 - Northwest Colorado Development Center (NWCDC)'s [Small Business Resources](#) including a Toolkit with checklists and links to other helpful resources
 - The [Small Business Development Center \(SBDC\) in Northwest Colorado](#) for free advising and free or low-cost trainings
2. **Work with existing organizations.** With at least 100 nonprofits working here, are you sure there isn't one (or more) already doing the work you envision — or one that would consider adding a new program that fits their mission? Connecting with peer organizations can help: reduce duplication of services, lead to collaborations, expand awareness for your initiative, and provide perspective on the opportunities and challenges that other similar efforts face. Start your research here: [YVCF's Nonprofit Directory](#)

3. **Consider a fiscal sponsorship (or fiscal agency).** Did you know that there's a legal, IRS-approved structure for receiving tax-deductible donations and grants without being a 501(c)(3) organization? The term is a bit confusing: fiscal *sponsorship* does not actually mean your sponsor (perhaps better considered an "agent") pays you out of their own pocket. In fact you would typically *pay them* a small fee! When properly arranged, **this can allow an established nonprofit to receive tax-deductible donations or grants on behalf of your project**, then issue those funds to help achieve your aims. Here's a succinct overview:
- "[Fiscal Sponsorship for Nonprofits](#)," National Council of Nonprofits (NCN - *a nonprofit providing services to nonprofits nationwide*). Reading time: 4 min.

Ready to launch? Have you researched it thoroughly and decided it's time to launch a new nonprofit? Then let's talk. Reach out to Grantmaking Director [Greg Hamilton](#) to schedule a meeting or call. We recommend having handy your answers to the seven questions of the nonprofit startup checklist (above).

Thanks for reading!

Explore other topics in the YVCF Resource Library [here](#).