

IN PARTNERSHIP WITH



GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

ENTREPRENEUR TOOLKIT

NON PROFIT

A Resource Guide for
Starting a Nonprofit
Organization

WASHINGTON DC
ECONOMIC
PARTNERSHIP



Nonprofits impact our communities and lives every day. A nonprofit organization is an incorporated organization which exists for educational or charitable reasons, and from which its shareholders or trustees do not benefit financially. Nonprofit organizations are active in humanitarian aid, education, the arts, the environment, animal protection and other endeavors. Washington, DC is home to the largest concentration of nonprofits and associations in the United States with approximately 13,000 nonprofit organizations.¹

IN THIS TOOLKIT

The DC Advantage

**Establishing a Nonprofit Organization
Regulations**

Grants & Funding

Flexible Office Space & Other Resources

Connect with the DC Nonprofit Community

¹Internal Revenue Service, Exempt Organizations Business Master File (June 2014)

WELCOME

Welcome to Washington, DC – the best city for nonprofits.

Washington, DC and the surrounding area is home to a vibrant nonprofit community. Nonprofits employ one out of every 10 workers in the region. The nonprofit sector is the second largest industry in the region in terms of employment, behind only the retail industry.¹ Every type of nonprofit can be found in DC, including public and private universities, trade associations and public charities. DC's well-educated and socially conscious workforce make it an ideal place for social entrepreneurs to establish a nonprofit. Are you ready to make a positive impact in your community?

WDCEP is Here to Help!

Looking to start or grow your nonprofit organization in DC? The Washington DC Economic Partnership (WDCEP) can help. Whether you're a new nonprofit or an established organization looking to relocate or expand, WDCEP provides resources, introductions, and promotion to help your organization thrive in the District.

We created this Entrepreneur Toolkit specifically for DC nonprofit organizations to complement our more comprehensive and detailed DC Doing Business Guide, which you can download at wdcep.com. The DC Doing Business Guide, while focused on for-profit businesses, still contains many resources for those planning to establish a nonprofit. We've done all the preliminary research for you so that you can focus on bringing your nonprofit to life.

¹Nonprofits Count, The Economic & Social Impact of Nonprofits in Maryland, the District of Columbia and Virginia, 2016 Report.



THE DC ADVANTAGE



People are often attracted to Washington, DC for its politics and power, but quickly learn that DC is a thriving hub for the nonprofit community.

Socially Conscious Workforce

From around the region, the country and the world, DC attracts a diverse range of people with experience in mission-oriented work and expertise working with public policy, from former government employees to policy thought leaders and new entrants to the workforce from local universities.

Supportive Nonprofit Community

DC's nonprofit community is very active with almost daily meetups, trainings and networking opportunities for nonprofit professionals. Being in DC also provides convenient access to resources including The Center for Nonprofit Advancement, The Foundation Center Northeast office, BoardSource, and the American Society of Association Executives.

Commitment to Volunteerism & Giving

Residents of Washington, DC have a strong commitment to volunteering their time, talent and financial resources. 31.1% of residents of Washington, DC volunteer, ranking the city 14th nationally.¹ Beyond volunteer service, residents in the region also give of their funds to support the work of nonprofits. Taxpayers who itemize their deductions contributed an average of 2.2% of their total income.² DC is also home to hundreds of private foundations that donate to a variety of charitable activities.

Proximity to Decision Makers

DC is home to the nation's capital, 16 universities, and several hundred government and private-sector research institutions and organizations. From mayors, heads of state, university presidents and CEOs, proximity to policy makers and major funders of mission-driven work make the District a global hub and prime location to access a dynamic range of opportunities for nonprofits of all sizes.

¹ Corporation for National & Community Service, Volunteering and Civic Life in America.

² Nonprofits Count, The Economic & Social Impact of Nonprofits in Maryland, the District of Columbia and Virginia, 2016 Report.



STEPS TO START A NONPROFIT ORGANIZATION

The most important components to starting a nonprofit include determining the mission, developing a strategic plan, determining the organization type, establishing a board of directors, developing bylaws and identifying sources of funding.

DETERMINE THE MISSION

The mission statement is a brief description of an organization's purpose. It should be clear, focused, and concise. It is best to limit the statement to one or two sentences. The statement should include the organization's name, the services it provides, and describe the population it serves. Nonprofit mission statements generally do not change, unless the organization's purpose changes significantly. It should, however, be re-evaluated to ensure mission and operational alignment every five to ten years.

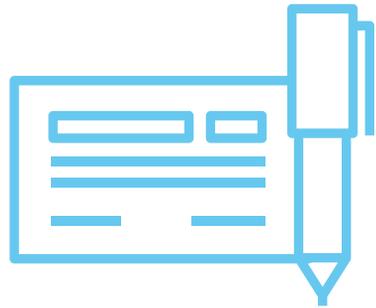
DEVELOP A STRATEGIC VISION & PLAN

Much like a business plan, a nonprofit's strategic plan details the organization's direction, focus, and vision for the next three to five years. Deviation from the nonprofit's organizational mission is often an issue that arises for nonprofits. In the quest to solicit funding, nonprofits sometimes take on programs outside of their mission. Having a sound strategic plan can help alleviate this issue. Strategic plans should include the following:

- Purpose and mission statement
- Survey of the issue(s) and problem(s)
- Description of the organization
- General goals and activities
- Future plans and visions

WDCEP TIP

The strategic plan is much like a business plan. For more detailed information, please refer to Chapter 1: Starting a Business in DC in the DC Doing Business Guide



WDCEP TIP

Want to do mission-driven work through a 501(c)(3), but not ready to start your own organization? Before starting a nonprofit, consider fiscal sponsorship. This alternative to starting your own nonprofit allows you to seek grants and solicit tax-deductible donations under your sponsor's exempt status. Learn more at bit.ly/nonprofitfiscalsponsor

DETERMINE THE ORGANIZATION TYPE

While most nonprofits are classified under 501(c)(3) of the IRS Code as charitable organizations, a proposed organization should review the types to determine the right choice for them. Once the organization’s classification has been defined, articles of incorporation, the primary rules governing the management of your organization, should be drafted and reviewed by a lawyer.

WDCEP TIP

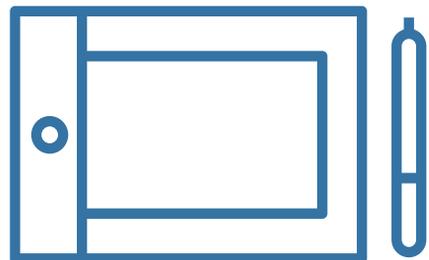
Each category of nonprofits has different tax benefits and is required to comply with different restrictions. For a full list and more information on tax exemptions for each type of nonprofit, visit irs.gov/charities/nonprofits.

Below is a partial list of the types of nonprofits. For a complete list visit bit.ly/typesofnonprofits.¹

TYPE	DESCRIPTION	CONTRIBUTIONS DEDUCTIBLE?
501(c)(1)	Corporations Organized under Act of Congress (including Federal Credit Unions)	Yes
501(c)(2)	Title Holding Corporation For Exempt Organization	No
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations	Yes
501(c)(4)	Civic Leagues, Social Welfare Organizations, and Local Associations of Employees	No, generally*
501(c)(5)	Labor, Agricultural, and Horticultural Organizations	No
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, etc.	No
501(c)(7)	Social and Recreational Clubs	No
501(c)(8)	Fraternal Beneficiary Societies and Associations	Yes
501(c)(9)	Voluntary Employees Beneficiary Associations	No
501(c)(10)	Domestic Fraternal Societies and Associations	Yes

¹Charity Navigator, Types of Nonprofits.

*See the IRS Publication 557 pages 68-70 for more details.



ESTABLISH A BOARD OF DIRECTORS

The board of directors ensures the organization's mission is carried out and provides legal accountability for its operations. It is best to develop a diverse board of directors, who offer a variety of professional skills that represent the organization's service recipients, contributors, volunteers, and community members.

The primary functions of the board of directors are often financial oversight and fundraising, yet there are many other responsibilities depending on the needs of the organization such as: developing the organization's mission statement; strategic planning; hiring an executive director and staff; deciding on organizational and personnel conflicts; and evaluating the nonprofit's programs, services and performance.

DEVELOP THE BYLAWS

Bylaws define how the nonprofit organization will be managed and operated. The bylaws should:

- Define the basic organizational structure of the nonprofit
- Determine which staff and board members have authority and decision-making responsibilities and how those responsibilities are carried out
- Define the requirements and responsibilities of membership
- Create a framework for the organization and aid in resolving internal disputes
- Describe the rules for calling board meetings and specify board member election procedures



Words Beats & Life is able to thrive in Washington, DC because of supportive local government agencies including the DC Commission on the Arts and Humanities and the Office of Partnerships and Grant Services. The proximity to local, national and international decision makers and an engaged local community also make DC an excellent home for our arts nonprofit.

—Mazi Mutafa, Words Beats & Life

DO IT RIGHT REGULATIONS

Making Your Nonprofit Organization Legal

(See Chapter 2 of the DC Doing Business Guide for more information)

- 1 Complete Business Registration – DC Department of Consumer and Regulatory Affairs bit.ly/dcranonprofit
- 2 Apply for Employer Identification Number bit.ly/EIN-RS
- 3 Register with DC Office of Tax and Revenue and complete the FR-500 to receive your business DC Business Tax Identification Number mytax.dc.gov
- 4 Receive Certificate of Registration from the Office of Tax and Revenue
- 5 Complete the Clean Hands Certificate affidavit ocfcleanhands.dc.gov/cch
- 6 Apply for a Certificate of Occupancy bit.ly/CofO
- 7 Food services business applicants are required to submit a final DOH inspection report bit.ly/DOHinspection
- 8 Apply for Basic Business License or other applicable licenses, according to your business activities dcra.dc.gov/node/539512 and business.dc.gov
- 9 Register your Business Trade Name dcra.dc.gov

More information

Business Licensing & Registration (DCRA)

dcra.dc.gov/book/just-starting-your-business

Zoning Interactive Map

maps.dcoz.dc.gov/zr16
dcoz.dc.gov

Public Space Permits

bit.ly/DDOTpublicspace

Building Permits, Building Plats, Trade Permits, Inspections

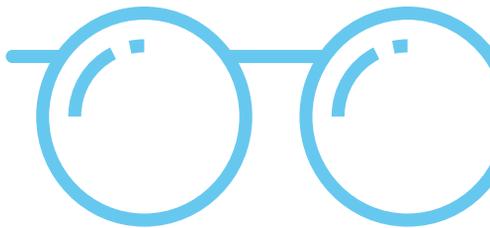
dcra.dc.gov

Startup Checklist

bit.ly/BizChecklistSBDC



GRANTS & FUNDING



The following resources are helpful for researching, writing and applying for grants.

Center for Nonprofit Advancement

The Center for Nonprofit Advancement is a membership association of nonprofit organizations based in the Washington, DC metropolitan area.

1666 K Street, NW, Suite 440
Washington, DC 20006 • (202) 457-0540
▶ nonprofitadvancement.org

Office of Partnerships and Grant Services

The Office of Partnerships and Grant Services is a DC government agency established to enhance the capacity of community and faith-based organizations, and nonprofits, to identify, apply, and secure resources. The Office holds trainings and conferences and has a free grants information resource center that provides information about public and private grant makers.

300 E Street, NW, Washington, DC 20001
(202) 727-8900
▶ opgs.dc.gov

American Society of Association Executives

The American Society of Association Executives is an organization designed to help association professionals achieve higher levels of performance by providing them with useful tools to lead and manage.

1575 I St. NW, Washington, DC 20005
(202) 371-0940
▶ asaecenter.org

Foundation Center

The Foundation Center is a leading authority on philanthropy. Its mission is to strengthen the nonprofit sector by advancing knowledge about US philanthropy.

1627 K Street, NW, 3rd Floor
Washington, DC 20006-1708 • (202) 331-1400
▶ foundationcenter.org/washington

Chronicle of Philanthropy

The Chronicle of Philanthropy is an online newspaper that has daily updated information for grant seekers. This site also provides national reports with supplemental information and stories of other nonprofit organizations, providing a thorough overview and best practices for the nonprofit community.

▶ philanthropy.com

It is important to register for a solicitation license so that you are able to fundraise. You can obtain a Charitable Solicitation registration form at the:

Business License Center at DCRA
1100 4th Street, SW, Washington, DC 20024
(202) 442-4400
dcra.dc.gov

Grants.gov

Grants.gov allows organizations to electronically find and apply for competitive grant opportunities from all Federal grant-making agencies.

▶ grants.gov

FLEXIBLE OFFICE SPACE & OTHER RESOURCES

With limited resources, another challenge for newer nonprofits can be identifying and securing appropriate and affordable office space. For small organizations, this can be provided by flexible office spaces. Most of these spaces offer more than just office space – they provide access to educational programming, technical assistance, mentors, capital, and facilitate networking and knowledge sharing with other nonprofits. In DC, over 70 shared workspaces now offer everything from individual offices to shared desks to on demand room access. Below is just a sampling of the various companies offering flexible office space in the District of Columbia.

FEATURED SPACES

Impact Hub

A membership community of entrepreneurs, activists, creatives, and professionals driving positive social, economic and environmental change. Members have access to a local & global community of change agents, co-working space options, frequent events, meeting space and more.

► washington.impacthub.net

Inclusive Innovation Incubator (In3)

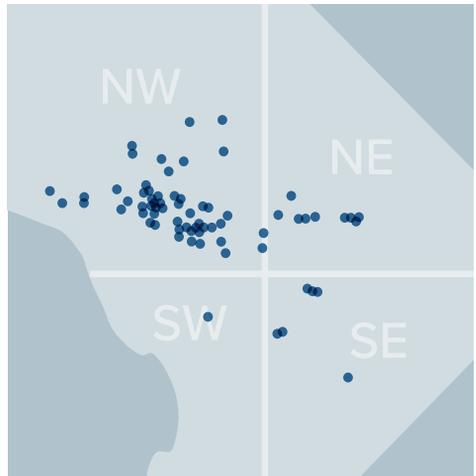
DC's first community space focused on inclusion, innovation, and incubation. In3 provides a collaborative environment where under-resourced members have access to the space and services needed to build or grow a successful business, including workshops and trainings, mentoring, office and desk space, and networking events.

► in3dc.com

The Hive 2.0

The only small business incubator located east of the Anacostia River, the The Hive 2.0 provides co-working space and support for small business, nonprofits, and creative professionals from all industries. The Hive 2.0 offers flexible office space, business support, technical assistance and networking events.

► thedhive.com

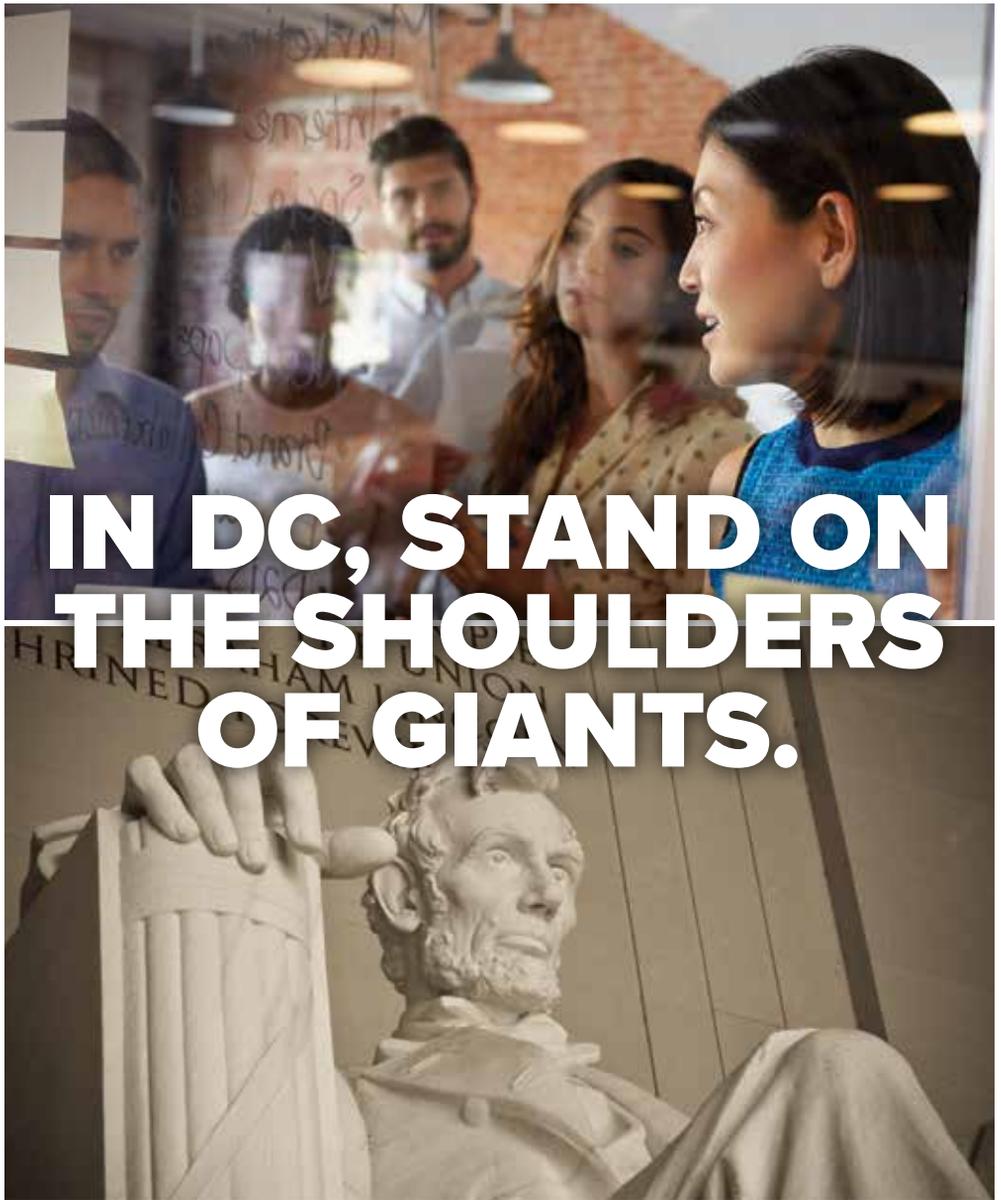


AdvantEdge
Breather
Canvas
Carr Workplaces
Cove
DC Workspaces
Flex Office Space
Impact Hub DC

MakeOffices
Metro Offices
OpenGovHub
PunchRock
Regus
Swingspace
The Hive 2.0
WeWork

For a full inventory of flexible office spaces in Washington, DC, check out WDCEP's interactive map of Coworking Spaces in DC:

► bit.ly/dccoworkingmap



IN DC, STAND ON THE SHOULDERS OF GIANTS.

WASHINGTON, DC is among the top US cities for America's fastest-growing private companies, black-owned businesses, diversity in STEM-related jobs, and startup success. We are the top city for women in technology and have the lowest gender pay gap in the country. Declare your independence in Washington, DC.

WWW.WDCEP.COM

@WDCEP #WEDC

(202) 661-8670



BRING YOUR NEXT IDEA TO WASHINGTON, DC.