Souper to Nuts: Ingredients for Starting a Nonprofit Program

By Kristen E. Porter, PhD, MS, MAc, LAc and Elizabeth Sommers, PhD, MPH, LAc

"Whatever you can do or dream you can do, begin it. Boldness has genius and power and magic in it. Begin it now!"

- Goethe

Once limited to the private practice model, careers in acupuncture have expanded to include public health work, hospital and hospice settings, and even international programs. Bringing acupuncture to the public in an accessible way starts simply with the vision for a unique program typically targeting a specific population. The development, soup to nuts, of a nonprofit program may seem overwhelming and beyond our scope of knowledge. This article will help to break down the steps involved and start you on your way of going public with health!

The benefits of expanding into the third sector are many, and include the ability to reach out to populations without access to care and fill a gap or need of your community; expand your current practice; provide exciting professional treatment challenges; interface with existing health programs; and become eligible for grants, foundation and tax-deductible public support.

Key components to nonprofit programs include the "three A’s of public health" we have written about before: accessible, affordable and appropriate care. Elements of this type of programming include outreach and education, the creating of collaborations and partnerships, and the ability to evaluate and participate in continuous quality improvement.

A solid foundation for building a sustainable program is rooted in the planning process. Once you have decided to take your vision to the next level, deciding how to set up the structure of the business is your next step. Although easy to confuse, the words "nonprofit," "tax-exempt" and "tax deductible" are neither exclusive nor synonymous. Nonprofits are even able to exist without their own incorporation, in collaborations called "fiscal sponsorships.” A fiscal sponsor is an incorporated nonprofit agency that takes the program under its wing, provides the benefits of its tax-deductible status, and can provide some of the infrastructure needed for startup. Typically, a fiscal sponsor will charge between 5 percent and 15 percent of
the projected annual revenue of the project for this arrangement. This is often a good option for a small program or during the early stages of development.

To incorporate as a nonprofit, the first step is to file "articles of incorporation." This simply creates the nonprofit but does not yet give you tax-exempt status. The next step is to apply to the IRS for an EIN (Employee Identification Number). Lastly, you submit an IRS form for tax-exempt status called a "letter of determination" that takes about two to six months to process. The good news is that with documentation of the submission of your letter, you may begin to raise funds and offer tax deductions to donors while you await for your letter of determination. The cost of this process is primarily your time, as filing fees are minimal ($500 if you anticipate revenue in excess of $10,000, or $150 for less than $10,000).

Once you receive your letter of determination, you then register as a charity in your state, register with the state unemployment insurance bureau, and apply for a nonprofit mailing permit from the U.S. Postal Service. Next, you obtain all of the required insurance, such as director’s and officer’s liability insurance to protect your individual board members.

Preparing the articles of incorporation is the most time-intensive part of this process. It requires that you are able to define the specific problem you seek to address, define your target market, ensure that you are not duplicating a service already in existence, create a mission statement and program name, and develop a board of directors.

Creating your board of directors is a critical piece of building the leadership of your organization. The board is a legal body that assumes responsibility for the governance, standards and policies of the organization. Boards provide leadership, take fiduciary responsibility, and provide community or fundraising support. A board is comprised of three or more people, with a designated president and other officers, typically a treasurer and secretary. Board members are volunteers with no financial interest in the business. Board members should be in agreement with your vision and mission, should be demographically representative of your target market, and ideally have some consumer representation. Like the butcher, the baker and the candlestick maker, an ideal board brings a skill set that assists in the development of the organization, such as legal, accounting, fundraising, and clinical abilities. Nonprofits often lack the funds to hire consultants, so building a board with access to skills is not only strategic, but essential.
Once the board is recruited and officers are elected, they work along side the founder(s) or director to develop bylaws, create strategic and business plans, create a budget, and set goals and objectives. Bylaws are simply the rules by which the organization is governed that outline the financial and legal procedures. Decisions are made about board operations such as the size of the board, how new board members are selected, how long members may serve, how often meetings are held, and what defines a quorum to enable votes to pass, along with steps for the bylaws to be reviewed and revised. Bylaws and all other board business are documented in meeting minutes, with approvals on all decisions recorded. The strategic plan is developed for at least one year and, for startups, includes the development of the budget and accounting system, a fundraising or revenue development plan, an outreach or marketing plan, and establishes the recordkeeping system. The business plan includes an executive summary and mission of the organization, along with a vision statement (if there is one), a description of the planning process (including stake-holders), the goals of the organization, and the strategies to achieve those goals. A budget is the projected income and expenses of the organization, including income from funding, donations, and earned income. Expenses include salaries, benefits, overhead, and supplies.

All of these steps build the foundation upon which your vision can grow, flourish and sustain. As acupuncture services become more integrated into the fabric of the U.S. healthcare system, we can expect to see more innovative strategies and collaborations. We are only limited by our imaginations.

Click [here](http://www.acupuncturetoday.com/mpacms/at/article.php?id=28532&no_paginate=true&p_friendly=true?no_b=true) for more information about Kristen E. Porter, PhD, MS, MAc, LAc.

Click [here](http://www.acupuncturetoday.com/mpacms/at/article.php?id=28532&no_paginate=true&p_friendly=true?no_b=true) for previous articles by Elizabeth Sommers, PhD, MPH, LAc.