



## 7 Common Myths About Starting Your Own Nonprofit

If you're thinking about responding to a calling on your heart to start a nonprofit, then this is for you!

Carrying out a mission or ministry plan is one of the most rewarding things you can experience in life. You can change people's lives simply because you are willing to take a risk, walk in faith, and start something new.

Knowing what you are getting into before you begin will only help you start on the right path. If God has called you, we truly believe it's possible to launch a mission project that will serve His Kingdom. That's why we want to prepare you for what's ahead before you dive into the paperwork.

Truth is, many people have misconceptions about what it means to start a nonprofit. That's why we want to tell you what nonprofit leaders wish they knew before getting started. So let's start on the right path--together.

### 1. Myth: Starting a nonprofit is a simple process.

A nonprofit is just one type of business entity. So, starting one is basically like starting any other legal business structure (e.g. an LLC or limited partnership).

You will still need to set up all the systems a typical business would require. That means registering with your state and filing for a 501c3 status with the IRS. This process requires you to write up a business plan and submit articles of incorporation for your nonprofit.

[Every state has its own process and list of regulations for starting a nonprofit](#), so you will want to pay close attention to these guidelines. This way, you will stay in compliance and avoid costly mistakes.

Once registered as a nonprofit, which can take up to a year of waiting to receive, you will need to set up a board of directors and recruit members to join it. And you can't forget about all the HR needs, insurance setup, donation processing, banking and accounting maintenance, and operational considerations like marketing, website design, and social media upkeep. All of these are necessary for running a successful nonprofit.

## **2. Myth: I can run a nonprofit by myself.**

Starting a nonprofit takes more time, money, and resources than most people realize.

Not only are you carrying out the vision God set before you, but you still need to keep up with the administration and operational needs. For example, your nonprofit will need someone to design a website, spread the word about it, find donors and sponsors, apply for grants, process donations, run fundraisers, and so much more.

If you try to do it alone, you could burn yourself out. We believe God did not intend for us to do mission work alone. That's where a team of volunteers and other staff can help you. If you [partner with a fiscal sponsor](#), they will handle a lot of these backend details for you as well.

## **3. Myth: I can't have paid staff; I can only use volunteers.**

The term "nonprofit" can sound misleading. However, nonprofits can make a profit and pay individuals for their services. [Nonprofits just can't distribute private benefits to individuals](#), as this would revoke their tax-exemption status.

Volunteers are an incredible asset for running your nonprofit, but they shouldn't be your only resource for operational support. It's okay to hire paid staff to help realize your mission.

Truth is, volunteers rarely stick around forever. So it's likely that your volunteers will turn over regularly-which is a good thing! It's healthy to let your volunteers serve for a term and move on, as it helps them grow and develop as an individual. It's also important to realize that new volunteers require time and effort to train.

Also, the more you ask of your volunteers, the more you risk burning them out. Everyone has a limit on how much they can give, and sometimes seasons change. What someone was able to give at one point might not be the same later on. So, the more volunteers and paid staff you can recruit (and reasonably afford), the better!

## **4. Myth: People will naturally want to support my nonprofit since it's for a good cause.**

Regardless of how good the cause is, your nonprofit won't get support unless people know about it. This means you still have to market yourself, and marketing takes time, effort, and a good outreach strategy. If you don't do the marketing yourself, you will likely need to pay someone else to do it for you.

Also, telling people about your nonprofit often isn't enough to get supporters. People need to trust you with their money if they're going to support you financially. People want to know how their money is getting used, and they want to see how their money really makes an impact. Greater transparency with your bookkeeping and transaction fees will build greater trust with your donors and lead to more support.

Additionally, people want reassurance that comes with longevity and the backing of legal, nonprofit status. If you are launching a new mission project and want to jumpstart your credibility as a nonprofit, you can partner with a fiscal sponsor. This way, you will gain their 501c3 status immediately, along with their operational support, expertise, and resources in the nonprofit world.

## **5. Myth: By starting a nonprofit, I don't have to deal with taxes.**

On the contrary, you will likely engage with taxes even more than another business entity by filing as a nonprofit. This is because the IRS adds a few extra hoops to jump if you want to maintain a tax-exemption status as a nonprofit.

You must clearly and meticulously detail your recordkeeping of finances and assets. Different tax returns need to get filed and submitted by specific deadlines. And some of your financial information needs to be clearly accessible to the public, which you must put together and provide.

If you want to see everything you need to consider with maintaining tax-exemption status, here's [detailed information on 501c3 compliance](#).

## **6. Myth: Starting a nonprofit is the only way to grow my mission.**

Starting a nonprofit is one of many ways you can legally and effectively start your mission project.

For instance, if you have an idea for a disaster relief program that will only last a few months, you might want to consider starting a crowdfunding fundraiser. Or, suppose starting and running a nonprofit sounds overwhelming, or you don't want to wait for nonprofit approval. In that case, you can partner with a fiscal sponsor. A fiscal sponsor will loan you their 501c3 status and take care of your backend operations, like accounting and donation processing.

## 7. Myth: I can easily go in another direction if my original idea for a nonprofit doesn't work out well.

Actually, when you get your nonprofit approved by the government, it's because the IRS granted tax-exemption status for that particular cause. So if you pivot too sharply, you might raise concerns with the IRS and risk losing your tax-exemption status.

This means you need to stick closely to the original idea you proposed in your IRS application. If you really feel called to change your original cause, you will need to notify the IRS. To reduce the risk of running into problems, you might be better off starting another nonprofit entirely--just to be safe.

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If you are ready to launch your mission project, but you still have some questions, we would love to talk with you!

Global Horizons Inc has been partnering with local and international mission projects for over 30 years as a fiscal sponsor, working to overcome these challenges.

We will listen to you and provide suggestions based on the best fit for the mission God has placed on your heart, whether it's starting a nonprofit or finding an alternative. So you can email us, call us at 612-294-0419 or fill out our [contact form](#) to talk with one of our nonprofit experts.

**Schedule your free discovery call.**



<https://globalhz.org>

info@globalhz.org