



Key Questions to Think About Before Incorporating a Non Profit Organization

Over the last 30 years there has been a prolific growth in the number of non-profit organizations. Yet, many organizations are not able to sustain themselves shortly after incorporation.

To ensure your new non profit is strong enough to survive, here are some questions that need to be answered BEFORE applying for incorporation.

- 1) Is there a need for this work?** Can you prove that the need exists? Is there a group of people who feel there is a need for this new non profit? Are there at least three people willing to work on the project? If you are the only one who sees the need, you need to re-think your initiative or document the need more clearly.
- 2) Do you need to incorporate?** Can you do what you want to do informally? Creating a non profit requires management time that takes away from working on your issue. If you do not require funding or can receive funding from a source that does not require incorporation, DON'T form a non profit. You can either do your work as an informal volunteer group with your own set of written guidelines for how you function or you can become an "association contractuelle" (article 2267 – 2279 of the Quebec Civil Code). This is more appropriate for small clubs or sports leagues that need to open a bank account in the name of the association.
If you are forming a non profit because you want a job or to be your own boss, DON'T. Form a company or cooperative. Non profit organizations are community owned and should be community controlled.
- 3) Are there other groups or organizations doing this type of work?** If others are doing it, why do you need to form a new non profit? Can you join them? Can you run a program out of an existing organization with a similar mandate? Can you work with a French-speaking organization, offering your project in English? New non profits are sometimes formed because people don't like the way other non profits work on the issue. Before putting energy into a new organization, can change be brought to an already existing one?
- 4) Are you committed for the long haul?** It takes several years to get a new non profit up and running. Then there is need to maintain it and, eventually, shift the leadership into new hands. Are you interested and committed to the long haul?
- 5) Where are the potential sources of funding?** Can you identify any potential funding sources? How are other non profits working in your area of interest funded? Talk to several potential funders to see how they react to your ideas.

6) Write a Development Plan. Ensure it include information on the environmental context, what the mission of the organization will be, how the organization will respond to addressing root causes of the problem, what type of activities or services will be offered, the budget, a longer term financial plan, the staff structure, how it compliments other organizations, and, a list of supporters. Involve people in the creation of the plan. Use it as an opportunity for community building. Remember, this is not just your idea but a response to a need. You need supporters to get the organization up and running. Have several key people outside of your group critique your plan.

For ideas on how to write a Development Plan, consult: www.managementhelp.org. (If anyone has a detailed, non profit resource for writing development plans, please let us know!)

7) Confirm the group of founders and file for incorporation. You can incorporate federally or provincially. For incorporation in Quebec, contact the "Inspecteur générale des institutions financiers": www.igif.gouv.qc.ca or (514) 873-5324 or (418) 643-3625. For incorporation in Canada phone 1 866-333-5556 or go www.ttcs.ic.gc.ca. . Consult the COCo "toolbox" for details about each incorporation procedure (www.coco-net.org).

Becoming a charitable organization is a different process. Contact: Canada Revenue Agency, Government of Canada at www.cra-adrc.gc.ca and request form **T4063**.

Additional resources can be found at:

www.islandnet.com/~wwlia/ca-nonpro.htm (Information on the legalities of starting a non profit).
www.geofunders.org/_uploads/documents/live/startupassessmenttool.pdf (Details on a tool for funders to assess new non profits).

If you need a hand at any point along the way, feel free to give COCo a call at (514) 849-5599 or toll free in Quebec 1 (866) 552-2626, or contact us at info@coco-net.org

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