



Key Questions to Think About Before Incorporating a Non Profit Organization

Incorporation: Should we really do it?!

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. 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.

PUBLISHED 2004, UPDATED 2012

Because we are not lawyers at COCo, our info-sheets only present general information. COCo never provides legal advice. While we do our best to ensure that our information is accurate, please consult a lawyer if you want professional assurance that our information, and your interpretation of it, is appropriate to your particular situation. You can contact COCo for a list of lawyers with experience working with community groups. Please know that COCo cannot take responsibility for your use and interpretation of the information in our info-sheets.

COCO INFO-SHEET



COCO – The Centre for Community Organizations
3680 Jeanne-Mance, #470 Montreal (QC) H2X 2K5 ph: (514) 849-5599 or (866) 552-2626 fax: (514) 849-5553 or (866) 560-2626
info@coco-net.org | www.coco-net.org

*For more on co-operatives, see COCO's Info-Sheet
Introduction to Co-operatives
<http://coco-net.org/en/node/5175>*

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 a given 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 includes 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, check out:

PUBLISHED 2004, UPDATED 2012

Because we are not lawyers at COCo, our info-sheets only present general information. COCo never provides legal advice. While we do our best to ensure that our information is accurate, please consult a lawyer if you want professional assurance that our information, and your interpretation of it, is appropriate to your particular situation. You can contact COCo for a list of lawyers with experience working with community groups. Please know that COCo cannot take responsibility for your use and interpretation of the information in our info-sheets.

COCO INFO-SHEET



COCO – The Centre for Community Organizations
3680 Jeanne-Mance, #470 Montreal (QC) H2X 2K5 ph: (514) 849-5599 or (866) 552-2626 fax: (514) 849-5553 or (866) 560-2626
info@coco-net.org | www.coco-net.org

7. Confirm the group of founders and file for incorporation.

You can incorporate federally or provincially. For incorporation in Quebec, see our COCo infosheet:

Comité sectoriel de main-d'œuvre (CSMO)

Le Plan de Développement

<http://www.csmoesac.qc.ca/formation/cahiers/cahier09/cahier09.htm>

COCO Infosheet

Incorporation of a Non-Profit in Quebec

<http://coco-net.org/en/node/339>

Becoming a charitable organization is a different process. Check out our infosheet on charitable status:

COCO Info-Sheet

Applying for Charitable Status

<http://coco-net.org/en/node/342>

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.

PUBLISHED 2004, UPDATED 2012

Because we are not lawyers at COCo, our info-sheets only present general information. COCo never provides legal advice. While we do our best to ensure that our information is accurate, please consult a lawyer if you want professional assurance that our information, and your interpretation of it, is appropriate to your particular situation. You can contact COCo for a list of lawyers with experience working with community groups. Please know that COCo cannot take responsibility for your use and interpretation of the information in our info-sheets.