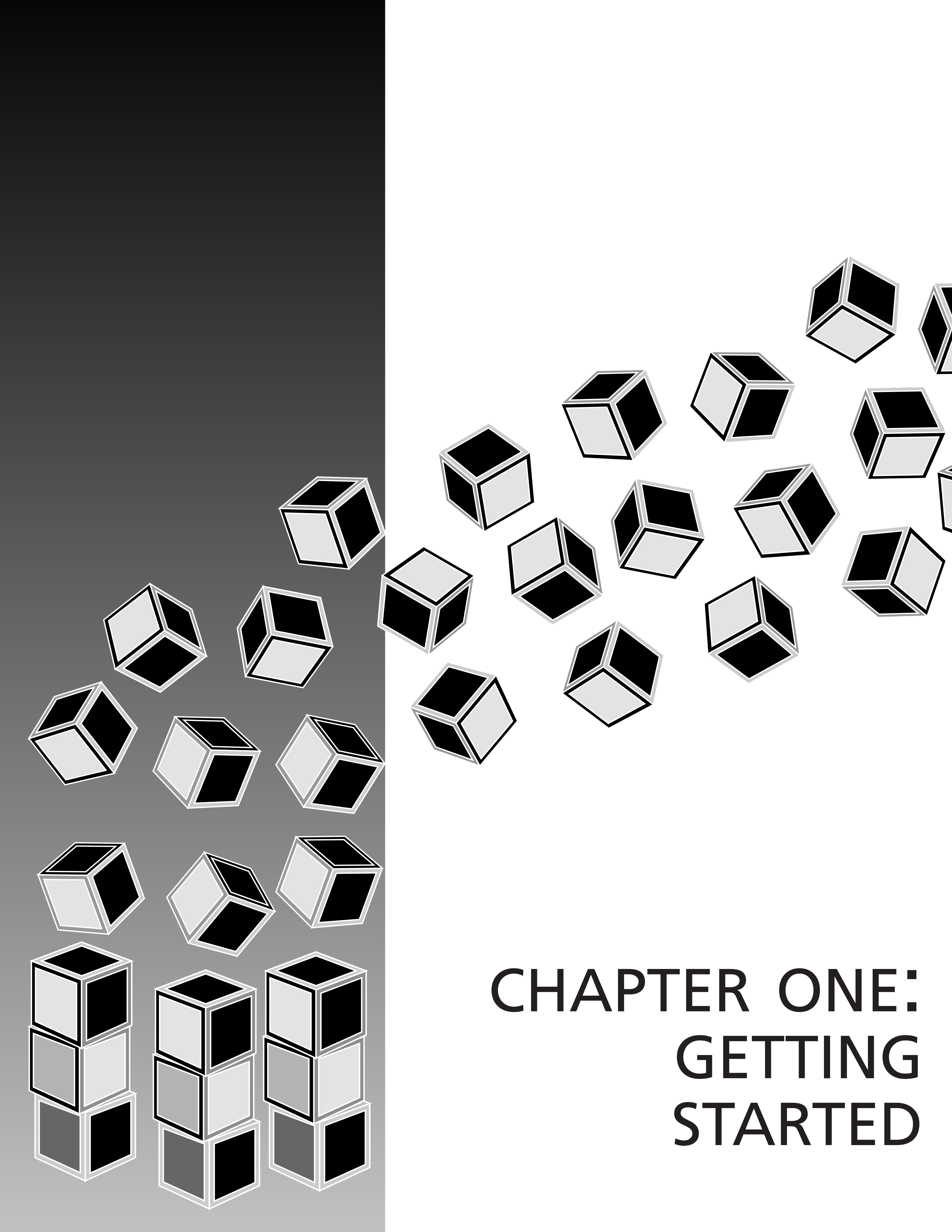


CHAPTER ONE: GETTING STARTED

CHOOSING A STRUCTURE: AN OVERVIEW OF THE INCORPORATION AND TAX-EXEMPTION PROCESSES

So you want to start your own community-based organization? One of the first things you'll need to decide is whether to incorporate, and, if you choose to do so, whether to seek tax-exempt status. You may decide to do one, both or neither, depending on what type of organization you hope to create, and how you plan to operate it.

THERE ARE FOUR MAIN TYPES OF NONPROFIT ORGANIZATIONS THAT FIT MOST PURPOSES FOR ASSEMBLING PEOPLE AND RESOURCES AROUND A GOAL. THEY ARE:

1. *Informal, unincorporated organization*
2. *Incorporated organization*
3. *Tax-exempt, incorporated nonprofit organization*
4. *Tax-exempt, incorporated organization to which contributions are tax-deductible*

Not all purposes are best served by becoming incorporated or applying for tax exemption. For example, many charitable organizations never become officially registered nonprofits. They choose to operate informally because they see their work as being short-term and finite, because they do not want to be responsible for the reporting requirements of official entities, because the work they do does not require large amounts of money, or for any of a number of other reasons.

While choosing not to incorporate seems like the easiest path—no papers to complete and minimal levels of accountability to anyone outside of the group—it is potentially the most dangerous to individual members. By incorporating, an organization becomes a separate legal entity that exists outside of the individuals running it. This protects the organization's leadership from being held personally liable for the organization's obligations. It also allows the organization to open bank accounts, lease property, and enter into service relationships with other businesses.

When deciding whether or not to incorporate, you should also consider the work you would like to pursue and how best to enhance and contribute to the network of organizations that's already out there. Perhaps another group is engaged in activities similar to those your group seeks to address, and the best approach would be to work with that other organization rather than to incorporate a new one. Perhaps your work can be done most effectively within a less formal structure, with fewer requirements and restrictions.

Only incorporated organizations can apply for a tax-exempt ruling from the Internal Revenue Service. If you apply for a tax-exempt ruling and are approved, in most situations your organization's income will not be taxed. The most common type of tax-exempt nonprofit organization is what the I.R.S. classifies as a 501(c)(3) "charitable organization". The chief advantage of this classification is what's known as tax-deductible status. This frees your funders—including private foundations as well as individual donors—from paying taxes on the money they donate to your organization. Without this tax exemption, most private foundations and corporate funders will not contribute to your group.

In reality, you can be considered for some grants even without becoming tax-exempt. To do so, you will need to develop a fiscal-sponsor relationship. This means that a group that is both tax-exempt and works in an issue area similar to yours will receive the grant money and then pass it on to your organization. The fiscal sponsor has all the legal and financial responsibility for the funds. You should know that fiscal sponsors often charge a fee, which comes right out of the grant.

While your group has some clear advantages as an incorporated, tax-exempt entity, it also takes on certain responsibilities:

- Because they do not pay income taxes, tax-exempt nonprofit organizations do not file tax returns. Instead, they file annual information returns (I.R.S. Form 990) with the Internal Revenue Service and two state agencies to ensure the continuation of the organization's incorporation and tax-exempt status. Depending on the size of the organization's budget, reviewed or audited financial statements may need to accompany I.R.S. Form 990. *(See the Financial Management chapter for more details.)*
- Nonprofit organizations have no owners. Therefore, the income of the organization cannot be distributed among officers or members except in the form of compensation for services rendered—that is, as wages or salaries.
- If the organization ceases to function, the corporation must be dissolved through an official legal process.
- The organization must comply with the purposes identified in the incorporation document and must file for an amendment should those purposes change.

Turning your organization into an incorporated nonprofit entity with tax-exempt status and to which contributions are tax deductible is a two-step, nine- to 12-month process. First, the group must incorporate as a nonprofit organization with the state. Next, the organization must file for tax-exempt status with the Internal Revenue Service.

BEFORE YOU READ ON TO FIND OUT HOW TO INCORPORATE, DECIDE WHETHER OR NOT YOU SHOULD:

- *Are you going to be collecting sums of money from members or the community to carry out activities—money for which you will assume responsibility and possible tax liability?*
- *Are you going to be conducting activities or offering a service where there is a possibility that someone might get hurt—and might not be covered by an individual insurance policy (e.g. car or homeowner's)?*
- *Is this project a group effort, emerging from the thoughts and actions of a number of people, rather than just one?*
- *Are you unable to find an organization with which you are comfortable collaborating and under whose auspices your group might carry out its work?*

If you answered yes to these questions, then you probably want to make the effort to form a corporation.

INCORPORATING YOUR ORGANIZATION

If you determine that your organization would function most effectively as an incorporated entity, the next step is to prepare your application. The process of incorporation is relatively straightforward, but it does require a good amount of thinking and planning. Although you can do much of the work yourself, it is recommended that you seek the guidance of an attorney who is familiar with incorporation procedures to assist you in preparing the required legal documents, your Articles of Incorporation and Corporate Bylaws, and your application for tax exemption.

The first step in the process is having a clear idea of the mission and goals of your organization *(see the program planning section of this chapter).* The other main steps include:

- Obtaining all relevant documents from the Secretary of State
- "Reserving" a name for your organization with the Secretary of State
- Preparing your Articles of Incorporation and Corporate Bylaws
- Filing your Articles of Incorporation

OBTAINING ALL RELEVANT DOCUMENTS FROM THE SECRETARY OF STATE

You should contact your state's Secretary of State to request all the required materials and forms for non-profit incorporation. In New York State, you can request these materials from:

N.Y.S. Department of State
41 State Street
Albany, NY 12231-0001
(518) 474-0050

If you have access to the Internet, you can download most of the materials from the Department of State's Web site: *www.dos.state.ny.us/corp/nfpfile.html.*

The materials should include the following items:

- A Certificate of Incorporation form for a nonprofit and instructions on completing it
- The nonprofit-corporation statutes that detail the requirements for forming and operating a nonprofit in your state
- Instructions for checking the availability of a corporate name and instructions on reserving a name
- A list of fees for filing all the necessary forms
- Instructions for post-incorporation activities, such as making amendments and changing your corporate address

The text of the New York State Not-for-Profit Corporation Law, which outlines the laws and requirements related to the operation of a nonprofit in New York, is available by writing to your local state Senate office. In New York, it can also be downloaded from the N.Y. State Senate Web site: *http://leginfo.state.ny.us:82 INDEX1.html.*

RESERVING A NAME FOR THE ORGANIZATION

Next, you should select a name for your organization. Before you settle on a name, you must make sure that it is not being used by another incorporated organization. (If the name you choose is the same as or similar to another corporate name, the Secretary of State may reject your application.)

In New York, you can check the availability of a corporate name by sending a request to the N.Y.S. Secretary of State with a $5 fee for each name submitted. You can also check the following Web site: *http://wdb.dos.state.ny.us/ corp_public/corp_wdb.corp_search_inputs.show.*

You should also consult the New York State Not-for-Profit Corporation Law, or your state's equivalent, to be sure that the name you have chosen conforms to your state's statutes on names.

Once you have picked an appropriate name, reserve it with your state's Secretary of State.

In New York, the Application for Reservation of Name allows an individual or existing corporation to reserve a corporation name for use at a later date. The completed Application for Reservation of Name should be filed with your state's Secretary of State along with the filing fee, which is around $10.

Filing this application will reserve a name for 60 days (and can be extended for up to two additional 60-day periods if an extension is filed before the previous period ends). Reserving a corporate name before you file for incorporation allows you the time to develop your Articles of Incorporation and Corporate Bylaws.

> *You may want to consider registering a domain name once you have reserved a name for your organization. This domain name will be the online identity for your organization for your Web site and email addresses. You may find out if the domain name you desire for your organization is available at a website such as* www.networksolutions.com.

PREPARING YOUR ARTICLES OF INCORPORATION AND CORPORATE BYLAWS

ARTICLES OF INCORPORATION

One of the most important parts of the incorporation process is developing your Articles of Incorporation.

The Articles of Incorporation (also known in New York State as a Certificate of Incorporation) is a document that establishes your organization as a legally recognized entity. It includes such information as the name and purpose of the organization, as well as an acknowledgment of the laws and guidelines with which the organization must comply in order to be an incorporated, nonprofit entity. At least one person who will be legally responsible for the conduct of the organization must sign the document. You will also need to identify a minimum number of initial Board members. In New York, this minimum number is three, but requirements vary from state to state.

Corporations fall under the supervision of at least one state agency from which they must obtain written approval in order to become incorporated. For example, day-care centers need the approval of the Department of Social Services, while a substance-abuse facility might require the consent of a number of state agencies, including the Office of Alcohol and Substance Abuse Services and the Department of Health. You can ask these agencies for advice about the language used in your Articles of Incorporation, in order to ensure that your request is approved.

Because your Articles of Incorporation must comply with the nonprofit statutes of your state, you should carefully follow all the instructions provided by your Secretary of State, and you should seek the advice of an attorney before filing. Keep in mind that if you intend to file for tax-exempt status, the Articles of Incorporation must also include specific state and federal exemption language.

In New York, the state offers the following forms and related instructions as guides to what the Articles of Incorporation must include:

- Form DOS-1510 should be used if you do not intend to file for tax-exempt status. (Not a likely choice for most of you reading this book. If you've decided to take the time to incorporate, you are probably planning to apply for tax-exempt status as well.)

- Form DOS-1511 should be used if you anticipate applying to the Internal Revenue Service and the N.Y.S. Department of Taxation and Finance to obtain tax-exempt status.

CORPORATE BYLAWS

The Articles of Incorporation describe how your group will be organized; Corporate Bylaws lay out how it will be run.

Corporate Bylaws are the rules, processes, and definitions governing the operation of your organization. The Bylaws you create will detail the rules and procedures for such matters as electing officers and directors, holding meetings, handling money, keeping corporate records, and conducting other business affairs. There are various sample templates available to help you get started, including New York State Forms DOS-1510 and DOS-1511, as mentioned above. We've also included a template in the chapter on Boards of Directors. If you choose to draft the Bylaws yourself, an attorney familiar with nonprofit law should review them.

In New York State, Corporate Bylaws need not be filed along with the Articles of Incorporation, but they must be adopted in order for your organization legally to begin operations. Once the Bylaws have been adopted, they must be made available to anyone who requests them. In addition, the bylaws should be submitted along with the application for tax exemption.

For convenience—as you will likely need to consult many of the same forms and experts to assist you with both processes—and to ensure that your group is ready to begin to operate as soon as it is able, we recommend that you create both your Articles of Incorporation and your Corporate Bylaws at the same time.

FILING YOUR ARTICLES OF INCORPORATION

File your Articles of Incorporation with the Secretary of State according to the instructions provided by your state. Any required consents or approvals must be attached, along with a filing fee that was $75 in New York at publication time.

After you have filed your Articles of Incorporation, the Secretary of State will respond with either a Certification of Incorporation or a letter detailing any problems with what you filed. When your Articles of Incorporation are properly filed and accepted by the Secretary of State, your organization will be legally recognized as a nonprofit corporation.

You may contact the New York Department of State at (518) 473-2492 if you have any specific questions about your plans to file for nonprofit incorporation.

APPLYING FOR TAX EXEMPTION

While the incorporation process occurs at the state level, the tax-exemption process starts at the federal level—with the Internal Revenue Service. The most common type of tax-exempt nonprofit organizations—"charitable organizations"—are often referred to as "501(c)(3)" organizations because they qualify for tax-exempt status under section 501(c)(3) of the I.R.S. Code.

To be a tax-exempt organization as described in section 501(c)(3) of the I.R.S. Code, your group must meet several criteria. It must be organized and operated exclusively for the purposes outlined in that section of the code—educational, religious, or charitable, for example. The group's earnings cannot go to enrich any individual or shareholder (except in the form of wages). It may not influence legislation as a "substantial part of its activities" and may not participate at all in campaign activity for or against political candidates.

The decision to form an organization, incorporate it, and apply for tax exemption should be made in a thoughtful and deliberate manner. The rules for tax exemption are very specific, and, depending on the nature of your organization and how it will sustain itself, these rules can restrict the types of activities you may conduct, create or increase tax liability, or simply become difficult or time-consuming to follow. Rules regarding lobbying public officials, for example, are strict. Also, if you expect to generate income through the sale of goods or services, you may be subject to "unrelated business income" tax if those sales are not integrally related to the mission of your organization.

Be mindful about the requirements for tax exemption and choose the organizational structure that best meets your goals. Seek the assistance of an attorney, accountant or other individual knowledgeable about the tax-exemption process.

The application and instructions to apply for exemption from income taxes are contained in I.R.S. Package 1023. These must be filled out after your organization becomes incorporated at the state level. The main part of the application requires you to write a narrative about your organization's work, answer questions concerning your activities and operations, identify what type of exemption you are requesting, and provide financial data in the form of a budget and a Statement of Financial Position *(see the Financial Management chapter for more information on these items)*. You must also enclose a copy of your organization's Bylaws if you've adopted them, your federal employer identification number if you have one (or an application for that number using Form SS-4), and a list of your Board of Directors (at least three people). Usually, a $375 filing fee must accompany the application, but organizations with small budgets may qualify for a lower fee.

Applying for tax exemption is a very detailed and exacting process, particularly if your organization has not been operating for more than three years. It is strongly advised that you seek the assistance of an attorney or an accountant in preparing the application. And don't be surprised if your application is returned to you for correction or clarification.

Other helpful information can be found in the following I.R.S. publications:

- Publication 557, Tax-Exempt Status for Your Organization
- Publication 598, Tax on Unrelated Business Income of Exempt Organizations
- Publication 578, Tax Information for Private Foundations and Foundation Managers

These are available on the Internet at *www.irs.ustreas.gov*.

You can expect to wait six to nine months before the I.R.S. approves your application for tax-exempt status. At that time, you will receive a letter of determination from the I.R.S. stating that your organization has received **provisional** approval for a period of approximately **five years**. If during that time frame you demonstrate that the organization has been conducting its activities in an appropriate manner, permanent tax-exempt status should be granted.

If you would like to contact the I.R.S. for more information, call (800) 829-3676 to order forms and informational pamphlets. If you have access to the Internet, you can download all the necessary forms from the I.R.S. Web site, *www.irs.gov.*

The beginning steps of starting a nonprofit organization may be difficult. However, stick to your efforts; they will eventually pay off.

BUILDING YOUR PROGRAM: DESIGNING, BUDGETING, AND ASSESSING ITS IMPACT

Program planning is the process through which an organization defines its target audience and the need it will address; identifies how it will respond to this need; and develops a plan for providing its services that includes activities and projected costs.

Many organizations CRE has worked with over the years have managed to develop strong programs without ever going through a systematic program planning process. Most of these groups simply started addressing a need that they observed in their neighborhood, finding volunteers to implement the work and then revising their program as they gained experience and began to get informal feedback from their participants.

There are advantages to going through a more formal planning process, however. Even long-established groups can benefit from doing so, particularly if they are interested in developing a new program or refocusing an old one.

Program planning can help an organization:

- Clearly define its audience and problem to be addressed
- Define the goal of the program
- Set program objectives
- Select appropriate activities for meeting those objectives
- Develop ways to assess whether or not the program is working
- Identify the resources that are needed to implement the program
- Raise funds and write effective proposals

Ideally, program planning is a group process. Gathering a team and working together enables the organization to benefit from different perspectives, allows the group to understand and agree upon the program plan in advance, and creates an opportunity to distribute the work to be done. For a new organization, this means gathering everyone who will be involved, including those the organization hopes to serve. For an older organization, Board members, volunteers, consumers and staff members should all play key roles on a program planning team. In either case, the more people you can enlist to help create your program plan, the stronger it will be.

Program planning takes time and energy, but its benefits can be time-saving in the end. This section will take you through the program planning process step by step, offering examples and providing a list of resources to assist you.

The steps outlined in this section are:

- Defining whom you want to serve
- Understanding what your target audience needs
- Designing your program, including goals, objectives, and activities
- Assessing your program's success

DECIDING WHAT KIND OF PROGRAM TO OFFER

DEFINING YOUR TARGET AUDIENCE

Ask yourself: "Whom are we going to serve?" If your answer contains the words or phrases "everyone," "anyone who asks," or "people in need," this section is for you.

How do you define exactly what population your organization will try to reach? Sometimes your target audience more or less defines itself. For example, a group of refugees from Sierra Leone got together and began working with other refugees from Sierra Leone to help the latter group obtain refugee status, and to offer them support once they were released from Immigration and Naturalization Service (I.N.S.) detainment. This organization had no trouble defining its target audience: refugees from Sierra Leone in or recently released from I.N.S. detainment centers in New York City. This group's leaders chose an issue with which they had particular experience, and an audience which they were uniquely qualified to address.

Have you already defined your audience? If not, as you try to do so, here are some questions to keep in mind:

- What populations are affected by the problem you want to address?
- What populations have you worked with?
- What populations are you best able to serve?
- If you already have a program, what populations do you currently serve?

Keep fine-tuning until you have identified a fairly specific group. If you cast your net too widely—for example, if you identify your target population as "all refugees in New York City"—you will dilute your potential impact and possibly your ability to attract funding.

No organization can fulfill any group or individual's every need—and, in fact, one of the biggest mistakes a group can make is to try to do it all. Identifying a clear and limited set of needs to address enables an organization to develop and offer services that are highly specific to the problem and, therefore, more likely to be effective. As you read this section, think in terms of the skills and experience you and your group bring to the task, and how they relate to the need you identify. The better able you are to hone in on the particular need your group is suited to address, the easier it will be to convince funders to support your work.

UNDERSTANDING WHAT YOUR TARGET AUDIENCE NEEDS

DEFINING THE NEED

You can identify the need you will address in two ways:

- Informally, by conducting focus groups, administering surveys, and talking to community leaders and others such as teachers and religious leaders who work with the same target population.

- Formally, by conducting a **needs assessment**, which involves gathering the types of information mentioned above, as well as studies or articles documenting the problem, and then analyzing the services available to the target audience to determine whether the need you propose to address is truly unmet.

WHY DO A NEEDS ASSESSMENT?

In plain language, a needs assessment will help you determine whether your proposed work is truly necessary. It is important to know this before you begin: Fundraising is a challenge under any circumstances, but it will be impossible if your organization does not address a real need that other groups do not. A needs assessment is an opportunity to ask yourself (as others will ask you later): Why now, and why you?

The purpose of a needs assessment is to:

- Understand the extent of the problem. In the Sierra Leone example, a needs assessment allowed the group to determine how many refugees from Sierra Leone are experiencing the need identified, and whether there are specific sub-groups—men or youth, for example—that are more affected than others.
- Gather information about all the services that are available to your target population.
- Identify the gaps in the services available to your target population.

A needs assessment is also a great opportunity to involve current or potential program participants in the planning process. Ask them about their needs and about what gaps they see in the services available to them. This will help you design a program that is truly responsive to your target population.

Whether your data collection is formal or informal, at the end you should be able to answer four questions:

- What do the individuals who are part of your target community identify as their key needs?
- What needs are not being met by other organizations serving this target population?
- Does the need you have identified fit within your organization's mission or statement of purpose as captured in your incorporation papers?
- Do you have within your group the skills, experiences, and connections to the target audience that will enable you to address this need effectively?

In the case of the Sierra Leone group, many of the organization's leaders were themselves refugees from Sierra Leone and/or mental-health professionals who had insight into the needs of this population.

Use the following chart to guide you through the process. The completed chart should be used to inform your group's choices about its programs and to form the basis of its case statement for funding *(see the Fundraising chapter for more information on case statements)*.

NEEDS ASSESSMENT WORKSHEET

DESCRIBE YOUR TARGET AUDIENCE, INCLUDING SUCH CHARACTERISTICS AS RACE AND ETHNICITY, SOCIO-ECONOMIC STATUS, LOCATION, DOMINANT LANGUAGE PROFICIENCY, AND ANY OTHER INFORMATION THAT MIGHT HELP PRESENT A CLEAR PICTURE. CENSUS DATA AND THE COMMUNITY PROFILES PUBLISHED BY COMMUNITY BOARDS, LOCAL OFFICIALS, SCHOOL BOARDS, AND OTHERS ARE LIKELY TO BE HELPFUL. *(SEE THE RESOURCES SECTION AT THE END OF THIS CHAPTER FOR OTHER IDEAS.)*

IDENTIFY ANY THEMES EMERGING FROM THE QUALITATIVE DATA YOU HAVE GATHERED FROM FOCUS GROUPS, INTERVIEWS, SURVEYS, AND GROUP MEMBERS' OWN PERSONAL EXPERIENCES, IF RELEVANT.

CITE EMPIRICAL DATA, INCLUDING REPORTS, STATISTICS, AND OTHER EVIDENCE YOU HAVE COMPILED TO DOCUMENT NEED.

IDENTIFY ANY RESOURCES ALREADY AVAILABLE TO THE COMMUNITY TO ADDRESS THIS NEED AND/OR TO AUGMENT THE WORK YOUR GROUP IS PROPOSING TO DO. THE UNITED WAY, UMBRELLA GROUPS SUCH AS THE HUMAN SERVICES COUNCIL OF NEW YORK, AGENCIES FUNDING IN A GIVEN AREA (SUCH AS THE DEPARTMENT OF HEALTH), LOCAL OFFICIALS, MEMBERS OF YOUR TARGET COMMUNITY, AND OTHER NONPROFITS CAN ALL BE GOOD SOURCES OF INFORMATION ON WHAT SERVICES ARE AVAILABLE TO THE COMMUNITY YOU PLAN TO SERVE. REVIEW THE LIST TO DETERMINE SERVICE AVAILABILITY: IS YOUR TARGET AUDIENCE RECEIVING THE SERVICES YOU BELIEVE ARE NECESSARY? ARE THERE BARRIERS TO ACCESSING THOSE SERVICES—PRICE, LANGUAGE, LOCATION, HOURS OF OPERATION, HOSTILITY OF STAFF (TO ACTIVE DRUG USERS FOR EXAMPLE), OR A WAITING LIST?

WHAT GAPS IN SERVICE DELIVERY DO YOU SEE, IF ANY?

LIST YOUR GROUP'S SKILLS AND EXPERIENCES. HOW DO THEY RELATE TO THE GAPS IDENTIFIED? IS THERE ANY OVERLAP? IS THERE AN OBVIOUS AREA OF FOCUS?

CAN THE GROUP AGREE ON A COURSE OF ACTION AT THIS POINT? IS THERE FURTHER INFORMATION NEEDED?
IF NOT, THEN...

DESCRIBE THE NEED YOUR PROGRAM WILL ADDRESS.

We've been assuming, OK hoping, that this has been a group effort. If not, stop here and present your work to current Board members, volunteers, and community residents, whose support you will need to make this program a reality.

DEFINING YOUR PROGRAM GOALS, OBJECTIVES, AND ACTIVITIES

GOALS

Now that you have identified the target population and the need you will address, it is time to begin planning the program you will deliver. The first step in doing this is to identify the overall goal of your program.

Goals are general statements about the long-term changes that your program seeks to make in its target population.

Goals provide direction for your program and should be consistent with your organization's larger purpose. For example, the goal of the Sierra Leone group is to provide services to refugees from Sierra Leone in New York City, in order to enable them to have stable and secure lives.

OBJECTIVES

Objectives are specific, action-oriented statements that lay out what you plan to do to in an effort to meet your goals.

The goals of the group described above are to help make the lives of refugees from Sierra Leone in New York City more stable and secure. Their specific objectives are:

- To provide legal services to (*insert number*) detainees to help refugees through the immigration process.
- To provide mental-health counseling to (*insert number*) former detainees to help them adjust to living in New York City.
- To refer (*insert number*) former detainees to job counseling and placement services to improve their chances for obtaining stable employment.

Note the action words—the verbs "provide" and "refer"—in the example above. Other common action words found in objectives include "teach," "train," "employ," and "distribute."

Looking at what other organizations have done can help you set realistic objectives. You can also ask experts in the field to review your objectives, to help ensure that they are both on target and achievable.

In summary, to develop your program objectives, describe the actions you intend to take, and explain how those actions will help move the program toward its goals.

TRY WRITING A FEW OBJECTIVES OF YOUR OWN.

ACTIVITIES

Identifying proposed program activities is often where an organization has the most experience. When choosing your program activities, consider the following question:

- Which activities will realistically help you meet your program objectives?

In the example provided, one of the group's objectives was to refer refugees to job counseling and placement services in order to help them find stable employment. Appropriate activities for meeting this objective would include identifying job counselors and matching them with clients.

SEE IF YOU CAN IDENTIFY SOME ACTIVITIES THAT MIGHT HELP YOU MEET THE PROGRAM OBJECTIVES YOU OUTLINED ON THE PREVIOUS PAGE.

If you remember nothing else about goals and objectives, remember that OBJECTIVES *are how you will meet your* GOALS*;* ACTIVITIES *are how you will meet your* OBJECTIVES*.*

Now that you've made these critical decisions regarding your program, summarize them using the following worksheet. The completed worksheet can be used to inform your case statement, proposals or other materials needed to recruit volunteers or cultivate prospective funders. (*See Chapter 2: Fundraising for details*.)

PROGRAM DESIGN WORKSHEET

WHAT ARE THE MAJOR OBJECTIVES OF THE PROGRAM?
WHAT ACTIVITIES WILL YOU ENGAGE IN?
HOW WILL THESE ACTIVITIES HELP YOU MEET YOUR OBJECTIVES?
HOW MANY PARTICIPANTS WILL BE SERVED? HOW OFTEN?
WHERE WILL THESE ACTIVITIES TAKE PLACE? ON WHAT SCHEDULE? DAY, EVENING, WEEKENDS? WILL PARTICIPANTS NEED TRANSPORTATION?
WHO WILL IMPLEMENT THESE ACTIVITIES? PAID STAFF OR VOLUNTEERS? HOW WILL THEIR WORK BE COORDINATED? WHO WILL HANDLE THE ADMINISTRATIVE DETAILS?
HOW WILL YOU GET THE WORD OUT ABOUT THIS PROGRAM AND RECRUIT PARTICIPANTS?
IF NECESSARY, WITH WHOM WILL YOU COLLABORATE IN ORDER TO IMPLEMENT YOUR PROGRAM? HAVE YOU SECURED THE NECESSARY PERMITS (FOR THE USE OF FACILITIES) OR PERMISSION SLIPS (FOR YOUNG PEOPLE)?
TOTAL ESTIMATED COST OF IMPLEMENTING THIS PROGRAM (TAKE THIS NUMBER FROM THE BOTTOM OF THE BUDGET WORKSHEET ON THE NEXT PAGE):

SKETCHING OUT A BASIC PROGRAM BUDGET

Once you have designed your program, you will be ready to develop a program budget. To figure out what expenses will be associated with your program, estimate how much you think you will spend in each of the following categories over the course of one year. Feel free to add other categories as needed, but keep it realistic: Start-up organizations often create budgets that are far too large to raise in their first attempt. Comparing your budget to the budget of a similar organization is a good way to find out whether your estimates are on the mark.

BUDGET ITEMS	ESTIMATED COST
SALARIES AND BENEFITS OF STAFF MEMBERS	
RENT FOR PROGRAM AND ADMINISTRATIVE SPACE	
UTILITIES FOR PROGRAM AND ADMINISTRATIVE SPACE	
OFFICE SUPPLIES AND EQUIPMENT	
PROGRAM MATERIALS	
COST OF PROMOTING PROGRAM AND RECRUITING CLIENTS	
TRANSPORTATION FOR CLIENTS	
LIABILITY INSURANCE	
BOOKKEEPING EXPENSES	
OTHER	
TOTAL:	

ASSESSING YOUR PROGRAM'S SUCCESS

While you are working on designing your program, you should also be thinking about how you plan to evaluate it. Not having an evaluation strategy can hurt your funding prospects (many funders require some discussion of an evaluation plan in the proposal), and the longer you put off developing evaluation measures and establishing data-collection mechanisms, the harder it will be to do so. So as you are thinking about what you want to do, keep asking yourself, "How will we know if our program is doing what we set out to do?"

There are two types of evaluation: internal self-assessment and outside evaluation. Even when conducting an internal self-assessment, it is best to hire an outside evaluation expert to facilitate the process. However, if hiring an outside evaluator is not an option, an organization can still gather useful information and get a sense of its progress by following the steps outlined in the section below. Conducting your own program assessment will allow you to report on your achievements and improve your program while you work to raise the money to support more in-depth evaluation activity. Your eventual goal should be to hire an evaluation specialist to help you institute a formal program-assessment system.

Additional program-evaluation resources are included at the end of this chapter.

CONDUCTING YOUR OWN PROGRAM ASSESSMENT

Very simply, a program assessment is conducted to figure out whether or not a program had the desired effect. Did the activities performed cause the desired change? Did the program affect its participants, or the environment? If an organization is willing to look at both its successes and its shortcomings, it will be more likely to make effective program changes when needed. Also, knowing what's going on at other organizations in similar fields of work will allow you to learn from their experiences as well as your own.

Conducting a successful self-assessment is a six-step process:

1. Begin with Clear Program Objectives

Take the time to identify the objectives that will best enable the organization to realize its goals. Make sure you have a clear understanding of how they will achieve the desired results. You should have developed a set of objectives as part of the previous exercises. Revisit them with an eye toward what type of change they are intended to create. Will they result in a change in economic conditions, behavior, attitude, or knowledge? Or will the change be an increase in access to services?

The Sierra Leone Project has three objectives: to provide legal services to detainees to help them through the immigration process; to provide mental-health counseling to former detainees to help them adjust; and to refer former detainees to job-counseling and placement services to improve their chances of obtaining stable employment. These objectives are how the organization hopes to improve the lives of refugees from Sierra Leone in New York City—the organization's goal. By referring clients to job-training programs, the group is working toward a change in access to services that could help lead to employment; by providing counseling, the group hopes to improve the mental state of participants, creating a change in attitude.

2. Define Program Outcomes

Once you've identified your program objectives, you can begin to develop realistic anticipated outcomes. Outcomes are the concrete targets an organization sets for itself. Identifying projected outcomes will allow you to determine whether your program is (or is not) making real progress toward its goal.

For example, one of the Sierra Leone Project's objectives is to provide mental-health counseling to refugees in order to help them adjust. One of the group's desired outcomes—a measurable step along the way toward fulfilling this objective—is to improve the self-esteem and confidence of 50 percent of the clients who receive counseling services for one year. Another of the project's projected outcomes is for 100 percent of detainees to receive legal assistance within one year of detention—a giant step toward meeting their objective of providing legal services to detainees in order to help them through the immigration process.

Desired outcomes should be revised as a group makes progress, and they can be projected for the short or long term. For example, the Sierra Leone Project for refugees may expect to have all the refugees in I.N.S. detainment centers released and employed within three years (long-term outcomes), but may expect to see measurable improvements in mental-health status and access to legal services within the first year (short-term outcomes).

3. Collect Program Data

Most organizations keep records of their program activities. Generally, groups track the number of clients they enroll or serve, and the frequency with which they hold events and offer services. This information allows an organization to show funders and others that it is implementing the program as planned.

At the Sierra Leone Project, the staff kept track of their mental-health programs by recording the number of clients requesting individual counseling, demographic information about those clients, the number and length of counseling sessions held, and the duration of each counseling engagement. By doing so, the project was able to report that, in a six-month period, each one of 50 refugees received two hours of individual counseling per week.

4. Gather Feedback

Often, program participants and/or staff members can offer important feedback about how a program is going, or how it could be improved. Does your program have a regular way of asking clients about their experience with the program? Is there an opportunity for staff members to talk freely about what is or is not working? Common feedback mechanisms include surveys, individual interviews, group interviews, and observations. A useful rule of thumb is that a group should try to collect information from three different sources—say, a survey of clients, a focus group composed of other people in clients' lives, such as teachers or family members, and an interview with the staff person involved in the program. Hearing from three different places that your program is succeeding or having a problem will give your findings more validity.

The Sierra Leone Project gathered feedback of different kinds at several different levels. Every three months, the staff compared their progress against the projected outcomes and the program's objectives. The team discussed relevant issues, stumbling blocks, and successes. Staff members reported on clients' progress in improving their confidence, and in obtaining jobs and legal assistance. Annually, a meeting was held with clients, who shared their experiences with the program. The executive director met with the attorneys twice a year to discuss progress with individual legal cases. Upon completion of the program, each participant filled out an evaluation survey.

5. Survey the Field

Find out what other organizations are doing. Connect to umbrella groups in your field. Are other organizations facing problems similar to those faced by your program staff members? How have they decided to address those issues? Are your program goals similar to those of other organizations? How are they collecting information on program outcomes? Are they willing to share their data-collection tools?

In their efforts to survey the field, the Sierra Leone Project's staff attends a quarterly meeting of immigrant programs, subscribes to a national journal, and attends an annual conference.

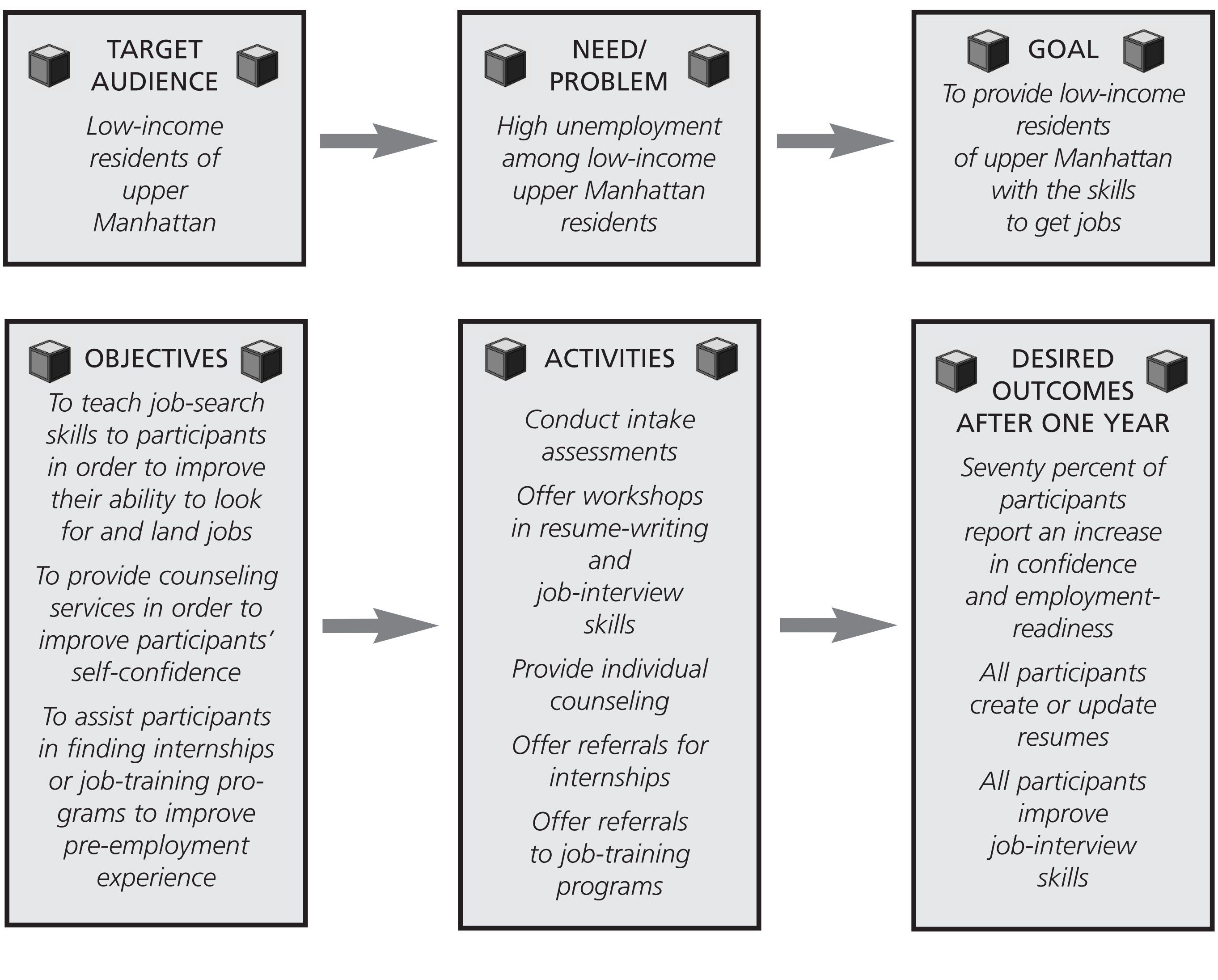
6. Analyze the Information and Make Necessary Adjustments

Review all the information you've collected and see how your program's progress stacks up to your program objectives: Are you achieving what you set out to do? If not, why not? Are some activities getting better feedback or results than others? This will help you to determine what's working and what isn't, and will allow you to propose appropriate adjustments to your program.

At the Sierra Leone organization, the program director, staff members, and some participants annually reviewed notes from their quarterly meetings, notes from the meeting with program participants, and the director's program observations. This allowed different perspectives to be discussed and led to suggested changes that the program director might not have otherwise considered. For example, clients mentioned that they would like to take an English as a Second Language (E.S.L.) class to be better prepared for job interviews. The project decided to respond to this need by searching for an appropriate, locally based E.S.L. program for its clients.

The flowchart that follows illustrates how all these steps come together for another group, The Employment Readiness Project. (We thought we would give you a break from the Sierra Leone example.)

The Employment Readiness Project's purpose is to help low-income upper Manhattan residents obtain the skills they need to find jobs. The project's strategy is both to increase participants' confidence about looking for work, and to teach them how to identify job openings and apply for work. The project offers workshops on resume-writing and job-interview skills, conducts individual job-counseling sessions, and makes referrals to internships and job-training programs. This is the project's program planning chart.



You may be wondering why the Employment Readiness Project's outcomes do not include job placements. Given their limited resources, this project is designed as a pre-employment program. The activities are focused on helping participants obtain the skills (interviewing), tools (resume) and confidence needed to get jobs. Upon completing the program, individuals are referred to job placement and training programs.

Compared to the time and tasks involved in completing the steps in this chapter, the five chapters that follow will be a breeze. We know it may have felt a bit overwhelming at times and you may have had to fight the urge to skip ahead, but by taking your time and following the steps outlined, you've set the ground work for an effective program, a program whose foundation will match the ideals you originally had when you decided to start a nonprofit. Now, to the next task—identifying prospective funding sources and preparing appropriate materials for their consideration.

PROGRAM PLAN SUMMARY WORKSHEET

At this point, you should be able to succinctly answer the questions on the worksheet below. The completed worksheet will provide you with a summary of your new program for use in proposal writing and other fundraising activities, organizational planning, and orientation of new Board members and volunteers. If you are unable to answer one or more of the questions below, go back and look at the relevant sections and accompanying assignments again.

WHO IS YOUR TARGET AUDIENCE?	
WHAT IS THE PROBLEM OR NEED THAT YOUR PROGRAM WILL ADDRESS WITH THIS AUDIENCE?	
WHAT KEY POINTS DID YOU DISCOVER IN CONDUCTING YOUR NEEDS ASSESSMENT?	
WHAT ARE THE GOALS OF YOUR PROGRAM?	
WHAT ARE THE OBJECTIVES OF YOUR PROGRAM?	
WHAT ACTIVITIES WILL YOU IMPLEMENT TO MEET YOUR PROGRAM GOALS AND OBJECTIVES?	
DOES YOUR PROGRAM FIT WITHIN YOUR ORGANIZATION'S MISSION?	
HOW WILL YOU EVALUATE YOUR PROGRAM?	
WHAT RESOURCES WILL YOU NEED TO IMPLEMENT YOUR PROGRAM? SPACE STAFF VOLUNTEERS EXPERTISE OUTREACH PLAN MATERIALS OTHER	
WHAT ARE THE ESTIMATED COSTS OF: SPACE STAFF OUTREACH PLAN MATERIALS OTHER	
WHAT IS YOUR ESTIMATED YEARLY PROGRAM BUDGET?	
HOW DO YOU PLAN TO RAISE THE MONEY FOR THIS PROGRAM?	

RESOURCES

INCORPORATION AND TAX EXEMPTION

Lawyers Alliance for New York. Contact by phone: 212-219-1800. For an administrative fee and filing costs, this group will assist with the incorporation and tax-exemption processes. Focused on New York City-based efforts looking to address the causes or effects of poverty.

PROGRAM DEVELOPMENT

"The Program Development Puzzle, How to Make the Pieces Fit," **National Minority AIDS Council**, *www.nmac.org*. A comprehensive guide to program planning for AIDS organizations.

"Program Planning and Proposal Writing," **The Grantsmanship Center**, *www.tgci.com*. A guide from a national organization for training in fundraising and development.

"Proposal Writing for H.I.V./AIDS Prevention Grants," **United States Conference of Mayors**, *www.usmayors.org/hivprevention/proposal.pdf*. A technical assistance report.

"Conducting Successful Focus Groups," **The Wilder Foundation**, *www.wilder.org/pubs*. Shows you how to collect valuable information without a lot of money or special expertise.

NEEDS ASSESSMENT

GENERAL

Community Resource Exchange, *www.crenyc.org*. Toolbox on fundraising and other management topics and links to other resources.

"City of Contrasts 2000: 51 N.Y.C. Council Districts," **Community Studies of N.Y., Inc.**, **and The City Project.** Contact by phone: City Project, 212-965-1967. A very good source of information by council district, including demographics, income, health, housing, treatment facilities, and immigration data.

"Community District Needs," **Department of City Planning.** Contact by phone: 212-720-3300. Has general information by community district on demographics, people on public assistance, housing characteristics, race, age, day-care and senior centers, and a statement of needs.

The United Way of New York City, *www.unitedway.org*. Contact by mail: 2 Park Avenue, New York, NY 10016; or phone 212-251-2500. An umbrella group for many human-services organizations.

Substance Abuse and Mental Health Services Administration, *www.samhsa.gov/statistics/statistics.html*. Has national information on alcohol and drug use, related emergency department episodes, and the substance abuse treatment program. Also has drug abuse data by state.

Center for an Urban Future, *www.nycfuture.org*. A research and policy organization that publishes briefing papers on issues of importance to New York City and surrounding communities.

City Limits magazine, *www.citylimits.org*. Publishes New York City-focused articles, both timely and forward-thinking. Offers digestible statistics and links to other helpful resources.

"Keeping Track of N.Y.C.'s Children," **Citizens Committee for Children**. A status report on children's health and welfare, broken down by neighborhood. Published bi-annually.

Census Bureau, *www.census.gov*. In addition to national information, has state and county estimates on population, gender and race. Also has information from the 1990 Census on educational level, housing characteristics, income, and poverty, as well as business statistics.

City of New York, *www.ci.nyc.ny.us/home.html*. Offers links to individual city agencies. The Web sites of many agencies, such as the Department of Health, the Administration of Children Services, and the Department of Juvenile Justice, contain data on the populations they serve.

"The Service Atlas", **The New York City Nonprofits Project**, *www.nycnonprofits.org*. Lists over 6,000 nonprofit organizations in New York City which provides direct services - everything from day care centers to museums. And you can search by address, zip code, neighborhood, or other geographic areas.

Office of Minority Health, *www.omhrc.gov*. The "Data/Stats" section contains health data by state and O.M.H. publications on different topics.

H.I.V./AIDS RELATED

"HIV/AIDS Resource Database," *http://www.creny.org/capacity/welcome.html*. Find CBO's that offer HIV prevention activities, to research funding sources for HIV/AIDS programs, and to obtain HIV educational materials.

"Fact Sheets and Community Profiles," **Brooklyn AIDS Task Force.** Contact by phone: 718-783-0883 x115. Very good source of information by borough and by neighborhood.

"N.Y.C. H.I.V. Prevention Plan 2000," **H.I.V. Prevention Planning Group**. Contact by phone: 212-693-1065 x227. Has information on needs and current services.

MODEL PROGRAMS

Forum for Youth Investment, *www.forumforyouthinvestment.org*. Committed to increasing the quantity and quality of services available for youth. The Community and Youth Development Series offers a number of examples of successful youth leadership development programs.

Bailey House, *www.baileyhouse.org*. AIDS service organization specializing in developing housing for people with AIDS. Housing effort has been independently evaluated and found to be effective in helping people with H.I.V. remain healthy for longer periods of time.

National Minority AIDS Council, *www.nmac.org*. A national organization dedicated to developing leadership within communities of color to address H.I.V./AIDS. Good source of information about trends in policy, funding, and effective programs targeting people of color.

"Compendium of H.I.V. Prevention Interventions with Evidence of Effectiveness," **Centers for Disease Control and Prevention**, November 1999 (Revised on Aug. 31, 2001), *www.cdc.gov/hiv/pubs/hivcompendium/HIVcompendium.htm*. From the C.D.C.'s H.I.V./AIDS Prevention Research Synthesis Project.

EVALUATION

The United Way, *www.unitedway.org*. Contact by mail: 701 North Fairfax Street, Alexandria, VA 22314; or phone: 703-836-7112. Has a program-outcome initiative that includes a useful how-to-measure-program-outcomes manual.

"Evaluation Handbook," **The W.K. Kellogg Foundation**, *www.wkkf.org*. Contact by mail: One Michigan Avenue East, Battle Creek, MI 49017-4058; or phone: 616-698-1611. Describes types of evaluations and explains how to hire an evaluator.

"Outcomes for Success! 2000 Edition," **The Evaluation Forum**, *www.evaluationforum.com*. Contact by mail: 1932 First Avenue, Suite 408, Seattle, WA 98101-1040; or phone 206-269-0171.