Nonprofit Life Cycle
Legal and Development Considerations

1. Idea Stage
   - You have an idea and a passion, but no formal organization exists
   - This is the inspire and imagine phase
   - Identify potential resources, activities, outputs, and short and long-term outcomes
   - Recruit like-minded individuals
   - Develop business plan, logic model and budget
   - Need to decide if this is a hobby or an organization

   Project Planning Worksheet [link]

2. Start Up
   - File Articles of Incorporation
   - Apply for EIN Number
   - Apply for Federal Income Tax Exemption
   - Apply for State Sales Tax Exemption
   - Register with State Department of Charitable Organizations
   - Create Corporate Minute Book
   - Draft Corporate Governance Policies and Procedures
   - Risk Assessment & Insurance Needs

   Download the Legal Compliance Checklist [link]

3. Growth
   - Review & update corporate bylaws
   - Review & update gift acceptance policy
   - Be aware of on-going compliance matters such as Unrelated Business Income Taxes, Private Benefit Transactions, Commercial Co-Ventures, Social Enterprise issues
   - Review financial controls
   - Employment Handbook & Personal Policies
   - Federal and State Employment Taxes
   - Workers' Compensation Law Requirements
   - Social Enterprise Legal Issues

4. Maturity
   - Review of organizational bylaws
   - Planned Giving opportunities & endowments
   - Compliance with federal, state, and Local laws
   - Review lobbying & political activities restrictions
   - Development of quality control and evaluation systems
   - Executive succession planning to foster community impact
   - Collaborations and Memorandums of Understanding (MOU)

5. Transition and Regeneration
   - Transition period between leaders
   - Executive Compensation Legal Issues
   - Review and update job descriptions
   - Legal issues related to mergers, consolidations, and dissolutions
   - Transfer of assets and winding down of the business affairs

For Answers to Your Nonprofit-Related Legal Questions
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