Indiana CISMA Development Series

Pros and Cons of Becoming a 501(c)(3) Nonprofit Organization

By Will Drews

Pros:

- *Tax Exempt Status* – allows your organization to make purchases without paying tax and selling items without charging tax
- *Grant Requirements* – allows your organization to apply for certain grants that are only available to 501(c)(3) nonprofit organizations
- *Donations* – donations to your organization are tax deductible, and thus individuals may donate more.

Cons:

- *Organization Requirements* – your organization will need more formal organization requirements, including but not limited to having a board/steering committee, hosting an annual meeting, and creating guidance documents (e.g. Articles of Incorporation, bylaws, etc.).
- *Reporting Requirements* – your organization will need to fill out several annual finance reports for the IRS and state department of revenue.
- *Competition* – in certain areas with lots of other environmental nonprofit and governmental entities, it can be one more organization competing for the same resources which could be better leveraged with partnerships.

Summary

Becoming a nonprofit organization can be a big hurdle for any young organization. A careful consideration of the pros and cons is necessary before proceeding. The organizational and reporting requirements may frighten new members of younger organizations, and the benefits of the nonprofit status may not be worth the work. If a nonprofit or government entity is involved with the CISMA and willing to handle some of its finances, that is often the easiest/best initial way for a CISMA to operate. As the group develops and grows, the question of becoming its own nonprofit organization can come up organically and be addressed at a later date. However, all CISMAs are different based on the individuals and organizations, and not all groups will have the same path forward. No matter the path a young CISMA takes, every group is making a difference in combatting invasive species statewide!

For more information on the Indiana CISMAs and the Indiana Invasives Initiative, visit http://www.sicim.info/cisma-project