Those starting a nonprofit organization are often found struggling  with the following 5 issues –

**1) Fund raising**

Funds is a major concern area for start up organizations.

An organization cannot raise funds till it has the state solicitation registration done. Its quite common for start up nonprofits to be without funds till the paper work get completed.

To begin with, nonprofit organizations look for internal sources of funding from members, families, friends and other affinity groups.

We asked some of the top professional fund raisers for the way out and the one common thread in these replies was to have a fund raising plan and to look at fund-raising with a long-term perspective.

Fund raising is a full fledged science and knowing the science definitely helps. To begin with one can study about the literally hundreds of fund raising instruments and fund raising sources that could be tapped into. . There is also a choice between getting the services of a ‘professional fund-raiser’ or doing it on ones own.

The sure shot method to consistent, long term funds is to have a fund raising plan and to achieve it.

**2) Community support**

Garnering community support takes time and is a function of how well the organization communicates its purposes to the community. Effective branding exercises are found to be extremely helpful for garnering community support. Listing of the organization with major directories like Helpnet USA , idealist.org etc. are very effective in getting support from like minded members in the community.

Getting dedicated volunteers to execute organization’s projects is another challenge faced by new non-profits. Organizations turn to tap the local resources in the beginning. There are several online volunteer directories that provide exhausting listing of people willing to volunteer for each area.

**3) Registrations & Legal Paperwork –**

Typically a nonprofit is required to register with the office of secretary of states, the Internal Revenue services and the AG office before it can start raising funds.

Registration with the office of secretary of states is fairly easy – People sometimes struggle with drafting the organizing and operating documents because of the fear of unknown. The organizing documents (like the article of incorporation/association) are to be made in prescribed formats with little deviation. The operating documents (like bylaws) generally do not have prescribed formats and imagination is the only limiting factor when drafting them.

IRS Form 1024 is another area of concern for start up nonprofits. Advance preparation with the desired governance requirements and possible questions of the IRS is the key to obtaining 501(c) (3) exemption.

Fund solicitation registration with the state AG office is easy but time consuming.

**4) Book keeping & accounting**

Accountability is a prime concern area for all the regulators of nonprofit organizations and book keeping is the backbone of disclosures.

Start up nonprofit organizations struggle to keep their books and records updated.  Organizations with no accounting capabilities often outsource this task to professional accountants.

While the leaders of nonprofit organizations are not expected to be versed with accounting they are definitely expected to be able to read and make sense of the financial statements.

Several easy to use professional accounting software for nonprofits are available to manage the books.

**5) Compliance with multiple authorities**

Compliance involve sending annual reports to the office of secretary of states, the IRS (Form 990), and to the respective state attorney general where the funds are raised.

Compliance increase manifold for an organization that hires employees or if it opts for complex fund raising methods like annuities.

While compliance may seem daunting in the first year, it becomes a mechanical process over a period of time. An organization with well established internal mechanisms and controls can automate this process to a large extent. There are several easy and inexpensive software programs that can automate report generation for nonprofit organizations.