

AgTourism Association

Primary Differences: Non-Profit v For Profit

Non-profit & Tax-Exempt organization must engage in non-profit activities and return all profits back to non-profit endeavors and are not divided among shareholders. A substantial portion of monies must be used for charitable means. If the organization is dissolved, then proceeds go to another charitable organization.

Advantages to Non-Profit & Tax Exempt Status

- ability to attract community support. “Feel Good” aspect of donating to non-profit
- Funding and grants may be more readily available for non-profit/tax-exempt entity than for for-profit organization
- incentive for individuals to “volunteer” their time with the organization
- Discounts on bulk-mailing
- options to combine efforts with other non-profits with similar interests (i.e HOFA)
- able to accept donations and membership fees that are tax-deductible
- able to create fundraisers or events to spark interest in organization and generate revenue
- able to create products to sell on a tax-deductible basis
- Mission is usually for the greater good of the community

Steps involved for Non-Profit/Tax Exempt status

Non-Profit and Tax-Exempt Corporation

- Draft a brief mission statement that describes the charitable purpose of your new organization;
- Recruit board members; include at least one attorney on the board, preferably with AG experience or environmental law; also include an accountant for due diligence.
- Decide whether to incorporate. Hire a lawyer to assist with paperwork & legalities of incorporating, file tax-exempt status paperwork and review personnel policies.
- Decide on type of non-profit: corporation; community trust, fund or foundation
- Establish a bank account and a banker.
- Hire an accountant to work with the Board and the treasurer to establish a bookkeeping system.
- Decide on types of insurance needed, ie. workers comp, liability, etc.
- Decide on paid staff vs volunteer positions
- Draft articles of incorporation and get board approval
- Draft bylaws and get board approval
- File for incorporation with state
- File for tax-exempt status with IRS (clarify that contributions are tax-deductible)
- Get tax-exempt status with State (attorney general’s office)
- Get property tax-exempt status
- Get bulk mail permit

- Develop a marketing plan and a strategic plan
- Consider Fiscal sponsorship. Is there another organization that can help fund the start-up of the non-profit?
- cannot lobby
- Grant monies may be more readily available for non-profit
- Can receive donations; sponsorships; membership fees
- Less tax-burden for State & Federal taxes if non-exempt

For-Profit

- Decide on type of business: C corporation, S corporation, General Partnership, Limited Partnership or LLC
- Draft a mission statement
- Decide on types of contributions allowed to organization; requirement of “membership dues”
- De
- Recruit board members, including attorneys & accountants
- Hire employees
- Create products to sell
- can lobby/make political donations
- Grant monies may be available from SBA or Federal grants for agriculture
- Create bylaws for investors; disbursement of investments & dividends

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