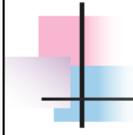


Topic 2.10 Lecture 3

Forming and Identifying Nonprofits



Welcome to lecture 3 of Topic 2.10. In this lecture we are going to look at forming and identifying nonprofits.



Unincorporated Nonprofit Organisations

- Generally formed when:
 - A group of people recognise that there is a need for an ongoing activity in a community that is not currently being undertaken by an existing nonprofit, or
 - A project's activities are required to continue past the termination date of the project and there is not an existing organisation willing, or able, to absorb the project's activities



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A new unincorporated nonprofit organisation is generally formed when:

- A group of people recognise that there is a need for an ongoing activity in a community that is not currently being undertaken by an existing nonprofit, or
- A project's activities are required to continue past the termination date of the project and there is not an existing organisation willing, or able, to absorb the project's activities

Secure | https://www.cbs.sa.gov.au/assets/files/form_1_2_web_07.pdf

Consumer and Business Services

Associations Incorporation Act 1985 Section 19

1 Incorporation of an Association Application

1. Details of the applicant
 (Full name of applicant)

of (residential address) Street number Street name
 Suburb/town Postcode

am authorised by the association to apply for incorporation of the association under the name

2. Purpose of the association
 Please insert a brief description of the purpose of the association (e.g. educational, for conserving resources etc)

The association is considered to be eligible for incorporation under section 18(1) of the Act.
 Please refer to copy of section 18(1) shown opposite and insert which paragraph of section 18(1) is relevant.

The financial year of the association ends on / / (should be consistent with the relevant clause in the rules).

3. Details of the public officer

Full name of public officer

Street number Street name
 Suburb/town Postcode

Postal address Street number Street name
 Suburb/town Postcode

Occupation of public officer

Email

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In Australia Nonprofits become an incorporated non-profit organisation under state and territory legislation. They can only carry on business in the state that they are registered in.

This slide shows a part of the form that needs to be completed for incorporation in South Australia.

If the organisation wants to trade in other states of Australia, they need to become a registrable Australian body. To become registered as a registrable Australian body – they need to undertake another registration process through the Australian Securities and Investments Commission.



Caution Forming Nonprofits

- “There are currently 1.4 million nonprofits in the United States. That’s one-point-four-million organizations that need to recruit board members, raise money, keep minutes, file financial returns, hire staff, *pay* staff, develop logos, maintain Facebook pages, buy copy paper, apply for grants, update websites, design strategic planning retreats, and – assuming there’s time – do a little bit of good in the process.
- As a consultant over the last few years, I’ve seen time and again how nonprofit organizations, many of which provide critically important services, have been dealing with chronic budget deficits, high staff turnover, and uncertainty. I find myself involved in conversations to help these nonprofits merge or shut down or reconfigure their missions to survive.
- And yet each year there are more and more nonprofits competing for the same limited resources. It makes no sense.”

Cantor, 2016



Many community commentators believe that new nonprofit organisations should only be formed if there is not an existing nonprofit organisation in the community offering a similar activity. As stated in this quote:

“There are currently 1.4 million nonprofits in the United States. That’s one-point-four-million organizations that need to recruit board members, raise money, keep minutes, file financial returns, hire staff, *pay* staff, develop logos, maintain Facebook pages, buy copy paper, apply for grants, update websites, design strategic planning retreats, and – assuming there’s time – do a little bit of good in the process.

As a consultant over the last few years, I’ve seen time and again how nonprofit organizations, many of which provide critically important services, have been dealing with chronic budget deficits, high staff turnover, and uncertainty. I find myself involved in conversations to help these nonprofits merge or shut down or reconfigure their missions to survive.

And yet each year there are more and more nonprofits competing for the same limited resources. It makes no sense.”



Caution in Forming New Nonprofits

- 'The first thing to do is to check that nobody's doing it already. If there already is an organisation working in the field, would it be better to join it? If the other body isn't doing quite what you want, can you get it to change? Will it be able to stretch to cover your interests? Could it handle a spin-off, or a sub-committee? Don't start up a new competitor unless you have to. There may be a need for two agencies, and there may be room for two agencies, but on the other hand there may not. Look at starting up your own association as a last resort only.'

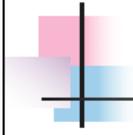
Our Community



This need for caution is also discussed in Australia.

The organisation Our Community (n.d.) describes the process that people who are considering forming a new nonprofit organisation should undertake:

'The first thing to do is to check that nobody's doing it already. If there already is an organisation working in the field, would it be better to join it? If the other body isn't doing quite what you want, can you get it to change? Will it be able to stretch to cover your interests? Could it handle a spin-off, or a sub-committee? Don't start up a new competitor unless you have to. There may be a need for two agencies, and there may be room for two agencies, but on the other hand there may not. Look at starting up your own association as a last resort only.'



Identifying Existing Nonprofits

- Identify secondary sources of information that contain a listing of local community organisations working within a particular field
- Undertake primary research if no current listing of local nonprofit organisations exist, or if it is not complete



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The easiest way to identify if an existing nonprofit organisation is working within a field that is related to a proposed new nonprofit organisation is to identify secondary sources of information that contain a listing of local community organisations.

In Topic 1.2 ‘Community Based Research’ we noted that most local councils produce an on-line and/or hard copy community directory, which provides nonprofit organisations operating in their community with a free listing. The nonprofit organisations listed in these directories are usually organised under classifications to enable residents and other community stakeholders to more easily locate local nonprofit organisations and their activities.

If there is not a current listing of local nonprofit organisations, or there are concerns that the directory has not captured all of a community’s nonprofit organisations, primary research can be undertaken to identify the local existing nonprofit organisations working within a particular field that is related to the proposed new nonprofit organisation.



Identifying Existing Nonprofits

- Primary research through Asset Based Community Development
 - Ask three questions:
 - What does your community group do now?
 - What does your community group do now that has an impact on the broader community? – in addition to serving your members
 - What could you imagine your community group doing in the future that would benefit the broader community?

Kretzmann and McKnight, 1995

- Customise survey questions to determine if can stretch current activities:
 - What does your community group do now?
 - What does your community group do now that has an impact on the broader community? – in addition to serving your members
 - Could you imagine your community group stretching its activities to include the proposed activity?



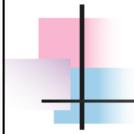
In Topic 1.8 'Learning Communities' we explored the concept of Asset Based Community Development and the process of asset mapping, which can be used to map the existing community groups and institutions (small and large nonprofit organisations) in a community.

We noted in Topic 1.8 that the leaders of community groups could be asked the following three questions when they are surveyed to encourage them to stretch their activities (Kretzmann and McKnight, 1995):

- What does your community group do now?
- What does your community group do now that has an impact on the broader community? – in addition to serving your members.
- What could you imagine your community group doing in the future that would benefit the broader community?

These same survey questions can be customised to determine if an existing organisation working in a related field would be able to stretch its current activities to cover the proposed activity:

- What does your community group do now?
- What does your community group do now that has an impact on the broader community? – in addition to serving your members.
- Could you imagine your community group stretching its activities to include the proposed activity?



References

- Cantor, A. (2016), viewed 17 April 2018, Friends Don't Let Friends Start Nonprofits, <http://alancantorconsulting.com/2016/01/friends-dont-let-friends-start-nonprofits/>
- Kretzmann, J & McKnight, J (1995) Mobilizing Community Assets, video recording, six part series, Civic Television Network
- Our Community (n.d.), Help Sheet: Starting up a community organisation, viewed 31 October 2005, <http://www.ourcommunity.com.au/management/view_help_sheet.do?articleid=8>

