

Social Entrepreneur Project

Business Plan Assignment & Questions by Section

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SECTION 6: Funds: Resources Required & Expected Uses

Description & Overview: If you are going to raise money, seek grants, hold fund raisers, collect dues, sell products, explain how you intend to raise the money, why you need the funds, how you will use the money, and how you will maintain fiscal records. Show how you will account for the money and what records you will keep.

Describe your accounting system and the policies you have or will have in place concerning salaries and fringe benefits, travel expenses, bank reconciliation, separation of functions and so on.

State a specific amount of money you will need for the first year and for the next two years. If you have letters of support and persons who are willing to provide funds once you are approved by the IRS as a nonprofit organization, consider whether to include them in the Appendix. You may not want to publicize them at this stage of your progress; they may want to remain anonymous.

Describe your plan to secure funding and other resources and give a contingency plan in case your initial plan fails. One of the three most difficult sections of IRS Form 1023 is Part IX, the Financial Data. Form 1023 states in part: "...If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information." The time spent in preparing fiscal information here and in the next section below in the Business Plan will reduce the time and effort answering the questions in Form 1023, Part IX.

Demonstrate the role of the board in funding and accounting in this section. Indicate how the organization will be maintained and sustained during the first three years.

Questions to Guide Discussion, Research, and Writing:

1. How do you intend to raise money for your organization?
2. How will the funds you raised be used?
3. How will you account for the money?
4. What is your plan to secure funding?