



Mission Shift: Making Change Work For Your Nonprofit

Serving your constituency — whether endangered species or elderly Hispanics — is your organization's *raison d'être* ... your mission.

But what happens when your mission shifts?

For example, what if your 501(c)(3) organization decides it wants to change its mission of providing medical education conferences and begin assisting children? It's a noble desire, to be sure. But how difficult is it to make such a change? Does your organization need to re-file? More important, is it legal?

Understanding the Change

The quick answer is that there is certainly some paperwork involved. You may need to notify your state corporations office, the IRS and the officials in states where you do fundraising.

Just as important, though, are the big-picture issues. You should fully understand the reasons why you wish to expand the mission. Traditionally, mission shift comes about because either the environment in which your organization operates changes or the needs of your constituents change.

Whatever the case, a shift in mission should be based solidly on a recently developed long-range strategic plan. Then, to avoid legal issues, you'll need to follow the letter of the law and update your organization's state and federal filings.

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At the state level — Obviously, your first step will be to make sure that your new activities are, in fact, a permitted purpose under your home state's nonprofit corporation statute. Then follow these steps:

- Review your articles of incorporation to see if your new mission and activities are covered under the original purposes specified for your organization. If they are not, you will need to amend your articles of incorporation (follow your state's specific nonprofit corporation law and procedures).
- At the same time, you will want to look at other elements of your articles of incorporation and bylaws to bring them into alignment (if needed) with your new mission. You may need to file the amendments with your home state's corporations authority.
- If you are registered as a "foreign nonprofit corporation" in any other states where you have significant business activities, you will need to look into notifying those states of the changes according to the procedure each requires.
- You will need to examine the registration(s) you have on file with state charitable solicitations officials and amend them as required to declare your new purposes. More detailed information about filing requirements in each state can be found at multistatefiling.org.

At the federal level — To notify the Internal Revenue Service of changes in your purposes and activities, you'll need to check "yes" in items 76 and 77 on your Form 990. Item 76 asks about changes in activities and item 77 asks, "Were any changes made in the organizing or governing documents but not reported to the IRS?" If "yes," attach a conformed copy of the changes (one that shows the original signatures or is accompanied by a signed declaration by an officer that it matches the original in all respects) along with evidence that the original has been received and filed by the appropriate state official.

Note that the IRS may ask further questions or require you to file a new form 1023 (application for recognition as an exempt organization). Again, you will want to be sure your new activities are within the scope of the section 501(c)(3) list of exempt purposes.

