

The Generosity Trust

Alpha Fund Process



The Alpha Fund was created by The Generosity Trust (TGT) to enable worthy new Chattanooga area Christian ministries and projects that have not yet received their IRS Determination Letter as a 501(c)(3) tax-exempt entity to raise start-up funds and grow to a point where they are self-sustaining and no longer require the assistance of the Fund. The Alpha Fund can receive gifts for qualified ministries, offer a tax deduction to the donor, and disburse monies to the new initiatives. The Alpha Fund is a component fund of TGT and is governed by a Committee appointed and approved by the TGT Board of Directors.

Eligibility for the Alpha Fund

In order to qualify for the Alpha Fund, a ministry must submit a two or three-page letter of request, with sufficient supporting documentation, to TGT's Alpha Fund Committee. The letter must indicate the organization's desire to participate in the Alpha Fund program and show that it has met the following criteria:

- Be a Christian initiative, theologically and Biblically conservative in character and nature
- Have a clear purpose or mission statement to meet a community need
- Have measurable program goals and strategies
- Have a timeline indicating when you project the ministry will receive its 501(c)(3) status from the Federal Government
- Be governed by a well-defined board of directors, advisory board, steering committee, or accountability committee
- Have an identified executive director, leader or point person
- Have an established address
- Has not been in existence for longer than three (3) years
- Exhibit a willingness to follow the process (outlined on Page 3)



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Here's what we're really looking for from you...

Essentially, we're looking for a two or three-page letter telling us **who you are, what you're called to do, how you're going to fund it, and what the anticipated results will be.** We definitely want to know what the **impact will be upon the Kingdom of Christ in the greater Chattanooga area.** We also want a one-page budget (revenue and expense), and a list of the Board of Directors. This should come on organizational letterhead (if possible) or on information that contains sufficient return address, telephone, e-mail and contact information.

What The Generosity Trust will do for you...

The Generosity Trust will work with you from the early days of formalizing your ministry up to the time your ministry receives its own 501(c)(3) determination letter and is ready to launch out on its own.

Specifically, TGT will:

- Receive your application for consideration under the Alpha Fund program
- Review the application at both the committee and the TGT Board level
- Issue to you a letter indicating your ministry has been approved under the Alpha Fund program of TGT
- Establish a Fund at TGT which will receive charitable, tax-exempt gifts from your donors; issue a receipt for those gifts to the donors; and place the proceeds of those gifts into your Fund
- Pay out grants to your organization (only after establishment of your own EIN number and your own formal business banking relationship) to enable your organization to make payroll, pay A/P, and conduct business in the name of your ministry
- Establish an on-line presence for you to monitor gifts into and grants out of your Fund
- Afford you a 36-month (total) window of time in which to incorporate, register and determine the viability and feasibility of your unique ministry
- Please note: *TGT cannot provide legal or accounting advice or services for your organization, other than the receipt and pass through of deductible donations, but we are glad to provide referrals to appropriate professionals upon request.*



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The Process - Things YOU must do...

- ❑ Attend the United Way's Venture Forward Seminar: Nonprofit Startup Information Session
- ❑ Meet with an attorney who specializes in guiding new non-profits through the various filing requirements (TGT will provide list if requested)
- ❑ Determine original incorporators; develop organizational bylaws
- ❑ Incorporate with the Tennessee Secretary of State's Office
- ❑ Register with the State of Tennessee Division of Charitable Solicitations and Gaming to Solicit Contributions
- ❑ Apply with the Federal Government for a Federal Employer Identification Number (EIN); application can only be made after the organization is formally incorporated at the state level. EIN number required to open banking relationship, process payroll, produce W-4's and/or Forms 1099 and 1096.
- ❑ Hold an organizational meeting; develop a plan and budget; develop financial systems (bookkeeping, accounting, payroll, etc.); establish banking relationship
- ❑ File an IRS Form 1023—official federal application for tax-exempt status
- ❑ File for State and/or Local Tax Exemptions (property tax, sales tax); this can only be done AFTER receiving the Federal tax-exempt determination letter demonstrating 501(c)(3) status has been granted
- ❑ Apply for Nonprofit Mailing Permit (if desired) with United States Postal Service



Annual Filings that YOU must do...

State of Tennessee

- ❑ Annual Report with the Division of Business Services
- ❑ Annual Registration with the Division of Charitable Solicitations and Gaming
- ❑ Register Charitable Gaming Events (if applicable)

Federal

- ❑ Form 990—Organizational Tax Return; may be prepared/filed as an outgrowth of preparing the annual Audited Financial Statements

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Exiting the Alpha Fund Program

There are generally three directions any ministry can take within the Alpha Fund Program:

- Successfully receive their own 501(c)(3) Determination Letter from the IRS. TGT staff will work with the new ministry to gradually turn over receipt/acknowledgment process to that new ministry and arrange an exit from the Alpha Fund relationship.
- Determine that a partnership with an existing ministry or church is a more effective and cost-efficient way of doing business than establishing a new ministry. Partnership/collaboration with an existing ministry helps to free some administrative costs and board over-commitment. TGT staff will work to transfer all monies in the Alpha Fund to the new entity and arrange an exit from the Alpha Fund relationship.
- Failure to thrive. Sometimes in the discovery process a new ministry determines that what once had appeared to be a good idea/direction from God just doesn't make it. The ministry might have trouble attracting donors, or establishing a viable board, or the executive director has a change of heart. In these cases the ministry simply indicates to TGT that it wishes to exit the Alpha Fund Program, and the staff works to quickly and quietly close down the fund and disperse any monies to like-minded ministries.

Resources for Nonprofit Organizations

The Generosity Trust is indebted to the United Way's Venture Forward Initiative for their excellent resources, training classes, and assistance to the Chattanooga-area non profit community. Their booklet, "A Guide to Starting a Nonprofit in Tennessee" is an invaluable resource in this endeavour, and much of the information contained in this TGT publication is reproduced, with permission, from this guide.



United Way of
Greater Chattanooga



the generosity trust
EMPOWERING CHRISTIAN GIVING

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