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## Don't Do It Emmanuel - Transcript

[Speaker 1]

Welcome to Charity Therapy, the podcast where we explore the ups and downs of the nonprofit sector and answer your burning questions. I'm your host, Jess Birken, owner of Birken Law Office, and I'm excited you're here. Imagine hanging out with me and my super smart, funny nonprofit expert pals.

You get to ask them anything about your nitty gritty nonprofit life and get their wisdom for free. Whether you're a seasoned pro or just strapping on your nonprofit boots, we're here to share stories and remind you, you're not alone on this journey. So get ready to join the conversation and bring me the tough questions.

I ain't scared. Ready to rock? Let's dive in.

Hey, y'all. Welcome to this episode of Charity Therapy. Buckle up for another episode with Meghan and me.

[Speaker 2]

Hi, we're here.

[Speaker 1]

Buckle up. I don't know where we're going, but you better have your seatbelt on.

[Speaker 2]

We're going to rant town, I think is what we're doing today. Not even our rants this time. Someone else's.

[Speaker 1]

Okay.

[Speaker 2]

Should we just jump right in?

[Speaker 1]

Let's do it.

[Speaker 2]

All right. So I talked to a lot of people out front who are thinking about starting a nonprofit. And Jess talks to a lot of people in a nonprofit strategy session who are trying to figure out what to do.

And a lot of the times we are just like bursting their bubbles because they assume. That it's like not that hard. You know, it's like maybe they've started a for profit or an LLC before and they're just like, great.

You file a piece of paper and then you do the thing. But it's a lot more complicated on the nonprofit side. So Jess, we don't even actually have a question today from a listener.

It's just a straight up like they call it a rant that we're going to react to about how hard it all is. So before we get in there, can you talk about like, what is the difference between like running a small business and running a small nonprofit? Like, why is it so much harder?

[Speaker 1]

Yeah. So, OK, running a small business is like, I just, you know, go to the secretary of state's office. I file a paper that says I'm a business of some kind or another.

And I do that. And then I do my business. And then the end of the year, I pay my taxes.

And as long as I don't have any business partners to complicate things, it's just like, whatever. Money came in. Money went out.

You pay your tax. That's the end. That's like not anything like a nonprofit.

A nonprofit is more like running a Fortune 500 company is highly regulated. There are state regulations, which vary state to state. So if you do business in more than one state, it's like you got multiple regulations from multiple states.

Then there's the federal government, which has like, if you printed out the IRS's rules about nonprofits, you'd probably go through an entire ream of photocopier paper. It's super complicated. Everything you think that you would do that's normal in a business is got some weird wrinkle because nonprofits.

So you can't pay yourself the same way. You can't pay your friends. You can't have insider dealing.

You can't. There's just like a lot of rules. I don't want to like get too deep because we'd be here forever.

[Speaker 2]

And it makes sense. There's a lot more rules too, though, because, you know, in a small business, in theory, you're earning the money that you are bringing in, you know, you're selling services or products or whatever. And then that is your money to do with as you want to.

But in a nonprofit, people are donating funds to a mission that they want to support. And it makes sense that the government and the public and everybody else cares a lot more about what you're actually doing. So it's like we got all the checks and balances in there to make sure that you're not just like scamming everybody so that you can make your life easier.

[Speaker 1]

Yup. You nailed it.

[Speaker 2]

All right. So let's just go right into this, because I think we're going to have a lot to say. So this person comes in and says, I need to rant a little bit about the systems that exist, which are in place to register 501c3s.

Literally everything has gotten to the point where it costs thousands of dollars to even start a nonprofit. It's so hard to start or maintain a tiny organization, even if you find the volunteers or get the funding. It's so unnecessarily complicated to follow the IRS rules and do the accounting right.

I want to start something small. I'll volunteer and will probably only raise a few thousand dollars each year. It's unreasonable to spend this amount of money on starting and maintaining the organization.

The nonprofit should be able to focus on the good that it's trying to do, not having to navigate a massive labyrinth of regulatory entities. I realize you can't change this, you Jess, but why is the system set up this way?

[Speaker 1]

Fuck if I know. This is like, it is what it is. My initial response to this person is like, you're right.

Don't do it. Don't do it. Exercise nonprofit birth control and don't have this baby.

Don't do it. You're only going to raise a few thousand dollars. You know what?

Start a GoFundMe. It's not deductible. People will give anyway.

People don't care about deductibility anymore. Most people don't itemize on their taxes. If really all you're talking about is a few people throwing \$20 in a hat to get something done, you just don't start a nonprofit.

Just do the thing. Just go. Your volunteers just do the thing.

Just do it as mutual aid for whatever it is. Just skip the nonprofit starting part. Skip the part where you have to incorporate.

Skip the part where you have to register for charitable solicitation with your state office. Skip the part where you tell the IRS, God, and everybody and everyone's social security number and do all the things. Skip the part where you have to buy insurance for the directors and officers.

Skip the part where you have to buy general liability insurance for your volunteers. Just skip that part. Skip it all.

You're not doing anything worth having an entity for. It's a few thousand dollars. It's not worth it.

If you're like, but liability and if someone gets hurt, great. Find a church who's willing to sponsor your program. Find another nonprofit who's like, yeah, sure.

We'll take the donations because that makes sense for our mission and let you do your thing. Frankly, I would just go with the church because they got frigging like no rules and nobody's looking at what they're doing and they'll do all sorts of crazy things that they shouldn't do

because they can because they don't file a tax form. If you don't like, if you're not religious, like find a Unitarian church.

Just don't. Just don't. Yep.

That's what I have to say. The title of this episode is just don't.

[Speaker 2]

Don't do it, Emanuel.

[Speaker 1]

Exactly. Yeah. Don't choose violence today.

Don't start a nonprofit.

[Speaker 2]

It's true, though. It's just like one of those things where it's like people get so upset about how difficult it is. And it is like you're not wrong.

Yeah, you're right. You don't have to do it that way. Like if you have work that you enjoy doing, just do it.

You don't have to like be good.

[Speaker 1]

Not everything has to be a nonprofit. No. Yep.

You have an idea. People have an idea in their mind that if something does a good deed, it has to be a nonprofit. That's just an idea that exists in your brain.

It's not real. It's not real. Oh, but we won't get money if we don't have a nonprofit.

Prove it. Go start the GoFundMe page and ask people to fund what you're doing. If literally nobody gives you a dollar, well, first of all, do you think that's going to change if you say you're a 501c3?

Probably not. Yep. Because how many times do you see somebody on Facebook is like, my cousin is fighting cancer and blah, blah, blah.

And like they can't pay their rent and they're going to get evicted. And like, could anybody chip in a dollar? And you these things get funded because people want to help other people.

That is not a deductible activity. Nobody cares. They care about are you doing something that they feel excited about or that they feel called to support?



That's what they care about. So like this idea you have that, like, it's got to be a nonprofit, like, no, that's a fiction that you've told yourself from watching too many Sarah McLachlan sad crying puppy commercials or something. Where does it come from?

I don't know. There's this Cotton Eye Joe joke to be made there. And I just.

[Speaker 2]

I was going to go in the arms of the angel direction. I don't like Cotton Eye Joe.

[Speaker 1]

Where did it come from? Where did it go? So, God, I'm going to have to send this episode to my friend Peter, because that is his favorite joke of all time. Now I can't get it out of my head. Me neither. Thanks, You've cursed us all.

Thanks a lot, person who wrote this rant.

[Speaker 2]

You caused me to rant and me to think about Cotton Eye Joe. How dare you?

[Speaker 1]

I mean, I don't know. What else can we say about this? I mean, I mean, I can answer their question.

Like why?

[Speaker 2]

Right. And I mean, we kind of already did. It's because you're dealing with donated funds.

And some of the rules are surely stupid. Like I'm not going to sit here and say that, like everything, the way that is perfect. But it is one of those things where it's like we expect a lot from nonprofits because they are taking in donated funds and they claim to, you know, further emission and all of this kind of important stuff.

And like if you are not prepared to follow the rules, you shouldn't start one. And that is like a not very nice truth. But it is just like, you know, it's not just about, you know, feeding the hungry in your area.

Like if you are starting a nonprofit, you are running a business and not everybody is set up well to run a complicated business like this.

[Speaker 1]

Yeah. Here's the thing. Meghan is you're dead on.

Like it's not your money. It's not your money. You don't own a nonprofit.

The community owns the nonprofit. And the only way to protect the community who's supposed to be benefiting from the nonprofit is to have the government supervise the nonprofit. That's fundamentally what Meghan is saying.

Like that's what it is premised on. Like that's why. So the attorney general's office for the state, their job is consumer protection.

You have a bad contractor, you like report them to the AG. Same with nonprofits. You have a scammy fundraiser who's ripping off little old ladies.

You report them to the AG. They protect the consumers, and the consumers are the community that the nonprofit is supposed to benefit. And then we have the whole income tax piece because people are supposed to pay income tax.

That's how we have roads and bridges and schools and legislators who get paid too much and live in gold palaces. But anyway, that is how we pay for the stuff that benefits everyone. So can you imagine how many times creative humans have used a nonprofit to try and avoid giving Uncle Sam their tax money?

So the rules just compound and compound and compound because the IRS is always like trying to plug a little loophole that somebody has figured out like, oh, I'm going to scam the government out of my tax money by paying my kid to start a nonprofit where I will pay them a salary because I'll take a deduction for that amount and then they'll get the money. And isn't that great? Like humans is why it's set up this way.

Because we're terrible.

[Speaker 2]

This person seems to have like the best idealistic intentions of like, I want to do this thing. Why are you making it so hard for me to do something good? And I completely empathize with that.

But it's like you forget that not everybody has those intentions. And anytime you see a news story about a nonprofit that was doing something shady or people were using a nonprofit to, you know, for fraud, essentially, it's just everyone goes up in arms about how we need to regulate nonprofits more because they're shady and scammy and like they're regulated to the hilt. That's the thing.

And that's what this person is saying.

[Speaker 1]

They're regulated to almost knock my headphones off because I'm gesticulating so wildly. They're regulated to the hilt already. Like it doesn't matter.

There are scammers. That doesn't mean we shouldn't have rules. But it's like we don't need more regulations for nonprofits.

It's already insane. It's insane to the point that I'm saying if you're like going to do \$5,000 or less worth of stuff, just don't even bother. Just don't.

It's not worth it. It's not worth the agony. It's just not.

My blood pressure's up.

[Speaker 2]

I was just going to say we should like take a couple of calming breaths. I've got some takeaways. So just do some nice breathing over there.

So my takeaways today are nonprofits are complicated. It's not the same as running a small business. You are entering into an entire world of regulations.

And if you're feeling frustrated about the fact that it's complicated, you're right. And going hand in hand with that, you don't have to be a nonprofit. You can do great work and help out your community and really have a personal mission of yours without ever creating a nonprofit.

And you can just opt out of the entire system, especially if you are not trying to get big name grant funders or money from the government. You just want to do your work. Just do your work.

[Speaker 1]

And it's little. If it's just little, just be little. Just do a good thing.

It's fine.

[Speaker 2]

Yeah. And the last thing that I will pull out of here is just that there is a ton of regulation on nonprofits. And there should be some regulation on nonprofits because they are claiming to do something good and we need to protect against scammers.

But there is so much regulation on nonprofits. We are not an underregulated area. We are not proliferating scammers all over the place.

This is how we've gotten here. The constant uproar about whether nonprofits are scamming the public. So we already got the regulation in hand.

[Speaker 1]

Yep. Find a fiscal sponsor and not one that's going to rip you off either because I feel like there's been a surge of places that are like, well, fiscally sponsor you. And it's just a money grab.

[Speaker 2]

And I don't even know. That's a whole other episode. Oh my God.

I know. That's great. I'm writing it down.

I'm going to go do some research. All right. Well, I think that sort of wraps up this rant.

[Speaker 1]

I need to go take my blood pressure medication now. Just kidding. I don't actually have any blood pressure.

[Speaker 2]

I was going to say, do you have that?

[Speaker 1]

No. No.

[Speaker 2]

Maybe you have them.

[Speaker 1]

For the podcast only. Maybe I do. Only for when we record and there's a rant.

Yep. Yep. All right, folks, if you loved this rant and you want to share it with someone, we would so appreciate you sharing an episode with your friends who also think nonprofits have too many rules.

Rate us. Review. Subscribe. Please. It helps us out. Also, if you have a rant and you want my blood pressure to spike, send it to us.

You can find us online at [charitytherapy.show](https://charitytherapy.show). We are now accepting rants for reactions. Let's go. All right. Thanks for listening. Bye bye.

[Speaker 2]

Bye.

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## About the Author



**Hi, I'm Jess Birken.**

I'm the owner of Birken Law Office, I help nonprofits solve problems so they can quit worrying and get back to what matters most – The Mission. I'm not like most attorneys, I actually have an outgoing personality, and – like you – I like to think outside the box. Most of my clients are passionate and have an entrepreneurial spirit. I'm like that too. My goal is to help you crush it. Getting bogged down in the minutia sucks the joy out of the important stuff. My clients want to do the work – not the paperwork.

**Let's connect!**

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