Nonprofit Law Basics: Can our Nonprofit Change Its Mission Statement?

Jul 26, 2012 by [Mollie Cullinane](http://www.cullinanelaw.com/author/mollie/)

[](http://www.cullinanelaw.com/wp-content/uploads/2011/08/studio_shot_of_people_raising_their_hands_bld023819.jpg)How does a nonprofit change its mission?

A mission statement sets out what your organization does and whom it serves. It is important that your nonprofit’s activities tie directly to your mission statement and help to further that mission.

Programs and missions can change in any business, including nonprofits. When the focus of a nonprofit organization begins to shift, the nonprofit’s board and staff should consider amending the mission statement to reflect those changes. In revising the mission, the board and staff needs to ensure that the new mission remains consistent with tax-exempt purposes, then amend the bylaws, and then ensure the appropriate parties are notified of the change.

Expanding & limiting a mission statement.

Nonprofit organizations may want to change their mission statement if they find that their current one inadequately describes their programs and activities. Mission statements can be **expanded** or **limited**.

After several years of existing, an organization may find that their focus needs to be **expanded** to better serve their clients. For example, an organization focusing on providing in-class support to elementary school students might want to expand to middle school students after noticing a lack in services for this age group in their community.

The opposite can occur, too. Nonprofits may need to **limit** their mission statement to better reflect their work. For example, a nonprofit that previously provided a wide-range of youth programs might want to focus their work on athletic programs, because of a greater need for physical activity for youth in their service area.

IRS tax requirements & fundraising considerations.

The revised mission statement needs to remain consistent with tax-exempt purposes.  The IRS defines [tax-exempt purposes](http://www.irs.gov/charities/charitable/article/0,,id=175418,00.html) as the following:

*The exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals.  The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.*

Additionally, your nonprofit must consider how the change in mission statement will affect donations received by the organization. Gifts received by a nonprofit must be used for the expressly declared purposes of the nonprofit when the gift was received. If the nonprofit’s mission and purpose changes too much, you have an obligation to tell the donor, and possibly give back funding.

How does a nonprofit adopt a new mission?

Once your nonprofit has decided to change the mission, has drafted a new one, has ensured that the new mission statement remains consistent with tax-exempt purposes, and has determined it will not present issues with accepting donations, your board of directors should formally approve the new mission statement. Then the bylaws need to be amended to reflect the change in the mission. Your articles of incorporation (also known as a certificate of formation) will need to be amended if the purpose in the document is no longer up to date.

Does we need to tell the IRS about the change in mission?

Yes, your nonprofit should inform the IRS of the new mission when you file your annual return (Form 990).

Should we inform our donors?

Yes, your key donors should be notified of your change in mission as well. This can be announced on your website and in your organization’s newsletter.

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