



Nonprofits: Look before you leap international borders

Many not-for-profits look beyond the United States to boost revenue. They recruit members, sell products, promote conferences or solicit donations abroad. But it's important to look before you leap borders; consider not only potential windfalls, but also pitfalls.

Research your target

Before your nonprofit invests funds internationally, make sure that the need in your target country for your services or products is robust enough to justify the costs of doing business there. For instance, what will your competition be like? Ample research is essential before making a decision.

This includes gathering information about the country's relevant laws and regulations. If you plan to sell products or services there, investigate sales and tax issues thoroughly. If, for example, the country engages in free trade, it may be easy to do business there. But if the country isn't a party to a free trade agreement with the United States, high tariffs might prove an insurmountable obstacle.

Consult with legal and financial advisors as you chart your business plan. Foreign activities also may require analysis to ensure that your American contributors retain their tax deductions and that you don't jeopardize your organization's own tax-exempt status.

Put people first

Your understanding of the target country's people will be key to your success. Setting up a cultural advisory committee in the United States that includes expatriates is one way to develop insights into your new market. If English isn't the primary spoken language in the target country, bring a translator along on exploratory visits.

Offering membership to individuals in other countries can be your initial step toward becoming a global organization. Some organizations hold seminars and conferences for these potential new members and even open local offices to establish roots.

If you appoint a member from the target country to your board, be willing to accept different approaches to issues. Board meetings probably will continue to be held at your U.S. headquarters. But videoconferencing applications and collaborative software can help board members participate fully in meetings regardless of physical location.

Consider currency

Finally, don't discount the potential impact of currency exchange rates. If the U.S. dollar is weak, it could work to your advantage in selling products and services abroad. On the other hand, a strong dollar will likely go further when leasing foreign property or compensating international staff. Contact us for more information about the financial implications of expanding globally.

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