

VJ Collective Nonprofit + For-Profit Strategy Report

Kevin's Questions

1. How do you structure a blended nonprofit (501c3) and LLC while handling both donations and for-profit work?
2. Should you form out-of-state (e.g., Delaware) if operating mostly in California?

Direct Insights from Cece (Nonprofit CEO)

"you need LLC for events and so you won't have a salary cap"

"501c3 for programs for low income folks and/or for arts and access..."

"you can make money as a nonprofit... just have to pay the revenue back out in expenses"

"there's conflicts of interests so would separate LLC activities from your nonprofit ones"

"your LLC can give money to the 501c3 to save for taxes"

"if most of your work is in cali would just register your LLC and nonprofit there"

"you'll need liability insurance for projects worth over \$25,000 or more"

"i chose delaware because if there's ever a lawsuit it goes to delaware..."

Recommended Structure (Expanded)

Nonprofit = community lab (events, grants, culture building)

For-profit LLC = execution layer (corporate gigs, paid installs)

Individual LLCs = creators (each VJ retains independence and contracts in)

This separation is REQUIRED legally — finances cannot be blended.

Key Strategy:

Use the LLC as the primary contracting entity for brands and clients.

Then donate a portion to the nonprofit for mission-aligned activities.

California vs Delaware (Clarified)

If operating primarily in California, both nonprofit and LLC should be registered in California.

Delaware only becomes useful for liability structuring or venture-backed companies.

You still must register in California even if formed in Delaware.

Conclusion: Stay CA-based unless raising VC.

Money Flow Strategy (Best Practice)

For-profit LLC signs client contracts

Client pays LLC → LLC pays members (via their LLCs)

LLC donates portion to nonprofit

Nonprofit runs community events using donations + grants

This avoids forcing clients to split payments and keeps nonprofit clean.

Nonprofit Operational Rules

Must have mission + value statements

Board of at least 3 (including 1 independent)

All finances are public

Must not commingle funds with for-profit

Can generate revenue but must reinvest into mission

Salary must be reasonable (not excessive)

Can hold up to ~1 year reserve with board approval

Free / Discounted Nonprofit Services (Expanded)

Google Workspace for Nonprofits (free email, drive, docs)

TechSoup (access to discounted/free software like Adobe, Microsoft)

Canva for Nonprofits (free premium design tools)

Zoom for Nonprofits (discounted plans)

Slack for Nonprofits (free/discount tiers)

Airtable nonprofit credits

Notion for Nonprofits (free team plans)

Amazon Web Services credits (AWS Activate for nonprofits)

Stripe discounted processing

These tools can significantly reduce operational costs.

Operational Stack (Cece Recommendations)

Northwest Registered Agent (privacy + compliance)

Mercury Bank (no minimums, free wires, invoicing)

Amex Business Card (credit building)

Xero (accounting)

Gusto (payroll & benefits)

Google Voice (phone)

Strategic Insights

Nonprofit = experimentation + culture

For-profit = professional execution

Nonprofit has lower legal risk (fewer assets)

For-profit carries IP and financial risk

Avoid working with minors due to increased liability

Conclusion

This dual-entity system allows the collective to grow community impact while maintaining sustainable income.

Key is clean separation, proper contracts, and intentional money flow design.