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BECOMING A NON-PROFIT ORGANIZATION

Forming a Non-Profit Organization:

- ❖ Determine the purpose of the organization. Write your mission statement.
- ❖ Form a Board of Directors.
- ❖ File articles of incorporation as deemed appropriate by state law.
- ❖ Draft By-Laws. By-Laws are the operating rules of the organization. The Board must approve them. An experienced attorney will be helpful in this process.
- ❖ Develop a Strategic Plan. This will help establish program and operational goals for at least one year.
- ❖ Develop a Budget and Financial Plan. Oversight and development of these plans are important Board responsibilities.
- ❖ Create a Corporate Minute Book and a system for retaining and organizing the corporation's official documents. These records must be kept for the life of the organization. They are its memory.
- ❖ File for State and Local Tax-Exempt Status. In accordance with state and local regulations, apply for exemptions from income, sales and property taxes.
- ❖ File for Federal Tax Exempt Status. Commonly referred to as 501 (c) (3) status, this is a federal distinction, which must be filed for at the federal level. Simply because an organization is exempt from state tax does not automatically qualify it for federal tax exemptions. Obtain form 1023 (application) and publication 557 (instructions) from the IRS to file. This is a relatively complicated form. Contacting an experienced attorney is advisable.
- ❖ Meet the requirements of State and Municipal charitable solicitation laws. Contact the state or municipality for help in this process.

Other steps may include:

- ❖ Obtaining an Employer Identification Number from the IRS
- ❖ Registering with the State Unemployment Bureau
- ❖ Applying for a non-profit mailing permit from the Post Office
- ❖ Obtaining Directors' and Officers' liability insurance (D&O insurance)