

How To Start A Nonprofit

*A Guide To Getting Your Nonprofit Up and
Running*

A Publication of



The Chaplin Group
“Helping You Design Success”

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Introduction

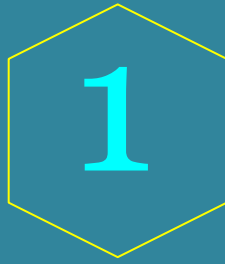
So, You Want To Establish A Nonprofit!

We're here to help!

This summary gives an overview of what you will need to organize a nonprofit organization in most states. It is organized like a checklist to help you clearly see the steps you must take to start your nonprofit. This list is not comprehensive because each state may request something that is particular to their state. Make sure you visit your state's website to compare this list to their specifications to make sure you have complete guidelines.

Nonprofits (in this case 501(c)3 organizations) are organized around the principle of community benefit. They exist to meet needs and improve the community. Nonprofits serve people in need, work to improve the environment, shape public policy, and advocate for change. In other words, nonprofits are mission oriented. Items marked with an asterisk (*) are services provided by The Chaplin Group. You can find additional information on our website www.thechaplingroup.com.





Step ONE

Organize

Organize

1. Create a Mission Statement

Your mission statement tells everyone who you are and what you do. It should contain these three elements:

- ✓ A Cause or Who You Serve (What matters? Who is important?)
- ✓ An Action (What are you doing?)
- ✓ A Result (What change can you see?)

2. Develop Program Plans & A Budget*

- A. You will need to describe in detail exactly what you plan to do programmatically. This includes exactly whom you plan to serve and by what means.
- B. Once you make those determinations you will need to create a budget forecast for your first three years. This includes all expected forms of income (grants, donations, fee for service, etc.) and necessary expenses to operate your business and deliver the programs described.

3. Develop a Fundraising Plan*

- A. Identify the likely sources of income upon which you can rely to support your cause. Grants alone are rarely enough to support organization over the long term. If you are planning to raise money through grants, do research as to what foundations are likely to fund your specific cause.
- B. The Chaplin Group can do research for you based on your mission statement.

4. Draft Bylaws*

Your state may or may not require a copy of an organization's bylaws, but they must be attached to the federal tax exemption application.

5. Check Availability of Your Trade Name*

- A. This step is not absolutely necessary as the name will be established when you file your Articles of Incorporation. If someone else already has the name in your state, the Secretary of State will not allow you to file the duplicate name. The plus side of registering your name, however, is that it will ensure that no other entity takes the name prior to your filing.
- B. There is usually a low fee to reserve a name in advance of filing Articles of Incorporation.

6. **Develop a Conflict of Interest Policy***

- A. This policy will assure that conflicts of interest are both avoided and mitigated when decisions are made regarding the use of organizational resources and/or assets.
- B. A conflict of interest policy and accompanying declaration of interest statement will also support the designation of board members who will be able to act in the best interest of the organization

7. **Select a Board of Directors and Elect Officers**

- A. This should be a group of 5-7 unrelated individuals that will be responsible (legally) as fiduciaries for the organization's governance, finances, and legal compliance.
- B. The IRS will be looking to see that your board is comprised of "unrelated" individuals – related is considered either familial or through business partnerships. That is not to say relatives cannot be on your board, but you should outline clear policies regarding board responsibilities and adhere to those policies. There is nothing worst for stability of an organization than a family feud.

“ A conflict of interest policy requires those with a conflict to disclose the conflict. ”

Author Zietlow, Hankin, Seidner, & O'Brien, 2018

Registering Your Organization

8. File Articles of Incorporation with the Secretary of State

- A. Tax-Exempt Non-Stock Articles of Incorporation must be filed.
- B. In order to have articles that will qualify your corporation for federal 501(c)3 tax-exempt status, you must have a dissolution clause that meets the requirements of the IRS indicating that if your organization is dissolved, “assets will be distributed for an exempt purpose described in section 501(c)3, or to the federal government, or to a state or local government for a public purpose.”
- C. The articles of incorporation should also maintain that your organization will not
- D. File with business licensing department in your state
- E. Make sure to check whether or not you must mail in forms, e-file forms or both. If you can e-file, check to see if a transmittal form is required.



Registering Your Organization

9. Some states require Corporations to publish a notice of intent to incorporate in a newspaper which is the official legal organ of the city/county where the initial registered office of the corporation is to be located. *

- A. The notice should be published for the time so ordered by your state.
- B. Examples of information required in a published includes:
 - The name of the Corporation
 - The name and address of your initial registered agent.
 - Be sure to check when your information should be published. Some states require a month's notice, some require it to be filed for two consecutive days beginning the day following the submission of paperwork and no later. **THIS IS CRITICAL – SO MAKE SURE YOU CHECK.**
- C. The Chaplin Group can contact the Superior Court Clerk on your behalf to find the contact information for the paper in your area that is an acceptable publisher.
- D. It should be in the form of a letter such as the example below for the state of Georgia:

Dear Publisher:

Please publish once a week for two consecutive weeks the following notice:

Notice is hereby given that articles of incorporation that will incorporate (name of corporation) have been delivered to the Secretary of State in accordance with Georgia Business Corporation Code. The initial registered office of the corporation is located at (address of registered office) and its initial registered agent at such address is (name of registered agent). Enclosed is a check in the amount of \$____.

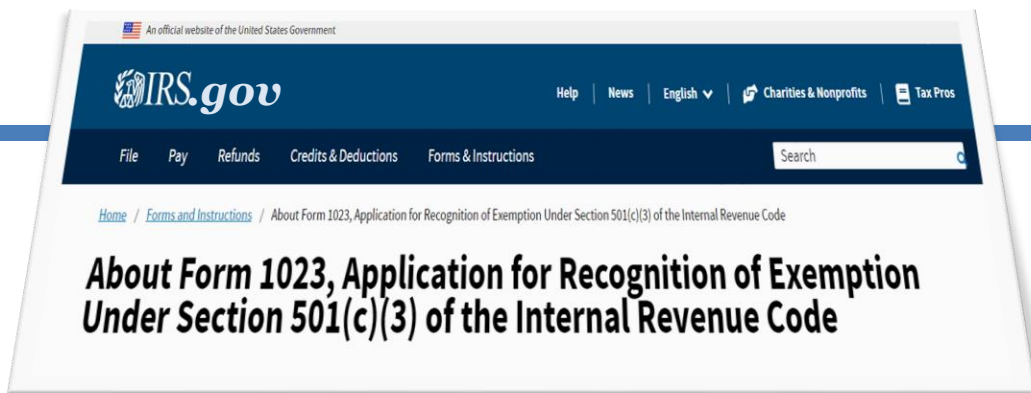
Sincerely

The proof of publication affidavit should be kept with your corporate records.



Step TWO

Obtain Federal Tax Exemption Status



14. Complete and file Federal Form 1023 or 1023EZ if seeking 501(c)(3) status*

- A. Filing the IRS Form 1023 will require the purpose, program descriptions, budget, and bylaws identified above when filing IRS Form 1023. You will also need a copy of your Articles of Incorporation and should include a copy of the minutes from your Organizational Meeting.
- B. You may be eligible to file [Form 1023-EZ](#), a streamlined version of the application for recognition of tax exemption. You must complete the Form 1023-EZ Eligibility Worksheet in the [Instructions for Form 1023-EZ](#) to determine if you are eligible to file this form.
- C. There are fees associated with the filing of these form and all forms are to be filed through [Pay.gov](#).
- D. All organizations are encouraged to take the *Virtual Small & Midsize Tax Exempt Organization Workshop* on the IRS's website. There are 10+ interactive presentations below, your organizational leadership will understand the benefits, limitations and expectations for exempt organizations. <https://www.stayexempt.irs.gov/home/resource-library/virtual-small-mid-size-tax-exempt-organization-workshop>



Step THREE

*Register for
Charitable
Solicitation*

Registering Your Organization

15. Charitable Solicitation

- A. Regardless of the mission of your organization, you will be required to register with the charity office in the state where your nonprofit will be soliciting donations. This process is known as Charitable Solicitation Registration. Your organization is expected to know your state's requirements and where to file.
- B. Don't get overwhelmed and frustrated by doing it all on your own – get nonprofit registration help from [The Chaplin Group](#)
- C. Attach the IRS Form 990 or Form 990EZ for the preceding fiscal year.
- D. If the charitable organization is newly formed and/or has not received charitable contributions, attach a signed statement from an officer of the organization attesting to that fact in lieu of financial statements and IRS 990 filings.
- E. IRS Determination Letter for 501 (c)(3) Tax Exemption: Georgia law (O.C.G.A. § 43-17-5 (5)) states that a charitable organization shall file copies of any federal or state tax exemption determination letters received after the initial registration within thirty (30) days after receipt. If the United States Internal Revenue Service determined that the organization is tax exempt, submit a copy of the determination letter. If the organization has NOT yet received a determination letter, please provide a written statement that your charity will comply with state law and will file with the Division its determination letter within thirty (30) days of receipt of such letter.

TURN YOUR VISION INTO A REALITY

Let The Chaplin Group assist you every step of the way in setting up your nonprofit.

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