

Checklist to Establish a 501(c)(3) Nonprofit Organization

- ☐ **Determine the organization's purpose.** Draft a clear and concise mission statement and goals the organization wants to achieve.
- ☐ **Form a steering committee or executive board.** A leadership or steering committee can translate ideas into practice through research, planning and fundraising.
- ☐ **File articles of incorporation.** Requirements for forming and operating a nonprofit organization are governed by state law. Contact secretary of state or state attorney general's office.
- ☐ **Draft bylaws.** Bylaws should be drafted and approved by coalition early in its development. An attorney experienced in nonprofit law can review bylaws for appropriateness.
- ☐ **Develop a strategic plan.** The strategic planning process expresses a vision of the coalition's potential. Outline steps needed to work toward that potential and determine staffing needed to implement plan. Establish program and operational priorities for at least one year.
- ☐ **Develop budget and resource development plan.** Financial oversight and resource development (e.g., fundraising, earned income, membership) should be described in resource development plan and budget.
- ☐ **Establish record-keeping system for the coalition's official records.** Corporate documents, minutes, financial reports, and other official records must be saved for the life of the coalition.
- ☐ **Establish accounting system.** Good stewardship of coalition's funds requires an accounting system that meets current/future needs. Annual audits by an accountant (CPA) may be required.
- ☐ **File Internal Revenue Service (IRS) determination of federal tax-exempt status.** Nonprofit corporations with charitable, educational, scientific, religious, or cultural purposes have tax exempt status under section 501(c)(3) or section 501(c)(4) of the Internal Revenue Code. To apply, obtain application form 1023 and publication 557 (detailed instructions) from the local IRS office. The application is a legal document - an attorney can help prepare it.
- ☐ **File state and local tax exemptions.** According to state, county, and municipal law, apply for exemption from income, sales, and property taxes with appropriate revenue department.
- ☐ **Meet requirements of state, county, and municipal charitable solicitation laws.** Many states and local jurisdictions regulate organizations that solicit funds. Compliance involves obtaining a license and filing an annual report/financial statement. Check with state attorney general's office, state department of commerce, state/local department of revenue, or county/city clerk's office.
- ☐ **Obtain employer identification number from IRS**
- ☐ **Register with state unemployment insurance bureau**
- ☐ **Apply for nonprofit mailing permit from U.S. Postal Service**
- ☐ **Obtain directors' or officers' liability insurance**