NONPROFIT WIZARD · A PROGRAM OF BENNY LABS FOUNDATION INC.

The Nonprofit Startup Kit

Ten steps from idea to 501(c)(3). Check each box as you go. Free consultation and advice with Shai: 561-212-1192.

Your name

Your nonprofit's working name

Date you started

1. Clarify your mission

Write the purpose of the organization in plain words. The IRS looks for a charitable, educational, religious, scientific or similar purpose that benefits the public, not private individuals.

In one sentence, our mission is to...

We will serve (who, where)...

Our first program will be...

- [ ] Mission is specific enough that a stranger understands it
- [ ] Described who benefits, and how
- [ ] Read the IRS page on exempt purposes (irs.gov, search "exempt purposes 501(c)(3)")

2. Check your name

Pick a name and make sure nobody else is using it. Names must usually be distinguishable from others on file in your state.

First-choice name

Backup name

- [ ] Searched your Secretary of State business or corporation database
- [ ] Searched the web and social media for similar names
- [ ] Checked a matching website domain
- [ ] Looked for trademark conflicts at uspto.gov
- [ ] Asked your state about name reservation if you need time

3. Incorporate in your state

Most nonprofits form a nonprofit corporation by filing articles of incorporation with the state. The IRS expects your articles to state an exempt purpose and say where assets go if the organization closes. Your state office has its own forms and fees.

State of incorporation

Registered agent (name and address)

- [ ] Found my state's nonprofit articles of incorporation form
- [ ] Included an exempt-purpose clause and a dissolution clause
- [ ] Chose a registered agent
- [ ] Filed with the state and paid the state fee
- [ ] Saved the stamped or approved copy

4. Build your board

The board governs the organization. States set a minimum number of directors, and the IRS pays attention to independence: a board made up only of family, or controlled by one person, raises questions.

Director 1 (name, role)

Director 2 (name, role)

Director 3 (name, role)

- [ ] Checked my state's minimum number of directors
- [ ] Directors understand their duties of care, loyalty and obedience
- [ ] Most directors are not related to each other or paid by the organization
- [ ] Held a first board meeting and recorded minutes

5. Adopt bylaws and key policies

Bylaws are your internal rulebook: how directors are chosen, how meetings work, how decisions are made.

- [ ] Bylaws cover board size, terms, officers, meetings, quorum and voting
- [ ] Board formally adopted the bylaws and signed the minutes
- [ ] Adopted a conflict-of-interest policy (the IRS asks about it)
- [ ] Set a plan for paying nobody more than a reasonable amount

6. Get your EIN

The Employer Identification Number is your organization's federal tax ID. It is free from the IRS. Apply only on irs.gov, and beware of sites that charge for it. Apply after you have incorporated.

Responsible party (name)

- [ ] Applied on the official IRS website (irs.gov)
- [ ] Saved the confirmation letter (CP 575 or confirmation page)
- [ ] Used the legal name exactly as written in the articles

See our guide: apply-for-ein-yourself.html

7. Set up your finances

Separate money from day one. The IRS application also asks for financial information, including expected income and expenses.

Expected first-year income

Expected first-year expenses

- [ ] Opened a bank account in the organization's name using the EIN
- [ ] Created a simple first-year budget
- [ ] Chose a bookkeeping method and a person responsible for it
- [ ] Decided who can sign checks, and set a two-person review for larger payments

8. Apply to the IRS for recognition

Most organizations apply for recognition of tax-exempt status online with Form 1023. Some small organizations may qualify for the shorter Form 1023-EZ. The IRS charges a user fee for either, so check IRS.gov for the current amount and eligibility worksheet. Churches are not required to apply.

- [ ] Completed the IRS eligibility worksheet for Form 1023-EZ
- [ ] Gathered the signed articles, bylaws, board list and budget
- [ ] Submitted the application online at Pay.gov through the IRS instructions
- [ ] Saved a copy of everything submitted
- [ ] Marked a calendar reminder to check for IRS questions

Date submitted

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9. State registrations

Federal recognition does not cover everything. Check your state for registrations before you ask the public for money, and for exemptions from state taxes.

- [ ] Checked if my state requires charitable solicitation registration before fundraising
- [ ] Checked state sales tax and property tax exemption rules
- [ ] Checked local business licenses or permits
- [ ] Registered as an employer if I will hire anyone

State agency to contact

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10. Keep it going: annual filings and records

Approval is the start. Most exempt organizations file an annual information return with the IRS (Form 990, 990-EZ or 990-N, depending on size). Missing it three years in a row can cost you exempt status.

- [ ] Wrote down my fiscal year end and the annual IRS filing deadline
- [ ] Calendared my state annual report and charity registration renewals
- [ ] Set up a system for donation receipts (written acknowledgments for gifts of $250 or more)
- [ ] Keep minutes, bylaws, IRS letters and financial records in one safe place
- [ ] Notified the IRS when the responsible party or address changes

Official sources: irs.gov/charities-non-profits · your Secretary of State's website · your state attorney general's charity office.

This workbook is general education from Nonprofit Wizard, a free program of Benny Labs Foundation Inc., a 501(c)(3) public charity. It is not legal, tax or accounting advice, and rules vary by state and situation. Always check current official instructions. Only the IRS and your state decide your applications.

Free personal consultation: 561-212-1192 · nonprofitwizard.org