

# STARTING A NONPROFIT ORGANIZATION

- Overview:** Nonprofit organizations are regulated by a variety of government agencies, including three primary offices with annual filing requirements:
1. the Internal Revenue Service,
  2. the North Carolina Secretary of State, and
  3. the North Carolina Attorney General's Office

**The following four steps describe the process of forming a nonprofit organization.**

1. Develop a business plan for your new organization. Consider these questions, and any others you think are relevant:
  - a. What are the organization's vision, mission and goals?
  - b. What needs will the organization try to meet?
  - c. What activities will it undertake to accomplish its mission?
  - d. Are other organizations in your community already doing similar work?
  - e. What will be your relationship with them?
  - f. What unique contribution will your organization make?
  - g. How will your organization finance its activities?
  - h. Who will be involved as board, staff, advisors, and volunteers?
  - i. What is your budget? Who will be your donors?

*It is a good idea to address these and related questions in a written plan. Include proposed budgets for the first few years of operations. This will help give you a solid foundation for your new organization and will expedite the next steps.*

2. Once you have your business plan in order, there are usually two legal steps you'll need to take to get started:
  - a. Select a name and check for availability of the proposed name of the organization.
  - b. Write and file the Articles of Incorporation in that an organization is the more appropriate vehicle for such enterprises.
  - c. Write your Bylaws addressing the following:

Membership – its composition, how/when membership meetings occur, what notice is required for meetings, criteria/process for calling special meetings, quorum, voting, etc.

Board of Directors – number, election process, meetings, length of term (do not go beyond 10 years), number of terms allowed, removals, officers

***NOTE: I would set up a board of directors to give you guidance and help you raise money. These should include a CPA/accountant and a lawyer and specialists in the field you are working in***

Fiscal Management – fiscal year, committee/officer responsible

Amendment – how to amend Bylaws

3. Obtain Tax Exempt Status from the Internal Revenue Service (IRS)
  - a. Call the IRS and get the following forms:
    - SS-4
    - Form 1023 (\$375.00 filing fee if budget is more than \$10,000; \$50.00 otherwise)
    - 8718
    - Publications 557
  - b. these forms should be filed within 15 months of incorporating
4. Other Steps
  - a. Call the NC Department of Revenue to get forms for exempt status
  - b. Call all other relevant state departments
  - c. Recruit Board Members
  - d. Prepare fundraising plan
  - e. Prepare accounting system to track funds
  - f. Review staff needs
  - g. Prepare fund raising campaign
  - h. Prepare means of evaluation
  - i. Obtain necessary business insurance
  - j. Review governmental agency regulations for reporting.