



## **CHECKLIST: THINGS TO BE DONE WHEN STARTING A 501(C)(3)NONPROFIT ORGANIZATION**

Projected Date of Completion    Date of Completion

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|  |  | <b>FORM AN INITIAL EXPLORATORY GROUP.</b> Group may be informal or a structured steering committee. Consider who needs to be involved from the beginning, this process can shape the organization and affect commitment levels later on.  |
|  |  | <b>RESEARCH AND DISCUSS PURPOSE AND FEASIBILITY.</b> Hold initial planning meetings to build consensus on the purpose and form. Consider mission, vision, and underlying values, and assess the feasibility of the effort. Explore relationships with organizations that may be doing similar work, and be sure about whether a new organization is really the best way to proceed. |
|  |  | <b>ASSIGN RESPONSIBILITIES.</b> Delegate responsibilities for work including drafting Articles of Incorporation and Bylaws, filing for incorporation, developing a program plan and budget, planning for fundraising, and building relationships with others in the community.  |
|  |  | <b>DEVELOP A PROGRAM PLAN.</b> What services will be offered to what clients, when, where, and led by whom?   |
|  |  | <b>DEVELOP A FUNDRAISING PLAN.</b>  |
|  |  | <b>ESTABLISH A RECORD KEEPING SYSTEM.</b> Use this system for retaining meeting minutes and other organization documents.   |
|  |  | <b>DRAFT BYLAWS &amp; CONFLICT OF INTEREST POLICY.</b> Model bylaws and policies are available from the MS Center’s website. Samples from other similar organizations can also be helpful. A legal review of bylaws is advisable.   |

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**FORM INITIAL BOARD OF DIRECTORS.** The IRS and The Secretary of State Office require a minimum of three unrelated directors. A minimum of five directors is recommended by the MS Center. Be clear from the beginning about the roles and responsibilities of board members.

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**INCORPORATE WITH THE SECRETARY OF STATE OFFICE.** Filing must be done online at [www.sos.ms.gov](http://www.sos.ms.gov) and \$50 one-time fee paid. Model three paragraph language must be included as part of articles of incorporation. A sample can be obtained from the MS Center. Contact the Secretary of State Office 601- 359-1633 or 1-800-256-3494 for additional information.

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**HOLD A FORMAL ORGANIZATIONAL MEETING.** Install board, adopt bylaws, adopt conflict of interest policy, and elect officers (President, Vice President and Secretary, etc.) at this meeting.

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**FILE FOR EMPLOYER IDENTIFICATION NUMBER (no fee).** Apply by either completing the EIN application on-line at [www.irs.gov/EIN](http://www.irs.gov/EIN) or complete a hard copy of SS-4 Form and faxing it to the IRS at 859-669-5987.

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**SECURE IRS APPROVAL AS FEDERAL TAX-EXEMPT AGENCY.** Nonprofits who expect income **less than** \$50,000 yearly may complete the IRS on-line form 1023-EZ and pay a one-time \$400 fee. If yearly income **exceeds** \$50,000 you must complete longer Form 1023 and pay one-time \$800 fee. Without IRS approval contributions to your organization are NOT tax-exempt.

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**CONSIDER JOINING THE MISSISSIPPI CENTER FOR NONPROFITS.** Membership with the Center is open to all 501(c) agencies in the state of Mississippi. Membership fees range from \$125 if agency budget is under \$50,000 up to \$625 (for very large agencies). Associate membership is available to non 501(c)'s. Members receive nonprofit management information, networking and advocacy support, training and consulting discounts, and vendor discount benefits on services such as liability insurance.

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**ESTABLISH A BOOKKEEPING/ACCOUNTING SYSTEM.**

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**SECURE SECRETARY OF STATE APPROVAL TO RAISE CHARITABLE FUNDS.** Any Mississippi charity seeking to raise more than \$25,000 per year in contributions, must register on-line at [www.sos.ms.gov](http://www.sos.ms.gov) and pay \$50 annual fee prior to launching fundraising efforts. If raising less than \$25,000 per year, file paper Form CE and pay \$50 one-time fee. Contact the SOS office, Kathy French at (601) 359-1371 for more information.

\_\_\_\_\_ \_\_\_\_\_ **FILE FORM 5768** (optional). If you plan to carry out any advocacy to influence legislation you must file this form.

\_\_\_\_\_ \_\_\_\_\_ **CONSIDER REQUESTING A RULING ON STATE SALES TAX EXEMPTION.** Under Mississippi law, rules are very complex and few nonprofits qualify for sale tax exemption. For guidance contact the MS Tax Commission.

\_\_\_\_\_ \_\_\_\_\_ **OBTAIN LIABILITY INSURANCE.** Evaluate what insurance you need, such as general liability, professional liability, and other coverage. The Center recommends contacting Ross & Yerger for guidance at 601-948-2900.

\_\_\_\_\_ \_\_\_\_\_ **APPLY FOR NONPROFIT (BULK) MAIL PERMIT.** Apply at your local post office if mailing more than 200 pieces at a time. Requires an annual fee.

\_\_\_\_\_ \_\_\_\_\_ **DEVELOP PERSONNEL AND OPERATIONAL POLICIES.** Most employment laws are the same for nonprofit and for-profit organizations. (501 (c)(3) organizations are exempt from Federal Unemployment Tax, and there are a few other minor differences).

\_\_\_\_\_ \_\_\_\_\_ **CARRY OUT FUNDRAISING PLANS.** (this is a continuing activity)

\_\_\_\_\_ \_\_\_\_\_ **BEGIN PROGRAM ACTIVITIES.** The Board of Director must determine when program actually begins. Staff may be hired, space rented, and program activities started any time, depending on the solidification of program plans and on receipt of a significant portion of the proposed funding.

\_\_\_\_\_ \_\_\_\_\_ **REPORT ANNUALLY TO THE IRS ON FORM 990, 990EZ, OR 990N.** (unless organization is exempt, such as churches or government agencies)

Note: This checklist was prepared as a guide for persons who are considering forming a charitable nonprofit organization. Depending on the type of program and the sources of funding, further registration, reporting, or licensing may be required.

The Mississippi Center for Nonprofits provides guidance to organizations on establishing 501 (c) (3) status through our nonprofit training. However, for professional, legal, or accounting advice, consult your attorney or CPA.

*Adapted by the Mississippi Center for Nonprofits from a checklist developed by the Accounting Aid Society of Greater Detroit, and the Center for Effective Nonprofit Management in New Orleans.*