

## AUTHORS

Jeffrey S. Tenenbaum  
Kristalyn J. Loson

## RELATED INDUSTRIES

Nonprofit Organizations  
and Associations

## ARCHIVES

2010 2006 2002  
2009 2005 2001  
2008 2004 2000  
2007 2003

## Articles

October 2010

### Key Steps to Forming and Operating a Nonprofit, Tax-Exempt Charity

Related Topic Area(s): Corporate Governance, Tax and Employee Benefits

A STEP-BY-STEP GUIDE PREPARED BY VENABLE'S NONPROFIT TEAM

#### Formation:

- Clear proposed organization name for corporate and trademark purposes.
- Finalize name; select initial board of directors and officers.
- Create and file (with applicable state) articles of incorporation.
- Create bylaws for approval by initial board of directors.
- Create board resolutions (of initial board of directors) naming officers, approving the bylaws, and authorizing certain persons to act on behalf of the corporation to obtain an employer identification number ("EIN") from the Internal Revenue Service ("IRS"), open bank accounts, and apply for tax-exemption.
- Obtain an EIN from the IRS.
- File an application for recognition of tax-exempt status under Section 501(c)(3) with the IRS (Form 1023). Ancillary forms that may be required are Form 2848, Form 8718, and Form 872-C.
- File an application with the U.S. Patent and Trademark Office to obtain all possible rights in and to the organization's name and other marks.
- File applications for authorization to do business in state(s) where offices are located if state(s) is/are different from the state of incorporation.
- Register in all applicable states for payroll taxes and obtain new state tax identification numbers (if necessary).
- Open bank accounts in the name of the new corporation.
- Purchase adequate directors and officers liability insurance and other applicable insurance.
- Register with state(s) for charitable solicitation where required.
- Create an employee handbook and other internal policy documents (e.g., conflict of interest policy, whistleblower protection policy, etc.).

#### Ongoing operation:

- File regular corporate reports as required by the state of incorporation, and state(s) in which the corporation is authorized to do business (usually an annual requirement).
- File regular charitable solicitation reports as required by applicable states.
- Hold regular (as provided for in the bylaws) meetings of the board of directors; generally recommend at least three times a year. These can be conducted by telephone conference.
- File Form 990 and Form 990-T (if applicable) each year with the IRS (consider engaging an accounting firm to assist with preparation).
- Make regular employment tax and other withholding filings with the IRS and applicable states.
- Make regular filings with the U.S. Patent and Trademark Office to maintain trademark rights.

*This checklist is for general informational purposes only and does not represent and is not intended to provide legal advice or opinion and should not be relied on as such. Legal advice can only be provided in response to specific fact situations.*

*This checklist does not represent any undertaking to keep recipients advised as to all or any relevant legal developments.*