

Next Steps for 501(c)(3)

1. Read IRS Publication No. 557, Tax-Exempt Status for Your Organization, 1-800-TAX-FORM
2. Read Ohio Secretary of State's Legal Guide for Non-Profit Organizations, 1-877-767-3453
3. Prepare Current Balance Sheet.
4. Prepare proposed budget (pro-forma income statement) for two full accounting periods.
5. Prepare Financial Statement for Current Year to within 60 days of application filing date.
6. Describe the fundraising program (actual and planned) and the method for effectuating it. Break-down revenue sources including:
 - a. Percentages
 - b. Public or private sources
 - c. Contributions, grants or other sources
 - d. Fund-raising events, ticket sales, rentals, other business or investment sources
7. Prepare description of activities and prepare written purpose, and this must be more specific than what is used in IRS forms.
8. Describe the criteria used for selecting recipients of funds or benefits.
9. Begin to Develop Board of Trustees and Finance Committee. Individuals who are representative of the community to be served should control the governing board.
 - a. Obtain D&O Insurance for the directors and officers.
 - b. United Way Contacts: (513) 721-7900
 - (513) 762-7156 regarding Volunteer Leadership Development Program
 - (513) 762-7235 regarding Blue Print
 - c. Clermont Leadership Institute Contact: (513) 753-9222
 - d. Small Business Administration/Advice From Retired Professionals, S.C.O.R.E.
10. Prepare Filing(s) for the Secretary of State including Articles of Incorporation & Prepare Code of Regulations/By-Laws.
 - a. Need a sworn statement of an officer or director as to the truth and correctness of documents.
 - b. Understand that the Articles of Incorporation must include a statement that the organization is formed exclusively for charitable, religious, educational and scientific purposes under section 501(c)(3) of the Internal Revenue Code. Placing the paragraph in the By-Laws is not enough.
 - c. Understand that the Articles of Incorporation must include a statement that upon dissolution of the organization, the assets shall be distributed for one or more exempt purposes within the meaning of 501(c)(3) or to the federal government or to a state or local government or for a public purpose. Placing the paragraph in the By-Laws is not enough.
11. File forms with IRS:
 - a. Form SS-4 Employer Identification Number.
 - b. Form 1023 Application. Double check the signature lines on Page 11 and 12.
 - c. Form 8718 User Fee for Exempt Organization Determination Letter Request. A money order tends to speed up the process.
 - d. Form 2848 Power of Attorney & Declaration of Representative (usually required).
 - e. Form 872-C Consent Fixing Period of Limitation Upon Assessment (may be needed).
 - f. If the organization will be leasing space from one of the members of the board, then a written lease must be submitted along with an appraisal of the fair market rental value of the property and a conflict of interest policy. The IRS Sample Conflict of Interest Policy is about approximately four pages long.
12. Obtain a copy of IRS Form 990 Information Filing.
13. Know the Unrelated Business Income Rules-Nonprofits pay income tax on certain commercial activities.
14. Ohio sales or use tax may apply.
15. Ohio franchise tax does not usually apply to nonprofits.
16. Obtain liability and Director and Officer (D&O) insurance.
17. Consider applying for bulk-rate postage with the post office.
18. May need to obtain permit to solicit contributions in certain areas.

This document was prepared by: The Small Business Owner's Friend, Tina R. Mills, Attorney, Law Firm of Tina R. Mills, LLC, 4351 Gleneste Withamsville Road, Cincinnati, Ohio 45245, (513) 732-9999, (513) 735-2455 fax, mills@millslegal.com, www.millslegal.com.

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