

Establishing a Non-Profit

2023-10-10



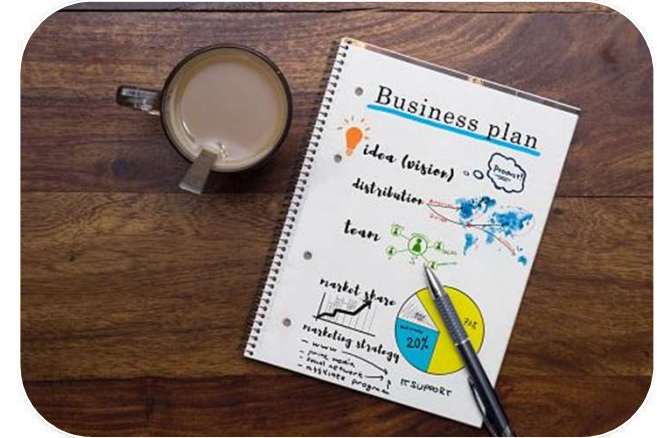
Funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions, and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA.

Webinar Setup

- All registrants are muted by default
- Questions: Use the Zoom Q&A button
- Comments: Use Chat window
- Raising your hand & Chat will **not** be monitored
- If you use your mic, you are consenting to the recording and our non-profit use of it.
- This is **not** a confidential webinar or meeting.
- You can get a copy of these slides from the below website. Click on “Local Resources” and page down to the “Starting a Business or Non-Profit”



Why SCORE?



Workshops

Mentoring

Resources

SCORE.ORG Business Roadmap Series

- Module 1: Starting Your Journey
- Module 2: Are You Ready to Start a Business?
- Module 3: Defining and Validating Your Idea
- Module 4: Business Plan or Business Model Canvas?
- Module 5: Finding Funding
- Module 6: Setting Up Your Business
- Module 7: Accounting, Insurance, and Legal Considerations
- Module 8: Marketing Your Business
- Module 9: Pricing, Sales, and Distribution
- Module 10: Setting Up Your Physical Location
- Module 11: Staffing Your Business
- Module 12: Open for Business



Aiken Chapter Workshop Series

(In Person Workshops & Live Zoom Meetings)

Business Startup Series (BSS)

BSS-1 Are You Ready to Start a Business?

BSS-2, Take the Stress Out of Business Planning

BSS-3, The Money Side of Business

BSS-4, Funding Your Business

BSS-5, Creating a Successful Marketing Plan

Visit this link for latest on workshops

<https://www.score.org/greateraiken/local-workshops>

Aiken Chapter Workshop Series

(In Person Workshops & Live Zoom Meetings)

Other Workshops

Establishing a Non-Profit
Buying A Franchise
Concepts of Project Management

All Workshop Presentations Can be Found At: <https://www.score.org/greataiken/local-resources>

Visit this link for latest on workshops <https://www.score.org/greataiken/local-workshops>

SCORE.org has a Wealth of Resources

The screenshot shows the SCORE.org website interface. At the top left is the SCORE logo. To the right are links for Translate, Find a Location, Donate, and Volunteer Log In. Below these is a search bar with the placeholder text "Enter Terms" and a blue "SEARCH" button. A red circle and arrow highlight the search bar and button, with a text box pointing to it. Below the search bar is a navigation menu with links: FIND A MENTOR, TAKE A WORKSHOP, BROWSE THE LIBRARY, OUR PROGRAMS, GET INVOLVED, and WHO WE ARE. The main content area features a large image of a woman and a man in a kitchen setting. Overlaid on the image is the text "Get FREE Advice from Business Experts" in large white font. Below this is a smaller line of text: "SCORE business mentors can help you start, grow, or transition your business." and another line: "Enter your zip code below to get matched with a business expert near you!". At the bottom of the image area is a form with a white input field labeled "Enter Zip Code" and a yellow button labeled "Get FREE Advice".

Type in Non-Profit and Click on SEARCH

As of October 2023, when you type in non-profit you get 1,397 results

While non-profit and for-profit organizations share many similarities, there are also key differences that can doom even the best of intentions

Course Agenda

- What is a Non-Profit Organization (NPO)?
- Preliminary considerations
- Establishing your structure
- Why and how to register with your state
- Why and how to register with the IRS
- Other operational considerations/tips



Webinar Will Help You Understand:

- Terms like non-profit, charity & tax-exempt
- Key concerns when going “tax-exempt”
- Elements needed for tax-exempt status
- State & Federal charity websites
- Key issues when organizing/operating your non-profit organization



The Process

What is the need to be filled?

Create a non-profit?
Y/N

What does the state require?

Seeking tax exempt status

Maintaining your status

What is the need to be filled?

Create a non-profit?
Y/N

What does the state require?

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NPO Traits

- **It is a business!** In GA & SC it's a non-profit corporation
- Being an NPO (State Law) does not make it tax-exempt (IRS)
- Public purpose (required for charity)
- Cannot have a Private Purpose (e.g., Benefiting One Person)



Types of NPOs

*Our Main
Focus Today*

501(c)(3)

Charity

501(c)(4)

Social Welfare [most Homeowner Associations]

501(c)(5)

Labor/Horticulture [labor unions]

501(c)(6)

**Trade/Professional Association
[Chambers of Commerce]**

501(c)(7)

Social Club [Country Clubs]

Must Have An “Exempt Purpose”

- Charitable
- Religious
- Educational
- Scientific
- Literary
- Testing for public safety
- Fostering national or international amateur sports competition, and
- Preventing cruelty to children or animals

501 (c)(3)

Examples of Charitable Purposes

- Relief of the poor, the distressed, or the underprivileged
- Advancement of religion
- Advancement of education or science
- Erecting or maintaining public buildings, monuments, or works
- Lessening the burdens of government
- Lessening neighborhood tensions
- Eliminating prejudice and discrimination
- Defending human and civil rights secured by law
- Combating community deterioration & juvenile delinquency



What is the need to be filled?

**Create a non-profit?
Y/N**

What does the state require?

Seeking tax exempt status

Maintaining your status

Preliminary Considerations

What do you
want to do?

Non-profit vs.
For-profit

Who is
Board of
Directors?

What will be
the
Structure?

Tax Exempt Organization

- Being a Non-profit Organization does NOT automatically make it tax-exempt!
- Pending IRS Approval
- Attributes and limitations of each

TAX EXEMPT?

Tax Exempt Requirements for 501(c)(3)

- Must have exempt purpose(s).
- Organized only for that exempt purpose.
- Operated only for that exempt purpose.
- Not for private benefit of organizers/board.
- No candidate political activity.
- No Legislative Lobbying. (Education OK)



Exercise For You To Work On After This Class

- What do you want to accomplish?
- Who do you want to help?
- Are there other organizations that do this same work?
- Can you partner with another organization?
- Who or what type of skills from others (e.g., board members) can help you accomplish this?



What is the need to be filled?

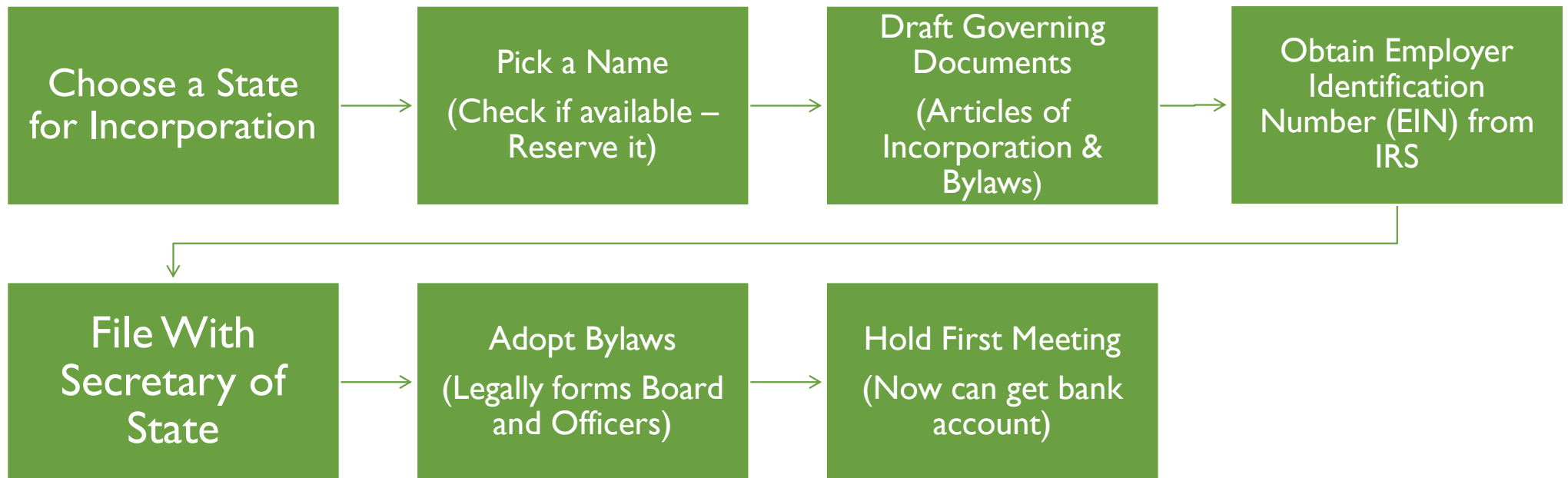
Create a non-profit?
Y/N

What does the state require?

Seeking tax exempt status

Maintaining your status

First Steps: Create A State Legal Entity



Secretary of State Filing

- Online filing info includes:
 - Name of the Corporation (Entity)
 - Address of the Corporation
 - Email Address
 - Members or No Members
 - Registered Agent
 - Name of the Incorporator

Filing in South Carolina



www.greateraikenscore.org

- <http://sos.sc.gov>
- \$25 To File as a Non-profit Corporation
- \$10 To Reserve a Non-profit Corporation Name (for 120-day period)

NOTE: \$10 to register your existing non-profit from another state (i.e., a Foreign Non-profit) to transact business also in SC.

i.e., seeking a Certificate of Authority to Transact Business in SC



South Carolina

Secretary of State

Mark Hammond



[About Us](#)

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[Searches](#)

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Welcome from Secretary Hammond



Thank you for visiting the online office of the South Carolina Secretary of State.

Our goal is to provide you with easy access to information and services from the convenience of your home or office.

Each division of the Secretary of State's Office provides diverse services and information to the citizens of South Carolina. This website is designed to serve as your one-stop portal for accessing general information, completing important tasks online, and providing information specifically related to each division.

Recent News

South Carolina, FTC and Partners Announce Kick-off of Second Annual International Charity Fraud Awareness Week

[Read Full Story](#)

SC Secretary of State Mark Hammond Invites Nominations for 2010



South Carolina

Secretary of State

Mark Hammond

Search SC Secretary of State



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Online Filings

The Secretary of State's Office offers many of its filings to the public online. By using the Business Entities Online system, users may file online to create business entities and make changes to their existing entities, search existing entities and registered agent information, and obtain certified copies of corporate documents and certificates of existence.

The Uniform Commercial Code Electronic Filing, Search & Retrieval system allows users to search UCC filings, file financial statements and other UCC documents, and receive copies of UCC documents on file.

The Charities Online system allows charities to register and file required reports online. Professional fundraisers and solicitors may also file required documents online.

Business Entities Online



[File & Search Online Today](#)

Charities, PFRs, and Raffles



[File Online Today](#)

Business Entities Online

File, Search, and Retrieve Documents Electronically

  Log In

Welcome

Welcome to the South Carolina Secretary of State's Corporation Search, Filing, and Document Retrieval System.

This system allows you to search organizations on file with the Secretary of State that are doing business in the state of South Carolina and purchase copies of corporate documents and certificates associated with each. This application also allows organizations to file corporate documents online.

New Business

If you have never filed documents for your business with the SC Secretary of State, please start here to first verify that your business name is available and then file the appropriate documents.

 [Start a New Business Filing](#)

Existing Business

If you would like to view public information about SC businesses or file a document for your existing business, begin by searching for the existing entity.

 [Search Existing Entities](#)

Business Entities Online

File, Search, and Retrieve Documents Electronically



Log In

Business Name Search

To File a New Business

Enter the **full business name** you wish to use and click "Search." If the name is available, click the "Add New Entity" button to select the type of business you want to create. [The name I wish to use is unavailable – what are my options?](#)

Results displayed will show entities that contain your search criteria.

Search by Business Name



Business name contains...

Search



Add New Entity

Business Name Search

To File a New Business

Enter the **full business name** you wish to use and click "Search." If the name is available, click the "Add New Entity" button to select the type of business you want to create. [The name I wish to use is unavailable -- what are my options?](#)

Results displayed will show entities that contain your search criteria.

Search by Business Name

Begins With  testRetson

 Search

 This name is available

  Add New Entity

New Business

If you have never filed documents for your business with the SC Secretary of State, please start here to first verify that your business name is available and then file the appropriate documents.

 Start a New Business Filing

Existing Business

If you would like to view public information about SC businesses or file a document for your existing business, begin by searching for the existing entity.

 Search Existing Entities

Document Request

To request certified copies of corporate filings, a Certificate of Existence (Certificate of Good Standing) or a Certificate of Authority for an out-of-state entity, begin by searching for the entity.

 Request Documents

Agent Search

If you would like to view public information about the agents of SC businesses, begin by searching for an existing agent.

 Search Existing Agents

Paper Forms

To preview forms in PDF format, choose a category and download forms.

 Downloadable Forms

If you want to see what you will need to provide in the online application

Select “Paper Forms” -- Downloadable

Downloadable Forms Categories

Select “Starting A Business In South Carolina

Scroll down to “Non Profit - Domestic”

Click on “Articles of Incorporation”

Gives you PDF format

Click on “501(c)(3) Attachment”

Gives you PDF form to attach to application

Filing in Georgia



www.greateraikenscore.org

- <https://sos.ga.gov/>
- Initial application fee = \$35.00



Georgia
Secretary of State
Brad Raffensperger

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The Office of Georgia Secretary of State Brad Raffensperger

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Georgia Charities Division

The Charities division enforces the laws regulating charitable organizations, paid solicitors, and solicitor agents.



[Charities Division](#)

Charities information for the State of Georgia

[Charities How-To Guide](#)

How to start, register, renew, amend, reinstate, or withdraw a charity in Georgia

[About the Division](#)

Learn about the Charities Division

[Contact Us](#)

Contact the Charities Division

[File a Complaint](#)

File a Charities related complaint

[FAQ](#)

Frequently asked questions about Charities

[Verify Permit](#)

Verify a Charitable Org

[Subscribe To Updates](#)

Subscribe to update notifications from the Charities Division

MORE RESOURCES

[Better Business Bureau Wise Giving Alliance](#)

[GuideStar](#)

[Charity Navigator](#)

[Charity Watch](#)

[IRS-Charities and Non-Profits](#)

[Search for Tax-Exempt Orgs](#)



Georgia
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- SOS Office
- Business
- Charities
- Elections
- Securities
- Licensing
- Search

How-To Guide: Charities

Start, register, renew, expired/reinstate, withdraw or amend your charitable organization.

- Charity Resources
- How To Guides
- Alert & Fraud Protection
- News & Announcements

Home > [The Charities Division of the Georgia Secretary of State's Office](#) > How-To Guide: Charities

Instructions and Information About Your Charitable Organization

[How to Apply.](#)

[Fees](#)

[Start A Charity](#)

[Charitable Organization Registration](#)



How to Apply

- Complete your specific application, get it signed and notarized, and pay the required fee.
- See specific instructions for each application type.
- Submit all the required documentation and fees.
- Applications should be submitted online.



Contact

ADDRESS

2 Martin Luther King Jr. Drive SE
Suite 317, West Tower
Atlanta, Georgia 30334

PHONE

What is the need to be filled?

Create a non-profit?
Y/N

What does the state require?

Seeking tax exempt status

Maintaining your status

Next Step: Become “Tax-Exempt”

- Now you have a corporation, *i.e.*, an “Entity”
- It is not yet “tax-exempt” nor can it seek donations
- IRS requires your Articles of Incorporation
- Organized for charitable, religious, educational and scientific purposes
- If NPO is dissolved, how to handle Distribution of Assets
- NOTE: if file w/i 27 months of formation. IRS using formation date; if not, they use application date.
- Notification of Acceptance



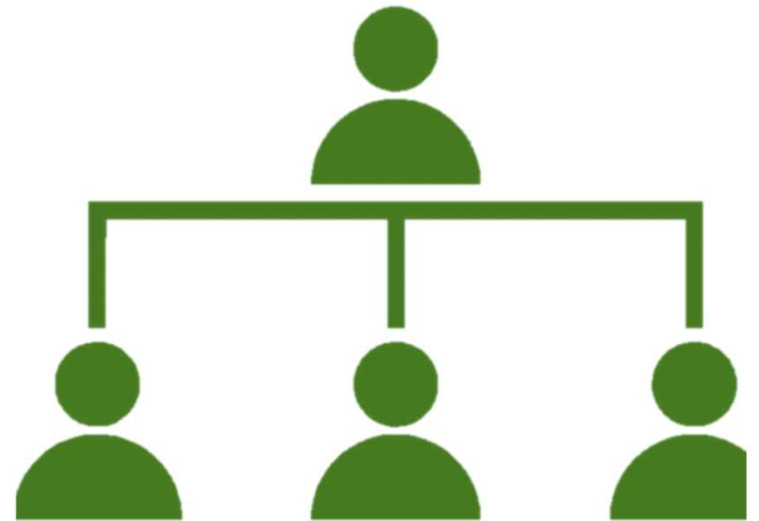
IRS Next

- Acceptance of the Articles of Incorporation
- Application for an EIN (Employer Identification Number) a.k.a Taxpayer ID Number [required when file with IRS but done earlier with your State Filing]
- EIN done online and no cost at this point



IRS Continued...

- Determine Organization Structure
- Write bylaws
- Board of Directors (at least 3 persons required)
- Length of Terms
- Meetings
- Reports
- Structure
- Conflict of Interest Policy



IRS Continued...

- Apply for Tax Exempt Status - Form 1023 or 1023EZ
- Determine Budget Parameters (Size of budget is one key factor in determining which form and application fee)

Annual Budget Less Than
\$50,000 & Assets Less
Than \$250,000:

- Form 1023EZ
- \$275 fee

Otherwise:

- Form 1023
- \$600 fee

IRS Form 1023 and 1023EZ

- Go to IRS web site; Watch EZ Video, review/print instructions
- Form 1023 is main application BUT Form 1023EZ is a truncated version for those that qualify
- Fill out:
 - Names and addresses of Board of Directors
 - Compensation
 - Contracts or Consulting Agreements with BOD
 - List of Assets
 - Annual Budget next three years [estimated]

Form **1023-EZ**
(June 2014)
Department of the Treasury
Internal Revenue Service

Streamlined Application for Exemption Under Section 501(c)(3) of the Internal Revenue Code
▶ Do not enter social security numbers on this form as it may be used for other purposes.
▶ Information about Form 1023-EZ and its separate instructions is available at www.irs.gov/efile.

Check this box to attest that you have completed the Form 1023-EZ Eligibility Worksheet for exemption using Form 1023-EZ, and have read and understand the requirements.

Part I Identification of Applicant

1a Full Name of Organization			c City
b Address (number, street, and room/suite). If a P.O. box, see instructions.			
2 Employer Identification Number	3 Month Tax Year Ends (MM)	4 Person to Contact	
5 Contact Telephone Number	6 Fax Number ()		
List the names, titles, and mailing addresses of your officers, directors, and/or trustees. Last Name:			

IRS Form 1023 & EZ (Continued...)

- Budget must include expected income and expenses.
- Additional Questions:
 - Past, present and future activities
 - Planned fundraising activities
 - Successor organization designated
- Answers must include specific details



IRS Form 1023 (Continued...)

- Create an account at www.Pay.Gov
- Upload completed Form 1023 or EZ
- Expect IRS response in 3 - 6 weeks
- Approval result is 501(c)(3) status for the new non-profit corporation



www.IRS.GOV

(Your New Best Friend!)



Help

News

English



Charities & Nonprofits



Tax Pros

File

Pay

Refunds

Credits & Deductions

Forms & Instructions

Search



Helping people understand and meet their tax responsibilities

www.greateraiken.score.org



Charities and Nonprofits

English | [Español](#) | [中文\(简体\)](#) | [中文\(繁體\)](#) | [한국어](#) | [Русский](#) | [Tiếng Việt](#) | [Kreyòl ayisyen](#)

Individuals

Businesses and Self-Employed

Charities and Nonprofits

Exempt Organization Types

Lifecycle of an Exempt Organization

Annual Filing and Forms

Charitable Contributions

Search for Charities

Education Sessions

International Taxpayers

Governmental Liaisons

Federal State Local

Tax information, tools, and resources for charities and other tax-exempt organizations.

Tax-Exempt Organization Search (TEOS)

Use the TEOS tool to find information on an organization's status and filings

[Search Organizations](#)

Annual Filing & Forms

990-series forms, requirements and tips to help you complete your annual reporting and filing

[Finding Filing Forms](#)

Employer Identification Number (EIN)

Get an EIN to apply for tax-exempt status and file returns. Be sure you are a legally formed organization before applying for an EIN

[Apply](#)

Tax Exemption

[Apply for Tax-Exempt Status](#)

How to apply for IRS recognition of tax-exempt status

[Reinstate Tax-Exempt Status](#)

What to do if your tax-exempt status is revoked

Applying for Tax Exempt Status

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Individuals

Businesses and Self-Employed

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Exempt Organization Types

Lifecycle of an Exempt Organization

Before Applying for Tax-Exempt Status

Applying for Tax-Exempt Status

How to Stay Exempt

Once you have followed the steps [outlined on this page](#), you will need to determine what type of tax-exempt status you want.

Note: As of January 31, 2020, Form 1023 applications for recognition of exemption must be submitted electronically online at www.pay.gov. As of January 5, 2021, Form 1024-A applications for recognition of exemption must also be submitted electronically online at www.pay.gov. As of January 3, 2022, Form 1024 applications for recognition of exemption must be submitted electronically online at www.pay.gov as well. A grace period will extend until April 30, 2022, where paper versions of Form 1024 will continue to be accepted. For more information, please refer to the [Form 1024 product page](#).

Charitable, Religious and Educational Organizations (501(c)(3))

- [Form 1023-EZ](#)
- [Instructions for Form 1023-EZ](#) PDF
- [Form 1023](#)
- [Instructions for Form 1023](#) PDF

After You Apply

- [IRS Processing of Exemption Applications](#)
- [Application Process](#)
- [Tax Law Compliance Before Exempt Status Is Recognized](#)
- [Where's My Application for Tax-Exempt Status?](#)
- [Changes to the EO Determinations Process Rejecting Incomplete Applications](#)

Quick Links

- [A-Z Index](#)

What is the
need to be
filled?

Create a
non-profit?
Y/N

What does
the state
require?

Seeking tax
exempt
status

Maintaining
your status

Maintaining Your Status

- Register with state charities **BEFORE** you fundraise.
- Act like a charity and follow the purpose in your registration
- Directors act on behalf of the charity and not for self
- Follow your bylaws (change them if appropriate)
- Take and keep minutes of decisions made by Board of Directors
- Hold at least one annual meeting (approve budget & elect officers)
- Get Directors & Officers Insurance (D&O)

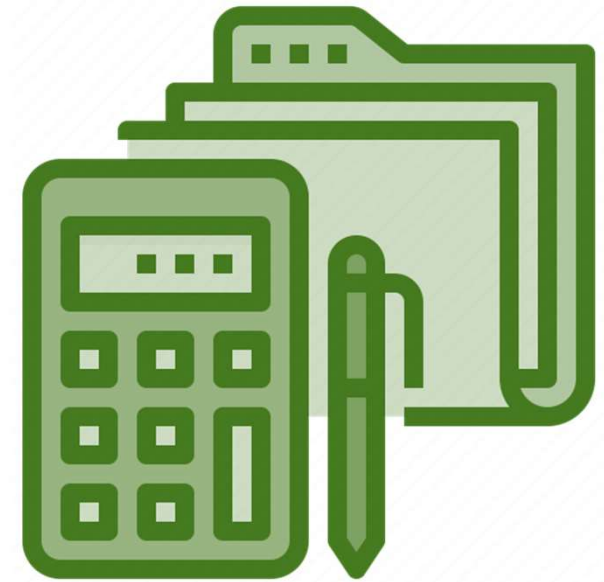
Filing Taxes

- Must file appropriate 990 return annually -- even if no income is generated.
- Failure to file 990 return for three consecutive years will terminate tax-exempt status and require re-creation of the corporation, including re-payment of the fee to the IRS.
- Failure to file is also reflected in SOS database

Form 990 (Rev. January 2020) Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations) ▶ Do not enter social security numbers on this form as it may be made public. ▶ Go to www.irs.gov/Form990 for instructions and the latest information.	OMB No. 1545-0047 2019 Open to Public Inspection
A For the 2019 calendar year, or tax year beginning _____, 2019, and ending _____, 20		
B Check if applicable: <input type="checkbox"/>	C Name of organization _____	D Employer identification number _____

Maintaining Your Status Cont...

- File Annual Reports with the State as Required
- Issue 1099's to contractors and W-2's to employees
- Keep good financial records
 - Issue receipts for each donation (and track them)
 - Track Income and Expenses (by category)
- Avoid Private Benefit & Conflicts of Interest



Summary

- Non-profit corporation creation takes significant effort to create and time for IRS to respond
- Pre-plan all info needed to complete IRS Form 1023
- Annual tax returns mandatory
- Creation of a for-profit organization may include many of the attributes desired without the cost and time delays of a non-profit creation



Any Questions?

SCORE  | Greater Aiken

<https://greateraiken.score.org/>

Sign up for a mentor today!