CENTER FOR
Nonprofit Management
& Leadership
MIDWESTERN STATE UNIVERSITY

So you want to start a 501(c)3 Nonprofit?

Date of Completion	Task
	Form an initial exploratory group: Group may be informal or a structured steering committee. Consider who needs to be involved from the beginning. This group should be composed of key stakeholders who may become board members in the future. (*See Core Group Worksheet*)
	Research and discuss VIABILITY: Determine the viability of your idea/plan. (*Refer to the Lean Start-Up Handout*). Have you clearly identified the problem? Have you identified goals, target population, outcomes? Have you researched best practices? Have you identified competition/comparable organizations? What will it take (resources; financial; volunteers, etc.,) to implement and/or maintain your organization in the long-term?
	Assign Responsibilities: Delegate responsibilities for work, such as researching VIABILITY, drafting by-laws and articles of incorporation, program planning, planning fundraising and building relationships (*See Work Plan Worksheet*)
	Develop a Program Plan: What services will you offer? When, Where and led/conducted by Whom?
	Develop a Fundraising Plan: Develop a plan to raise funds for program operations. Consider creating a social enterprise which is aligned with your mission and programming which can generate income. Determine how much money you need annually and determine how you will raise that income.
	Develop an Evaluation Plan: How will you measure your success? Develop goals and outcomes and determine how you will collect data and how you will know if you are successful or not. Will you need to design surveys? Will you need sign-in sheets? How and how often will you follow-up with clients?
	Establish a record keeping system: From the start you need to keep records (board meeting minutes; formation papers; donor information; payroll, etc.). Your system may need to grow and change as the organization grows.
	Check Availability of Organization Name: Texas Secretary of State Call 512-463-5555 or email corpinfo@sos.state.tx.us. You can reserve a name online at SOSDirect ($1.00 per online search)
	Form a Texas Nonprofit Corporation: This is a legal entity in the state of Texas, requires 3 people to incorporate. Specific language is required; may use SOS Form 202. Have an attorney review and/or assist with specific language. (*Refer to publication, "Forming a Nonprofit Tax-Exempt Corporation in Texas" located here:* https://www.thecentermsu.org/starting-a-non-profit/)
	File Certificate of Formation with Secretary of State: Online with SOSDirect at www.sos.state.tx.us/corp/forms and requires a $25.00 filing fee. Certificate of filing will be emailed to you within 2-3 days.
	Draft by-laws and conflict of interest policies: Prepare and adopt bylaws for the corporation simultaneously with the preparation of the certificate of formation or soon thereafter. This document will be required to be attached to IRS Form 1023.
	Meeting of initial board of directors: Minimum of three required. Must meet and adopt the proposed bylaws, conflict of interest policies and elect officers (president and secretary/treasurer are REQUIRED); vote to authorize the preparation and

	filing of Form 1023 "Application for Recognition of Exemption. Be sure to record the board meeting minutes and record these votes and actions.
	File for Employer Identification Number: Apply by either completing the EIN application online at www.irs.gov/EIN or mail to IRS. If mailed will take 4-6 weeks to process, if filed online, the assignment is immediate. No charge to file. Organizations must have an EIN BEFORE filing for tax exempt status through IRS.
	Prepare and file the Form 1023 "Application for Recognition of Exemption OR the 1023-EZ "Streamlined Application for Recognition of Exemption": Long form is 23 pages, application fee is $850. The Form 1023-EZ is only 3 pages and has an application fee of $275.00. To be eligible to complete the Form 1023-EZ form must complete the 1023 EZ Eligibility Worksheet. (*See 1023-EZ Eligibility Worksheet handout*). Must be filed within 27 months from the date of Certificate of Formation is filed with the Secretary of State. Items to be included are: • Certified copy of formation • Bylaws • Detailed pro forma financial statements, including revenue and expense statement for current and three preceding years; for new organizations proposed budget for the next two fiscal years including a list of anticipated financial support; • Narrative description of past, present, and future planned activities with an emphasis on broad public benefit of the organization's activities; • Name and addresses of board of directors and officers and their annual compensation if any; • Annual accounting period (fiscal year); • Statement as to whether the organization is claiming status as a private foundation or public charity; and • EIN
	File for State Exemption: As soon as the organization receives its determination letter (approval) from the IRS, it will need to file for state exemption from sales and franchise tax. Form AP-204 with the Texas Comptroller of Public Accounts. The organization name on the IRS letter MUST match the organization's legal name as listed in the certificate of formation.
	Professional development: Seek out opportunities to continually educate your board, staff and key volunteers about nonprofit management and best practices. The Center for Nonprofit Management & Leadership at MSU Texas provides no cost and low-cost professional development in Wichita Falls, Texas. Opportunities include: Nonprofit Management Certificate Program; North Texas Nonprofit & Business Summit; Board Trainings; Coaching & Consulting and Coffee & Conversation. Find out more information on our website: **www.thecentermsu.org**
	Annually file 990 e-postcard or long form: required by law to file 990; can lose tax exempt status for non-filing

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 for funding, further registration, reporting and/or licensing may be required.

The **Center for Nonprofit Management & Leadership at MSU Texas** provides guidance to organizations on establishing 501 (c)3 status, however, this guidance does NOT substitute for professional, legal and/or accounting advice. We highly advise entities to seek out the counsel of professional attorneys and/or certified public accountants (CPAs) when filing for 501(c)3 status.