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## **Good Maintenance and Housekeeping for Your Non-Profit After Receiving 501(c)(3) Status**

*Remember, this outline is a general guide.*

*Be sure to contact an attorney if you have questions or specific issues.*

Forming a nonprofit and applying for tax-exempt status can be a long process, full of anticipation. Receiving 501(c)(3) status for your nonprofit can be an exciting time, but with it comes a few things to think about and important next steps. This guide outlines a few things you should consider and refer back to as you operate a non-profit whether you just got your 501(c)(3) status or have been operating for several years.

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- 1. Talk to an Accountant.** Once you receive tax-exempt status from the IRS, you should communicate this information to your accountant. Remember to provide them with a copy of the approval of the exemption form, as it also details how your charity is classified for tax reporting purposes. You will also want to talk to your accountant if you plan on applying for any state sales tax exemptions, and, if you plan on purchasing a building (or already have one), determining your ability to get a real estate tax exemption. Your accountant is also key to keep in the loop as they can tell you when your annual tax return is due (both IRS and state filings), which version is applicable to your organization and state financial reporting requirements and preparation.
  - 2. File IRS Form 990.** Form 990 (or one of the specific versions of form 990 required for your type and size of organization) is an annual information return that the IRS requires tax-exempt organizations to file every year (more information can be found on the [IRS Website](#)). In general, Form 990 requires a nonprofit to provide a detailed report on its exempt activities and other activities, governance, compliance with federal tax filings and requirements, and compensation paid to its directors and employees. It is essentially the tax return for your organization. Make sure your organization files this or it can lose its tax-exempt status!
  - 3. Check with the Relevant State and Federal Compliance Requirements.** It is important to check if your state has its compliance requirements for nonprofit organizations. Different states have their own specific compliance requirements, including submitting an annual update of any change in your board members, the types of financial statements you must submit depending on the revenues made by your nonprofit. Each state may have its own tax-exemption structure for different charitable entities. In PA non-profits have to register to solicit donations and submit annual compliance and financial forms. Other compliance issues to take into account include applying for a United States Postal Service mailing

permit (for sending out mail to your nonprofit's constituents), making sure your organization is complying with labor and employment laws, obtaining sales tax exemptions, and obtaining liability and director's insurance.

**4. Review State Fundraising Regulations.** After receiving tax-exempt status from the IRS, you want to make sure that your organization is organized financially with the correct resources to be self-sufficient. One way to be financially self-sufficient is through fundraising. Different states may have different regulations surrounding fundraising for your nonprofit, as well as registration and solicitation requirements. And, if you plan on doing any fundraisers in the future that may involve games of chance, you will need to acquire the proper license to do so, which is a separate application that needs to be submitted prior to the event.

**5. Maintain the Nonprofit's Organizational Structure.** Your organization will likely be organized to have a board of directors and officers in place as its leadership. Newly formed nonprofits will typically have smaller boards. As your nonprofit grows, you may want to consider growing to a larger board of directors as it becomes more established. Directors and officers generally owe fiduciary duties to the organization and are responsible for furthering the nonprofit's mission. They may also be responsible for putting into place different policies that govern the nonprofit and the way it should be run. It is important that these organizational considerations are properly maintained throughout the life of your nonprofit.

**6. Regularly Review and Maintain Governing Documents.** After the IRS grants your organization tax-exempt status, it is important to file and maintain the letter stating this for your records. This record must be made available for public inspection during the life of the organization. You and other people involved in the nonprofit's decision-making should also regularly review the different documents and policies that govern your nonprofit organization. Doing this will help your organization remain in compliance with any changes in federal, state, or local laws, as well as any current recommended governance standards. Reviewing this information will also help ensure that the nonprofit's policies and procedures are current and updated to reflect changes in things like the nonprofit's size or the needs of those it serves.

**7. Consider Accreditation from Different Organizations.** Nonprofit accrediting organizations are independent third parties that set out standards of practice for nonprofits in key areas such as governance and financial accountability. Nonprofits can use these organizations as evidence of meeting certain governance and other standards. The public may look to these accreditations to see whether or not they can trust your organization.