



A Nonprofit Checklist - Getting Started

This document has been reviewed and approved by West Virginia's Secretary of State Office

1. Reserve a name with your state's Secretary of State
2. Select individuals to serve on the board of directors and designate officers to serve on the board.
3. Develop a mission statement.
4. Develop a nonprofit operating plan, which is like a business plan for nonprofit organizations, and includes a description of the organization's location, staffing, activities, funding, fundraising plan and budget.
5. Establish board committees (e.g., executive committee; finance committee; fundraising committee; volunteer committee; etc.).
6. Create by-laws.
7. Retain a bookkeeper to create accounting records and financial reports. Retain an accountant for annual audit and mandatory government filings. Organizations with gross revenues greater than \$500,000 must undergo a financial audit by an independent CPA. If revenues are greater than \$200,000 but less than \$500,000 (excluding grants and monies from private foundations) you can file a financial review.
8. Incorporate or form a trust to protect its founders and principals from personal liability.
9. Hold its first corporate meeting and elect corporate directors and officers and adopt corporate by laws. Must file a corporate annual report every year on or before June 30th to avoid revocation.
10. Apply to IRS for an employer identification number (E.I.N.).
11. Establish a bank account and establish check signing procedures. Designate which officer(s) have the power to sign checks.

12. Apply for IRS 501(c)(3) tax exempt status (IRS Form 1023) and receive IRS Determination Letter or advanced ruling letter: www.irs.gov/charities/index.html or call 877-829-5500. All organizations that have gross receipts of \$5,000 or more must receive an IRS Determination Letter.
 13. File for state and local tax exemptions. www.wva.state.wv.us – Form F0003; 304-558-3333.
 14. File for a Business Registration with State Tax and Revenue. www.wvtax.gov ; 304-558-3333.
- Bingo and raffle permits – 304-558-8513.
15. Register with the Secretary of State and annually thereafter on or before the expiration date to avoid late filing fees. Every charitable organization which intends to solicit or receive monies from the public, government grants and private foundations must file an annual registration with the Secretary of State unless they qualify for an exemption under West Virginia Code Section 29-19-6.
 16. Obtain an Employer Registration Number (ERN) for reporting unemployment insurance.
 17. Establish financial management, auditing and internal control systems.
 18. Set up a chart of accounts to record financial transactions.
 19. Establish a general ledger and bookkeeping system (either manual or computerized) to account for cash receipts and cash disbursements, assets and liabilities.
 20. Compose job descriptions for staffing needs.
 21. Hire staff and set compensation levels.
 22. Prepare a personnel manual.
 23. Establish a payroll system (manual or automated), including: (a) Withholding requirements (federal, state & city); (b) Requirements for payment of funds withheld (federal, state & city); (c) Reporting requirements for funds withheld (federal, state & city).
 24. Determine whether individuals performing services for it are employees or independent contractors.
 25. Establish a system for preparing and filing Form W-2s for employees and 1099s on behalf of independent contractors. W-2s and 1099s: Employers or their payroll service must provide W-2s for each employee, and 1099s for independent contractors paid \$600 or more in a calendar year. IRS Form 1096 correlates to 1099 information, and Form W-3, Transmittal of Wage and Tax Statements, covers W-2 data. IRS forms are at www.irs.gov.

If you have payroll, you must remit Federal and FICA (employer and employee) withholding payments, and NYS/NYC withholdings. The filing frequency is based on the size of your payroll. A reputable payroll service provider can provide this service and will assume the liability for failure to pay withholdings.

26. Establish a mandatory system for maintaining records for each employee which include (1) names and social security numbers, (2) W-4 and I-9 forms, and (3) for each payroll period the: (a) beginning and ending dates, (b) the days (weeks, etc.) each employee worked and the earnings for each day (week, etc.) and (c) all payments made to the employee, including bonuses and vacations.

I-9's: Employees must complete and submit Form I-9, Employment Eligibility Verification, within 3 days of employment to their employers. I-9s are not filed with the U.S. government. Employers are required to retain I-9s for up to 3 years. Go to US Citizenship & Immigration: www.uscis.gov.

27. Establish a system to meet mandatory insurance requirements: (1) Workers' Compensation, (2) Unemployment insurance, (3) Short-term Disability, (4) Auto Liability (if applicable), and (5) [Others]. Unemployment Insurance payments are based on gross payroll and are remitted quarterly. Nonprofits are exempt from Federal Unemployment Tax.

28. Join the West Virginia Nonprofit Association. As a member, you will be able to enjoy discounts on products and services and have access to professional development workshops and webinars, many at no cost. Visit www.wvnpa.org or call 304-667-2248.

29. Procure necessary insurance coverage: general liability, property, professional responsibility (if applicable), sexual abuse (if applicable) and non-owned auto liability (if applicable).

29. Determine whether Directors & Officers (D&O) liability insurance is needed.

30. Establish a system for providing receipts for donations to comply with IRS substantiation requirements. Download IRS Publication 1771, Charitable Contributions Substantiation and Disclosure Requirements, at www.irs.gov/pub/irs-pdf/p1771.pdf.

31. If the organization is getting donations and giving something in return, the organization should create a "quid pro quo" disclosure statement informing donors that the amount of the contribution that is tax deductible is limited to the difference between the amount of the contribution and the value of goods or services received in exchange (which should be estimated in a document given to the donor).

32. Procure health benefits for employees.

33. Establish a retirement plan for employees.

34. Rent or purchase office space, or consider collaborating with another nonprofit to share space.
35. Lease a postage meter and apply for a nonprofit permit number in order to mail at the reduced nonprofit bulk rate.
36. Lease or buy computer equipment that is capable of email and accessing the Internet.
37. Lease, buy or collaborate with another nonprofit for office equipment: copy machine, fax machine, desks, chairs, file cabinets, conference room tables and chairs, coffee maker, etc.