

Top 10 Formalities to Start a Nonprofit**:

1. **Mission** – What is YOUR nonprofit all about? What do you hope to accomplish? How to expect to “Change the World?”
2. **Business Plan** – Even nonprofits need to operate as a business. How will you obtain your operating funds? What resources do you need to operate? How will you sustain the organization, both financially and program-wise?
3. **Board of Directors** - at least three, preferably 5, including names and addresses. If you are going to be a paid Executive Director, I highly recommend 5 directors. An ED is not counted in the Board of Directors roster; rather, an ED is a non-voting staff member who advises the Board and carries out the Board directives for the nonprofit.
4. **Business Address** - this will go on all your official papers. Can be a PO Box (I recommend a PO Box if your other alternative is someone's home address - this gives the organization a consistent address through changes of Board President, etc.)
5. **Registered Agent** – The Registered Agent receives “service of process” (formal notice and official documents) for the Nonprofit. The Registered Agent cannot be the business entity itself. The Registered Agent may be a person or another formal business association which was incorporated (or qualified) in Indiana and which maintains a valid Registered Agent in Indiana.
6. **Articles of Incorporation** - File online at the IN SOS office. Pretty easy, with one major catch - the IRS looks for "magic language" in the Articles of Incorporation, and the State form doesn't include that language, so you have to be sure that you add it in the narration part. Cost: \$30 filing fee
 - a. <http://www.in.gov/ai/appfiles/sos-registration/landing.html>
7. **Obtain the Federal Tax ID#** - File online at the IRS website with instant return of number. You need to have your incorporation completed, first
 - a. <http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>
8. **Indiana(Sales) Tax Exempt application**. Alas, not an online form, but easy to complete, and no filing fee. You will receive a "Exempt Certificate" from the State, which you can use for all sales tax-exempt purchases. Find the form online here:
 - a. <http://www.in.gov/dor/files/np-20a.pdf>
9. **IRS Application for Tax Exempt Status** – Whether you prepare and file this form now, or after operating for a few months, if you expect to grow larger than \$5,000 of cash flow per year, you need to consider filing the IRS Application for Tax Exempt Status. Cost: \$300 for organizations that expect a cash flow of \$10K or less; otherwise, the filing fee is \$750.
 - a. Form 1023 - Application for Tax Exempt Status (fillable form)
 - i. <http://www.irs.gov/pub/irs-pdf/f1023.pdf>
 - b. Instructions for Form 1023:
 - i. <http://www.irs.gov/pub/irs-pdf/i1023.pdf>
 - c. Publication 557 - Tax Exempt Status for your Organization
 - i. <http://www.irs.gov/pub/irs-pdf/p557.pdf>
10. **IRS Determination Letter** – The final step on the road to becoming a nonprofit - a letter from the IRS that grants your tax exempt status.

**** Remember, while a lot of this information may work in your state, and may apply to all states, the information provided here is intended for Indiana Nonprofits only.**