

Start Your Own Charity

or

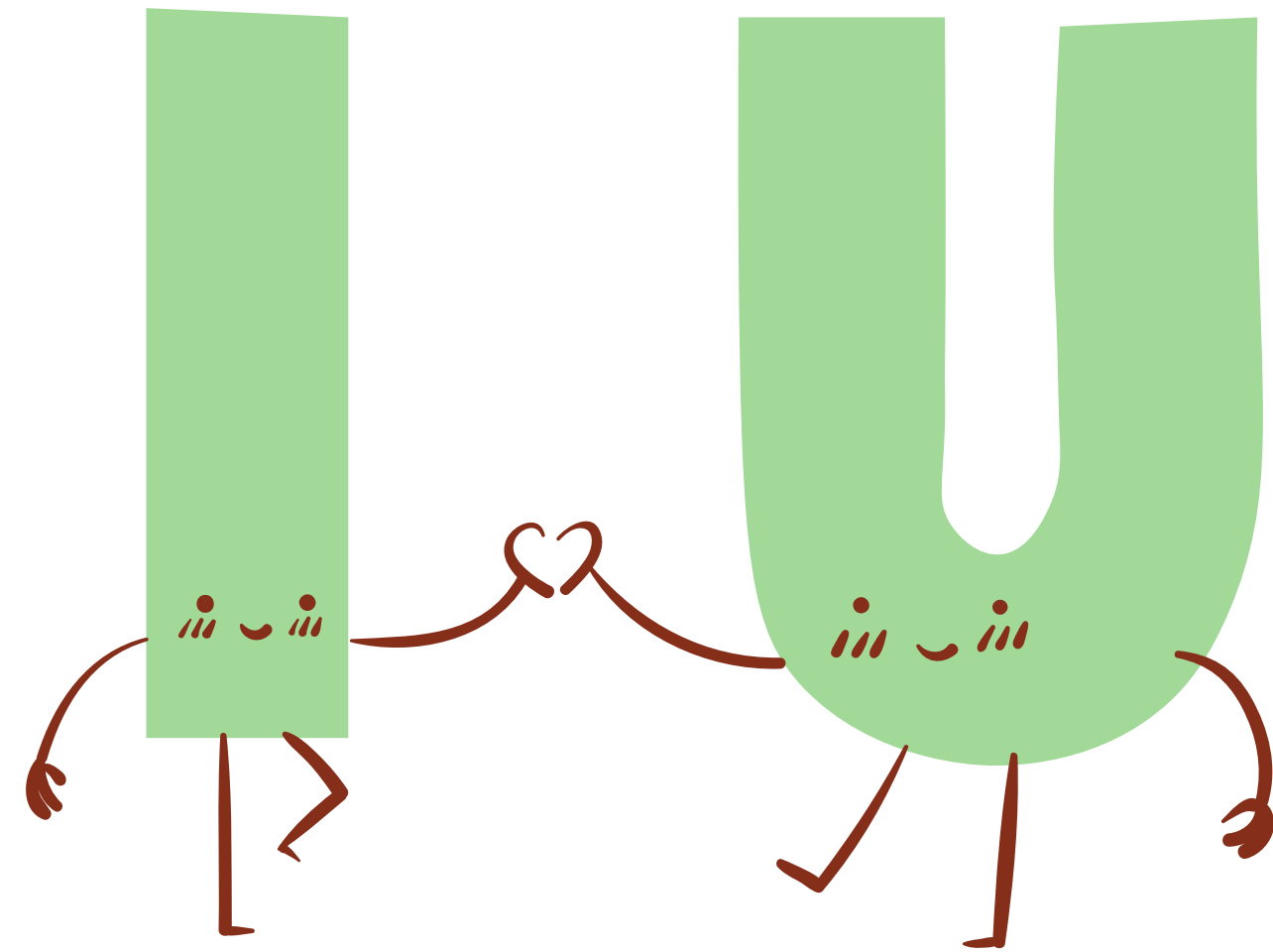
501(c)(3)

Your How To Guide

STEP-BY-STEP INSTRUCTIONS ON HOW TO START A NON-PROFIT 501(C)(3)

Congratulations!!!

You have a great idea! And
its one that benefits your
community.



Charitable Purpose



- Religious
- Charitable
- Scientific
- Testing for Public Safety
- Literary
- Educational
- Fostering of national or international amateur sports, and
- Prevention of cruelty to animals and children

In order to qualify as a charity or 501 (c)(3) you must exist for one or more exclusively charitable purposes

Types of Charities

Public Charities

Public charities are what most people recognize as those organizations with active programs. Examples include churches, benevolence organizations, animal welfare agencies, educational organizations, etc. They usually receive a substantial portion of its revenue from the general public or from government.

Donations to public charities can be tax deductible to the individual donor up to 50% of the donor's adjusted gross income.



Private Foundations



A Private Foundation is often referred to as a non-operating foundation, as they typically do not have active programs. They are not required to be publicly supported, so revenue may come from a relatively small number of donors, even single individuals or families.

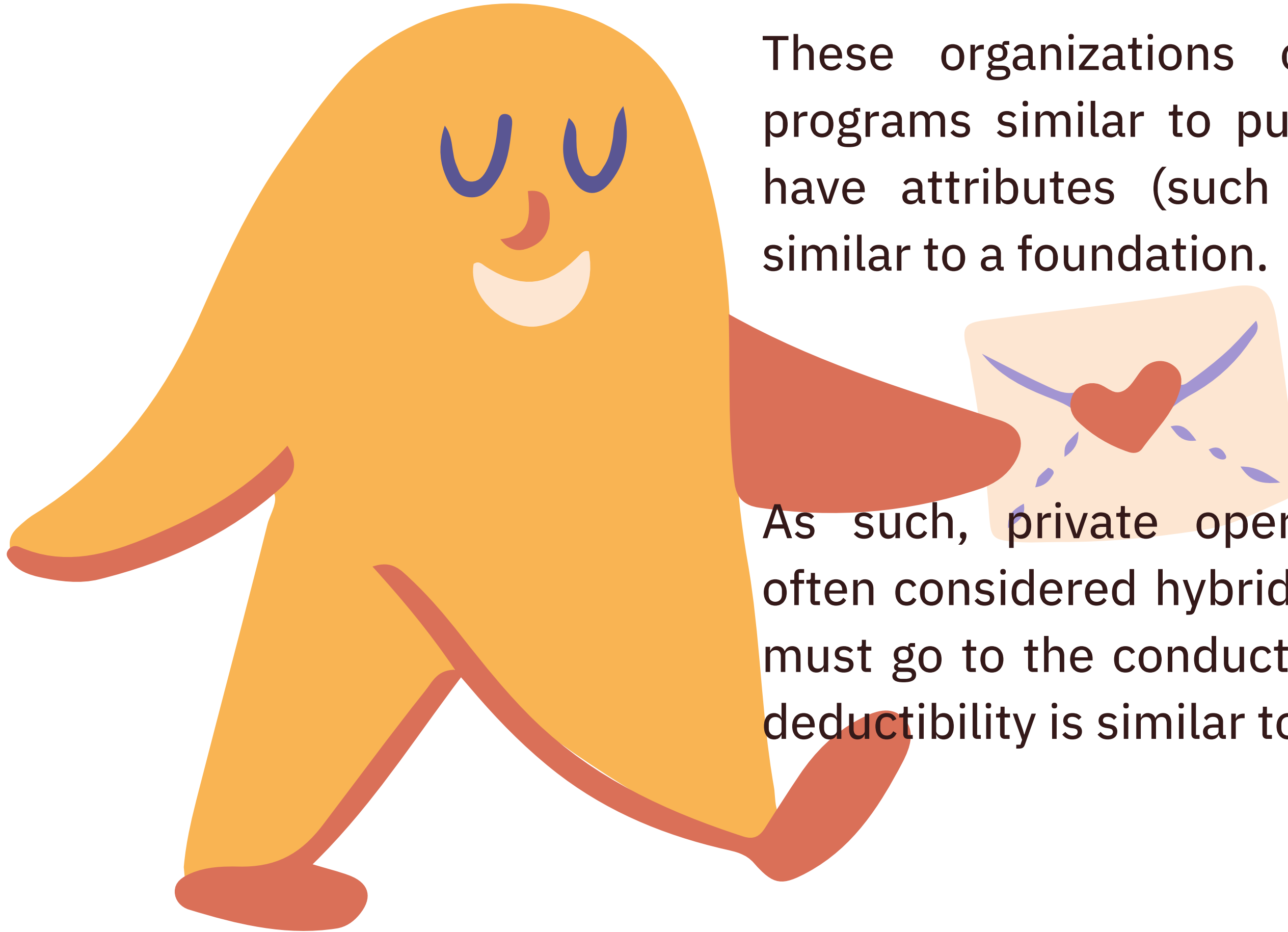
Private foundations are usually thought of as nonprofits which support the work of public charities through grants, though that is not always the case.

Donations to private foundations can be tax deductible to the individual donor up to 30% of the donor's income.

Private Operating Foundations

These organizations often maintain active programs similar to public charities, but may have attributes (such as close governance) similar to a foundation.

As such, private operating foundations are often considered hybrids. Most of the earnings must go to the conduct of programs. Donation deductibility is similar to a public charity.



Step One

You Need A Mission Statement

Let's look at the American Cancer Society-when you go to their "about me" page and under who we are, their mission states "The American Cancer Society's mission is to save lives, celebrate lives, and lead the fight for a world without cancer". Yep, that's it! Its short and sweet. It is broad but its specific. Your mission statement is rarely going to change and on every publication, flyer, radio advertisement, and website you will and should have the same mission statement.

Take some time to craft your mission statement.

You want your mission statement to be less than a paragraph, you want it to encompass not only what you are doing, but also what you want to do in the future, and you want to specifically state a concern or issue that your charity will address. You don't want your mission statement to be too general or too broad, for example "our mission is to help people". That is way too broad. So take some time and craft it, and if you need help just look at a charity that is comparable to yours.

Step Two: Get a

Board

You need at least 3
Board of Director
Members!



Generally the IRS requires a minimum of three board members.



The board is expected to meet once a year, but best practices suggest four times a year. During the meetings, you want to take minutes, discussed the budget, and pass the budget. The board of directors is not necessarily responsible for the day-to-day of the organization but the governance. Governance means it oversees the operations, approves a budget, and strategically plan for the organization. Ideally you want people who are connected, can raise funds, but most importantly care about the mission of the organization oh and they have to be able to commit to the organization's required length of service. The Bylaws will say what the length of service will be. Usually board members will serve anywhere from 1 to 5 years, but they are never expected to serve forever or perpetual terms.



Duty of Care



Board Members or Board of Directors have a Fiduciary Duty to the organization. So what does that mean? It means they have a Duty of Care!

Duty of care means that board directors must give the same care and concern to their board responsibilities as any prudent and ordinary person would. It also means that they should be actively working with other board directors to advance the organization's mission and goals. They should be acting in good faith!

Because they have a duty of care, the IRS requires that the board members adopt a conflict of interest policy and that each director acknowledges and agrees to the policy. Don't worry, I have created a conflict of interest policy form for you to download. You now have a conflict of interest policy too. Ask each of your board of directors to sign.

Step Three

Set up the Nonprofit in a State!



Step Four:

Go to www.irs.gov and
get an EIN

Step Five

Create an account on www.pay.gov

If you qualify to complete form 1023EZ then you can file and pay the application fee online. But first you need to create login credentials on, and to do that you go to www.pay.gov.

Follow the prompts and register so that you can submit your application online.



Step Six

Complete the 1023EZ application



You can complete the 1023EZ if you qualify. This is the application that must be submitted to the IRS. This is how you apply for tax exempt status with the federal government.

Its an expedited and condensed version of the tax exempt application that most new nonprofits can use. But in order to know whether you are eligible to use that form, you must first complete the questionnaire.

So You Started Your Charity, Now What?

Step Seven

Here are some websites to start your search for grants and help you make a difference:



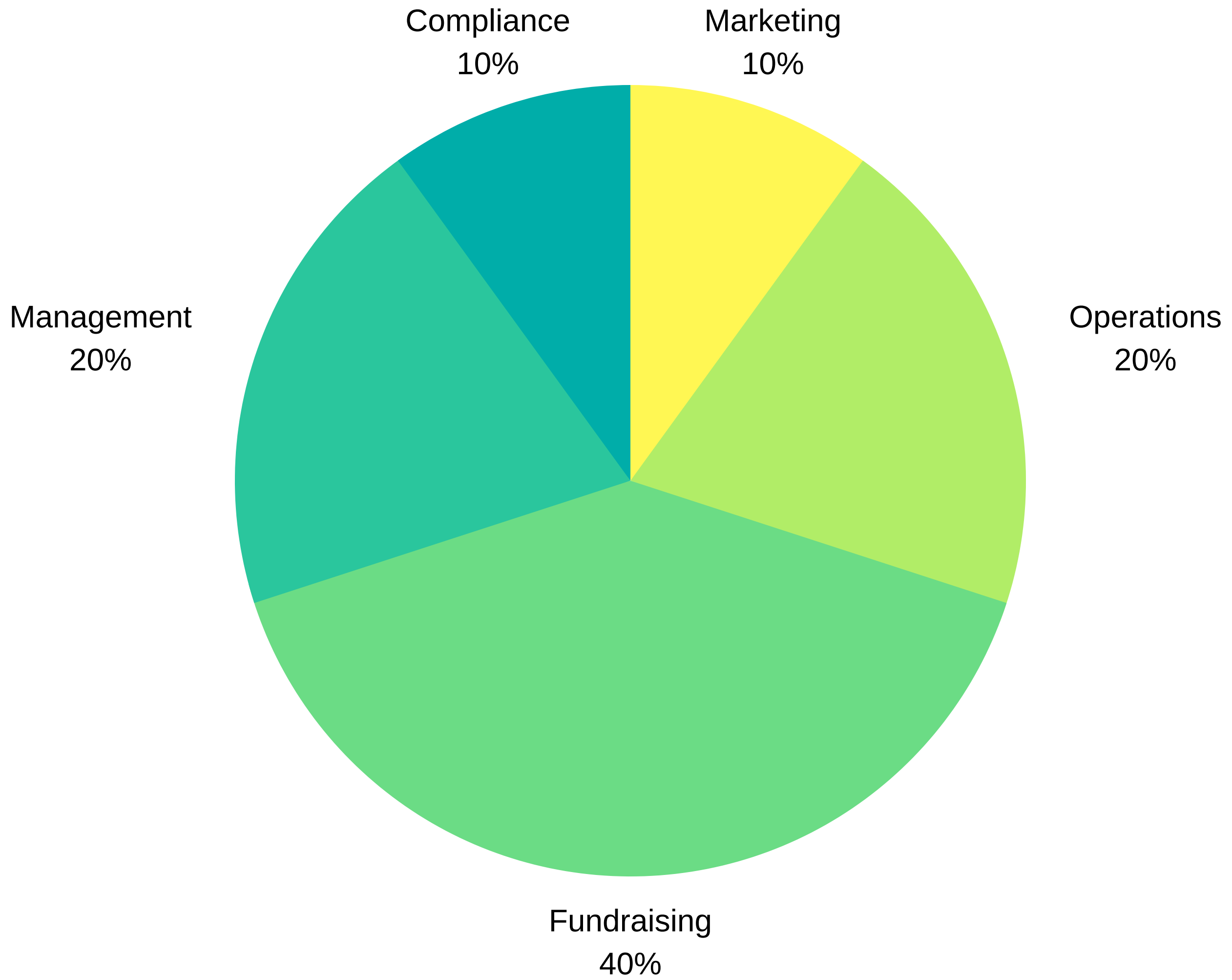
- www.councilofnonprofits.org
- <https://www.theinstitutefornonprofits.org/>
- www.bridgespan.org
- www.grantwatch.com
- www.nonprofithub.org
- <https://themodernnonprofit.com/>
- www.grantstation.com

Visit these Websites!

Compliance is Key

- You are required to file form 990 or 990Ns every year, even for the year you are approved by the IRS.
- Do not forget your state and local government requirements.
 - In Florida, if you intend to solicit contributions, you must register with Florida Dept of Agriculture and Consumer Services. We have included the Registration Application for you to download with the instructions.
 - Also, if you want to be exempt from paying sales taxes, you must apply with the Dept. of Revenue. We have also included that Application.





Voila! Thats it! You did it!

Questions?

Don't forget to call us with your questions! With the regular (not discounted) purchase price of this course, you will receive a 30 min consult. So call us. We are here to help!
850.273.7193

Visit our website at
www.mycompasstax.com.

You can also find us on Facebook and Instagram at CompassTaxAdvisorsInc. Follow, Like, and Share!

Way To Go!!!

We want to improve your experience, so contact us and give us your feedback. We also want to share your experience, so don't be shy to provide a testimonial. Your success is Ours!



Thank You!

*Now Go and
Change the World!*



“Be the change you want to see in the world.”

- Mahatma Gandhi