**Checklist on How to Start a Nonprofit Organization in Pennsylvania**

**1. Determine the purpose of the organization.**
Every organization should develop a mission statement that describes their reason for existing. This can be developed by meeting with potential clients, constituents, board members and other interested parties.

**2. Determine the structure of the organization.**
This stage should include determining the type of organization that you will form (e.g., a charitable corporation under 501(c)(3) or another kind of nonprofit: member or not, corporation or unincorporated, association, or trust). Do you want to be a membership organization or governed by a board of directors who elect their own successors? What interests or constituencies should be on the Board?

**3. Choose your board of directors.**
Your board will help you transform your ideas into reality by helping establish goals and fundraising strategies. Pennsylvania law requires every nonprofit corporation to have a President, Treasurer, and Secretary (i.e. officers who perform comparable duties) and a single person may hold all three offices.

**4. Write bylaws.**
Your bylaws will guide your organization's day to day operations. These should be drafted carefully and may require the assistance of an attorney experienced in nonprofit law to reflect the proper power relationships among those with an interest in the group.

**5. File Articles of Incorporation with the Department of State.**
For organizations that plan to be incorporated, this is a key step. In Pennsylvania, you need to file your Articles of Incorporation with the Department of State's office in Harrisburg. If you expect to seek exemption as a charitable organization under Section 501(c)(3), be sure to include the language required by the Internal Revenue Service.

**6. Develop strategic and fundraising plans.**
A strategic plan will help you outline the steps needed to fulfill your organization's goals, determine your staff needs and establish operational priorities for the upcoming year and beyond. The strategic plan should determine your budget priorities, identify potential donors, establish bookkeeping practices and delineate fundraising activities (e.g., mailings, dinner-dance, silent auction, etc.). There are six core elements of a successful nonprofit:
(1) fundraising, (2) marketing, (3) internal operations, (4) programs, (5) volunteer development and (6) community involvement.

**7. Establish a system for record keeping and accounting.**
A protocol should be established for keeping all your organization's official records (such as board meeting minutes and financial reports) and records should be preserved for the life of the organization. Establishing written, board-approved, financial and internal management policies and procedures is essential for the organization's success.

**8. Request recognition of tax-exempt status from the IRS.**
Without a "determination letter" from the IRS, donors who want an income tax deduction may not make gifts to your charity. Nonprofit corporations that are charities and meet the definitions in IRC §501(c)(3) may request recognition of their tax-exempt status. To receive §501(c)(3) tax-exempt status from the IRS, you must fill out an IRS 1023 form and attach your proposed budget, Articles of Incorporation (certified), and bylaws (a true copy). Resumes of your board members are helpful as well. This application should be filed within the first 15 months of your organization's existence.

**9. Filing for Pennsylvania sales tax-exempt status.**

To request exemption from paying sales tax in Pennsylvania you must file PA Form REV-72 and remember your organization's Federal tax exemption status has no bearing on PA sales tax-exempt status policy.

**10. Register with the Pennsylvania Bureau of Charitable Organizations.**
If your organization will be requesting donations within Pennsylvania, you must register with the Bureau of Charitable Organizations prior to beginning any fundraising activities. There are exemptions and exclusion for certain organizations, and you should contact the bureau for the requirements at 1-800-732-0999.

**11. Establish personnel policies.**
Before hiring employees, the personnel committee from the board of directors should develop written personnel policies. They can be expanded as the organization develops but should cover basic operational procedures.

**12. Register for unemployment compensation or opt out to self-insure or participate in an alternative program.**
Most nonprofit organizations must participate in an unemployment compensation program or reimburse directly for this benefit. The Federal government mandates that all states allow 501(c)3 nonprofit organizations and governmental entities to opt out of paying the State Unemployment Insurance (SUI) tax and reimburse directly. Note: Some faith based organizations are exempt.

**13. Obtain liability insurance for your organization.**
Like the business community, nonprofits are exposed to legal risks and should obtain general liability insurance, and maybe Directors' and Officers' liability insurance coverage.

If you have any additional questions call Gregory J. Spadea at 610-521-0604 of Spadea & Associates, LLC.