About NAO

The mission of the Nonprofit Association of Oregon is to strengthen the collective voice, leadership, and capacity of nonprofits to enrich the lives of all Oregonians.

www.nonprofitoregon.org
Agenda

Introductions & Learning Goals

What is a Nonprofit?

About the Nonprofit Sector in Oregon

Steps to Start a Nonprofit

Discussion / Questions and Answers

Resources

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Learning goals

▪ What defines a public benefit nonprofit.

▪ Your critical next step to becoming a nonprofit.

▪ Gain insight into resources to support your effort.
What is a nonprofit?
Nonprofits areCORPORATIONS led by private groups TAKING ACTION FOR PUBLIC GOOD
Nearly 24,000 Charitable Benefit Nonprofits in Oregon
43.2% of Oregonians volunteer, the 3rd highest state for volunteerism in the U.S.
Over **9,600** Oregon nonprofits employ nearly **180,000** people with almost **$10 billion** in annual wages.
Where are you in the process of forming a nonprofit?
Mission Planning

Register Charity

Business Structure

Charitable Purpose

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Considerations before starting...

1. Community need
2. Public service mission
3. Is this need served by other organizations
4. Board commitment
5. Legal formation / considerations
6. Time, funds, and expertise
Starting a Nonprofit

501(c)3 Public Benefit Corporations

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# Steps to START a nonprofit

<table>
<thead>
<tr>
<th>BASIC STEPS</th>
<th>AGENCY</th>
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</thead>
<tbody>
<tr>
<td>1. Determine business structure</td>
<td>SOS</td>
</tr>
<tr>
<td>2. File Articles of Incorporation</td>
<td>SOS</td>
</tr>
<tr>
<td>3. Develop Bylaws <em>(sample template)</em></td>
<td>N/A</td>
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<tr>
<td>4. File for EIN#</td>
<td>IRS</td>
</tr>
<tr>
<td>5. Apply for tax exemption</td>
<td>IRS</td>
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<tr>
<td>6. Register Charity</td>
<td>DOJ</td>
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Step #1: Business Structure

Before you register as a “Nonprofit Corporation” be sure this is the right business structure for your activities*

Your business structure relates to:

– Ownership
– Taxation
– Management Control
– Liability

*Groups will often seek advice from attorneys and CPAs. State of Oregon Corporate Division has lots of additional resources
Step #2: Articles of Incorporation

Register your nonprofit corporation with the State by filing Articles of Incorporation

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Step #3: Develop Bylaws

Your bylaws is the operating manual for your board

Common topics covered in bylaws:

– Name and location of the organization
– Purpose
– Election, roles, and terms of directors and officers
– Membership
– Compensation and indemnification of directors
– Amendment of bylaws
– Dissolution
Step #4: File for EIN#

An EIN is your federal tax identification number
Step #5: Apply for Tax-Exempt Status

In order to be recognized “tax-exempt” under section 501(c)3 of the Internal Revenue Code:

An organization must be able to show that it is organized and operated for purposes that are beneficial to the public interest.

IRS Publication 577
Form 1023 or Form 1023EZ
Step #6: Register charity with the State

Registration is required because the Attorney General has oversight authority to protect the public’s interest in charitable organizations and their assets.

Registration for Charitable Organizations (RF-C)
Statutes and Rules Governing Oregon Nonprofits (including ORS 65)
## Steps to MAINTAIN a nonprofit

<table>
<thead>
<tr>
<th>BASIC STEPS</th>
<th>AGENCY</th>
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</thead>
<tbody>
<tr>
<td>1. File Annual Reports</td>
<td>SOS</td>
</tr>
<tr>
<td>2. File informational tax returns (990)</td>
<td>IRS</td>
</tr>
<tr>
<td>3. File annual financial reports (CT-12)</td>
<td>DOJ</td>
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</tbody>
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There are fees associated with these filings.
The Fundamentals for Board Members

1. Know your **role** *(stewardship)*
2. Know your **rights** *(make informed decisions)*
3. Know your **responsibilities** *(duty of care, loyalty, and obedience)*
4. Establish necessary policies & procedures *(board agreements, whistleblower, conflict of interest, financial controls, safeguarding information, etc.)*
Personal Liability for Board Members

Volunteer Board Members have qualified immunity, but can be sued for gross negligence, willful or fraudulent acts.

Consider having a Directors and Officers Insurance Policy (D&O).
Resources

How to start a Nonprofit- NAO Start-up Kit

Nonprofit Formulation Documents- NOLO

Starting a Nonprofit? Do You Really Want To?

SCORE – free business startup mentoring