

STARTING A NON-PROFIT IN LOUISIANA

For a free webinar on starting a 501(c)3 and other non-profit alternatives from the Arts Council of New Orleans, go to this link:

http://www.artscouncilofneworleans.org/article.php?story=Be_Or_Not_To_Be_501c3

The process of starting a nonprofit organization generally involves:

- **Drafting bylaws** which sets forth the structure of the organization and creates a governing board with final authority for the organization
- **Incorporating** as a nonprofit corporation in the state of choice
- **NOTE:** If you are only seeking State of Louisiana non-profit status, stop here and skip to annual reporting requirements. More information at: <http://www.sos.la.gov/BusinessServices/StartABusiness/Pages/default.aspx>
- **Obtaining tax-exempt status from the IRS** and the state in which the organization is based
- **Completing additional documents** relating to state compliance, annual reporting requirements, newly instituted IRS compliance policies, and sound corporate recordkeeping practices

Developing bylaws and a board of directors. After deciding the purposes of the organization, options for structuring and comprising the board of directors, and basic operational and administrative mechanisms, draft the bylaws and an explanatory memorandum which outlines the most important points. A key, often-overlooked point of emphasis is the composition of the board of directors. In particular, it is important to carefully select the initial directors and determine the manner by which future directors are selected.

Incorporation. In most states this is a relatively simple procedure. The Articles of Incorporation generally include a number of the provisions already set forth in the bylaws.

Obtaining tax-exempt status from the IRS. The application and follow-up responses to the IRS are the most time consuming part of the process. Generally, the two substantive pieces of information required by the IRS are:

- A statement of activities detailing, as specifically as possible, the proposed activities of the new organizations
- Estimated budgets for three years

Obtaining income and sales tax exemptions and completing charitable registration in the state of incorporation.

Developing mandatory and recommended policies to meet the requirements of the Internal Revenue Code. Documents include compensation, conflict of interest, document retention and whistle-blower policies.