

NMCC 2023

Becoming a 501(c)3

...

A brief introduction
Springdale, Arkansas, July 2023

TODAY:

- ★ Introductions / Who is Living Islands
- ★ Why be a 501(c)3
- ★ Services you should sign up for
- ★ Rules and Pitfalls
- ★ How to register
A step-by-step example
- ★ Questions?

A spiral-bound notebook with a white cover and a blue pencil lying next to it on a blue background. The notebook is open, and the words "Today's Agenda" are written in a large, black, cursive script on the right page. The pencil is blue with a sharpened lead tip.

Today's
Agenda

Welcome and who are you?

Living Islands Non-Profit:

- Operating as a registered non-profit organization in the USA since 2013
- Registered non-profit organization in the Marshall Islands since 2015
- Serves all Micronesian communities, here in the USA as well as in the Pacific Region



What is a 501(c)3 corporation?

Officially it only means that the company do not pay taxes to the **IRS** on its earnings.

In other words, you are doing your work to benefit the greater good, not individual investors.

Un-officially it's used as proof for *everyone else* that you do charitable work. Companies is using the IRS to verify that you are doing charitable work.

Why should you become a 501(c)3 corporation?

Because you are a proven charity, *more* people will help you.

- Money (Grants and Donations)
- In-kind Donations
- Discounts
- Free Services

The biggest reason...

Questions #1: “Are you a 501(c)3”

Many (many) grants and corporations will not support you unless you are a 501(c)3!



Do I need discounts and services?

These are some services and stores you should sign up for as soon as you are registered!

- **TechSoup** (Right away! Really!)
 - Google, Microsoft, Adobe, GrantWatch, Discounted PCs
- **GuideStar**
- **Your local rental agencies (Like Penske)**



Yes!

In-kind donations?

- Food places like McDonalds and Starbucks
- Your local stores like Safeway and Lowe's



It seems difficult?

Are you already doing accounting?

Then you are already doing the required work!

But you do have to file taxes (easy), and make a yearly report (very short) to the state.

Losing your 501(c)3

If you forget, you may lose your 501(c)3 status.

It's HARD WORK to get it back...

File your taxes on time.

Open your letters from the IRS

CALL THEM! (They're nice)



Don't
Even
THINK
About it!

Biggest challenges

1. Everyone has to learn to keep all the receipts for everything.
Public accountability
2. No CASH transactions!
Papertrail
3. It's no longer your organization!
If you stop, everything goes to the state (or another 501(c)3)

BREAK
...for questions



Let's register!

If your CBO earn less than
\$50,000 per year!

1) Determine the name of your organization.



If you don't know it already, then now is the time to decide!

Check if the name is already used in your state:
https://egov.sos.state.or.us/br/pkg_web_name_sr_ch_inq.login

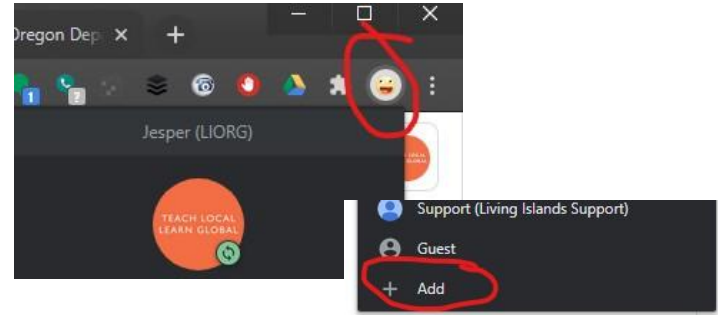
Check if someone took all the good domain names:

<https://www.tierra.net/domains?>

2) Create a new browser profile if you are using Google Chrome (optional)

The reason for this is that your browsing history and saved password are now separate for the organization, making it easier in the future. It may not seem like a big deal, but it makes everything simpler in the future.

If you created a Gmail, open google chrome, create a new user. Click the upper right corner, then click **"+ Add"** near the bottom of the menu:



Follow the prompts to create a new profile.

Do the remaining steps in your new browser profile, if you choose to create one.

3) Create an email account for your organization

It's much easier to create a specific email JUST for everything that has to do with the organization itself.



Benefits:

- You will never have to change email addresses later if someone else takes over.
- Someone else in your organization can use that email and see the history of everything that has happened, etc.
- Information won't "drown" in anyone's personal email.

Make sure you **only** use this email for organizational registrations.

Be vigilant about where you use this email.

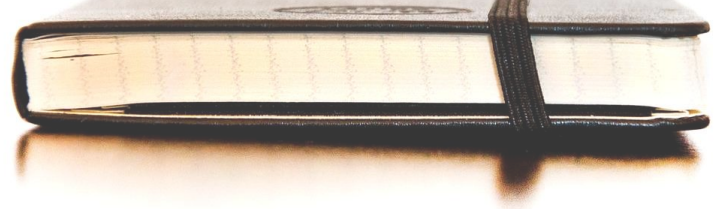
A Microsoft Outlook or a Gmail account will work just fine. For this Guide, we assume Google and Gmail.

Name it the same as your organization, so for example, create a Gmail like **YourOrganizationName@gmail.com**.

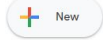
4) Create an online document for all the information about the organization you are about to collect.

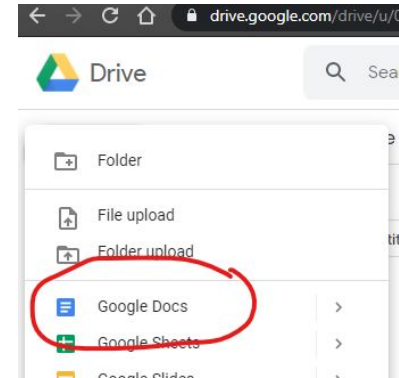
That way you won't forget or lose it!

Pro Hint:
You can also use a notebook!



Go to <https://drive.google.com/>

Click the big plus , then click Google Docs.



Save all the information in this online document moving forward.

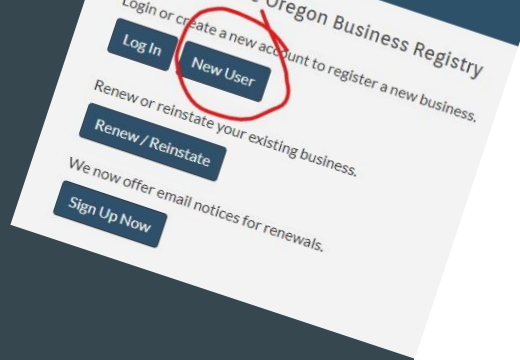
5) Determine other information for your organization

This is required by the state...

- Who is **President** of the Board of your Organization?
 - Who is **Treasurer**?
(The treasurer is responsible for making sure the accounting is done and taxes are filed)
 - Who is **Secretary**?
(The secretary is responsible for all filing of paperwork)
 - What is the **Official Address** of the Organization? This cannot be a PO Box.
 - What is the **Mailing Address** of the Organization? This can be a PO Box.
-

6) Create an account and form the organization with your state

Let the State know that your organization exists.



Create a **New User** here:

<https://secure.sos.state.or.us/cbrmanager/>

The registrations will ask a number of questions about who runs the organization, address, etc. Use the information collected.

Make sure you create a difficult password, write it down on paper AND in the online document, and save the paper somewhere safe. Preferable, share it with someone else as well as backup.

Save your Business Registration Number once done as well, and write it in your online document.

This cost (I believe) \$120. Per year.

7) Register for an EIN number

Employer Identification Number

Monday to Friday, 7 a.m. to 10 p.m.
Eastern Standard Time.

Go to the IRS webpage here:

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

Click the **Apply Online Now** button:

Step 3: Submit Your Application

- After all validations are done you will get your EIN immediately upon completion. You can then download, save, and print your EIN confirmation notice.

Apply Online Now

Follow the prompts. In the end, you will receive an email with the EIN number.

**NOW
THE
BIG
ONE...!**



8) Register your non-profit with the IRS

Fortunately, it has become
extremely streamlined for new
nonprofits to register with the IRS

Go here to read through the page:

<https://www.irs.gov/forms-pubs/about-form-1023-ez>

Print out the PDF with the instructions for filling
out the form.

Then read it again.

Once you are ready, the form is submitted
electronically from here:

<https://www.pay.gov/public/form/start/62759871>

This is the form:

Form 1023-EZ (Rev. October 2018) Department of the Treasury Internal Revenue Service		Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code Do not enter Social Security numbers on this form as it will be made public. Information about Form 1023-EZ and its separate instructions is at www.irs.gov/form1023		OMB No. 1545-0056 <small>Note: If exempt status is approved, this application will be open for public inspection.</small>
<input type="checkbox"/> Check this box to attest that you have completed the Form 1023-EZ Eligibility Worksheet in the current instructions, are eligible to apply for exemption using Form 1023-EZ, and have read and understand the requirements to be exempt under section 501(c)(3).				
Have your annual gross receipts exceeded \$50,000 in any of the past 3 years and/or do you project that your annual gross receipts will exceed \$50,000 in any of the next 3 years? If yes, stop. Do not file Form 1023-EZ. See instructions.				<input type="radio"/> Yes <input type="radio"/> No
Do you have total assets the fair market value of which is in excess of \$250,000? If yes, stop. Do not file Form 1023-EZ. See instructions.				<input type="radio"/> Yes <input type="radio"/> No
Part I Identification of Applicant				
1a Full Name of Organization			b Care Of Name (if applicable)	
c Address (number, street, and room/suite). If a P.O. box, see instructions.			d City	d State ▼
2 Employer Identification Number		3 Month Tax Year Ends (MM)	4 Person to Contact if More Information is Needed	
5 Contact Telephone Number		6 Fax Number (optional)		7 User Fee Submitted \$275.00
8 List the names, titles, and mailing addresses of your officers, directors, and/or trustees. (If you have more than five, see instructions.)				
First Name:		Last Name:		Title:
Street Address:		City:	State: ▼	Zip code + 4:
First Name:		Last Name:		Title:
Street Address:		City:	State: ▼	Zip code + 4:
First Name:		Last Name:		Title:
Street Address:		City:	State: ▼	Zip code + 4:
First Name:		Last Name:		Title:
Street Address:		City:	State: ▼	Zip code + 4:
First Name:		Last Name:		Title:
Street Address:		City:	State: ▼	Zip code + 4:
9a Organization's Website (if available):				
b Organization's Email (optional):				
Part II Organizational Structure				
1 To file this form, you must be a corporation, an unincorporated association, or a trust. Select the box for the type of organization. <input type="radio"/> Corporation <input type="radio"/> Unincorporated association <input type="radio"/> Trust				
2 <input type="checkbox"/> Check this box to attest that you have the organizing document necessary for the organizational structure indicated above. (See the instructions for an explanation of necessary organizing documents.)				
3 Date incorporated if a corporation, or formed if other than a corporation (MMDDYYYY):				
4 State of Incorporation or other formation: ▼				
5 Section 501(c)(3) requires that your organizing document must limit your purposes to one or more exempt purposes within section 501(c)(3). <input type="checkbox"/> Check this box to attest that your organizing document contains this limitation.				
6 Section 501(c)(3) requires that your organizing document must not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes. <input type="checkbox"/> Check this box to attest that your organizing document does not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes.				
7 Section 501(c)(3) requires that your organizing document must provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law. <input type="checkbox"/> Check this box to attest that your organizing document contains the dissolution provision required under section 501(c)(3) or that you do not need an express dissolution provision in your organizing document because you rely on the operation of state law in the state in which you are formed for your dissolution provision.				
For Paperwork Reduction Act Notice, see the instructions				
Catalog No. 83287N				
Form 1023-EZ (Rev. 10-2018)				
Save		Continue		
PDF Preview				

...that was scary...



9) Save your letter of determination

Once completed, it can take a few weeks to get your "Letter of Determination".

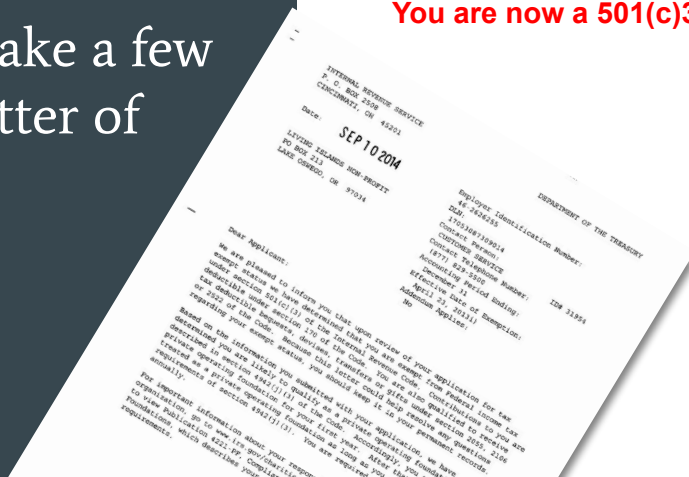
When you DO receive your "Letter of Determination", be aware that this letter is your proof that you are a 501(c)3.

Keep it somewhere safe. Scan it and save it to google docs. Then make a few photocopies. Email a copy of the scan to your closest 10 friends.

Do not lose it.

Congratulations!

You are now a 501(c)3 register non-profit.



10) Register with your state's Charitable Activities department

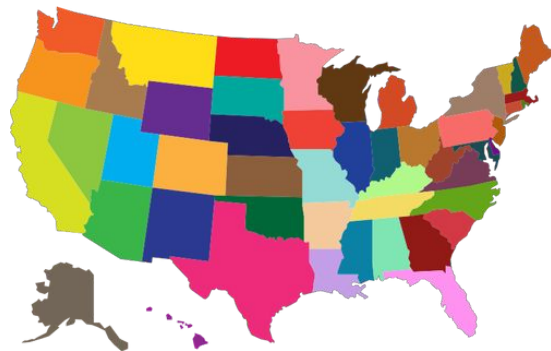
All nonprofits in Oregon have to register with the Oregon Department of Justice Charitable Activities.

Go here:

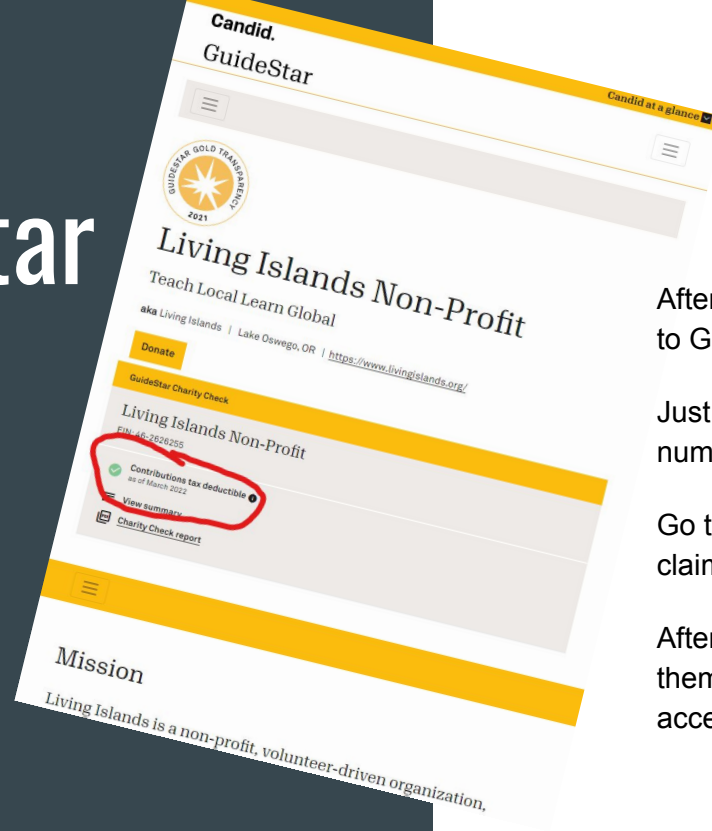
<https://justice.oregon.gov/paymentportal/Account/Register>

You have to file your finished 990 Form (Your yearly tax form) with Oregon DOJ every year.

CHECK YOUR LOCAL STATE RULES



11) GuideStar



The number 1 source for donors to check your non-profit status.

After a while, the IRS will report your Organization to GuideStar (<https://www.guidestar.org/>).

Just check every day by searching for your EIN number.

Go to their website and create an account. Then claim your organization.

After some verification (which includes emailing them your letter of determination), you will have access to edit your profile.

12) TechSoup

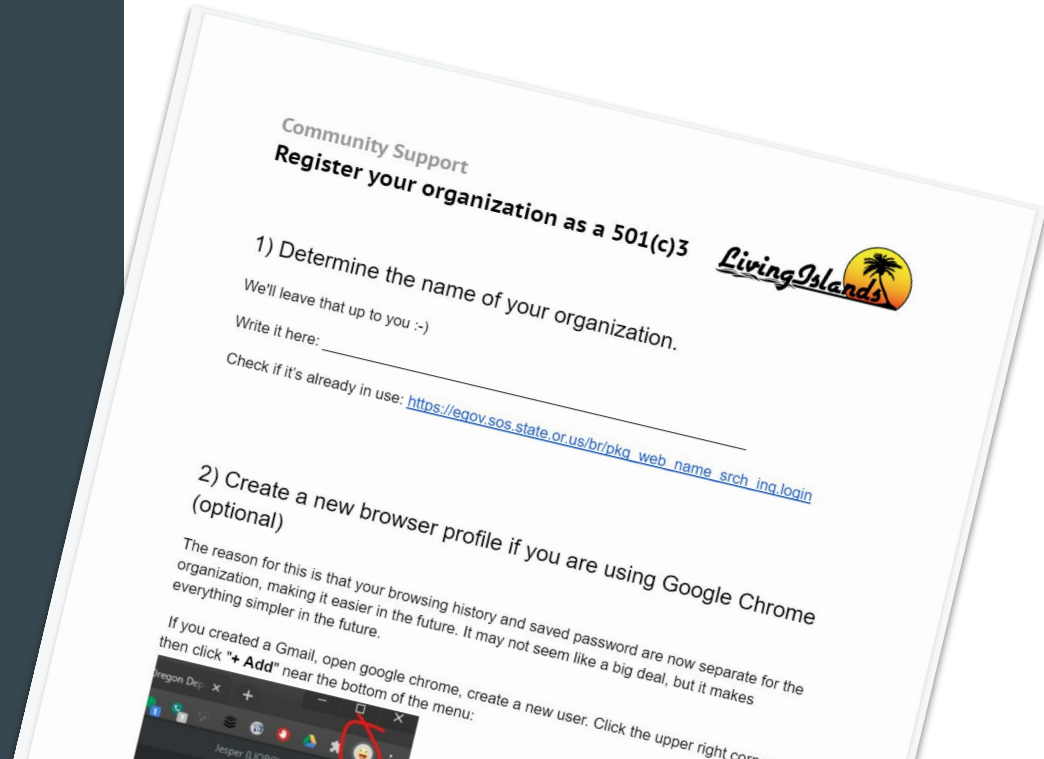
TechSoup is a central place to receive IT and Tech Services for nonprofits

If your organization wants access to free Google Suite or Microsoft Office products - it's handled through TechSoup.



We got a guide!

We will send it if you email us at:
helpdesk@livingislands.org



Final reminders

- ❏ Print out the guide
- ❏ One step at a time - really - don't feel rushed
- ❏ Don't guess, it's harder to change wrong information later
- ❏ **Ask, verify, double-check**

Feel free to ask questions, we are here to help!

It's been part of Living Islands mission to help other nonprofits with technology and logistics for close to 7 years now.

Questions? ...and our contact Information.



If you have any questions, comments, or anything else, please write helpdesk@livingislands.org or visit <https://livingislands.zendesk.com/>

Kianna: kianna@livingislands.org

Jesper: jesper@livingislands.org

Please visit <https://livingislands.org/> to learn more about our work, and if our guide helped you at all, please consider donating to our work at <https://livingislands.org/donate/> or by check to Living Islands Non-Profit, PO Box 366, Lake Oswego, OR 97034