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Checklist for New Nonprofits

1. - Reserve a name with Secretary of State
2. - Select individuals to serve on its board of directors.
3. - Designate officers to serve on the board.
4. - Develop a mission statement – 1-3 sentence purpose statement and 1-2 page description of programs activities.
5. - Establish board committees, if necessary.
6. - Retain necessary consultants: an attorney or nonprofit consultant to incorporate, create bylaws and to obtain tax exempt status, and retain an accountant for annual audit and mandatory government filings.
7. - Organization incorporates or forms a trust to protect its founders and principals from personal liability.
8. - Board meets to finalizes organizational decisions.
9. - Board adopts bylaws.
10. - Apply to IRS for an employer identification number (E.I.N.).
11. - Establish a bank account and establish check signing procedures -- see 11 below.
12. - Designate which officer(s) have the power to sign checks.
13. - File Form 1023 with IRS to obtain 501c3 tax exempt status.
14. - File for state and local tax exemptions.
15. - Register with state as an Employer, if applicable.
16. - Establish financial management, auditing and internal control systems.
17. - Set up a chart of accounts to record financial transactions.
18. - Establish a general ledger and bookkeeping system (either manual or computerized) to account for cash receipts and cash disbursements, assets and liabilities.
19. - Draft and implement a fund raising strategy.
20. - Compose job descriptions for staffing needs.
21. - Hire staff and set compensation levels.
22. - Prepare a personnel manual.
23. - Establish a payroll system (manual or automated), including a) Withholding requirements (federal, state & city); b) Requirements for payment of funds withheld (federal, state & city); and c) Reporting requirements for funds withheld (federal, state & city).

24. - Establish a system for determining whether individuals performing services for it are employees or independent contractors.
25. - Establish a system for preparing and filing Form 1099s on behalf of independent contractors.
26. - Establish a mandatory system for maintaining records for each employee which include (1) names and social security numbers, (2) W-4 and I-9 forms, and (3) for each payroll period the: (a) beginning and ending dates, (b) the days (weeks, etc.) each employee worked and the earnings for each day (week, etc.) and (c) all payments made to the employee, including bonuses and vacations.
27. - Establish a system to meet mandatory insurance requirements: (1) Workers' Compensation, (2) Unemployment insurance, (3) Short-term Disability, (4) Auto Liability (if applicable), (5) [Others].
28. - Procure necessary insurance coverages: general liability, property, professional responsibility (if applicable), sexual abuse (if applicable) and non-owned auto liability (if applicable).
29. - Determine whether Directors & Officers (D&O) liability insurance is needed.
30. - Register with the agencies that regulate nonprofit organizations such as the state attorney general and secretary of state, and tax authority and establish a calendaring system to make sure it complies with the following (and in most cases mandatory) reporting requirements: (1) Annual information return to the Internal Revenue Service: IRS Form 990; (2) Annual report to the state agencies: IRS Form 990, DOS Form 497 and others; (3) [Others].
31. - Establish a system for providing receipts for gifts of over \$250 to comply with IRS substantiation requirements.
32. - Procure health benefits for employees.
33. - Establish a retirement plan for employees.
34. - Rent (or purchases) office space.
35. - Lease a postage meter and apply for a nonprofit permit number in order to mail at the reduced nonprofit bulk rate.
36. - Lease or buy computer equipment that is capable of email and accessing the Internet.
37. - Lease or buy office equipment: copy machine, fax machine, desks, chairs, file cabinets, conference room tables and chairs, coffee maker, etc.



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