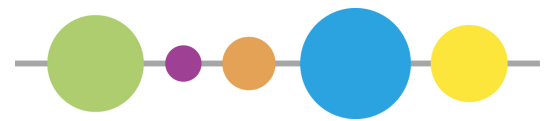


Starting a Nonprofit in Kentucky



- Do Your Research and Assess Your Nonprofit Readiness** - Is there a demonstrated need in the community for a new nonprofit with this mission? What are the costs to start and maintain the organization? Is this the right solution for our community? Would choosing a [fiscal sponsor](#) to "incubate" your idea be more practical and/or less expensive than starting a new charitable 501 (c)(3) organization - either short term or long term?

NEXT STEPS IF YOU PLAN TO MOVE FORWARD WITH STARTING A NONPROFIT:

- Name Your Organization** - In addition to establishing your brand and how you'll be recognized in your community, this is important when incorporating with the state. [Click here](#) to make sure your name is available.
- Recruit Incorporators and Initial Directors** - The incorporator is the person who signs the articles of incorporation for your nonprofit. Directors make up the governing body of your nonprofit corporation and they are charged with steering/setting the direction of the organization. Initial board members and those recruited in the future should reflect the diversity of those the organization plans to serve, as well as provide the different types of expertise needed to effectively govern (for example, finance, fundraising, marketing, etc.). Board members are [legally responsible](#) for the organization. Learn more about IRS and Kentucky requirements [here](#) and [in this guide](#).
- Appoint a Registered Agent** - A registered agent is responsible for receiving legal notices on behalf of your organization. The registered agent is appointed as part of the process of incorporation by listing the name and address as required by the state. [Learn more here](#).
- Prepare and File Articles of Incorporation** - Your nonprofit's articles of incorporation officially mark the creation of your organization. They document where and when the organization was formed and capture other information necessary to verify its existence. It is important to customize the articles for your organization and make sure they meet both Kentucky and [IRS requirements](#).
 - Submit [Form NAI - Articles of Incorporation, Nonprofit Corporation](#) to the Secretary of State
 - Cost: \$8, Timeline: 3-5 business days by mail or online; while you wait if you file in-person
 - Contact your county clerk to learn about filing your Articles of Incorporation at the local level.
- Obtain an Employer Identification Number (EIN)** - This unique, nine-digit number is assigned by the IRS to identify your nonprofit. All types of nonprofits need an EIN, not only those that hire employees. Your EIN will be used to open a bank account, apply for 501(c) status, and submit 990 returns to the IRS.
 - Submit the [Form SS-4](#). Learn more [here](#).
- Establish Initial Governing Documents and Policies** - Your application to the IRS for 501(c)(3) exemption will require that both the [bylaws](#) and [conflict of interest policy](#) are approved and adopted. When your board of directors meets for the first time, you will need to review, approve, and adopt both documents.
- Hold an Organizational Meeting of the Board of Directors** - At the initial organizational meeting of your board of directors, you will approve the bylaws, adopt the conflict of interest policy, elect directors, appoint officers, and approve resolutions such as opening the organization's bank account. Sample policies are available online, but remember to customize them for your organization. Be sure to record important decisions in the meeting minutes. This initial meeting is also an important opportunity to formally adopt the organization's mission statement and begin planning and implementation of the organization's budget, fundraising, and more.

Starting a Nonprofit in Kentucky (continued)

- Apply for State Tax Identification Number - Register with the KY Department of Revenue within 30 days of incorporation for applicable tax accounts.
 - [FORM 10A100: Kentucky Tax Registration Application](#)

- Apply for 501(c) Tax Exemption - Applying for 501(c) tax exemption can feel like the most daunting step in bringing your nonprofit dream into reality, but it comes with many benefits. 501(c) is the chapter of the Internal Revenue Code (IRC) that regulates nonprofit organizations. 501(c)(3) nonprofits include charities and foundations. These nonprofits apply using Form 1023 or Form 1023-EZ. Review the criteria for each application and make sure you meet the eligibility requirements set out by the IRS. Other types of nonprofits apply using Form 1024. After reviewing and approving your application, the IRS will return a “determination letter” officially recognizing your exemption. A well-prepared application takes time, over 100 hours by IRS estimates, so prepare to invest the time or find support.
 - Submit [IRS Form 1023](#), [IRS Form 1023-EZ](#), or [IRS Form 1024](#)
 - Cost: \$275-\$600; Timeline: 2 weeks to 3 months
 - Connect with a KNN member who provides assistance: [attorneys](#) and [CPAs/tax advisors](#)

- Apply for State Tax Exemptions and Other Business Licenses and Permits - Your nonprofit is automatically exempt from Kentucky corporate income tax when you receive IRS income tax exemption. However, you will still need to apply for purchase exemptions for sales & use tax.
 - KY Sales and Use Tax Purchase Exemption: Submit [Form 51A125](#); Learn more [here](#).
 - Contact your city and/or county government office to learn more about the business licenses required.

- Register for Charitable Solicitation (Fundraising) - Kentucky law requires any nonprofit soliciting donations to register with the Kentucky Office of the Attorney General on an annual basis. This means registering in Kentucky prior to soliciting any resident of that state. Registering in Kentucky is essential, but you may also need to register in other states depending on the scope and fundraising plans of your organization. [Learn more here](#).

- ★ Even after you've received your tax-exempt status and launched your nonprofit, the work continues. It's important to maintain ongoing compliance with all local, state, and federal government agencies.
 - KNN's [Principles & Practices for Nonprofit Excellence in Kentucky Guide and Workbook](#) can help
 - Annual [Fundraising Registration](#)
 - Ongoing Nonprofit Compliance - Learn more [here](#) and [here](#)
 - Connect with your state association of nonprofits - [Kentucky Nonprofit Network \(KNN\)](#). Stay up-to-date with KNN's [e-news](#), take advantage of [events](#) and other resources, and [join](#) as a nonprofit member!

- ★ Additional Resources:
 - KNN has many resources, sample policies, and more in the Member Information Center. [Join KNN today!](#)
 - [How to Start a Nonprofit](#) from our partner, The National Council of Nonprofits
 - [Step-by-Step Guide for Forming your Kentucky Nonprofit](#), Harbor Compliance
 - [Nonprofit Startup Guide](#), Harbor Compliance
 - [10-Day Nonprofit Startup Bootcamp](#), Harbor Compliance
 - [The ABC's of Forming Your 501\(c\)\(3\)](#), Harbor Compliance
 - [Case Study: Tax Exempt in 14 Days](#), Harbor Compliance
 - [IRS: Charities & Nonprofits and the Life Cycle of a Public Charity](#)
 - [IRS Information for New, Small and Mid-Size 501\(c\)3 Nonprofits](#)

This resource is provided for informational purposes only. Please consult an attorney or tax advisor for specific advice.

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