

1. Establish a Nonprofit Corporation

The majority of 501(c)(3) nonprofits qualify for tax-exempt status through [nonprofit incorporation](#). This process is exactly what it sounds like—it establishes your organization as a corporation. To do this, you'll have to:

- Obtain a federal tax ID number (FEIN) from the IRS
- Prepare bylaws for your board of directors to follow (more on this [later](#))
- File Articles of Incorporation at the state level

Articles of Incorporation vary slightly from state to state, so it's important to follow your state's instructions closely.

2. Form a Board of Directors

A nonprofit board of directors is the governing body and highest level of authority in the organization. If you're starting a 501(c)(3), choosing dependable board members who align with your mission and values is critical to establishing strong leadership.

Identify the skills your nonprofit needs from its board members, such as experience in business, fundraising, or prior nonprofit leadership. Then, consider people in your network who might be interested in and passionate about your mission.

Some states require applicants to list the names of board members during the incorporation process. In this case, you may need to swap steps #1 and #2.

3. Write Your Bylaws

[Bylaws](#) are a legal document dictating how your board of directors will govern the nonprofit. Most bylaws include standard provisions, such as:

- The nonprofit's name
- Purpose statement
- Governing structure
- Types and frequencies of required meetings
- Bylaw amendment rules

Other bylaw inclusions may be required by your nonprofit's state. These bylaws will be submitted to the IRS when you apply for a 501(c)(3), so it's important to ensure they contain all the necessary provisions.

4. Apply for 501(c)(3) Status

A nonprofit corporation can apply for recognition of 501(c)(3) tax-exempt status by filing [IRS Form 1023](#). This process is much more complex than filing for incorporation because:

- **The form itself is up to 28 pages long.** After including the required attachments, schedules, and other necessary materials, it is not uncommon for these submissions to the IRS to be up to 100 pages.
- **The IRS uses it to look for conflicts of interest and potential benefits to insiders.** Both of these are possible grounds for denial.

Think of Form 1023 as an IRS examination. The 501(c)(3) application process is like an audit of proposed (and/or previous) activity. It examines the organization's governing structure, purpose, and planned programs to ensure the organization is formed exclusively for 501(c)(3) purposes.

If your plan meets all the qualifications, you'll receive a letter of determination. **This is your official confirmation of 501(c)(3) status.**

5. Complete State Filings

FAQs

How much does it cost to start a 501(c)(3)?

Both your state and the IRS charge filing fees for the documents that must be submitted for incorporation and 501(c)(3) status. These fees will usually range between \$500-\$1,000 in total. There are additional fees associated with hiring a professional service provider like Foundation Group, but those fees are typically far below the cost of hiring a non-specialist attorney.

How long does it take to apply for a 501(c)(3)?

As mentioned earlier, Form 1023 can be up to 100 pages long after including the required attachments, schedules, and other necessary materials. The IRS estimates that preparing this form could take a novice well over 100 hours. Processing times vary greatly, but it typically takes the IRS between 3-9 months to review your submission and issue a determination letter.