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Summary of Key Points for Creating and Operating Public Charities in New Hampshire

1. Public Charities (Internal Revenue Code (IRC) §501(c)(3) organizations) operate with the *public's money*, so they are subject to regulation and scrutiny by both the IRS *and* the office of the NH Attorney General, Charitable Trusts Unit. The number one rule: *no self-dealing*.
2. Review and keep handy the Guidebook for New Hampshire Charitable Organizations, prepared by the Office of the Attorney General, Charitable Trusts Unit. Available online at: <https://www.doj.nh.gov/charitable-trusts/documents/guidebook-non-profit-organizations.pdf>
3. If using a corporate form, draft "Articles of Agreement" for one of the permitted purposes under NH law, NH RSA 292:1, I-XV, and IRC 501(c)(3). File with the Secretary of State's office (regulates corporations) and the Town or City Clerk for the location in which you have your principal place of business. If using a Trust form of charity, draft the Trust Agreement.
4. Need *five* Incorporators to sign the Articles, who then generally become the first Board of Directors. Under NH law, those directors may not be related by blood or marriage, RSA 292:6-a, nor should the Board include any person(s) to be employed by the organization (see Rule #1). Same rules apply to Trustees of a charitable Trust, but Trustees can number three or more.
5. Draft Bylaws for how the organization should operate, even if a Trust. Again, can only operate for lawful charitable purposes that meet both NH and IRC requirements.
6. Hold organization meeting, at which Board is appointed by the Incorporators (not needed for Trust form). New Board of Directors or Trustees adopts Bylaws, Conflict of Interest Policy (see Rule #1), elects officers and sets up any committees (non-Board members can populate committees).
7. Apply for EIN number through IRS website.
8. Board develops a plan for how the organization will carry out its purposes – what will its priorities and activities be?
9. Board develops a budget for the current year and next two years. Plan out generally income and expenses. Will there be extensive fundraising, or will the organization basically raise the funds it needs to operate through the programs it runs?
10. Board (or initially a committee) develops press releases, articles, website, pamphlets, etc.
11. Board (or initially a committee) drafts application for recognition of organization as tax exempt, IRS Form 1023 or Form 1023-EZ (if revenue under \$50,000). This form asks lots of questions to reveal any self-dealing (see Rule #1). You will need information on #2-8 to complete this form successfully. IRS may take 6 months or so to process long application. The filing fee for IRS Form 1023 is \$600, and for Form 1023-EZ is \$275.
12. Register with NH AG, Director of Charitable Trusts within 6 months of the organization receiving funds for charitable purposes. File annual reports thereafter (unless excused).
13. File Form 990 (Information Return) with IRS annually (generally 4 ½ months after end of fiscal year). May file short form if minimal funds, but as the organization grows, this Form, which is publicly available, becomes a powerful tool both for communication by the organization and oversight by the public, as well as the IRS and the NH AG.
14. Every 5 years (on the 0's and on the 5's) renewal corporate status by filing with NH Secretary of State. If incorporated in 2021, would next renew in 2025. No renewal needed for Trust form.