

I am passionate about an issue and want to leave an imprint



How to Form a Non-profit in Montana?

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July 2024

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Classifications

- Small association (less than \$5000 gross receipts per year)
 - Private Foundation
 - Public Charity (33 1/3% test)
-
- Terminology
 - Today's focus is on PUBLIC CHARITY formation and tax forms
 - Resources
 - MNA (Montana Nonprofit Association) [Home - Montana Nonprofit Association \(mtnonprofit.org\)](#)
 - [Applying for Section 501c3 status | Stay Exempt \(irs.gov\)](#)



1st step - Forming a nonprofit entity

- Entity Choice (corp, assn, charitable trust)
- Board
- Officers
- Articles of incorporation & required language
- Bylaws
- Minutes
- EIN

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2ND STEP– FILING FORM 1023 OR 1023 EZ

- 1023 \$600 IRS user fee
 - Organizational docs
 - EIN
 - Narrative
 - Budget
- 1023 EZ \$275 IRS user fee
 - Organizational docs
 - EIN
 - Mission statement



Tip on who can fill these forms on their own.

Practical tip for the interim period:

- 1) Donations below \$250
- 2) Donations above \$250 – acknowledgement
- 3) Deductible while IRS is processing Form 1023
- 4) Becomes non-deductible if application is rejected



3rd STEP– FORM TO MONTANA DEPT OF REV

Once nonprofit receives tax exempt status, a form must be filed with the Montana Department of Revenue

If your organization received a letter from Department of Revenue asking why tax return was not filed, our firm can help with the response and filing a needed form.



4th step – Time to see an accountant

PUBLIC CHARITY RETURNS MAY INCLUDE:

- FORM 990-N – under \$50k gross receipts 3 year average
- FORM 990-EZ - “short form” under \$200K gross receipts/\$500K assets
- FORM 990 – “long form” over \$200K gross receipts/over \$500K assets
- FORM 990-T Unrelated Business Tax

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4th step – Time to see an accountant

WHAT DOCUMENTS TO BRING:

- FORM 990-N – donor's list, financial information, responsible party and address
- FORM 990-EZ – governing docs, tax id, board member list, balance sheet, income statement
- FORM 990 – same as 990 EZ plus additional information (# of volunteers, number of payroll items and 1099 forms, policies, etc.)
- FORM 990-T Unrelated Business Tax

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PRACTICAL TIPS

- FIDUCIARY DUTIES, INUREMENT
- POLICIES (whistleblower, conflict of interest, document retention)
- BOARD MEMBER LEGAL OBLIGATIONS (payroll tax)
- ERRORS & OMISSION POLICY
- LEVEL OF COMPENSATION
- REVIEW FORM 990 PRIOR TO SUBMISSION
- SEND BOARD MEMBER ROSTER TO YOUR CPA EARLY
- KEEP AN EXTRA COPY OF RETURN FOR PUBLIC INSPECTION



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