



So, we set up your **nonprofit organization in 2022**, you have started conducting activities, you have set up your website, and you're about to open up your bank account. Now that you have completed your first tax year - even if it has only been 1 day! - here are a few important items you are required to do:

1

**Federal tax return.** If you have set up your nonprofit with the Secretary of State, you are required to file a federal tax return - even if you haven't applied for exemption, even if you haven't donated any money, or even if you haven't conducted any activities. If you don't file a tax return, you may be subject to penalties and could lose your exemption.

2

**State tax return.** Some states require nonprofit organizations to file a state tax return. In addition, some states will require you to file a tax return even if you were not incorporated in that state if you have been actively operating in that state (e.g, you set up your nonprofit in Nevada but are operating in California, you are required to file a tax return in California).

3

**Solicitation registration.** If you are fundraising, you may be required to register with the Attorney General in the state where you are operating and will be fundraising.

4

**Annual registration.** Most states require you to annually register with the state. You may be required to register either in the month when you were incorporated or within a certain period of time after the end of the calendar year (for example, Georgia requires all organizations to register by April 1).

5

**Donor Acknowledgment Letter.** If you have made a contribution to a 501(c)(3), you must receive a letter from the organization. This letter must follow the strict IRS rules and regulations and you must receive this letter before you file your tax return. Please note that substantial compliance with the IRS rules will not work. You must strictly comply with the rules, or the IRS will disallow your deduction. So a donor is required to receive a donor acknowledgment letter, which means if your nonprofit received any contributions from anyone including the founder, your nonprofit must issue the proper letter to the donor or the donor's deduction will be disallowed - and this could affect hundreds of donors.

Anderson Business Advisors offers a **Nonprofit Compliance Package**, where we can help you with your annual federal and state tax returns. We will help you to stay compliant with federal and state requirements because each state is different and state laws may be different from federal laws. And we can ensure that the correct donor letter is being prepared by the nonprofit organization and issued to the donor.

Please reach out to your advisor or our Nonprofit team at [nonprofits@andersonadvisors.com](mailto:nonprofits@andersonadvisors.com) to inquire about our Nonprofit Compliance Package.