



Published on National Council of Nonprofits (<https://www.councilofnonprofits.org>)

Original URL: <https://www.councilofnonprofits.org/running-nonprofit/how-start-nonprofit/step-5-ongoing-compliance>

Step 5 | Ongoing Compliance

Once you have received your determination letter from the IRS, the real work begins.

1. Many states and local governments will require you to complete additional filings to receive recognition as tax-exempt in the state, such as for sales tax purposes.
2. Now that your nonprofit is recognized as a tax-exempt public charity, it's time to learn the implications for donors who make contributions to your nonprofit. The IRS has many resources on [acknowledging donations](#).
3. You may also want to review the IRS resources at StayExempt.org for information on how to maintain your tax-exempt status.

As one example of the filings your organization may need to do, see this [compliance checklist for nonprofits in North Carolina](#). (IMPORTANT NOTE: Requirements will be different from state to state. If you are outside North Carolina, do not assume that filings will be the same in your state.)

State and Local Government Filings

Before starting operations, review state and local laws to ensure compliance with state and local requirements such as, but not limited to, the following registrations:

- [State specific fundraising](#) registration
- Registering (if necessary) to secure any additional tax exemptions (e.g., property tax, sales tax collections, exemptions from paying sales tax)
- Securing (if necessary) permits and licenses required because of:
 - Goods or services provided (e.g., health care);
 - Types of clients served (e.g., background checks and fingerprinting of employees dealing with children);
 - Types of employees hired (e.g., educators or health care providers); and
 - Location (e.g., zoning in certain areas)
- Registering for unemployment insurance, if the nonprofit will be hiring employees
- Registering prior to lobbying (yes, charitable nonprofits may lobby! Read about the [difference between advocacy and lobbying](#), both of which charitable nonprofits may engage in)

Ongoing Compliance

Now that your nonprofit is tax-exempt, it's very important to maintain that status. Loss of tax-exemption will be disruptive to your nonprofit's operations and to its donors, in addition to potentially damaging the nonprofit's credibility (due to misleading communications and mismanaged expectations about deductibility of contributions) and potential financial loss to the nonprofit.

[Protect your nonprofit's tax-exempt status.](#)

If you haven't already done so, now is the time to join your [state association of nonprofits](#). Good luck with your new nonprofit and thank you for making a difference in your community.

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