



## Laws Governing North Carolina Nonprofits

Use this list to be sure you're complying with these selected laws that govern 501(c)(3) nonprofits in North Carolina. For how and when to submit the required documents, contact the N.C. Center for Nonprofits (919/790-1555, ext. 220 or visit [www.ncnonprofits.org/askthecenter.asp](http://www.ncnonprofits.org/askthecenter.asp)).

- File IRS Form 1023 to apply for tax exemption and make it publicly available.
  - All tax-exempt nonprofits with gross receipts of \$5,000 or more.
- File IRS Form 990 (or 990-PF for private foundations) and make your forms for the past three years publicly available.
  - Any nonprofit with annual gross receipts of \$25,000 or more (Form 990). Note: If your average annual gross receipts over the past 3 years are \$25,000 or above, you need to file a 990. Beginning in 2008, nonprofits with receipts under \$25,000 are required to electronically file form 990-N.
- Apply for a Charitable Solicitation License and renew it every year.
  - Any nonprofit that receives \$25,000 or more a year in grants and contributions. Government grants and contracts, fees for services, and other earned or investment revenues are not included.
  - Exempted by law: religious and educational institutions, hospitals, hospital foundations, non-commercial radio/TV stations, some community trusts, volunteer fire departments, rescue squads, emergency medical services, YWCAs, YMCAs, and continuing care facilities.
- Include the required disclosure statement on all your fundraising materials.
  - Any nonprofit that solicits funds in North Carolina and that is required to have a Charitable Solicitation License (see exemptions above).
- Apply for refunds of state and local sales and use taxes.
  - Any qualifying nonprofit wanting to apply for refunds of the sales tax it pays on its purchases in North Carolina.
- Collect sales tax on items you sell and forward these funds to the State.
  - Any nonprofit selling retail items like books, videos, t-shirts, and concessions.
  - Sales are exempt (a) if conducted only once a year to raise funds and if all products are delivered within 60 days after the solicitation, or (b) if proceeds are given to the State of North Carolina or a state agency (e.g., public schools).
- Apply to your local county tax assessor for exemption from local property taxes.
  - Any nonprofit owning real or personal property (buildings, land, or property such as office equipment) used for religious, educational, charitable, literary, scientific, or cultural purposes.
- Update your principal address and registered agent with the N.C. Secretary of State.
  - Any nonprofit incorporated in North Carolina that has changed its principal office address, registered office address, or registered agent.
  - Failure to do this can result in administrative dissolution of your nonprofit.

- Follow all state and federal laws related to employment (including I-9, W-2, and W-4 forms and withholding taxes) and post your compliance posters.
  - Any nonprofit with paid employees, whether part-time or full-time.
- Properly classify all employees and independent contractors.
  - Any nonprofit with paid staff, consultants, or contractors.
- Familiarize yourself with the federal overtime rules.
  - All organizations with paid staff.
- Obtain Worker's Compensation Insurance.
  - Any incorporated nonprofit with three or more employees and/or corporate officers. Note: The N.C. Industrial Commission says that "corporate officers" includes officers on nonprofit boards, even if they are unpaid.
- Apply for an Unemployment Tax Number and pay State Unemployment Tax.
  - Any nonprofit that has employed four or more people for any part of 20 different weeks during the current or previous calendar year.
- Familiarize yourself with state government reporting requirements for nonprofits.
  - Any nonprofit that receives state funds or federal funds that pass through a state government agency.
- Familiarize yourself with the state law on charitable raffles.
  - Nonprofits recognized by the N.C. Department of Revenue as tax-exempt pursuant to G.S. 105-130.111(a) are eligible to conduct charitable raffles.
- Be aware of the Identity Theft Prevention Act and its impact on your nonprofit's use of social security numbers.
  - This law applies to nonprofits which are included in the bill's definition of "business."

## Resources

- Board and Staff Helpline, a confidential service for organizations that are Members of the N.C. Center for Nonprofits. Members can also access hundreds of Frequently Asked Questions on the website. Visit [www.ncnonprofits.org/infocenter.asp](http://www.ncnonprofits.org/infocenter.asp) or [www.ncnonprofits.org/askthecenter.asp](http://www.ncnonprofits.org/askthecenter.asp).
- N.C. Center for Nonprofits, [www.ncnonprofits.org](http://www.ncnonprofits.org). To join, visit [www.ncnonprofits.org](http://www.ncnonprofits.org), or call 919/790-1555, ext. 100.

NonProfit Connections and the N.C. Center for Nonprofits have created a close partnership to provide a seamless continuum of support services to Winston-Salem/Forsyth County nonprofits. These partners work closely together to ensure that services to local nonprofits tap all existing statewide and local resources and avoid duplication and the waste of resources. Visit NonProfit Connections at [www.nonprofit-connections.org](http://www.nonprofit-connections.org) (or call 336/703-3029) and the N.C. Center for Nonprofits at [www.ncnonprofits.org](http://www.ncnonprofits.org) (or call 919/790-1555, ext. 100) to learn more.