

LONG ISLAND / LI LIFE

Bucket List: Start a nonprofit



Luv Michael and US Autism Homes nonprofit co-founder Lisa Liberatore outside a residential home for people with autism in Southampton. Credit: Morgan Campbell

By Ellen Yan

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Some people dream of making the world a better place by launching a nonprofit that does good work, from caring for homeless animals to ensuring clean rivers.

Lisa Liberatore, 59, has found “tremendous joy” in her two nonprofits: Luv Michael, which trains autistic adults like her son for jobs, and US Autism Homes in Southampton, where the Archdiocese of the Greek Orthodox Church helps residents live an independent life.

“When people collaborate for a common cause, even very difficult problems can be solved. People are inspired to help when they feel your passion and commitment,” said the Southampton resident, who last year closed her practice as an eye, nose and throat doctor to focus on the organizations.

In New York, where there are about 117,000 nonprofits, the first step for most is getting a certificate of incorporation from the Department of State, which charges \$75 and may require other state agencies' preapproval.

Once the incorporation is approved, the nonprofit is official. It must then request an Employer Identification Number from the Internal Revenue Service for tax purposes.

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Not all nonprofits are charities. The IRS classifies all tax-exempt groups as 501(c) organizations, including veterans' posts and social clubs. Charities, religious institutions and educational groups are known as 501(c)(3) nonprofits; only donations to 501(c)(3) groups are tax deductible.

To become a charity, the group must file federal Form 1023, which carries a \$600 fee, or 1023-EZ, for a \$275 fee. Approval can take six months or more.

In New York, nonprofits must register and submit bylaws to the state attorney general's office and file state tax form ST-119 to avoid paying sales tax.

David Goldstein, head of the nonprofit section at the Certilman Balin law firm in East Meadow, said nonprofit board members need to understand concepts such as fiduciary duty. He recommends reading the state attorney general's Right From the Start guide.

“Nonprofits are regulated heavily, literally from cradle to grave,” he said. “I would certainly not discourage people from following their passion. There's so much need out there. But I plead with them to do it with their eyes open.”

TESTING THE WATERS

Want to know if you can handle running a nonprofit? Try a “fiscal sponsorship” with a nonprofit that has a similar mission, said Nancy Eberhardt, executive director of the upstate-based Pro Bono Partnership, which matches volunteer attorneys with nonprofits.

“You can operate under the umbrella of their tax-exempt status to do fundraising, to provide programs,” she said. “Make sure you can raise the money and you really want to go through all the business side of it.”

GETTING STARTED

Thinking about forming your own nonprofit? Experts offer the following tips:

- Create a unique mission
- Recruit board members who have legal, social media and other skills that can advance the cause
- Network

COST

In New York, the cost of starting a nonprofit includes:

- State certificate of incorporation: \$75
- Employer Identification Number: Free
- IRS Form 1023 filing fee for 501(c)(3) status: \$600
- IRS Form 1023-EZ filing fee for 501(c)(3) status: \$275
- State Attorney General registration: \$25

WHERE TO GET HELP

Free and low-cost resources for those looking to start a nonprofit are plentiful. Here are a few options:

- IRS: irs.gov/charities-and-nonprofits
- State Attorney General: charitiesnys.com
- State Nonprofit Unit: ny.gov/programs/new-york-state-nonprofit-unit
- Pro Bono Partnership: probonopartner.org
- Lawyers Alliance for New York: lawyersalliance.org
- Service Corps of Retired Executives: score.org
- Nonprofit Resource Hub nonprofitresourcehub.org
- Nonprofit New York nonprofitnewyork.org