

Setting up a Tax-Exempt (510c3) Non-Profit California Corporation

This document is intended to provide an outline for actions that may be performed during the process of creating a non-profit California corporation and filing for 501c3 tax exempt status.

The information in this document is not intended to be construed as legal advice, but instead as a general roadmap of what might be required in the process. Before taking any action in the formation of your organization you should consult a qualified attorney.

Road Map for Creating a Non-Profit CA Corporation

1. Choose a name
 - a. [Make sure your name isn't already taken.](#)
 - b. [Quick name search](#)
2. Decide on founding Board of Directors
 - a. Need at least three, but no limitation on number.
 - b. If any two are related then you will need at least five.
3. Assemble Bylaws
 - a. Determine whether the organization will be
 - i. Membership
 1. members elect the board of directors
 - ii. Non-Membership
 1. directors elect themselves.
4. Obtain an **Employer Identification Number** (EIN)
 - a. [online](#)
5. File **Articles of Incorporation** (see *Ex. [Appendix 1](#)*) with the State
 - a. [Instructions](#)
 - b. The articles must be signed by each incorporator (only one is required), or by each initial director named in the articles (directors can be named later; see Actions of Incorporator). If initial directors are named, each director must both sign and acknowledge the articles. Note: If initial directors are not named in the articles, the individual(s) executing the document is the incorporator(s) of the corporation.
 - c. [Processing times](#)
6. Write up the **Actions of Incorporator** (see *Ex. [Appendix 2](#)*)
 - a. To be filed in the organization's Corporate Record Book.
 - b. Do not file with State.
 - c. This document may describe the:
 - i. Adoption of Bylaws by the Incorporator(s)

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1. Bylaws will need to be approved by the full complement of elected directors via the First Actions of the Board (see 7).
 - ii. Election of Directors by the Incorporator(s)
 1. Directors may also be appointed via Articles of Incorporation
7. Call a Board Meeting or create a Board Consent for the **First Actions of the Board** (see *Ex. [Appendix 3](#)*)
 - a. This document will, among other things,
 - i. Authorize the actions of the incorporator
 - ii. Assign officers
 - iii. Approve Articles of Incorporation
 - iv. Approve ByLaws
 - v. Assign power to create bank account(s)
8. File **Statement of Information** within 90 days of state certification of your Incorporation
 - a. [online](#)
9. File for 501c3 Tax Exemption
 - a. [Form 1023](#)
10. Register with the Attorney General
 - a. Within 30 days of receipt of assets
 - b. [Instructions](#)
 - c. Initial Filing form – [CT-1](#)

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Appendix 1.

Example: Articles of Incorporation

*Note: You will need to determine if you are a **Public or Mutual Benefit Corporation**. Mutual Benefit Corporations are not eligible for 501c3.*

ARTICLES OF INCORPORATION

OF

[Non-profit Corporation Name]

ARTICLE I

The name of this corporation is:

[Non-profit Corporation Name]

ARTICLE II

A. This corporation is a nonprofit **Public Benefit Corporation** and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law of California for **charitable** purposes.

B. This corporation is operated exclusively for charitable purposes.

ARTICLE III

The name and address in the State of California of this corporation's initial agent for service of process is:

[Name and Address of Initial Agent for Service of Process]

ARTICLE IV

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and Section 214 of the California Revenue and Tax Code.

Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from federal income

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tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

ARTICLE V

The property of this corporation is irrevocably dedicated to **charitable** purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and Section 214 of the California Revenue and Tax Code and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for **charitable** purposes and which has established its tax exempt status under Internal Revenue Code Section 501(c)(3).

Dated: [current date]

(Signature of Incorporator)

[Typed name of incorporator]

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Appendix 2. Example: Actions of Incorporator

[CORPORATION NAME]

ACTIONS OF INCORPORATOR

[date]

The following resolutions are adopted effective as of the date first set forth above by the Incorporator of the [CORPORATION NAME], a California corporation (the "*Corporation*"), by written consent pursuant to California Corporations Code Sections 210 and 307(c):

ADOPTION OF BYLAWS

RESOLVED: That the bylaws of the Corporation as presented to the Incorporator are adopted.

ELECTION OF DIRECTORS

RESOLVED: that the following persons are elected as Directors of the Corporation, effective immediately, to hold office until the next annual meeting and until their successors have been elected and qualified:

Director 1

Director 2

Director 3

Director 4

Director 5

The undersigned, the Incorporator of this Corporation, does hereby consent to this foregoing action this [date].

[name]
Incorporator

Appendix 3.

Example: First Actions of Board – Unanimous Consent

Note: This may also be done via an Official Board Meeting with meeting minutes approved by the Board

[CORPORATION NAME]

**FIRST ACTIONS BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS**

In accordance with Section 307(b) of the California Corporations Code and the bylaws of the **[CORPORATION NAME]**, a California corporation (the “**Corporation**”), the undersigned, constituting all of the members of the Corporation’s Board of Directors (the “**Board**”), hereby adopt the following resolutions effective on the date of the last signature:

ELECTION OF OFFICERS

RESOLVED: That **[name]** is elected as Chairperson of the Board, President and CEO of the Corporation to serve until the next annual meeting of Directors and at the pleasure of the Board and/or until the earlier of his resignation or removal and until his successor(s) have been duly elected and qualified.

RESOLVED: That **[name]** is elected as Secretary and Treasurer (CFO) of the Corporation to serve until the next annual meeting of Directors and at the pleasure of the Board and/or until the earlier of his resignation or removal and until his successor(s) have been duly elected and qualified.

RATIFICATION OF INCORPORATOR’S ACTIONS

RESOLVED: That the actions of **[name]**, as Incorporator, are hereby ratified, approved and adopted.

EMPLOYER IDENTIFICATION NUMBER (EIN)

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RESOLVED: That the action of **[name]**, as Incorporator, to obtain the Corporation's EIN is ratified and approved.

APPROVAL OF CORPORATE MINUTE BOOK

RESOLVED: That the Corporation shall maintain as part of its corporate records a Minute Book, which shall include, but is not limited to, a record of its Articles of Incorporation and amendments thereto, its bylaws and amendments thereto, minutes of all meetings of its directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of the Directors present or represented and the proceedings thereof, minutes of all meetings of Board committees, with the time and place of holding, the notice thereof given, the names of the Directors present, and the proceedings thereof, and all written consents of Board of Directors' meetings and Board committees. The Secretary is authorized to purchase a corporate Minute Book.

APPROVAL OF ARTICLES OF INCORPORATION

RESOLVED: That a copy of the Articles of Incorporation of the Corporation as filed with the Secretary of State of the State of California and bearing the file stamp and certification of the Secretary of State of the State of California shall be inserted in the Minute Book and the contents of those Articles are hereby ratified and approved.

INCORPORATION EXPENSES

RESOLVED: That the Corporation is hereby authorized and directed to pay **[name]** the sum of \$60 for personal expense incurred for incorporation fees paid to the Secretary of State. See Exhibit A.

ADOPTION OF AGENT FOR SERVICE OF PROCESS

RESOLVED: That the agent named as the initial agent for service of process in the Articles of Incorporation of the Corporation is hereby confirmed as the Corporation's agent for the purpose of service of process.

APPROVAL OF BYLAWS

RESOLVED: That the bylaws of the Corporation shall be inserted in the Minute Book and the contents of those bylaws are hereby ratified and approved and the Secretary of the Corporation is authorized and directed to execute a certificate of the adoption of those bylaws, to insert those bylaws, so certified, in the Corporation's Minute Book and to cause the bylaws, and any amendments thereto, to be kept and maintained in accordance with California Corporations Code Section 213.

CORPORATE SEAL

RESOLVED: That, in accordance with California Civil Code Section 1629, a corporate seal is not required to certify official documents of the Corporation and is not required to be used by Directors or officers of the Corporation.

AUTHORIZATION FOR EXPENDITURES

RESOLVED: That any expenditure or purchase made in the name of the Corporation of less than \$5,000 shall not require Board authorization and any expenditure or purchase made in the name of the Corporation of \$5,000 or more shall first require Board authorization.

ELECTION OF FISCAL YEAR

RESOLVED: That the first fiscal year of the Corporation will begin on the date that the Articles of Incorporation were filed (May 22) and shall end on December 31 of that calendar year and the fiscal year shall end on December 31 of each following year.

ELECTION OF PRINCIPAL EXECUTIVE OFFICE

RESOLVED: That the principal executive office of the Corporation is designated as **[address]**.

DIRECTORS' COMPENSATION

RESOLVED: That the Directors of the Corporation shall not be compensated for the performance of their duties as Directors.

CORPORATE AND OTHER FILINGS

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RESOLVED: That the Secretary of the Corporation is authorized and directed to prepare and to file, or cause to be filed, with the Secretary of State the necessary documents to obtain the authority to do business in the State of California and any other state deemed necessary by the Corporation and to take whatever action is necessary to obtain licenses, authorizations, and permits that are necessary or desirable for the Corporation's business. The Secretary is directed to insert a copy of the Initial List of Officers, Directors and Registered Agent in the Minute Book.

STATEMENT OF INFORMATION

RESOLVED: That the President or Secretary is authorized and directed to execute and file with the office of the Secretary of State the Statement of Information, setting forth the names and addresses of the Corporation, its officers, Directors, and registered agent for service of process.

DESIGNATION OF BANKING AUTHORITY

RESOLVED: That the Corporation shall establish in its name one or more deposit accounts for the Corporation's funds and employment taxes with an FDIC insured institution, and that either **[name]**, in his capacity as President of the Corporation, or **[name]**, in his capacity as Treasurer of the Corporation, is authorized to establish such an account or accounts on terms and conditions as agreed with the bank.

RESOLVED: That all applicable Directors and/or officers are authorized to execute the standard form of corporate resolution required by the bank for opening a corporate account and that a copy of such will be included in the Minute Book.

RESOLVED: That the President and Treasurer are authorized to endorse checks, drafts, and/or other evidence of indebtedness made payable to the Corporation, but only for the purpose of deposit. And that all checks, drafts, and other instruments obligating the Corporation to pay money shall be signed on the Corporation's behalf by the President or Treasurer.

EXECUTION OF CONTRACTS AND OTHER DOCUMENTS

RESOLVED: That all contracts and agreements of this Corporation will be signed on the Corporation's behalf by the President or Secretary. In the event that the President and Secretary are unable to execute such agreements or contracts, any officer appointed by the Board shall have the authority to execute such agreements or contracts.

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FILING FOR TAX EXEMPTION

RESOLVED: The Secretary is authorized and directed to execute and file all necessary applications for tax exemption with the appropriate state and federal tax authorities, and to pay necessary filing fees.

OMNIBUS RESOLUTION

RESOLVED: That the officers of the Corporation are authorized to take all actions as they deem advisable to carry out the foregoing resolutions and all actions heretofore taken by the officers and Directors of the Corporation with respect to the foregoing transactions and all other matters contemplated by the foregoing resolutions are hereby approved, adopted, ratified and confirmed.

(Signature Page Follows)

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