

**Info sheet >>>**

## **STEP-BY-STEP INCORPORATION GUIDE**

*What you need to know to form a business.*

### **NON-PROFIT CORPORATION**

This resource will help entrepreneurs understand the steps required to legally incorporate and operate in New York State. Not all business structures that are available under the New York Business Corporations Law are included; only the most common ones are within our Step-By-Step Incorporation Guide Info sheets.

#### **NON-PROFIT CORPORATION DEFINED**

Non-profit corporations are ones that are organized and operating exclusively for one or more classified exempt purposes. Such corporations are exempt from most federal, state, county, and local taxes.

Filing for complete tax-exempt status is a two-step process.

Step 1: Incorporate as non-profit with NY Department of State.

Step 2: File Form 1023 with IRS for federal tax exemption. This is what offers donors tax deductible status when they donate to your non-profit.

\*For sales tax and property tax exemptions, additional steps are required.

#### **STEP-BY-STEP >>>**

##### **1. Develop a mission statement**

##### **Identify initial board members**

- Must be at least 18 years of age.
- Must have at least 3 designated board members.

##### **Verify availability of and secure a business name.**

- This can be done through a free search here:  
[https://www.dos.ny.gov/corps/bus\\_entity\\_search.html](https://www.dos.ny.gov/corps/bus_entity_search.html)

##### **File Certificate of Incorporation w/ NYS Dept. of State (\$75 fee).**

- A copy of a sample Certificate of Incorporation can be found at:  
<https://www.dos.ny.gov/forms/corporations/1511-f-l.pdf>  
**Caveat:** This template does not include language that the IRS **requires** in a non-profit's organizing documents to finalize the 1023 tax exemption filing. If you intend to file for federal tax exempt status make sure your Certificate of Incorporation includes the following language in a clause:
  - This paragraph can be inserted into clause "NINTH" in the template form above.
- For further instruction on how to complete the Certificate of Incorporation go here: <https://www.dos.ny.gov/forms/corporations/1511-INST.pdf>

##### **Required Language >>>**

*"Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes."*

**DISCLAIMER:** This info sheet is not intended to provide legal advice and is not a substitute for advice from an attorney, nor does it give rise to an attorney-client relationship. It should be used for educational and informational purposes only. The Rural Law Initiative makes every effort to provide complete and up-to-date legal information. However, legal advice must be tailored to your specific circumstances and laws are always changing. Accordingly, we make no warranties about the accuracy of the information contained herein, and disclaim liability for damages resulting from reliance on these materials.

**STEP-BY-STEP continued>>>****5.****Adopt Bylaws**

- Board members have an initial meeting and by Board Resolution must adopt bylaws.
- Bylaws are procedural blue-print for how non-profit will conduct its business.
- Bylaws must be included in an IRS application (see below)

**6.****Obtain an Employer Identification Number (EIN)**

- Must file **Form SS-4** found here: <https://www.irs.gov/pub/irs-pdf/fss4.pdf> OR complete the **online application** found here: <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>.

**An important note >>>**

*An EIN is required if hiring employees, opening a business bank account and making purchases on behalf of the business.*

**7.****Apply for IRS 501(c)(3) status by filing IRS Form 1023 or 1023-EZ**

- Forms may be found at: <https://www.irs.gov/forms-pubs/about-form-1023>.
- Form 1023 is for Non-Profits with \$50,000 or more in gross receipts and has a filing fee of \$600.
- Form 1023-EZ is for Non-Profits with gross receipts less than \$50,000 and has a \$275 filing fee.

**8.****After receiving IRS tax-exempt determination, you then apply for NYS & local tax exemptions.**

- For sales tax exemptions on non-profit organizational purchases, apply for NYS Sales Tax exemption, Form ST-119.2: [https://www.tax.ny.gov/pdf/current\\_forms/st/st119\\_2\\_fill\\_in.pdf](https://www.tax.ny.gov/pdf/current_forms/st/st119_2_fill_in.pdf).
- If non-profit owns property: apply for NYS Property Tax exemption, you must work with your local tax assessor and file RP-220-a/b-Org (1/95).  
[https://www.tax.ny.gov/pdf/current\\_forms/orpts/rp420aborga\\_fill\\_in.pdf](https://www.tax.ny.gov/pdf/current_forms/orpts/rp420aborga_fill_in.pdf)

**Register with Attorney General****9.**

- Must file the CHAR410 with the NY Attorney General's Charities Bureau.
- **Filing Fee: \$25**
  - The form may be found at: <https://www.charitiesnys.com/pdfs/char410.pdf>
- Instructions for CHAR410 and other AG Charities Bureau filings may be found at <https://www.charitiesnys.com/pdfs/char410i.pdf>.

**10.****Once operation begins, you must file Form 990 annually with the IRS, disclosing the non-profit's financial information.**

- General information about Form 990: <https://www.irs.gov/forms-pubs/about-form-990>.
  - To view the form please follow this link: <https://www.irs.gov/pub/irs-pdf/f990.pdf>.

**11.****Must file CHAR 500 annually with Attorney General's Charities Bureau.**

- [https://www.charitiesnys.com/charindex\\_new.html](https://www.charitiesnys.com/charindex_new.html)

**12.****Follow Steps 6 through 9 in **Sole Proprietorship** info sheet**

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