



STRUCTURING YOUR FRIENDS GROUP & APPLYING FOR 501(C)(3) STATUS

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LEGAL DISCLAIMER

- These materials are provided as general information only.
- No legal advice is being given by Friends of Georgia Libraries, Uncle Remus Regional Library System, Mary E. Young, LLC, or any other person or organization.
- You should consult with your attorney on all legal matters.



OVERVIEW

1. Incorporate through the State of Georgia
2. Apply for EIN number
3. File form 1023 EZ with the IRS

- Costs
- Documents
- How and Where to File
- How to Maintain Status



BEFORE YOU START

- Perform a name search with the Georgia Secretary of State: <https://ecorp.sos.ga.gov/BusinessSearch>
- Search IRS's Exempt Organization Business Master File: <https://www.irs.gov/charities-non-profits/exempt-organizations-business-master-file-extract-eo-bmf>
- Search IRS for Revocation: (Can search for June 1, 2011 – present)
<https://apps.irs.gov/app/eos/revokeSearch.do?searchChoice=revoked&dispatchMethod=navigateSearch&pathName=forwardToRevokeSearch&submitName=Return+to+Search>



INCORPORATE



- \$160.00 filing fee
- \$50.00 annual fee
- Takes approximately 1 month for the paperwork to be process



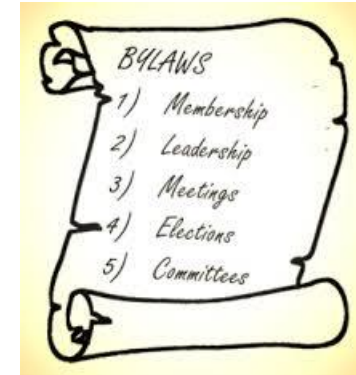
CONSTITUTION

- Purpose “The Purpose of the Friends is to maintain an association of persons interested in libraries with the following objectives...”
- Membership – Active membership, honorary membership
- Officers – President, Vice President, Secretary, Treasurer
- Length of Terms, number of terms officer may serve
- Fiscal Year – recommend using calendar year



BYLAWS

- Establish date of annual meeting
 - i.e. second Friday in January
- Establishes regular meetings and process for calling a special meeting
- Establish a quorum – recommend majority of members present
- Duties of Officers





ARTICLES OF INCORPORATION

- Must contain the language “The Corporation is organized pursuant to the provisions of the Georgia Nonprofit Corporations Code.”
- I recommend using the street address of the library as the registered office.
- I do not recommend using the library manager as the registered agent
- Incorporator is the person who is filing the paperwork



ORGANIZATIONAL MEETING

- Record Minutes
- Vote to Adopt Constitution and Bylaws
- Vote on Officers
- Vote to Incorporate
- Vote to apply for 501(c)(3) status



FILE



- Mail to Secretary of State
 - Letter to File by Mail
 - Two copies of Articles of Incorporation
 - Transmittal Form 227
[http://sos.ga.gov/corporations/acrobat/applications/Transmittal%20Form%20-%20Profit%20or%20Nonprofit%20Corporations%20\(227\).pdf](http://sos.ga.gov/corporations/acrobat/applications/Transmittal%20Form%20-%20Profit%20or%20Nonprofit%20Corporations%20(227).pdf)
 - Check for filing fees (currently \$100.00)
 - Self-addressed stamped envelope
- Mail to legal organ
<https://www.gscca.org/clerks/>
 - Notice of Incorporation
 - \$40.00 filing fee



REQUIREMENTS TO MAINTAIN CORPORATE STATUS

- Yearly meeting
- Record minutes of yearly meeting
- Annual filing fee with GA Secretary of State
- Annual update of officers, address, etc.



APPLY FOR EIN NUMBER



- Federal Tax Identification Number
- To be considered a Corporation, the entity must have an EIN number
- Allows entity to open a bank account, file for 501(c)(3) status, and file for federal income tax return
- File online at:
<https://sa.www4.irs.gov/modiein/individual/index.jsp>
- Form SS-4
 - Box 9a check Corporation
 - Box 10 – check Started New Business and write in Corporation
 - Box 15 – n/a
 - Box 16 – check Other and write in non-profit
- Never expires



FILING FOR 501(C)(3) STATUS

- \$400 filing fee if annual gross receipts will not exceed \$10,000.00 annual
- \$850 filing fee if annual gross receipts will exceed \$10,000.00 annually



FORM 1023 – LONG FORM

- Must use if:
 - It has been longer than 27 months since the organization was incorporated
 - 501(c)(3) status has been formerly revoked
 - Gross receipts during the year are more than \$200,000.00
 - Total assets at the end of the year are more than \$500,000.00
- Can take 6-9 months for approval



FORM 1023 - EZ

- Streamlined version of form 1023
- Designed for small exempt organizations
- Takes 2-6 months for approval

- To determine if you are eligible to file the EZ version, complete the Form 1023-EZ Eligibility Workshop, available on-line at:
https://www.irs.gov/pub/irs-pdf/i1023ez.pdf#en_US_201609_publink10006530



EZ FORM – PART II

ORGANIZATIONAL STRUCTURE

- Box 1 – select Corporation
- Box 2, 5, 6, and 7 refer to provisions that must be in your articles of incorporation, constitution & bylaws



EZ FORM – PART III

SPECIFIC ACTIVITIES

- Question 2 – check Charitable Box
 - Literary – used for publishers and distributors
 - Educational – used for operating a museum, zoo, college bookstore, alumni association, etc
- Make sure you check box at bottom of Question 3
- Check No for questions 4 - 11



EZ FORM – PART IV

FOUNDATION CLASSIFICATION

- Public Charity vs. Private Foundation
- Private Foundation – created via a single primary donation by an individual or business
 - Operates under strict rules and guidelines
- Public Charity – receive or will receive at least 1/3 of support from public sources
 - Public sources include general public and governmental entities
 - Exceptions for unusual grants





FILING 1023-EZ

- IRS does not accept printed submissions, must file on-line and pay the fee at www.pay.gov
- You will receive an Acknowledgement Letter within 14 days
- Once approved, IRS will mail a determination letter to the organization
- May claim 501(c)(3) status once 1023 is filed – usually backdated to the date of incorporation



TOP REASONS 1023-EZ IS REJECTED

- Incomplete Applications
- Invalid EIN
- Inaccurate incorporation date
- Failure to respond when IRS requests additional information
- 501(c)(3) status formerly revoked

Appeals

No right to appeal if 1023-EZ is rejected. You can re-file, or file the 1023 long form



MAINTAIN 501(C)(3) STATUS

- Must maintain corporate status
- Must maintain financial records
- Organizations that have gross receipts of less than \$50,000 may file Form 990-N (postcard)
- Organizations that has gross receipts of more than \$50,000.00 must file an annual return
- More information on tax filing requirements may be found at www.irs.gov/charities
- Failure to file an annual return or Form 990 for three consecutive years will result in automatic revocation



RESOURCES



- GA SOS – Filing Procedure
<http://sos.ga.gov/corporations/acrobat/applications/Filing%20Procedure%20-%20Corporation.pdf>
- EIN – Frequently asked Questions
<https://www.irs.gov/businesses/small-businesses-self-employed/online-ein-frequently-asked-questions>
- 1023-EZ Instructions: <https://www.irs.gov/pub/irs-pdf/i1023ez.pdf>
- Tax Exempt Status for your Organization:
<https://www.irs.gov/pub/irs-pdf/p557.pdf>
- Annual Filing Requirements: <https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>
- Life Cycle of a Public Charity:
<https://www.irs.gov/charities-non-profits/charitable-organizations/life-cycle-of-a-public-charity>





THANK YOU
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