

STEPS OF NONPROFIT INCORPORATION

As indicated below, incorporation procedures involve various steps in different business situations. Some of the steps are mandatory; others as discretionary; some are conditions precedent to incorporation or to the doing of business; others are conditions subsequent. In Pennsylvania, corporate existence begins upon the filing of the Articles of Incorporation or upon the effective date specified in the Articles of Incorporation, whichever comes later. A list of incorporation steps is set forth below:

- (1) Preparation and execution of preincorporation agreements among the organizers of the corporation.
- (2) Solicitation of preincorporation subscriptions to shares if desired, subject to the requirements of state blue sky laws and the federal securities laws, if applicable.
- (3) Choice, clearance and reservation or registration of the corporate name.
- (4) Preparation and execution of the articles of incorporation.
- (5) Filing of the articles of incorporation with Pennsylvania Secretary of State and payment of fees.
- (6) Issuance of "certificate of incorporation."
- (7) Publication of incorporation.
- (8) Preparation and adoption of by-laws.
- (9) Organization meeting and preparation of minutes.
- (10) First meeting of directors and preparation of minutes.
- (11) Solicitation of post-incorporation subscriptions and issuance of shares, subject to the requirements of Pennsylvania blue sky laws and the federal securities laws, if applicable. –not applicable for PA nonprofits
- (12) Securing of a stock (or record) book with stock certificates, stock ledger, minute books, and corporate seal. - optional
- (13) Payment of minimum paid-in capital and performance of other conditions precedent to engaging in business operations.
- (14) Filing for a certificate of authority to transact business in states other than Pennsylvania.
- (15) Filing of an S corporation election with the Internal Revenue Service.

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- (16) Filing of an S corporation election with the Pennsylvania Department of
- (17) Execution of documents transferring assets to the corporation.
- (18) Execution of qualified retirement program(s) and filing of same with Internal Revenue Service for approval.
- (19) Execution of nonqualified employee benefit programs.
- (20) Execution of employment agreement(s).
- (21) Issuance of stock, securities and short term notes to investors.
- (22) Execution of shareholders agreement.
- (23) Filing of form necessary to comply with the following tax authorities demands:
 - (A) Federal ID (identification) number.
 - (B) State tax number(s) for income, sales, use, cigarette, gasoline, etc. taxes.
 - (C) State unemployment forms.
 - (D) Federal unemployment forms.
- (24) Preparation of the following documents and doing the following activities ancillary to an incorporation:
 - (A) Obtaining new letterhead for stationery, statements, etc., reflecting the new business name.
 - (B) Obtaining business cards to reflect the new name.
 - (C) Obtaining checks reflecting the new name.
 - (D) Requesting that the telephone book listing show the new name.
 - (E) Changing business signs to reflect the new name.
 - (F) Signing correspondence identifying principals as an officer or director of the corporation.
 - (G) Notifying suppliers and customers of the name change.
 - (H) Discontinue the old form of organization.

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### **About the Author:**

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