
STEPS OF NONPROFIT INCORPORATION

As indicated below, incorporation procedures involve various steps in different. 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 membership if desired, subject to the requirements of state and federal laws, if applicable.
- (3) Choice, clearance and reservation or registration of the corporate name. Or file Consent to Use of Similar Name with the state.
- (4) Obtain Federal Employer's Identification Number (EIN)
- (5) Preparation and execution of the articles of incorporation.
- (6) Filing of the articles of incorporation with Pennsylvania Secretary of State and payment of fees.
- (7) Issuance of "certificate of nonprofit incorporation."
- (8) Publish notice of incorporation with a legal newspaper.
- (9) Preparation of by-laws.
- (10) File Registration Statement for Charitable Organizations and Public Disclosure Form with Pennsylvania
- (11) File Exemption from Sales Tax with PA Department of Revenue
- (12) File with IRS the Application for Recognition of Exemption under 501(c)(3)
- (13) Obtain a nonprofit bulk mail permit from the U.S. Post Office, if planning to send out 200 pieces at one time
- (14) Execution of documents transferring assets to the corporation.
- (15) Conduct first organization meeting and preparation of minutes.
- (16) Draft and review the membership agreements and solicitation notices
- (17) Conduct first meeting of directors and preparation of minutes.
- (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) Obtain insurance policy (liability coverage, errors and omissions, director's indemnity, premises)
- (22) 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 for nonprofits.
 - (D) Federal unemployment forms.
- (23) 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

STEPS OF NONPROFIT INCORPORATION

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.

~~~~~

### **About the Author:**

Ms. Sharmil McKee is a business attorney licensed in Pennsylvania. She focuses her practice on protecting small businesses and nonprofits from future legal problems. Visit her firm's website <http://www.mckeeoffice.com> or contact her at 215-242-5260.