

Steps to Establish a Nonprofit in NC

Chapter 55A North Carolina Corporation Act:c

https://www.ncleg.gov/enactedlegislation/statutes/html/bychapter/chapter_55a.html

1. Before applying for tax-exempt status, you need to create organizational bylaws.
2. Incorporate by filing articles of incorporation with the N.C. Department of the Secretary of State. <http://www.secretary.state.nc.us/corporations>.
3. Apply for a Federal Employer Identification Number (EIN) even if your nonprofit doesn't have employees. This EIN is used by the IRS to track reports and your Form 1023 tax-exempt application. <https://www.irs.gov/forms-pubs/about-form-ss-4>
4. Apply for tax-exempt status as a 501(c)(3) nonprofit. It is strongly recommended you have an attorney and an accountant/CPA familiar with nonprofit tax law review your application before final submission.
 - a. The Form 1023 is available at <https://www.irs.gov/pub/irs-pdf/f1023.pdf> The instructions are available at <https://www.irs.gov/pub/irs-pdf/i1023.pdf> If your organization has annual gross receipts of \$50,000 or less and total assets of \$250,000 or less, you may be able to file the 1023-EZ. The 1023-EZ is available at <https://www.irs.gov/pub/irs-pdf/f1023ez.pdf> The Instructions for the 1023-EZ are available at <https://www.irs.gov/pub/irs-pdf/i1023ez.pdf>
 - b. Visit the following link for helpful tips on completing the forms:
<https://ncprobono.org/npmanual/section4/#:~:text=Organizations%20apply%20for%20Section%20501,organizations%20that%20meet%20certain%20qualifications>.
5. After receiving tax-exempt status, apply to the N.C. Department of Revenue for exemption from state corporate income tax and franchise tax. They do not issue "exempt numbers" for franchise and corporate income tax purposes, but they do issue letters of tax exemption. The nonprofit corporation should use its federal identification number to file North Carolina franchise and corporate income tax returns. Use the following link for details:
<https://www.ncdor.gov/documents/manuals/state-taxation-and-nonprofit-publication/open>. A corporation that wishes to obtain a letter of exemption must apply.
 - a. To apply, send to the Department a copy of your Articles of Incorporation and Bylaws (if incorporated) or your Bylaws, Constitution, or other organizational documents (if not incorporated) and a copy of your Federal Determination Letter (if obtained). The Department will evaluate the documents and issue a determination letter advising the corporation of its tax status and any filing requirements. These documents should be sent to:
 - i. North Carolina Department of Revenue
 - ii. Corporate Tax Division
 - iii. Nonprofit Corporate Tax
 - iv. Post Office Box 871
 - v. Raleigh, NC 27602-0871
6. Apply for a Charitable Solicitation License through the Solicitation Licensing Branch of the N.C. Department of the Secretary of State: <https://sosnc.gov/csl> Every nonprofit must contact the Secretary of State each year.

Ongoing Legal Requirements

- Report to the IRS.

- Nonprofits with annual gross receipts of \$50,000 or less must file an e-Postcard annually. If your annual budget is less than \$5,000 and you've never applied for 501(c)(3) tax-exempt status, you still need to file (you won't be penalized for filing late).
- Nonprofits with annual gross receipts of more than \$50,000 or with an average of more than \$50,000 over the past three years must file a Form 990 or 990-EZ annually within 5 ½ months after your fiscal year ends. All supporting or controlling organizations must file Form 990 or 990-EZ.
- Nonprofits with annual gross receipts under \$200,000 and total assets under \$500,000 can file form 990- EZ.
- Private foundations must file a 990-PF.

These forms are available on the IRS website, <https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in> Nonprofits that fail to file their e-Postcard, 990, or 990-EZ for three consecutive years will automatically lose their tax-exempt status. The IRS offers a 990 Overview Course, [Form 990 Overview | Stay Exempt \(irs.gov\)](https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in). They also offer a workshop of links to help you “stay exempt,” <https://www.stayexempt.irs.gov/home/resource-library/virtual-small-mid-size-tax-exempt-organization-workshop>

- Renew your organization’s Charitable Solicitation License and tax-exempt status. The license must be renewed annually within 5.5 months after the end of your fiscal year. If you are exempt from having the license, you generally still need to contact the Secretary of State each year. [North Carolina Secretary of State Charities Charities \(sosnc.gov\)](https://www.sosnc.gov/charities)
- When needed, update your principal office address and registered agent with the N.C. Secretary of State. For a Change of Registered Office/Agent form, call the N.C. Department of the Secretary of State (919-807-2225, www.secretary.state.nc.us/corporations).

Businesses Who Walk You Through Setting up a Nonprofit

- **Nonprofit Elite** – Recommended by the Foothills Chapter <https://nonprofitelite.com/>
- **Legal Zoom** - [Start a Nonprofit | LegalZoom](https://www.legalzoom.com/)
- **Inc. Authority** - [Inc Authority | Free Nonprofit Formation \(501c3\)](https://www.incauthority.com/)
- Your Local Attorney
- Your Local Accountant