

## Nonprofit Corporation

### Frequently Asked Questions

Here are some answers to questions we receive frequently from the public about nonprofit corporations. We provide this for informational purposes only. It does not constitute legal advice.

**Please READ THIS:**

**DO NOT** include personal identifying information within any document you file with the Department or the Corporations Division. Examples of personal identifying information are: residential address (unless that address will be the principal office of the corporation), date of birth, Social Security Number or Federal Identification Number (also called an EIN).

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## 1. What is a nonprofit corporation?

It's a corporation formed for limited purposes. Usually, the purposes don't relate to making a profit.

## 2. Are there different kinds of nonprofits?

Yes, there are a number of different kinds of nonprofits. They include organizations formed for purposes like:

- \* Education
- \* Charity
- \* Religion
- \* Social
- \* Civic
- \* Humanitarian
- \* Foundations
- \* Science

## 3. Are all donations to nonprofits deductible on my taxes?

We can't answer that question. Generally, there are some donations to nonprofits that you can deduct and some you can't. For more information, you need to talk to your tax adviser or check with the US Internal Revenue Service or NC Department of Revenue. You can reach them by clicking the below links:

- \* [NC Department of Revenue](#)
- \* [IRS](#)

Our Charitable Solicitations Licensing Division also has information which may help you. [Click here to go to their webpage.](#)

## 4. Do I have to apply for 501(c)(3) status for my nonprofit?

No. It's up to you whether you want 501(c)(3) status. If you want donations to your nonprofit to be tax deductible, you may have to get 501(c)(3) status. You should check with your lawyer or IRS and the NC Department of Revenue. Our Charitable Solicitation Licensing Division also has helpful information. Click below links for:

- \* [IRS](#)
- \* [NC Department of Revenue](#)
- \* [Charitable Solicitation Licensing Division.](#)

**5. We want to apply for 501(c)(3) status. We've been told to include a particular provision in our articles of incorporation. It's called something like assets on dissolution. Can you help us?**

That kind of provision says what will happen to your nonprofit's assets if it shuts down and is dissolved. You can find sample provisions on our website, under "Forms". [Click here](#). Then click on "N-14 Tax Exempt Information".

There's also helpful information at:

- \* [IRS](#)
- \* [NC Department of Revenue](#)
- \* [Charitable Solicitation Licensing Division.](#)

**6. Should we incorporate our organization?**

Many organizations are not necessarily better off incorporating. Because of the nature of some organizations, there may be little risk of an accident or of financial difficulty and personal liability. Before a decision is made you should consider the risk of liability. An attorney may be able to help with this matter.

**7. Do we have to have an attorney to incorporate our nonprofit?**

No, there's no requirement that you have an attorney. We can't give you legal advice. We recommend that you consider hiring an attorney because:

- How you set up the nonprofit may have legal consequences.
- How you set up the nonprofit may have tax consequences for you and your donors.
- How you set up the nonprofit may create liability issues.

An attorney can help you figure out the best way to set up your nonprofit so that it will succeed. A tax professional like an accountant may also be able to help you.

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**8. We want to organize a nonprofit corporation. How many people do we need to do that?**

You have to have:

<b>Title</b>	<b>Number of People</b>	<b>Other conditions</b>
Incorporator	At least one. Can have more than one.	Can be the same as a director
Director	At least one. Can have more than one.	Can be the incorporator
Officers	Usually: a president, vice president, secretary and treasurer.	Don't have to use these titles. One person can hold more than one officer position. But, some legal actions require at least 2 different officers.

**9. What does an incorporator do?**

The incorporator is the person who signs the nonprofit's Articles of Incorporation. You can have more than one incorporator and more than one person who signs the Articles.

**10. What do the directors do?**

Generally, the directors exercise the legal powers of the nonprofit and manage it. You may want to talk to a lawyer about exactly which powers you want your directors to have.

**11. Do we have to have a board of directors for our nonprofit?**

No, you don't have to have a board of directors. You do have to say who is going to exercise the powers of a nonprofit. You may want to talk to a lawyer about how you want to organize your nonprofit and any powers you want your directors to have.

**12. Are there any rules about who can sign nonprofit documents we want to file with you?**

Yes, the law is specific about who can sign your nonprofit's documents and file with us. Here's the general rule:

<b>Who Can Sign?</b>	<b>Do any conditions apply?</b>
Chair of the board of directors of the nonprofit	No. Can sign if authorized to sign.
President of the nonprofit	No. Can sign if authorized to sign.
Officer of the nonprofit	No. Can sign if authorized to sign.
Incorporator	Yes. Can only sign if:  1. The nonprofit hasn't been formed yet OR

	2. If it's been formed but directors haven't been picked.
Fiduciary	Yes. Can only sign if nonprofit is controlled by a receiver, trustee or court-appointed fiduciary.

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**13. How much does it cost to form a nonprofit?**

It will cost you \$60.00 to form a nonprofit.

**14. Does our nonprofit have to file an annual report with you?**

No, nonprofits don't have to file annual reports with us.

**15. If we don't have to file an annual report, is there anything else we have to file with you?**

Yes, there are other things you have to file with us. Here's a list of the ones that people file most often and how much it costs to file each one:

What do we have to file?	When do we have to file?	How much does it cost to file?
Changes to your Articles of Incorporation	When you change them	\$25.00
Changes in your registered agent	When the registered agent name or address changes	\$5.00
Changes in the location of your principal office	When the location changes	\$5.00
Changes in the location of your registered office	When the location changes	\$5.00

**16. We've set up our nonprofit with you. Are there other things we need to do?**

Yes, there are lots of things you still need to do as you begin operating. We recommend that you consult your nonprofit's tax adviser and attorney. That way, you can make sure you do everything you need to.

Here's a link to typical early steps nonprofits take to get into business. You may need to do them all or just a few. [Click Here](#)

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## **17. I have some questions about a nonprofit. Can you tell me if it's legitimate?**

No, we can't tell you if it's legitimate. There are some things we can tell you:

We can tell you what its status with our Corporations Division is. [Click here](#) to search for the nonprofit. If the status shows as "active", it means that as far as we know, they've done everything they're supposed to for our Corporations Division. If the status doesn't show as "active", there may be an issue of some kind.

Our Charitable Solicitation Licensing Division can tell you if the nonprofit has a license with them. [Click here](#) to search their database. Their website also has some resources that may help you.

## **18. I know of a nonprofit that I think is breaking the law. What can I do?**

You have a number of options. Here are some of them:

- File a complaint with us. We may not be able to help but if we can, we'll refer it to the right agency. [Click here for our complaint/tip form.](#)
- File a complaint with our Charitable Solicitation Licensing Division. This is a good place to start if you think the nonprofit should have a license to ask for donations. [Click here for Charitable Solicitation Licensing's contact information.](#)
- Contact the Attorney General's office. You can reach them at:

[NC Department of Justice](#)  
Consumer Protection Division  
9001 Mail Service Center  
Raleigh, NC 27699-9001  
1-877-5-NO-SCAM  
(919) 716-6000  
<http://www.ncdoj.gov/Consumer.aspx>

- Contact local law enforcement.
- File a complaint with the US Internal Revenue Service. [Click here for their website.](#)

## **19. We want to shut down our nonprofit. Do we need to file anything with you?**

If you want to dissolve the nonprofit, you have to take certain legal steps. Then you have to file Articles of Dissolution with us. The form with either be N-05 or N-06 depending upon whether you have commenced activities or not. [Click here for the form.](#) It will cost \$15.00.

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**21. We have a dispute going on about who controls our nonprofit. Can you help us?**

No, we can't help resolve an internal dispute about how a nonprofit runs or what it does. You may want to consult a community mediation service or an attorney for help.

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