



FORMING A NON-PROFIT CORPORATION IN LOUISIANA

Most nonprofit corporations are 501(c)(3) organizations, which means they are formed for charitable or educational purposes and are eligible for federal and state tax exemptions. To create a 501(c)(3) tax-exempt organization, you will first need to form a Louisiana corporation, then you apply for tax-exempt status from the IRS and the State of Louisiana. Here are the steps. Below is a brief description of the process. To learn more you should visit the Louisiana Secretary of State's website at

<http://www.sos.la.gov/BusinessServices/FileBusinessDocuments/Pages/default.aspx>

You may also wish to retain the services of a lawyer who is familiar with creating non-profit corporations including the applications for tax-exempt status. Feel free to have your attorney contact LSA Executive Director, Tucker Reynolds at tucker.reynolds@lsa-soccer.org with any questions.

This description of the process of becoming a non-profit corporation came from a number of on-line sources that may prove helpful to you.

Form Your Nonprofit Corporation

1. Choose who will be on the initial board of directors for your nonprofit corporation. In Louisiana, your nonprofit corporation must have three or more directors. In a membership corporation, if there are less than three members, then there must be the same number of directors as there are members.
2. Choose a name for your Louisiana nonprofit corporation. The name of your nonprofit corporation cannot be the same as the name of another corporation or limited liability company, or trade name on file with the Louisiana Secretary of State. To see if your proposed name is available, you can search Louisiana's name database on the Secretary of State's website. There are some limitations on what terms cannot be in a non-profit organizations name. For instance, in Louisiana, your nonprofit corporation cannot contain the words the corporate name of a nonprofit corporation or organization can not contain the name of any public park, playground, or other public facility together with the word "benefit," "benevolent," "endowment," "philanthropic," "foundation," or "fund." (See Section 204 and 204.1 of Louisiana Nonprofit Corporation Law for other restrictions on names).
3. Prepare and file your nonprofit articles of incorporation. You will need to create and file nonprofit articles of incorporation with the Louisiana Secretary of State's office. The Louisiana Secretary of State's website has a non-profit articles of incorporation form you can use to create your articles. You can also create and file your articles online. Your articles must include a) the nonprofit's name, b) its purpose, c) its duration, d) the street address of the corporation's registered office, d) the name and street address of your registered agent, e) the name and address of each incorporator and each initial director, and f) whether the corporation is to be organized on a stock basis or not (or both).

Follow the instructions on the Secretary of State's website for filing your articles online, or by regular mail, express mail, or fax. You must file an affidavit of registered agent with your articles. Within 30 days after filing your articles, file a certified copy of your articles and a copy of the Certificate of Incorporation with the office of the recorder of mortgages in the parish where your corporation's registered office is located.

In addition to what's required in your articles under state law, you'll need to include certain provisions in your articles to meet IRS requirements for 501(c)(3) tax-exempt status. For IRS purposes, your articles must include a) a statement of purpose that qualifies your organization for tax-exempt status, b) statements that your nonprofit will not engage in prohibited political or legislative activity, and c) a dissolution of assets provision dedicating your assets to another 501(c)(3) organization upon dissolution. These provisions are not included on the state articles form provided on the Secretary of State's website so you will need to add them to your articles.

4. Prepare bylaws for your Louisiana nonprofit corporation. You'll need to prepare bylaws that comply with Louisiana law and contain the rules and procedures your corporation will follow for holding meetings, electing officers and directors, and taking care of other corporate formalities required in Louisiana. Your bylaws do not need to be filed with the Louisiana Secretary of State -- they are your internal operating manual.

5. Hold a meeting of your board of directors. Your first board meeting is usually referred to as the organizational meeting of the board. The board should take such actions as a) approving the bylaws appointing officers, b) setting an accounting period and tax year, and c) approving initial transactions of the corporation, such as the opening of a corporate bank account. After the meeting is completed, minutes of the meeting should be created.

6. Set up a corporate records binder. You should set up a corporate records binder for your nonprofit to hold important documents such as articles of incorporation, bylaws, and minutes of meetings.

Obtain Your State and Federal Tax Exemptions

Now that you have created your nonprofit corporation, you can obtain your federal and Louisiana state tax exemptions. Here are the steps you must take to obtain your tax-exempt status:

1. File your Form 1023 federal tax exemption application. To obtain federal tax-exempt status, complete and file IRS Form 1023 with the IRS. This long and detailed form asks for lots of information about your organization, including its history, finances, organizational structure, governance policies, operations, activities, and more.

2. Obtain your Louisiana state tax exemptions. Once you receive your federal tax exemption, you are automatically exempt from Louisiana state income tax. Check Louisiana's Department of Revenue website for information and requirements for exemptions from sales tax and other state taxes.

3. Other state reporting and registration requirements. Depending on your activities and the size of your organization, you may need to register with the Louisiana Attorney General before doing any fundraising activities. Check the Attorney General's website for rules and filing requirements