

## **Setting up Friends of the Library as a Corporation**

### **Mancuso Book**

The very first thing that you should do is either buy this book or else check it out from the library.

“How to Form a Nonprofit Corporation in California”  
by Anthony Mancuso

The call number is   346.7306  
                                  Mancuso

The next step is to read the book and note the things that apply to your library and to your group and its operations.

### **Step-by-Step Guide**

There is another great resource online for setting up your corporation:  
<http://calnonprofits.org/resources/starting-nonprofit/15-launch-articles/65-first-steps-articl>

This is called “Step-by-Step Guide for Starting a California Nonprofit”  
It gives the ten (10) basic steps for setting up a nonprofit public benefit corporation in California, exactly what you most likely want to do.

### **Guide for Charities**

Another great resource is online at  
[https://oag.ca.gov/sites/all/files/pdfs/charities/publications/guide\\_for\\_charities.pdf](https://oag.ca.gov/sites/all/files/pdfs/charities/publications/guide_for_charities.pdf)

This is called “California Attorney General’s Guide for Charities”. It was written when the current governor of California, Edmund G. Brown, Jr., was the Attorney General. It may seem a formidable operation to set up your organization, but this is an invaluable resource and was used by the writer.

The following steps are given in the order in which you want to set up your Friends of the Library group as a charitable corporation, and then file to define it as tax-exempt. Also, do not forget, after you have set up your organization, you must remember to submit the required government forms, most annually and one every other year.

Steps (with details given later):

1. Choose a name for your group, like: Friends of the Xxxxxxx Library  
If you find that this name is already in use in California, try adding “SJ” to your desired name (standing for “San Jose”) and see if that is accepted.
2. Choose the person to act as initial director, or president, of your group.
3. Write and submit your Articles of Incorporation to the Secretary of State.  
NOTE: a sample Articles of Incorporation is near the bottom of the Web page  
at <http://almadenfriends.org>
4. While waiting to hear back from the Secretary of State’s office about the approval of your Articles of Incorporation, you should start writing your Bylaws and gathering the date to file for tax-exempt status.  
NOTE: a sample Bylaws is near the bottom of the Web page  
at <http://almadenfriends.org>
5. After you have heard back that your group’s name has been accepted and approved, you should file for an EIN (Employer Identification Number). This can be done at <https://www.apply-gov.us/tax-id/forms/othernonprofitorganization.php>  
You will need this number when you report your annual income to the IRS and to the state, and that filing may be required more quickly than you think. For now, just go ahead and fill out the form, include your newly-approved corporation name.  
If there is no reason to choose otherwise, the easiest “Closing month of the accounting year” to use is “December”. The calculations for when other government reports are due will then be easy to calculate.
6. No more than 90 days after filing the Articles of Information, you must fill out and send the initial Form SI-100 “Statement of Information” along with the \$20 filing fee to the Secretary of State (check to ensure that this amount is still \$20). See the information at the form’s site  
[http://www.sos.ca.gov/business/corp/pdf/so/corp\\_so100.pdf](http://www.sos.ca.gov/business/corp/pdf/so/corp_so100.pdf)  
for current information.  
It is quickest to fill out the online SI-100 form at  
[http://www.sos.ca.gov/business/corp/pdf/so/corp\\_so100.pdf](http://www.sos.ca.gov/business/corp/pdf/so/corp_so100.pdf)

and send the \$20 filing fee on your personal VISA or MasterCard, then get a refund for the \$20 from your group's treasurer.

7. When you receive word that your Articles of Incorporation have been approved, you will also receive a Form CT-1, called "Initial Registration Form – Registry of Charitable Trusts" which you must fill out and then return to the Attorney General along with a check for the registration fee. Note that this form must be filled out and returned within 30 days of your Friends group receiving any money. Note also that you will need to put your EIN on this form, so you must have already filed to get an EIN (see step 5 above).

8. You should be continuing your gathering of data for filing for tax-exempt status, using the two forms:

**IRS Form 1023** "Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code"

This is the request for federal tax-exempt status, often called the 501(c)(3).

and the **California Form 3500** "Exemption Application"

This is the request for California tax-exempt status. Get the Instruction Booklet for this form for the current year. The 2013 instruction booklet is at:

<https://www.ftb.ca.gov/forms/misc/3500bk.pdf> and it is probably updated each year. The current length of the booklet is 40 pages, but it is invaluable to follow as you are putting together your application for this exemption, so either print the booklet or follow it online as you put together your data to send to the California FTB (Franchise Tax Board). Be sure to make a copy of all paperwork sent with this application, and also be sure to enclose your check for the \$25 application fee, made out to the Franchise Tax Board.

The easiest and best way to obtain the California tax-exempt status is to wait until the IRS has granted your request, and then to file the Form 3500 with the Franchise Tax Board with a copy of the IRS' federal determination letter (granting your group tax-exempt status).