

The Benefits of a 501(c)(3) Nonprofit Corporation.

No federal or state income taxes. As long as the money your society makes is related to its educational activities, your society will not pay income tax on it.

Tax-deductible contributions. If your society becomes a tax-exempt nonprofit corporation, donors can deduct their gifts to your society on their federal and state tax income returns.

Protections from personal liability. Structuring an organization as a nonprofit corporation protects its directors, officers, and members from personal liability for the corporation's debts and liabilities.

Special postage rates. Your society can apply for a mailing permit that gives it a special reduced nonprofit rate for mailings.

Property tax exemptions. Nonprofit corporations are usually exempt from paying property taxes on real estate and other property. Contact your county assessor's office for more information on this property tax exemption, which is called a "welfare exemption."

How to Form a 501(c)(3) Nonprofit Corporation.

Forming a nonprofit corporation is much like creating a regular corporation, except that your society must also apply for tax-exempt status with the IRS and your society's state tax division. Here is what your society needs to do:

1. Choose an available business name that meets the requirements of state law.
2. File "articles of incorporation" with the corporations division of your society's state government and pay a small filing fee (typically under \$30).
3. After the corporate filing office returns a copy of your filed articles, apply for federal and state income tax exemptions.
4. Create corporate bylaws, which set out the operating rules for your society.
5. Appoint the initial directors.
6. Hold the first meeting of the board of directors.

Questions?

Samuel E. Joyner, Esq.
General Counsel for The West Point Society of North Texas
214.999.4102 (work) • 214.256.3000 (home)