# *Forming a Nonprofit Corporation*

The rules for forming nonprofit corporation are slightly different from state to state. So it is important to visit the Secretary of State website for the state where the incorporation will take place to receive the most accurate information. This document will provide a general guide to the steps for incorporation.

The benefits of incorporation of a nonprofit organization are:

1. A nonprofit corporation does not pay income tax and in many cases does not pay property tax.
2. Special postage rates
3. The ability to set up a bank account
4. Personal liability protection

If an organization is eligible to become a tax-exempt corporation, eligibility is defined in IRS Publication 557 Chapter 3 http://www.irs.gov/pub/irs-pdf/p557.pdf, the directors of the organization should approve a resolution to have applicable Article of the state Code applied to the organization.

The incorporator should prepare the following information prior to completing the appropriate forms:

1. Name of the organization
2. The type of service provided
3. The primary address of the organization
4. The name and address of the registered agent
5. Names and addresses of other agents of the organization
6. The way in which assets will be distributed upon termination
7. Payment information

After this information is compiled, the incorporator should visit the Secretary of State website. It is also possible to obtain the application at the Secretary of State Corporations Division, but it is much easier to file online, and it is usually cheaper to do so. The application steps generally constitute of the following:

1. Chose organization type (nonprofit corporation)
2. Next, a "business name" should be selected (name must be different than other corporation names)
3. Identify address (may be physical location or mailing address)
4. Identify "registered agent" (main contact of organization)
5. Provide contact information of registered agent
6. Provide an effective date (usually within 90 days of filing)
7. Select organization type (Mutual Benefit)
8. Specify purpose of business
9. Determine the distribution of assets upon dissolution of organization
10. Indicate that organization will have members
11. Pay Fee (About $25)
12. Annual Completion of Business Report (provides updates and pay fee of about $10)

The process of incorporation is quite simple and a nonprofit corporation can be completed and approved within minutes for a small fee. Considering all of the financial and legal benefits afforded to corporations and the ease of incorporating in Indiana, all Indiana nonprofit organizations should be sure to incorporate.