

L. The State Organizer Committee shall:

- a. Be divided into Northern, Central, and Southern regions with an appointed chairperson for each region,**
- b. Help to organize new Subordinate clubs and be available to assist any Subordinate club to acquire new members;**
- c. Certify that all reports of new clubs follow procedures outlined in the State Constitution;**
- d. Keep the State Council and/or State Board of Directors fully informed at all times of any new developments; and**
- e. Establish new Subordinate Clubs according to the guidelines in Article XII.**

ALLEN, POLGAR, PROIETTI & FAGALDE

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

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*A PROFESSIONAL CORPORATION

REPLY TO: MERCED

January 5, 2004

Mr. Joe Coelho
Post Office Box 3640
Turlock, CA 95381

Re: Incorporation of a Non Profit Corporation

Dear Joe:

You requested I prepare an outline for the formation of a nonprofit corporation such as the Cabrillo Club. The following is a general checklist to consider when forming a Non Profit Corporation:

1. Incorporators to hold meeting to determine the business of the corporation, to choose Directors, Agent for Service of Process, adopt bylaws and elect officers. The membership must also choose an accounting year, an accountant, an attorney, choose a seal (if desired), authorize the issuance of memberships and open bank accounts.
2. Clear and reserve the name of the corporation with the Secretary of State (Secretary of State will reserve a name for 60 days);
3. Prepare the Articles of Incorporation and file them with the Secretary of State;
4. Order Minute Book, seal (if desired), and membership certificates (if necessary);
5. Prepare corporate bylaws;

6. Apply for federal Employer Identification Number;
7. Apply for federal tax exemption;
8. Apply for California franchise tax exemption;
9. File a Statement by Domestic Nonprofit Corporation with the Secretary of State;
10. Register the corporation with the Secretary of State's Political Reform Division, if lobbying or employing a lobbyist is intended or if the corporation meets the definition of "Recipient Committee";
11. Ascertain whether issuance of memberships is exempt under state and federal securities laws and, if not, apply for state qualification with the Commissioner of Corporations and federal registration with the Securities and Exchange Commissions;
12. Register as a charity in any states other than California where the nonprofit will solicit charitable contributions, either by mail, electronic mail, or telephone, as required by such states;
13. Obtain other licenses and permits as necessary from state and local authorities to perform specific acts of businesses or professions or solicitation of funds; and
14. Obtain nonprofit mailing permit, if desired.

Please understand that the above checklist is to be used as a guideline ONLY and may not apply to all Non Profit Corporations. You should consult an attorney before attempting to form a corporation.

Very truly yours,


ALLEN, POLGAR, PROIETTI & FAGALDE

Donald J. Proietti

/amh

*Dear Joe, there will be no change
in this letter. Best to you for the New Year
D*



Founded by Californians of Portuguese origin in honor of their compatriot,
JOHN RODRIGUES CABRILLO, discoverer of California,
and dedicated to the Civic Progress of California.

www.cabrillocivicclubs.org

STATE COUNCIL OF
Cabrillo Civic Clubs of California

INCORPORATED

To: 2nd. Vice President

3/13/03

From: Annamarie Barros - Former Treasurer

The 2001 State Council at it's Annual Meeting in Jan. 2002 requested that a copy of the requirement for application for corporate non-profit designation and for both IRS and California Franchise Tax Board exemptions for subordinate clubs were to be included in the Book of Regulations. These are enclosed. Further questions and information should be directed to the State Treasurer.

Enclosures:

1. Federal Tax non-profit exemption setter to be used by individual clubs when requesting their own exemption and for getting State of California business license.
2. Franchise Tax Board requirements for exempt organizations to file and filing fees.
3. Tax Guide-Corporations Starting business in California.
4. Organization of California non-profit, non-stock corporations.
5. Voluntary dissolution of California Non-profit Corporations.

Department of the Treasury

Internal Revenue Service

Washington, DC 20224

Date: **JAN 31 1972**

In reply refer to:
T:MS:EO:R:1



State Council of Cabrillo Civic
Clubs, Incorporated (f/k/a
Grand Council of Cabrillo
Civic Clubs)
1281 San Juan Avenue
San Jose, CA 95110

Gentlemen:

We have considered your application, dated October 18, 1971, requesting recognition of exemption for you and your subordinates under "new" section 501(c)(10) of the Internal Revenue Code.

Our records show, that under your former name Grand Council of Cabrillo Civic Clubs, you received an individual ruling letter dated June 30, 1936 recognizing you to be exempt from Federal income tax under section 101(9) of the Revenue Act of 1934, (this now corresponds to section 501(c)(7) of the Code).

Based on the information furnished we rule that you and your subordinate units, shown on the list submitted, are recognized as being exempt under "new" section 501(c)(10) of the Code effective January 1, 1970.

You are required to file the annual return, Form 990, on or before the 15th day of the 5th month after the end of your annual accounting period if your annual gross receipts are normally more than \$25,000. Failure to file the Form 990 by this date may subject you to a penalty of \$10 for each day during which such failure continues, up to a maximum of \$5,000. Your subordinates will have to file an annual information return, Form 990, if their gross receipts in each taxable year are normally more than \$25,000. If you do not include the subordinates in a group return, each must file an annual return by the 15th day of the 5th month after its annual accounting period closes.

State Council of Cabrillo Civic Clubs,
Incorporated (f/k/a Grand Council of
Cabrillo Civic Clubs)

You and your subordinates are not required to file Federal income tax returns unless you or your subordinates are subject to the tax on unrelated business income under section 511 of the Code, if so, you and your subordinates must file an income tax return on Form 990-T. In this letter we are not determining whether any of your, or your subordinates', present or proposed activities is unrelated trade or business as defined in section 513 of the Code.

Unless specifically excepted, you and your subordinate units are liable for taxes under the Federal Insurance Contributions Act (social security taxes). Also, unless excepted, you and your subordinate units are liable for tax under the Federal Unemployment Tax Act if, during the current or preceding calendar year, you have one or more employees at any time in each of 20 weeks, or your pay wages of \$1,500 or more in any calendar quarter. Any questions concerning excise, employment, or other Federal taxes should be submitted to your key District Director in San Francisco, California.

Effective January 1, 1970, contributions made to you or your subordinates are deductible by such donors as provided in section 170 of the Code, but only if to be used exclusively for the charitable purposes specified in section 170(c)(4) of the Code. Effective January 1, 1970, bequests, legacies, devises, transfers or gifts are deductible for Federal estate and gift tax purposes as provided in sections 2055, 2106, and 2522 of the Code, but only if to be used exclusively for the charitable purposes specified in sections 2055(a)(3), 2106(a)(2)(iii), and 2522(a)(3).

To the extent that this ruling is inconsistent with it, this ruling modifies our ruling issued to you on June 30, 1936.

You should advise each of the subordinates of the provisions of this ruling, including the requirement for filing information or other returns.

State Council of Cabrillo Civic Clubs,
Incorporated (f/k/a Grand Council
of Cabrillo Civic Clubs)

Each year, within 45 days after your annual accounting period closes, please send us two copies of the following information about your subordinates:

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates.
2. A list of the names, mailing addresses including ZIP Codes, and employer identification numbers (if required for group exemption letter purposes) of subordinates on your group exemption roster that during the year:
 - a. changed names or addresses;
 - b. were deleted from the roster;
 - c. were added to the roster.

A directory of subordinates may be substituted for this list if it includes the required information and identifies the affected subordinates according to the three categories above.

3. For subordinates added to the roster, a letter signed by one of your principal officers containing or attaching:
 - a. a statement that the information which your present group exemption letter is based applies to the new subordinates;
 - b. a statement that each has given you written authorization to add its name to the roster;
 - c. a list of those to which the Service previously issued rulings or determination letters relating to exemption.

State Council of Cabrillo Civic Clubs,
Incorporated (f/k/a Grand Council
of Cabrillo Civic Clubs)

4. If applicable, a statement that your group exemption roster did not change during the year.

Your key District Director is being advised of this action.

Sincerely yours,

Linder Hamblet

Director, Miscellaneous and
Special Provisions Tax Division

Exempt Organizations — Requirements for Filing Returns and Paying Filing Fees

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 1998, and to the California Revenue and Taxation Code (R&TC).

The Reporting Requirements —

An organization that has been granted tax-exempt status by the Franchise Tax Board may be required to file one or more of the following returns.

Form	Title	Section(s)
199	Exempt Organization Annual Information Return	R&TC 23772 and 23774
109	Exempt Organization Business Income Tax Return	R&TC 23771 and 18506
100	Corporation Franchise or Income Tax Return	R&TC 23701r and 23701t

The Franchise Tax Board mails forms to exempt organizations shortly after the last day of the organization's accounting period if the exempt organization's designated accounting period and current address are on file. New organizations and organizations that do not receive the forms in the mail may obtain them from any office of the Franchise Tax Board. It is the organization's responsibility to obtain and file the forms by the due date.

A Form 199**Exempt Organization Annual Information Return**

The requirement to file Form 199 is generally based upon total gross receipts. If gross receipts are normally not more than \$25,000, the organization is not required to file. If gross receipts are normally greater than \$25,000, Form 199 is required.

Gross receipts of an organization are normally not more than \$25,000 when the organization . . .

Has been in Existence	AND Gross Receipts/Pledges Equal
1 year or less	\$37,500 or less
2 years	\$30,000 or less (average for 2 years)
3 years or more	\$25,000 or less (average for current year and 2 prior years)

The filing requirement for some organizations is established by law, without regard to the amount of gross receipts received. The following organizations:

- **Must file Form 199 every year.**
 - Private foundations;
 - Nonexempt charitable trusts described in IRC Section 4947(a)(1).
- **Are not required to file Form 199** regardless of the amount of total gross receipts normally received.
 - Churches, interchurch organizations of local association units of a church, conventions or associations of churches, or integrated auxiliaries of churches;
 - Religious orders;
 - Organizations formed to carry out a function of a state, or public body that is carrying out that function and is controlled by the state or a public body;
 - Political organizations;
 - Pension trusts;
 - Education IRAs.
 - Qualified state tuition programs

Filing Fee

Organizations required to file Form 199 are also required to pay a filing fee. The

amount of the fee depends upon when payment is made.

- If paid on or before the original due date or extended due date, the fee is \$10.
- If paid after the original due date or extended due date, the fee is \$25.

See Extension of Time to File.

Exception: Certain organizations exempt under R&TC Section 23701d are not required to pay the filing fee. Those organizations are:

- Exclusively religious organizations;
- An exclusively educational organization, if such organization maintains a regular faculty and curriculum and has students at the place where its educational activities are regularly carried on;
- An exclusively charitable organization or an organization for the prevention of cruelty to children or animals, if such organization is supported, in whole or in part, by funds contributed by the United States or any state or political subdivision, or is primarily supported by contributions of the general public; or
- An organization which is operated, supervised, or controlled by or in connection with an exclusively religious organization.

Due Date

Form 199 is due on or before the 15th day of the fifth month after the close of the accounting period. If the accounting period ends on December 31, the due date is May 15. If the due date for filing falls on a Saturday, Sunday, or legal holiday, file by the next regular workday.

Failure to Timely File Form 199

A delinquent penalty of \$5 for each month (or part thereof) will be assessed if Form 199 is not filed by the due date including the extension. The maximum penalty is \$40 and may be waived if the organization can show that the late filing was due to reasonable cause and not willful neglect.

In the case of a private foundation, the Franchise Tax Board may request in writing that a delinquent return or foundation report be filed within a reasonable time. The person who fails to file the return or report after this written request is subject to a penalty of \$5 for each month (or part thereof), not to exceed \$25, computed after the expiration of the time allowed to respond.

The penalty is in addition to the penalty for late filing of Form 199 and may be waived if it can be shown that the late filing was due to reasonable cause and not willful neglect.

Definition

Gross Receipts — For purposes of Form 199, "gross receipts" are defined as the gross amount received by the organization during its annual accounting period from all sources, without reduction for any costs or expenses, including costs of goods sold, cost of operations, or expenses of earning, raising, or collecting such amounts. Thus gross receipts include, but are not limited to, (1) the gross amount received as contributions, gifts, grants, and similar amounts, without reduction for the expenses of raising and collecting such amounts; (2) the gross amount received as dues or assessments from members or affiliated organizations, without reduction for expenses attributable to the receipt of such amounts; (3) gross sales or receipts from all business activities, including business activities unrelated to the purpose for which the organization received an exemption, the net income or loss of which may be required to be reported on Form 109; (4) the gross amount received from the sale of assets, without deduction for the cost or other basis of the property, expense of the property and expense of sale; and (5) the gross amount received as investment income such as interest, dividends, rents and royalties.

B Form 109

Exempt Organization Business Income Tax Return

An organization exempt under R&TC Section 17631, or 23701a through 23701z, 23711 or 23712 with income from unrelated business activities (including income from leases of debt-financed property) may be required to file Form 109, Exempt Organization Business Income Tax Return.

A tax-exempt organization is not required to file Form 109 if:

- It is formed to carry out a function of the state;
- It is carrying out that function; and
- It is controlled by the state.

California and federal laws are generally the same with regard to unrelated business income.

Any income from a trade or business that is unrelated to the organization's exempt purposes, even though the profits are used for exempt purposes, is subject to taxation if it exceeds \$1,000. See R&TC Section 23732 for details on unrelated business taxable income.

NOTE: Political organizations exempt under R&TC Section 23701r and homeowners' associations exempt under R&TC Section 23701t are required to file Form 100 rather than Form 109 if they have income subject to tax. See Section C Form 100.

Due Date

The due date for the Form 109 depends upon how the organization was created.

- Incorporated organizations, unincorporated associations, and trusts other than pension trusts are required to file on or before the 15th day of the fifth month after the close of the accounting period. If the accounting period ends on December 31, the due date is May 15.
- Pension trusts are required to file on or before the 15th day of the fourth month after the close of the accounting period. If the accounting period ends on December 31, the due date is April 15.

If the due date for filing falls on a Saturday, Sunday, or legal holiday, file by the next regular workday.

Tax Rates

The rate at which tax is computed depends upon how the organization was created.

- Incorporated organizations and unincorporated associations pay tax at the general corporate tax rate.
- Trusts pay tax at the trust rate which is the same as the personal income tax rate for a single individual.

Penalties

- Failure to File a Timely Return: The delinquent penalty is computed at 5% of the tax due after allowing for timely payments, for each month or part of a month the return is late. The maximum penalty is 25%.
- Failure to Pay Total Tax by the Due Date: If any part of the tax shown on the return is not paid by the original due date, a penalty of 5% of the unpaid tax, plus 0.5% for each month, or part of the month (not to exceed 40 months), the tax remains unpaid. The maximum penalty is 25%.

NOTES: (a) If the organization is subject to both the penalty for failure to file a timely return and the penalty for failure to pay total tax by the due date, a combination of the two penalties may be assessed, but the total will not exceed 25% of the unpaid tax.

(b) These penalties may be waived if it can be shown that the late filing of the return or the late payment of tax was due to reasonable cause and not willful neglect.

- Underpayment of Estimated Tax: Any organization that fails to pay, pays late, or underpays an installment of estimated tax will be assessed a penalty. The penalty is a percentage of the underpayment for the underpayment period. Form FTB 5806, Underpayment of Estimated Tax by Corporations, may be used to determine both the amount of underpayment and the amount of penalty. This penalty cannot be waived for reasonable cause.
- Accuracy and Fraud Related Penalties: California conforms to IRC Sections 6662 through 6664 which authorized the imposition of an accuracy-related penalty equal to 20% of the related underpayment, and the imposition of a fraud penalty equal to 75% of the related underpayment.
- Dishonored Payment Penalty: A penalty may be imposed for any payment that is dishonored.
- EFT Penalty: A penalty of 10% of the amount paid will be assessed if the organization is required to pay by electronic funds transfer (EFT) and does not. For more information, see FTB Publication 3817 or call the Franchise Tax Board at the number listed under Tax Assistance.

C Form 100

Corporation Franchise or Income Tax Return

Form 100 is filed by political organizations exempt under R&TC Section 23701r and homeowners' associations exempt under

R&TC Section 23701t to report their respective taxable incomes.

Due Date

Form 100 is due on or before the 15th day of the third month after the close of the accounting period. If the accounting period ends on December 31, the due date is March 15. If the due date for filing falls on a Saturday, Sunday, or legal holiday, file by the next regular workday.

Tax Rate

Tax is computed at the general corporate tax rate. However, exempt organizations ARE NOT subject to the minimum tax.

Penalties

The same penalties apply as described in Section B Form 109.

EXCEPTION: Political organizations are not subject to the estimate penalty.

Political Organizations

"Political taxable income" means all amounts received during the taxable year other than (1) contributions of money or other property; (2) membership fees, dues, or assessments; and (3) proceeds from political fundraising or entertainment events, or proceeds from the sale of political campaign material not received in the ordinary course of any trade or business.

Political organizations ARE NOT required to make estimated tax payments. However, the tax must be paid in full on or before the original due date in order to avoid penalties.

For more information about Political Organizations, refer to FTB Publication 1075, Exempt Organizations -- Guide for Political Organizations.

Homeowners' Associations

A homeowners' association exempt under R&TC Section 23701t must file Form 100, Corporation Franchise or Income Tax Return, if it received "homeowners' association taxable income" in excess of \$100. Form 100 must be filed in addition to Form 199.

"Homeowners' association taxable income" means all income received during the taxable year other than amounts received from membership fees, dues, or assessments. Taxable income includes such items as, but not limited to: interest, dividends, rents, royalties, sale of assets and income from nonmembers.

For more information about homeowners' associations, refer to FTB Publication 1028, Guidelines for Homeowners' Associations.

D Extension of Time to File

If any return cannot be filed by the original due date, an automatic extension of seven months will be granted if the organization was not suspended on the original due date AND the return is filed on or before the extended due date.

E Consequences of Not Filing Required Returns and/or Paying Amount(s) Due

The corporate rights, powers, and privileges may be suspended or the exemption from tax may be revoked for failure to file a return or statement or pay any amount(s) due. An organization that is suspended or has its exemption revoked is subject to taxation if it continues to operate. It also loses the protection of the corporate shield if it is incorporated. Therefore, such an organization should revive to good standing, if suspended, OR reapply for exemption, if exemption was revoked. The primary requirements to be reinstated to good standing are:

- Correct the problem that caused suspension or revocation; AND
- File returns and/or pay any amounts due for the period(s) subsequent to suspension or revocation; AND
- File form FTB 3557, Application for Certificate of Revivor.

Other requirements may need to be met as well. For specific requirements, you may call or write. Be sure to give the corporation number and legal name of the organization.

F Miscellaneous Forms to be Filed and Related Assessments

- An annual statement of officers must be filed with the Office of the Secretary of State by all organizations incorporated or qualified in California. R&TC Section 19141 requires Franchise Tax Board to assess a penalty for failure to file an annual statement of corporate officers. The Franchise Tax Board DOES NOT have the authority to waive this penalty except as directed by the California Secretary of State's Office. For more information, contact:
CALIFORNIA SECRETARY OF STATE
PO BOX 944230
SACRAMENTO CA 94244-0230
TELEPHONE: (916) 653-1742
(not toll-free)
- If the organization is organized for public benefit purposes, it is required to file Form CT-2, Registry of Charitable Trusts Report. R&TC Section 23703 requires the Franchise Tax Board to disallow exemption and assess the minimum tax for any year(s) in which the

organization fails to properly file this form. The Franchise Tax Board DOES NOT have the authority to reinstate exemption or cancel the tax except as directed by the California Registry of Charitable Trusts. For more information, contact:

REGISTRY OF CHARITABLE TRUSTS
PO BOX 903447
SACRAMENTO CA 94203-4470
TELEPHONE: (916) 445-2023
(not toll-free)

Where to File

If a payment is included with your completed form, mail it to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0701

Include your California corporation number on all payments.

If a payment is not required with your completed form, mail it to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0700.

NOTE: If you are sending more than one return, use separate envelopes and separate checks to ensure that the returns and payments are processed correctly.

Tax Assistance

Telephone Assistance

Our toll-free service is available Monday through Friday, between 8 a.m. and 5 p.m. From the first working day in January through the due date for filing a tax return (generally April 15) service is available Monday through Friday 7 a.m. until 8 p.m. The best times to call are between 7 a.m. and 10 a.m. and between 6 p.m. and 8 p.m. Service is also available from 8 a.m. until 5 p.m. on the two Saturdays prior to the due date for filing a tax return.

From within the United States, call (800) 852-5711

From outside the United States, call (not toll-free) (916) 845-6500

For hearing impaired with TDD, call (800) 822-6268

Para servicio en español para obtener información sobre impuestos o formularios, llame al número de teléfono (anotado arriba) que le corresponde.

Letters

If you find it necessary to write rather than call us, please address your letter to:

**FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0740**

Include your corporation or organization number and telephone numbers on all correspondence. Please allow 6-8 weeks for reply.

Where To Get Income Tax Forms

By Internet – if you have Internet access, you may download, view, and print California income tax forms and publications. Our Internet address is:

<http://www.ftb.ca.gov>

By phone – Use F.A.S.T. to order the California tax forms and publications listed below. To order a form on the list:

- Call (800) 338-0505, from within the United States; or
- (916) 845-6600, from outside the United States (not toll-free)
- Select bank and corporations income tax form requests.
- Enter the three-digit code shown to the left of the form title when you are instructed to do so.

we will send you two copies of each tax form and one copy of each set of instructions. Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

By mail – Write to:

**TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 387
RANCHO CORDOVA CA 95741-0307**

- 817 Form 100, California Corporation Franchise or Income Tax Return
- 818 Form 100-ES, Corporation Estimated Tax
- 813 Form 100X, Amended Corporation Return
- 814 Form 109, Exempt Organization Business Income Tax Return
- 815 Form 199, Exempt Organization Return
- 821 Schedule P (100) Alternative Minimum Tax and Credit Limitations – Corporations
- 819 Schedule R, Apportionment and Allocation of Income
- 802 FTB 3500, Exemption Application
- 808 FTB 3539, Payment Voucher for Automatic Extension for Corporations and Exempt Organizations
- 832 FTB 3555A, Request for Tax Clearance for Exempt Organizations
- 804 FTB 3557, Application for Revivor
- 822 FTB 3885, Depreciation/Amortization
- 806 FTB 5806, Underpayment of Estimated Tax by Corporations
- 800 FTB Pub. 1028, Guidelines for Homeowners' Associations
- 812 FTB Pub. 1038, Guide for Corporations Dissolving, Withdrawing or Merging
- 809 FTB Pub. 1060, Guide for Corporations Starting Business in California
- 820 FTB Pub. 1068, Exempt Organizations Requirements for Filing Returns and Paying Filing Fees
- 801 FTB Pub. 1075, Exempt Organizations – Guide for Political Organizations

Guide for Corporations Starting Business In California

This guide is intended to assist corporations filing their first:

- California Corporation Franchise or Income Tax Return (Form 100) or
- California S Corporation Franchise or Income Tax Return (Form 100S) or
- Bank and Corporation Estimated Tax Payment Voucher (Form 100-ES).

It will help you:

- understand the basis of the tax;
- request forms and instructions;
- file returns correctly; and
- avoid unnecessary penalties and interest.

Definitions

Corporation — An entity incorporated or qualified through the Secretary of State and/or doing business in California. For purposes of this guide the term corporation does not include banks. Financial corporations are not considered to be banks and are included in the term corporation. For more information on corporations, the Secretary of State, Business Filings, (916) 657-5448, or visit their website at: www.ss.ca.gov.

Calendar Year — A period of 12 months ending on December 31.

Fiscal Year — A period of 12 months ending on the last day of any month other than December.

Income Year — Calendar year or fiscal year used as the accounting period for which the net income is computed.

Accounting Period — Same as "Income Year."

Taxable Year — Calendar year or fiscal year for which the tax is due.

Doing Business — Actively engaging in any transaction for the purpose of financial gain or profit.

Newly Formed or Qualified Corporations

All corporations incorporating or qualifying to do business in California on or after January 1, 2000 will be exempt from prepaying the minimum franchise tax for the first taxable year to the Secretary of State and the minimum franchise tax for the second taxable year. Now, the corporation will compute its tax liability for the second taxable year by multiplying its state net income by the appropriate tax rate and will not be subject to the minimum franchise tax. For the third taxable year and thereafter, the corporation will be subject to the greater of the minimum franchise tax or its state net income multiplied by the appropriate tax rate.

Corporations that reorganize solely for the purpose of avoiding the prepaid or the second taxable year minimum franchise tax will not qualify for these provisions.

Estimated tax: To avoid incurring an estimated tax penalty for the second taxable year, the corporation must make estimated tax payments equal to 100% of the tax liability shown on the return for the second taxable year. Prior year's exception (Exception A) does not apply to the first tax return and cannot be used to reduce or eliminate the estimated tax penalty. However, the taxpayer may base its estimated tax payments on annualization to reduce or eliminate the estimated tax penalty. For more information regarding the estimated tax computation, see the instructions for FTB Form 100ES – Corporation Estimated Tax.

Example 1: Beta corporation incorporated on February 21, 2000, and only paid the SOS filing fee. Beta selects a calendar year end.

For the income year February 21 to December 31, 2000, Beta operated at a \$3,000 loss. When Beta files its return on March 15, 2001, it will owe NO tax.

On April 15, 2001, Beta makes an estimated tax payment of \$800. On its return for income year ending December 31, 2001, it shows a \$4,000 loss and an \$800 tax liability. Since the corporation made an \$800 estimated tax payment, it will show zero on the "Tax Due" line of the Form 100. An estimated tax penalty is not due.

Example 2: Johnson Corporation incorporated on January 11, 2000 and paid only the SOS filing fee. Johnson selects a calendar year end.

Johnson did not make an estimate tax payment on April 15, 2000. For income year ending December 31, 2000, it shows \$6,300 of income. When the corporation files its return on March 15, 2001 it will owe \$557 ($\$6,300 \times 8.84\%$) of tax, which it paid with the return. Since Johnson did not make any estimated tax payments, an estimated tax penalty is due based on the tax of \$557.

On April 15, 2001, the corporation makes an estimated tax payment of \$800. On its return for income year ending December 31, 2001 it shows a \$14,000 loss and a \$800 tax liability. Since the corporation made an \$800 estimated tax payment, it will show zero on the "Tax Due" line of Form 100S. An estimated penalty is not due.

S Corporations

California has adopted most of the federal provisions for S corporations. However, there is an S corporation tax at the corporate level in addition to the individual tax on pass-through income. A federal S corporation doing business in California or having California source income is subject to California tax as an S corporation unless it made a timely California C corporation election. The corporation must file Form 100S and pay at least the minimum franchise tax (if applicable) or S Corporation tax of 1.5%.

Imposition of Tax

Corporation Franchise Tax

The corporation franchise tax is imposed for the privilege of exercising the corporate franchise in California. It is imposed on all corporations, qualified or nonqualified, that do business in California.

The corporation franchise tax is measured by the income of the preceding year (income year) for the privilege of doing business in the following year (taxable year).

Convention and Trade Shows

Corporations that are not incorporated under the laws of California and whose sole activities in this state during an income year are engaging in convention and trade show activities may not be subject to the \$800 minimum franchise tax.

See Form 100 or Form 100S for more information.

Corporation Income Tax

The corporation income tax is imposed on all corporations that derive income from sources within California but are not doing business in California.

For purposes of filing a corporation income tax return, the term corporation is not limited to incorporated entities, but also includes:

- associations;
- Massachusetts trusts;
- business trusts; and
- real estate investment trusts.

Minimum Franchise Tax

Except for newly incorporated or qualified corporations (see page 1) and unless otherwise exempted by law, all corporations incorporated, qualified to do business or doing business in California are subject to an annual minimum franchise tax. The minimum tax is \$800 per year (except for certain inactive gold mining corporations and quicksilver mining corporations that pay a minimum franchise tax of \$25 per year).

Except for newly incorporated or qualified corporations, if the corporation is inactive or operates at a loss during any income year, whether or not a full 12 months, its tax for the taxable year is the minimum tax.

Apportionment of Income

Corporations with business income attributable to sources both within and outside California are required to apportion such income. See Schedule R, Apportionment and Allocation of Income, for more information.

Steps To Take

A newly formed corporation in California, is required to take the following actions:

Step 1 — Election of Annual Accounting Period and Method

A newly incorporated or newly qualified corporation must notify the Franchise Tax Board of its accounting period as soon as possible to get the forms it needs to meet the filing requirements. In its first return, corporation may adopt any income year that meets the requirements of the law. Franchise Tax Board approval is not required. The corporation's income year end must not be different from the tax year used for federal purposes, unless initiated or approved by the Franchise Tax Board. In addition, the first accounting period cannot end more than 12 months after the date of incorporation or qualification in California. If the first accounting period is 15 days or less, it may be disregarded provided the corporation was not doing business in, and received no income from sources within this state. For a portion of a month to be disregarded under this rule, the corporation's Articles of Incorporation would have to be filed in the case of:

- a 28-day month — on the 14th day or after
- a 29-day month — on the 15th day or after
- a 30-day month — on the 16th day or after
- a 31-day month — on the 17th day or after

Example: Corporation ABC incorporated with the Secretary of State and paid the minimum tax of \$800 on October 10, 1999.

It elected a fiscal year ending October 31, as its accounting period. Therefore, on or before January 15, 2000, a corporation franchise tax return is due for the short period income year ending October 10, 2000 to October 31, 2001.

The corporation must pay with the return a tax measured by the income reported on the return for the privilege of doing business in the taxable year ending October 31, 2001.

A change in accounting period or method requires consent from the Franchise Tax Board. However, a corporation that obtains federal approval to change its accounting period or method, or that is permitted or required by federal law to make a change in its accounting period or method without prior approval and does so, is deemed to have the Franchise Tax Board's approval. See Form 100 or Form 100S for additional information.

Step 2 — Paying Estimated Tax

One or more payments of estimated tax are required annually from every bank or corporation, unless exempt by law, using Form 100-ES, Corporation Estimated Tax. However, if the corporation has an estimated tax liability of \$20,000 or total liability of \$80,000 it is required to make their payments by Electronic Funds Transfer. See Electronic Funds Transfer Penalty on page 3 for more information.

The percentage of tax required to be paid for each installment is shown in the Installment Due Dates and Amounts of Estimate Tax on the next page. The amount of the first installment cannot be less than the minimum franchise tax. Newly incorporated or qualified corporations, see page 1.

The estimated tax payments will be credited against the total tax shown on the return, as measured by income reported on the return. Any balance of tax due will incur an estimated tax penalty. Any overpayment of tax, together with interest, will be refunded or applied to other balances due. Interest is not paid on refunds made within 90 days of the return due date or the date the return is filed, whichever is later. Refer to Form 100-ES, for specific instructions.

Step 3 — Filing Returns

Each bank or corporation must file a corporation franchise tax return (Form 100 or Form 100S) regardless of whether it was inactive or sustained a loss. The return is generally due by the 15th day of the third month after the close of the income year, except that a return for a farmers' cooperative association, described in Section 24404 of the Revenue and Taxation Code, is due on the 15th day of the ninth month after the close of its income year. Special rules exist for short period returns. See Form FTB 100 and 100S for more information.

Note: California allows an additional seven-month filing extension beyond the original due date of the return. The extension is automatic; no action is required on the part of the corporation. **This does not extend the due date for the payment of tax.**

Penalties

Failure to file a timely return (R&TC 19131)

If the Form 100 or Form 100S is not filed by the extended due date, a penalty of 5% of the unpaid tax is assessed for each month or part of a month the return is late. The maximum penalty is 25% of the unpaid tax.

Failure to pay tax when due (R&TC 19132)

If the full amount of tax owed is not paid by the original due date, a penalty of 5% plus 0.05% of the unpaid tax is assessed for each month or fraction of a month (not to exceed 40 months) the tax remains unpaid. The penalty may not exceed 25% of the unpaid tax.

Note: If a corporation is subject to both the failure to file a timely return and the penalty for failure to pay tax when due, a combination of both penalties is assessed but the total of the two penalties may not exceed 25% of the unpaid tax.

Estimated Tax Penalty (R&TC 19142)

If an estimated tax installment is underpaid or filed late, a penalty is assessed on the underpayment from the due date of the payment to earlier of the date of payment, or the original due date of the return. See Form 5806, Underpayment of Estimated Tax by Corporations for more information.

Electronic Funds Transfer Penalty (R&TC 19011)

Once a corporation is required to make any estimated tax or extension payment in excess of \$20,000, or whose total tax liability is in excess of \$80,000, **all payments regardless of the income year or amount must be made through electronic funds transfer.** Payments made by other means will result in a penalty equal to 10% of the amount required to be paid. Get FTB Publication 3817, *Electronic Funds Transfer Information Guide* for additional information. This publication is available on the FTB website at www.ftb.ca.gov, or can be ordered by calling (800) 852-2753.

Forms

Forms and instructions for Form 100-ES, and Form 100 or Form 100S, will be mailed to the last known address of record, which may be that of the attorney who handled the incorporation or qualification in California. It is the responsibility of the corporation to furnish the Franchise Tax Board with the corporation's current address of record. Failure to receive the forms does not relieve the bank or corporation of its filing obligation.

Installment Due Dates and Amounts of Estimate Tax – Accounting Period of 12 months

Installment	Due Date	Amount Payable
1	15th day of the 4th month of the income year	25% of net income multiplied by the applicable estimated tax rate, but not less than the minimum franchise tax, if applicable.
2	15th day of the 6th month of the income year	50% of net income multiplied by the applicable estimated tax rate less amount of prior payment.
3	15th day of the 9th month of the income year	75% of net income multiplied by the applicable estimated tax rate less amount of prior payment.
4	15th day of the 12th month of the income year	100% of net income multiplied by the applicable estimated tax rate less amount of prior payment.

Installment Dues Dates and Amounts of Estimate Tax – Accounting Period Less Than 12 Months (First Year Only)

Fiscal year taxpayers should adjust dates accordingly

If income year (Calendar Year) begins:	Number of Installments	Percentage of Estimated Tax Due On or Before the 15th Day of			
		April	June	September	December
January 1 through January 16	4	25%	50%	75%	100%
January 17 through March 16	3		33 ¹ / ₃ %	66 ² / ₃ %	100%
March 17 through June 15	2			50%	100%
June 16 through September 15	1				100%
September 16 through December 31	None				

Notes which apply to the above tables:

For income years beginning on or after January 1, 1998, the applicable percentage for the estimated tax basis is 100%.

- To compute your tax payment, first multiply your estimated taxable income by the applicable rate as follows: Corporations, use 8.84%; S corporations, use 1.5%.
- Banks and financial corporations: C corporations is 10.84% and for S corporation the rate is 3.5%. For an income year ending in 1996 the rate for C corporations was 11.3% and for S corporation the rate was 3.5%. Then apply the percentages provided in the table above.
- Any installment may be paid before the timely filed date prescribed.
- An overpayment from the prior year may be credited to the first installment as of the first installment due date or the date of payment, whichever is later. The overpayment from a delinquent filed prior year return is credited as of the first estimate installment due date, the date of the payment or the date the delinquent return was filed, whichever is later. For more information, refer to federal Rev. Rul. 84-58, 1984-1 C.B. 254.

How To Get California Tax Information

Where To Get Income Tax Forms

By Internet – If you have Internet access, you may download, view, and print 1999 California income tax forms, instructions, and publications. Legal Notices and Rulings dated 96-1 and later are also available. Go to our website at: www.ftb.ca.gov

By phone – To order 1999 California tax forms:

- Refer to the list in the right column and find the code number for the form you want to order.
- Call (800) 338-0505.
- Select business entity tax information.
- Select order tax forms.
- Enter the three-digit code shown to the left of the form title when you are instructed to do so.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

For prior year California tax forms, call our toll-free number listed under "General Toll-Free Phone Service."

In person – Most libraries, post offices, and banks provide free California personal income tax booklets during the filing season. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries, post offices, banks, and quick print businesses cannot provide tax information or assistance.

By mail – Write to: TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA CA 95741-0307.

Letters

If you write to us, be sure to include your California corporation number or federal employer identification number, your daytime and evening telephone numbers, and a copy of the notice with your letter. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0540

We will respond to your letter within six to eight weeks. In some cases, we may need to call you for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on the return.

General Toll-Free Phone Service

Between January 3 – April 17, 2000, our general toll-free phone service is available:

- Monday – Friday, 6 a.m. until midnight; and
- Saturdays and holidays, 7 a.m. until 4 p.m.

After April 17, 2000, our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.
- Saturdays, 7 a.m. until 4 p.m.

The best times to call are before 10 a.m. and after 6 p.m. All times listed are Pacific Standard Time (PST).

From within the United States (800) 852-5711
From outside the United States (not toll-free) (916) 845-6500
For federal tax questions, call the IRS at (800) 829-1040

Assistance for persons with disabilities

The FTB complies with provisions of the Americans with Disabilities Act.

Persons with hearing or speech impairment call:

From voice phone (California Relay Service) (800) 735-2922
From TTY/TDD (Direct line to FTB customer service) (800) 822-6268
For all other assistance or special accommodations (800) 852-5711

Asistencia bilingüe en español

Para obtener servicios en español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.

OTHER CALIFORNIA STATE AGENCIES

Secretary of State

Incorporation/Qualification Information (916)657-5448
Website www.ss.ca.gov

Board of Equalization

Toll-Free Number (800) 400-7115
Website www.boe.ca.gov

Employment Development Department (State Disability Insurance, Personal Income Tax Withholding and Unemployment Insurance)

Current Withholding Rates (916) 255-1965
EDD Forms (916) 464-3502
Out-of-State Employers (916) 464-3502
Website www.edd.ca.gov

To Get Information

If you need an answer to any of the following questions, call (800) 338-0505, select business entity information then general tax information, follow the recorded instructions, and enter the three-digit code when instructed to do so.

Code Filing Assistance

715 If my actual tax is less than the minimum franchise tax, what figure do I put on line 23 of Form 100?

717 What are the current tax rates for corporations?

718 How do I get an extension of time to file?

722 When do I have to file a short-period return?

734 Is my corporation subject to franchise tax or income tax?

S Corporations

704 Is an S corporation subject to the minimum franchise tax?

705 Are S corporations required to file estimate payments?

706 What forms do S corporations file?

707 The tax for my S corporation is less than the minimum franchise tax. What figure do I put on line 22 of Form 100S?

708 Where do S corporations make adjustment for state and federal law differences on Schedule K-1 (100S) and where do nonresident shareholders find their California source income on their Schedule K-1 (100S)?

Exempt Organizations

709 How do I get tax exempt status?

710 Does an exempt organization have to file Form 199?

735 How can an exempt organization incorporate without paying corporation fees and costs?

736 I have exempt status. Do I need to file Form 100 or Form 109 in addition to Form 199?

Minimum Tax and Estimate Tax

712 What is the minimum franchise tax?

714 My corporation is not doing business; does it have to pay the minimum franchise tax?

716 When are my estimate payments due?

Billings and Miscellaneous Notices

723 I received a bill for \$250. What is this for?

728 Why was my corporation suspended?

729 Why is my subsidiary getting a request for a return when we file a combined report?

Tax Clearance

724 How do I dissolve my corporation?

725 What do I have to do to get a tax clearance?

726 How long will it take to get a tax clearance certificate?

727 My corporation was suspended/forfeited. Can I still get a tax clearance?

Miscellaneous

700 Who do I need to contact to start a business?

701 I need a state ID number for my business. Who do I contact?

702 Can you send me an employer's tax guide?

703 How do I incorporate?

719 How do I properly identify my corporation when dealing with the Franchise Tax Board?

720 How do I obtain information about changing my corporation's name?

721 How do I change my accounting period?

737 Where do I send my payment?

738 What is electronic funds transfer?

739 How do I get a copy of my state corporate tax return?

740 What requirements do I have to report municipal bond interest paid by a state other than California?

How do I organize or register an LLC?

751 How do I cancel my registration as an LLC?

752 What tax forms do I use to file as an LLC?

758 If a corporation converted to an LLC during the current year, is the corporation liable for tax as a corporation and an LLC tax/fee in the same year?

BILL JONES
CALIFORNIA SECRETARY OF STATE
BUSINESS PROGRAMS DIVISION



ORGANIZATION OF CALIFORNIA NONPROFIT, NONSTOCK CORPORATIONS

California nonprofit, nonstock corporations organized for religious, charitable, social, educational, recreational or similar purposes are formed under the Nonprofit Corporation Law, commencing with California Corporations Code Section 5000.

PLEASE NOTE: Nonprofit corporations are subject to California corporation franchise tax requirements until such time as they formally dissolve **unless** a determination of exemption is issued by the Franchise Tax Board. Application for a determination of exemption must be made **after incorporation** by mailing the attached Exemption Application (FTB Form 3500), along with an endorsed copy of the Articles of Incorporation and any other supporting documentation, to the Franchise Tax Board, Post Office Box 942857, Sacramento, California 94257-4041. For information regarding state tax exemption, contact the Franchise Tax Board at (916) 845-4171. Questions regarding franchise tax requirements must be directed to the Franchise Tax Board.

The three primary types of nonprofit corporations, namely, religious, public benefit and mutual benefit, are described below.

- A. A corporation organized to operate a church or to be otherwise structured for primarily religious purposes is a nonprofit **RELIGIOUS** corporation.
- B. A corporation organized primarily for charitable purposes and which plans to obtain state tax exempt status under Section 23701d of the Revenue and Taxation Code and/or federal tax exempt status under Section 501(c)(3) of the Internal Revenue Code or organized to act as a civic league or a social welfare organization and which plans to obtain state tax exempt status under Section 23701f of the Revenue and Taxation Code and/or federal tax exempt status under Section 501(c)(4) of the Internal Revenue Code is a nonprofit **PUBLIC BENEFIT** corporation.
- C. A corporation for other than religious, charitable, civic league or social welfare purposes and planning to obtain tax exempt status under provisions other than Sections 23701d, 23701f, 501(c)(4) or not planning to be tax exempt at all is a nonprofit **MUTUAL BENEFIT** corporation.

The attached samples have been drafted to meet minimum statutory requirements. The samples may be used as a guide in preparing documents to be filed with the Secretary of State. You must determine the type of nonprofit corporation to be formed and follow the applicable sample. It is, however, suggested that you seek private counsel for advice regarding the proposed corporation's specific needs, which may require the inclusion of special permissive provisions.

THE FEE FOR FILING ARTICLES OF INCORPORATION FOR A NONPROFIT, NONSTOCK CORPORATION IS \$30.00.

The original and at least four copies of the Articles of Incorporation should be included with your submittal. The Secretary of State will certify two copies of the filed Articles of Incorporation without charge, **provided that the copies are submitted with the original at the time of filing.** Any additional copies submitted with the original will be certified upon request and payment of the \$8.00 per copy certification fee.

A \$15.00 **special handling fee** is applicable for processing documents delivered in person at the public counter in the Sacramento Headquarters Office or in any of the branch offices located in Fresno, Los Angeles, San Diego and San Francisco. The \$15.00 special handling fee must be remitted by separate check for each submittal and will be retained whether the documents are filed or rejected. The special handling fee does not apply to documents submitted by mail to the Sacramento office.

When forming a new corporation you may need to contact one or more of the following agencies for additional information:

- ◆ The Franchise Tax Board - for information regarding **exemption** and/or **franchise tax** requirements.

- ◆ The Board of Equalization - for information regarding **sales tax** and/or **use tax** liability.
- ◆ The Department of Justice - for information regarding **charitable trust** requirements.
- ◆ The Employment Development Department - for information regarding **disability unemployment insurance tax**.
- ◆ The Director of Industrial Relations, Division of Worker's Compensation - for information regarding **workman's compensation** requirements.
- ◆ The city and/or county clerk and/or recorder where the principal place of business is located - for information regarding business licenses, fictitious business names (if doing business under a name other than the corporate name), and for specific requirements regarding zoning, building permits, etc. based on the activities of the corporation.
- ◆ The Internal Revenue Service (IRS) - for information regarding **federal employee identification numbers**.

The Secretary of State does not license corporations or business entities. For licensing requirements, please contact the city and/or county where the principal place of business is located and/or the state agency with jurisdiction over the activities of the organization.

Samples are also available for the incorporation of California stock corporations. These samples include documents to form general stock, professional and close corporations.

Documents can be mailed or hand delivered for over-the-counter processing to the Sacramento Headquarters Office at:

Business Programs Division (916) 653-2318
 1500 11th Street
 Sacramento, CA 95814
 Attention: Document Filing Support Unit

OR

can be hand delivered for over-the-counter processing to any of the branch offices located in:

- ◆ Fresno (559) 243-2100
 2497 West Shaw, Suite 101
 Fresno, CA 93711
- ◆ Los Angeles (213) 897-3062
 The Ronald Reagan Building
 12th Floor South Tower, Room 12513
 300 South Spring Street
 Los Angeles, CA 90013-1233
- ◆ San Diego (619) 525-4113
 1350 Front Street, Suite 2060
 San Diego, CA 92101-3609
- ◆ San Francisco (415) 557-7047
 455 Golden Gate, Suite 7300
 San Francisco, CA 94102-3660

- NOTE:**
- Cash is not accepted in the Los Angeles or San Diego branch offices.
 - Duplicate original documents must be submitted when filing with any of the branch offices.
 - Branch offices do not process mailed in documents.

INSTRUCTIONS:

Using the attached sample as a guide, Articles of Incorporation must be drafted to include all required provisions and may include other provisions, such as the names and addresses of the initial directors, if those provisions are permitted under California law. The Secretary of State's Office, however, does not provide samples that include permissive provisions. The document **must** be typed with letters in dark contrast to the paper. Documents that would produce poor quality microfilm will be returned unfiled.

Article I – The Articles must include a statement of the name of the corporation, which name must be exactly as you want it to appear on the records of the Secretary of State.

Article II A –

Mutual Benefit Corporation – This **exact** statement is required by the California Corporations Code and cannot be modified.

Public Benefit Corporation – This **exact** statement is required by the California Corporations Code and cannot be modified except to include the applicable purpose description.

Religious Corporation – This **exact** statement is required by the California Corporations Code and cannot be modified.

Article II B – A statement describing the specific purpose should to be included and, in fact, must be included if the corporation is organized for public purposes or if the corporation intends to apply for state franchise tax exemption.

Article III – The Articles must include a statement as to the name and California address of the initial agent for service of process. The designated agent, whether an individual or a corporation, **must** agree to accept service of process on behalf of the corporation prior to designation. A corporation cannot designate itself as its own agent for service of process. When designating another corporation as agent, that other corporation **must have previously filed** a Certificate Pursuant to Section 1505, California Corporations Code, with the Secretary of State. When a corporate agent is used, the address of the designated corporation must be omitted.

Article IV and Article V (where applicable) – The Franchise Tax Board requires this language before state tax exemption may be granted.

The Articles of Incorporation must be originally signed by an incorporator, or by directors, if initial directors have been named in the document. If directors are named, each director must both sign and acknowledge the articles. The names of incorporators or directors must be typed beneath their signatures.

The original and at least two copies of the Articles of Incorporation, together with the applicable fee, must be mailed or hand delivered to the Secretary of State's Office. (If documents are filed in the Fresno, Los Angeles, San Diego or San Francisco branch office, a duplicate original is also required).

To facilitate the processing of documents mailed to our office, a self-addressed envelope and a letter referencing the corporate name as well as your own name, return address and telephone number should also be submitted.

ARTICLES OF INCORPORATION

I

The name of this corporation is _____ *(NAME OF CORPORATION)* _____.

II

A. This corporation is a nonprofit **PUBLIC BENEFIT CORPORATION** and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for:

- public** purposes.
- or **charitable** purposes.
- or **public and charitable** purposes.

B. The specific purpose of this corporation is to _____
_____.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name _____

Address _____

City _____ State **CALIFORNIA** Zip _____

IV

A. This corporation is organized and operated exclusively for **charitable** purposes within the meaning of Section 501(c)(3), Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

The property of this corporation is irrevocably dedicated to **charitable** purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for **charitable** purposes and which has established its tax exempt status under Section 501(c)(3), Internal Revenue Code.

(Signature of Incorporator)

(Typed Name of Incorporator), Incorporator

CALIFORNIA SECRETARY OF STATE
DIVISION OF CORPORATION FILING AND SERVICES



"In California the Secretary of State Means Business"

VOLUNTARY DISSOLUTION OF CALIFORNIA NONPROFIT CORPORATIONS

The voluntary dissolution of California nonprofit corporations is initiated by an election to dissolve. The election to dissolve may be made by the vote or written consent of a majority of all the members of the corporation. If there are no members, the election may be made by the board of directors. Following the election, a Certificate of Election to Wind Up and Dissolve must be prepared and filed with this office. A Certificate of Dissolution must then be prepared and filed in this office. If circumstances permit, both the election and the dissolution may be filed at the same time, but must be submitted as separate documents.

Forms meeting statutory requirements for most filings are attached. If modifications are necessary a complete document must be typed as a form will not be accepted for filing if modified.

THE VOLUNTARY DISSOLUTION OF CALIFORNIA NONPROFIT CORPORATIONS HOLDING CHARITABLE ASSETS INVOLVES THREE AGENCIES: THE SECRETARY OF STATE, THE FRANCHISE TAX BOARD AND THE ATTORNEY GENERAL.

If a nonprofit corporation, organized for charitable purposes (tax exempt under Revenue and Taxation Code Section 2370(d)) or holding assets under charitable trust holds any assets at the time of dissolution, the distribution of those assets must be approved by the Attorney General. See Corporations Code Sections 6716, 8716 and 9680.

Before the Certificate of Dissolution may be filed, a Tax Clearance Certificate **MUST** be requested, and have been issued, from the Franchise Tax Board, Tax Clearance Unit, Sacramento, California. The Certificate of Dissolution must be received in, and filed by, this office on or before the expiration date shown on the tax clearance.

IMPORTANT!

Those corporations wishing to formally dissolve, **MUST** file dissolution documents in the office of the Secretary of State. The mailing of those documents to another agency, state or federal, does not meet the statutory filing requirements. For proof of submittal of proposed dissolution documents, it is recommended that, if mailed, they be sent by certified mail with Return Receipt Requested, however, acknowledgement is sent from the Secretary of State within 21 days of receipt of any dissolution document. To ensure a fair distribution of documents received, processing is done in chronological order.

THERE IS NO FEE FOR FILING EITHER A CERTIFICATE OF ELECTION TO WIND UP AND DISSOLVE OR FOR FILING A CERTIFICATE OF DISSOLUTION. The Secretary of state will certify two copies of the filed dissolution document, without charge, provided that the copies are submitted to the Secretary of State with the originals to be filed. Any additional copies submitted with the original, will be certified upon request and the prepayment of \$8.00 per copy.

NOTE: A \$15.00 special handling fee is applicable for expediting processing of documents delivered in person, over the counter, to the Sacramento office. The \$15.00 special handling fee must be remitted by separate check as it will be **RETAINED WHETHER THE DOCUMENTS ARE FILED OR REJECTED.**

Dissolution documents are not filed in corporate satellite offices, they must be mailed, or hand delivered for over the counter processing, to the Sacramento headquarters office:

Division of Corporation Filing and Services
1500 Eleventh Street, Third Floor
Sacramento, CA 95814-5701
Attention: Document Filing Support Unit
(916) 657-5448

**CERTIFICATE OF ELECTION
TO WIND UP AND DISSOLVE**

The undersigned certify that:

1. They are the president and the secretary, respectively, of _____
_____, a California corporation.
2. The corporation has elected to wind up and dissolve.
3. () The election was made by the vote of _____ members of the corporation,
constituting a majority of all members.

OR

- () The election was made by the board of directors together with the vote of a
majority of the members voting on the election to dissolve.

OR

- () The corporation has no members, the election was made by the board of
directors of the corporation.

We further declare under penalty of perjury under the laws of the State of California that
the matters set forth in this certificate are true and correct of our own knowledge.

DATE: _____

(Signature of President)

(Typed Name of President), President

(Signature of Secretary)

(Typed Name of Secretary), Secretary

CERTIFICATE OF DISSOLUTION

The undersigned certify that:

1. They constitute a majority of the directors now in office of _____
_____, a California corporation.

2. The corporation has been completely wound up.

3. () The corporation's known debts and liabilities have been actually paid.

OR

() The corporation's known debts and liabilities have been adequately provided
for by their assumption by

OR

() The corporation never incurred any known debts or liabilities.

4. () The known assets have been distributed to the persons entitled thereto.

OR

() The corporation never acquired any known assets.

5. The corporation is dissolved.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: _____

(Signature of Director)

(Typed Name of Director)

(Signature of Director)

(Typed Name of Director)

(Signature of Director)

(Typed Name of Director)