



Application to Incorporate a Nonprofit Organization and/or Attain Tax-Exempt Status

What is Philadelphia LawWorks?

Philadelphia LawWorks¹ matches eligible homeowners, nonprofit organizations, and small businesses with attorneys who provide free (*pro bono*) legal services and education. **This is the application for start-up nonprofit organizations.**

If you already have federal tax-exempt status, please use our “Established Nonprofit Application” available at <http://www.phillyvip.org/pdf/lawworks/apply/EstablishedNonprofitApplication.pdf>.

If you are a for-profit small business, please use our “Small Business Application” available at <http://www.phillyvip.org/pdf/lawworks/apply/SBapp.pdf>.

What services does Philadelphia LawWorks provide for nonprofit organizations?

LawWorks volunteers are able to assist on issues including, but not limited to: incorporation, application for tax-exempt 501(c)(3) status, contracts, real estate, tax, employment, and intellectual property.

Note: While all legal services are free, clients are responsible for paying filing fees and any other out-of-pocket costs.

Who is eligible for Philadelphia LawWorks legal services?

Groups eligible for LawWorks services include established nonprofits, community groups, and start-ups that wish to achieve nonprofit status. The group’s goals must be to benefit low-income persons or communities or otherwise benefit Philadelphia’s public interest. The group must be able to demonstrate that the organization is unable to pay for legal services without significant impairment of program resources.

What happens after I submit my application to Philadelphia LawWorks?

Philadelphia LawWorks will review your application to determine what your legal needs are and if you meet the eligibility requirements. Once we determine that your organization is eligible for assistance, we will contact the person listed as the primary contact *within two weeks* of receiving

¹ Philadelphia LawWorks was created in 2002, when the Philadelphia Bar Association, Philadelphia VIP, Community Legal Services and other local public interest programs collaborated to better address the transactional legal needs of the Philadelphia community and provide business lawyers with an opportunity to serve that community.



the application. If you do not hear from us after two weeks, you may contact Philadelphia VIP/LawWorks at 215-523-9550 to ask about your application. After we are satisfied that your application is complete, we will attempt to refer your case to a volunteer attorney.

What resources are available to assist me in completing this application?

Several websites are cited throughout the application that may serve as helpful resources to you. If you do not have access to the internet, the Free Library of Philadelphia provides free internet access and houses the Regional Foundation Center (<http://libwww.freelibrary.org/rfc/>), an excellent resource for information about starting, managing and funding a nonprofit organization.

Other instructions for completing application:

Please answer all questions as completely and accurately as possible. You must complete all parts of the application in order for it to be reviewed by LawWorks.

Incomplete applications will not be considered for free legal assistance.

The only exception is where the application specifically provides that you may skip a section. If you need extra space at any point, please feel free to attach extra paper. All information in the application and in documents submitted to LawWorks will remain confidential until your case is referred to a volunteer attorney, at which time the attorney will receive this information.

Return the application by mail, fax or e-mail to:

Philadelphia LawWorks
42 South 15th Street, 4th Floor
Philadelphia PA 19102
Fax: 215-564-0845
e-mail: phillyvip@phillyvip.org

While the information contained in this application concerns legal issues, it is intended solely to provide general information. The content of this application is not intended to constitute legal advice or substitute for obtaining the advice of an attorney. It is understood that Philadelphia LawWorks' providing this information and your reviewing of this information does not establish an attorney-client relationship. No action should be taken in reliance on the information provided in this application, except after prior consultation with a lawyer.

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this guide is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.



PART I: CONTACT INFORMATION

Contact Person Responsibilities

Please specify a primary contact person. This is the person whom we will contact when we need additional information about your organization or need to discuss the status of your application. Please inform us immediately if the primary contact person changes. You may also specify an additional contact person if you so choose.

Primary Contact Person: _____

Mailing Address: _____

Work Phone Number: _____

Mobile Phone Number: _____

E-Mail Address: _____

Additional Contact Person: _____

Mailing Address: _____

Work Phone Number: _____

Mobile Phone Number: _____

E-Mail Address: _____

How did you hear about Philadelphia LawWorks?



**PART II: BASIC INFORMATION ABOUT YOUR
ORGANIZATION & ITS LEGAL NEEDS**

Name of Organization: _____

Mailing Address: _____

Phone Number: _____

Fax Number: _____

Website: _____

- 1. Please state the mission and overall goals of your organization. Please attach any copies of newsletters, brochures or similar documents that explain your organization’s mission.**

- 2. Please describe your organization’s past, present and future activities and programs. Please attach any copies of newsletters, brochures or similar documents that explain your organization’s activities.**

- 3. Which geographic area/and or population does your organization serve? (Note: you **MUST** provide services or benefits to Philadelphians to qualify.)**



4. Identifying the needs of the community is an important part of starting a nonprofit organization. There is a limited amount of funding available. If there are too many organizations attempting to fill a particular community need, there may not be enough funding to support them. Please describe the research your organization has undertaken to show that the community will benefit from the services your organization plans to offer.

5. Are there any other organizations in the community currently providing the same or similar services? If so, how do your organization's services differ?

6. For organizations that wish to provide child care services:
The City of Philadelphia offers free training sessions once a month for persons and organizations interested in offering child care services. Information about these sessions can be obtained at 215-685-3779. LawWorks will not accept an application from an organization that wishes to provide child care services until a representative from the applicant organization has attended the orientation. Has someone from your organization attended such a session, and if yes, when?

Yes _____ Date Attended _____

No _____

7. Describe the legal needs of your organization with as much detail as possible. Please include any deadline(s) relating to your request for assistance.



- 8. List the names, addresses, and telephone numbers of any attorneys who have worked with your organization. This includes lawyers active in your organization who may have provided legal assistance to your organization. Please include what type of work the attorney(s) provided. Explain why the attorney is currently unable to provide your organization with assistance.**

- 9. LawWorks must eliminate all conflicts of interest before we are able to refer your case to a volunteer attorney. If you are seeking legal assistance for a matter that involves other people, organizations, or businesses, list their names and addresses below.**

- 10. Please list any special needs of the contact person(s) for your organization, such as the use of an interpreter or accommodations for persons with disabilities. This information will be provided to the volunteer attorney if we are able to refer your case to an attorney.**

PART III: INCORPORATION AND ORGANIZATION

INCORPORATION

The process by which most nonprofit organizations are created is referred to as incorporation. Other forms of organization include associations and trusts. To incorporate your nonprofit, you must file an Articles of Incorporation form accompanied by a Docketing Statement with the Pennsylvania Department of State Corporation Bureau. A LawWorks volunteer attorney can assist you with this process.

- 1. Is your organization incorporated? If yes, please submit a copy of your Articles of Incorporation with your application.**

Yes _____ **Date of Incorporation** _____

No _____

NAME RESERVATION

The name chosen for your nonprofit organization should indicate its nonprofit nature. You should verify with the PA Corporation Bureau that the name chosen is not already in use. Name availability may be verified by calling the Corporation Bureau at (717) 787-1057 or by using its online searchable database at <https://www.corporations.state.pa.us/corp/soskb/csearch.asp?corpsNav=1>. However, these searches are only preliminary checks and are not a guarantee of name availability. A LawWorks volunteer attorney can assist you with a name reservation for your nonprofit.

- 2. Have you reserved a name for your corporation? If the name you reserved is *different* from the name you listed on page 1, please provide it below.**

Yes _____ **Name Reserved** _____

No _____



MEMBERSHIP V. NON-MEMBERSHIP ORGANIZATIONS

When filing the articles of incorporation, a choice must be made to incorporate as either a membership or non-membership organization. Membership organizations may have members with voting power that are not on the board of directors while non-membership organizations are controlled solely by the board of directors.

3. Is your organization currently or will it become a membership or non-membership organization?

Membership _____ Non-Membership _____
I don't know _____

4. If the organization is or will be a membership organization, please describe the number and type of members.

OBTAINING AN EMPLOYER IDENTIFICATION NUMBER

An EIN is a nine-digit number that the IRS uses to identify taxpayers that are required to file various business tax returns. It is necessary for filing tax returns, opening a bank account, and withholding employees' income and payroll taxes. A LawWorks volunteer attorney can help you to obtain an Employer Identification Number for your organization.

5. Have you applied for or obtained an EIN for your organization? If already obtained, what is your EIN?

Yes, I have applied for and obtained an EIN. _____ EIN # _____
I have applied for but not yet obtained an EIN. _____
No, I have not applied for an EIN. _____



BYLAWS

Bylaws provide the framework and rules for running your organization, including how often the board meets, how directors are elected (and removed), what the officer positions are (such as President, Secretary, Treasurer), how votes are taken and decisions are made, etc. A LawWorks volunteer attorney can assist you with the creation or revision of your organization’s bylaws.

6. Have you written bylaws for your organization? If yes, please submit a copy of the bylaws with your application.

Yes _____ No _____

OFFICERS, DIRECTORS, AND EMPLOYEES

Nonprofit organizations are generally required to have a board of directors. Selecting a board of directors for your nonprofit organization requires careful consideration. You should choose individuals who have the qualities and skills that your organization needs to accomplish its mission. Consider the expertise you want your board members to have such as financial experience, nonprofit management expertise, and fundraising ability.

Generally, the IRS requires a *minimum* of three (3) board members. You should also consider choosing an odd number of board members to avoid a deadlock in voting. Philadelphia LawWorks recommends that you have a minimum of five (5) board members to start your organization. We also recommend that none of the board members should be related to each other. The IRS considers conflicts of interest when reviewing tax-exempt applications and focuses on family and business relationships among board members.

7. Please list all individuals who serve on your board of directors and indicate which of the directors serves as an officer and in which position. Include each person’s name, address, affiliation, and telephone number or email address. Finally, please indicate if any board members are related to each other by blood, marriage or other relationship and identify the relationship (i.e. spouse, sibling, employee, business partner, client, etc.).



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8. Please list all employees and/or key volunteers, if any. Indicate if any employees are related to a director by blood, marriage or other relationship and identify the relationship (i.e. spouse, sibling, business partner, client, etc.).



PART IV: TAX EXEMPTION

INTRODUCTION TO FEDERAL TAX EXEMPTION

501(c) is the provision of the United States Internal Revenue Code under which nonprofit organizations can obtain exemption from some federal income taxes. There are various sections of the U.S. Internal Revenue Code under which a nonprofit organization can attain federal tax-exempt status, but section 501(c)(3) is the most common and desirable provision to qualify under. Nonprofit entities organized and operated solely for one or more of the following purposes can apply for tax-exempt status under section 501(c)(3) of the Internal Revenue Code: religious, charitable, scientific, literary, educational, fostering international amateur sports, or the prevention of cruelty to children or animals.

Generally, an organization files for tax-exempt status by submitting IRS form 1023 within twenty-seven (27) months of creation. The creation date is the date of incorporation. If the organization files for tax-exempt status within this time frame and receives federal tax-exempt status, contributions are deductible back to the date of formation. If your organization does not apply for tax-exempt status within 27 months of creation, the organization may only be able to claim tax-exempt status from the time that the IRS grants tax-exempt status.

1. Does your organization wish to obtain federal tax exempt status?

Yes _____ No _____

If not, please explain why not.

2. Has your organization already applied for federal tax exemption? If yes, please provide the date and attach a copy of the application and supporting documents.

Yes _____ Date applied _____

No _____

3. Has your organization been denied tax-exempt status by the IRS?

Yes _____ **Please attach a copy of the application and supporting documents and of all correspondence with the IRS.**

No _____

RELIGIOUS ORGANIZATION

(Skip to next section if not a church, synagogue, temple, or mosque.)

Churches, including synagogues, temples, and mosques (hereinafter referred to simply as “churches” for simplicity’s sake) that meet the requirements of Section 501(c)(3) are automatically considered tax-exempt and are not required to obtain recognition of tax-exempt status from the IRS.

Although there is no requirement to do so, many churches seek tax-exempt status from the IRS. One reason they do so is to assure members, leaders, and contributors that the church is recognized and qualifies for related tax benefits. For example, contributors to a church that has been recognized as tax exempt would know that their contributions generally are tax deductible. Additionally, many churches that provide services that are not exclusively religious (such as child care, soup kitchens, or after-school programs) often seek 501(c)(3) status to ensure those services are included in the church’s nonprofit status. To view the IRS Tax Guide for Churches and Religious Organizations, please visit: <http://www.irs.gov/pub/irs-pdf/p1828.pdf>.

If your church has a parent organization (i.e., a national church such as Baptist, Conservative Judaism, or Catholic) and exclusively provides religious services, it may be eligible to be covered by your national organization’s nonprofit status. You should check with your parent organization to see if your church is eligible to be covered by the parent’s nonprofit status.

4. If you believe your organization falls into the category of a church, please list the reason(s) below:

If you are unsure if your organization qualifies as a church, please visit IRS Instructions for Form 1023 (Church Defined) available at <http://www.irs.gov/pub/irs-pdf/i1023.pdf> (p.16) and IRS Publication 557 (Tax-Exempt Status for Your Organization), available at <http://www.irs.gov/pub/irs-pdf/p557.pdf> (p.26).

FISCAL SPONSORSHIP

If the requirements of your organization do not merit the time, expense and/or complication of forming and maintaining an independent nonprofit corporation, a fiscal sponsorship may be appropriate. A fiscal sponsor is a nonprofit organization with 501(c)(3) tax-exempt status that acts as the guardian of grants and donations for an organization that does not have or is awaiting 501(c)(3) status. Organizations that need to begin applying for and accepting tax-deductible donations immediately can apply for grants and accept tax-deductible donations under the tax-exempt status of their fiscal sponsor. In most fiscal sponsorships, the fiscal sponsor charges a fee for the service. For more information on fiscal sponsorship, please visit the following website: <http://www.ctaconline.org/fiscal.asp>.

The Greater Philadelphia Urban Affairs Coalition (GPUAC) provides fiscal sponsorship to organizations based in the Philadelphia area. If you are interested in learning more about GPUAC's fiscal sponsorship services, please visit their website at http://www.gpuac.org/programs/programs_bus_gpuac.html.

5. Is fiscal sponsorship an option your organization is interested in pursuing?

Yes _____ No _____

6. If yes, would you like a volunteer to draft your fiscal sponsorship agreement or review an existing agreement?

Yes _____ No _____

PART V: BUDGET

BUDGET

The IRS requires organizations applying for tax-exemption to supply a three-year budget. Essentially, a budget is a balance sheet of your revenues (money you receive to operate your organization) and your costs (money you spend to accomplish your organization's mission).

You must provide at least a one-year historical or projected budget to qualify for LawWorks' services. Please do so to the best of your ability. The information and resources below should be helpful to you in preparing your budget.

If your organization has been operating for some time, you should be able to accurately list your revenues and costs. If you are starting a new organization, you will need to research potential sources of income as well as how much it will cost to run the organization before you can create your budget. When estimating your projected revenues, you should consider how much money you can realistically raise from fundraising, donations, grants, etc. You will also need to have a realistic idea of your organization's expenses, such as salaries, office supplies, rent, etc.

You should be sure to include all costs associated with incorporating and obtaining 501(c)(3) status in your budget. In particular, please include all of the following that apply to your organization: name reservation fee (\$70 for a period of 120 days), filing fee (\$125) and publication fees (in Philadelphia County, approximately \$300) for articles of incorporation, the fee for registering with the Pennsylvania Bureau of Charitable Organizations (\$15 to \$250, depending on annual contributions received), and the user fee for your 501(c)(3) exemption application (\$750 if your organization's average annual gross receipts have exceeded or will exceed \$10,000/year over a four-year period; \$300 if its gross receipts have not exceeded or will not exceed \$10,000/year over a four-year period).

To view an example of a general operating budget, visit the following website: <http://npguides.org/guide/budget.htm>. **This sample is intended to be a reference only.** You should tailor your budget to fit your organization's needs. Some of the items in this sample may not apply to your organization. In addition, your organization may have other sources of income or costs that are not included in this sample.

For additional guidance on developing your budget, the LaSalle Nonprofit Center offers workshops on budget preparation for a nominal fee. You may contact the Center at (215) 951-1701 or visit its website at <http://www.lasallenonprofitcenter.org/index.php>. For accounting services, Community Accountants provides pro bono accounting services for nonprofits. You may contact Community Accountants at (215) 951- 0330 ext. 2125 or visit its website at <http://www.communityaccountants.org>.

Please attach at least a one-year budget for your organization. If you do not submit a budget, your application will be automatically rejected.



PLEASE INCLUDE THE FOLLOWING DOCUMENTS WITH YOUR APPLICATION:

- _____ Copy of mission statement, brochures, reports, or other documents that describe your organization’s activities and programs, *if available*.
- _____ Articles of Incorporation, *if available*.
- _____ Bylaws, *if available*.
- _____ Names, addresses, contact information and affiliations of all directors, key employees and key volunteers.
- _____ Application for federal tax-exempt status and supporting documents, *if available*.
- _____ Budget or income/expense statement for most recent fiscal year (for last three years if available).

In addition, enclose any other documents that may assist Philadelphia LawWorks in assessing your application, including copies of all documents related to the organization’s specific legal problem(s).

AUTHORIZATION TO RELEASE INFORMATION AND VERIFICATION

Application Information: I hereby authorize Philadelphia LawWorks, its agents and employees to verify and make copies of any and all information provided in this application and to disclose such information to the extent necessary to evaluate and refer the applicant’s request for pro bono legal assistance. I understand that LawWorks will not share this information without my permission with anyone other than volunteer attorneys interested in this application.

Release: I hereby release any person or entity complying with this Authorization from any and all claims relating to the disclosure of any such information and documents.

Validity: A copy of this Authorization shall be as valid as the original.

The undersigned hereby certifies that all of the information in this application is true, correct, and complete, and that he/she is authorized by the above organization to submit this application to Philadelphia LawWorks. The applicant further agrees to notify Philadelphia LawWorks in the event of any changes to this information and understands and agrees that Philadelphia LawWorks has the right to reject any applicant or withdraw from representing a client that submits an application with inaccurate information.

Contact Person’s Name: _____

Organization’s Name: _____

Title: _____

Signature: _____

Date: _____