

At Floyd Green Jr., CPA PC, we make sure that your form 1023 (501c3 application) is submitted to IRS without errors which the IRS will question. Form 1023 has a total of 28 pages and each page has its own set of question that poses certain issues for the applying nonprofit organization.

Frequent Errors:

Name of the Organization

The name of organization must exactly match the legal name of the organization. You should not put an abbreviated name. You should include the correct ending on the name. Ending of the name may be "Inc.", "Incorporated", etc. Bottom line is that the name of the organization should exactly match the name on the organization's article of incorporation.

For Profit Business Applies for 501c3 Status

Often time an individual would have a for profit business set up. The individual then decides that he or she wants the business to apply for 501c3 status. This is an absolute no-no. Only a non-profit corporation can apply for 501c3 status.

An LLC Applies for 501c3 Status

Technically, an LLC may be eligible to apply for 501cc3 status. However, an LLC applying for 501c3 status significantly limits the fundraising abilities of the 501c3. This also means that the LLC owners must also be 501c3 organizations. Suggestion would be converting the LLC to a Nonprofit Corporation and having the nonprofit corporation apply for 501c3 status.

Employer ID Number

If you put the incorrect employer ID Number (EIN), your 501c3 application will be returned. If you applied for a tax id number for "ABC Company", then only that company can use that specific EIN. If you decide to apply for 501c3 status with a different name, then the new name must be used to obtain a new EIN. Also, the new name must match the name on your organizing document (Articles of Incorporation).

Form 2848, Power of Attorney

Either the authorized representative or an officer of the organization does not sign and date the document. In order for the Power of Attorney to be valid and accepted by the IRS, the document must be signed and date by both the authorized representative (who may be a CPA or Attorney) and by an officer / director of the organization.

Organization's Website

When submitting the form 1023 to the IRS, the applicant should only put the website of the nonprofit organization that is applying for the 501c3 status. The applicant should not put:

- a website that belongs to a related organization
- the website of another company owned by the founding member of the organization
- the website of a partnering organization

Applicants should also be aware that the website on the form 1023 becomes a part of the

organization's filing. The website of the 501c3 organization should be a clean one, which is one that contains detailed, clear and relevant information about the 501c3 organization. The website should not have information that pertains to another organization or business, personal information, or links to un-related organizations. Keep in mind that the website will be reviewed by the IRS.

Articles of Incorporation

Articles of incorporation must be attached to the form 1023 application. The articles of incorporation must be in compliance with the Section 501c3 of the IRS tax codes. If the organizing document is not in compliance with the IRS tax code, a revised organizing document will be requested by the IRS.

Bylaws

Organization must provide a copy of its bylaws, that shows how its officers and directors are elected. The bylaws must provide evidence that an independent board of directors makes final decisions with regard to the organization's operations.

Highly Paid Officers and Directors

Keep in mind that the nonprofit organization is being set up to serve a charitable, educational or religious purpose. Though it is normal and expected that directors and officers may be paid a reasonable salary, a nonprofit cannot be set up specifically to enrich an individual or some small group of individuals.