

**2018**  
**Exemption Application Booklet**

**3500**

California Forms & Instructions

Members of the Franchise Tax Board

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**This booklet contains:**

**Form FTB 3500**, Exemption Application

Use form FTB 3500 to apply for exemption  
from California income or franchise taxes.



STATE OF CALIFORNIA  
**Franchise Tax Board**

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# 2018 Instructions for Form FTB 3500

## Exemption Application

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

### What's New

**Federal Tax Reform** – The Tax Cuts and Jobs Act (TCJA) signed into law on December 22, 2017, made changes to the Internal Revenue Code (IRC). In general, California Revenue and Taxation Code **does not** conform to the changes. California taxpayers continue to follow the IRC as of the specified date of January 1, 2015, with modifications.

### Important Information

All corporations even if organized on a nonprofit basis, are subject to California corporation franchise tax or income tax until the Franchise Tax Board (FTB) grants tax-exempt status to the organization. Unincorporated associations organized on a nonprofit basis are only subject to the income tax.

Use the most current version of form FTB 3500, Exemption Application. The use of a prior version of the form or failure to provide all requested information may delay the exemption application process.

### Nonprofit Does Not Mean Tax-Exempt

To apply for exemption from corporate franchise or income tax, an organization must file form FTB 3500 with all required documentation.

- Until the exemption is granted, the organization remains taxable and the requirement to file a state tax return continues. The FTB may require the organization to file exempt returns for the period of time the exemption is requested.
- The fact that the organization is exempt from federal income tax does **not** automatically exempt it from California tax.
- California may require the organization to obtain a federal exemption determination letter that establishes or shows its tax-exempt status prior to issuing a state exemption determination letter.

### IRC Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19) Organizations

California law allows federally tax-exempt IRC Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19) organizations to be exempt from state income taxes after submitting form FTB 3500A, Submission of Exemption Request, and a federal determination letter to the FTB. To get form FTB 3500A, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for **3500A**.

The organization must notify the FTB when the Internal Revenue Service (IRS) revokes their federal tax-exempt status. The FTB will revoke the tax-exempt status if the entity fails to meet certain state provisions governing exempt organizations. If an organization's tax-exempt status is revoked or denied, the organization will need to file form FTB 3500 to reinstate its tax-exempt status.

**Veterans' Organizations** – Effective January 1, 2018, veterans' organizations that are federally tax-exempt under Internal Revenue Code (IRC) Section 501(c)(19) may submit a copy of their Internal Revenue Service (IRS) tax-exempt determination letter to the Franchise Tax Board (FTB) to establish their state income tax exemption. Veterans' organizations that are not issued a federal determination letter can still file for an application to obtain a California tax-exempt status.

### Disclosure of Application Materials

Until the FTB grants tax-exempt status, the application and all associated documentation is confidential. The FTB may not discuss the application with any unauthorized person. However, once exemption is granted, the application, and supporting documents, shall be open to public inspection.

Upon the organization's request, public disclosure of documents relating to any trade secrets, patents, process, style of work, or apparatus may be withheld if the FTB determines that disclosure would adversely affect the organization. Additionally, public disclosure of documents may also be withheld if the disclosure would adversely affect national defense.

### California Registered Domestic Partners (RDP)

For purposes of California income tax, references to spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

### General Information

#### A Purpose

The purpose of form FTB 3500 is to apply for tax-exempt status from California franchise and income tax. If the organization provides all answers and documents required, the FTB will determine if the organization qualifies for tax-exempt status.

#### B What to Send

To apply for tax-exempt status, the organization must include:

1. A completed form FTB 3500, with an original signature of an individual, such as:
  - An elected officer
  - A director
  - An authorized representative
  - A trustee (if the organization is a trust)
2. All information and documents requested in the application.
3. A \$25 application fee. Using black or blue ink, make the check or money order payable to the "Franchise Tax Board." Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

## C Where to Apply

Mail form FTB 3500, with the supporting documents to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286

If you have questions about this form, call **916.845.4171**.

## D What Happens Next

- If the organization qualifies for tax-exempt status, the FTB will mail a determination letter to the organization. The determination letter is proof of tax-exempt status. The FTB **does not** issue a “tax-exempt ID number.”
- Failure to furnish ALL required information may delay the application process, or the application may be denied.
- If additional information is required, or if documents need to be amended, the FTB will contact the person or representative designated on form FTB 3500.

## E Incorporated Organizations

If the organization is incorporated, send the following to the FTB:

- The items listed under General Information B, What to Send.
- A copy of the articles of incorporation and all amendments stamped by the California Secretary of State (SOS).
- A copy of the corporation’s bylaws or other code of regulations. See Guidelines For Bylaws on page 34.

If the organization is **not** incorporated and wishes to do so, the organization should first incorporate before applying for exemption.

For more information on incorporating go to **sos.ca.gov**.

### Articles of Incorporation

The articles of incorporation must meet the requirements of the California Corporations Code, and the California R&TC.

Guidelines for Organizing Documents and the sample articles of incorporation are structured to meet the California SOS requirements for incorporating and the requirements necessary for exemption.

Generally, organizations incorporating as nonprofit must do so under one of the three sections of the California Corporations Code Section 5110 (public benefit), Section 7110 (mutual benefit), or Section 9110 (religious).

### Exceptions:

- Organizations seeking exemption under R&TC Section 23701h or Section 23701x that have members may incorporate under the stock provisions

of the California Corporations Code. (See California Corporations Code Section 202.)

- If an unincorporated association is being incorporated, an article (like the following) must be added: “The name of the existing unincorporated association now being incorporated by the filing of the articles is (state name of association).”

## F Foreign Corporations

If the organization is incorporated in another state or country, it is considered a foreign corporation. A foreign corporation doing business or operating in California has a requirement to file an annual income tax return and to pay tax, even if it has not qualified to do business through the California SOS.

A foreign corporation may qualify to do business in California if it complies with the requirements of the California Corporations Code requirements and submits documents to the California SOS. For more information on qualifying, go to **sos.ca.gov**.

### Qualified Foreign Corporations

Qualified foreign corporations send the following to the FTB:

- The items listed in General Information B.
- A copy of the Statement and Designation by Foreign Corporation stamped by the California SOS.
- A copy of the stamped articles of incorporation from the state of incorporation.
- A copy of the corporation’s bylaws or other code of regulations. See Guidelines for Bylaws on page 34.
- A copy of the federal exemption determination letter.

### Non-Qualified Foreign Corporations

Non-qualified foreign corporations seeking tax exemption must provide a slightly different list of documents. If the foreign corporation is **not qualified** through the California SOS, send the following:

- The items listed in General Information B.
- A letter of good standing from the state of incorporation.
- A copy of the stamped articles of incorporation from the state of incorporation.
- A copy of the bylaws or other code of regulations. See Guidelines for Bylaws on page 34.
- A copy of the federal exemption determination letter.

## G Unincorporated Associations

If the organization is an unincorporated association and **does not** wish to incorporate, send the following to the FTB:

- The items listed in General Information B.
- A copy of the constitution, articles of association, bylaws or other code of regulations with specific language signed by the board of directors or other governing body. See Guidelines for Bylaws on page 34.

### Creating Documents

An unincorporated association must have a creating document that meets specific language requirements. Guidelines for Organizing Documents and samples of unincorporated association documents that begin on page 35 are structured to meet these requirements.

An unincorporated association that has tax-exempt status must reapply for exemption if it incorporates. For more information on incorporating, see General Information E, Incorporated Corporations.

## H Trusts

**Trusts must furnish a copy of the federal exemption determination letter before state exemption will be granted.** If the trust has not applied for federal exemption, it should do so. Attach a statement to form FTB 3500 stating when the federal application was submitted. In addition, send the following documents:

- The items requested under General Information B.
- A copy of the trust instrument and any amendments.

Trusts that organize and operate for purposes described in R&TC Section 23701d are treated as nonprofit corporations for tax-exempt purposes.

Pension plans described in IRC Section 401(a) are not required to file form FTB 3500 with the FTB.

## I Limited Liability Companies

A limited liability company (LLC) classified as a partnership or as a disregarded entity that meets all of the requirements of R&TC Section 23701h or 23701x may qualify for exemption from tax as a title-holding organization.

California Corporations Code Section 17701.04 allows LLCs to engage in any lawful business activity, whether or not for profit. An LLC that elects to be taxed as a corporation may qualify for tax-exempt status, if it meets all the other requirements of R&TC Section 23701 and the IRS under IRC Section 501(c)(3). In addition, the LLC must identify its members, which must be

limited to organizations that are exempt under IRC Section 501(c)(3). Individual persons cannot be members of the LLC.

### LLC Organized in California

If the LLC is organized in California, send the following documents:

- The items listed in General Information B.
- A copy of the articles of organization (LLC-1) and any amendments stamped by the California SOS.
- A copy of the operating agreement and any amendments.

### Foreign LLC Registered in California

If the LLC is a foreign LLC qualified in California, send the following:

- The items listed in General Information B.
- A copy of the Application to Register a Foreign Limited Liability Company (LLC-5) and any amendments stamped by the California SOS.
- A copy of the articles of organization from the state of incorporation and any amendments.
- A copy of the LLC's operating agreement.

### Additional requirement for LLCs classified as corporations

If the LLC elects to be classified as a corporation, the LLC must also provide a copy of its federal exemption determination letter or a copy of the federal Form 8832, Entity Classification Election, as submitted to the IRS. The election of classification purposes must be the same for California state tax purposes as for federal purposes.

### Articles of organization

To qualify for tax-exempt status, the articles of organization of an LLC must contain specific language. See Guidelines for Organizing Documents on page 35 for sample articles of organization.

## J Political Organizations

A political organization meeting the requirements of R&TC Section 23701r is **not** required to file form FTB 3500 with the FTB. The organization must obtain a letter from the FTB certifying tax-exempt status if it wants to incorporate and avoid the annual payment of the minimum franchise tax.

The political organization must submit a written request that includes a description of the political organization's activities and, if incorporated, a copy of the articles of incorporation and any amendments.

Mail the request to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286  
Telephone: 916.845.4171

For more information about political organizations, get FTB Pub. 1075, Exempt Organizations — Guide for Political Organizations, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for **1075**.

## K Reinstatement of revoked tax-exempt status

When an entity's tax-exempt status is revoked for failure to file a return, failure to pay a balance due, or for being suspended, there is an abbreviated process to have the entity's tax-exempt status reinstated. If tax-exempt status was previously given with the form FTB 3500A, the abbreviated process does not apply.

If the organization or trust was granted tax-exempt status with form FTB 3500 after 1968, send the following documents:

- The items requested under General Information B.
- A copy of the bylaws and creating documents are required if they have been amended or changed since the tax-exempt status was originally granted by the FTB. If no amendments or changes, the documents are not required, unless specifically requested by FTB.

## L Group Exemption

A parent organization applying for group exemption for its California subordinates must first establish its own tax-exempt status. To request a group exemption, do the following:

1. Complete a separate form FTB 3500, Side 1 only.
2. Write "Group Exemption" in red in the top margin of the form on Side 1.
3. Pay a \$25 application fee. Using black or blue ink, make the check or money order payable to the "Franchise Tax Board." Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.
4. Attach the following to the application:
  - A cover letter stating the subordinates are affiliated and are subject to the parent's general supervision and control.
  - A sample copy of the uniform charter.
  - An affirmation that the subordinates are operating in accordance with their stated purposes.
  - A statement that the subordinates have furnished written authorization to be included with the group exemption application.
  - A list of California subordinates, their organization number (if any), the date the subordinates affiliated with the parent, and their current mailing address.
  - The federal employer identification number (FEIN).

- The accounting period ending used.
- A statement as to whether the organization receives unrelated business income (if so, include the gross amount).

All the subordinates included in the group exemption must be exempt under the same lettered section under R&TC Section 23701, although not necessarily exempt under the same section as the national, state, or parent central organization.

## M Retroactive Exempt Status

The FTB may grant tax-exempt status retroactively for periods in which the organization substantiates that it was organized and operated for tax-exempt purposes.

The FTB may consider this form as a claim for refund if the organization is subsequently found to be tax-exempt during the same period that the organization previously paid tax. Under California Regulation Section 23701 in no event shall a claim for refund be allowed unless timely filed under R&TC Section 19306.

If the organization is incorporated or is a LLC, and is not currently in good standing with the FTB, this form may be considered a request to bring the organization relief from suspension or forfeiture under R&TC Section 23776.

Suspension or forfeiture means that the corporation or LLC loses its powers, rights and privileges, including the right to enforce legal contracts. Such contracts will remain voidable and unenforceable unless the organization requests relief from contract voidability, and the FTB grants relief. See R&TC Sections 19135, 19719, 23301, 23305.1, and 23305.2 for more information.

To purchase relief from contract voidability, complete form FTB 2518BC, Application of Relief from Contract Voidability. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **contract voidability**.

## N Suspended/Forfeited Status

An organization must be active and in good standing to retain tax-exempt status. If the organization is not currently in good standing and all filing requirements have been satisfied and/or amounts due have been paid, this form may be considered a request to bring the organization relief from suspension or forfeiture under R&TC Section 23776.



## Specific Instructions

Form FTB 3500 is divided in two parts:

- General questions that all organizations must answer.
- Specific questions that organizations must answer for their particular exemption classification.

## General Questions

All organizations complete form FTB 3500, Side 1 through Side 8. Provide complete and detailed answers for each question, and any requested documents.

## Part III Financial Data

Include receipts and expenses from all sources. The organization may use its own detailed gross receipts and expenses statement provided it is similar to the statement on Side 4.

If the organization has already obtained federal tax-exempt status, the organization may attach the last three years of federal Form 990 series information returns. Federal 990N e-Postcard filers must complete the financial statement below or provide their own detailed statement.

If the organization has had financial activities for less than one year, provide a financial statement for the period of activities and a projected budget for the entire first year. If the organization has no gross receipts and expenses, attach a detailed statement explaining any operations and how the organization operates with no receipts or expenses.

Organizations seeking tax-exempt status as a social or recreational club (R&TC Section 23701g) or as a homeowners association (R&TC Section 23701t) must list their nonmembership income separately. Homeowners associations (R&TC Section 23701t) must also list any membership dues and assessments separately from membership income.

If the entity is reinstating their tax-exempt status, provide financial data for the last 4 years.

## Specific Section Questions

In addition to Side 1 through Side 8, the organization must answer specific section questions that pertain to type of exemption requested.

The Exempt Classification chart below lists the type of exemption, comparable state and federal codes, and the specific section the organization must complete. Complete only one section. Provide complete and detailed answers.

## Additional Questions

Churches, hospitals, and credit counseling organizations applying for tax-exempt status under R&TC Section 23701d or Section 23701f must complete an additional schedule. See form FTB 3500, Side 11, Section D, or Side 12, Section F for more information.

## Attachments

If the organization needs more space on the forms or schedules, attach separate sheets showing the same information in the same order as on the printed forms.

Enter the organization's name and California corporation or California SOS number on each sheet. Also, use sheets that are the same size as the forms and schedules and indicate clearly the line number of the printed form to which the information relates. Show totals on the printed forms.

## Exempt Classification Chart – Complete only one specific section

Type of organization	R&TC	IRC	Complete:
Religious, charitable, scientific, literary, or educational organization	23701d	501(c)(3)	Side 11, Section D
Homeowners' association	23701t	528	Side 15, Section T
Civic league, social welfare organization, or local association of employees	23701f	501(c)(4)	Side 12, Section F
Business league, chamber of commerce, professional association, or society	23701e	501(c)(6)	Side 12, Section E
Social and recreational organization	23701g	501(c)(7)	Side 12, Section G
Labor, agricultural, or horticultural organization	23701a	501(c)(5)	Side 9, Section A
Political organization	23701r	527	<b>Do not</b> complete form FTB 3500. See General Information J, Political Organizations.
Fraternal beneficiary societies, orders, or associations, etc. (Lodge system with <b>no</b> benefits)	23701l	501(c)(10)	Side 14, Section L
Fraternal societies, orders, or associations, etc. (Lodge system with benefits)	23701b	501(c)(8)	Side 9, Section B
Title holding organization	23701h	501(c)(2)	Side 13, Section H
Title holding organization	23701x	501(c)(25)	Side 19, Section X
Voluntary employees' beneficiary organization	23701i	501(c)(9)	Side 14, Section I
War veterans organization	23701w	501(c)(19)	Side 18, Section W
Credit union (state chartered effective on or after January 1, 1999)	23701y	501(c)(14)	Side 20, Section Y
Cemeteries, crematoria, and like corporations	23701c	501(c)(13)	Side 10, Section C
Public facility financial corporation	23701u	none	Side 17, Section U
Mobile home park acquisition organization	23701v	none	Side 17, Section V
Self-insurance pool for charitable organizations	23701z	501(n)	Side 20, Section Z
Supplemental unemployment compensation trust	23701n	501(c)(17)	Side 14, Section N

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# Form FTB 3500 Procedural Checklist

This checklist is designed to help the organization prepare its exemption application. It is not an inclusive list of all required information on the application. If the organization does not provide all required information, additional correspondence will be necessary. This will delay the determination of exempt status or result in denial of the application. Retain a copy of the completed form FTB 3500 and all attachments for the organization's permanent records.

**Attach a copy of this checklist with the completed form FTB 3500.**

1. Has the organization:

Completed General Questions Side 1 through Side 8?  
Attach a statement if the organization needs more space to answer any question.

2. Has the organization provided detailed financial information? (check one)

Completed Part III, Receipts and Expenses Statement and Balance Sheet showing income and expenses from all sources.  
 Attached similar statements showing income and expenses from all sources.  
 Attached the last three years of federal 990 series information returns.  
 **990N e-Postcard filers:** Completed Part III, or attached a similar statement.

3. Check the Specific Section that the organization completed. Complete only one section.

<input type="checkbox"/> Section A	<input type="checkbox"/> Section G	<input type="checkbox"/> Section U
<input type="checkbox"/> Section B	<input type="checkbox"/> Section H	<input type="checkbox"/> Section V
<input type="checkbox"/> Section C	<input type="checkbox"/> Section I	<input type="checkbox"/> Section W
<input type="checkbox"/> Section D*	<input type="checkbox"/> Section L	<input type="checkbox"/> Section X
<input type="checkbox"/> Section E	<input type="checkbox"/> Section N	<input type="checkbox"/> Section Y
<input type="checkbox"/> Section F*	<input type="checkbox"/> Section T	<input type="checkbox"/> Section Z

\*If Section D or F is completed, and if the organization is a church, hospital, or credit counseling organization, check the schedule completed:

Schedule A       Schedule B       Schedule C

4. Has the organization attached the following documents?

**California corporation:**

Articles of incorporation and any amendments  
 Bylaws or other code of regulations

**Foreign corporation, qualified through the California SOS:**

Statement and Designation by Foreign Corporation  
 Articles of incorporation from the state of incorporation  
 Bylaws or other code of regulations  
 Federal exemption determination letter

**Foreign corporation, not qualified through the California SOS:**

Letter of Good Standing from the state of incorporation  
 Articles of incorporation from the state of incorporation  
 Bylaws or other code of regulations  
 Federal exemption determination letter

**Unincorporated association:**

Constitution, articles of association, or similar document  
 Bylaws

**Trust:**

Trust instrument and any amendments  
 Federal exemption determination letter

**Limited Liability Company (LLC), registered in California:**

Articles of organization (LLC-1)  
 Operating agreement

**Foreign LLC registered in California:**

Application to Register (LLC-5)  
 Articles of Organization from the state of incorporation  
 Operating agreement

5. Did the organization include:

\$25 application fee? Make checks payable to the "Franchise Tax Board."  
 The original signature of an officer or authorized representative of the organization?

6. Mail form FTB 3500 with all supporting documents to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286

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**Visit our website:**

**[ftb.ca.gov](http://ftb.ca.gov)**



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## Guidelines For Bylaws

Bylaws set forth how an organization will operate. The following are some standard categories included in bylaws and descriptions of what may be addressed in each category. These are not mandatory categories, nor are they all inclusive. They are merely provided for guidance purposes. When the organization drafts its bylaws, include only those categories that meet the operational goals of the organization.

### Name

The name of the organization. The form of the seal (if any). What is required for the organization to change its name (such as a vote of a certain percentage of the members).

### Purpose

Describe the purpose of the organization.

### Membership

Establish requirements regarding the membership including:

1. Basis for membership
2. Basis for terminating a person's membership

### Meetings

Describe activities or requirements for meetings, including:

1. When regular meetings will be held
2. How they are to be rescheduled if the need arises
3. How and when members will be notified of meetings
4. How special meetings are to be called
5. What percentage of membership constitutes a quorum in the event a vote is to be taken

### Voting

Describe issues concerning voting, including:

1. When and how voting will be conducted
2. How the votes will be tallied and who will do the tallying
3. How board members and officers will be elected

### Order of Business

Establish the order in which the meetings will be conducted.

### Board of Directors

Describe the requirements of the board of directors, including:

1. How many board members there will be
2. How they will be chosen
3. How long they will serve
4. What their responsibilities will be
5. When they will meet
6. How many constitute a quorum
7. Basis for removal of a director

### Officers

Describe the requirements of the officers, including:

1. How many officers there will be
2. How they will be chosen
3. How long they will serve
4. What their responsibilities will be
5. When they will meet
6. Basis for removal of an officer
7. Whether they will be compensated for their services

### Salaries

Describe issues concerning salaries, including:

1. Who will establish the amount
2. Options for revising the amount

### Committees

Describe issues associated with committees, including:

1. What the committees will be responsible for doing
2. How new committees will be created
3. Who may serve on a committee
4. How long members will serve on a committee
5. Basis for removing committee members

### Dues

Describe issues associated with dues, including:

1. The amount of dues
2. When they are to be paid
3. Consequences of failing to pay the dues
4. How the amount is established and/or revised

### Records and Reports

Describe the accounts, books, and records to be maintained by the organization. Describe the minutes to be kept at each meeting, whether or not they will be opened for inspection and, if open, when they will be available.

### Amendments

Describe issues associated with how the bylaws will be amended, include:

1. Who can initiate an amendment
2. When the amendment will be made
3. If a vote is to be taken will a majority or quorum be required

### Other

Include any other provisions that describe how the organization will operate.

# Guidelines for Organizing Documents

The tables below and samples that begin on the next page provide direction to draft the organization's creating documents for corporations, unincorporated associations, and LLCs. Creating documents for corporations, unincorporated associations, and LLCs require a signature by the incorporator or authorized representative.

Generally, organizations incorporating as a nonprofit must do so under one of the three sections of the California Corporations Code: Section 5110, Public Benefit Corporation Law, Section 7110, Mutual Benefit Corporation Law, or Section 9110, Religious Corporation Law.

Title holding organizations incorporating under R&TC Section 23701h or Section 23701x that have members must incorporate under the stock provisions of the California Corporations Code. (See California Corporations Code Section 202.) The articles of incorporation must contain a statement that the activities will be limited to those permitted under whichever section of the R&TC the exemption is being sought. If the organization does not have any members, it may incorporate as a mutual benefit corporation.

## Incorporated, or Incorporating Organizations

The sample articles below contain the required statements for corporations applying for tax-exempt status.

Applying for exemption under R&TC section	And the organization is	Refer to Sample
23701d	Exclusively religious	A
23701d	Public Benefit	B
23701f	Civic league, social welfare, local association of employees	E
23701t	Homeowners' Association	D
23701h or 23701x	Title holder	F
23701u	Public facility financing corporation	G
23701w	War veterans organization	H
Any other section	Mutual Benefit Corporations	C

## Unincorporated Associations

The language in the sample articles below meet the requirements for unincorporated associations seeking tax-exempt status.

Applying for exemption under R&TC section	And the organization is	Refer to Sample
23701d	Exclusively religious	I
23701d	Other than exclusively religious	J
23701f	Civic league, social welfare, local association of employees	K
23701w	War veterans organization	L
Any other section		M

## Dissolution and Alternate Distributees

Organizations that wish to distribute their assets to a specific organization when they dissolve, must provide for an alternate distributee. This is needed because the specific organization may not be in existence or may not be exempt under the appropriate section of law at the time of distribution.

IRC Sections 501(c)(3) and 501(c)(4) organizations may use the following sample clauses below.

**Charitable, educational and/or religious organizations.** Upon the dissolution or winding up of this organization, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this organization, shall be distributed to *(Enter the name of the organization)* if it is then in existence and organized and operated exclusively for charitable, educational, and/or religious purposes and exempt under IRC Section 501(c)(3), but if not then in existence or so organized and operated or exempt, to another organization which is organized and operated exclusively for charitable, educational, and/or religious purposes and which has established its tax-exempt status under IRC Section 501(c)(3).

**Social welfare organizations.** IRC Section 501(c)(4) organizations that wish to designate a specific organization must also provide for an alternate distributee. Social welfare organizations may use the following sample clause in lieu of Sample A, Article VII; Sample B, Article VII; Sample C, Article VII; Sample E, Article VII; Sample H, Item 5; Sample I, Item 5 or Sample J, Item 5.

Upon the dissolution or winding up of this organization, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this organization, shall be distributed to *(Enter the name of the organization)* if it is then in existence and organized and operated exclusively for charitable, religious, educational and/or social welfare purposes and exempt under IRC Section 501(c)(3) or 501(c)(4), but if not then in existence or so organized and operated or exempt, to another organization which is organized and operated exclusively for charitable, religious, educational, and/or social welfare purposes and which has established its tax-exempt status under IRC Section 501(c)(3) or 501(c)(4).

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# Sample A

**Exclusively Religious R&TC Section 23701d** (see ARTS-RE Articles of Incorporation of a Nonprofit Religious Corporation)

## ARTICLES OF INCORPORATION

**1. Corporate Name** (List the proposed corporate name. Go to [sos.ca.gov/business/be/name-availability.htm](http://sos.ca.gov/business/be/name-availability.htm) for general corporate name requirements and restrictions.)

The name of the corporation is \_\_\_\_\_.

**2. Corporate Purpose** This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes.

**3. Service of Process** (List a California resident or an active 1505 corporation in California that agrees to be your initial agent to accept service of process in case your corporation is sued. You may list any adult who lives in California. You may **not** list your own corporation as the agent. **Do not** list an address if the agent is a 1505 corporation as the address for service of process is already on file.)

a. \_\_\_\_\_

Agent's Name

b. \_\_\_\_\_

Agent's Street Address (if agent is not a corporation) – Do not list a P.O. Box

City (no abbreviations)

State

Zip

### 4. Corporate Addresses

a. \_\_\_\_\_

Initial Street Address of Corporation – Do not list a P.O. Box

City (no abbreviations)

State

Zip

b. \_\_\_\_\_

Initial Street Address of Corporation – Do not list a P.O. Box

City (no abbreviations)

State

Zip

### 5. Additional Statements

(The following statements are for tax-exempt status in California.)

a. The specific purpose of this corporation is to \_\_\_\_\_.

b. This corporation is organized and operated exclusively for religious purposes within the meaning of Internal Revenue Code Section 501(c)(3).

c. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this 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.

d. The property of this corporation is irrevocably dedicated to religious 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.

e. 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, educational and/or religious purposes and which has established its tax-exempt status under Internal Revenue Code Section 501(c)(3).













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## Sample J

### Unincorporated Association Other than Exclusively Religious under R&TC Section 23701d

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit therefrom.  
The following is acceptable:  
This organization is a nonprofit public benefit organization and is not organized for the private gain of any person.
4. A political limitation clause. The following is acceptable:  
No substantial part of the activities of this organization shall consist of carrying on propaganda or otherwise attempting to influence legislation, and the organization shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.
5. A dedication clause. The following is acceptable:  
The property of this organization is irrevocably dedicated to charitable purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or private person.
6. A dissolution clause. The following is acceptable:  
Upon the dissolution or winding up of the organization, its assets remaining after payment, or provision for payment, of all debts and liabilities of this organization 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 Internal Revenue Code Section 501(c)(3).

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## Sample K

### Unincorporated Association Civic league, social welfare, local association of employees under R&TC Section 23701f

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization. The following is acceptable:  
The specific purpose of this organization is to \_\_\_\_\_ within the meaning of Revenue and Taxation Code Section 23701f.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit therefrom.  
The following is acceptable:  
This organization is a nonprofit public benefit organization and is not organized for the private gain of any person.
4. A dedication clause. The following is acceptable:  
The property of this organization is irrevocably dedicated to social welfare purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or private person.
5. A dissolution clause. The following is acceptable:  
Upon the dissolution or winding up of the organization, its assets remaining after payment, or provision for payment, of all debts and liabilities of this organization shall be distributed to a nonprofit fund, foundation, or corporation, which is organized and operated exclusively for social welfare purposes and which has established its tax-exempt status under Internal Revenue Code Section 501(c)(4).

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## Sample L

### Unincorporated Association War veterans under R&TC Section 23701w

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization. The following is acceptable:  
The specific purpose of this organization is to \_\_\_\_\_ within the meaning of Revenue and Taxation Code Section 23701w.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit therefrom.  
The following is acceptable:  
This organization is a nonprofit public benefit organization and is not organized for the private gain of any person.
4. The property of the organization is irrevocably dedicated to war veterans purposes within the meaning of Internal Revenue Code Section 501(c)(19) and assets of this organization shall never inure to the benefit of any private persons.
5. Upon the dissolution or winding up of the organization, all assets remaining after payment, or provision for payment, of all debts and liabilities of this organization, shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for war veterans purposes and which has established its tax-exempt status under Internal Revenue Code Section 501(c)(19).
6. Notwithstanding any of the above statements of the purposes and powers, this association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of the association.

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## Sample M

### Unincorporated Association under other sections

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization. The following is acceptable:  
The specific purpose of this organization is to \_\_\_\_\_ within the meaning of Revenue and Taxation Code Section 23701\_\_\_\_.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit from the organization. The following is suggested:  
The organization does not contemplate pecuniary gain or profit to the members thereof and is organized for nonprofit purposes.
4. A limitation clause. The following is acceptable:  
Notwithstanding any of the above statements of purposes and powers, this organization shall not, except to an insubstantial degree engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this organization.

## Automated Phone Service

Use our automated phone service to get recorded answers to many of your questions about California taxes and to order current year California Business Entity tax forms and publications. This service is available in English and Spanish to callers with touch-tone telephones. Have paper and pencil ready to take notes.

Telephone: 800.338.0505 from within the United States  
916.845.6500 from outside the United States

## Where to get General Tax Information

**By Internet** – You can get answers to Frequently Asked Questions at [ftb.ca.gov](http://ftb.ca.gov).

**By Phone** – You can hear recorded answers to Frequently Asked Questions 24 hours a day, 7 days a week. Call our automated phone service at the number listed above. Select “Business Entity Information,” then select “Frequently Asked Questions.” Enter the 3-digit code, listed below, when prompted.

### Code – Prefiling Assistance

- 715 – If my actual tax is less than the minimum franchise tax, what figure do I put on the **Tax** line on Form 100 or Form 100W?
- 717 – What are the current tax rates for corporations?
- 718 – How do I get an extension of time to file?
- 722 – When does my corporation file a short period return?
- 734 – Is my corporation subject to a 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 estimated 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 the **Tax** line on Form 100S?  
**Exempt Organizations**
- 709 – How do I get tax-exempt status?
- 710 – Does an exempt organization have to file Form 199?
- 735 – Does an exempt organization have to file FTB 199N, California e-Postcard?
- 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?

### Billings and Miscellaneous Notices

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

### Dissolution

724 – How do I dissolve my corporation?

### Miscellaneous

- 700 – Who do I need to contact to start a business?
- 701 – I need a state Employer ID number for my business. Who do I contact?
- 703 – How do I incorporate?
- 737 – Where do I send my payment?

## Letters

If you write to us, be sure your letter includes the California corporation number, or FEIN, your daytime and evening telephone numbers, and a copy of the notice. Send your letter to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286

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

## Your Rights As A Taxpayer

The FTB’s goals include making certain that your rights are protected so that you have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB 4058, California Taxpayers’ Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers’ Rights Advocate Program, and how you request written advice from the FTB on whether a particular transaction is taxable. See “Where to Get Tax Forms and Publications,” below.

## Where to Get Tax Forms and Publications

**By Internet** – You can download, view, and print California tax forms and publications at [ftb.ca.gov/forms](http://ftb.ca.gov/forms).

**By phone** – You can order current year California tax forms from 6 a.m. to 10 p.m. weekdays, 6 a.m. to 4:30 p.m. Saturdays, except holidays. See the list in the next column and find the code for the form you want to order. Call 800.338.0505 and follow the recorded instructions.

Allow two weeks to receive your order. If you live outside of California allow three weeks to receive your order.

### Code

- 817 – California Corporation Tax Forms and Instructions. This booklet includes: Form 100, California Corporation Franchise or Income Tax Return
- 814 – Form 109, California Exempt Organization Business Income Tax Return
- 815 – Form 199, Exempt Organization Return
- 818 – Form 100-ES, Corporation Estimated Tax
- 802 – FTB 3500, Exemption Application
- 831 – FTB 3500A, Submission of Exemption Request
- 943 – FTB 4058, California Taxpayer’s Bill of Rights

**In person** – Most post offices and libraries provide free California tax booklets during the filing season. Employees at libraries and post offices 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

## General Phone Service

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday, except holidays. Hours subject to change.

- Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States
- TTY/TDD: 800.822.6268 for persons with hearing or speech disability  
711 or 800.735.2929 California relay service

### Asistencia en español

Asistencia telefónica está disponible durante todo el año desde las 7 a.m. hasta las 5 p.m. de lunes a viernes, excepto días feriados. Las horas están sujetas a cambios.

- Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos
- TTY/TDD: 800.822.6268 para personas con discapacidades auditivas o del habla  
711 ó 800.735.2929 servicio de relevo de California

