

Creating an Arts Organization

For-Profit

- Sole Proprietorship
- General Partnership
- Limited Liability Company (LLC), Corporation, or other entity

Non-Profit

Legal Structure

- Unincorporated Association/Trust
- Corporation

Type of Tax-Exempt Organizations

- Public Charity (at least 1/3 of support from contributions from the public)
- Private Foundation
- Private Operating Foundation

Obtaining 501(c)(3) Recognition

Form 1023 (www.irs.gov/pub/irs-pdf/f1023.pdf)

- Fee is \$400 or \$850 (if expected annual receipts exceed \$10,000)
- Must be submitted in writing
- Expected timeline: within 180 days
- Requirements
 - Narrative Description
 - Projected Financials
 - Corporate Formation Documents (Certificate of Incorporation, Bylaws, Policies)

Form 1023-EZ (www.irs.gov/pub/irs-pdf/f1023ez.pdf)

- Fee is \$400
- Must be completed online
- Expected timeline: within 90 days
- Eligibility
 - Projected annual gross receipts less than \$50,000 over next 3 years
 - Total assets less than \$250,000
 - U.S. entity and address
 - Not a successor to a suspended or for-profit entity
 - Not a church, school, hospital, or other of a list of specific types of charities
 - Not a private operating foundation
- Downside: Signer must attest that the organization qualifies as tax-exempt under 501(c)(3)

Annual Filing Requirements

- State (Texas)
 - Periodic information report (must be filed upon request by the Texas Secretary of State, not more than once every 4 years)
- Federal
 - Form 990-N (charities that normally have less than \$50,000 in annual receipts)
 - Form 990-EZ (charities with less than \$200,000 in receipts and less than \$500,000 in total assets)
 - Form 990 (all other public charities)
 - Form 990-PF (special form for private foundations, regardless of assets)

Texas C-BAR Guide to Forming a Texas Nonprofit Corporation

texasbar.org/wordpress/wp-content/uploads/2011/07/FormingNonProfitTX_REV15_Web.pdf