



**IS 501(C)(3) TAX
EXEMPT STATUS
RIGHT FOR MY COG?**

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Introductions

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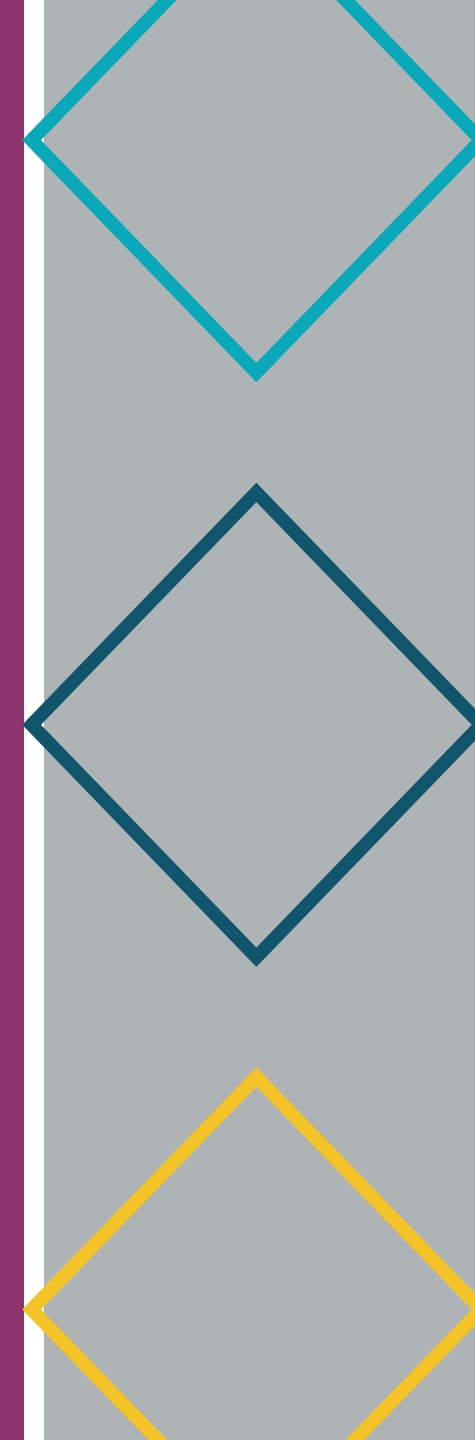
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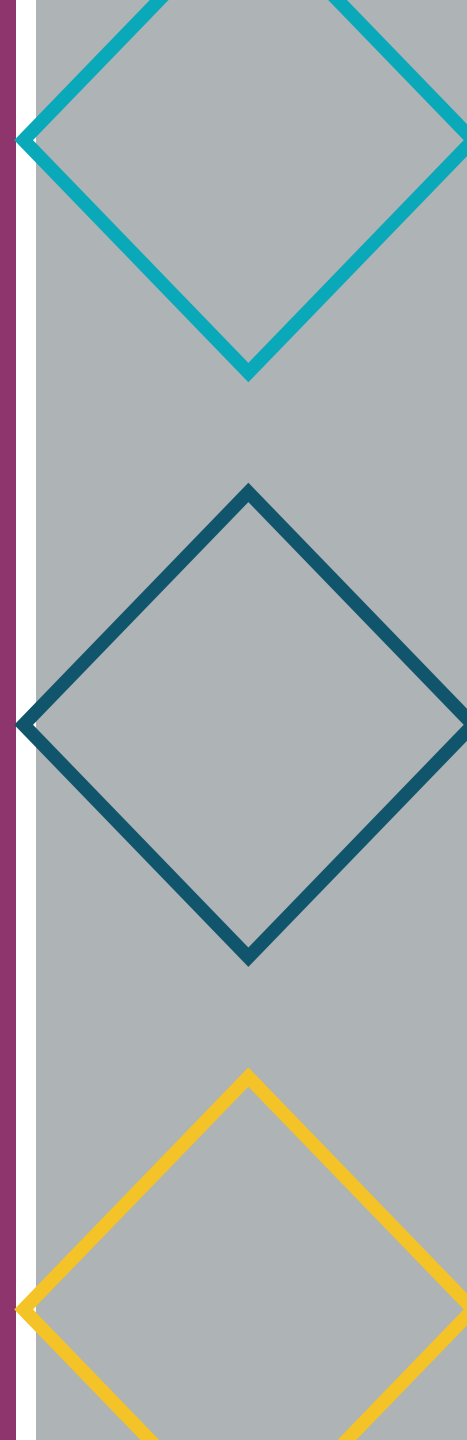
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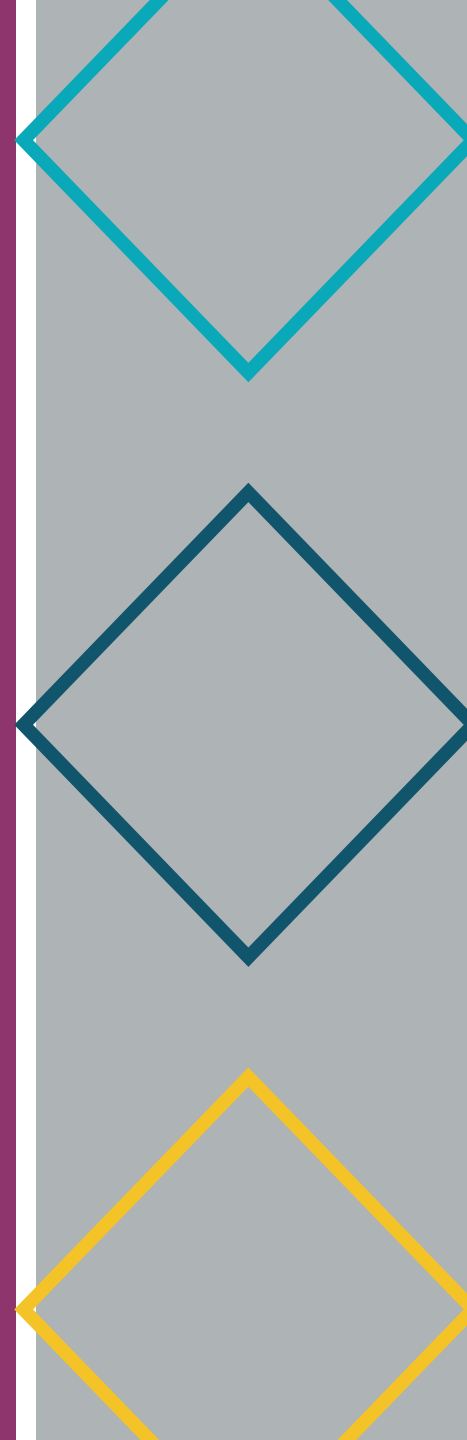
Agenda

- Examples of what other COGs are doing
- Benefits of Tax-Exempt Status
- Costs of Tax-Exempt Status
- Resources
- Steps to becoming Tax-Exempt Organization



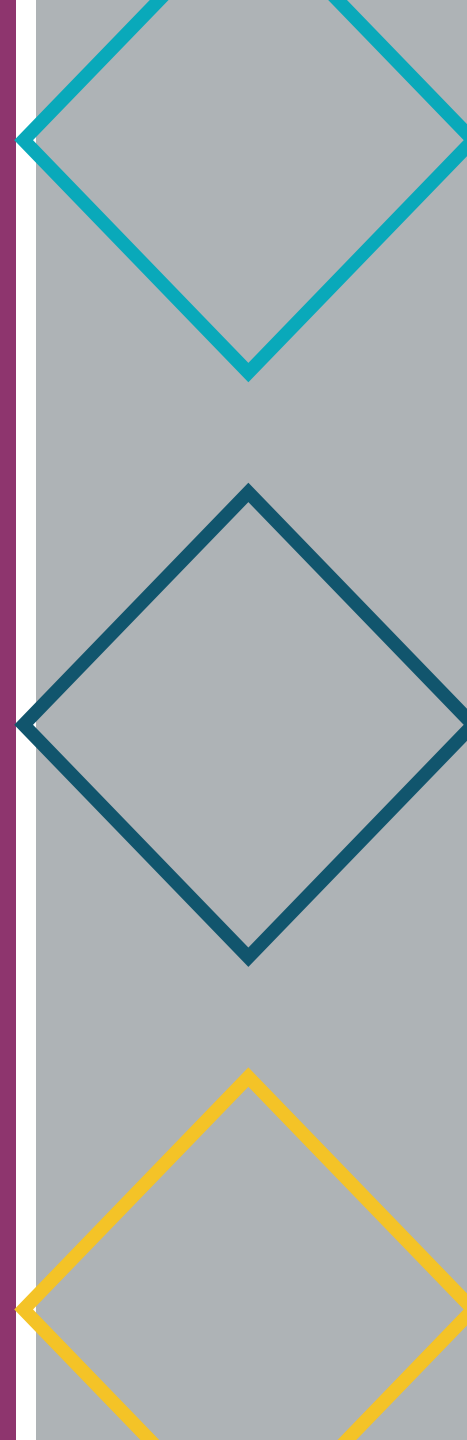
Example COGS with 501(c)(3) Designation

1. [Beaver County Regional COG](#)
2. [SEDA COG](#)
3. [Slate Belt COG](#)
4. [Steel Rivers COG](#)
5. [Turtle Creek COG](#)
6. [Western Chester County COG](#)



Benefits of 501(c)(3)

- Foundation Support
- Tax Deductible Gifts from Individuals
- Corporate Support
 - Event Support/Sponsorship
 - Volunteer Programs
 - United Way
- PA Sales Tax Exemption
- PA Games of Chance License
 - Raffles, Pools, 50/50 Drawings, Race Nights.
 - Charitable organizations with questions about licensure for small games of chance should contact their local county treasurer.

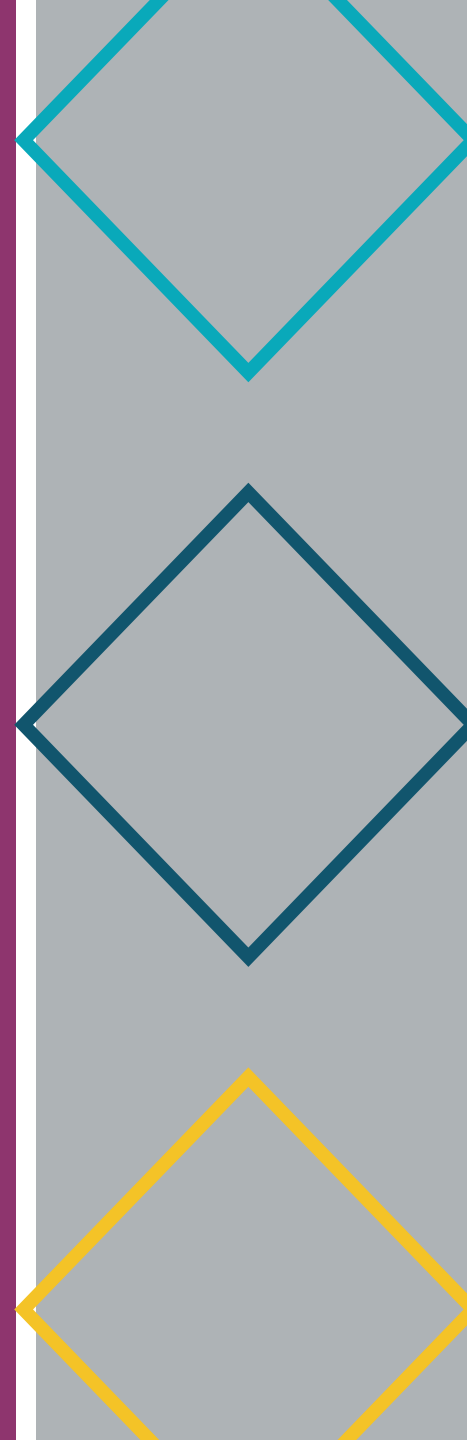


Benefits of 501(c)(3)

- Examples of State Funding

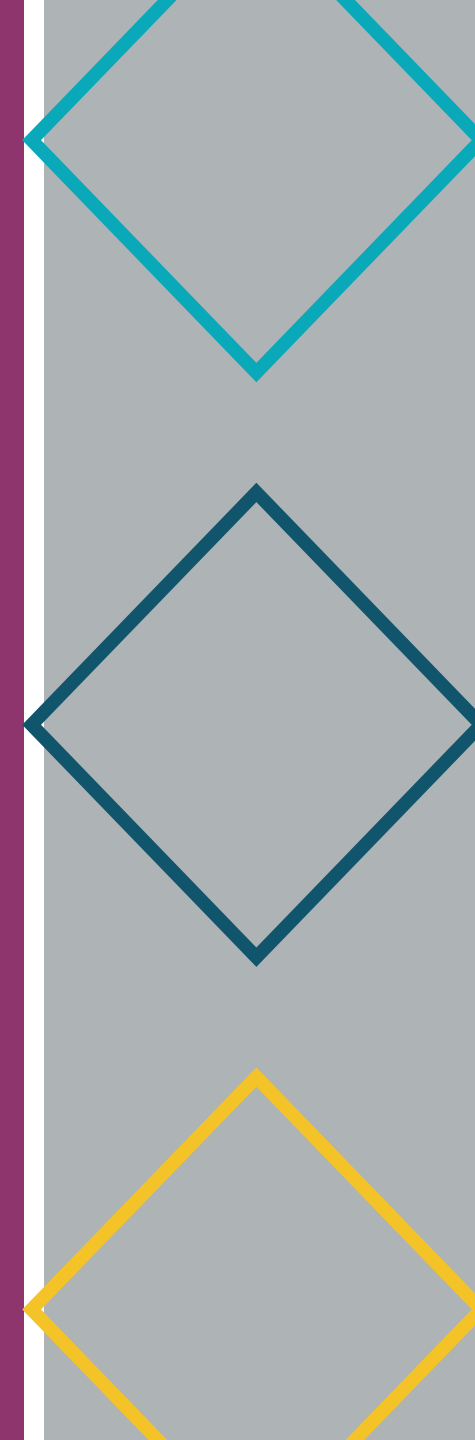
Available to Nonprofits

- [DCNR Community Conservation Partnerships Program](#)
- [DCED Neighborhood Assistance Program](#)
- [DCED Main Street Matters](#)
- [COVID 19 ARPA Whole House Repairs](#)



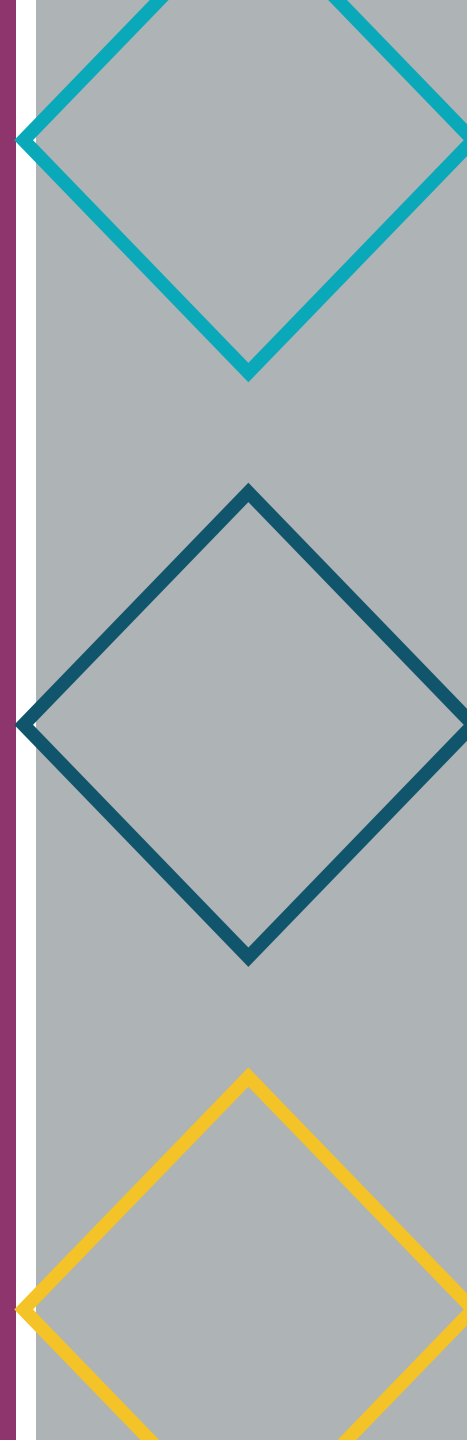
Costs and Disadvantages of 501(c)(3)

- IRS Form 990
- Pennsylvania Audit Requirements
- Limitations on Political Activity
- Unrelated Business Income Limitations
- Directors and Officers Liability Insurance
- Private Inurement and Excess Benefit Transactions
- Might Not Get Sales Tax or Real Estate Tax Exemption



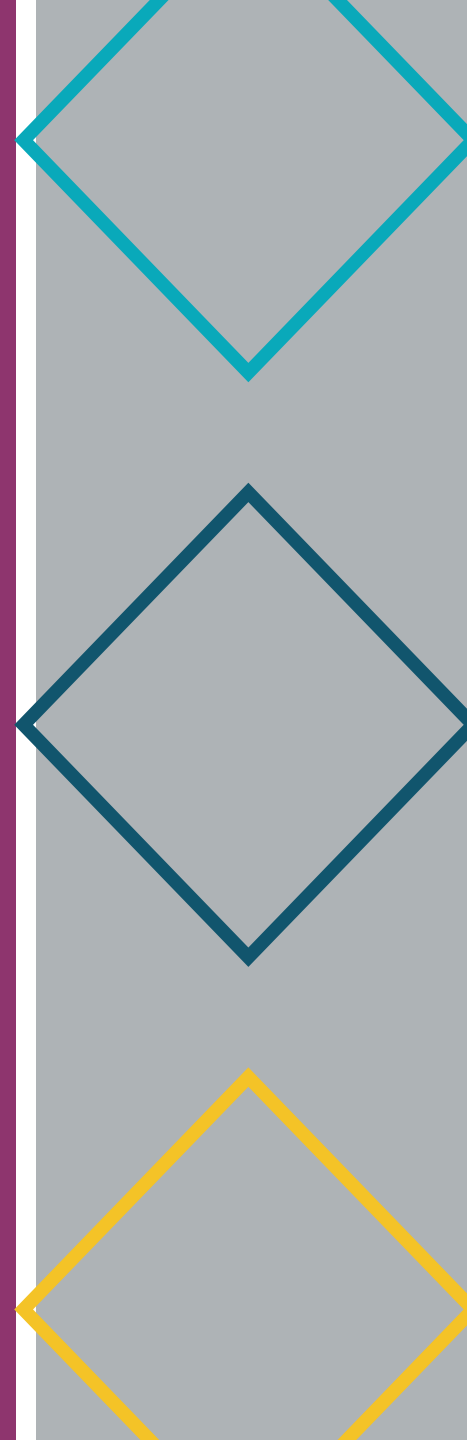
Alternatives to 501(c)(3)

- Remain an Unincorporated Association
- Establish Fiscal Sponsorship Relationship with Existing Nonprofit
- Incorporate a New, **Affiliated** Entity to be 501(c)(3).



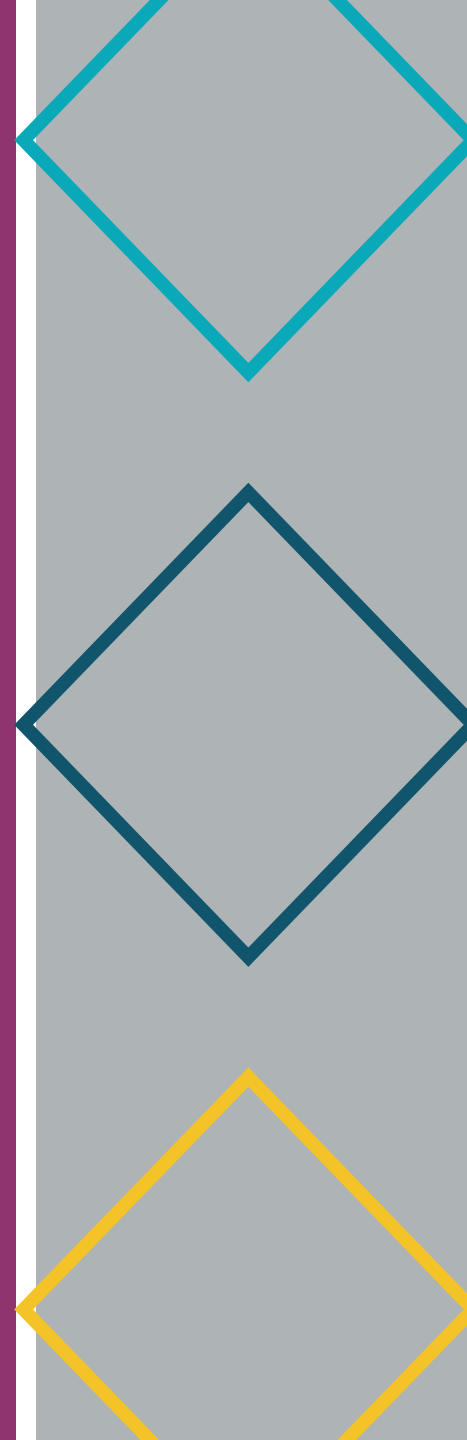
Summary of Steps to Becoming 501(c)(3)

- Incorporate in Pennsylvania
- Seek Tax-Exempt Status from the IRS
- Register with Bureau of Charitable Organizations
- Seek PA Sales Tax Exemption
- Seek Property Tax Exemption



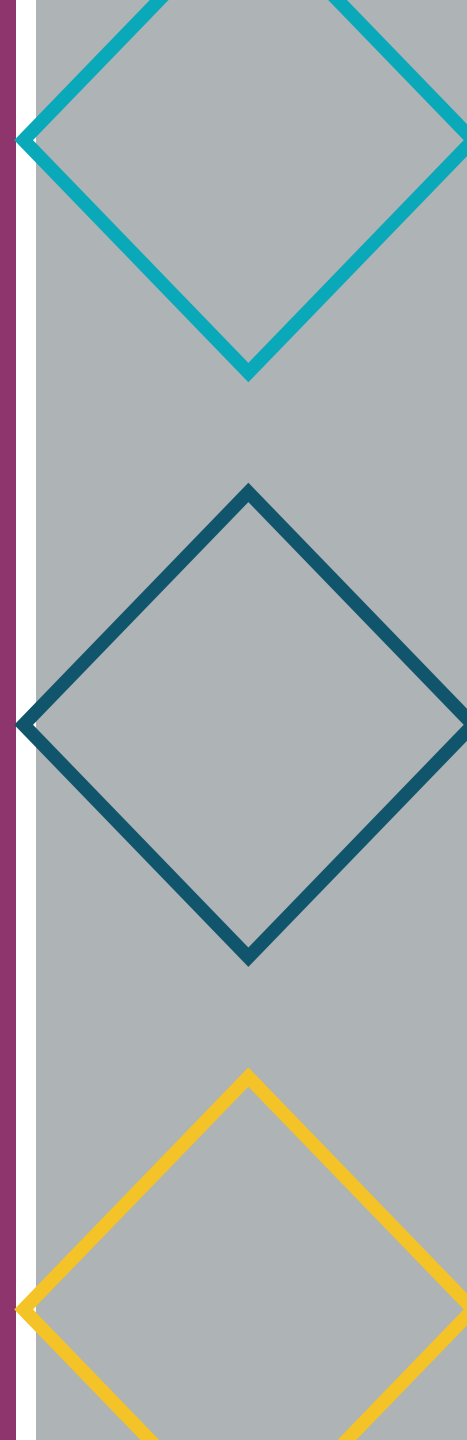
Incorporate in Pennsylvania

- File Articles of Incorporation w/PA Dept. of State.
- Bylaws
- Elect Directors and Officers
- Adopt Conflict of Interest Policy
- Formational Resolution(s)
- Advertise Incorporation



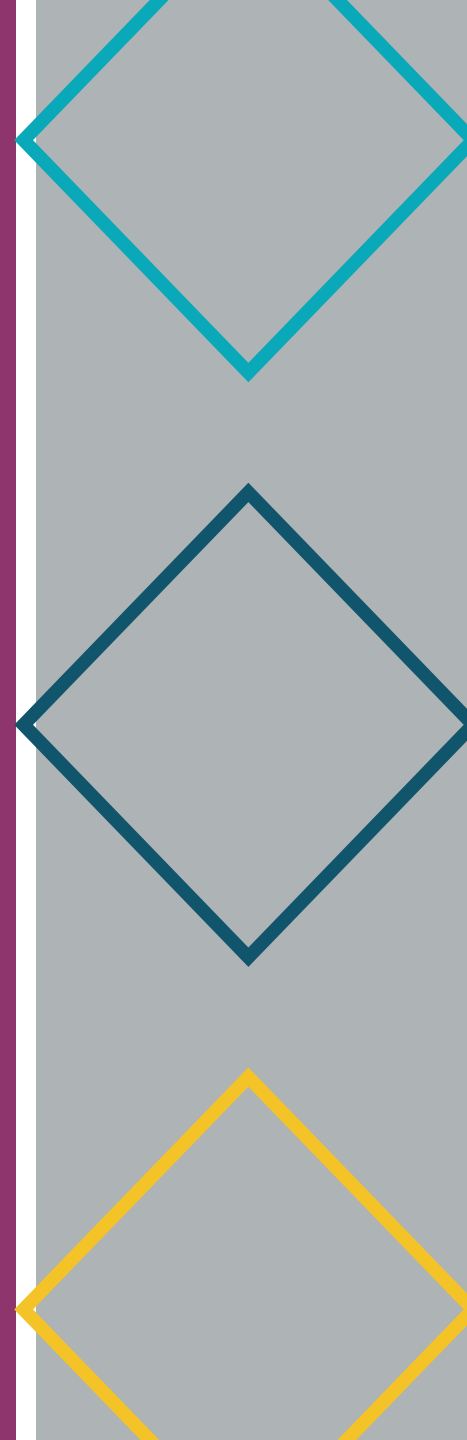
Seek Tax Exempt Status from IRS (2 Options)

- IRS Form 1023 EZ
 - Much Shorter (Online) Application
 - Eligibility Worksheet (Budget Under \$50K)
 - Statement of Purpose
 - NTEE Code
 - Board Members and Officer Information
 - Approx. 6 Weeks to Get Designation Letter
 - \$275 Filing Fee
- IRS Form 1023
 - Lengthier (Online) Application
 - Board Members Bios, Narrative Description of Activities, Pro-Forma Budgets
 - 12-18 Months to Get Designation Letter
 - \$600 Filing Fee



Resources

- [PA Association of Nonprofit Organizations](#)
 - Nonprofit formation, Fundraising, Compliance Governance
- [Bayer Center for Nonprofit Management](#)
 - Classes on Finance, Fundraising, Governance, Board Development and More
- [BoardSource](#)
 - Resources for Developing and Strengthening Nonprofit Boards
- [Nonprofit Resource Center at Carnegie Library Pittsburgh](#)
 - Grant Research
- [Grantsmanship Center](#)
 - Grant Research
- [Northeastern Pennsylvania Alliance \(NEPA\)](#)
 - Document Library, Including Guide to Becoming a 501(c)(3)
- [Philadelphia VIP](#)
 - Legal Resources for Nonprofits and Small Businesses





QUESTIONS?

<https://pacog.com>