

Structure and Incorporating Your Organization

Once your Planning Team has created the mission, vision, and name for the clinic; determined some of the nuts and bolts of the operation, target population, patient eligibility, and hours of operation, and drafted the bylaws, the next step is to register the name of your organization. You will need to check with the appropriate state office (check your state's website) to determine the procedure for registering, and if the name you have chosen is available. There will probably be a fee for registering your name.

You will also need to file IRS Form SS-4, Application of Employer Identification Number (EIN). This number can be obtained online, by telephone, fax, or mail to the IRS. The EIN is required to open a bank account. It is similar to a social security number, but for a nonprofit or business.

The organization needs to incorporate in your state if it intends to be a permanently established nonprofit clinic with a charitable purpose, if it will be raising funds and applying for grants, and/or if it will be purchasing equipment or property or entering into leases. It is also important because its governing Board needs protection from liability that arises from the clinic's activities. While many clinics may start planning under an existing 501c3 of a parent organization, ECHO recommends that strong consideration be given to establishing a separate, not for profit organization.

The organization registers with your state by filing Articles of Incorporation or a similarly named document such as a Certificate of Formation. Contact your state government website for the appropriate state office for assistance in creating your organizing document. Some states will have a template that you may use in creating your Articles. You must ensure that your Articles have the language that both your state and the IRS require. The required federal language can be found in IRS Publication 557 and in the instructions to Federal Form 1023. There will be a fee for this registration.

In most states, incorporation is a relatively simple procedure. The Articles of Incorporation include many of the provisions set forth in the bylaws.

Sections of the Articles usually include:

- Name of the nonprofit.
- Registered Location – address, which may be different than the clinic location.
- Charitable Purpose – The organization must include in its purpose language required by the IRS to obtain tax-exempt status. It must have an article stating its exemption requirements. (Refer to IRS Publication 557 for wording).
- Board of Directors/Members – This will list the initial Board of Directors and their addresses. The organizing board is generally smaller than the number of directors stipulated in the bylaws. There must be a minimum of three board members in the initial incorporation.
- Personal Liability – This statement limits personal liability for a director as long as he or she fulfills the legal responsibilities of a board member.
- Limitations – Lists the conditions restricting the operations and activities of the corporation. This section discusses such topics as prohibitions against lobbying, prohibitions against gain for individual board members, other activities prohibited by its tax exempt status, and making loans to board members. Information regarding limitations can be found in the appendix of IRS Publication 557.
- Dissolution – IRS Publication 557 has wording that can be used for the dissolution article. This section may also state that the dissolution will be in accordance with the state laws in which the organization is incorporated.
- Incorporators – These can be anyone, but usually are the initial Board officers.

Incorporation by your state is one of the requirements for filing for tax-exempt status as a nonprofit. There are many samples of Articles of Incorporation available on websites that will be helpful in drafting your Articles. It is also recommended that a lawyer review your Articles before they are submitted to the appropriate state office. This would be a wise person to recruit as a volunteer obtained through networking within your community of supporters.