



# General Guide for Dissolving A California Nonprofit Corporation

A California nonprofit corporation that decides to wind up operations must take certain steps to dissolve and distribute any remaining assets.

These steps apply after the nonprofit corporation's board of directors or its membership votes to cease operations but before any remaining assets are distributed.

The process for winding up the nonprofit corporation involves the California Attorney General's Office, Secretary of State and California Franchise Tax Board.

**THIS GUIDE APPLIES TO:**

**Public Benefit Corporations** subject to Corporations Code sections 6615 and 6716(c)

**Mutual Benefit Corporations** subject to Corporations Code sections 7238 and 8716

**Religious Corporations** subject to Corporations Code section 9680.

Here are the basic steps to follow to dissolve a California nonprofit corporation:

<b>1.</b>	<b>VOTE BY NONPROFIT BOARD OR MAJORITY OF CORPORATION'S MEMBERSHIP TO DISSOLVE AND PREPARE CERTIFICATE OF ELECTION TO WIND UP AND DISSOLVE (IF APPLICABLE) AND/OR A CERTIFICATE OF DISSOLUTION</b>
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Election to Wind Up and Dissolve: This information must be recorded in a certificate format specified by the Secretary of State. Sample certificate forms and instructions are available from the Secretary of State's web site: <http://www.sos.ca.gov/business/be/forms.htm#corp>

<b>2.</b>	<b>FILE FINAL STATE TAX RETURN AND VERIFY CURRENT STATUS WITH FRANCHISE TAX BOARD</b>
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\*Note: Due to the passage of Assembly Bill 2341 (9/29/06), which amends Revenue and Taxation Code section 6519, the Franchise Tax Board no longer requires a "Tax Clearance Certificate." However, dissolution documents cannot be filed on behalf of a suspended corporation. (Revenue and Taxation Code sections 23301 and 23775.) Further information and instructions are available from the Franchise Tax Board's web site: <http://www.ftb.ca.gov/forms/search/index.aspx>

<b>MAILING ADDRESSES</b>		
California Attorney General's Office Registry of Charitable Trusts P.O. Box 903447 Sacramento, CA 94203-4470	California Secretary of State Document Support Filing Unit 1500 11 <sup>th</sup> Street, 3 <sup>rd</sup> Floor Sacramento, CA 95814	

<b>3.</b>	<b>OBTAIN DISSOLUTION WAIVER FROM THE ATTORNEY GENERAL’S OFFICE BEFORE DISPOSING OF ANY REMAINING ASSETS</b>
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A nonprofit corporation holds its assets in trust for the specific purposes and activities stated in the organization’s articles of incorporation. Any transfer of remaining assets inconsistent with the organization’s stated purpose may be subject to objections by the Attorney General. Your request for a dissolution waiver of objections must be mailed to the Attorney General’s Registry of Charitable Trusts and must contain the following information:

- A. LETTER SIGNED BY A DIRECTOR OF THE CORPORATION, OR ITS ATTORNEY, DETAILING ALL INDIVIDUALS OR GROUPS WHO WILL BE RECEIVING THE CORPORATION’S REMAINING ASSETS. If no assets remain for distribution, that information must be provided in a letter.

For each intended recipient, the letter must provide:

- ◆ Recipient’s Full Legal Name, Address, Telephone Number; Corporate Number; and FEIN, if any
- ◆ Itemized listing of assets to be distributed, by type and value
- ◆ Proposed date of distribution
- ◆ Any restrictions on the use of the assets to be distributed
- ◆ Recipient’s Articles of Incorporation or trust instrument

- B. SIGNED COPY OF SIGNED **CERTIFICATE OF DISSOLUTION** PREPARED FOR SUBMISSION TO THE SECRETARY OF STATE.

- C. COPY OF THE CORPORATION’S IRS FORM 990, FORM 990-EZ or FORM 990-PF FOR THE LAST THREE (3) ACCOUNTING PERIODS. If the corporation does not file one of these informational returns, it must submit financial statements showing receipts and disbursements, and a balance sheet, for the three (3) most current accounting periods, as well as financial statements for the incomplete accounting period.

- D. ENDORSED-FILED COPY OF CORPORATION’S ARTICLES OF INCORPORATION, INCLUDING ANY AMENDMENTS.

**ASSETS MUST BE DISTRIBUTED IN ACCORDANCE WITH ARTICLES OF INCORPORATION AND BY-LAWS OF DISSOLVING CORPORATION, AND ARE SUBJECT TO ANY TRUST UNDER WHICH THE ASSETS ARE HELD.**

**THE INTENDED RECIPIENT OF ASSETS MUST:**

- **HAVE THE SAME IRS EXEMPTION AS STATED IN THE DISSOLUTION CLAUSE OF THE DISSOLVING CORPORATION’S ARTICLES OF INCORPORATION;**
- **BE CURRENT IN REPORTING OBLIGATIONS TO THE ATTORNEY GENERAL’S REGISTRY OF CHARITABLE TRUSTS, IF REQUIRED TO REGISTER AND REPORT.**

<b>4.</b>	<b>SUBMIT FINAL NOTICE OF SUBMISSION TO THE SECRETARY OF STATE’S OFFICE</b>
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Mail the final dissolution packet to the Secretary of State, to the attention of: Document Filing Support Unit/Legal Review. The packet should contain the: (1) letter from the Attorney General, either waiving objections to the proposed distribution of the corporation’s assets or confirming that the corporation has no assets; and (2) executed Certificate of Dissolution.

<b>5.</b>	<b>SUBMIT FINAL NOTICE OF SUBMISSION TO THE ATTORNEY GENERAL’S OFFICE</b>
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Mail the final dissolution packet to the Attorney General’s Office, to the attention of: the Registry of Charitable Trusts. The packet should contain: (a) a copy of the Certificate of Dissolution filed by the Secretary of State, or written confirmation that the Certificate of Dissolution has been filed with the Secretary of State; and (b) the final financial report for the corporation showing that all assets were distributed properly, resulting in a zero balance.