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## contact US

Dolliver Building  
801 Capitol Way  
Olympia, WA 98504  
(360) 725-0377

## NAMING YOUR BUSINESS TO INCLUDE OR NOT TO INCLUDE?

### WHAT'S IN A NAME ?

*Shakespeare didn't think a name was that important, but the State of Washington thinks otherwise.*

Several statutes are in place regarding naming of a corporation, limited liability company, partnership, and every other entity allowed. Approximately one quarter of our rejected documents are due to the wrong corporate designation in a name.

Following are some tips to help prevent possible rejections:

#### **Forming a:**

- **Corporation.** Use "corporation", "incorporated", "company", or "limited", or abbreviations of the same terms. Any name containing "bank", "trust" or any variation thereof, must get approval from the Department of Financial Institutions (DFI) and submit the letter of approval with the filing.

Any name that indicates or gives the impression that the company is handling money, will be referred to DFI for approval consideration (RCW 23B.01.204 and 23B.04.010).

- **Limited liability company.** Use a designation of LLC, L.L.C., or Limited Liability Company. Using "Limited Liability Co." is also acceptable (RCW 25.15.010).
- **Nonprofit corporation.** Do not use "incorporated", "company",



"corporation", "partnership", "limited partnership", or "Ltd". , or any abbreviations of the same terms. Using "club", "league", "association", "services", "committee", "fund", "society", "foundation", and "... a nonprofit corporation" or any name of similar import is acceptable (RCW 24.03.045).

Did you know that the ending is not enough to make a name distinguishable upon the records of the Secretary of State? If a name you want is taken by an LLC, you can't make it an "Inc." and get it filed, unless we're asleep at the switch.

To help reduce rejections, if you submit a paper or online formation document for an LLC or nonprofit, and it includes an improper designation in the name, we will default to "LLC" as the designation for an LLC or drop the improper designation from the nonprofit corporate name.

Should you wish to change this, you may file an amendment at no cost.

*the* BUZZ**Fall Form Clean-up**

Recent legislative and fee changes have resulted in updates to all of our forms.

Please make sure that the forms you are using reflect the latest fees and statutory requirements.

Compare the form in use to the form currently available on our website.

Each legislative session could bring changes to fees and/or documents. Forms on the website are the most current versions available.

Should you need a paper form mailed to you, please call our phone team at (360) 725-0377.

**HAPPENINGS***NONPROFIT RENEWAL ONLINE*

Our nonprofit renewals have been online as a web application for almost a year, and we've heard feedback from many customers about the ease at which they can renew their nonprofit corporate status. As with everything, there is room for improvement, so we are working to improve some specific areas of the application, such as:

- Adding a definition of the registered agent on the registered agent page to help customers understand the role of the registered agent.
- Less white space so the final application will print on one to two pages.
- Adding an 'exit' button at the end of the application so customers can be assured that the transaction is complete.
- Providing an option for customers to review their application after they have exited the program.
- Removing the duplicative Nature of Business and Purpose printed in two places on the print copy.
- Adding a link to the Charities webpage for those nonprofits who also need to register as a Charity.
- Adding the option to print out a 'payment-by-mail' page to mail in payment by check, for those entities who do not wish to pay online with a credit card.

**Reinstatement Applications**

In an effort to reduce costs AND customer confusion, our office will no longer send back reinstatement applications with a "Filed" stamp once they are processed. The Department of Licensing sends a reinstated business a new license certificate, so we felt that the "Filed" copy of the reinstatement application was duplicative and unnecessary. We are happy to provide a copy upon request at the time of filing— just send a cover letter with our documents, call us at (360) 725-0377, or email at [corps@sos.wa.gov](mailto:corps@sos.wa.gov).

**Inactive Status**

RCW 23B.01.530 allows corporations to file as an 'inactive corporation' if they have not done business in the state of Washington for the past year, yet still wish to remain registered as a corporation. Filing as an 'inactive corporation' rather than letting an annual renewal lapse can be beneficial for several reasons:

- It protects the name of the corporation so it can't be used by another company.
- It saves money by avoiding late fees and penalties if the corporation decides to reinstate.
- It provides corporate protection during the inactive period.

The fee for filing as an 'inactive corporation' is \$19 (annually).

## HIGHLIGHTS

### NEW RULES UPDATE

New corporation rules will go into effect November 6, 2010. A public hearing on these rules was held October 5. Some rules from Chapter 434-110 of the Washington Administrative Code were combined into Chapter 434-112 and Chapter 434-110 will be repealed. The major fees are now set in statute, and the rules have been updated to reflect those and other fees, in a more reader-friendly manner.

New charities rules go into effect December 1, 2010. The public hearing on these rules will be held October 26. These rules clarified language and updated fees from statute. The most important item these rules address is the tiered financial reporting requirements. These were changed so they are no longer cumulative and are more consistent with Internal Revenue Service (IRS) terminology.

#### **Emergency Rules for Tiered Financial Reporting**

In response to much feedback and confusion over the new tiered financial reporting for charities who receive \$1M or more in annual gross revenue, our division filed emergency rules to simplify and clarify this new reporting requirement. Some of the changes include:

- Clarified “accounting” year vs. “fiscal” year.
- Provided an option for Tier 2 organizations to file a copy of an audit in lieu of a federal tax reporting form prepared by a CPA or other professional.
- Removed the need for Tier 3 organizations to also meet Tier 2 requirements.
- Clarified tiered financial reporting requirements for governmental agencies.
- Clarified tiered financial reporting requirements for organizations in existence for less than three years.
- Clarified waiver of audit requirement for organizations who receive \$500,000 or less in cash.

For more information about the new tiered financial reporting, please refer to our Charities webpage at [www.sos.wa.gov/charities](http://www.sos.wa.gov/charities) or contact the Charities help line at 360-725-0378.

### MORE CHARITIES UPDATES

**FREE** - Our Charities program is close to making the final touches on the Charities Exempt Filing online application. This web application will allow those entities who are exempt from registering as a charity, but elect to register, to now do so online at no cost. The paper filing can also be filed at no cost as of December 1. For expedited service, the entity can pay a \$20 online expedite fee, or a \$50 paper expedite fee.

**2011 LEGISLATION** - The Corporation and Charities Division is contemplating some new legislation in 2011.

We will be asking the legislature to consider allowing us the ability to send electronic notifications of renewals, if an entity elects to receive their notices in this manner. We will also be amending the Charitable Solicitation Act to reduce repetitive information filing for charitable organizations.

If you have any questions regarding any of this information, please contact Pam Floyd, Director at [Pam.Floyd@sos.wa.gov](mailto:Pam.Floyd@sos.wa.gov).

## News TIDBITS

#### **IN-PERSON REVIEW FEE**

— Customers frequently ask us to review their documents prior to filing them to be sure everything is in order. Our \$50 in-person fee applies to this service.

#### **DON'T BE FOOLED** —

Don't be fooled by fake certificates!

Occasionally it's reported that a certificate issued by our office may look suspicious or altered. In some cases we have found examples of invalid certificates on websites or other publications in an attempt to make a business look authentic or appear to be in compliance with registration requirements.

If you are ever in doubt about a certificate issued by our office, you can verify basic information by visiting [www.sos.wa.gov/corps](http://www.sos.wa.gov/corps) and now by mobile apps with your iPhone or Android.

If you still have concerns after visiting our site you can call us at 360-725-0377.

### *Your feedback makes a difference*

If you have feedback or questions on any article in this newsletter or would like to see a specific topic in the next publication, send your input and/or suggestions to Kathy Kimbel, Manager at [kathy.kimbel@sos.wa.gov](mailto:kathy.kimbel@sos.wa.gov) or call her direct at (360) 725-0330.

## CELEBRATION

The year was 1854. Arthur A. Denny, a member of the first Washington Territorial Legislature, introduced an amendment to a pending voting bill for women’s suffrage. The amendment failed by only one vote! No doubt, this was rather disappointing. All was not lost, however, because we know the ending of this story is a happy one.

One-hundred and fifty-six years later, the Office of the Secretary of State is coordinating with the Women’s History Consortium, Washington State Historical Society, Temple of Justice, Governor’s Office, State Auditor’s Office, League of Women Voters, and the Interagency Committee of State Employed Women to present “A Day of Jubilation” on November 8.

This event is to celebrate the 100<sup>th</sup> anniversary of Washington State women being granted the right to vote in 1910. Festivities will be held at the Capitol Campus in Olympia from 10 AM to 5 PM, with many live performances and striking displays. Hands-on

activities will be offered for children and there will be a culminating formal program at 4:00 PM.

On November 7th, please visit the State Capital Museum between 11:00 AM and 3:00 PM for a Women’s Suffrage Commemorative Pink Tea. This is a formal event, so feel free to dress up!



ELECTRONIC VERSION OF THIS NEWSLETTER IS AVAILABLE AT [WWW.SOS.WA.GOV/CORPS/](http://WWW.SOS.WA.GOV/CORPS/)

Olympia, WA 98504-0234  
 801 Capitol Way • PO Box 40234  
 James Dolliver Building  
 Division of Corporations & Charities

SAM REED

Secretary of State  
 Washington

