

**POLICY STATEMENT ON LIABILITY FOR ANNUAL REPORTS  
WHEN CORPORATIONS SWITCH FROM NONPROFIT  
TO PROFIT OR VICE VERSA**

The Business Corporation Act and the Nonprofit Corporation Act, in section 601(2), provide that a corporation may file restated articles to switch from a profit corporation to a nonprofit corporation, or vice versa. The annual report filing deadline for profit corporations is May 15 and for nonprofit corporations is October 1. Section 922, in each act, provides that a corporation will be automatically dissolved if it does not file any annual report or pay any filing fee or penalty for two years.

In order to assure that the corporation has not neglected or refused to file any annual report or to pay any filing fee or penalty, the Corporation Division will require all annual reports to be filed and any filing fees and associated penalties to be paid before restated articles are filed to convert from a profit corporation to a nonprofit, or vice versa.

A corporation which is automatically dissolved subsequent to filing restated articles will be required to file the annual reports which were due after the filing of the restated articles to change from profit to nonprofit or vice versa before it is permitted to renew its corporate existence. Nonprofit annual reports will only be required if they were due in the five calendar years prior to the year of renewal of corporate existence pursuant to section 925 of the act.

The above policy shall be adopted immediately and remain in effect unless rescinded or modified by the Bureau Director.

Approved by Carl L. Tyson, Director  
Corporation and Securities Bureau  
on October 3, 1994