

## *How to Incorporate in Massachusetts*

Starting a non-profit organization is a great way to give back to society while creating a rewarding career for yourself. Starting a business can seem like a maze of bureaucracy and rules designed to make the process difficult. If taken one-step at a time, it can actually be quite easy to fulfill your goal of opening a non-profit corporation.

Follow our step-by-step process for incorporating your non-profit. Feel free to contact us along the way if you need an extra assistance. We also advise consulting your attorney before final documents are filed.

Our email is [info@npcm.com](mailto:info@npcm.com). In the subject line, include the name of your organization and what part of the process you would like assistance with.

1. Choose a business name and check for its availability.
2. Recruit and appoint board members.
3. Write a thorough business plan.
4. Create your non-profit's Bylaws.
5. Create your non-profit's Articles of Incorporation
6. Acquire an Employer Identification Number.
7. Register with the Secretary of State.
8. Apply for your tax exemption status.
9. Register your non-profit with the Attorney General and Department of Revenue.
10. Register your non-profit with your local city or town (if required).
11. Open a bank account
12. Solicit funding for your non-profit through donations and grants.

### *Part 1: Choosing a business name and checking for its availability*

a) The name that you would like to choose for your non-profit corporation cannot be the same or similar to any names on file with the Secretary of State. You can search for existing names at the Secretary of the Commonwealth's Corporation Division website to see if a name is taken.

b) One requirement that the Secretary of the Commonwealth puts out there is that any name must contain "corporation," "incorporated," "limited," or their abbreviations.

c) When you find that a name is available to use, you may reserve the exclusive right of the name through the Secretary of the Commonwealth. To do this you must file an application with the Secretary of the Commonwealth and if approved you will have the exclusive right to that name for a period of thirty days. But also be aware that there is a fee for the reservation of a name that must be accompanied with the application.

d) For more information on reserving the right to a specific name, please see the Massachusetts General Laws, Chapter 156b, Section 11.

## *Part 2: Appoint or Recruit your Directors*

- a) For your non-profit corporation, you must have at least one director. Usually three are appointed, one each to serve as the President, Treasurer, and Clerk. One person can serve all three if needed.
- b) The directors you recruit are not required to reside within the state of Massachusetts but must be older than 18 years.
- c) For more information pertaining to appointing or recruiting your director(s), please see the Massachusetts General Laws, Chapter 156b, Section 12.

## *Part 3: Write a thorough Business Plan*

It's extremely important to have a plan before you begin your business. Your business plan should include a clear mission statement and goals for the organization and detail on how those goals will be achieved. Include information on likely funding sources. List the key stakeholders in the company and how their needs will be met.

For help with this, visit the NPCM Resource Center for help guides to writing a business plan.

## *Part 4: Create your non-profit's By-Laws*

Bylaws are your non-profit's internal operating rules. They are not required by the federal government. Some states may require them, but most do not. Even though they are largely not required by the government, most non-profits have them because they establish the parameters for the non-profit to work within. They should be brief, since they will be difficult to amend and will govern how the non-profit operates.

### **A general outline for by-laws would include:**

- I. Name of the non-profit
- II. Purpose or Mission of the non-profit
- III. Definition of what positions will exist on the Board of Directors (example: President, Treasurer, Clerk) and their roles & duties.
- IV. The term of the Board Members
- V. Voting Rules
- VI. How to remove a Board Member
- VII. Minimum number of Board meetings per year (at least one)
- VIII. How to elect officers to the non-profit
- IX. How to amend the by-laws (usual 2/3 vote of the board of directors)

## *Part 5: Create your non-profit's Articles of Incorporation.*

To incorporate your non-profit, you must prepare and file an Articles of Incorporation with the Secretary of the Commonwealth. The following items must be included:

- The name of the corporation.
- The purpose of the corporation.
- If more than one class of members, the designation of classes, manner of election or appointments, duration or membership and qualifications or rights.
- Any other lawful provisions.
- The bylaws of the corporation.
- The effective date of the organization.
- The directors' names and addresses.

Here is the form to file your [Articles of Incorporation](#) with the Commonwealth of Massachusetts.

Once you have prepared your Articles of Incorporation you must file it with the Secretary of the Commonwealth. The fastest way to do this is online at the [Secretary of the Commonwealth's website](#) for a \$35 dollar fee.

One thing to keep in mind is that one year after the date of creation of your corporation you must file an Annual Report with the Secretary of the Commonwealth. All the report requires is some basic business information and there is a \$15 filing fee. Here is the form for the [Annual Report](#) that you must file.

### *Part 6: Obtaining Your Employer Identification Number*

To incorporate your non-profit, you must request an Employer Identification Number from the IRS. This simple process can be done entirely on-line at the IRS website. You can apply [here](#).

You'll need to be an authorized signer for the new non-profit, have the address of the new company, have the date of incorporation (usually the day you are filing for an FEIN), and have the name of the non-profit.

### *Part 7: Register with the Secretary of State*

Once you have obtained an FEIN number and prepared your Articles of Incorporation you must file it with the Secretary of the Commonwealth. The fastest way to do this is online at [the Secretary of the Commonwealth's website](#) for a \$35 dollar fee.

It is best to do this the same day you obtain an FEIN number so there is no confusion in the future about the day you incorporated.

One thing to keep in mind is that one year after the date of creation of your corporation you must file an Annual Report with the Secretary of the Commonwealth. All the report requires is some basic business information and there is a \$15 filing fee. Here is the form for the [Annual Report](#) that you must file.

## *Part 8: Applying for Tax Exemptions*

Once your non-profit has been incorporated you can start applying for tax exempt status with the IRS. To figure out if you are eligible for this status, the IRS has a [list of questions](#) they take you through to find out if you will qualify.

There are 26 different types of non-profit status with the IRS. Most charities will fall under the category of a 501(c)3 organization. If you qualify to apply for this status you will need to fill out the [IRS form 1023](#) which is your application.

For a full list of non-profit types, refer to the chart located on page 65 of IRS publication 557 on [www.irs.gov](http://www.irs.gov). This chart will provide a description of each type of non-profit and what forms are required to apply for tax exempt status. You can also link directly to this <http://www.irs.gov/pub/irs-pdf/p557.pdf>

It can take several months before you receive a response from the IRS, but your tax exemption will be retro-active to the date of your submission.

## *Part 9: Register with the Attorney General and Department of Revenue.*

A. Attorney General Start-up: You'll need to file the Short Form PC: This is for organizations that have not yet completed their first fiscal year. This form is intended to inform the Attorney General of your fundraising activities for the upcoming year. There is a \$50 filing fee and you can get a copy of the form and specific directions by visiting the Attorney General's Office Forms and Instructions web page.

B. Attorney General Follow-up: After your first fiscal year you must file a Form PC with the Attorney General on an annual basis. This form informs the Attorney General how your corporation conducts its solicitation of funds. The filing fee that starts at \$35 and is based off your gross revenue. You are exempt from having to do this if you are not going to raise more than \$5,000 in a year or your donations will come from ten or less individuals and all of the work is going to be done by volunteers. For this form and specific direction please see the Forms and Instructions web page.

C. You must also register with the Department of Revenue in order to be exempt from paying sales tax. You can do this very easily on the Department of Revenue's web page where they give you instructions, a checklist, and all the codes you need to follow. After you register as a non-profit, you will be receiving an ST-2 form which will exempt you from sales tax. If you have any employment tax questions, the Department of Revenue has a great Guide to Employer Tax Obligations

### *Part 10: Register with your local City or Town*

Some towns and cities require you to register with them before conducting business. Check with your individual town or city clerk if they need you to file a business certificate.

### *Part 11: Open a Bank Account*

Now that you have an FEIN number, articles of organization on file with the Secretary of State, bylaws, and registered with your local city or town if required you'll be able to open a bank account. Bring copies of all this information along with two forms of ID for yourself to your local bank to open the account. Shop around your local banks for the ones that offer services most compatible with your business plan. You do not need to have received your tax exempt status yet to open an account.

### *Part 12: Solicit Funding*

Now it's time for the fun to begin. You are fully incorporated and ready to solicit money for your programs and activities.

Check out the NPCM resource page for helpful hints on raising money.