Starting a Maine Nonprofit Checklist

The following checklist provides basic guidance for how to start nonprofit in Maine. This is not a comprehensive breakdown or a definitive list of rules and requirements; it is intended to provide an overview of one way to start a nonprofit in Maine.

Furthermore, the process is different for each new nonprofit and the order of the items may change or overlap. Depending on the activities of your organization, other steps may be necessary that are not listed here (such as acquiring special licenses or permits or employment documentation).

Find a more detailed version of this checklist (including links) as well as FAQs about starting a nonprofit at www.nonprofitmaine.org/learn/resources/starting-a-nonprofit/.

Checklist			
1	**Apply for Reservation of Name**	If you have a name in mind that you wouldn't want to be taken by another group while you organize, you should start with this step. Otherwise, skip to step #2.	$5
2	**Recruit Board Directors**	In Maine, your board must include a minimum of 3 individuals. We recommend that your board be made up of at least 5 persons unrelated to each other or to the staff, and often a range of 9 to 15 board directors is sought.	
3	**Determine Your Organization's Vision, and Draft a Mission Statement**	Draft a brief mission statement that describes the organizational purpose of your new organization; your board should review and authorize it during the strategic planning process (see step 8).	
4	**Draft Articles of Incorporation and submit to State**	Articles of Incorporation specify a legal description of your organization and the powers given to the board. Not all groups choose to incorporate, though it is required if you are hoping to use the 1023-EZ form – see #5 on our Starting a Maine Nonprofit FAQ page for more on this.	$40
5	**Draft Bylaws and Get Board Approval**	Bylaws specify how the board will operate and should be approved by the board. If your organization will have members, some of this information will be needed for Step 4.	
6	**Get Financial House in Order**	Seek a bank that understands the needs of new, small nonprofits. In order to open a bank account under the name of the organization, you will need an Employer Identification Number (EIN) from the IRS, even if no employees are anticipated. Find an accountant or other finance expert who will help set up a basic bookkeeping system; when you designate a board treasurer, he/she can be helpful in this regard. You should consider which insurances you will need.	
7	**Develop Business Plan and Strategic Plan**	Once your bylaws are complete, you will want to begin the strategic planning process, including developing a budget, a resource development plan, a business plan, a record keeping system and establishing an accounting system.	

8	**Enact Conflict of Interest Policy and Other Key Governance Policies**	Maine and federal laws regulate certain transactions in which conflicts of interest are present. In order to ensure compliance, a conflict of interest policy is strongly encouraged. If the organization will apply for 501(c)(3) status (step #9 below), a conflict of interest policy is especially recommended, as the Form 1023 inquires about the existence of such a policy. Similarly, the annual Form 990 asks about key governance policies, such as whistleblower protection, document retention and destruction, executive compensation, gift acceptance, etc.	
9	**File for Federal Tax-Exempt Status with IRS**	Apply for tax-exempt status (to be exempt from paying federal taxes); the board should approve this filing before submission. This is usually a lengthy process. Consider fiscal sponsorship while waiting for tax exempt status.	$275-$600
10	**Check for Sales Tax Exemption from State**	Many nonprofit corporations are not eligible for sales tax exemption in Maine. However, you should check the website for a list of the kinds of organizations that are eligible for an exemption. If eligible, you may apply for any state tax exemptions once you receive IRS exemption.	$25, if applicable
11	**Comply with Charitable Solicitation Rules**	If your organization will conduct any fundraising solicitations, it must comply with Maine's Charitable Solicitations Act. If minimal fundraising activity is anticipated you may be exempt from registration and reporting requirements. Other exemptions may also apply.	$50, if not exempt
12	**Stay Exempt!**	Once your organization has status as a tax-exempt nonprofit organization, be sure to stay in compliance by filing your annual corporate report with Maine's Bureau of Corporations, filing each year with the IRS, renewing all appropriate licensures and insurances, etc.	

Find answers to frequently asked questions, including the following, on MANP's website at www.nonprofitmaine.org/learn/resources/starting-a-nonprofit/starting-a-maine-nonprofit-faqs/.

- How do I write a mission statement?
- What are the advantages and disadvantages of becoming a nonprofit?
- Should our nonprofit association incorporate?
- How do I recruit new board members?
- Can I raise money before I receive my 501(c)(3) status?
- What is Unrelated Business Income (UBI)?
- How do I know what type of nonprofit I might be?
- What does it mean to be tax exempt?
- Are all nonprofits exempt from property tax?
- What is a fiscal sponsor?
- Can a nonprofit make a profit?
- What is a registered agent and how do I get one?

Important Notice: Form changes occur periodically to implement new requirements. Forms may be eliminated or revised, or new forms may be created. Before submitting forms for filing, please be sure that you have the most recent version.