



Starting a Nonprofit in Maine

A Practical Guide for First-Time Founders

Prepared by Camden Hills Partners LLC

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Important Disclaimer

This guide provides general educational information about the nonprofit formation process in Maine. It is not legal, tax, or financial advice. The process involves legal filings, IRS regulations, and state requirements that can change. We strongly recommend working with a Maine-licensed attorney and a CPA experienced in nonprofit law before and during your process.

Section 1: Is a Nonprofit Right for You?

What Is a Nonprofit?

A nonprofit organization is a legal entity formed to serve a public or community purpose rather than to generate profit for owners or shareholders. In the United States, nonprofits can apply for federal tax-exempt status under Section 501(c) of the Internal Revenue Code, the most common being 501(c)(3), which covers charitable, educational, religious, and scientific organizations.

Being "nonprofit" does not mean the organization cannot earn revenue or pay employees. It means that any surplus revenue must be reinvested into the organization's mission; it cannot be distributed to founders, board members, or shareholders.

Common Reasons to Form a Nonprofit

- You want to fundraise from the public, apply for grants, or receive tax-deductible donations.
- You are organizing a community effort that requires a formal legal structure.
- You want liability protection for the people doing the work.
- You are launching a program in animal welfare, arts, housing, conservation, hunger relief, education, or social services.
- Your funders (foundations, government agencies) require that recipients be incorporated nonprofits.

Alternatives to Consider First

Before committing to full incorporation, consider whether one of these lighter-weight options might serve your needs:

- Fiscal sponsorship: Partner with an existing 501(c)(3) that "sponsors" your project. You raise funds under their umbrella, avoiding the cost and complexity of your own incorporation. Good for early-stage or time-limited projects.
- Unincorporated association: A small volunteer group can operate informally without state registration. You lose liability protection and cannot receive tax-deductible donations.
- For-profit LLC or benefit corporation: If your work will generate revenue through services or products, a social enterprise structure may be more appropriate.

Key Question to Ask Yourself

Is our work long-term and mission-driven enough to justify the ongoing compliance burden of a nonprofit (annual filings, board governance, audits, etc.)?

If yes, proceed.

If you are unsure, start with fiscal sponsorship.

Section 2: Overview of the Formation Process

Forming a 501(c)(3) nonprofit in Maine involves two parallel tracks: Maine state incorporation and federal IRS tax-exempt status.

Both are required for a fully operational public charity. The entire process typically takes 3–9 months and costs between \$400 and \$1,200 in filing fees, depending on your budget size.

| | |
|---------------|---|
| STEP 1 | Define your mission, vision, and founding board |
| STEP 2 | Choose a name and check availability |
| STEP 3 | Draft and file Articles of Incorporation with Maine SOS |
| STEP 4 | Obtain an Employer Identification Number (EIN) from the IRS |
| STEP 5 | Hold your organizational meeting and adopt bylaws |
| STEP 6 | Apply for federal tax-exempt status (IRS Form 1023 or 1023-EZ) |
| STEP 7 | Register with the Maine Office of Professional and Occupational Regulation (if soliciting donations) |
| STEP 8 | Open a bank account and set up financial systems |
| STEP 9 | Maintain ongoing compliance |

Section 3: Overview of the Formation Process

Step 1: Define Your Mission, Vision, and Founding Board

Mission Statement

Your mission statement is the most important sentence your organization will ever write. It should answer three questions in one or two sentences: Who do you serve? What do you do? Why does it matter? Keep it clear enough that a stranger could understand your purpose immediately.

Example: "The Boystown Land Trust protects the working landscapes, wildlife habitat, and natural areas of Anonymous County through conservation, stewardship, and community partnerships."

Founding Board of Directors

Maine Title 13-B (the Maine Nonprofit Corporation Act) requires a minimum of three directors for a public benefit corporation. Your founding board carries legal and fiduciary responsibility for the organization.

Choose people who are:

- Genuinely committed to the mission (not just your friends)
- Willing to give time, make connections, or give financially
- Diverse in skills: finance, legal, marketing, program expertise
- Free of conflicts of interest with the organization's work

Your board members serve without compensation (in most cases) and are personally responsible for ensuring the organization operates legally and ethically. Do not fill seats just to meet the minimum — each board member matters.

Tip: Avoid Common Founding Board Mistakes

- Do not seat family members of the executive director or paid staff.
- Do not allow any one person to hold both the board chair and treasurer roles.
- Do not form a board of all founders; include at least one or two independent community members from the start.

Step 2: Choose a Name and Check Availability

Your organization's legal name must be distinguishable from all other entities registered in Maine. Follow these steps:

- Search the Maine Secretary of State's business name database to confirm your desired name is available.
- The name must include a corporate designator. For Maine nonprofit corporations, common options include: "Corporation," "Incorporated," "Inc.," or you may omit a designator if your name clearly indicates nonprofit status.
- Search the USPTO trademark database to ensure the name is not trademarked nationally.
- Check that the domain name (.org preferred) is available for your website.
- Consider how the name will appear on grant applications and donor communications — avoid acronyms that are hard to remember or already in use.

Maine SOS Business Search: <https://apps.web.maine.gov/nos/cec/corp/search.html>

USPTO Trademark Search: <https://www.uspto.gov/trademarks/search>

Step 3: Draft and File Articles of Incorporation

Articles of Incorporation are the founding document filed with the Maine Secretary of State that legally creates your corporation. For a public benefit corporation (the standard nonprofit form in Maine), the Articles must include:

- The organization's name
- A statement that it is a public benefit corporation
- The registered agent's name and Maine street address (this person receives legal notices)
- The names and addresses of the initial directors (minimum three)
- The name and address of the incorporator (the person signing and filing)
- A purpose clause — and critically, an IRS-required charitable purpose statement
- A dissolution clause — stating that assets will go to another 501(c)(3) if the organization dissolves

IRS-Required Language in Your Articles

The IRS requires specific language in your Articles of Incorporation to qualify for 501(c)(3) status. Your purpose clause must limit activities to those permitted under 501(c)(3) (e.g., charitable, educational, religious). Your dissolution clause must state that remaining assets will be distributed to another 501(c)(3) or to the government. Without these clauses, your 1023 application will be rejected. An attorney can ensure this language is correct.

The filing fee for Articles of Incorporation in Maine is \$40. You can file online through the Maine Secretary of State's online portal or by mail.

Maine SOS Nonprofit Filing Portal: <https://www.maine.gov/sos/cec/corp/nonprofit.html>

After filing, you will receive a Certificate of Incorporation from the state. This is your proof of legal existence as a Maine corporation. Keep this document permanently.

Addendum A: Sample Articles of Incorporation

Step 4: Obtain an Employer Identification Number (EIN)

An EIN is a federal tax identification number issued by the IRS — think of it as a Social Security Number for your organization. You need an EIN before you can open a bank account, file taxes, or apply for 501(c)(3) status.

You can apply for an EIN online at no cost through the IRS website. The EIN is issued immediately upon completion of the online application. Use your organization's legal name exactly as it appears in your Articles of Incorporation.

IRS EIN Online Application:

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

Step 5: Hold Your Organizational Meeting and Adopt Bylaws

Before applying to the IRS, your board must hold a formal organizational meeting. At this meeting, the board should:

- Formally adopt the bylaws
- Elect officers (president/chair, treasurer, secretary at minimum)
- Ratify the Articles of Incorporation
- Authorize the opening of a bank account
- Authorize the filing of the IRS 1023 application
- Adopt a Conflict of Interest Policy (required by the IRS for 1023)

About Bylaws

Bylaws are the internal rules governing how your organization operates. They are not filed with the state but are required by the IRS for your 1023 application.

Well-drafted bylaws should address:

- Board composition, terms, and how directors are elected or removed
- Officer roles and responsibilities
- How meetings are called and conducted (quorum requirements)
- How the board makes decisions (voting thresholds)
- Conflict of interest provisions
- Amendment procedures

Maine Title 13-B governs nonprofit corporations and sets default rules where bylaws are silent. Your bylaws should be consistent with Title 13-B. An attorney can review your draft bylaws to ensure compliance.

Maine Title 13-B (Nonprofit Corporation Act):

<https://legislature.maine.gov/statutes/13-B/title13-Bch0sec0.html>

Step 6: Apply for Federal Tax-Exempt Status (IRS Form 1023)

This is the most complex and time-consuming step. The IRS offers two application forms:

Form 1023-EZ (Streamlined Application)

The 1023-EZ is a short online form available to smaller organizations that meet all of the following:

- Projected annual gross receipts of \$50,000 or less in each of the next three years
- Total assets of \$250,000 or less
- Incorporated in the U.S.
- Not a church, school, hospital, or supporting organization

The 1023-EZ costs \$275 and is filed entirely online through Pay.gov. IRS approval typically takes 2–4 weeks. While faster and cheaper, the 1023-EZ provides less documentation of your program — some larger funders may ask for a full 1023 if they have questions about your operations.

Form 1023 (Full Application)

The full 1023 is required for larger organizations or those that do not qualify for the EZ. It is a detailed application covering your programs, finances, governance, and compensation policies. The filing fee is \$600. IRS processing time is typically 3–6 months, though it can be longer.

The full 1023 requires: narrative descriptions of all programs, a three-year budget (actual or projected), a list of officers and directors and their compensation, copies of your Articles of Incorporation and bylaws, and a signed declaration.

IRS Form 1023-EZ: <https://www.irs.gov/forms-pubs/about-form-1023-ez>

IRS Form 1023 (Full): <https://www.irs.gov/forms-pubs/about-form-1023>

Once Approved...

The IRS will issue a Determination Letter confirming your 501(c)(3) status. This letter is essential — donors need it for tax deductions, grant applications require it, and banks may ask for it. Keep the original permanently and make multiple copies.

Step 7: Register as a Charitable Solicitor in Maine

If your organization will solicit charitable contributions from the public in Maine, including online fundraising accessible to Maine residents, you must register with the Maine Office of Professional and Occupational Regulation (OPOR) before soliciting.

Registration is required annually. The initial registration fee is \$50 for organizations with annual contributions under \$30,000; fees scale upward for larger organizations. You must submit your IRS Determination Letter and financial statements with your registration.

Note: Religious organizations and organizations with gross contributions under \$10,000 that use only unpaid solicitors may be exempt from registration.

Maine Charitable Solicitor Registration (OPOR):

<https://www.maine.gov/pfr/professionallicensing/professions/charitable-organizations>

Step 8: Open a Bank Account and Set Up Financial Systems

Once you have your EIN and Articles of Incorporation (and ideally your Determination Letter), you can open a business checking account in the organization's name.

Bring:

- EIN confirmation letter from the IRS
- Articles of Incorporation / Certificate of Incorporation
- Board resolution authorizing the account (from your organizational meeting minutes)
- Bylaws (some banks require this)
- IRS Determination Letter (if available)

- Photo ID for all authorized signers

Financial Systems to Establish Early

Sound financial practices from the beginning protect your organization and its leaders. Prioritize:

- Accounting software: QuickBooks Nonprofit or similar, set up with a chart of accounts appropriate for nonprofits
- Separation of duties: The person who authorizes expenses should not also be the person who signs checks or reconciles bank accounts
- Dual signature requirement: Require two signatures for checks above a threshold (e.g., \$1,000) as stated in your bylaws or a financial policy
- Annual budget: Adopt a budget at the start of each fiscal year through board vote
- Financial reporting: Present a monthly or quarterly financial report (income statement + balance sheet) to the full board
- Document retention: Keep all financial records for at least seven years per IRS guidelines

Step 9: Maintain Ongoing Compliance

Forming a nonprofit is just the beginning. Maintaining your legal status requires ongoing attention to state and federal requirements.

Annual Maine State Requirements

- Annual Report: File with the Maine Secretary of State each year by June 1. The fee is \$35. Failure to file results in administrative dissolution.
- Charitable Solicitor Re-registration: Renew annually with Maine OPOR before your registration expiration date.
- Registered Agent: Maintain a current registered agent with a Maine street address at all times.

Annual Federal Requirements

- IRS Form 990: Most 501(c)(3) organizations must file an annual information return with the IRS. The form varies by revenue: 990-N (e-Postcard) for organizations with gross receipts under \$50,000; 990-EZ for those between \$50,000 and \$200,000; full 990 for larger organizations. Failure to file for three consecutive years results in automatic revocation of tax-exempt status.
- Payroll taxes: If you have employees, you must withhold and remit federal and Maine payroll taxes and file quarterly payroll returns.

Governance Best Practices

- Hold at least one annual meeting of the full board (more frequent meetings are typical and recommended).
- Keep minutes of all board and committee meetings; minutes are legal records and may be reviewed by the IRS or state regulators.
- Review and update your Conflict of Interest Policy annually; have all board members and key employees sign it each year.
- Conduct an annual financial review or audit as your budget grows (audits are typically required by grantors above \$500,000 in revenue).
- Review bylaws every 3–5 years to ensure they remain accurate and compliant with Maine law.

Section 4: Costs and Timeline Summary

Estimated Filing Fees

| Filing | Fee | Notes |
|--|----------------|-----------------------------|
| Maine Articles of Incorporation | \$40 | One-time |
| IRS EIN | Free | One-time; apply online |
| IRS Form 1023-EZ | \$275 | If eligible (smaller orgs) |
| IRS Form 1023 (Full) | \$600 | Required for larger orgs |
| Maine Charitable Solicitor Registration | \$50–\$200 | Annual; scales with revenue |
| Maine Annual Report (SOS) | \$35 | Annual; due June 1 |
| Attorney fees (optional but recommended) | \$500–\$3,000+ | One-time; highly variable |

Realistic Timeline

The timeline below assumes prompt action, complete documentation, and no IRS requests for additional information (which are common with full 1023 applications).

| Timeframe | Tasks |
|--------------------------|---|
| Weeks 1–2 | Define mission; recruit board; choose and verify name |
| Weeks 3–4 | Draft Articles of Incorporation and bylaws; identify registered agent |
| Week 5 | File Articles with Maine SOS; apply for EIN; hold organizational meeting |
| Weeks 6–8 | Prepare 1023 or 1023-EZ application; open bank account |
| Months 2–3 | File 1023 with IRS; register as a charitable solicitor with Maine OPOR |
| Months 2–7 | Await IRS determination (2–4 weeks for EZ; 3–6 months for full 1023) |
| Upon IRS approval | Begin public fundraising; launch programs; file annual reports as they come due |

Section 5: Key Resources and Links

Maine State Government

| Resource | Website / Contact | Cost |
|--|---|-----------------|
| Maine Secretary of State – Corporations | https://www.maine.gov/sos/cec/corp/nonprofit.html | See website |
| Maine Annual Report Filing | https://apps.web.maine.gov/nos/cec/corp/search.html | \$35/year |
| Maine OPOR – Charitable Solicitor Registration | https://www.maine.gov/pfr/professionallicensing/professions/charitable-organizations | \$50–\$200/year |
| Maine Nonprofit Corporation Act (Title 13-B) | https://legislature.maine.gov/statutes/13-B/title13-Bch0sec0.html | Free reference |

Federal / IRS

| Resource | Website / Contact | Cost |
|---|---|----------------|
| Apply for EIN (online) | https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online | Free |
| Form 1023-EZ (online) | https://www.irs.gov/forms-pubs/about-form-1023-ez | \$275 |
| Form 1023 (full application) | https://www.irs.gov/forms-pubs/about-form-1023 | \$600 |
| IRS Tax Exempt Organization Search | https://apps.irs.gov/app/eos/ | Free |
| IRS Publication 557 (Tax-Exempt Status) | https://www.irs.gov/publications/p557 | Free |
| IRS Form 990 Filing Requirements | https://www.irs.gov/charities-non-profits/annual-reporting-and-filing | Free reference |

Maine Nonprofit Support Organizations

| Resource | Website / Contact | Cost |
|--|---|--|
| Maine Association of Nonprofits (MANP) | https://www.nonprofitmaine.org | Membership-based; many free resources |
| Maine Community Foundation | https://www.mainecef.org | Grants and guidance for Maine nonprofits |

This guide was prepared by Camden Hills Partners LLC, a nonprofit consulting practice based in Rockport, Maine.

For informational purposes only. Not legal or tax advice. Consult qualified professionals for guidance specific to your organization.

| | | |
|---|---|--|
| Maine Center for Nonprofits / SCORE Maine | https://www.score.org/find-location/maine | Free mentoring from experienced business leaders |
| Volunteer Lawyers Project of Maine | https://www.vlp.org | Free/low-cost legal help for qualifying nonprofits |
| Coastal Enterprises Inc. (CEI) | https://www.ceimaine.org | Financing and business development support |

Learning Resources

| Resource | Website / Contact | Cost |
|---------------------------------------|---|---------------------------------|
| BoardSource (board governance) | https://www.boardsource.org | Subscription + free articles |
| National Council of Nonprofits | https://www.councilofnonprofits.org | Free resources |
| Candid / Foundation Center | https://candid.org | Grant research + nonprofit data |
| GuideStar / Candid Nonprofit Profiles | https://www.candid.org/find-nonprofit/ | Free basic access |

Section 6: Formation Checklist

Use this checklist to track your progress through the formation process. Check off each item as completed.

Pre-Formation

- Confirmed that a nonprofit structure is appropriate for our purpose
- Considered and ruled out fiscal sponsorship or other alternatives
- Written a clear mission statement
- Identified and committed at least three founding board members
- Confirmed no conflicts of interest among founding board members
- Selected a name and confirmed availability with Maine SOS and USPTO
- Secured a .org domain name

State Incorporation

- Drafted Articles of Incorporation with IRS-required purpose and dissolution language
- Identified a Maine registered agent
- Filed Articles of Incorporation with Maine Secretary of State (\$40)
- Received Certificate of Incorporation from Maine SOS
- Obtained EIN from IRS (free, online)

Organizational Meeting

- Drafted bylaws consistent with Maine Title 13-B
- Held an organizational meeting of the board
- Adopted bylaws by board vote
- Elected officers (chair/president, treasurer, secretary)
- Ratified Articles of Incorporation
- Adopted Conflict of Interest Policy
- Authorized opening of bank account
- Authorized filing of IRS 1023 application
- Kept signed minutes of organizational meeting

Federal Tax-Exempt Status

- Determined eligibility for Form 1023-EZ vs. full Form 1023
- Prepared required supporting documents (narrative, budget, bylaws, Articles)
- Filed 1023 or 1023-EZ with IRS
- Received IRS Determination Letter
- Filed copies of Determination Letter in permanent organizational records

Maine Charitable Solicitor Registration

- Determined the applicability of the charitable solicitor registration requirement
- Registered with Maine OPOR before public solicitation
- Set calendar reminder for annual renewal

Ongoing Compliance (Annual Reminders)

- File Maine Annual Report with SOS by June 1 each year (\$35)
- Renew charitable solicitor registration with Maine OPOR annually
- File IRS Form 990 (990-N, 990-EZ, or full 990) by appropriate deadline
- Have all board members sign the ***Conflict of Interest Policy*** annually
- Hold at least one annual board meeting; keep minutes
- Prepare and present the annual financial report to the full board

Section 7: How Camden Hills Partners can help you

Starting a nonprofit is one of the most meaningful things a community leader can do, and one of the most complex. Camden Hills Partners is a Maine-based consulting firm that works exclusively with mission-driven organizations at every stage of the journey, from the earliest conversations about purpose and structure to the governance and financial systems that sustain long-term impact.

We bring practical, firsthand knowledge of the Maine nonprofit landscape alongside a collaborative approach that meets founders where they are. Whether you are a first-time founder with a compelling idea or an established board ready to formalize operations, we provide the clarity and structure you need to move forward with confidence.

How We Work With Nonprofits

We offer tailored engagements, not one-size-fits-all packages.

Our clients typically engage us for:

- **Formation Readiness** — Helping founding teams clarify mission, assess organizational fit, and determine whether nonprofit incorporation is the right path (or whether fiscal sponsorship or another structure makes more sense at this stage).
- **Governance Design** — Facilitating board recruitment and composition conversations, reviewing or drafting foundational documents (Articles of Incorporation, bylaws, conflict of interest policies), and helping boards establish the practices and culture they need to govern effectively.
- **Strategic Planning** — Leading facilitated planning processes that produce clear, actionable goals aligned with your mission, community, and capacity.

- **Fundraising Strategy** — Developing diversified revenue strategies for organizations building their first development program, including grant readiness, donor cultivation, and earned revenue planning.
- **Operational Systems** — Advising on financial management practices, staffing structure, and the administrative infrastructure that keeps a young organization healthy and audit-ready.
- **Ongoing Advisory Support** — Serving as a trusted thought partner to executive directors and board chairs navigating leadership transitions, growth decisions, or organizational challenges.

Let's Talk

A 30-minute conversation costs nothing and can save months of missteps. If you are considering starting a nonprofit in Maine, or if your organization is already underway and you would like a fresh set of eyes, we would welcome the chance to connect.



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