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Nonprofit Governance and Operations Checklist

Massachusetts Nonprofit Corporations Tax-Exempt Under Section 501(c)(3) as Public Charities

November 17, 2025

Recent changes in the federal regulatory environment have raised questions about nonprofit policies and operations. This checklist identifies some key areas to consider. The list is not comprehensive, but it includes some core considerations and issues of particular concern now.

Many recent changes stem from executive orders signed by the President. The National Council of Nonprofits provides some background information on executive orders generally; specific executive orders impacting nonprofits; and when and how a nonprofit's tax-exempt status can be revoked. <https://www.councilofnonprofits.org/impacts-recent-executive-orders-nonprofits> The National Council of Nonprofit's Chart on Executive Orders is updated regularly. <https://www.councilofnonprofits.org/files/media/documents/2025/chart-executive-orders.pdf>

→ If a nonprofit decides to review its policies, programs, activities or communications for legal compliance, consider doing this with an attorney and subject to attorney-client privilege.

This checklist is for MA nonprofits that are tax-exempt under Section 501(c)(3) as public charities. A tax-exempt nonprofit can lose its status as a public charity and become a private foundation if it fails the public support test. Private foundations are subject to more restrictions than public charities, may incur significant penalties for violating these restrictions, and are not eligible for many grants. Public charities should work with an accountant who specializes in tax-exempt organizations to confirm that they meet the public support test.

This checklist is for educational purposes only and does not constitute legal advice.

Please consult an attorney for the most current information and guidance on how specific legal requirements apply to your organization.

CHALLENGING TIMES

Planning Tools for Finance and Changes

Resources

12 Urgent Financial Action Steps for Nonprofits: A 2025 Checklist (Nonprofit Financial Commons)

<https://nonprofitfinancials.org/resources/12-urgent-action-steps-nonprofits-2025/>

The Power of Nonprofit Repositioning: An Alternative to Scenario Planning (National Council of Nonprofits)

<https://www.councilofnonprofits.org/articles/power-nonprofit-repositioning-alternative-scenario-planning>

PURPOSE, MISSION AND ACTIVITIES

Alignment

- Are these in alignment?
 - ❖ Purpose statement in the Articles of Organization
 - ❖ Bylaws
 - ❖ Filings with the IRS (Form 1023 or 1023-EZ; Form 990 or 990-EZ) and with the MA Attorney General's Office (AGO) (Form PC)
 - ❖ Mission statement
 - ❖ Communications (website and other communications, grant proposals and reports, fundraising materials)
 - ❖ Actual programs, activities and operations

- Are the nonprofit's purposes, programs and activities (stated and actual) consistent with Section 501(c)(3)?

A nonprofit that operates outside of the scope of its exempt status (as stated in its articles and bylaws, Form 1023 or 1023-EZ application filed with the IRS, and state and federal tax filings) risks investigation by the IRS, state Attorney General, and state taxing authorities, and possible loss of its tax-exempt status.

REQUIRED ANNUAL FILINGS

Is the nonprofit up to date with these three required annual filings?
<ul style="list-style-type: none">• MA Secretary of the Commonwealth (SOC)<ul style="list-style-type: none">❖ Annual Report• MA Attorney General's Office (AGO)<ul style="list-style-type: none">❖ Form PC• Internal Revenue Service (IRS)<ul style="list-style-type: none">❖ Form 990, Form 990-EZ, or Form 990-N
<p><i>After a certain number of years, the SOC will dissolve a nonprofit corporation that has not filed Annual Reports. The nonprofit can be reinstated by filing an application with the SOC, but it's best to stay up to date. The Annual Report is simple to complete; it's due on or before November 1. [Note: Dissolution by the SOC is different than the dissolution procedure required by the MA AGO when a nonprofit decides not to proceed with or continue its activities.]</i></p> <p><i>Failure to register with the AGO and file the annual Form PC may result in penalties, and updating missing filings is more time-consuming than filing regularly. Information about how to file, and instructional videos, are on the AGO website. Talk with an accountant if you need help.</i></p> <p><i>The IRS <u>automatically revokes</u> tax-exempt status for failure to file in three consecutive years. The tax-exemption can be reinstated, but it takes time and can be difficult.</i></p>
<p>Resource – Including links to forms</p> <p>NP Topic: Are Your Nonprofit Annual Filings Up to Date https://lawyersclearinghouse.org/nonprofit-resources/</p>

GOVERNANCE

Board of Directors
<ul style="list-style-type: none">• Do the directors of the nonprofit (the members of the Board of Directors) know what their fiduciary duties are?<ul style="list-style-type: none">❖ Duty of Loyalty❖ Duty of Care
<ul style="list-style-type: none">• Is there a majority of independent directors on the Board?

<ul style="list-style-type: none"> • Are the organization's Bylaws up to date?
<ul style="list-style-type: none"> • Does the Board function as described in the Bylaws?
<ul style="list-style-type: none"> • Does the Board meet regularly to review the nonprofit's programs, operations, and finances?
<ul style="list-style-type: none"> • Does the Board: <ul style="list-style-type: none"> ❖ Have an agenda for meetings (presided over by the President) ❖ Take, approve, and keep minutes (Secretary/Clerk) ❖ Review financial reports and create budgets (Treasurer)
<p><i>The IRS, the MA Attorney General's Office, donors and grantors expect tax-exempt nonprofits to have complete and accurate financial records and reports. The Board is responsible for making sure that the organization's funds are used for the purposes for which they have been given. Accurate financial records and reports are essential.</i></p>
<p>Resources</p> <p>MA Attorney General's Guide for Board Members of Charitable Organizations (including fiduciary duties) https://www.mass.gov/doc/charities-guidance/download</p> <p>IRS – Governance and Related Topics – 501(c)(3) Organizations https://www.irs.gov/pub/irs-tege/governance_practices.pdf</p> <p>Create a Board Manual (Board Source) https://boardsource.org/what-goes-into-a-board-manual/</p> <p>Financial Management (National Council of Nonprofits) https://www.councilofnonprofits.org/running-nonprofit/administration-and-financial-management/financial-management</p>

NONPROFIT POLICIES

Does the nonprofit have these policies?
<ul style="list-style-type: none">• All nonprofits filing IRS Form 990 must say whether they have these policies:<ul style="list-style-type: none">❖ Conflict of Interest Policy❖ Document Retention and Destruction Policy❖ Whistleblower Policy
<ul style="list-style-type: none">• Required by MA law for many nonprofits:<ul style="list-style-type: none">❖ Written Information Security Program (WISP)
<ul style="list-style-type: none">• Recommended:<ul style="list-style-type: none">❖ Non-Discrimination and Anti-Harassment Policy
<p>Resources</p> <p>Good Governance Policies for Nonprofits (National Council of Nonprofits) https://www.councilofnonprofits.org/running-nonprofit/governance-leadership/good-governance-policies-nonprofits</p> <p>The Importance of Written Information Security Policies in Data Governance (Boston Bar Association) https://bostonbar.org/journal/the-importance-of-written-information-security-policies-in-data-governance/</p> <p>General Non-Discrimination Policy Tips (U.S. Equal Employment Opportunity Commission) https://www.eeoc.gov/employers/small-business/general-non-discrimination-policy-tips</p> <p>Harassment Policy Tips (U.S. Equal Employment Opportunity Commission) https://www.eeoc.gov/employers/small-business/harassment-policy-tips</p> <p>NP Topic – Nonprofit Policies https://lawyersclearinghouse.org/nonprofit-resources/</p>

INSURANCE/INDEMNIFICATION

Does your nonprofit have insurance appropriate for its size and activities, including general liability insurance and Directors and Officers insurance?

Resource

Nonprofit Insurance Self-Assessment Tool (D.C. Bar Pro Bono Center)

<https://www.lawhelp.org/dc/resource/nonprofit-insurance-self-assessment-tool>

Do the Articles of Organization or Bylaws provide for indemnification of the Board of Directors?

ADVOCACY, LOBBYING AND POLITICAL CAMPAIGN INTERVENTION

Does the nonprofit advocate, lobby, or intervene in political campaigns?

- Do the nonprofit’s managers, officers, directors, staff and volunteers understand the difference between:

- ❖ **Advocacy** (**Permitted**)
- ❖ **Lobbying** (**Limited by IRS; Regulated by MA**)
- ❖ **Political campaign intervention** (**Prohibited by IRS**)

- Does the nonprofit lobby or otherwise attempt to influence local, state or federal legislation?
 - ❖ Does the nonprofit know the legal limitations and requirements for lobbying?
 - ❖ Is there a system for tracking and recording lobbying activities and expenses?
 - ❖ Does the nonprofit report lobbying on Form 990 or Form 990-EZ?
 - ❖ Is any employee of the nonprofit required to register as a lobbyist under MA law?
 - ❖ Is the nonprofit required to register as a lobbyist under MA law?

Nonprofits can (and should) advocate for issues related to their missions—and for the value and impact of the work they do in their communities.

Lobbying means attempting to influence legislation at the national, state, and/or local level.

An organization that’s tax-exempt under Section 501(c)(3) organization may engage in limited lobbying, but lobbying may not constitute a “substantial part” of the organization’s activities.

The organization may be subject to excise taxes or loss of its tax-exempt status for violating this limitation.

There isn't much guidance on how much lobbying is a substantial amount. For this reason, many 501(c)(3) organizations choose to have their lobbying activities measured under an expenditure test with specific amounts. This is called a "Section 501(h) election."

Organizations that file Form 990-N are not required to report their lobbying to the IRS---but they're subject to the same legal limitations. These nonprofits should keep careful records of their lobbying activity, in case they are audited.

- Do staff, officers, board members and volunteers know how to keep the organization nonpartisan during election season?
 - ❖ Does the organization know what kinds of activities may cross the line?
 - ❖ The organization may criticize or praise the votes or official actions of legislators or government officials—unless this is an attempt to support or oppose a candidate. The facts and circumstances matter.
 - ❖ Does the organization know what kinds of nonpartisan activities are permitted?
 - ❖ Has the nonprofit educated its staff and volunteers about not using the nonprofit for personal political reasons? Do staff, officers and board members' personal social media accounts (such as LinkedIn) state that views are personal, not those of any organization?
 - ❖ Are there any grant restrictions on political activity?

Resources

Lobbying (IRS)

<https://www.irs.gov/charities-non-profits/lobbying>

Advocacy and Lobbying (Bolder Advocacy)

<https://afj.org/bolder-advocacy/>

Restriction of political campaign intervention by Section 501(c)(3) tax-exempt organizations (IRS)

<https://www.irs.gov/charities-non-profits/charitable-organizations/restriction-of-political-campaign-intervention-by-section-501c3-tax-exempt-organizations>

Election Checklist for 501(c)(3) Public Charities (Bolder Advocacy)

[https://www.bolderadvocacy.org/wp-content/uploads/2018/06/Election Checklist for 501c3 Public Charities.pdf](https://www.bolderadvocacy.org/wp-content/uploads/2018/06/Election_Checklist_for_501c3_Public_Charities.pdf)

Lawyers Clearinghouse offers workshops on advocacy, lobbying and political activity. Link to receive information about workshops in 2026: <https://bit.ly/LCemails>

ACTIVITIES AND AFFILIATIONS

Does the nonprofit make grants to organizations that are not tax-exempt, or provide scholarships or financial support for individuals?

Nonprofits that are tax-exempt under Section 501(c)(3) can make grants to individuals or to organizations that do not have 501(c)(3) status under certain circumstances.

- *The grants must be only for purposes consistent with Section 501(c)(3)*
- *The grants must not result in impermissible “private benefit” as defined by the IRS*
- *Eligibility requirements and the grant-making process must comply with legal requirements*

Tax-exempt nonprofits that make grants to organizations that do not have 501(c)(3) status should talk with an attorney who specializes in tax-exempt organizations.

Resources

Providing Financial Support to Individuals (Lawyers Alliance)

[https://lawyersalliance.org/userFiles/uploads/legal_alerts/Providing Financial Support to Individuals Legal Alert.pdf](https://lawyersalliance.org/userFiles/uploads/legal_alerts/Providing_Financial_Support_to_Individuals_Legal_Alert.pdf)

Scholarships (Lawyers Alliance)

[https://lawyersalliance.org/userFiles/uploads/legal_alerts/Creating a Scholarship Program Legal Alert March 2019 Final.pdf](https://lawyersalliance.org/userFiles/uploads/legal_alerts/Creating_a_Scholarship_Program_Legal_Alert_March_2019_Final.pdf)

Does the nonprofit make international grants or operate abroad?

Resource

International Grantmaking (The Council on Foundations)

<https://cof.org/content/international-grantmaking-guide-funders-making-grants-outside-united-states>

Does the nonprofit receive funding from a foreign government, work closely with a foreign government, or receive funding from a foreign company, person, or other funder specifically for work in the U.S.?

The federal Foreign Agent Registration Act (FARA) requires organizations to register with the Justice Department's Financial Crimes Enforcement Network ("FinCEN") if they work on behalf of foreign governments, entities or individuals to lobby government, try to influence public policy or seek government funding. The Justice Department can seek to impose criminal and civil penalties on organizations that should have filed but failed to do it.

Nonprofits that work closely with or accept funding from foreign governments, including consulates, or from other foreign actors, should speak with an attorney about whether they may be required to register under FARA.

Does the nonprofit offer corporate sponsorships?

Resource

Corporate Sponsorship (National Council of Nonprofits)

<https://www.councilofnonprofits.org/running-nonprofit/fundraising-and-resource-development/corporate-sponsorship>

Does the nonprofit hold raffles?

Resource

Raffles (MA Attorney General's Office)

<https://www.mass.gov/guides/guidance-on-raffles>

Does the nonprofit have commercial co-venturers (sales to benefit the nonprofit)?

Resource

Commercial Co-ventures (MA Attorney General's Office)

<https://www.mass.gov/info-details/professional-fundraiser-guide>

Does the nonprofit have a for-profit affiliate, or does the nonprofit's founder have a for-profit business that offers products or services similar to those offered by the nonprofit?

Resource

NP Topic: Nonprofits Founded by Business Owners

<https://lawyersclearinghouse.org/nonprofit-resources/>

DIVERSITY, EQUITY AND INCLUSION

Basic questions and guidance
<ul style="list-style-type: none">• Are the nonprofit's policies, programs and communications and practices in compliance with state and federal anti-discrimination laws?
<ul style="list-style-type: none">• Does the nonprofit have a Non-Discrimination and Anti-Harassment Policy?
Resources Multi-State Guidance Concerning Diversity, Equity, Inclusion, and Accessibility Employment Initiatives (MA Attorney General) https://www.mass.gov/doc/multi-state-guidance-concerning-diversity-equity-inclusion-and-accessibility-employment-initiatives/download Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination (U.S. Attorney General) https://www.justice.gov/ag/media/1409486/dl Summary of U.S. Department of Justice Memo re DEI Compliance (Cooley) https://www.cooley.com/news/insight/2025/2025-08-05-us-doj-memo-clarifies-dei-compliance-for-federal-funding-recipients

FEDERAL FUNDING

For nonprofits that receive federal funding
<ul style="list-style-type: none">• Does the nonprofit have a complete copy of the federal contract or grant agreement(s), including any amendments?
<ul style="list-style-type: none">• Has the nonprofit reviewed its federal grants, including:<ul style="list-style-type: none">❖ Restrictions on the use of funds, including any anti-discrimination provisions❖ The nonprofit's obligations under the grant or contract, including any obligation to share information with the federal government❖ Termination provisions in the grant or contract, to understand what will happen if funding is terminated
<ul style="list-style-type: none">• Has the nonprofit reviewed its sources of funding (and alternatives), identified any programs or activities that could jeopardize federal funding, and made a considered decision whether to continue its programs and activities as they are, or make changes?

- Is the nonprofit continuing to monitor developments?

Resources

What to do if your federal grant or contract is terminated (National Council of Nonprofits)
<https://www.councilofnonprofits.org/media/1607>

I-9 COMPLIANCE AND IMMIGRATION ENFORCEMENT

Legal compliance and know-your-rights

- Does the nonprofit have a completed I-9 form (2023 version) for every employee?
- Does the nonprofit have procedures to follow if immigration officials come to the organization's location to:
 - Try to detain an employee, volunteer or client
 - Request information about clients
 - Request access to the nonprofit's facility

Resources

Immigrant and Refugee Resources (WATCH CDC)
<https://watchcdc.org/immigration-and-refugee-resources/>

Resources (National Immigration Law Center)
<https://www.nilc.org/resources/>

Immigration Resources (English, Spanish, Haitian Creole, Portuguese) (Mass Legal Help)
<https://www.masslegalhelp.org/immigration>

Immigration Help Referral List (English, Spanish, Portuguese) (Mass Legal Help)
<https://www.masslegalhelp.org/immigration/know-your-rights/immigration-help-referral-list>

Know Your Rights Factsheet (MIRA Coalition)
<https://www.miracoalition.org/news/know-your-rights/>

Protections for Immigrant Communities (MA Attorney General)
<https://www.mass.gov/protections-for-immigrant-communities>

Resources for Immigrants in Massachusetts (MA Attorney General)
<https://www.mass.gov/info-details/resources-for-immigrants-in-massachusetts>

PAIR Detention Program – pro bono immigration legal services to asylum-seekers and immigrants unjustly detained in MA

<https://www.pairproject.org/gethelp>

A Guide for Employers: What to Do if Immigration Comes to Your Workplace (National Immigration Law Center)

<https://www.nilc.org/resources/a-guide-for-employers-what-to-do-if-immigration-comes-to-your-workplace/>

Know Your Rights: If ICE Comes to Your Workplace (For Employees) (American Immigration Lawyers Association)

<https://www.nilc.org/resources/a-guide-for-employers-what-to-do-if-immigration-comes-to-your-workplace/>

Know Your Rights: What to Do If You Are Arrested or Detained by Immigration (National Immigration Law Center)

<https://www.nilc.org/resources/know-your-rights-what-to-do-if-arrested-detained-immigration/>

PUBLIC SERVICE LOAN FORGIVENESS

Are your nonprofit's employees enrolled in the Public Service Loan Forgiveness Program (PSLF)?

- Stay up to date on challenges and potential changes to the PSLF

Resource:

Public Service Loan Forgiveness

<https://www.councilofnonprofits.org/trends-and-policy-issues/public-service-loan-forgiveness>