State laws for charitable organizations

Massachusetts

This profile is part of a set of 51 profiles, including all U.S. states and the District of Columbia, which outlines state laws, regulations, and requirements that apply to charitable organizations. It covers six areas and highlights ways in which state laws differ from federal laws governing charitable organizations.

Formation, Elections, Operation, and Dissolution

Nonprofit Corporations

Nonprofit Unincorporated Associations
No relevant statute found.

Election of Directors

The board must have at least one director, and directors are to be elected at first annual meeting and at each annual meeting unless staggered terms are used. Mass. Gen. Laws Ann. ch. 156D, § 8.03.

Director Term
One year unless staggered terms are used. Mass. Gen. Laws Ann. ch. 156D, § 8.05.

Meeting and Quorum Requirements

Should hold an annual meeting unless otherwise specified in the bylaws. Mass. Gen. Laws ch. 156D, §7.01

Officer Requirements
Must have a president, treasurer and secretary. The same individual may hold more than one office. Mass. Gen. Laws ch. 156D, §8.40.

Officer Term

Dissolution
Dissolution is addressed by Mass. Gen. Laws ch. 180, §§ 11, 11A and 11B.

Duties, Indemnification, and Interested Transactions

Director Duties
A director, officer or incorporator of a corporation shall perform his duties as such, including, in the case of a director, his duties as a member of a committee of the board upon which he may serve, in good faith and in a manner he reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position with respect to a similar corporation organized under this chapter would use under similar circumstances. Mass. Gen. Laws Ann. ch. 180, § 6C (West)

Officer Duties
A director, officer or incorporator of a corporation shall perform his duties as such in good faith and in a manner he reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position with respect to a similar corporation organized under this chapter would use under similar circumstances. Mass. Gen. Laws Ann. ch. 180, § 6C (West)

Board Independence Requirements
No relevant statute found.

Interested Transactions
A conflict of interest transaction is not voidable by the corporation solely because of the director’s interest in the transaction if any one of the following is true: (1) the material facts of the transaction and the director’s interest were disclosed or known to the board of directors or a committee of the board of directors and the board of directors or committee authorized, approved, or ratified the transaction; (2) the material facts of the transaction and the director’s interest were disclosed or known to the shareholders entitled to vote and they authorized, approved, or ratified the transaction; or (3) the transaction was fair to the corporation. Mass. Gen. Laws Ann. ch. 156D, § 8.31 (West)

Indemnification of Directors/Officers
No liability for civil damages resulting from act/omission relating solely to performance of duties as officer or director who serves
without compensation, but intentional acts to harm or gross negligence are not covered. Mass. Gen. Laws ch 231, § 85W.

Articles may limit personal liability of directors/officers but the organization may not limit liability arising from breach of loyalty, not acting in good faith, or improper personal benefits derived from a transaction. Mass. Gen. Laws ch 180, § 3.

A director, officer or incorporator of a corporation shall not be liable for the performance of his duties if he acts in good faith and in a manner he reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position with respect to a similar corporation organized under this chapter would use under similar circumstances. Mass. Gen. Laws Ann. ch. 180, § 6C.

Loans to Directors, Officers, or Employees
A corporation may not lend money to, or guarantee the obligation of a director of, the corporation unless: (1) the specific loan or guarantee is approved by a majority of the votes represented by the outstanding voting shares of all classes, voting as a single voting group, except the votes of shares owned by or voted under the control of the benefited director; or (2) the corporation's board of directors determines that the loan or guarantee benefits the corporation and either approves the specific loan or guarantee or a general plan authorizing loans and guarantees. The fact that a loan or guarantee is made in violation of this section shall not affect the borrower's liability on the loan. Mass. Gen. Laws Ann. ch. 156D, § 8.32.

Notable Departures from Federal Law

Religious/Church Exemption

Religious organizations may be exempt from some taxes. Mass. Gen. Laws ch 59

See chapters on Certain Religious and Charitable Matters, MA ST, T. XI, chs. 67-68a

See tax sections below.

Healthcare "Plus Factors"
All hospitals are required to provide charity care in order to be licensed. Mass. Gen. Laws Ann. ch. 111, § 51G.


General

Rebuttable Presumption of Reasonableness - Delegation to Disinterested "Others"
A director, officer or incorporator shall be entitled to rely on information, opinions, reports or records, including financial statements, books of account and other financial records, in each case presented by or prepared by or under the supervision of (1) one or more officers or employees of the corporation whom the director, officer or incorporator reasonably believes to be reliable and competent in the matters presented, or (2) counsel, public accountants or other persons as to matters which the director, officer or incorporator reasonably believes to be within such person's professional or expert competence, or (3) in the case of a director, a duly constituted committee of the board upon which he does not serve, as to matters within its delegated authority, which committee the director reasonably believes to merit confidence, but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. Mass. Gen. Laws Ann. ch. 180, § 6C.

Charitable Solicitation Requirements

State-Specific Retention Policies
A corporation shall keep as permanent records minutes of all meetings of its shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation. A corporation shall maintain appropriate accounting records. Mass. Gen. Laws Ann. ch. 156D, § 16.01.

Personal Information Collection and Protection Laws
Every person that owns/licenses personal information about a Massachusetts resident has a duty to protect personal information and duty to report any breach. 201 Mass. Code Regs. 17.01

Whistleblower Protection

State Volunteer Liability Law
No liability for civil damages resulting from act/omission relating solely to performance of duties as officer or director who serves without compensation, but intentional acts to harm or gross negligence are not covered. Mass. Gen. Laws ch 231, § 85W.

No specific provision regarding volunteers.

Independent Audit Requirements
Public charity with gross annual support and revenue over $500,000 must file an audited financial statement prepared by an independent CPA together with its annual report. A public charity with gross...
annual support and revenue less than $500,000 and more than $200,000 must file a financial statement that is either reviewed or audited by an independent CPA. Mass. Gen. Laws ch. 12, § 8F.

**State Filing Requirements**

Every non-profit corporation organized under the laws of the commonwealth must file a non-profit annual report with the Corporations Division on or before November 1st of each year. Mass. Gen. Laws ch.180 § 26A.

**Model Acts**

**Uniform Prudent Management of Institutional Funds Act**

Adopted

**Uniform Prudent Investor Act**

Adopted the Massachusetts Prudent Investor Act

**Tax Exemptions**

**Income Tax**


**Sales and Use Taxation**

Exempts from state sales tax organizations that are exempt from federal income tax under Internal Revenue Code §501(c)(3) if the subject of the sale is used “in the conduct of such ... charitable ... enterprise,” if the nonprofit corporation has a sales tax exemption certificate from the Commissioner of Revenue, and if the vendor keeps records of each tax-exempt transaction. Mass. Gen. Laws ch. 64H, §6(e).

**Property Tax Exemption**


**Miscellaneous Exemptions**

N/A.

General Resource: [https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter180](https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter180)

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