***Form Your Michigan Nonprofit Corporation***

First, you must form a nonprofit corporation under Michigan state law.

1. Choose who will be on the initial board of directors.

In Michigan, your nonprofit corporation must have at least three directors. You can have one or more directors on the board who are 16 or 17 years old, as long as this is stated in your articles and that number doesn’t exceed 50% of the number of directors required for a quorum. The initial board of directors will play a key role in determining the purpose and goals for the organization.

2. Choose a name for your Michigan nonprofit corporation.

The name of your nonprofit corporation cannot be the same as, or confusingly similar to, the name of another corporate name on file with the state. To see if your proposed name is available, you can search [Michigan's name database](http://www2.dleg.state.mi.us/CORPORATIONS/htmldb/f?p=210:1:3500891947651190) available on the Department of Licensing and Regulatory Affairs (“LARA”) website.

3. Prepare and file your nonprofit articles of incorporation.

You will need to create and file nonprofit articles of incorporation with the state. There is a fillinable [articles form](http://www.dleg.state.mi.us/dms/results.asp?docowner=BCSC&doccat=Corporations&Search=Search) available on the LARA website. You should complete the form following the instructions provided. The articles of incorporation must include the following basic information about your nonprofit:

* its name
* its purpose (a general statement “for all lawful activities” is not sufficient)
* whether it is organized on a stock or nonstock basis
* whether it is a membership or directorship organization
* the street and mailing address of the corporation’s registered office
* the name and address of the initial resident agent
* the names and addresses of all the incorporators, and
* its duration.

To receive 501(c)(3) tax-exempt status from the IRS, you'll need to have additional specific language in your articles, including:

* a statement of purpose that meets IRS requirements
* statements that your nonprofit will not engage in prohibited political or legislative activity, and
* a dissolution of assets provision dedicating your assets to another 501(c)(3) organization upon dissolution.

Be sure to include the IRS-required language in your articles. For more information on IRS requirements for tax exemption, see [IRS Publication 557](http://www.irs.gov/pub/irs-pdf/p557.pdf), *Tax-Exempt Status for Your Organization,*available on the IRS website.

4. Prepare bylaws for your Michigan nonprofit corporation.

You'll need to prepare bylaws that comply with Michigan law and contain the rules and procedures your corporation will follow for holding meetings, electing officers and directors, and taking care of other corporate formalities required in Michigan. Your bylaws do not need to be filed with the Michigan Bureau of Commercial Services -- they are your internal operating manual.

5. Hold a meeting of your board.

Your first board meeting is usually referred to as the organizational meeting of the board. The board should take such actions as:

* electing directors (if not named in your articles)
* approving the bylaws
* appointing officers
* setting an accounting period and tax year, and
* approving initial transactions of the corporation, such as the opening of a corporate bank account.

Be sure to keep minutes of your meeting that properly document your board’s actions.

6. Set up a corporate records binder.

You should set up a corporate records binder for your nonprofit to hold important document such as articles of incorporation, bylaws, and minutes of meetings.

***Obtain Your Federal and State Tax Exemptions.***

Now that you have created your nonprofit corporation, you can obtain your federal and Michigan state tax exemptions. Here are the steps you must take to obtain your tax-exempt status:

1. File your Form 1023 federal tax exemption application.

To obtain federal tax-exempt status, you need to complete and file IRS Form 1023 with the IRS. This long and detailed form asks for lots of information about your organization, including its history, finances, organizational structure, governance policies, operations, activities, and more.

2. Obtain your Michigan state tax exemptions.

Once you have your federal tax exemption, you are automatically exempt from Michigan state income tax. In addition, there is no longer an application process for tax exemption from Michigan sales and use tax. See the [Michigan Department of Treasury](http://www.michigan.gov/taxes/0,4676,7-238-43519_43528---,00.html) for more information on state tax exemptions for nonprofits.

3. Other state reporting and registration requirements.

Depending on your activities and the size of your organization, you may need to register with the Michigan Attorney General before doing any fundraising activities. Check with Michigan's [Attorney General](http://www.michigan.gov/ag/0,4534,7-164-17337_18095-45037--,00.html) website for registration rules.