

New York Non-Profit Revitalization Act of 2013

On Thursday, December 19, 2013, Governor Andrew Cuomo signed the New York Non-Profit Revitalization Act of 2013 into law. The Act aims to reduce burdens on the nonprofit sector while strengthening governance and accountability. Every New York nonprofit entity should be aware of the changes to the laws. Below are the new requirements to consider to ensure your organization's compliance.

The Act applies to nonprofit organizations incorporated in New York, New York, charitable trusts, and organizations that solicit charitable contributions in New York, regardless of the state of incorporation. Most of the provisions became effective on July 1, 2014. There were changes with regard to increases in the thresholds for audited or reviewed financial statements by an independent CPA that completely phase-in on July 1, 2021.

There are also several provisions designed to simplify and streamline areas like mergers, real estate transaction approvals, asset transfer approvals, and dissolutions. In addition, the sometimes confusing New York not-for-profit corporation categorization "system" has been simplified.

Further, not-for-profit corporations no longer need to describe in their Certificate of Incorporation the specific activities they plan to undertake in addition to their corporate purpose. The Certificate of Incorporation can now simply specify their corporate purpose.

The Act gives clarifications and requirements of conducting board and member activities electronically. These apply to all New York nonprofits and include allowing meeting notices and waivers to be transmitted by fax or email. It clarifies that board members may participate in board or committee meetings via videoconference or other forms of video communication.

The Act also provides many New York not-for-profit organizations and charitable trusts with requirements to adopt the following governance policies/issues:

- Conflict of interest (all NY nonprofits)
- Prohibition against related party transactions (all NY nonprofits)

- Whistleblower policy (NY nonprofits with 20+ employees & annual revenues > \$1 million)
- Prohibition against committees of the corporation binding the board (all NY nonprofits)

The Act further requires nonprofit organizations that solicit charitable contributions in New York (whether or not they are incorporated in New York) to adopt audit committee oversight procedures. Many organizations may already have documents of this nature in place. However, we recommend that every organization take an opportunity to review their current bylaws, governance policies, and procedures, and make either revisions or replacements to ensure compliance.

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About CapinCrouse

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