

Statutes and Corresponding Duties For Not-for-Profit Organizations

According to the New York City Administrative Code, a “Not-for-Profit Organization” means a corporation or entity having tax exempt status under section 501(c)(3) of the United States internal revenue code and incorporated under state not-for-profit law.

New York State Not-for-Profit Corporation Law	
§115	Nonprofit can only solicit contributions for the charitable purposes listed in its certificate of incorporation and with written approval from the Attorney General.
§202(f)	Each nonprofit may only conduct activities in NY State under the name stated in its certificate of incorporation.
§204	Nonprofits shall conduct no activities for pecuniary profit or financial gain...except to support lawful activities.
§508 Income from Corporate Activities	All income from activities shall be applied to the maintenance, expansion or operation of the nonprofit. NEVER can the profits be divided or distributed in any manner whatsoever among the members, directors, or officers of the nonprofit.
§509	Purchase, sale, mortgage or lease of real property requires a vote of two-thirds of the entire board.
§515 Dividends prohibited; certain distributions of cash or property authorized	(a) A nonprofit shall not pay dividends or distribute any part of its income or profit to its members, directors, or officers. (b) A nonprofit may pay compensation in a reasonable amount to members, directors, or officers for services rendered.
§519 Annual report of directors	(a) Annual report must include the following and be presented at the annual Board meeting: <ol style="list-style-type: none"> 1. The assets and liabilities. 2. The principal changes in assets and liabilities 3. The revenue or receipts of the nonprofit 4. The expenses or disbursements of the nonprofit 5. The number of members
§520 Reports of nonprofit	Willful failure of a nonprofit to file a report as required by law shall constitute a breach of the directors' duty to the nonprofit.
§701 Board of directors	(a) The board of directors shall manage a nonprofit. Each director shall be at least eighteen years of age.
§702 Number of directors	(a) The number of directors constituting the entire board shall be not less than three. (b) The number of directors may be increased or decreased by amendment of the by-laws or by action of the members, or of the board under the specific provisions of a by-law adopted by the members, subject to the following

	<p>limitations:</p> <p>(1) such amendment or action shall require the vote of a majority of the entire board.</p>
§708(d) Action by the board	If a quorum is present, the vote of a majority of the directors shall be the act of the board
§715 (a) Interested directors and officers	(1) If the material facts of a director's or officer's interest in a contract or transaction are disclosed in good faith, the board or committee may authorize such contract or transaction by a vote that does not count the vote(s) of interested directors or officer.
§715 (f) Interested directors and officers	The fixing of salaries of officers, if not done in or pursuant to the by-laws, shall require the approval of a majority of the entire board minimum.
§716	Loans to directors and officers are prohibited.
§717 Duty of directors and officers	<p>(a) Directors and officers shall discharge the duties of their respective positions in good faith and with the diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions, considering relevant considerations like the long and short term needs of the nonprofit in carrying out its purposes, financial requirements, expected return on investments, price level trends, and general economic conditions.</p> <p>(b) Directors and officers may rely on information, opinions, reports or statements including financial statements and other financial data.</p>

New York State Executive Law, Article 7-A

§172. Registration of charitable organizations	Every charitable organization must register with the attorney general to solicit contributions from persons in New York State or any governmental agency.
§172-b. Reports by charitable organization; registration to be cancelled for failure to file	1. Charitable organizations with gross revenue more than \$250,000; and every charitable organization whose fund-raising is done by paid fund-raisers shall submit to the attorney general an annual financial report and an independent certified public accountant’s audit report containing an opinion that the financial statements are presented fairly in all material respects and in conformity with generally accepted accounting principals, signed and certified by the president, chief financial officer and auditor.

**Title 13 New York Code of Rules and Regulations
Chapter V Charitable Uses and Purposes**

91.4 (a) Initial Registration	<ol style="list-style-type: none"> 1. CHAR410 (Registration form); and 2. Copy of the certificate of incorporation, trust agreement or other organizing document and any amendments; and 3. A copy of the by-laws or other organizational rules, and any amendments; and 4. A copy of the US IRS Form 1023 or 1024 Application for Recognition of Exemption, if applicable; and 5. A copy of the IRS tax exemption determination letter, if applicable.
91.5 Annual Filing Charitable organizations registered with the Attorney General are required to file annually with the Charities Bureau a detailed financial report and a filing fee.	<ol style="list-style-type: none"> 1. CHAR500 (Annual Filing for Charitable Organization) or a successor form 2. CHAR500 Article 7-A Schedules 4a (Professional Fund Raisers), and 4b (Government Contributions or Grants) 3. a copy of the complete IRS form 990, 990-EZ or 990-PF with schedules; and IRS Form 990-T, if applicable (regardless whether they were filed with IRS) 4. Copy of an independent accountant’s audit report and financial statements with accompanying notes prepared in accordance with generally accepted accounting principles