

Anchin Alert

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Anchin, Block & Anchin LLP
Accountants and Advisors



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New York Non-Profit Revitalization Act of 2013

The New York Non-Profit Revitalization Act of 2013 (the Act) was signed by Governor Andrew Cuomo on December 19, 2013. This act represents the first substantial reform to the New York Not-for-Profit law in more than forty years.

To our Clients and Friends:

Most provisions of the new act apply to all nonprofit organizations, including Private Foundations and Public Charities, incorporated in New York or organized as a New York Charitable Trust. The act's intention is to reduce regulatory and administrative burdens while strengthening governance of nonprofit organizations.

As of July 1, 2014 the threshold of minimum gross revenue that will require an exempt organization to obtain a CPA's audit report increases to \$500,000. This threshold will further increase in the years ahead. Smaller organizations are required to obtain a CPA review report instead of an audit report. This threshold will likewise increase as of July 1, 2014 for organizations with minimum gross review of \$250,000, with increasing thresholds applicable in future years.

Some of the Act's provisions include:

1. New streamlined procedures for Formation, Operation and Dissolution of New York Not-for-Profit Corporations.
 - Eliminates previous New York Corporation Letter types A through D and replaces it with two types of nonprofit corporations, charitable and non-charitable.
 - Eliminates pre-approval from the State Education Department prior to Incorporation for most nonprofit organizations.
 - Court approval no longer required to dissolve corporation. Such action can be approved solely by the Attorney General.
2. Use of Electronic Communications:
 - The act allows for electronic communication via fax or e-mail by board members in certain situations including notice of board meeting, waivers of notice, board member proxies and the unanimous consent of the board.
 - Allows board meetings to be held by video communication such as Skype.
3. Allows electronic filing of registration forms, annual reports and other submissions with the New York State Charities Bureau.
4. Other points include:
 - Mandatory written conflict of interest policies for all nonprofit organizations.
 - Mandatory written Whistleblower Policy which applies to nonprofit organizations with more than 20 employees and annual revenue exceeding \$1 million.
 - Enhanced oversight for related party transactions.

Most provisions of the act are effective on July 1, 2014. All nonprofit organizations should review and update their governing documents and internal policies to be in compliance with the new law before its effective date.

Please contact your Anchin Relationship Partner or Gary Castle at 212.840.3456 if you'd like to discuss this in greater detail.



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