

ALERT

June 2014

THE NEW YORK NONPROFIT REVITALIZATION ACT: NEW REQUIREMENTS FOR NOT-FOR-PROFITS AND BOARD MEMBERS

The New York Nonprofit Revitalization Act of 2013 (the "Act") is a recently enacted state statute that goes into effect on July 1, 2014. The Act amends the New York Not-for-Profit Corporation Law and represents the most significant overhaul of the statute in more than 40 years. Topics addressed include modernization of day-to-day corporate activities, streamlining of corporate approval processes, improved audit oversight and enhanced oversight of related party transactions.

If you serve on a not-for-profit Board, you should be asking the following questions to ensure that your organization is working towards compliance with the new statutory requirements:

- Does the corporation plan to take advantage of the new "unanimous electronic consent" procedures?
- Does the corporation plan to take advantage of new electronic notice of meetings, electronic waiver of notice and electronic proxy designations, where applicable?
- Does the corporation plan to take advantage of new procedures for Board meetings via electronic video screen communication, such as Skype™?
- Has the corporation updated its bylaws to establish a clear distinction between Committees of the Board and Committees of the Corporation? Only Committees of the Board have legal authority to bind the Board of Directors.
- Has the corporation adopted a Conflict of Interest Policy to address potential related party transactions? If so, is the policy substantially consistent with mandatory statutory provisions?
- If the corporation has 20 or more employees and more than \$1 million in annual revenues or if it receives federal funding - has the corporation adopted a Whistleblower Protection Policy? If



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so, is the policy substantially consistent with mandatory statutory provisions?

- Will the corporation ensure that only independent directors deliberate and vote on matters with respect to audit functions and audit oversight?

Since the Act goes into effect on July 1, 2014, all not-for-profit corporations doing business or soliciting charitable contributions in New York should consult with their legal counsel to ensure compliance with the new provisions. Moritt Hock & Hamroff LLP can assist your organization in understanding and implementing these new requirements.



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