

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

H

4

HOUSE BILL 572
Committee Substitute Favorable 5/16/11
Third Edition Engrossed 5/19/11
Senate Rules and Operations of the Senate Committee Substitute Adopted 6/28/12

Short Title: Accountability for Publicly Funded Nonprofits.

(Public)

Sponsors:

Referred to:

March 31, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE GREATER ACCOUNTABILITY FOR NONPROFIT ENTITIES
3 THAT RECEIVE PUBLIC FUNDING.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Part 2 of Article 16 of Chapter 55A of the General Statutes is
6 amended by adding a new section to read:

7 "**§ 55A-16-24. Financial statements for the public.**

8 (a) Notwithstanding any provisions in the articles of incorporation or bylaws, a
9 corporation that receives any public funding in the form of grants or loans, or receives any
10 in-kind donation, from a local government, the State, or the federal government shall provide
11 its latest annual financial statements upon written demand from any member of the public. The
12 statements shall be substantively similar to those required under G.S. 55A-16-20 but shall
13 contain additional details about the amount of public funds received and how those funds were
14 used. Additionally, a corporation that receives public funding shall provide, upon written
15 demand from any member of the public, a copy of its most recently completed and filed
16 Internal Revenue Service Form 990, except of any information not required for public
17 disclosure pursuant to 26 U.S.C. § 6104(d)(3). A corporation may comply with the provisions
18 of this section by maintaining on its public Web site a financial report as described in this
19 section and a copy of its most recent Internal Revenue Service Form 990 or by having such
20 materials posted, as part of a database of similar documents of other tax-exempt organization,
21 on a Web site established and maintained by another entity, provided that the entity does not
22 charge a fee to access the information and provided that the corporation provides a link on its
23 public Web site to the Web site maintained by the other entity.

24 (b) Exceptions. – The following corporations already required to report information
25 shall not be subject to subsection (a) of this section, but shall provide information on their
26 public Web site to whom the corporation reports its information and how to access that
27 information:

- 28 (1) A corporation required to report to the North Carolina Medical Care
29 Commission of the Department of Health and Human Services.
30 (2) A corporation required to report to the Local Government Commission of
31 the Department of State Treasurer.
32 (3) A private college that meets the definition of "institution" under G.S. 116-22
33 and is required to report to the State under G.S. 143C-6-23."



* H 5 7 2 - V - 4 *

1 **SECTION 2.** This act becomes effective October 1, 2012, and applies to nonprofit
2 corporations receiving public funding in the form of grants or loans on or after that date.