

**Summary Charts:
State Nonprofit Corporation Act
Requirements
And
Audit Requirements for Charitable
Organizations**

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**Appendices for Working Paper No. 33.8 - “The Search
for Greater Accountability of Nonprofit Organizations”**

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STATE NONPROFIT CORPORATION ACT REQUIREMENTS

State	Min. # of directors?	Require Independent Trustees?	Min. age of directors?	Required Officers?	Req. notice of directors' meetings?	Action w/o meeting?	Committees required?
AL (Tit. 10, Ch. 3a)	3	No	None	Pres., VP, Treas., Sec. φ λ	In Bylaws	Yes	No
AK (Tit. 10, Ch. 20)	3	No	None	Pres., VP, Treas., Sec. φ λ	In Bylaws	Yes	No
AZ (Tit. 10, Ch. 24-40)	1	No	None	Secretary φ ψ	In Bylaws (2 days) ¹	Yes	No
AR (Tit. 4, Subtit. 3, Ch. 33)	3	No	None	Secretary φ ψ	In Bylaws (7 days)	Yes	No
CA (Cal. Corp. Code, Tit. 1, Div. 2, Pt. 2)	3	Not more than 49% of board may be interested parties ²	None	Ch./Pres, Sec., CFO φ (Sec./CFO may not be Pres./Ch. concurrently)	In Bylaws (must be notice of special meetings)	Yes	Audit ³
CO (Tit. 7, Art. 121-137)	1	No	None	Secretary φ ψ	In Bylaws	Yes	No
CT (Tit. 33, Ch. 602)	3	No	None	Secretary φ ψ	In Bylaws	Yes	No
DE (Tit. 8, Ch. 1)	1	No	None	Secretary - to provide meeting minutes φ	None	Yes	No

φ - An individual may hold more than one office in a corporation.

λ - An individual may not hold the offices of Secretary and President concurrently.

ψ - A Secretary-like officer is required to certify corporate documents and provide meeting minutes.

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DC (Tit. 29, Ch. 3, Sub. I)	3	No	None	Pres., Sec., Treas. ϕ λ	In Bylaws	Yes	No
FL (Tit. 36, Ch. 617)	3	No	18	Secretary ϕ ψ	In Bylaws	Yes	No
GA (Tit. 14, Ch. 3)	1	No	18	Secretary ϕ ψ	In Bylaws	Yes	No
HI (Div. 2, Tit. 23, Ch. 414D)	3	No	None	Secretary ϕ ψ	In Bylaws (7 days)	Yes	No
ID (Tit. 30, Ch. 3)	3	No	None	Secretary ⁴ ϕ ψ	In Bylaws (7 days)	Yes	No
IL (Ch. 805, Act 105)	3	No	None	Secretary - to certify corporate documents ϕ	In Bylaws (20 days for director removal)	Yes	No
IN (Tit. 23, Art. 17)	3	No	None	Secretary ϕ ψ	In Bylaws	Yes	No
IA (Tit. 12, Subt. 5, Ch. 504)	1	No	None	Secretary ϕ ψ	In Bylaws (7 days)	Yes	No

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KS (Ch. 17, Art. 60-75)	3 generally, 1 academic ⁵	No	None	Secretary - to provide meeting minutes φ	None	Yes	No
KY (Tit. 23, Ch. 273)	3	No	None	Secretary φ ψ	In Bylaws	Yes	No
LA (Tit. 12, Ch. 2)	In Bylaws ⁶	No	None	Pres., Sec., Treas. φ	In Bylaws	Yes	No
ME (Tit. 13B)	3	Not more than 49% of board may be interested parties ⁷	None	Pres., Sec., Treas. φ	In Bylaws	Yes	No
MD (Corps. & Assoc. Code, Tit. 1-3)	1	No	None	Pres., Sec., Treas. φ (cannot be Pres. & VP concurrently)	In Bylaws	Yes	No
MA (Tit. 22, Ch. 180)	3	No	None	Pres., Treas., Clerk (may be called by different names)	In Bylaws (special meetings must have notice)	Yes	No
MI (Ch. 250.2101 et seq.)	1	No	Majority of quorum must be 18 ⁸	Pres., Sec., Treas. φ	In Bylaws	Yes	No
MN (Corp. Code, Ch. 317A)	3	No	Majority of board must be 18	Pres., Treas. φ	In Bylaws	Yes	No

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MS (Tit. 79, Ch. 11.101 et seq.)	In Bylaws	No	None	Secretary φ ψ	In Bylaws	Yes	No
MO (Tit. 23, Ch. 355)	3	No	None	Secretary φ ψ	In Bylaws	Yes	No
MT (Tit. 35, Ch. 2)	3	No	None	Secretary φ ψ	In Bylaws (7 days)	Yes	No
NE (Ch. 21, Art. 19)	3	No	None	Secretary φ ψ	In Bylaws (7 days)	Yes	No
NV (Tit. 7, Ch. 82)	1	No	18	Ch./Pres, Sec., Treas. φ	None	Yes	No
NH (Tit. 27, Ch. 292)	5	Board must have 5 voting members not related. No employees may chair the board.	None	None	None	Unspecified	No
NJ (Tit. 15A)	3	No	18	Pres., Sec., Treas. φ	In Bylaws	Yes	No
NM (Ch. 53, Art. 8)	3	No	None	Secretary - to provide meeting minutes φ	In Bylaws	Yes	No
NY (N-PCL)	3	No	18 ⁹	None φ λ	In Bylaws	Yes	No
NC (Ch. 55A)	1	No	None	Secretary - to certify corporate documents φ	In Bylaws	Yes	No

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ND (Tit. 10, Ch. 10-33)	3 ¹⁰	Not more than 49% of board may be interested parties	Officers must be 18	Pres., Sec. φ	In Bylaws	Yes	No
OH (Tit. 17, Ch. 1702)	3 ¹¹	No	None	Pres., Sec., Treas. φ	In Bylaws	Yes	No
OK (Tit. 18, Ch. 22)	1	No	None	Secretary - to provide meeting minutes φ	20 days for merger if corp. has no members	Yes	No
OR (Tit. 7, Ch. 65)	3	No	None	Pres., Sec. φ	In Bylaws	Yes	No
PA (Tit. 15, Pt. 2. Sub. C)	1	No	18	Pres., Sec., Treas. φ	In Bylaws	Yes	No
RI (Tit. 7, Ch. 6)	3	No	None	Pres., Sec., Treas. φ λ	In Bylaws	Yes	No
SC (Tit. 33, Ch. 31)	3	No	None	Secretary φ ψ	In Bylaws (7 days)	Yes	No
SD (Tit. 47, Ch. 22-26)	3	No	None	Pres., VP, Sec., Treas. φ λ	In Bylaws	Yes	No
TN (Tit. 48, Ch. 51-68)	3	No	None	Pres., Sec φ λ	In Bylaws (7 days)	Yes	No

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TX (Bus. Org. Code, Tit. 2, Ch. 22)	Zero (3) ¹²	No	None	Pres., Sec φ λ	In Bylaws	Yes	No
UT (Tit. 16, Ch. 6a)	3	No	Directors and Officers must be 18	Secretary φ ψ	10-60 days ¹³	Yes	No
VT (Tit. 11b)	3	Not more than 49% of board may be interested parties ¹⁴	None	Secretary φ λ ψ	In Bylaws (7 days)	Yes	No
VA (Tit. 13.1 Ch. 10)	1	No	None	Secretary φ ψ	In Bylaws	Yes	No
WA (Tit. 24, Ch .24.03)	1	No	None	Pres., VP, Sec., Treas. φ λ	In Bylaws	Yes	No
WV (Ch. 31E)	3	No	None	Secretary φ ψ	In Bylaws	Yes	No
WI (Ch. 181)	3	No	None	None φ	In Bylaws (7 days)	Yes	No
WY (Tit. 17, Ch. 19)	3	No	None	Secretary φ ψ	In Bylaws (7 days)	Yes	No

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Endnotes

1. In corporations without members any board action to remove a director or to approve a matter that would require approval by the members if the corporation had members is not valid unless each director is given at least two days' written notice that the matter will be voted on at a directors' meeting (Arizona Rev. Stat. § 10-3822) This type of provision, where notice is left to the bylaws but a certain number of days is required in these circumstances, will be noted as "In Bylaws (# of days)", in this case "In Bylaws (2 days)"
2. For the purposes of the California statute, an interested person is:
 - "(1) Any person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director, or
 - (2) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person." (Cal Corp. Code § 5227)
3. "Every charitable corporation, unincorporated association, and trustee required to file reports with the Attorney General pursuant to this section that receives or accrues in any fiscal year gross revenue of two million dollars (\$ 2,000,000) or more, exclusive of grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received, shall...if it is a corporation, have an audit committee appointed by the board of directors. The audit committee may include persons who are not members of the board of directors, but the member or members of the audit committee shall not include any members of the staff, including the president or chief executive officer and the treasurer or chief financial officer." (Cal Gov. Code § 12586(e)(2))
4. Religious organizations have no requirement of officers. (Idaho Code § 30-3-83)
5. The Kansas general corporations statute governs nonprofit corporations and stipulates that "The board of directors of a corporation shall consist of one or more members" (Kansas Stat. Ann. 17-6301). An 1866 law applying to "any religious society, military or fire company, literary, charitable, or benevolent association other than colleges, universities, academies or seminaries, or any grand or subordinate lodge of Free and Accepted Masons...shall have the power to adopt a bylaw to reduce the number of its directors or trustees to not less than three" (Kansas Stat. Ann. 17-1701).
6. The Louisiana statute reads: "Subject to any limitations, restrictions, or reservations in the articles, the bylaws, of this Chapter, the affairs of a corporation shall be managed by a board of directors of not less than three natural persons, except that if there are fewer than three members, there need be only as many directors as there are members." (Louisiana Rev. Stat. 12:224)
7. For the purposes of the Maine statute, an interested person is:
 - "A. An individual who has received or is entitled to receive compensation from a public benefit corporation for personal services rendered to the corporation by that individual within the previous 12 months, whether as a full-time or part-time employee, independent contractor, consultant or otherwise, excluding any reasonable payments made to directors for serving as directors. An individual is considered to receive compensation for services rendered to a public benefit corporation by that individual if the individual is

STATE NONPROFIT CORPORATION ACT REQUIREMENTS

- entitled to receive, other than as a shareholder of a publicly held corporation, a portion of the net income of a corporate or other business entity that provides, for compensation, personal services to that public benefit corporation; or
- B. A spouse, brother, sister, parent or child of the individual described in paragraph A.” (13-B Maine Rev. Stat. § 713-A)
8. Michigan law requires that: “A corporation organized for purposes described in section 501(c)(3) of the Internal Revenue Code of 1986 may include 1 or more directors on its board who are 16 or 17 years of age as long as that number does not exceed 1/2 the total number of directors required for a quorum for the transaction of business.” (Michigan Compiled Laws § 450.2501a)
 9. New York stipulates that: “Notwithstanding the above, a corporation organized for educational purposes primarily for the benefit of individuals below eighteen years of age may include one director below eighteen years of age who is at least sixteen years of age. Further, a corporation organized for recreational or youth development and delinquency prevention purposes primarily for the benefit of individuals below eighteen years of age may include one or more directors, the number of which shall not exceed one-half of the total number of directors for a quorum for the transaction of business, who are at least sixteen years of age but not over eighteen years of age.” (NY Consolidated Laws Service N-PCL § 701)
 10. North Dakota law states that the number of directors may be fewer than three if the number of voting members is fewer than three, but may not be smaller than the number of members with voting rights. (North Dakota Cent. Code, § 10-33-28)
 11. Ohio’s requirement for the number of directors is the same as North Dakota’s in endnote 10 directly above. (Ohio Revised Code Ann. 1702.27)
 12. Texas law demands that if a corporation has a board of directors, it must consist of 3 or more persons; however “The certificate of formation of a corporation may vest the management of the affairs of the corporation in the members of the corporation. If the corporation has a board of directors, the corporation may limit the authority of the board to the extent provided by the certificate of formation or bylaws.” (Tex. Business Organizations Code § 22.202)
 13. In Utah law, directors must receive 10-60 days notice of annual meetings at which they are entitled to vote, however notice of special meetings of the board is still left to the corporation’s bylaws. (Utah Code Ann. § 16-6a-814)
 14. The Vermont section defines an interested person as:
 - “(1) Individuals who have received or are entitled to receive compensation, directly or indirectly, from the corporation for services rendered to it within the previous 12 months, whether as full- or part-time employees, independent contractors, consultants or otherwise, excluding any reasonable payments made to directors for serving as directors; or
 - (2) Any spouse, brother, sister, parent or child of any such individual.” (11B Vermont Statutes Annotated § 8.13)
 15. The RMNCA defines an interested person as:

STATE NONPROFIT CORPORATION ACT REQUIREMENTS

For the purposes of this section "financially interested persons" means:

(1) Individuals who have received or are entitled to receive compensation, directly or indirectly, from the corporation for services rendered to it within the previous 12 months, whether as full- or part-time employees, independent contractors, consultants or otherwise, excluding any reasonable payments made to directors for serving as directors; or

(2) Any spouse, brother, sister, parent or child of any such individual.

(RMNCA §8.13)

AUDIT REQUIREMENTS FOR FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

CHARITABLE REGISTRATION AND REPORTING STATUTES

State	
California Audit	"Financial statements...audited by an independent CPA" required of charities that are required to file financial reports, if gross revenue is \$2,000,000 or more, to be available to the Attorney General and the general public. Excludes educational orgs and hospitals. (Cal.Code Sec. 12586)
Massachusetts Top Tier= Audit Lower Tier= Review	"Audited financial statement...examined by an independent CPA...for the purpose of expressing an opinion thereon" if gross revenue is \$500,000 or more; "financial statement accompanied by an independent CPA's review report" if gross revenue is more than \$100,000 but less than \$500,000 Excludes religious organizations. (Ch. 12, §8F). "Audited financial statement" ff. GAP if "revenue, gains and other support" of \$1,000,000 or more; "financial statements" ff. GAP if those amounts are between \$500,001 and \$1,000,000. Applies to charities required to file Form 990 with attorney general. (N.H.Rev.Stat. Title 1, Sec7:28 IIIa-c)
New Hampshire Top Tier=Audit Lower Tier=Review	

CHARITABLE SOLICITATION STATUTES

State	
Model Act Concerning the Solicitation of Funds for Charitable Purposes (1986)	"Audited financial statement...examined by an independent CPA for the purpose of expressing an opinion thereon" if gross revenue exceeds \$_____ (§3) Audit
Alabama	
Alaska	
Arizona	
Arkansas Audit	"Audit report of a CPA" if gross revenue exceeds \$500,000. Gross revenue does not include government grants and fees. (§4-28-403)
California	
Colorado	
Connecticut Audit	"Include with its financial statement an audit report of a CPA" if gross revenue exceeds \$200,000. Gross revenue does not include government grants and fees and income from supporting organizations. (§21a-190c)
Delaware	
D.C.	
Florida	
Georgia Top Tier = Audit Lower Tier= Review	"Financial statement shall be prepared by an independent CPA and shall be a certified financial statement" if received or collected \$1M or more; "financial statement shall be reviewed by an independent CPA and such CPA's review report shall be filed with financial statement" if received or collected more than \$500,000 but not more than \$1M (§43-17-5)
Hawaii	
Idaho	
Illinois Audit	"Financial statement...accompanied by an opinion signed by an independent CPA" if revenue exceeds \$150,000 or if professional solicitor is engaged and contributions exceed \$25,000 (Ch. 225, §460/4)
Indiana	
Iowa	
Kansas Audit	"Audited financial statement...and the opinion of an independent CPA on the financial statement" if contributions exceed \$500,000 (§17-1763)
Kentucky	
Louisiana	

**AUDIT REQUIREMENTS FOR FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006**

Maine Is NOT an audit, may only require a compilation, which is less rigorous than a review	"Financial report...prepared by an accountant registered with the Maine Board of Accountancy or authorized to practice by its equivalent in another jurisdiction" if contributions exceed \$30,000 (Tit. 9, §5005 and Regulations)
Maryland Top Tier = Audit Lower Tier= Review	"Audit by an independent CPA" if contributions are \$200,000 or more; "review by an independent CPA" if contributions are at least \$100,000 but less than \$200,000 (Bus. Reg. §6-402)
Massachusetts	
Michigan	"Certified audit report" (§14.256) Regulations require: "audit of the complete operation of the charitable organization by a CPA and certified, as to correctness, by him" if contributions are \$250,000 or more; audit or review of the complete operation of the charitable organization by a CPA and certified, as to correctness, by him if contributions are at least \$100,000 but less than \$250,000. "Complete operation" means financial statements (Admin. Code §400.241 and called AG's office)
Minnesota	"Audited financial statement...examined by an independent CPA for the purpose of expressing an opinion" if gross revenue exceeds \$350,000 (§309.53) Audit
Mississippi Audit	"Financial statement...accompanied by an opinion signed by an independent CPA" if contributions exceed \$100,000 or if professional fundraiser used; Sec. of State may require "audited financial statement...accompanied by opinion signed by independent CPA" if contributions are more than \$25,000 but less than \$100,000 (§79-11-507)
Missouri	
Montana	
Nebraska	
Nevada	
New Hampshire	
New Jersey Audit	"Audited financial statement...examined by an independent CPA for the purpose of expressing an opinion thereon" if gross revenue exceeds \$100,000; AG may require "audited financial statement...examined by an independent CPA" if gross revenue is more than \$25,000 but less than \$100,000 (§45:17A-24)
New Mexico Audit	"A charitable organization...shall be audited by an independent CPA" if gross revenue exceeds \$500,000 (§57-22-6)
New York Top Tier = Audit Lower Tier= Review	"Financial statement which includes an independent CPA's audit report containing an opinion" if gross revenue exceeds \$250,000; "financial statement which includes an independent CPA's review report" if gross revenue exceeds \$100,000 but not more than \$250,000 (Exec. Law §172-b)
North Carolina	
North Dakota	
Ohio	
Oklahoma	
Oregon	
Pennsylvania Top Tier = Audit Lower Tier= Review	"Financial report...audited by an independent CPA or PA" if contributions are \$125,000 or more; "a review or audit of their financial statements performed by an independent CPA or PA" if contributions are \$50,000 or more but less than \$125,000 (Tit. 10, §162.5)
Rhode Island Audit	"Financial statement...audited by an independent CPA" if gross revenue is \$500,000 or more; Director of Dept. of Business Regulation may require "audited annual financial statements" if gross revenue is \$500,000 or less and reasonable cause to believe violation of Solicitation statute occurred (§5-53.1-4)
South Carolina	
South Dakota	
Tennessee Audit	"Audited financial statement...examined by an independent CPA for the purpose of expressing an opinion thereon" if gross revenue exceeds \$300,000; Sec. of State may require "audited financial statement...examined by an independent CPA" if gross revenue is more than \$30,000 but less than \$250,000 (gross revenue does not include grants from government agencies and private foundations) (§48-101-506)
Texas	
Utah	
Vermont	
Virginia	
Washington	

AUDIT REQUIREMENTS FOR FINANCIAL STATEMENTS
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West Virginia Audit	"Balance sheet and income and expense statement, or financial statement...shall be audited by an independent PA" if contributions exceed \$100,000. Contributions do not include grants from government agencies and private foundations. (§29-19-5)
Wisconsin Audit	"Audited financial statement...and the opinion of an independent CPA on the financial statement" if contributions exceed \$100,000 (§440.42)
Wyoming	

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