

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 572
Committee Substitute Favorable 5/16/11

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

22 **SECTION 2.** This act becomes effective October 1, 2011, and applies to nonprofit
23 corporations receiving public funding in the form of grants or loans on or after that date.

