

Alert

The New York Non-Profit Revitalization Act of 2013 and Its Impact on Private Foundations

June 13, 2014

The New York Non-Profit Revitalization Act of 2013 (the “NPRA”) became law in December of 2013. The NPRA requires all charities organized in New York, including private foundations organized as either New York non-profit corporations or New York charitable trusts, to adopt a written Conflict of Interest Policy that incorporates specific provisions included in the NPRA. This provision becomes effective July 1, 2014. We have prepared a model Conflict of Interest Policy that complies with the NPRA. Please contact your attorney at Schulte Roth & Zabel if you would like to receive a copy of this policy, which can be customized to meet the specific needs of your private foundation.

The NPRA also includes provisions designed to simplify board operations for charities (including private foundations) organized as New York non-profit corporations. We have prepared model by-laws that incorporate these provisions. Please contact your attorney at Schulte Roth & Zabel if you would like assistance in updating your private foundation’s by-laws so that they comply with the NPRA.

Additional provisions of the NPRA apply to charities (including private foundations) that have employees or solicit contributions in New York:

- Effective July 1, 2014, charities with 20 or more employees and annual revenue in the prior fiscal year in excess of \$1 million must adopt a written Whistleblower Policy that incorporates specific provisions included in the NPRA;
- Effective Jan. 1, 2015, no employee of a charity organized as a New York non-profit corporation may serve as board chair (or hold any other title with similar responsibilities); and
- The NPRA requires every charity (including corporations and trusts organized both in New York and outside of New York) that solicits contributions in New York and is required to register with the New York Attorney General and file an independent CPA’s audit report with the New York Attorney General to designate an audit committee of the board comprised solely of independent directors to perform certain oversight functions. These provisions are effective July 1, 2014 for charities with annual revenues of \$10 million or above, and are effective Jan. 1, 2015 for charities with annual revenues below \$10 million.

If your private foundation has employees (i.e., pays compensation to any individual) or solicits contributions in New York, please contact your attorney at Schulte Roth & Zabel so that he or she can advise with respect to the additional steps your private foundation will need to take to comply with the NPRA. Questions can also be directed to the attorneys in Schulte Roth & Zabel's [Individual Client Services Group](#).

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