

This profile is part of a set of 51 profiles, including all U.S. states and the District of Columbia, which outlines state laws, regulations, and requirements that apply to charitable organizations. It covers six areas and highlights ways in which state laws differ from federal laws governing charitable organizations.



## Formation, Elections, Operation, and Dissolution

### Nonprofit Corporations

Chapter 55A North Carolina Nonprofit Corporation Act. NC ST Ch. 55A.

### Nonprofit Unincorporated Associations

North Carolina has adopted the Uniform Unincorporated Nonprofit Association Act. N.C. Gen. Stat. Ann. Chapter 59B.

### Election of Directors

N.C. Gen. Stat. Ann. § 55A-7-25 and § 55A-8-04 dictate director election.

N.C. Gen. Stat. Ann. § 55A-7-26 permits for other methods of electing directors.

### Director Term

Director terms shall be one year unless otherwise specified by the articles of incorporation or bylaws. N.C. Gen. Stat. Ann. § 55A-8-05.

### Meeting and Quorum Requirements

Quorum (Members): Ten percent of votes entitled to be cast on a matter shall be represented at a meeting of members to constitute a quorum on that matter. The articles of incorporation or bylaws may dictate otherwise. N.C. Gen. Stat. Ann. § 55A-7-22.

Quorum (Directors): Unless otherwise provided in the articles of incorporation or bylaws, a majority constitutes a quorum. N.C. Gen. Stat. Ann. § 55A-8-24.

A corporation having members with the right to vote for directors shall hold a meeting of such members annually. N.C. Gen. Stat. Ann. § 55A-7-01.

### Officer Requirements

A corporation has the officers described in its bylaws or appointed by the board of directors in accordance with the bylaws. N.C. Gen. Stat. Ann. § 55A-8-40.

### Officer Term

No relevant statute found.

### Dissolution

N.C. Gen. Stat. Ann. § 55A-14-01 et seq. govern the dissolution of a North Carolina nonprofit corporation.

## Duties, Indemnification, and Interested Transactions

### Director Duties

A director shall discharge his duties as a director, including his duties as a member of a committee: in good faith; with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director reasonably believes to be in the best interests of the corporation. N.C. Gen. Stat. Ann. § 55A-8-30.

### Officer Duties

Each officer has the authority and duties set forth in the bylaws or, to the extent consistent with the bylaws, the authority and duties prescribed by the board of directors or by direction of an officer authorized by the board of directors to prescribe the authority and duties of other officers. N.C. Gen. Stat. Ann. § 55A-8-41.

An officer with discretionary authority shall discharge his duties under that authority in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and in a manner the officer reasonably believes to be in the best interests of the corporation. N.C. Gen. Stat. Ann. § 55A-8-42.

### Board Independence Requirements

No relevant statute found.

### Interested Transactions

Conflict of interest transactions are not voidable solely because of the director's interest so long as any of the following is true: (1) The material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board or committee authorized, approved, or ratified

the transaction; (2) The material facts of the transaction and the director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction; or (3) The transaction was fair to the corporation.

Conflict of interest transactions are governed by N.C. Gen. Stat. Ann. § 55A-8-31.

### Indemnification of Directors/Officers

N.C. Gen. Stat. Ann. Chapter 55, Article 8, Chapter 5 governs indemnification of directors, officers, and other employees.

### Loans to Directors, Officers, or Employees

Loans to directors and officers are forbidden except to full-time employees of the corporation who are also directors or officers. N.C. Gen. Stat. Ann. § 55A-8-32.

## Notable Departures from Federal Law

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### Religious/Church Exemption

See tax sections below.

### Healthcare "Plus Factors"

North Carolina does not expressly require nonprofit hospitals to provide community benefits. However, the state requires nonprofit hospitals to report community benefits as a condition of receiving authorization to issue tax-exempt financing. N.C. Gen. Stat. §§ 131A-21; 131A-7.

## General

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### Rebuttable Presumption of Reasonableness - Delegation to Disinterested "Others"

Corporations may provide for delegation of authority of members. N.C. Gen. Stat. Ann. § 55A-6-40.

### Charitable Solicitation Requirements

Registration required. Solicitation of Contributions, N.C. Gen. Stat. §§ 131F-1 to 33.

### State-Specific Retention Policies

Certain nonprofit corporations are subject to the Public Records Act, Chapter 132 of the General Statutes. N.C. Gen. Stat. § 55A-3-07.

Records must include minutes of all meetings of its members and board of directors, a record of all actions taken by the members or directors without a meeting pursuant to G.S. 55A-7-04, 55A-7-08, or 55A-8-21, a record of all actions taken by committees of the board of directors in place of the board of directors on behalf of the corporation, appropriate accounting records, a record of its members, in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing

the number of votes each member is entitled to cast. N.C. Gen. Stat. § 55A-16-01.

### Personal Information Collection and Protection Laws

Membership lists may not be used for purposes unrelated to the corporation without consent of the board of directors. N.C. Gen. Stat. § 55A-16-05.

N.C. Gen. Stat. Chapter 75, Article 2A, the Identity Protection Act, forbids publication or broadcast of personal information knowing of disapproval of the individual.

### Whistleblower Protection

N.C. Gen. Stat. Chapter 95, Article 21, the Retaliatory Employment Discrimination Act, forbids employer discrimination against whistleblowers.

### State Volunteer Liability Law

A volunteer performing services for a charitable organization is immune from civil liability, so long as (1) The volunteer was acting in good faith and the services rendered were reasonable under the circumstances; and (2) The acts or omissions do not amount to gross negligence, wanton conduct, or intentional wrongdoing. (3) The acts or omissions did not occur while the volunteer was operating or responsible for the operation of a motor vehicle.

A charitable organization has waived the qualified immunity to the extent the organization has liability insurance. N.C. Gen. Stat. Ann. § 1-539.10.

### Independent Audit Requirements

No relevant statute found.

### State Filing Requirements

Any corporation that does not designate the street address and the mailing address, if different from the street address, of the corporation's principal office and the county of location in an annual report or its articles of incorporation shall file a Designation of Principal Office Address form with the Secretary of State that contains that information. N.C. Gen. Stat. § 55A-16-23.

N.C. Gen. Stat. § 55A-1-20 governs the form of filed documents.

## Model Acts

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### Uniform Prudent Management of Institutional Funds Act

Adopted

### Uniform Prudent Investor Act

Adopted

## Tax Exemptions

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### Income Tax

Corporations organized for religious, charitable, scientific, literary, or educational purposes are exempt from income taxes. N.C. Gen. Stat. § 105-130.11(a)(3).

### Sales and Use Taxation

On a semi-annual basis, nonprofit entities are permitted a refund of sales and use taxes paid on direct purchases of tangible personal property and services for use in the work of the nonprofit entity. N.C. Gen. Stat. § 105-164.14(b).

### Property Tax Exemption

Charitable and benevolent associations or institutions are exempt from property taxes. N.C. Gen. Stat. § 105-278.7.

### Miscellaneous Exemptions

N/A.

General Resource:

[http://www.ncga.state.nc.us/enactedlegislation/statutes/html/bychapter/chapter\\_55a.html](http://www.ncga.state.nc.us/enactedlegislation/statutes/html/bychapter/chapter_55a.html)

### Disclaimer

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