

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE DRS85120-LH-32A\* (12/15)

Short Title: Nonprofits/Criteria to Receive State Funds. (Public)

Sponsors: Senator Brock.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE THAT A NONPROFIT CORPORATION IS ELIGIBLE TO  
3 RECEIVE A STATE-FUNDED GRANT ONLY IF IT MEETS CERTAIN CRITERIA.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Part 3 of Article 6 of Chapter 143C of the General Statutes is  
6 amended by adding a new section to read:

7 "§ 143C-6-24. Criteria establishing eligibility of nonprofit to receive State funds.

8 (a) Eligibility of Nonprofit to Receive State Grant. – Notwithstanding any other  
9 provision of law, no State funds shall be awarded as a grant to a non-State entity that is a  
10 nonprofit corporation unless the nonprofit corporation satisfies all of the following criteria  
11 during the fiscal year for which the grant is made:

12 (1) At least thirty-five percent (35%) of the funding for the nonprofit  
13 corporation is from private sources.

14 (2) The administrative expenses of the nonprofit corporation do not exceed  
15 fifteen percent (15%) of the total budget or receipts for the nonprofit  
16 corporation.

17 (b) Suspension and Recovery of Funds for Noncompliance. – If a nonprofit corporation  
18 that receives a State grant violates subsection (a) of this section, then the Office of State Budget  
19 and Management may suspend further disbursement of funds to the nonprofit corporation and  
20 try to recover grant funds already disbursed pursuant to G.S. 143C-6-23(f).

21 (c) Certification of Compliance. – A non-State entity that is a nonprofit corporation that  
22 receives a State grant shall certify annually whether it is in compliance with this section  
23 pursuant to G.S. 143C-6-23(d)."

24 SECTION 2. G.S. 143C-6-23(d)(6) reads as rewritten:

25 "(6) Establish mandatory periodic reporting requirements for grantees and  
26 subgrantees, including methods of reporting, to provide financial and  
27 program performance information. The mandatory periodic reporting  
28 requirements shall require grantees and subgrantees to file with the State  
29 Auditor copies of reports and statements that are filed with State agencies  
30 pursuant to this subsection. Compliance with the mandatory periodic  
31 reporting requirements of this subdivision shall not require grantees and  
32 subgrantees to file with the State Auditor the information described in  
33 subsections (b) and (c) of this section. The mandatory periodic reporting  
34 requirements shall require that a grantee or subgrantee that is a nonprofit



1                    corporation certify annually whether it is in compliance with  
2                    G.S. 143C-6-24."

3                    **SECTION 3.** This act becomes effective July 1, 2011, and applies to grants of  
4 State funds awarded on or after that date.