

SENATE BILL NO. 293—SENATOR CEGAVSKE

MARCH 21, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Makes various changes relating to certain nonprofit organizations. (BDR 3-1011)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to nonprofit organizations; requiring nonprofit organizations which provide certain jobs and day training services or which operate certain rehabilitation facilities or workshops to be on file and in good standing with the Secretary of State as a nonprofit organization and meet certain other requirements as a condition of participating in such programs; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes nonprofit organizations to provide certain jobs and day
2 training services or to operate certain rehabilitation facilities or workshops. (NRS
3 435.130-435.310, chapter 615 of NRS) **Section 2** of this bill requires organizations
4 which provide certain jobs and day training services to be on file and in good
5 standing with the Secretary of State as nonprofit organizations and further requires
6 such organizations to provide certain financial information to the Division of
7 Mental Health and Developmental Services of the Department of Health and
8 Human Services. **Section 4** of this bill requires organizations which operate certain
9 rehabilitation facilities or workshops to be on file and in good standing with the
10 Secretary of State as nonprofit organizations and further requires such
11 organizations to provide certain financial information to the Department of
12 Employment, Training and Rehabilitation.



* S B 2 9 3 R 1 *

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** (Deleted by amendment.)

2 **Sec. 2.** Chapter 435 of NRS is hereby amended by adding
3 thereto a new section to read as follows:

4 *Before being issued a certificate by the Division pursuant to*
5 *NRS 435.225 and annually thereafter as a condition of*
6 *certification, an organization must:*

7 1. *Be on file and in good standing with the Secretary of State*
8 *as a nonprofit organization pursuant to title 7 of NRS;*

9 2. *Submit to the Division an annual audit of the financial*
10 *statements of the organization that is conducted by an independent*
11 *certified public accountant; and*

12 3. *Submit to the Division the most recent federal tax return of*
13 *the organization, including, without limitation, Form 990, or its*
14 *successor form, and the Schedule L and Schedule R of such*
15 *return, or the successor forms of such schedules, which include an*
16 *itemization of:*

17 (a) *Any transaction during the federal tax year of the*
18 *organization in which an economic benefit is provided by the*
19 *organization to a director, officer or board member of the*
20 *organization, or any other person who has substantial influence*
21 *over the organization, and in which the value of the economic*
22 *benefit provided by the organization exceeds the value of the*
23 *consideration received by the organization;*

24 (b) *Any loans to or from the organization which are received*
25 *by or from a director, officer or board member of the organization,*
26 *a person who has substantial influence over the organization or a*
27 *family member of such director, officer, board member or person*
28 *and which remain outstanding at the end of the federal tax year of*
29 *the organization;*

30 (c) *Any grants or other assistance from the organization*
31 *during the federal tax year of the organization which benefit a*
32 *director, officer or board member of the organization, a person*
33 *who has substantial influence over the organization or a family*
34 *member of such director, officer, board member or person;*

35 (d) *Business transactions during the federal tax year of the*
36 *organization between the organization and a director, officer or*
37 *board member of the organization, a person who has substantial*
38 *influence over the organization or a family member of such*
39 *director, officer, board member or person which exceed, in the*
40 *aggregate, \$100,000, or a single business transaction that exceeds*
41 *\$10,000; and*



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1 (e) *All related party transactions including, without limitation,*
2 *the receipt of interest, royalties, annuities or rent, the sale or*
3 *purchase of assets or services, the sharing of facilities, equipment*
4 *or employees, and the transfer of cash or property.*

5 **Sec. 3.** NRS 435.140 is hereby amended to read as follows:

6 435.140 As used in NRS 435.130 to 435.310, inclusive, *and*
7 *section 2 of this act*, unless the context otherwise requires, the
8 words and terms defined in NRS 435.172, 435.176 and 435.179
9 have the meanings ascribed to them in those sections.

10 **Sec. 4.** Chapter 615 of NRS is hereby amended by adding
11 thereto a new section to read as follows:

12 *Before participating in a training or rehabilitative program of a*
13 *rehabilitation facility or workshop established by the Department*
14 *pursuant to this chapter and annually thereafter as a condition of*
15 *participation, an organization must:*

16 1. *Be on file and in good standing with the Secretary of State*
17 *as a nonprofit organization pursuant to title 7 of NRS;*

18 2. *Submit to the Department an annual audit of the financial*
19 *statements of the organization that is conducted by an independent*
20 *certified public accountant; and*

21 3. *Submit to the Department the most recent federal tax*
22 *return of the organization, including, without limitation, Form*
23 *990, or its successor form, and the Schedule L and Schedule R of*
24 *such return, or the successor forms of such schedules, which*
25 *include an itemization of:*

26 (a) *Any transaction during the federal tax year of the*
27 *organization in which an economic benefit is provided by*
28 *the organization to a director, officer or board member of the*
29 *organization, or any other person who has substantial influence*
30 *over the organization, and in which the value of the economic*
31 *benefit provided by the organization exceeds the value of the*
32 *consideration received by the organization;*

33 (b) *Any loans to or from the organization which are received*
34 *by or from a director, officer or board member of the organization,*
35 *a person who has substantial influence over the organization or a*
36 *family member of such director, officer, board member or person*
37 *and which remain outstanding at the end of the federal tax year of*
38 *the organization;*

39 (c) *Any grants or other assistance from the organization*
40 *during the federal tax year of the organization which benefit a*
41 *director, officer or board member of the organization, a person*
42 *who has substantial influence over the organization or a family*
43 *member of such director, officer, board member or person;*

44 (d) *Business transactions during the federal tax year of the*
45 *organization between the organization and a director, officer or*



1 *board member of the organization, a person who has substantial*
2 *influence over the organization or a family member of such*
3 *director, officer, board member or person which exceed, in the*
4 *aggregate, \$100,000, or a single business transaction that exceeds*
5 *\$10,000; and*

6 *(e) All related party transactions including, without limitation,*
7 *the receipt of interest, royalties, annuities or rent, the sale or*
8 *purchase of assets or services, the sharing of facilities, equipment*
9 *or employees, and the transfer of cash or property.*

10 **Sec. 5.** Notwithstanding the provisions of sections 2 and 4 of
11 this act, a nonprofit organization required to comply with section 2
12 or 4 of this act to participate in a program pursuant to NRS 435.130
13 to 435.310, inclusive, or chapter 615 of NRS, respectively, may
14 continue to participate in those programs until January 1, 2012.
15 Such a nonprofit organization must comply with such provisions on
16 or before January 1, 2012. If such a nonprofit organization is not in
17 compliance with the appropriate section on or before January 1,
18 2012, it may not continue to participate in the program after that
19 date.

20 **Sec. 6.** This act becomes effective on July 1, 2011.

