State laws for charitable organizations

Colorado

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
Colorado Revised Nonprofit Corporation Act, §§ 7-121 to 7-137.

Nonprofit Unincorporated Associations
No relevant statute found.

Election of Directors
"(1) A nonprofit corporation may provide in its bylaws for election of directors by voting members or delegates: (a) On the basis of chapter or other organizational unit; (b) By region or other geographic unit; (c) By preferential voting; or (d) By any other reasonable method." C.R.S.A. § 7-127-209.

Director Term
"The bylaws may state the terms of directors. In the absence of any term stated in the bylaws, the term of each director shall be one year." C.R.S.A. § 7-128-105.

Meeting and Quorum Requirements
Quorum (Members): Unless otherwise provided by articles 121-137 or the bylaws, quorum is 25 percent of the votes entitled to be cast on a matter. C.R.S.A. § 7-127-205.

Quorum (Directors): Unless otherwise provided for in the bylaws, quorum is the majority of the number of directors in office immediately before the meeting begins. If provided for in bylaws, quorum cannot be less than one-third of directors fixed or the number of directors in office if no fixed number of directors. C.R.S.A. § 7-128-205.

Annual meeting required unless bylaws provide otherwise. C.R.S.A. § 7-127-101.

Officer Requirements
Must have a president (or chairperson), a secretary and a treasurer, each of whom must be eighteen years of age or older. C.R.S.A. § 7-128-301.

Officer Term
No relevant statute found.

Dissolution
C.R.S.A. § 7-134-101 et seq. governs voluntary dissolution.

Duties, Indemnification, and Interested Transactions

Director Duties
Directors must discharge their duties (a) in good faith, (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and (c) in a manner the director reasonably believes to be in the best interests of the nonprofit corporation. C.R.S.A. § 7-128-401.

Officer Duties
Officers must discharge their duties (a) in good faith, (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and (c) in a manner the officer reasonably believes to be in the best interests of the nonprofit corporation. C.R.S.A. § 7-128-401.

Board Independence Requirements
No relevant statute found.

Interested Transactions
A conflicting interest transaction is not automatically voidable if: (a) the material facts are disclosed or are known to the board of directors and the board of directors in good faith authorizes, approves or ratifies the transaction by a majority vote of the disinterested directors, (b) the material facts are disclosed or known to the members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon, or (c) the conflicting interest transaction is fair as to the nonprofit corporation. C.R.S.A. § 7-128-501 et seq.
Indemnification of Directors/Officers
A nonprofit corporation may indemnify a person made party to a proceeding because the person is or was a director against liability incurred in the proceeding if (a) the conduct was in good faith, (b) the person reasonably believed (i) in the case of conduct in an official capacity with the nonprofit corporation, that the conduct was in the nonprofit corporation's best interests; and (ii) in all other cases, that the conduct was at least not opposed to the nonprofit corporation's best interests; and (c) In the case of any criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful.

However, a nonprofit corporation may not indemnify a director if: (a) in connection with a proceeding by or in the right of the nonprofit corporation in which the director was adjudged liable to the nonprofit corporation; or (b) in connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the director was adjudged liable on the basis that the director derived an improper personal benefit. C.R.S.A. § 7-129..

Loans to Directors, Officers, or Employees
“No loans shall be made by a corporation to its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the corporation for the amount of such loan until the repayment thereof.” C.R.S.A. § 7-128-501(2).

Notable Departures from Federal Law

Religious/Church Exemption
See tax sections below.

Healthcare "Plus Factors"

General

Rebuttable Presumption of Reasonableness - Delegation to Disinterested "Others"
No relevant statute found.

Charitable Solicitation Requirements
Nonprofit corporations must register via website before engaging in charitable activities/performing services in connection with solicitations. Governing Law is the Colorado Charitable Solicitations Act, C.R.S.A. §§ 6-16-101 to -114.

State-Specific Retention Policies
Corporate record retention requirements are governed by C.R.S.A. §§ 7-136-101.

Personal Information Collection and Protection Laws
No relevant statute found.

Whistleblower Protection
No relevant statute found.

State Volunteer Liability Law
No relevant statute found.

Independent Audit Requirements
No relevant statute found.

State Filing Requirements
A nonprofit must comply with all legally required reporting procedures (e.g., C.R.S.A. § 6-16-101) and file their annual Form 990-PF with the Colorado Attorney General’s office.

Model Acts

Uniform Prudent Management of Institutional Funds Act
Adopted

Uniform Prudent Investor Act
Adopted

Tax Exemptions

Income Tax
Colorado law exempts from state income tax persons and organizations that are exempt from federal income tax. C.R.S.A. § 39-22-112(1).

Sales and Use Taxation
Colorado law exempts nonprofits from state sales and use taxes. C.R.S.A. § 39-26-718(1)(a).

Property Tax Exemption
Colorado exempts from state property tax real and personal property that is "owned and used solely and exclusively for strictly charitable purposes" by a nonprofit hospital that is licensed by the state as a health care facility or a nonprofit nonresidential property. C.R.S.A. § 39-3-108(1)(b).

Miscellaneous Exemptions
N/A.
General Resource:
https://www.sos.state.co.us/pubs/charities/classMaterials/2011Title7Article%20121-137.pdf

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