

# Connecticut

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

Connecticut Revised non-stock Corporation Act. Conn. Gen. Stat. Ann. §§ 33-1000 to 33-1290.

### Nonprofit Unincorporated Associations

No relevant statute found.

### Election of Directors

Board must have at least three directors as specified in the certificate of incorporation or the bylaws. After initial directors are designated or elected, directors shall be elected at subsequent annual meetings. Conn. Gen. Stat. Ann. § 33-1082.

### Director Term

One year unless staggered terms are used. Conn. Gen. Stat. Ann. § 33-1085.

### Meeting and Quorum Requirements

Quorum (Members): Unless this chapter, the certificate of incorporation or bylaws say otherwise, the members entitled to vote on the matter who are present at the meeting (either in person or by proxy) constitute a quorum. Conn. Gen. Stat. Ann. § 33-1074.

Quorum (Directors): Unless otherwise specified in the certificate of incorporation or bylaws requiring a greater number, a quorum is the majority of the fixed number of directors, if no fixed board size, then the majority of number of directors prescribed, if no number

prescribed, then quorum is the majority of directors in office immediately before meeting begins. Conn. Gen. Stat. Ann. § 33-1100.

Annual meeting required or per bylaws. § 33-1061.

### Officer Requirements

Corporation has the officers described in the bylaws. Conn. Gen. Stat. Ann. § 33-1109.

### Officer Term

No relevant statute found.

### Dissolution

Dissolution can be done by incorporators or initial board of directors, by resolution of the board and members, administrative or judicial. Conn. Gen. Stat. Ann. §§ 33-1170-1178b, 33-1181-1184, 33-1187-1190.

## Duties, Indemnification, and Interested Transactions

### Director Duties

"Directors shall discharge [his/her] duties...in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he reasonably believes to be in the best interests of the corporation." Conn. Gen. Stat. Ann. § 33-1104.

### Officer Duties

"Officer with discretionary authority shall discharge [his/her] duties...in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he reasonably believes to be in the best interests of the corporation." Conn. Gen. Stat. Ann. § 33-1111.

### Board Independence Requirements

No relevant statute found.

### Interested Transactions

"Director's conflicting interest transaction [is] a transaction...(A)...the director is a party, (B)...director had knowledge and a material financial interest known to the director, or (C) ...director knew that a related person was a party or had a material financial interest." Conn. Gen. Stat. Ann. § 33-1127.

Transaction is effective if authorized by majority of qualified directors (but no fewer than 2) after required disclosure is made or if the action was taken by committee that was made up of qualified directors. Conn. Gen. Stat. Ann. § 33-1129.

## Indemnification of Directors/Officers

Corporation must indemnify a director who was successful on the merits in defense of a proceeding s/he was a party because of his/her role as a director. Conn. Gen. Stat. Ann. §33-1118 [Officers must also be indemnified §33-1122].

Corporation may indemnify person who is party to a proceeding b/c of his/her role as director provided s/he acted in accordance with the required duties of good faith, he reasonably believed (i) in the case of conduct in his official capacity, that his conduct was in the best interests of the corporation and (ii) in all other cases, that his conduct was at least not opposed to the best interests of the corporation and, in criminal cases, and had no reasonable cause to believe his/her act/s were illegal. Conn. Gen. Stat. Ann. §33-1117.

Corporation may indemnify person who is party to a proceeding b/c of his/her role as officer. Conn. Gen. Stat. Ann. §33-1122.

## Loans to Directors, Officers, or Employees

"Directors who vote for or assent to the making of a loan to an officer or to a director of a corporation, or any officer or officers participating in the making of such loan, which loan is neither made in the usual course of the corporation's affairs nor made primarily for a legitimate purpose of the corporation, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof." Conn. Gen. Stat. Ann. § 33-1106.

## Notable Departures from Federal Law

### Religious/Church Exemption

Religious societies and corporations must file a certificate with the Secretary of State. Conn. Gen. Stat. Ann. § 33-264b.

See chapter on Religious Corporations and Societies: CT ST T. 33, Ch. 598.

See tax sections below.

### Healthcare "Plus Factors"

No express community benefits requirement. However, there are certain reporting requirements for hospitals that voluntarily develop community benefits programs. Hospitals (both nonprofit and for-profit) must annually file their charity care policies with the Office of the Healthcare Access. Conn. Gen. Stat. Ann. § 19a-649.

Nonprofit hospitals have additional filing requirements with the Office of Healthcare Access. Conn. Gen. Stat. Ann. § 19a-649.

Hospitals must submit to the Healthcare Advocate reports biennially that reports on the hospitals community benefits program, if any. The statute lays out the reporting requirements. Conn. Gen. Stat. Ann. § 19a-127k.

## General

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

No state-specific rules addressing delegating to non-directors.

### Charitable Solicitation Requirements

Registered charities must register with the Dept. of Consumer Protection in Connecticut and must file annual financial reports on income/expenditures. Conn. Gen. Stat. Ann. §§21a-190a-190l

### State-Specific Retention Policies

Corporation must keep minutes of all meetings, record of all actions taken without a meeting, and record of actions taken by committee in lieu of the full board permanently; must also maintain appropriate accounting records; record of members; and keep at its principal office the certificate of incorporation, bylaws, minutes and records of action taken absent a meeting in the past three years, financial statements from last three years, names/addresses of current directors and officers, and most recent annual report submitted to the secretary. Conn. Gen. Stat. Ann. §33-1235

### Personal Information Collection and Protection Laws

No relevant statute found.

### Whistleblower Protection

Private employees covered/protected by Conn. Gen. Stat. Ann. §31-51m.

### State Volunteer Liability Law

"Any person who serves as a director, officer or trustee of a nonprofit...qualified...under Section 501(c)...and who is not compensated for such services on a salary or prorated equivalent basis, shall be immune from civil liability for damage or injury occurring on or after October 1, 1987, resulting from any act, error or omission made in the exercise of such person's policy or decision-making responsibilities if such person was acting in good faith and within the scope of such person's official functions and duties, unless such damage or injury was caused by the reckless, willful or wanton misconduct of such person." Conn. Gen. Stat. Ann. §52-557m.

### Independent Audit Requirements

Charitable organization with gross annual revenue over \$500,000 must file an audited financial statement prepared by an independent CPA. Conn. Gen. Stat. Ann. §21a-190c.

### State Filing Requirements

Domestic corporations must file annual report; exempt entities include banks, trust companies, S&L associations, credit unions, public service companies, incorporated church or religious corporations. Conn. Gen. Stat. Ann. §33-1243.

## 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

Certain types of organizations are exempt from income tax. Conn. Gen. Stat. Ann. § 12-214(2)(B).

### Sales and Use Taxation

Property donated to tax-exempt organizations is exempt from sales and use tax. Conn. Gen. Stat. Ann. § 12-413(4).

Sales of tangible personal property or services to a federally tax exempt organization under 501(c) or (a) are tax exempt. Conn. Gen. Stat. Ann. § 12-412.

### Property Tax Exemption

Exempts from taxation real and personal property owned by a corporation organized and used exclusively for charitable purposes, provided no officer, member, or employee receives any pecuniary profit from its operation, except as reasonable compensation for services or as a proper beneficiary of its strictly charitable purposes. Conn. Gen. Stat. §12-81(7) *Note that this statute was recently amended.*

### Miscellaneous Exemptions

N/A.

General Resource:

[https://www.cga.ct.gov/current/pub/chap\\_602.htm](https://www.cga.ct.gov/current/pub/chap_602.htm)

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#### Disclaimer

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