

November 19, 1999

COMPLIANCE MEMORANDUM NO. 3

SUBJECT: DOCUMENTATION REQUIREMENTS FOR NIB, NISH, AND UMBRELLA ORGANIZATIONS

1. PURPOSE

This memorandum delineates the record keeping procedures for National Industries for the Blind (NIB), NISH, and nonprofit umbrella organizations with subordinate elements that are treated as separate nonprofit agencies under the Javits-Wagner-O'Day (JWOD) Act.

2. NIB AND NISH AS CENTRAL NONPROFIT AGENCIES

NIB and NISH have special status as central nonprofit agencies as described in Section 51-3.2 of the Committee's regulations. The Committee maintains a record of documents verifying their nonprofit status.

A. NIB and NISH Documentation Responsibilities

Both NIB and NISH are required to submit to the Committee an annual certification which should be signed by an Officer of the Board of Directors which states the following:

- there have been no changes in the Articles of Incorporation or By-laws under which NIB and NISH are operating, or;
- if there have been changes in the By-laws or Articles of Incorporation, the letter from the Officer of the Board of Directors should include a certified copy of the revision.

NIB and NISH are required to forward this information to the Committee by December 15.

B. Maintaining NIB and NISH Documents

The Committee will maintain copies of the legal documents submitted by NIB and NISH for as long as they are designated by the Committee to facilitate the distribution of Government orders for commodities and services on the Procurement List and perform other functions.

3. UMBRELLA ORGANIZATIONS

Several nonprofit agencies (for example, most chapters of NYSARC) have no legal existence on their own, but are actually parts of larger nonprofit corporations or government agencies. The Committee has determined that for these nonprofit agencies to satisfy the requirements in paragraphs (a) and (b) of Section 51-4.2 of the Committee's regulations, the larger incorporated entities, or umbrella organizations, must annually submit certain documents to the Committee to verify the continuing nonprofit status of the subsidiary organizations.

A. Submission of Documents

At the time the first agency which is a subsidiary of a larger umbrella organization seeks verification of its nonprofit status, NIB or NISH shall submit the legal documents listed in paragraph 51-4.2 (a) of the Committee regulations as well as the Articles and By-laws of the umbrella organization with which it is affiliated. In some cases, this will include a set of By-laws for the individual subsidiary of the organization as well as the By-laws of the umbrella organization. In other cases the documentation for the umbrella organization is the only legal documentation for the individual subsidiary as well. The subsidiary and umbrella organization must receive Committee approval of nonprofit status as detailed in Compliance Memorandum No. 1: Qualification Procedures for Nonprofit Agencies.

At the time that a second subsidiary of an umbrella organization requests verification and producing status, the Committee shall establish a separate file for the umbrella organization involved. This record shall include the Articles of Incorporation and By-laws of the umbrella organization, as well as a current list of the subsidiaries associated with that umbrella organization.

B. Umbrella Organization Responsibilities

Each umbrella organization with at least two subsidiaries that the Committee has authorized to provide a product or perform a service is required to submit through NIB or NISH an annual certification signed by an Officer of the Board of Directors which includes the following:

- a statement concerning whether there have been any changes in the Articles of Incorporation or By-laws under which the umbrella organization is operating;
- a copy of any changes to the Articles of Incorporation and By-laws;
- the complete list of subsidiaries associated with the umbrella organization or a statement that the list has not changed since the previous fiscal year.

The annual certification is due to NIB or NISH by November 15 for the fiscal year ending the preceding September 30. NIB or NISH is required to review and forward this information to the Committee by December 15.

C. Maintaining Umbrella Organization Documents

The Committee will maintain copies of the legal documents submitted by the umbrella organizations for only those umbrella organizations which have two or more subsidiaries which have been authorized, or have been requested to be authorized, to provide one or more products or services on the Procurement List, or which have one or more products or services under consideration for addition to the Procurement List.

D. Disposition of Documents

One year after an umbrella organization has only one subsidiary verified as a nonprofit agency, the documents on the umbrella organization will be placed in the file of the remaining subsidiary and no umbrella organization status will exist.

One year after the deletion of the last item of the last subsidiary from the Procurement List the Committee will return all of the umbrella organization's legal documents to either NIB or NISH.

Beverly L. Milkman
Executive Director