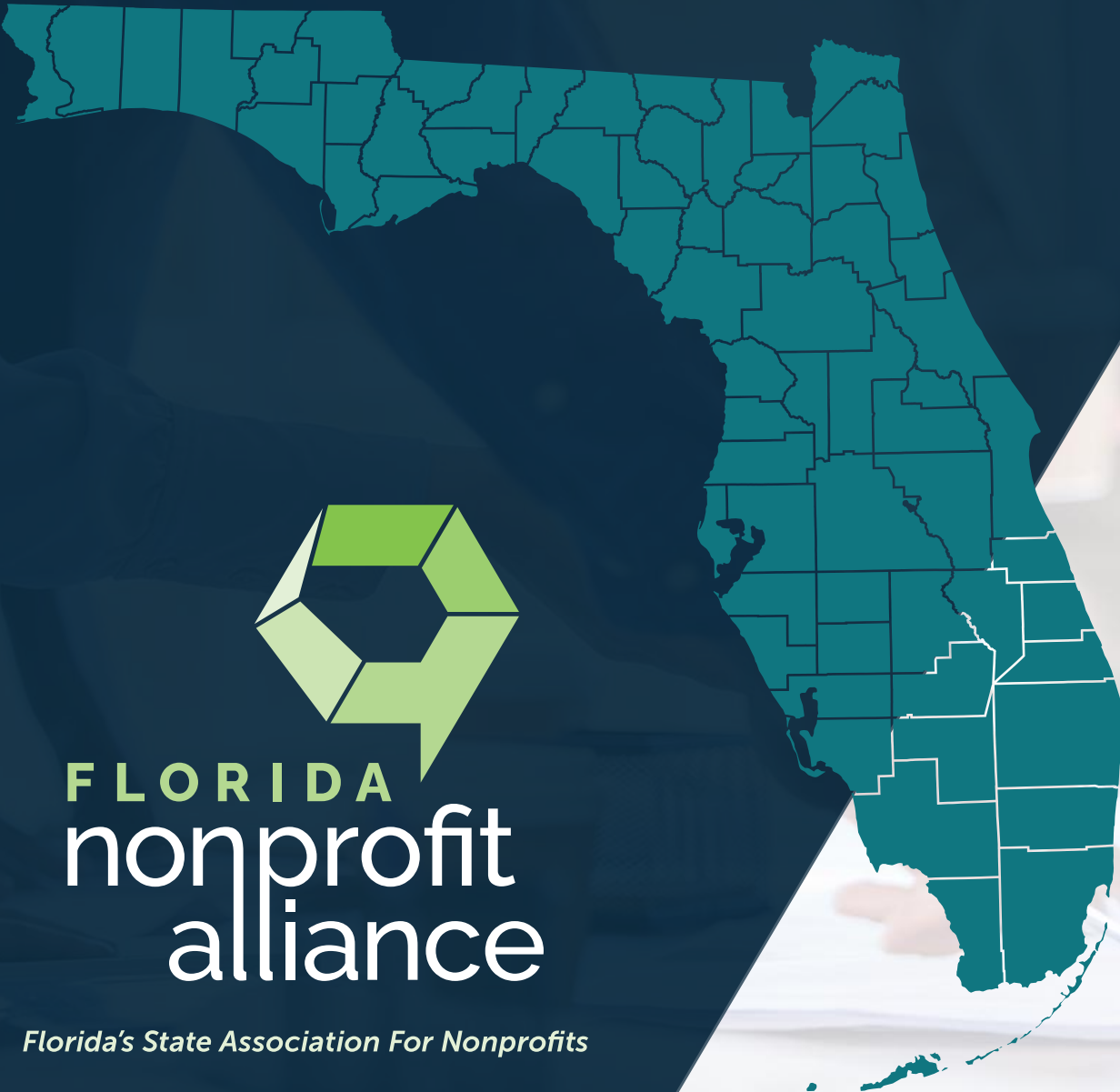


*Advocate. Expert. Collective Voice.*



**FLORIDA**  
nonprofit  
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*Florida's State Association For Nonprofits*

# Florida Nonprofit Corporations Act: What It Means for Your Nonprofit

June 25, 2026



## Our Mission:

To advance Florida's nonprofits as their advocate and collective voice.

## Our Vision:

A better Florida through an elevated and protected nonprofit sector.



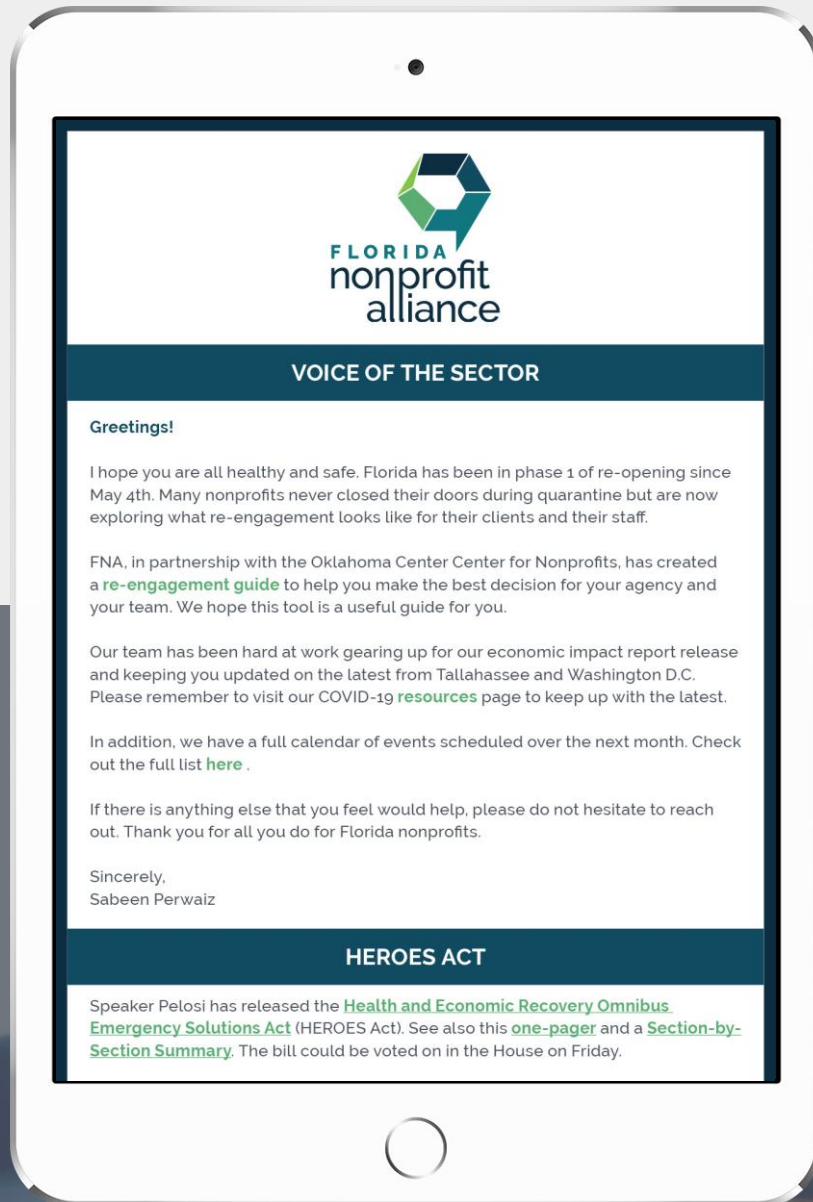
# Other statewide organizations for nonprofits in the U.S.





# Newsletters

View [sample here](#)



Sign up at [flnonprofits.org](https://flnonprofits.org)



# Membership— *the Core of FNA*

1. Nonprofits
2. Foundations
3. Consultants

For more information, visit [flnonprofits.org/membership-information](https://flnonprofits.org/membership-information)



### Advocacy:

- Education
- Information
- Guides

### Research:

- Compensation & Benefits research
- Economic Impact data
- Annual Nonprofits Survey
- Individual Giving Research

### Resources:

- Property Tax information
- Legal Compliance checklist
- Nonprofits and Overhead resource page

# FNA RESOURCES

Visit us at [flnonprofits.org](https://flnonprofits.org)



Florida's Property Tax Ballot  
Measure: What Nonprofits  
Need to Know  
July 9, 3-4PM ET

Member Orientation  
July 13, 12-1PM ET

The Art of Staying  
Nonpartisan During Election  
Season  
July 15, 9:30-10:30AM ET

# FNA EVENTS

Register at [flnonprofits.org/events](https://flnonprofits.org/events)

# Compensation and Benefits Survey

*Closes July 14th!*



- Extensive survey with specific compensation numbers per position
- Includes data on:
  - Employment practices and policies
  - Benefits
  - Leadership profiles
  - Comparisons to for-profit job equivalents
  - And more!
- Final report available to any nonprofit for free
- Includes an interactive dashboard that can be sorted by job, budget size, number of employees, - as long as there are at least 5 respondents per category.
- **Please complete the survey and spread the word!**





# Housekeeping

- All participants today are on mute
- Type your questions in the chat box – we will be monitoring them
- Any questions not answered live will be answered post-event
- Captioning is available
- This training is being recorded
- The recording and the slides will be shared after

# Legal Compliance Resources



## Legal Compliance Checklist

For Florida Nonprofits

Created by the Florida Nonprofit Alliance, the Legal Compliance Checklist for Florida outlines laws that affect Florida nonprofits' governance, finances, advocacy, human resources, and fundraising and how to comply with them.

**Updated May 2026:** The Legal Compliance Checklist has been revised to reflect recent compliance updates.

[Download Legal Compliance Checklist](#)

**Legal Compliance Checklist is free for FNA members and \$50.00 for non-members.**

If you have any questions, please contact Leah at [lmcdermott@flnonprofits.org](mailto:lmcdermott@flnonprofits.org).

### Additional Resources for Legal Compliance

- [Florida Nonprofit Corporation Act \(HB 797\) Compliance Self-Assessment Tool](#)
- [Florida Department of Agriculture and Consumer Services](#)
- [IRS Charities and Nonprofits website](#)
- [National Association of State Charity Officials](#)
- [FNA Advocacy 101 Trainings](#)



## Florida Nonprofit Corporation Act (HB 797) Compliance Self-Assessment Tool For 501(c)(3) Nonprofit Organizations

### Introduction

Under House Bill 797, revisions to Florida's nonprofit law, Chapter 617 of the Florida Statutes (the "Act"), take effect on **July 1, 2026** and set out new default rules for how nonprofits are governed. This self-assessment tool helps your organization quickly identify whether—and where—you may need to take action.

**You do not need to be a lawyer to work through this form.** Answer based on your current Articles of Incorporation and Bylaws. If you answer "No" or "Unsure," develop a plan to address your action item.

### Scope

*This tool is designed primarily for public charities recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. If your organization holds a different tax-exempt classification, the statutory changes may still apply. Be sure to consult legal counsel about applicability to your specific structure.*

### How to Use This Tool

For each question below, check one box: Yes, No, or Unsure.

- **Yes**—Your governing documents clearly address this topic. Move to the next question.
- **No**—Your governing documents are silent or unclear. Read the explanation below for:
  - (a) What the law now says as a default rule, and
  - (b) A recommended next step for your organization.
- **Unsure**—You're not certain what your documents say. Treat this the same as "No"—it's your action item.

**Tip:** Have a copy of your Articles of Incorporation and Bylaws handy before you begin. This assessment typically takes 15–20 minutes to complete.



# Webinar: Florida Nonprofit Corporation Act

June 25, 2026





# Presenters



**Asghar Syed** is a litigator and trusted advisor to businesses including those in the healthcare, transportation, education, and franchise sectors. Asghar has extensive experience serving on nonprofit boards and currently leads the fiduciary boards of a Section 501(c)(3) health system and a Section 501(c)(6) bar association.



**Isabella Sirmon** is a tax attorney who advises clients on a wide range of tax matters, including employee benefits, tax-exempt organizations, and general tax planning and compliance. Isabella's practice focuses on helping employers, nonprofit organizations, and individuals navigate complex tax and regulatory requirements.



# Disclaimer

Today's presentation and the following slides are intended to provide a high-level overview of the modernized Florida Nonprofit Corporation Act and the specific statutory changes effective July 1, 2026. They do not constitute legal advice.

Because your organization's unique articles and bylaws may amend the Act's default rules, compliance requirements will vary. To ensure compliance with the updated standards of conduct, conflict-of-interest rules, and record-keeping mandates, we strongly encourage you to review FNA's Florida Nonprofit Corporation Act Compliance Self-Assessment Tool and consult with legal counsel to review your specific governing documents and practices.



# Agenda

- Introduction to House Bill 797
- Legal Members vs. Affiliate Members
- Director and Officer Standards of Conduct
- Conflicts of Interest and the “Qualified Director”
- Default Rules vs. Business Decisions: Auditing Your Bylaws
- Key Changes to Member-Based Organizations
- Corporate Records
- Electronic Governance
- Structural Actions: Mergers, Conversions, Domestications, and Dissolutions



# Introduction

- Enactment of Florida House Bill 797: Florida Nonprofit Corporation Act (formerly, the Florida Not For Profit Corporation Act)
- Statutory changes take effect on July 1, 2026
- Complete legislative overhaul designed to align Florida's nonprofit laws with the Florida Business Corporation Act and the American Bar Association's Model Nonprofit Corporation Act



# Who is affected?

- All nonprofit entities organized under Florida law
- Boards of Directors
- Corporate Officers
- Members



# Nonprofit ≠ Tax-Exempt

- **“Tax-Exempt”/Section 501(c)(3)** is a specific tax-exempt status granted by the IRS that must meet requirements set forth in the Internal Revenue Code.
- **“Nonprofit”** is a state law classification and must meet the requirements of the Florida Nonprofit Corporation Act.
  - Nonprofit entities include charitable entities, trade associations, member-driven organizations, and certain community associations.
- **The Two Are Distinct.** Many tax-exempt organizations are formed as nonprofit corporations. Being organized as a Florida nonprofit does not cause your organization to be exempt from federal income tax. To obtain tax-exempt status, your organization must apply for and receive a determination letter confirming tax exemption from the IRS.



# Two Types of 501(c)(3) Organizations

- Public Charities
  - Statutory categories (*e.g.*, churches, schools, hospitals)
  - If an organization does not fall under a statutory category, it must satisfy one of the “public support” tests
- Private Foundations
  - Organizations that do not meet the definition of “public charity” and/or are funded by a small group of private donors.



# What Changed?

- New governance standards
- New director and officer conduct provisions
- Updated conflict of interest framework
- Revised member meeting and voting rules
- Modernized merger, conversion and dissolution provisions
- Expanded derivative action procedures



# Why it Matters

- HB 797 creates numerous new “default rules” for Florida nonprofits. If your bylaws have not been updated recently, the new “default rules” may surprise you.
- If your articles or bylaws are silent, Florida law automatically applies the default rules that may conflict with your current operations.
- While you can opt out or modify default rules, some statutory provisions cannot be modified or overridden.
- Boards should audit its governing documents and assess whether statutory defaults serve the organization’s needs.



# Hypothetical

A small arts nonprofit's bylaws are silent as to the removal of directors. Founding board members assumed that directors could only be removed for serious misconduct. But the new Section 617.0808 defaults to 'removal with or without cause' by majority vote. At a contentious board meeting, a faction uses this default rule to remove the founding artistic director, with no misconduct alleged. The founders are shocked, but the statute is clear.

*Takeaway: Silence in your bylaws is not neutral. The statute actively fills gaps. Your organization should be governed intentionally, not by default. Moreover, robust and clear bylaws will serve as both a compliance tool and a roadmap for competent governance.*



# Member vs. Nonmember Nonprofits

Generally:

- Member nonprofits give voting members formal powers over the board and bylaws. This model is common in trade associations that seek to serve a limited number of people.
- Nonmember nonprofits centralize control in the board of directors. This model is often a better fit for broad-facing public-service charities.

However, nonprofits routinely use the term “membership” informally in connection with fundraising or friend-raising initiatives.

*Key Takeaway: unless your organization intends to give legal rights to “members,” make sure your Articles or Bylaws state clearly that you are a non-member nonprofit.*

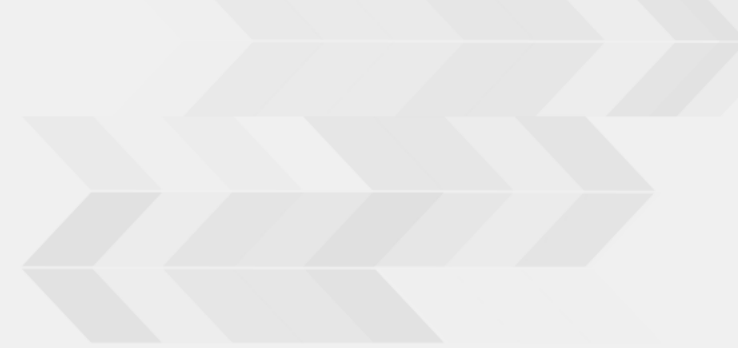


# Directors vs. Officers

- We need to identify them:
  - “A corporation shall maintain... [a] list of the names... of its current directors and officers.” New Section 617.1606(1)(f).
- Board of Directors (Governance Level)
  - Manage the business and affairs of the organization, either directly or through delegation
  - Set mission, strategy, and organizational direction
  - Approve budgets, major transactions, and policies
- Officers/Executives (Management Level)
  - Execute board approved strategy and operations
  - Manage day-to-day activities of the organization
  - Implement policies and internal controls
  - Authority and responsibility is defined by the Board and the organization’s bylaws



# Standards of Conduct



- Under the new rules, officers are held to statutory governance duties, not just operational expectations.
- Going forward, directors and officers must both:
  - Act in good faith
  - Act in the best interests of the organization
  - Exercise reasonable care and diligence
  - Make informed decisions before acting
  - Rely appropriately on qualified professionals (*e.g.*, legal, financial, etc.)
- Officers must also inform superiors or the board of material information about corporate affairs and “actual or probable material violations of law.” New Section 617.0844(6).



# Hypothetical

An executive director of a youth services nonprofit discovers that a program director has been mishandling restricted grant funds, using education grant money for general operating expenses. The ED mentions it casually to the finance manager but never formally reports it to the board. When the grantor audits and demands repayment, the board is blindsided. Under the new Section 617.0844(6), the ED's failure to inform the board of this material violation may expose the ED to personal liability.

*Key Takeaway: Under the new law, "I told someone" is not enough. Officers have a duty to report material problems to the board.*



# Follow up Question

In this Hypothetical, could the finance manager also be liable?

- Depends on whether they are an officer.
- This term is not defined, so their status may be a function of your Bylaws and your list of officers and directors.

## *Key Takeaways:*

- *Be deliberate in designating officers.*
- *Amend your Bylaws to define clearly who is (or isn't) an officer.*
- *Update your Whistleblower Policy to ensure your policy encompasses new mandatory officer reporting duty.*



# Reduced Liability Protection

## The Recklessness Standard

- Under the statutes, while directors and officers generally receive liability protection, immunity no longer applies if conduct is deemed reckless.
- Under Section 617.0834(4), “recklessness” refers to conscious disregard of a known or obvious risk of harm.



# Hypothetical

A food bank's board receives three consecutive audit reports flagging inventory discrepancies suggesting possible theft. Each time, the board president says "we'll look into it" and tables the discussion. No investigation is ever conducted. A major donor later sues, alleging the board wasted charitable assets. The board's pattern of ignoring explicit, repeated red flags likely crosses the line from negligence (protected) to recklessness (unprotected under Section 617.0834).

*Key Takeaway: You cannot unsee a red flag. Three chances to act and three decisions to ignore may constitute recklessness, not mere negligence.*



# Conflict of Interest Rules



- New Section 617.0143 establishes the concept of a “Qualified Director.”
  - A director who can vote objectively on a conflicted transaction
  - They have no "Material Interest" (actual or potential financial benefit or detriment)
  - They have no "Material Relationship" (familial, financial, or professional ties that impair objectivity)
- Their status is determined on a transaction-by-transaction basis, *i.e.*, a director may be “qualified” for one vote but not another.



# How to Handle a Conflict



Generally, conflicts are not prohibited.

- Conflicted transactions are permissible if properly disclosed and approved.

It is a simple process:

- The conflicted director must disclose all material facts of the conflict to the board.
- The conflicted director recuses him or herself from discussion and vote.
- The board secures “comparability data” (in writing).
- A Majority of Qualified Directors (even if less than a quorum) approves the conflicted transaction (1) in good faith, (2) with knowledge of material facts, and (3) in the best interests of the nonprofit.

Result: Transaction is legally valid and protected from challenge.



# The “Fairness” Trap

Under new Section 617.0832, if a conflict is not properly disclosed and approved, the burden of proof shifts to the conflicted director.

- He or she must prove the deal was "fair to the corporation"
- This is an difficult burden to carry in court
- So, even if a deal that was fair, it may be invalidated if the process was skipped.



# Hypothetical

A board member's spouse owns a catering company. The nonprofit needs catering for its annual gala. The board member mentions the connection but stays in the room during discussion and votes in favor of hiring the spouse's company. The price is actually competitive. Later, a disgruntled volunteer challenges the contract. Because the board member didn't fully recuse, the 'safe harbor' was never triggered. Now the board member's spouse must prove the deal was fair, even though it probably was.

*Key Takeaway: Update your Conflict-of-Interest policy to mirror statutory definitions such as "Qualified Director" and adopt the recommended steps to address conflicted transactions.*



# Default Rules vs. Business Decisions

- HB 797 establishes statutory “default rules” that apply when governing documents are silent.
- Default rules provide a baseline governance framework for nonprofits.
- Most default rules may be modified unless the statute says otherwise.
- Organizations should evaluate whether the statutory defaults align with their governance needs and operational practices.
- **Action Item:** *Are your bylaws intentional or accidental? Review your articles and bylaws to determine which default rules should be adopted, modified, or overridden.*



# Amendable Default Rules: Directors

- **Elections** (Sections 617.0804, 617.0805)
  - Director elections occur at the annual meeting unless otherwise provided in your governing documents.
  - In non-member organizations, directors are elected by the board.
  - In member organizations, directors are elected by members entitled to vote.
- **Terms of Office** (Section 617.0805)
  - Directors serve a default term of one-year.
  - A director elected to fill a vacancy serves the remainder of the original term.
  - Directors will continue to serve until their successor is elected and takes office.
- ***Governance Question:*** *Does your current election process and director term structure support the right balance of accountability, continuity, and board succession planning?*



# Amendable Default Rules: Directors

- **Removal** (Section 617.0808)
  - Directors may be removed with the procedures set forth in the statute, unless otherwise provided in the articles or bylaws.
- **Vacancies** (Section 617.0810)
  - Unless the governing documents provide otherwise, remaining directors may fill a vacancy even if they constitute less than a quorum of the board.
  - **Special Vacancy Rules**
    - Director elected by a specific voting group: The vacancy may be filled by that voting group or a majority of the directors elected by that group. If the vacancy remains unfilled for three months, it may be filled by a majority of the directors then in office.
    - Directors appointed by persons, other than members: Only the appointing person(s) may fill the vacancy.
    - Directors designated in the articles or bylaws: The board cannot fill the vacancy unless the governing documents authorize it.
- **Governance Question**: *Do your bylaws clearly identify who has authority to remove directors and fill vacancies?*



# Amendable Default Rules: Meetings & Board Action

- **Calling Board Meetings (Section 617.0820)**
  - Board meetings may be called by:
    - (1) the chair of the board,
    - (2) the president or similarly situated officer, or
    - (3) 20% of the directors then in office.
- **Notice Requirements (Section 617.0820)**
  - Regular board meetings may be held without notice of the date, time, place, or purpose of the meeting.
  - Special board meetings require at least 2 days' notice of the date, time, and place of the meeting.
  - Notice of a special meeting is not required to state the purpose of the meeting.
- ***Governance Question: Do the statutory defaults regarding meeting authority and notice requirements reflect how your board wants to govern?***



# Mandatory Rules: Directors, Fiduciary Duties & Governance Protections

- **Directors** (Sections 617.0803, 617.0805, 617.0821)
  - Organizations must have a minimum of three directors.
  - A reduction in the number of directors does not shorten the term of an incumbent director.
  - Directors generally continue to serve until their successor is elected and takes office, unless their position is eliminated through a reduction in board size.
  - A director may revoke a written consent before the organization receives unrevoked consents from all directors required to take action without a meeting.
- **Fiduciary Duties** (Sections 617.0830, 617.0844)
  - Directors and officers must act in good faith, in the best interests of the organization, and with reasonable care.
- **Minimum Governance Protections**
  - Certain member rights cannot be eliminated.
  - Fundamental notice and voting protections must be preserved.
  - Basic procedural fairness requirements apply to governance actions affecting directors and members.



# Mandatory Rules: Accountability & Compliance

- **Conflict of Interest (Section 617.0832)**
  - Disclosure requirements cannot be eliminated.
  - Independent approval standards must be preserved.
  - No bypassing of disinterested decision making.
- **Enforcement Mechanisms**
  - Derivative proceeding rights cannot be eliminated.
  - Judicial oversight of fiduciary misconduct is available.
- **Fundamental Corporate Compliance Rules**
  - Required state filings.
  - Statutory requirements and procedures governing corporate existence, mergers, conversions, domestications, and dissolutions must be followed.
  - State oversight and enforcement provisions remain applicable.



# Key Changes to Member-Based Nonprofits

- **Member Rights and Powers (Section 617.0601)**
  - Members by default have no voting or other rights.
  - Members by default have the same rights and obligations as every other member.
  - Organizations may admit members for any consideration determined by the board. It may also be set by board action, or in the governing documents.
  - An organization cannot be a member of itself.
- **Member Liability (Section 617.0604)**
  - Fees, dues, and assessments may be imposed only as authorized by the articles or bylaws.
  - Charges may be imposed equally or in different amounts among members of the same class if authorized by the governing documents.
  - Some members may be exempt from such charges as provided in the governing documents.



# Key Changes to Member-Based Nonprofits

- **Member Resignation, Termination, Expulsion, and Suspension** (Sections 617.0606, 617.0607)
  - Members may resign at any time and for any reason.
  - Resignation, termination, expulsion, or suspension does not relieve the member from any obligations previously made.
  - Organizations may levy fines or penalize members as long as:
    - (1) provided for in the organizing documents; and
    - (2) the organization has provided the member with notice and afforded them an opportunity to be heard on the matter.
- **Purchase of Membership Interests** (Section 617.0608)
  - A 501(c)(3) organization cannot purchase the membership interests of any of its members or any right arising from membership.



# Key Changes to Member-Based Nonprofits

- **Member Meetings (Section 617.0701)**

- Meetings may be held at times specified in the articles or bylaws.
- Annual, regular, and special meetings may be held in or outside of Florida, as determined by the board.
- Special meetings are generally held at the place fixed in the governing documents or meeting notice. If not specified, then the special meeting is held at the organization's principal place of business.
- Special meetings may be called by:
  - (1) the board or persons authorized to do so in the articles or bylaws; or
  - (2) members holding at least 10% (or an amount specified in the bylaws) of votes entitled to be cast on an issue.
- Business conducted at a special meeting is limited to the purpose of the special meeting.
- Members may waive meeting notice, as long as in writing, signed by member, and filed with corporate records.
- A member who attends a meeting usually waives objections to defective notice or to matters not listed in the notice, unless they timely object and refrain from voting.

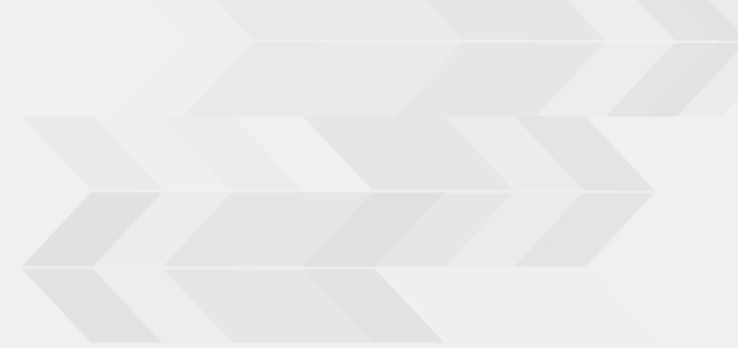


# Key Changes to Member-Based Nonprofits

- **Member Voting** (Section 617.0721)
  - Members may vote by proxy unless prohibited or limited by the articles or bylaws.
  - A proxy may be appointed through a signed writing, electronic signature, or other method authorized by the articles or bylaws.
  - A proxy is valid for 11 months unless a longer period is stated, not to exceed 3 years.
  - A member may revoke a proxy unless it is expressly made irrevocable and coupled with an interest.
  - If authorized by the board, members, attorneys-in-fact, and proxies may participate in meetings remotely.
  - Remote participants deemed present and may vote if the organization uses reasonable measures to verify identity and enable participation.



# Corporate Records



- Section 617.1601 requires nonprofits to maintain certain records, including:
  - Articles, bylaws, and any amendments
  - Names and addresses of current directors and officers
  - Board and committee meeting minutes, and all written actions taken by the board
  - Financial records and accounting information
  - Certain records, if you are a membership organization, including:
    - Minutes of member meetings and all written actions taken by members without a meeting for the prior three years
    - All written communications with members for the prior three years
    - A list of all members and their contact information
- These records must be made available upon request within a reasonable time.
- ***Action Item:*** Review your record retention policy and your current operational practices to determine whether records are maintained as required under HB 797.

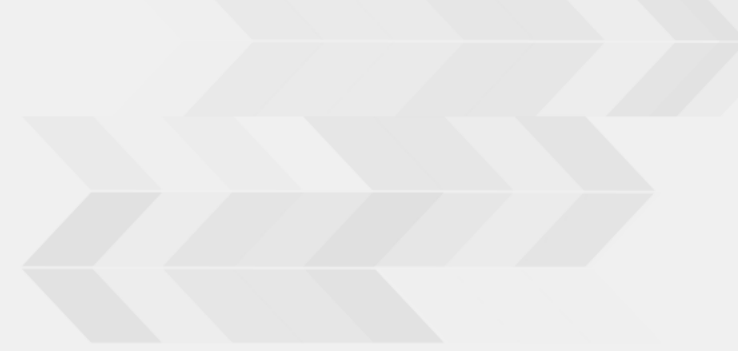


# Director and Member Inspection Rights

- **Director Rights** (Section 617.1606)
  - Directors have expanded rights to access corporate information.
  - Inspections must be for a purpose reasonably related to the director's duties.
- **Member Rights** (Sections 617.1602, 617.1603, 617.1605)
  - Members are allowed to inspect certain business records upon request. The request response time was shortened under HB 797 – organizations now have five business days (instead of 10 days) to respond to member record requests.
  - This right cannot be abolished or modified.
  - Access is subject to:
    - Proper purpose
    - Reasonable limitations
    - Confidentiality protections



# Electronic Governance



- Electronic signatures are permitted for:
  - Board approvals
  - Written consents
  - Corporate authorizations
- The board and members may conduct remote and hybrid meetings.
- Technology must ensure:
  - Participant identity
  - Record integrity
  - Proper documentation of action taken



# Governance Audit Opportunity

- Nonprofits should review:
  - Articles of Incorporation
  - Bylaws, including elections, voting, vacancy, removal, and meeting requirements
  - Conflict of Interest Policy
  - Whistleblower Policy
  - Officer roles, authority, and delegation of responsibilities
  - Record Retention Policy
- Key Questions
  - Are you unintentionally relying on statutory default rules?
  - Do your bylaws reflect how the organization actually operates?
  - Are you taking advantage of permitted flexibility?
  - Are you compliant with the mandatory rules?



# Structural Actions: Mergers



- **Mergers** (Sections 617.1101 – 617.1107)
  - Combination of 2+ entities into one surviving organization
  - Transfers assets, liabilities and operations to surviving entity
- **Key Governance Requirements**
  - Board approval of each entity involved (approval thresholds are defined by your bylaws or statute)
  - Proper notice to members, if member-based organization
  - Protection of restricted assets and charitable purposes
- **Impacts under HB 797**
  - More standardized approval mechanics
  - Clearer default rules if bylaws are silent
  - Increased importance of documenting fiduciary review



# Structural Actions: Domestication & Conversion

- **Domestication** (Sections 617.180301 – 617.18034)
  - Moving an organization into or out of Florida
  - Entity continues but changes jurisdiction
- **Conversion** (Sections 617.1804 – 617.18046)
  - Changing entity type (*e.g.*, nonprofit to for profit corporation)
- **Key Governance Requirements**
  - Board approval required
  - Member approval may be required, depending on the structure of your organization
  - Continuity of assets and liabilities are preserved
  - Filing and statutory compliance requirements apply
- **Impacts under HB 797**
  - Standardized procedures for restructuring
  - Clearer default rules if bylaws are silent



# Structural Actions: Dissolutions

- **Types of Dissolutions**

- Voluntary (by board or member approval)
- Administrative (failure to comply with law)
- Judicial (court ordered)

- **Impacts under HB 797**

- Standardized procedures
- Reinforces governance accountability in wind-down decisions
- Aligns fiduciary expectations during dissolution



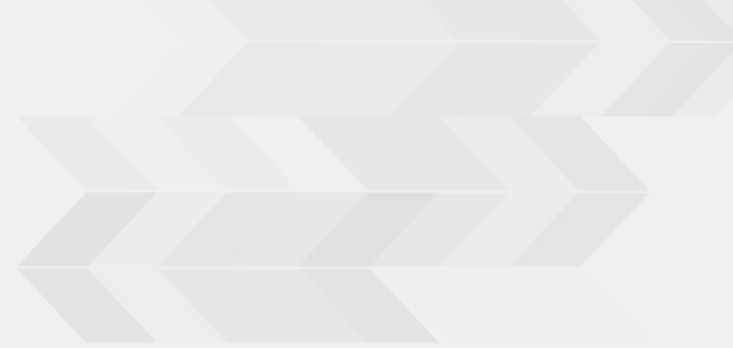
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Thank you for all you do!



# *Thank you*

## Follow Up

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