

Amending The Nonprofit Financial Reporting Compliance Policy To Remove Pre-contract Execution Restrictions While Maintaining Data Collection, Compliance Review, And Final-Payment Enforcement Authority – Department Of Finance

Referred to: The Ways and Means Committee (Chairman Collins and Legislators Berardi, Donovan, Grossman, Peters, Roberts, and Uchitelle)

Chairman of the Ways and Means Committee, Jeff Collins, offers the following:

WHEREAS, this resolution has been submitted at the request of the County Executive on behalf of the Department of Finance; and

WHEREAS, pursuant to Resolution No. 78 of 2024, and amended pursuant to Resolution No. 325 of 2025, Ulster County established a policy requiring nonprofit vendors with 501(c)(3) or 501(c)(6) status to comply with all applicable financial reporting and tax filing requirements, and authorized the County to withhold the last and final contractual payment in the event of non-compliance; and

WHEREAS, said policy reads as follows:

“Ulster County hereby establishes a policy that all contracts with nonprofit vendors with a 501 (c)(3) or 501 (c)(6) status executed on or after January 1, 2026 shall contain the option to withhold the last and final contractual payment if the vendor is not current with applicable financial reporting and tax filings.

Ulster County shall confirm compliance, as directed by the County Executive, with applicable financial reporting and tax filings and withhold the last and final contractual payment for non-compliance.

A waiver from this policy may be granted by a two-thirds vote of the Ulster County Legislature in support of such waiver.

The County Executive, him/her/themselves or through designee, shall ensure all contracts with nonprofit vendors with a 501 (c)(3) or 501 (c)(6) status executed on or after January 1, 2026 are in compliance with applicable financial reporting and tax filings before execution.

Ulster County shall provide notice of this Policy on the county’s website and in all announcements, including contracts, procurement requests, and requests for proposals”; and

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WHEREAS, since the adoption of these policy resolutions, operational experience has shown that enforcing compliance at the point of initial contracting can be administratively burdensome, create unintended barriers for smaller nonprofit partners, and delay critical services; and

WHEREAS, the Legislature finds continued value in (1) collecting financial reporting and tax-filing compliance information from nonprofit vendors, (2) conducting routine administrative reviews of that information, and (3) maintaining the ability to withhold the final contractual payment if a nonprofit vendor fails to remedy non-compliance; and

WHEREAS, the Legislature seeks to maintain the County's strong commitment to fiscal oversight while removing unnecessary impediments to timely contracting; now, therefore be it

RESOLVED, that the policy adopted pursuant to Resolution No. 78 of 2024, and amended by Resolution No. 325 of 2025, is hereby further amended to remove any requirement that nonprofit vendors be verified as compliant with applicable financial reporting and tax-filing regulations prior to the execution of a County contract, as follows:

“Ulster County hereby establishes a policy that all contracts with nonprofit vendors with a 501 (c)(3) or 501 (c)(6) status executed on or after January 1, 2026 shall contain the option to withhold the last and final contractual payment if the vendor is not current with applicable financial reporting and tax filings.

~~Ulster County shall confirm compliance, as directed by the County Executive, with applicable financial reporting and tax filings and withhold the last and final contractual payment for non-compliance.~~

~~A waiver from this policy may be granted by a two-thirds vote of the Ulster County Legislature in support of such waiver.~~

~~The County Executive, him/her/themselves or through designee, shall ensure all contracts with nonprofit vendors with a 501 (c)(3) or 501 (c)(6) status executed on or after January 1, 2026 are in compliance with applicable financial reporting and tax filings before execution.~~

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Ulster County shall, under direction by the County Executive, collect financial reporting and tax-filing compliance information from nonprofit vendors with 501(c)(3) or 501(c)(6) status and shall routinely review such information as directed by the County Executive. Written notice shall be filed with the Clerk of the Legislature upon completion of each review.

Ulster County shall provide notice of this Policy on the county's website and in all announcements, including contracts, procurement requests, and requests for proposals;" and, be it further

RESOLVED, that no other payments pursuant to applicable contracts shall be withheld on the basis of this policy,

and moves its adoption.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

Passed Committee: Ways and Means on _____.

FINANCIAL IMPACT:

NONE