NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2487 Mailing balance sheet and statements to shareholder or member upon request; inspection during regular business hours; written demand; "proper purpose" defined; order compelling inspection; burden of proof; powers of court; inspection by director; costs; holder of voting trust certificate as shareholder or member; right to inspect prohibited or limited; definitions.

Sec. 487. (1) If requested in writing by a shareholder or member, a corporation shall mail to the shareholder or member its balance sheet as at the end of the preceding fiscal year; its statement of income for that fiscal year; and, if prepared by the corporation, its statement of source and application of funds for that fiscal year.

(2) Any shareholder or member of record of a corporation that is organized on a stock or membership basis, in person or by attorney or other agent, may during regular business hours inspect for any proper purpose the corporation's stock ledger, a list of its shareholders or members, and its other books and records, if the shareholder or member gives the corporation written demand describing with reasonable particularity the purpose of the inspection and the records the shareholder or member desires to inspect, and the records sought are directly connected with the purpose. As used in this subsection, "proper purpose" means a purpose that is reasonably related to a person's interest as a shareholder or member. A shareholder or member must deliver a demand under this subsection to the corporation at its registered office in this state or at its principal place of business. If an attorney or other agent is the person seeking to inspect the records, the demand must include a power of attorney or other writing that authorizes the attorney or other agent to act on behalf of the shareholder or member.

(3) If a corporation does not permit an inspection required under subsection (2) within 5 business days after a demand is received under subsection (2), or imposes unreasonable conditions on the inspection, the shareholder or member may apply to the circuit court for the county in which the principal place of business or registered office of the corporation is located for an order to compel the inspection. If the shareholder or member seeks to inspect the books and records other than its stock ledger or list of shareholders or members, the shareholder or member must establish that the shareholder or member has complied with this section concerning the form and manner of making demand for inspection of the documents, that the inspection is for a proper purpose, and that the documents sought are directly connected with the purpose. If the shareholder or member seeks to inspect the corporation's stock ledger or list of shareholders or members and establishes that the stockholder or member has complied with this section concerning the form and manner of making demand for the inspection of the documents, the corporation has the burden of proof to establish that the inspection that is sought is for an improper purpose or that the records sought are not directly connected with the person's purpose. In its discretion, the court may order the corporation to permit the shareholder or member to inspect the corporation's stock ledger or list of shareholders or members and establishes that the corporation's stock ledger or list of shareholders or members and establishes that the corporation's stock ledger or list of shareholders or members and establishes that the corporation to pay the shareholder's, member's, or director's costs, including reasonable attorney fees, incurred to obtain the order unless the corporation proves that it failed to permit the inspection in good faith because it had a reasonable basis to doubt the right of the shareholder, member, or director to inspect the records demanded.

(4) A director may examine any of the corporation's books and records for a purpose reasonably related to his or her position as a director. The director may apply to the circuit court of the county in which the principal place of business or registered office of the corporation is located for an order to compel the inspection. In its discretion, the court may order the corporation to permit the director to inspect any and all books and records, prescribe conditions and limitations on the inspection, and award other or further relief that the court considers just and proper.

(5) If the court orders inspection of the records demanded under subsection (3) or (4), it shall also order the corporation to pay the shareholder's, member's, or director's costs, including reasonable attorney fees, incurred to obtain the order unless the corporation proves that it failed to permit the inspection in good faith because it had a reasonable basis to doubt the right of the shareholder, member, or director to inspect the records demanded.

(6) A holder of a voting trust certificate representing shares of, or membership in, the corporation is considered a shareholder or member for purposes of this section and section 485.

(7) Notwithstanding any other provisions of this act, the articles of incorporation, the bylaws, or a resolution of the board of directors may provide that the shareholders or members and attorneys or agents for shareholders or members do not have the right to inspect the corporation's stock ledger, lists of shareholder or members, lists of donors or donations, or its other books and records, if the incorporators, shareholders,
members, or directors that approve a limitation under this subsection make a good faith determination that 1 or more of the following apply:

(a) Opening the stock ledger, lists of shareholder or members, lists of donors or donations, or its other books and records for inspection would impair the rights of privacy or free association of the shareholders or members.

(b) Opening the stock ledger, lists of shareholder or members, lists of donors or donations, or its other books and records for inspection would impair the lawful purposes of the corporation.

(c) Opening lists of donors or donations for inspection is not in the best interests of the corporation or its donors.

(8) A corporation that limits inspection of lists of its shareholders or members under subsection (7) shall provide a reasonable way for shareholders or members to communicate with all other shareholders or members concerning the election of directors and other affairs of the corporation. A corporation described in this subsection may require a shareholder or member that wishes to communicate with other shareholders or members under this subsection to pay the reasonable costs to cover the cost of labor and materials and third-party charges incurred by the corporation in doing so.

(9) As used in this section:

(a) "Proper purpose" means a purpose that is reasonably related to a person's interest as a shareholder or member of a corporation.

(b) "Right to inspect records" includes the right to copy and make extracts from the records of a corporation and, if reasonable, the right to require the corporation to supply copies made by photographic, xerographic, or other means. To cover the cost of labor and material, the corporation may require a shareholder or member to pay a reasonable charge for copies of the documents provided to the shareholder or member.