



Conditional Adult-Use Retail Dispensary (CAURD)

Frequently Asked Questions

Qualifying Nonprofit Eligibility Criteria

What are the Qualifying Nonprofit Eligibility Criteria? Am I Eligible?

1. Can a nonprofit organization be an eligible applicant for a CAURD license?

Any business—regardless of its corporate structure—can apply for a license. This includes nonprofit organizations, as well as businesses wholly or partially owned by nonprofit organizations. For purposes of this FAQ and your application, the business that will operate your dispensary if you are selected for licensure is the “applicant.” Applicants who are nonprofit organizations or who are owned by a nonprofit organization have a distinct set of eligibility criteria.

2. Will CAURD licensees that were eligible under the qualifying nonprofit eligibility criteria be offered a location from the New York State Social Equity Cannabis Investment Fund (Fund)?

No. Applicants eligible under the qualifying nonprofit eligibility criteria will be required—if selected—to secure a suitable location for their dispensary without Fund support. These licensees will not be matched to a location from the Fund.

Please note, Cannabis Law places restrictions on where premises licensed as adult-use retail dispensaries may be, and the location must be within the region the licensee was selected for. For a location to be suitable, it may not be:

- Within 500 feet of a schoolground, as defined in Section 409(2) of the New York State Education Law, or
- Within 200 feet of a place of worship;

The Office will provide additional guidance on identifying a suitable location for a retail dispensary. All locations must be approved and sufficient notice, as outlined in Section 76 of Cannabis Law, must be provided to the location’s municipality before a license can be awarded to a selected applicant.

The Office plans to award up to twenty-five (25) licenses to applicants eligible under the qualifying nonprofit eligibility criteria. This number of licenses awarded to these applicants will be approximately proportional to the 18% of New York’s workforce employed by a nonprofit organization and a way of creating new opportunities for justice-involved New Yorkers who are not currently situated to launch their own stores. Unlike individuals who receive CAURD licenses, these nonprofits will not



have access to the Social Equity Cannabis Fund and will be required to provide their own compliant storefronts once they receive a license. CAURD locations DO NOT need to be secured by qualifying nonprofit applicants before applying for a CAURD license, nor will application scoring be based on whether an applicant has a location ready for use.

Provisional licensees eligible under the qualifying nonprofit criteria will have up to six (6) months after notification of selection to secure and submit a location to the Office for review and approval, with an extension available upon receiving written approval from the Office. All retail dispensary locations must be approved by the Office before provisional licensees can begin to complete and submit their final application documents. The Office may prioritize the review and approval of locations submitted by provisional licensees eligible under the qualifying nonprofit criteria who present evidence that they have a right to use such property. Those who are unable to provide their own retail storefronts should not apply for a CAURD license.

3. Can the retail dispensary that we propose to own and control as the nonprofit be organized as an entity that is separate from us?

Yes, the retail dispensary (“the applicant”) can be organized as a separate entity from the qualifying nonprofit. The “qualifying nonprofit” refers to the nonprofit organization that meets the eligibility criteria.

The entity that will be operating the retail dispensary upon licensure must meet the minimum ownership thresholds described in [question 6](#) and be controlled by the qualifying nonprofit organization.

4. What documentation will CAURD applicants who are eligible under the qualifying nonprofit criteria need to submit?

Applicants who are eligible under the qualifying nonprofit criteria will be asked to submit some or all the following supporting documentation to prove eligibility for a license:

- IRS Form 990 or 990N of the qualifying nonprofit
- IRS Exemption Letter of the qualifying nonprofit
- Audited financial statements for the qualifying nonprofit and social enterprise
- Proof of the marijuana-related offense conviction of the justice involved board member of the qualifying nonprofit, such as a certificate of disposition, a record of judgment and conviction, or an arrest record
- Organizational chart showing control of the applicant
- Annual reports or other similar documents showing the qualifying nonprofit’s programming.



5. What are the requirements for a CAURD applicant that is eligible under the qualifying nonprofit criteria?

All applicants for CAURD must meet the following eligibility requirements:

1. The following must be US citizens or permanent residents:

- all members of a partnership; or
- if a corporation, each of its principal officers and more than one half of the directors; and

2. all parties interested in a license must be at least twenty-one (21) years old; and

3. the applicant must have a significant presence in New York State or otherwise meet the definition of applicant in the Cannabis Law by having a principal corporate location in New York State, being organized under the laws of New York State, or by having a majority of the board members be residents or physically present in New York State.

An applicant that is eligible under the qualifying nonprofit criteria must also prove the qualifying nonprofit with sole control of the applicant has:

- a history of intentionally serving current or formerly incarcerated individuals, including justice involved individuals;
- a history of creating vocational opportunities for current or formerly incarcerated individuals, including justice involved individuals;
- at least one justice involved board member, officer, governing committee member, or advising committee member;
- at least five full time employees; and
- operated a social enterprise that had net assets or profit for at least two (2) years, defined as a business serving customers, operated by a nonprofit or fiscally sponsored by a nonprofit, which both fulfills the parent organization's mission and generates revenue ([see question 10.](#))

6. What are the ownership and control requirements for a CAURD applicant that is eligible under the qualifying nonprofit criteria?

At least fifty-one percent (51%) of the applicant must be owned by the qualifying nonprofit organization, or by multiple eligible nonprofit organizations and/or justice involved people. If multiple groups make up the fifty-one percent (51%) minimum, at least thirty percent (30%) must be owned by one nonprofit organization that is eligible under the qualifying nonprofit criteria, who must also have sole control of the applicant.



[For more information on the ownership and control requirements please see the CAURD FAQ here.](#)

Qualifying Nonprofit

7. Does the qualifying nonprofit eligibility criteria require a justice involved individual?

Yes. The qualifying nonprofit organization must have at least one (1) justice involved board member, officer, governing committee member, or advising committee member.

A justice involved individual is someone who:

- was convicted of a marijuana-related offense in New York State before March 31, 2021; or
- had a parent, legal guardian, child, spouse, or dependent who was convicted of a marijuana-related offense in New York State prior to March 31, 2021; or

Note: Spouses include those individuals who were in a domestic partnership because they were not legally permitted to marry in New York State prior to the enactment of the Marriage Equality Act (June 24, 2011).

- was the dependent of someone who was convicted of a marijuana-related offense in New York State before March 31, 2021.

[For more information on justice involved individuals please review the CAURD FAQs here.](#)

Applicants will be required to submit documentation proving this conviction as part of the application process. [For more information on acceptable documentation please review the 'Completing your Application' FAQs here.](#)

8. What is a marijuana-related offense?

A marijuana-related offense is:

- An offense described under article 221 of the New York State Penal Law (Offenses Involving Marijuana) prior to its repeal on March 31, 2021; or
- An offense described under article 220 or section 240.36 of the Penal Law where the substance involved was Marijuana, that occurred prior to the creation of article 221 in 1977; or
- An arrest for an offense as described above that ultimately led to a conviction for another offense, such as non-drug offense, violation, or misdemeanor, by means of a plea deal or other mechanism.



An offense that is otherwise prohibited under Section 137 of Cannabis Law cannot be a marijuana-related offense. Section 137 of the Cannabis Law states that individuals with certain felony convictions related to the operation of a business and the trafficking of cannabis in the last three years may not be able to obtain a license to sell or manufacture cannabis, pending Board review. Please see the text of the Cannabis Law for details.

9. What does it mean to “intentionally serve” justice involved individuals?

To be eligible, the qualifying nonprofit organization must have a clear mission, an organizational goal, or a history of providing services to individuals who have been (or currently are) involved in the criminal justice system. Eligible qualifying nonprofits provide services to individuals who are currently or formerly incarcerated, on parole or probation, involved in alternative to incarceration programs, pending adjudication, and/or participating in delinquency-prevention programs. The population served must include individuals who were convicted of marijuana-related offenses.

Qualifying nonprofits can best demonstrate that they intentionally serve justice involved individuals by providing a recent IRS Form 990 wherein a written description of the organization’s mission, most significant activities or program accomplishments clearly include services to justice involved individuals and communities with historically high rates of arrest, conviction, incarceration or other indicators of law enforcement activity for marijuana-related offenses.

10. The qualifying nonprofit affiliated with my CAURD application does not have a justice involved individual on the board or as an officer but does have someone who has been convicted of something else. We meet all the other requirements. Are we eligible to apply?

No, [as explained in Question 6](#), the qualifying nonprofit must have at least one justice involved board member, officer, governing committee member, or advising committee member.

11. What is a social enterprise?

A social enterprise is a business serving customers that is operated by an independent nonprofit organization, or by a fiscally sponsored nonprofit organization, which fulfills both the nonprofit organization’s mission and generates revenue. The social enterprise must be set up as a mission-driven economic enterprise, not based entirely on grant redistribution, operating to advance the programmatic and/or philanthropic goals of the nonprofit organization and generating revenue. The executive decisions and administrative upkeep of the business are the responsibility of the nonprofit organization or agents of the nonprofit organization.

A social enterprise raises money to substantially further an organization’s purpose. Fundraising events, which include but are not limited to dinners, auctions, and other



events conducted for the sole or primary purpose of raising funds for the organization, are not considered social enterprises. However, events or activities that substantially further the organization's explicit purpose, if they also raise funds, may qualify as the operation of a social enterprise. Sales or gifts of goods or services of only nominal value, raffles or lotteries in which prizes have only nominal values, and solicitation campaigns that generate only contributions are considered contributions. These contributions are not fundraising dollars. Therefore, contributions may also qualify as the operation of a social enterprise, if they substantially further the organization's purpose.

12. How long does the social enterprise have to have been in existence?

The social enterprise must have been in operation for at least two (2) full years. Regardless of how long the social enterprise has operated, the application must prove the social enterprise had two (2) years of net profit or positive net assets.

13. My organization provides mental health and substance-abuse services directly to individuals in the community. Are we eligible to apply for a CAURD license?

Yes, as long as all eligibility requirements are met. There are no prohibitions on the types of services that may be provided by the qualifying nonprofit organization, only that it must intentionally serve and provide vocational opportunities for justice involved individuals.

14. My organization has programming for youth under twenty-one (21). Are we eligible to apply for a CAURD license?

Yes, as long as all eligibility requirements are met. No individual with an interest in the dispensary, such as a board member, director, or officer may be under twenty-one (21) years old. All employees, volunteers, or workers of any kind working with customers in a retail dispensary or handling cannabis in any capacity must also be at least twenty-one (21) years old, pursuant to the Cannabis Law.

15. The qualifying nonprofit organization affiliated with my applicant is not a direct owner of the applicant. How should I complete the ownership structure sections of the application?

If the qualifying nonprofit is not a direct owner of the applicant, the applicant is still eligible for licensure.

Due to technical limitations on the application, applicants of this type with this structure must enter their ownership information in the following format:

- On the "Owner/Business Principal" page in the applicant's NYBE Business Profile, the qualifying nonprofit organization must be entered as a direct owner of



the applicant. Please enter the proportional ownership interest that the qualifying nonprofit organization has in the applicant.

For example, if the qualifying nonprofit owns 100% of ABC LLC, and ABC LLC owns 80% of the applicant, then the qualifying nonprofit's proportional ownership interest in the applicant is 80%.

- On the “Owner/Business Principal” page in the applicant’s NYBE Business Profile, the actual direct owners of the applicant must also be entered as direct owners of the applicant. Please enter the proportional ownership interest that the direct owner has in the remainder of the ownership of the applicant.

In the above example, the qualifying nonprofit organization is entered as an 80% owner of the applicant. Since ABC LLC owns 80% of the applicant, the proportional ownership interest of ABC LLC in the remainder of the ownership of the applicant is $(80\% \times (100\% - 80\%)) = 16\%$ ownership. In this example, an individual owns the remaining 20% of the applicant, so their proportional ownership interest in the remainder of the ownership of the applicant is $(20\% \times (100\% - 80\%)) = 4\%$ ownership.

- This will allow the applicant to select the qualifying nonprofit organization as the nonprofit entity with sole control over the applicant.

Dispensary Set-up and Location

16. Will nonprofits that only serve a specific city or specific neighborhood be able to open a retail dispensary in the community they serve?

All applicants, including those eligible under the qualifying nonprofit criteria, will be asked their preferred regions for opening a dispensary on the application.

Applicants eligible under the qualifying nonprofit criteria, if selected, must provide their own location within the region they are selected for within six months of being provisionally licensed by the Cannabis Control Board

17. I have a question about CAURD that is not answered here. Who can I contact?

If your question is not answered here, [view the CAURD FAQ](#) or—if your question is not answered there—contact the Office at licensing@ocm.ny.gov or call 1-888-OCM-5151 (1-888-626-5151)