

TAX-EXEMPT ORGANIZATIONS  
Professor Jill Manny  
Spring 2015

January 21 — Introduction

Purchase the casebook entitled “Cases and Materials on Taxation of Nonprofit Organizations, Third Edition” by James Fishman and Stephen Schwarz, along with “Nonprofit Organizations Statutes, Regulations, and Forms,” at the N.Y.U. Bookstore. A casebook update will be made available on NYUClasses.<sup>1</sup>

1. In the Casebook, read:

pp. 34 – 40; 47 (beginning with: c. Forming a Nonprofit Organization) – 54; 56 – 85; 131 - 159. Prepare a written outline of your answer to the Introductory Problem on p. 54 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code § 501(a), (b), (c)(1-25)  
§ 170(a), (b), (c)  
§ 508(a), (b), (c)  
Regs. § 1.501(a)-1  
§ 1.501(c)(3)-1  
§ 1.508-1(a)(1); -1(a)(2)(i); -1(a)(3)(i)

3. Read the four articles posted on NYUClasses:

Patricia Cohen, *Writing Off the Warhol Next Door: Art Collectors Gain Tax Benefits From Private Museums*, N.Y. TIMES, Jan. 11, 2015, at BU1.

Michael Cohn, *Tax Court Says Sperm Donor’s Foundation Does Not Qualify as a Charity*, WebCPA DEBITS&CREDITS, July 22, 2010, [http://wwwebcpa.com/debits\\_credits-55023-1.html](http://wwwebcpa.com/debits_credits-55023-1.html).

Stephanie Strom, *Big Gifts, Tax Breaks and a Debate on Charity*, N.Y. TIMES, Sept. 6, 2007, at A1.

Robert B. Reich, *Is Harvard a Charity?*, L.A. TIMES, Oct. 2007, at A 13.

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<sup>1</sup> Read pages in Update Memo posted on NYUClasses under “Resources” that correspond to the pages assigned in the casebook for each class.

4. On the Web, briefly visit the following sites:

[www.metmuseum.org](http://www.metmuseum.org)

[www.komen.org](http://www.komen.org)

[www.pewtrusts.org](http://www.pewtrusts.org)

[www.fordfound.org](http://www.fordfound.org)

[www.sierraclub.org](http://www.sierraclub.org)

[www.now.org](http://www.now.org)

[www.abanet.org](http://www.abanet.org)

[www.nfl.org](http://www.nfl.org)

Note the differences between the purposes and activities of the different organizations. If you were to group these organizations based on similarities, how might you group them? We will return to these web sites throughout the semester when we focus on (1) organizational purposes; (2) fundraising and corporate sponsorship activities; (3) compensation of officers and directors; (4) commercial activities; (5) lobbying and political activities.

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January 28 and February 4 and 11—Inurement, Private Benefit, and Excess Benefit Transactions

1. In the Casebook, read:

pp. 207 – 240. Prepare a written outline of your answers to Problems 1(a) – (f) and 2 on pp. 240 - 243 for your own reference during class discussion. We will begin our discussion of this topic in the second hour of class on January 29.

2. In the Statutory Supplement, read:

Code: § 4958

Regulations: §§ 1.501(c)(3)-1(c)(2); - (1)(f); 53.4958-1– 8.

3. Read the articles posted on NYUClasses:

Cornelia Dean, *Wealthy Stake \$25 Million in a War With the Sea*, N.Y. TIMES, July 8, 2007.

Pia Catton, *National Arts Club Cleans House*, Wall Street Journal, September 7, 2011.

Patricia Cohen, *Writing Off the Warhol Next Door: Art Collectors Gain Tax Benefits From Private Museums*, N.Y. TIMES, Jan. 11, 2015, at BU1. (If you have not read this article already).

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### February 18—Charitable Organizations

1. In the Casebook, read:

pp. 85 – 105; 113 – 119; 124 – 129; 131 – 159 (reread). Prepare a written outline of your answers to the problems on pp. 105 – 106, the problems on p. 119, and the problems on p. 129 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: § 139

Regulations: §§ 1.501(c)(3)-1(a), (b), (c), (d)(1) and (d)(2).

### February 25—Educational, Religious, and Amateur Sports Organizations

1. In the Casebook, read:

pp. 160 – 201. Prepare a written outline of your answers to the problems on pp. 176 – 177, problems (a), (c), and (d) on pp. 192 – 193, and problems (a) and (c) on p. 201 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: § 501(j).

Regulations: § 1.501(c)(3)-1(d)(3).

### March 4— Commercial Activities

1. In the Casebook, read:

pp. 336 – 359. Prepare a written outline of your answers to Problems (a), (b), and (f) – (i) on pp. 359 – 360 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: § 502

Regulations: §§ 1.501(c)(3)-1(c)(1); -1(e); 1.502-1.

March 11 and 25— Limitations on Lobbying Activities

1. In the Casebook, read:

pp. 243 – 274. Prepare a written outline of your answers to the Problems on pp. 275 – 277 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: §§ 501(c)(3), (4); 501(h); 504; 527; 4911; 4912; 6033(b)(8).

Regulations: §§ 1.501(c)(3)-1(c)(1) and (3); 1.501(h)-1, -2, -3; 56.4911-1, -2, -3, -4, -5, -6, -7(a), (b).

April 1—Political Campaign Restrictions

1. In the Casebook, read:

pp. 277 – 314. Prepare a written outline of your answers to the Problems on pp. 305 – 306 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: §§ 501(c)(3); 527; 4955.

Regulations: §§ 1.501(c)(3)-1(c)(1)(iii); 53.4955-1.

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April 8— Private Foundations and Alternatives

1. In the Casebook, read:

pp. 472 – 476; 481 – 488; 490 – 506; 508 – 518; 520 – 530; 532 – 533. Prepare a written outline of your answers to Problems 1(a), (b), and (f) on pp. 506 – 507 and the Problem on p. 519.

2. In the Statutory Supplement, read:

Code: §§ 170(b)(1)(A), (f)(18); 4943(e)(1)-(3); 4946; 4958; 4966; 4967; 507(d)(2); 509; 170.

Regulations: §§ 53.4946-1(a); 1.507-6(b)(1); 1.170A-9(a), (b), (c)(1), (d), (e)(1) - (9); 1.170A-9; 1.509(a)-3(a) – (e), - (4).

April 15 — Private Foundation Excise Taxes

1. In the Casebook, read:

pp. 534 – 575 (ignoring all problems not assigned). Prepare a written outline of your answers to Problems 1(a) – (g) and 2 on pp. 549 – 550 and Problems (a) – (e), (g), and (i) on pp. 572 – 573.

2. In the Statutory Supplement, read:

Code: §§ 4940 – 4946; 6033(c); 6104(d); 507.

Regulations: §§ 53.4941(a)-1(a), (b), (c); 53.4941(d)-1(a), (b)(1), (2), (4)-(8); 53.4941(d)-2(a), (b)(1), (b)(2), (c), (d), (e), (f), (g); 53.4941(d)-3; 53.4945-1(a), (d), -3, -4, -5, -6.

April 22 and 29 — Unrelated Business Income Tax

1. In the Casebook, read:

pp. 360 – 365; 370 – 402; 404 – 409; 411 – 422; 432 – 458. Prepare a written outline of your answers to:

- the problems on pp. 402 – 404 (excluding problem 1(b) and (d))
- the problems on p. 410
- Problem 1 on 419

- the problem on p.p. 458-459 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: §§ 511(a), (b); 512(a), (b)(1)-(5), (7) - (9), (13), (15); 513(a), (c), (f), (h), (i); 514(a), (b), (c)(1) - (4), (7), (9)(A) - (D), (E).  
Regulations: §§ 1.512(a)-1(a), -1(b), -1(c), -1(d), -1(e), -1(f)(1); 1.512(b)-1(a)(1), -1(b), -1(c)(2) - (5), -1(d)(1), -1(l); 1.513-1, -4, -7; 1.514(b) - (1)(a), (b), (d).

3. On the Web, visit [www.metmuseum.org/store/](http://www.metmuseum.org/store/) (or visit the Metropolitan Museum of Art and / or the American Museum of Natural History and their gift shops). Think about which items sold at the shops might generate UBTI and which items further the exempt purposes of the museum.

4. Read the article posted on NYUClasses:

Ruth La Ferla, *The Artist's Fall Collection*, N.Y. TIMES, November 8, 2007.