

TAX-EXEMPT ORGANIZATIONS
Professor Jill Manny
Summer 2018

Classes 1 and 2 — Introduction

Purchase the casebook entitled "Cases and Materials on Taxation of Nonprofit Organizations, Fourth Edition" by James Fishman, Stephen Schwarz, and Lloyd Hitoshi Mayer, along with "Nonprofit Organizations Statutes, Regulations, and Forms," at the N.Y.U. Bookstore. Be sure that you **do not** inadvertently purchase "Cases and Materials on Nonprofit Organizations" by the same authors.

1. In the Casebook, read:

pp. 33 – 49; 53 – 80; 118 – 123 and 125 – 150.¹ Prepare a written outline of your answer to the Introductory Problem on p. 49 and the problems on p. 123 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:

Michael Cohn, *Tax Court Says Sperm Donor's Foundation Does Not Qualify as a Charity*, WebCPA DEBITS&CREDITS, July 22, 2010,
http://www.webcpa.com/debits_credits-55023-1.html.

David J. Herzig and Samuel D. Brunson, *Opinion: White Supremacist Groups Don't Deserve Tax Exemptions*, N.Y. Times, August 29, 2017,
https://www.nytimes.com/2017/08/29/opinion/white-supremacists-tax-exemptions.html?mcubz=0&_r=0.

Pierre Omidyar, *How I Did It: EBay's Founder on Innovating the Business Model of Social Change*, HARV. BUS. REV., Sept. 1, 2011,

¹ The assigned reading pages 118 – 150 will be discussed in the second week of class.

[https://hbr.org/2011/09/ebays-founder-on-innovating-the-business-model-of-social-change.](https://hbr.org/2011/09/ebays-founder-on-innovating-the-business-model-of-social-change)

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

Gene Steuerle, *The Zuckerberg Charitable Pledge and Giving from One's Wealth*, THE GOVERNMENT WE DESERVE, Jan. 11, 2016,
<http://blog.governmentwedeserve.org/2016/01/11/the-zuckerberg-charitable-pledge-and-giving-from-ones-wealth/>.

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

www.metmuseum.org
www.komen.org
www.fordfound.org
www.sierraclub.org
www.abanet.org
www.pga.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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Classes 3 and 4—Inurement, Private Benefit, and Excess Benefit Transactions

1. In the Casebook, read:

pp. 196 - 228. Prepare a written outline of your answers to Problems 1(a) – (e) and 2 on pp. 228 - 230 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: §§ 4958, 4960
Regulations: §§ 1.501(c)(3)-1(c)(2), -(1)(d)(3), -(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.

Class 5—Educational, Religious, and Amateur Sports Organizations

1. In the Casebook, read:

pp. 151 – 189. Prepare a written outline of your answers to the problems on pp. 166 – 167, problems (a) and (c) on pp. 182 – 183, and problems (a) and (c) on p. 190 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: § 501(j)
Regulations: § 1.501(c)(3)-1(d)(3)

3. Read the article posted on NYUClasses:

Jeff Guo, *This Swingers Sex Club has Rebranded Itself as a Church. Can it get special treatment under the law?*, Washington Post, April 23, 2015.

Class 6—Healthcare and Other Charitable Organizations

1. In the Casebook, read:

pp. 77 – 100; 107 – 113. Prepare a written outline of your answers to the problems on pp. 100 and the problems on p. 113 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)

Class 7 — Commercial Activities

1. In the Casebook, read:

pp. 311 – 312, 314 – 331. Prepare28 a written outline of your answers to Problems (a), (b), and (f) – (i) on pp. 331 – 332 for your own reference during class discussion.

2. In the Statutory Supplement, read:

Code: § 502
Regulations: §§ 1.501(c)(3)-1(b)(1), -1(c)(1); -1(e); 1.502-1

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Classes 8 and 9¹— Limitations on Lobbying Activities

1. In the Casebook, read:

pp. 230 – 246. Prepare a written outline of your answers to the Problems on pp. 246 – 248 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) and (b)

3. Optional Reading, posted on NYUClasses:

Jill S. Manny, *Nonprofit Legislative Speech: Aligning Policy, Law, and Reality*, 62 Case W. Res. L. Rev. 757 (2012).

Class 10—Political Campaign Restrictions

1. In the Casebook, read:

pp. 248 – 283, 284 – 289. Prepare a written outline of your answers to the Problems on pp. 283 – 284 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); 53.4955-1

¹ We will begin this discussion in the second hour of Class 8.

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Class 10 and Class 11 — Private Foundations and Alternatives¹

1. In the Casebook, read:

pp. 431 – 432; 439 – 458; 461 – 482; 483 – 485. Prepare a written outline of your answers to Problems 1(a), (b), and (f) on pp. 460 – 461 and the Problem on pp. 471 – 472.

2. In the Statutory Supplement, read:

Code: §§ 170(b)(1)(A), (f)(18); 507(d)(2); 509; 4942(j)(3); 4943(e)(1)-(3); 4946; 4958(c), (f); 4966; 4967.

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

Class 12 — Private Foundation Excise Taxes

1. In the Casebook, read:

pp. 486 – 526 (ignoring all problems not assigned). Prepare a written outline of your answers to Problems 1(a) – (g) and 2 on pp. 500 – 501 and Problems (a) – (e), (g), and (i) on pp. 523 – 524.

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.

¹For Class 10 we will spend the first hour on Lobbying and Political Campaign Activities and then begin our discussion on Private Foundations. Please do the assigned reading through page 458 for Class 10 and the remainder (including the assigned problems) for Class 11.

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Class 13 and Class 14 — Unrelated Business Income Tax

1. In the Casebook, read:

pp. 332 – 336; 336 – 341 (optional); 341 – 368; 370 – 375; 376 – 385; 386 – 388; 401 – 421. Prepare a written outline of your answers to:

- the problems on pp. 368 – 370 (excluding problem 1(d))¹
- the problems on p. 376
- Problem 1 on p. 385
- the problem on p.p. 421 – 422

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) - (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/ (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:

<http://www.nytimes.com/2007/11/08/fashion/08ART.html?pagewanted=2&r=0>

¹ Prepare these problems for Class 13 and remaining problems for Class 14.