

**NOT-FOR-PROFIT ORGANIZATIONS**  
**Fall 2024 – Professor Lloyd Mayer**

Monday, Wednesday  
9:30 – 10:45 a.m.  
Eck 3130

Email: [lmayer@nd.edu](mailto:lmayer@nd.edu)  
Office: Eck 3155  
Phone: 631-8057

**Syllabus**

**Course Description**

This course provides an overview of the laws that apply to not-for-profit organizations (“NPOs”) in the United States. More specifically, the class will cover: the organization and operation of NPOs under state law; the requirements for obtaining exemption from otherwise applicable taxes, especially for charitable organizations under federal income tax law; the federal tax rules governing NPO commercial activities, private foundations, and charitable contributions; and the laws governing non-charitable NPOs. By the end of this course you will be able to advise NPO leaders about their legal responsibilities and ensure compliance of NPOs with the state and federal laws that specifically apply to them.

*Pre/Co-Requisite:* There are no pre-requisites or co-requisites for this course. While some of the topics we will cover touch on general business association and federal income tax issues, I will provide overviews of those issues in advance of the relevant assignments so that you have sufficient information to be able to understand these topics even if you have not taken Business Associations or Federal Income Taxation.

**Required Course Materials**

- Fishman et al., Nonprofit Organizations: Cases and Materials, 6th ed. (2021)
- Fishman et al., Nonprofit Organizations: Statutes, Regulations and Forms (2021)
- Fishman et al., Student Update Memorandum to Nonprofit Organizations (2024)  
(available on course website under Files/General Docs)
- Additional materials that I will post on the course website

Please note that you will not have access to electronic versions of the casebook, of the statutes book, or of other materials during the exam.

You may have noticed that I am one of the co-authors for the required materials. Despite the high cost of the casebook and the statutes book, my royalties from each book are relatively small – only 5% of the sales price. Nevertheless, to eliminate any conflict of interest I plan to donate the approximately \$480 I would receive if all of you bought the required materials at full retail price to one of the specific charities we discuss during the term. To help me choose the charity, I will

identify each candidate as we get to it in the course, and then at the end of the term I will ask you to advise me on which one should be the recipient. I will provide more details later in the term.

### **Course Website: Canvas**

General course documents, handouts, IRS forms, class slides, and other materials will be posted on the Canvas website for this course. I will post the class slides before each class meeting so they are available by the time we meet.

### **Class Meetings: Monday & Wednesday, 9:30 – 10:45 a.m., Eck 3130**

I need to cancel two of our regularly scheduled class meetings because I will be out of town. The cancelled class meetings are the ones scheduled for Wednesday, September 18th and for Wednesday, November 20th. The make-up classes will be held on **Friday, October 11th at 9:30 – 10:45 a.m. in our regular classroom** and on **Friday, November 15th, also at 9:30 – 10:45 a.m. in our regular classroom**.

The review session will be during our regularly scheduled class meeting on Monday, December 9th.

The make-up classes and the review session will be recorded, and I will make the recordings available to all students.

### **Class Participation**

The class is divided into three panels. The panels have rotating responsibility for being “on call.” All members of the on-call panel should be prepared to answer questions and to discuss the required reading for that day. Members of panels that are not on call for a given day are expected to have read the required readings and are free (and encouraged) to participate in the discussion. For the benefits of doing so, see **Final Examination & Grading** below.

If you are on call but are either unable to prepare for a class or will be unable to attend class, please notify me by email ([lmayer@nd.edu](mailto:lmayer@nd.edu)) **before the class** so that I do not call on you (unless the reason is one that could not have been anticipated, such as a car accident on the way to campus). I will consider such absences or lack of preparation as excused if for one of the following reasons: family emergency; other emergency, such as a car accident; illness or other medical necessity; participation in other Law School curricular or co-curricular activities such as journal conferences, moot court competitions, and clinic hearings; or job interviews. Each student also has one “get out of class free” pass that they may use to excuse an absence or lack of preparedness when on call, again subject to you emailing me **before the class** to say you will be using your pass; if you use the pass, no explanation for the absence or lack of preparedness is required.

Other instances of lack of preparation (or absence) when your panel is on call may, however, lower your grade (see **Final Examination & Grading** below for more details).

The three panels are assigned by the first letter of last names:

- Panel 1: A to D
- Panel 2: E to L
- Panel 3: M to Z

I may adjust these assignments after the first week of the course if the panels become unbalanced because of students adding or dropping the course.

Panel 1 will be on call for the first class meeting. The full panel on-call schedule is available on the course website. No panel will be on call for the review session.

### **Class Assignments**

The class assignments list for the entire term is available on the course website. Please note the instructions at the start of the assignments relating to materials you are asked to skim and to the problems we will cover in class. In addition to the materials listed, I may provide occasional additional materials that I will distribute through the course website.

### **Final Examination & Grading**

Grading will primarily be based on a three-hour, in-person, student-scheduled final examination. The final exam will be open book in that any hard copy written materials may be used during the exam other than hard copy materials from the library. The final exam will be administered via computer. You will therefore need to have a laptop to take the exam unless you have made other arrangements with Student Services. Note that during the final exam you will **not** have access to materials stored on your computer or normally available through the Internet, including electronic versions of the casebook, of the statute book, or of other materials.

Consistent quality class participation may increase your grade by one notch (*e.g.*, changing a B final exam grade to a B+). Failure to be in class or prepared without having notified me in advance of class may decrease your grade by one notch (see **Class Participation** above). Multiple failures to be in class or prepared without having notified me in advance of class may decrease your grade further, including possibly reducing it to a failing grade. Out-of-class discussions will not affect your grade.

### **Laptop Policy**

I allow the use of laptops during class both because grading in this course is based primarily on a final examination that can cover any of the many topics addressed in the course and because I

provide some course materials electronically. Be aware, however, that there is a growing body of research indicating that taking notes longhand may lead to improved learning as compared to taking notes on a laptop. See, e.g., Steven Eisenstat, [A Game Changer: Assessing the Impact of the Princeton/UCLA Laptop Study on the Debate of Whether to Ban Law Student Use of Laptops During Class](#), 92 U. Det. Mercy L. Rev. 83 (2015); Pam A. Mueller & Daniel M. Oppenheimer, [The Pen Is Mightier Than the Keyboard: Advantages of Longhand Over Laptop Note Taking](#), 25 Psychological Science 1159 (2014); Colleen P. Murphy et al., [Note-Taking Mode and Academic Performance in Two Law School Courses](#), 68 J. Legal Educ. 207 (2019). You may therefore want to consider taking notes longhand instead of typing them on your laptop.

You should also be aware that there is research indicating that using laptops or other electronics to multitask while in class, such as for checking email, reduces comprehension for **both** the multitasker and those who can see their screen. See, e.g., Fari Sana et al., [Laptop Multitasking Hinders Classroom Learning for Both Users and Nearby Peers](#), 62 Computers & Education 62 (2013). So while I believe it is not a good use of class time for me to attempt to stop such multitasking, please consider avoiding such multitasking to limit distractions for both yourself and your classmates.

### **Generative AI Policy**

The opportunities to use generative AI in this course will be limited given there are no graded writing assignments during the term and the final examination is in-person with Internet access blocked. Nevertheless, you may find it helpful to occasionally use a generative AI program, and particularly legal ones such as Lexis+ AI or Westlaw's Ask Practical Law AI, to answer questions that arise when you are reading the assignments. You are free to do so and also to share any answers you generate in class. I only ask that if you share information in class that was provided in whole or in part by a generative AI program you disclose that fact.

### **Contact Information & Out-of-Class Meetings**

The best way to reach me is via email, at [lmayer@nd.edu](mailto:lmayer@nd.edu). I may forward particularly interesting questions or comments to the entire class, after deleting the sender's identifying information. I can also be reached at my office number, 574-631-8057, where I have voice mail.

I expect to be generally available to meet with students in my office (**Eck 3155**, in the third-floor suite nearest the elevator) during the following times each week when classes are in session:

- Tuesday, Thursday, and Friday mornings (9:00 to noon)
- Monday through Friday afternoons (2:00 to 4:30 p.m.)

While making an appointment is not required, if you would prefer to set a specific day and time to meet, including outside of the above windows, please email me.

The only dates when classes are in session but which I expect to not be available are:

- Thursday afternoon, August 29th and Friday, August 30th
- Wednesday, September 18th through Friday September 20th
- Wednesday, November 20th through Friday, November 22nd.

### **Support for Student Mental Health at Notre Dame**

Law students are eligible to receive support from a variety of wellness resources offered by the University, including the Law School's dedicated Care and Wellness Consultant Stella Miller ([stella.miller@nd.edu](mailto:stella.miller@nd.edu)). You may schedule an appointment with her through [www.calendly.com/stellamiller](http://www.calendly.com/stellamiller), or you may contact any other Care and Wellness Consultant if you prefer. Care and Wellness Consultants provide support and resources to students who are experiencing stressful or difficult situations that may be interfering with academic progress. Through Care and Wellness Consultants, students can be referred to The University Counseling Center (for cost-free and confidential psychological and psychiatric services from licensed professionals), University Health Services (which provides primary care, psychiatric services, case management, and a pharmacy), and The McDonald Center for Student Well Being (for problems with sleep, stress, and substance use). Visit [studentaffairs.nd.edu/get-support/](http://studentaffairs.nd.edu/get-support/).

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**Assignments**

**Skimming:** When you are asked to skim a statute or regulation, please read the headings to understand the statute or regulation's scope but rely on the casebook for the details. When you are asked to skim any other type of document, please review the document as an aid for understanding the casebook reading but you are not responsible for the details of the document.

**Problems:** Many casebook assignments include problems. The specific problems we will cover in class are identified in each assignment (e.g., “including problems 3, 4 & 5 on p. 100”). You may skip the other problems; when we are skipping an entire set of problems, I have noted this fact. For the problems in Part Two (Organization and Operation), if the casebook says to apply the law of “your jurisdiction” please apply the assigned Illinois statutory sections or, in the absence of any assigned or applicable Illinois sections, the assigned New York statutory sections.

**Restatement:** Refers to Restatement of the Law, Charitable Nonprofit Organizations.

**PART ONE: INTRODUCTION**

**Monday, August 26th: Overview**

*Fishman:* 3-45 (including the problem on pp. 44-45) & Update 2-3  
*Selected §§:* Cal. Corp. Code § 5410 (p. 27)  
N.Y. Not-for-Profit Corp. L. § 515(a) (p. 79)  
*Website:* Syllabus (under General Course Materials)

**PART TWO: ORGANIZATION AND OPERATION**

**Wednesday, August 28th: Formation**

*Fishman:* 49-68, 72-74, 77-78 (stop after Note 1), 79-81 (including all problems on pp. 62-63 & 81) & Update 4-6  
*Selected §§:* Cal. Corp. Code §§ 5111, 5130, 7111 (pp. 9, 37)  
Ill. Comp. Stat. ch. 805, § 105/103.05(a) (pp. 56-58)  
N.Y. Not-for-Profit Corp. L. §§ 201, 204, 402 (pp. 68-69, 71, 72-73)  
Restatement §§ 1.01, 1.02 (p. 96)  
*skim* Sample Articles of Organization, Bylaws, Trust (pp. 883-895)  
*Website:* Handout: Sample Organization Meeting Resolutions

**Monday, September 2nd: Cy Pres and Deviation**

*Fishman:* 81-100 (including problems 3, 4 & 5 on p. 100) & Update 6  
*Selected §§:* Restatement §§ 3.02, 3.03, 4.03 (pp. 101, 102)

**Wednesday, September 4th: Dissolution, Distribution of Assets, and Restructuring**

*Fishman:* 101-121 (including problems 1(c), 1(d), 2 & 3 on pp. 104-105) & Update 7  
*Selected §§:* Ill. Comp. Stat. ch. 805, § 105/112.16 (pp. 61-62)  
N.Y. Not-for-Profit Corp. L. § 513 (pp. 78-79)  
Restatement § 3.04 (pp. 101-102)

**Monday, September 9th: Governance and the Duty of Care**

*Fishman:* 123-129, 135-138, 143-162 (including all parts of Prob. 1 on pp. 160-161)  
*Selected §§:* Cal. Corp. Code §§ 5210, 5231 (pp. 10-11, 14-15)  
N.Y. Not-for-Profit Corp. L. § 717 (p. 89)  
Restatement §§ 2.01, 2.03, 2.05, 2.07, 2.08 (pp. 97, 98, 99)

**Wednesday, September 11th: The Duty of Loyalty and the Duty of Obedience**

*Fishman:* 167-188 (stop at case), 194 (start at note 2)-201 (including problems (d), (e), (g) & (h) on pp. 197-198) & Update 7-8  
*Selected §§:* Cal. Corp. Code § 5227 (pp. 13-14)  
Ill. Comp. Stat. ch. 805, §§ 105/108.60, 108.80 (pp. 58-59, 61)  
N.Y. Not-for-Profit Corp. L. §§ 515(b), 715, 715-a, 716 (pp. 79-80, 84-87, 88)  
Restatement § 2.02 (p. 97)  
*skim* Sample Conflict of Interest Policy & Statement (pp. 896-900)

**Monday, September 16th: Investment Responsibility and Enforcement**

*Fishman:* 201-237 (including problem (all parts) on pp. 218-219; skip the problem on p. 212) & Update 8-12  
*Selected §§:* Restatement §§ 2.04, 2.06, 5.01 (pp. 98, 99, 102-103)  
Uniform Prudent Mgmt. of Inst. Funds Act §§ 3 to 6 (pp. 126-130)

Wednesday, September 18th: NO CLASS

**Monday, September 23rd: Regulation of Charitable Solicitation**

*Fishman:* 241-281 (including problem 1 (both parts) on p. 281) & Update 13-14

**PART THREE: TAX EXEMPTION AFFIRMATIVE REQUIREMENTS**

**Wednesday, September 25th: Rationale and Exemption Introduction**

*Fishman:* 287-295 (stop at article), 301-302, 305-313, 553-557 & Update 15, 21  
*Selected §§:* I.R.C. § 501(c)(3) (p. 201)  
Treas. Reg. § 1.501(c)(3)-1(a), (b), (c)(1) & (2) (pp. 443-446)  
*Website:* *skim* IRS Form 1023 (under IRS Forms)

**Monday, September 30th: Charitable Exemption**

*Fishman:* 313-340 (including all problems on pp. 339-340)

*Selected §§:* Treas. Reg. § 1.501(c)(3)-1(d)(2) (pp. 448-449)

*Website:* Handout: Saint Joseph Form 990 (excerpts; focus on highlighted items)

**Wednesday, October 2nd: Educational Exemption**

*Fishman:* 396-415 (including all problems on p. 415) & Update 18-19

*Selected §§:* Treas. Reg. § 1.501(c)(3)-1(d)(3) (p. 449)

I.R.C. § 4968 (pp. 341-342)

*Website:* Handout: Notre Dame Form 990 (excerpts; focus on highlighted items)

**Monday, October 7th: Religious Exemption**

*Fishman:* 415-433 (including all problems on p. 432-433) & Update 19

**Wednesday, October 9th: Public Policy Limitation**

*Fishman:* 367-396 (including all problems on pp. 395-396) & Update 16-18

**PART FOUR: TAX EXEMPTION CONDITIONS**

**Friday, October 11th (MAKE-UP): Inurement, Private Benefit, and Inter. Sanctions**

*Fishman:* 449-467 (skip case & following notes), 468-482 (including problems 1(a), 1(b), 1(c), 1(f), & 3 on pp. 480-481) & Update 19-20

*Selected §§:* Treas. Reg. § 1.501(c)(3)-1(d)(1) (pp. 447-448)

I.R.C. § 4958(a) to (c)(1)(B), (d) to (f)(6) (pp. 324-325, 326-328)

I.R.C. § 4960(a) to (c)(4) (pp. 329-330)

**Monday, October 14th: Limitations on Lobbying**

*Fishman:* 482-502 (including problems (a) & (e) on pp. 500-502)

*Selected §§:* Treas. Reg. § 1.501(c)(3)-1(c)(3)(i), (ii) & (iv), (v) (pp. 446-447)

*Website:* skim IRS Form 5768 (under IRS Forms)

**Wednesday, October 16th: Political Campaign Limitations**

*Fishman:* 502-543 (including all problems on pp. 542-543)

*Selected §§:* Treas. Reg. § 1.501(c)(3)-1(c)(3)(iii) (p. 446)

**Monday, October 21st & Wednesday, October 23rd: MID-SEMESTER BREAK**



## **PART FIVE: OTHER TAX ISSUES**

### ***Commercial Activities and the Unrelated Business Income Tax***

#### **Monday, October 28th: Commercial Activities**

*Fishman:* 575-598 (including all problems on pp. 597-598), 703-705 (including problem on p. 705)

*Selected §§:* Treas. Reg. § 1.501(c)(3)-1(e) (p. 451)

#### **Wednesday, October 30th: The Nature of an Unrelated Trade or Business**

*Fishman:* 598-633, 634-637 (including problems 1(a) thru (f) & 2(f) on pp. 635-637, but skip notes 3-6 on pp. 633-634) & Update 21-22

*Selected §§:* Treas. Reg. § 1.513-1 (pp. 557-564)

#### **Monday, November 4th: Exclusions; Computation; Debt-Financed Income**

*Fishman:* 637-667 (thru note 1; including problem 1 (all parts) on pp. 643-644; skip the problems on pp. 658-659)

*Selected §§:* I.R.C. § 512(b)(1) to (5), (7) to (9) (pp. 233-235)

### ***Private Foundations***

#### **Wednesday, November 6th: Introduction**

*Fishman:* 707-715, 720-732, 739-747 (including problems 1(a), (b) & (f) on pp. 745-747), 774-775 & Update 23-25, 26-28

*Selected §§:* I.R.C. §§ 170(b)(1)(A), 509(a) to (e) (pp. 167-168, 225-227)

*Website:* Handout: Gates Found. Form 990-PF (excerpts; focus on highlighted items)

#### **Monday, November 11th: Self-Dealing & Taxable Expenditures**

*Fishman:* 775 (Section D introduction only), 778-793 (including problems 1(a) thru (e) on pp. 792-793), 812-822 (including problems (a) thru (e) & (i) on pp. 821-822)

*Selected §§:* I.R.C. §§ 4941, 4945, 4946(a)(1), (b) to (d) (pp. 291-295, 313-319)

### ***Charitable Contributions***

#### **Wednesday, November 13th: Introduction & Policy Issues**

*Fishman:* 825-850 & Update 29-30

#### **Friday, November 15th (MAKE-UP): Basic Principles**

*Fishman:* 850-889 (including problems (a) thru (d) & (i) on pp. 888-889) & Update 30

*Selected §§:* I.R.C. § 170(a)(1), (c), (f)(8) (pp. 166-167, 173-174, 184-185)

#### **Monday, November 18th: Noncash Contributions and Planned Giving**

*Fishman:* 890-920 (including problems 1(a) thru (g) on pp. 916-917) & Update 31-32

*Website:* skim IRS Forms 8282, 8283 (under IRS Forms)

Wednesday, November 20th: NO CLASS

## **PART SIX: OTHER TYPES OF NOT-FOR-PROFIT ORGANIZATIONS**

### **Monday, November 25th: Social Welfare, Labor, and Trade Organizations**

*Fishman:* 931-964 (including all problems on pp. 963-964) & Update 33

*Selected §§:* I.R.C. § 501(c)(4) to (6) (pp. 201-202)

Treas. Reg. §§ 1.501(c)(4)-1, 1.501(c)(5)-1, 1.501(c)(6)-1 (pp. 456-458)

*Website:* skim IRS Form 1024 (under IRS Forms)

Wednesday, November 27th: THANKSGIVING BREAK

### **Monday, December 2nd: Other Types of Not-for-Profit Organizations**

*Fishman:* 964-983 (including problems 1(a) & (b) on p. 980) & Update 33-34

*Selected §§:* I.R.C. §§ 501(c)(7), (c)(8), (c)(10) & (i), 512(a)(3)(A) & (B) (pp. 202, 208-209, 230-231)

Treas. Reg. § 1.501(c)(7)-1 (pp. 458-459)

### **Wednesday, December 4th: Membership Associations**

*Fishman:* 985-990, 1011-1036 (including all problems on p. 1032) & Update 34

## **REVIEW SESSION**

### **Monday, December 9th: Review Session**

*Website:* Draft Instruction Sheet for Final Examination (under Handouts)

Past Exams & Exam Answers (under Handouts)