

**NONPROFIT LAW
(PSC 511N)**

Day/Time: Wednesday 1830-2120
Building/Room:

Instructor: Robert W. Saunders
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Purpose of the Course

This course is intended to introduce basic principles of law applicable to nonprofit organizations.

Required Reading

There is no required text. Most, if not all, of the reading materials will be available on the internet. Hard copies and some materials not available on the internet will be placed on reserve.

Course Requirements and Grading

Class participation	10%
Examination	90%

Class Schedule and Reading Assignments

I. Wednesday, August 27, 2008: Session One: Overview

- A. United States legal system
- B. State statutes – Choice of entity, organizational matters
- C. Federal statutes – Exemption from federal income tax
- D. Future of Tax Exempt Organizations

No required reading.

II. Wednesday, September 3, 2008: Session Two: North Carolina Nonprofit Corporations

- A. Forming the corporation
- B. Organizational meeting or minutes
- C. Directors and officers: duties and potential liability
- D. Reform

Required reading prior to Session Two: Marshall, "Incorporating Your Non-Profit in North Carolina," North Carolina Department of the Secretary of State, available at <http://www.secretary.state.nc.us/corporations/> (click on the link to "Nonprofit Corporation" under "Guidelines to Incorporating"); Also Pages 20-82, Panel on the Non-Profit Sector, "Strengthening Transparency Governing Accountability of Charitable Organizations, available at http://www.nonprofitpanel.org/final/Panel_Final_Report.pdf

III. Wednesday, September 10, 2008: Session Three: Federal Income Tax, Part I

- A. Section 501(c) – Types of tax-exempt organizations
- B. Section 501(c)(3) private foundations
- C. Section 501(c)(3) public charities
- D. Others: Sections 501(c) (4) social welfare; 501(c)(6) trade associations; 501(c)(7) social clubs
- E. Application for recognition of exemption

Required reading prior to Session Three: Pages 16-50 of Internal Revenue Service Publication 557, “Tax-Exempt Status for Your Organization,” available at <http://www.irs.gov/pub/irs-pdf/p557.pdf>; Internal Revenue Service Publication 4220 , “Applying for 501(c) (3) Tax- Exempt Status”, available at <http://www.irs.gov/pub/irs-pdf/p4220.pdf>.

IV. Wednesday, September 17, 2008: Session Four: Federal Income Tax Part II and State Taxes

- A. Intermediate sanctions
- B. Unrelated business income tax
- C. State tax issues

Required reading prior to Session Four: Pages 16-46 (“Section 501(c)(3) Organizations”) of Internal Revenue Service Publication 557, “Tax-Exempt Status for Your Organization,” available at <http://www.irs.gov/pub/irs-pdf/p557.pdf> ; Internal Revenue Service Publication 598, “Tax on Unrelated Business Income of Exempt Organizations available at <http://www.irs.gov/pub/irs-pdf/p598.pdf> ; North Carolina Department of Revenue, “State Taxation of Nonprofit Organizations”, available at <http://www.dor.state.nc.us/publications/nonprofit2002.pdf>.

V. Wednesday, September 24, 2008: Session Five: Funding, Operations, Grants; Political Activities

- A. Funding the nonprofit corporation: Charitable solicitations, charitable contribution deduction; fee-based services
- B. Operating the nonprofit corporation
- C. Grants and distributions
- D. Political Activities of Exempt Organizations

Reading required to be completed prior to Session Five to be announced.

VI. Wednesday, October 1, 2008: Session Six: Review and Final Exam

- A. Review of key principles
- B. Examination