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POLSINELLI

Organized Exclusively for Charitable Purposes: Nonprofit Formation and Formalities from an Accounting and Legal Point of View

Christina N. Cahill - Polsinelli PC
Neely D. Duncan - BKD

UT Law CLE 2022
Nonprofit Organizations Fundamentals
January 12, 2022

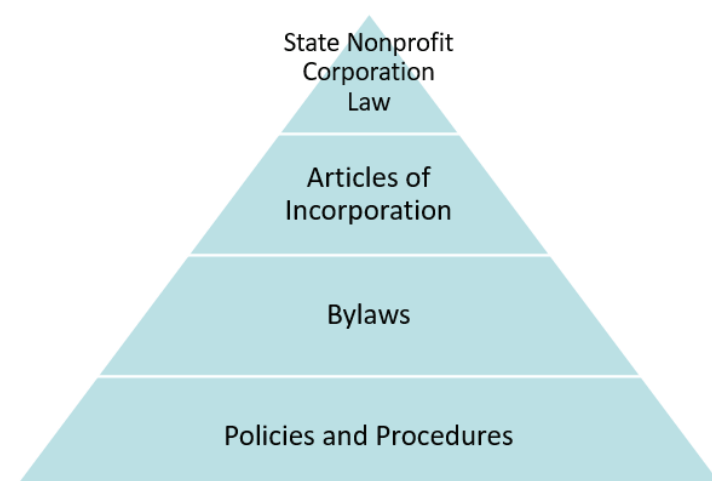
Agenda

- Nonprofit Legal Issues
 - Legal Structure of Nonprofits
 - Tax Exempt vs. Charitable Organizations
 - Public Charities vs. Private Foundations
 - Organizational and Operational Tests
 - Corporate Governance
 - Federal Tax Concepts - Improper Private Benefits and Self-Dealing
 - Unrelated Business Income
 - Lobbying
- Applying for Tax Exemption
 - Form 1023 Application
 - Ongoing Reporting

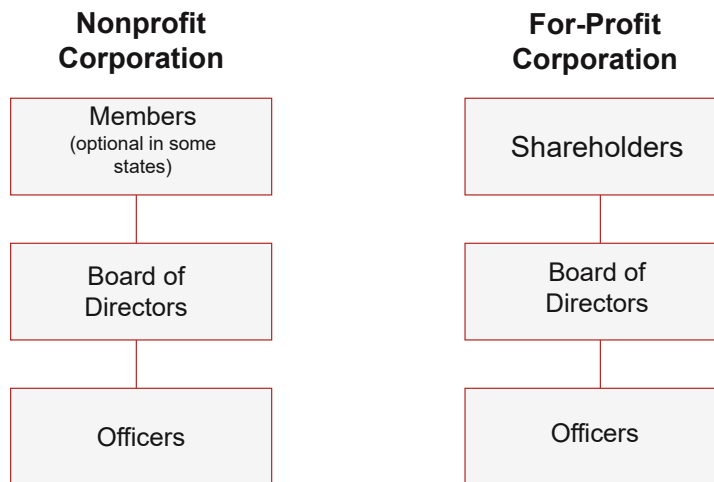
What is a Nonprofit Organization?

- The term “nonprofit” comes from state corporate law
- An entity established under state law for some other purpose than making a profit and whose primary objective is to support or to actively engage in activities of public or private interest
- Nonprofits may be organized as a corporation, as a trust, as a cooperative, or they may be purely informal

Legal Structure of Nonprofits



Corporate Structure of Nonprofit Corporation vs. For-profit Corporation



Nonprofit vs. Tax-Exempt

STATE LAW ("Nonprofit")	FEDERAL LAW ("Tax-Exempt")
Defines how the organization legally exists and operates	Determines how the organization is taxed

While most nonprofits are tax-exempt, there are “taxable nonprofits”

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First appeared as part of the conference materials for the
2022 Nonprofit Organizations Fundamentals Workshop session

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