

## **TAX – Nonprofit Organizations**

Comprehensive Guidance for Tax-Exempt Organizations

The laws governing nonprofit entities differ from those governing for-profits in many ways. From entity formation to tax-exempt financing, executive compensation, and the daily operation of your organization, our attorneys who focus closely on this specialized area of law can not only help keep you in compliance, but also help you take advantage of the opportunities the not-for-profit tax status can offer.

### **How We Can Help You**

#### **We're Known for Our Collaborative Approach**

Nowhere is our collaborative approach more evident than in our nonprofit organizations group. Our tax attorneys work closely with our ERISA/employee benefits, corporate finance and technology, labor and employment, healthcare, real estate, intellectual property, and government relations teams. Together, we provide a broad range of experience coupled with the detailed knowledge that as a nonprofit organization you require to successfully pursue your mission.

#### **The Clients We Serve**

The breadth of our nonprofit organizations practice is matched only by the breadth of our clients, which includes:

**Business Leagues • Educational Institutions • Foreign Charities  
Government Entities • Hospitals and Other Healthcare Organizations  
Local Economic Development Groups • Museums • Public Charities  
Private Foundations • Religious Organizations • Trade Associations**

## The Broad Scope of Our Assistance

We're ready to guide you through any or all of the following:

- Establishing or restructuring nonprofit organizations, including obtaining tax-exempt status from the Internal Revenue Service (IRS) and state tax authorities
- Structuring and negotiating tax-exempt financing
- Advising on tax compliance, including lobbying restrictions and private foundation rules
- Advising on and implementing planned giving programs for public charities
- Providing counsel for IRS audits
- Structuring program-related investments by private foundations into traditional for-profits and hybrid business entities, including low-profit limited liability companies
- Advising on charitable solicitation rules
- Designing compensation arrangements, employment agreements, and succession plans for nonprofit organizations
- Structuring and negotiating joint ventures between for-profit and nonprofit organizations
- Advising on structuring mission-related investments
- Advising on and implementing multi-year charitable pledges, including direct pledges and pledges through private foundations

## STAYING ON TOP IN A CHANGING TAX CLIMATE

We're well positioned to advise you on recent changes in the U.S. federal and state tax law and ongoing international tax issues that may affect your organization. Our tax attorneys have demonstrated thought leadership for over 60 years as authors and technical advisors to the *Bloomberg Tax Portfolio Series*™, an indispensable resource for tax practitioners. We will keep you informed every step of the way.

## ADVANCING OUR CLIENTS' GOALS

### Reconciling U.S. and Canadian Law to Achieve 501(c)(3) Status

Our attorneys obtained IRC § 501(c)(3) exemption for a "green" scientific research organization, including status as a "supporting organization" to a similar Canadian nonprofit organization (not classified as a "charity" under Canadian law). The application required us to demonstrate that the Canadian organization would qualify as a 501(c)(3) scientific research organization, and a "public charity" if it were organized and operated in the U.S.

### Tax and Nonprofit Healthcare Acquisitions

Our team assisted one of the largest religiously affiliated healthcare systems in multiple acquisitions – including both hospitals and nursing care facilities – in Pennsylvania, New Jersey, and Delaware. We assisted the same client with various financing transactions.

### Customizing Structures

Our attorneys formed a low profit limited liability company (L3C), which elected to be taxed as a corporation, to spin off administrative services offered by public charity to other nonprofits. This structure protected the public charity from excessive unrelated business income tax, while ensuring that the operations of the for-profit were tied to the public charity's educational mission.