

LIST OF CHAPTERS

VOLUME 1

PART A • ORGANIZING AND OPERATING NONPROFIT ORGANIZATIONS

- Chapter 1** **SELECTING, FORMING, AND MAINTAINING THE ORGANIZATION**
Merry H. Balson, Esq.
Michelle M. Rose-Hughes, Esq.
J. William Callison, Esq.
Sarah Radunsky, Esq.
- Chapter 2** **ROLES AND RESPONSIBILITIES OF DIRECTORS AND OFFICERS**
John R. Valentine, Esq.
Allen Sparkman, Esq.
- Chapter 3** **LIABILITY AND RISK MANAGEMENT FOR NONPROFIT ORGANIZATIONS**
Peter H. Schwartz, Esq.
Scott H. Challinor, Esq.
- Chapters 4–9** **RESERVED**

PART B • TAX TREATMENT OF NONPROFIT ORGANIZATIONS

- Chapter 10** **TYPES OF TAX-EXEMPT ORGANIZATIONS**
James R. Walker, Esq.
- Chapter 11** **PUBLIC CHARITIES, PRIVATE FOUNDATIONS, AND PRIVATE FOUNDATION ALTERNATIVES**
Karen E. Leaffer, Esq.
- Chapter 12** **PRIVATE INUREMENT, PRIVATE BENEFIT, AND INTERMEDIATE SANCTIONS**
Daniel Lacomis, Esq.
- Chapter 13** **LOBBYING AND POLITICAL ACTIVITIES**
Heidi S. Glance, Esq.
Arthur Hundhausen, Esq.
Cara Lawrence, Esq.
Mark Grueskin, Esq.

Chapter 14 **UNRELATED BUSINESS INCOME TAX AND THE DOCTRINE OF
COMMERCIALITY**
James R. Walker, Esq.

Chapter 15 **RESERVED**

VOLUME 2

Chapter 16 **ADVERSE DETERMINATIONS REGARDING CODE SECTION
501(c)(3) STATUS — ADMINISTRATIVE APPEALS AND JUDICIAL
REMEDIES**
Daniel Lacomis, Esq.

Chapters 17–18 **RESERVED**

Chapter 19 **STATE AND LOCAL TAX TREATMENT**
Norman H. Wright, Esq.

PART C • FUNDRAISING BY NONPROFIT ORGANIZATIONS

Chapter 20 **THE CHARITABLE DEDUCTION AND PLANNED GIVING
TECHNIQUES**
Peter B. Nagel, Esq.

Chapter 21 **REGULATION OF CHARITABLE FUNDRAISING**
Stephen P. Nash, Esq.
Michi Tsuda, Esq.

Chapter 22 **THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL
FUNDS ACT**
Becky Farr Seidel, Esq.

Chapters 23–24 **RESERVED**

PART D • NONPROFIT ORGANIZATIONS WITH EMPLOYEES

Chapter 25 EMPLOYMENT LAW CONSIDERATIONS

Charles W. Weese, Esq.
Bronwyn H. Pepple, Esq.
Jennifer S. Harpole, Esq.

Chapter 26 EMPLOYEE BENEFITS

Renée W. O'Rourke, Esq.

Chapters 27–29 RESERVED

PART E • MAJOR CORPORATE EVENTS AND TRANSACTIONS

Chapter 30 MERGER, CONVERSION, SALE OF ASSETS, AND DISSOLUTION

John R. Valentine, Esq.

Chapter 31 BOND FINANCING FOR § 501(c)(3) ORGANIZATIONS

Darren C. McHugh, Esq.
John K. McGill, Esq.

Chapters 32–34 RESERVED

**PART F • OTHER LEGAL CONSIDERATIONS FOR
NONPROFIT ORGANIZATIONS**

Chapter 35 INTELLECTUAL PROPERTY LAW

Natalie Hanlon Leh, Esq.
Nora Q.E. Passamaneck, Esq.

Chapter 36 SOCIAL ENTERPRISE: OPPORTUNITIES AND CONSIDERATIONS

Becky Farr Seidel, Esq.
Karen E. Leaffer, Esq.

Chapters 37–39 RESERVED

**PART G • TAX AND LEGAL ISSUES FOR SPECIAL TYPES
OF NONPROFIT ORGANIZATIONS**

Chapter 40 **ACCOMMODATIONS FOR RELIGIOUS ORGANIZATIONS**
Stuart J. Lark, Esq.

APPENDICES

Appendix A
Appendix B
Appendix C

SUBJECT INDEX

TABLE OF CONTENTS

VOLUME 1

PART A • ORGANIZING AND OPERATING NONPROFIT ORGANIZATIONS

Chapter 1 SELECTING, FORMING, AND MAINTAINING THE ORGANIZATION

§ 1.1 INTRODUCTION

§ 1.2 SELECTING THE ORGANIZATIONAL FORM

§ 1.2.1—Options

§ 1.2.2—Factors To Consider

§ 1.3 THE NONPROFIT CORPORATION

§ 1.3.1—Definition/Concepts/Powers

§ 1.3.2—Advantages/Disadvantages Of Nonprofit Corporation Form

§ 1.3.3—Overview Of Structure

§ 1.3.4—Drafting And Filing Articles Of Incorporation

§ 1.3.5—Drafting Bylaws

§ 1.3.6—Holding The Initial Meeting

§ 1.3.7—Holding Subsequent Meetings

§ 1.3.8—Amending Organizational Documents

§ 1.3.9—Filing The Periodic Report

§ 1.3.10—Filing Other Documents

§ 1.3.11—Keeping Records

§ 1.4 THE CHARITABLE TRUST

§ 1.4.1—Definition/Concepts/Powers

§ 1.4.2—Advantages/Disadvantages Of Trust Form

§ 1.4.3—Drafting The Trust Agreement

§ 1.4.4—Additional Governing Documents

§ 1.4.5—Administering The Trust

§ 1.4.6—Keeping Records

§ 1.5 THE LIMITED LIABILITY COMPANY

§ 1.5.1—Definition/Concepts/Powers

§ 1.5.2—Advantages/Disadvantages Of Limited Liability Company
Form

- § 1.5.3—Overview Of Structure
- § 1.5.4—Drafting And Filing Articles Of Organization
- § 1.5.5—Drafting The Operating Agreement
- § 1.5.6—Holding The Initial Meeting
- § 1.5.7—Holding Subsequent Meetings
- § 1.5.8—Amending Organizational Documents
- § 1.5.9—Filing The Annual Report
- § 1.5.10—Filing Other Documents
- § 1.5.11—Keeping Records

§ 1.6 THE UNINCORPORATED NONPROFIT ASSOCIATION

- § 1.6.1—Definition/Concepts/Powers
- § 1.6.2—Advantages/Disadvantages Of Unincorporated Nonprofit Association Form
- § 1.6.3—Overview Of Structure
- § 1.6.4—Drafting Organizational Documents
- § 1.6.5—Filing Organizational And Other Documents
- § 1.6.6—Holding The Initial Meeting
- § 1.6.7—Holding Subsequent Meetings
- § 1.6.8—Amending Organizational Documents
- § 1.6.9—Keeping Records

§ 1.7 REGISTRATIONS AND FILINGS COMMON TO ALL FORMS OF NONPROFIT ORGANIZATIONS

- § 1.7.1—Trademarks And Trade Names
- § 1.7.2—State Registrations And Filings
- § 1.7.3—Other Filings

EXHIBITS

- Exhibit 1A—Checklist Of Considerations In Selecting Organizational Form
- Exhibit 1B—Checklist Of Procedures For Incorporation
- Exhibit 1C—Suggested Form Of Attachment To Articles Of Incorporation For Nonprofit Corporation Expected To Apply For Tax-Exempt Status (With Alternative Clauses)
- Exhibit 1D—IRS Life Cycle Of A Public Charity — Sample Organizing Documents — Draft A — Charter
- Exhibit 1E—Sample Alternative Drop-In Language For Articles Of Incorporation Satisfying IRS Organizational And Operational Requirements

Table of Contents

Exhibit 1F—Sample Form Of Bylaws For Nonprofit Corporation (With Alternative Provisions)

Exhibit 1G—Sample Form Of Organizational Action Without A Meeting Of Directors

Exhibit 1H—Trust Registration Statement

Exhibit 1I—Statement Of Authority

Exhibit 1J—IRS Form SS-4 — Application For Employer Identification Number

Exhibit 1K—Colorado Department Of Revenue Form CR 0100AP — Colorado Sales Tax Withholding Account Application

Exhibit 1L—Colorado Department Of Revenue Form DR 0715 — Application For Sales Tax Exemption For Colorado Organizations

Exhibit 1M—Colorado Department Of Revenue Form DR 0589 — Vendor Special Event License Application For Single Or Multiple Events

Exhibit 1N—Colorado Department Of Revenue FYI — Sales 2: Sales Tax Exempt Status For Charitable Organizations: Application Requirements

Exhibit 1O—Colorado Department Of Revenue FYI — Sales 1: How To Document Sales To Retailers, Tax-Exempt Organizations And Direct Pay Permit Holders

Exhibit 1P—Colorado Department Of Revenue Publication — Sales And Use Tax General Information And Reference Guide

Exhibit 1Q—Colorado Department Of Revenue FYI — Withholding 5: Colorado Wage Withholding Tax Requirements

Chapter 2 ROLES AND RESPONSIBILITIES OF DIRECTORS AND OFFICERS

§ 2.1 INTRODUCTION

§ 2.2 ROLES OF DIRECTORS AND OFFICERS

§ 2.2.1—Composition Of The Board

§ 2.2.2—Board’s Responsibilities

§ 2.2.3—Board’s Delegation Of Responsibilities To Officers, Committees, And Staff

§ 2.2.4—Board Meetings And Actions

§ 2.3 FIDUCIARY DUTIES OF DIRECTORS AND OFFICERS

§ 2.3.1—Introduction

§ 2.3.2—Duty Of Care

§ 2.3.3—Duty Of Loyalty

§ 2.4 LIMITATIONS ON LIABILITY OF DIRECTORS AND OFFICERS

§ 2.4.1—Relief From Director And Officer Liability In Case Of Reliance On Certain Information

§ 2.4.2—Statutory Protections For Directors And Officers

§ 2.4.3—Indemnification

Chapter 3 LIABILITY AND RISK MANAGEMENT FOR NONPROFIT ORGANIZATIONS

§ 3.1 INTRODUCTION

§ 3.2 TYPES OF RISK AND SOURCES OF POTENTIAL LIABILITY

§ 3.2.1—Liability Of The Corporation

§ 3.2.2—Liability Of Directors, Officers, And Members

§ 3.2.3—Liability Associated With Volunteers

§ 3.3 STRATEGIES FOR REDUCING AND MITIGATING RISK

§ 3.3.1—Indemnification Of Directors, Officers, And Agents

§ 3.3.2—Insurance

§ 3.3.3—Waivers And Other Contractual Limitations Of Liability

§ 3.3.4—Corporate Policies And Procedures

§ 3.4 ACTIONS AGAINST NONPROFIT CORPORATIONS

EXHIBITS

Exhibit 3A—Sample Indemnification Provision For Nonprofit Articles Of Incorporation

Exhibit 3B—Sample Long-Form Indemnification Provisions For Nonprofit Bylaws

Exhibit 3C—Sample Short-Form Indemnification Provisions For Nonprofit Bylaws

Chapter 4 RESERVED

Chapter 5 RESERVED

Chapter 6 RESERVED

Chapter 7 RESERVED

Chapter 8 RESERVED

Chapter 9 RESERVED

PART B • TAX TREATMENT OF NONPROFIT ORGANIZATIONS

Chapter 10 TYPES OF TAX-EXEMPT ORGANIZATIONS

§ 10.1 INTRODUCTION

§ 10.2 SOURCE OF TAX EXEMPTION

§ 10.3 BENEFITS OF TAX EXEMPTION

§ 10.3.1—In General

§ 10.3.2—Federal Tax Benefits

§ 10.3.3—State/Local Tax Benefits

§ 10.3.4—Postal Privileges

§ 10.4 § 501(c)(3) ORGANIZATIONS

§ 10.4.1—In General

§ 10.4.2—§ 501(c)(3) Purposes

§ 10.4.3—Organizational Test

§ 10.4.4—Operational Test

§ 10.4.5—Private Inurement Prohibition

§ 10.4.6—Lobbying/Political Activities Restrictions

§ 10.4.7—Applying For § 501(c)(3) Exemption

§ 10.4.8—Ongoing Compliance

§ 10.5 OTHER § 501(c) ORGANIZATIONS

- § 10.5.1—In General
- § 10.5.2—Civic Leagues, Social Welfare Organizations, And Local Associations Of Employees — § 501(c)(4)
- § 10.5.3—Agricultural, Horticultural, And Labor Organizations — § 501(c)(5)
- § 10.5.4—Business Leagues And Trade Associations — § 501(c)(6)
- § 10.5.5—Social And Recreational Clubs — § 501(c)(7)
- § 10.5.6—Title-Holding Corporations — § 501(c)(2) And § 501(c)(25)
- § 10.5.7—Fraternal Beneficiary Societies And Domestic Fraternal Societies — I.R.C. § 501(c)(8) And § 501(c)(10)
- § 10.5.8—Voluntary Employees’ Beneficiary Associations — § 501(c)(9)
- § 10.5.9—Cemetery Companies — § 501(c)(13)
- § 10.5.10—Other § 501(c) Organizations
- § 10.5.11—Applying For Recognition Of Exemption
- § 10.5.12—Ongoing Compliance

EXHIBIT

Exhibit 10A—Organization Reference Chart

Chapter 11 PUBLIC CHARITIES, PRIVATE FOUNDATIONS, AND PRIVATE FOUNDATION ALTERNATIVES

§ 11.1 INTRODUCTION

§ 11.2 CLASSIFICATION AS PRIVATE FOUNDATION OR PUBLIC CHARITY

- § 11.2.1—In General
- § 11.2.2—Institutional Charities
- § 11.2.3—Publicly Supported Charities
- § 11.2.4—Supporting Organizations
- § 11.2.5—Obtaining And Changing Classifications

§ 11.3 REGULATION OF PRIVATE FOUNDATIONS

- § 11.3.1—In General
- § 11.3.2—Excise Tax On Net Investment Income
- § 11.3.3—Self-Dealing Prohibition
- § 11.3.4—Annual Payout Requirement

Table of Contents

- § 11.3.5—Prohibited Grants And Expenditures
- § 11.3.6—Impermissible Business Holdings
- § 11.3.7—Imprudent Or “Jeopardizing” Investments
- § 11.3.8—Definition Of “Disqualified Persons”
- § 11.3.9—Additional Reporting Requirements
- § 11.3.10—Less Favorable Charitable Deduction
- § 11.3.11—Termination Of Private Foundation Status

§ 11.4 REGULATION OF SUPPORTING ORGANIZATIONS

- § 11.4.1—In General
- § 11.4.2—Organizational And Operational Tests
- § 11.4.3—Relationship Test
- § 11.4.4—Disqualified Persons Control Test
- § 11.4.5—Impermissible Business Holdings
- § 11.4.6—Annual Payout Requirement
- § 11.4.7—Expanded Intermediate Sanction Rules
- § 11.4.8—Grant-Making Disincentives
- § 11.4.9—Additional Reporting And Disclosure Requirements
- § 11.4.10—Other Special Rules

§ 11.5 REGULATION OF DONOR ADVISED FUNDS

- § 11.5.1—In General
- § 11.5.2—Definition Of Donor Advised Fund
- § 11.5.3—Prohibited Grants
- § 11.5.4—Impermissible Business Holdings
- § 11.5.5—Expanded Intermediate Sanction Rules
- § 11.5.6—Deduction Limits, Additional Reporting, And Disclosure Requirements

Chapter 12 PRIVATE INUREMENT, PRIVATE BENEFIT, AND INTERMEDIATE SANCTIONS

§ 12.1 INTRODUCTION

- § 12.1.1—IRS Enforcement Focus
- § 12.1.2—Requirements For Exempt Status
- § 12.1.3—Private Foundations

§ 12.2 PROHIBITION OF PRIVATE INUREMENT

- § 12.2.1—Private Inurement — General
- § 12.2.2—Organizations Subject To Private Inurement Rules
- § 12.2.3—Net Earnings
- § 12.2.4—“Insider” Status
- § 12.2.5—*Per Se* Private Inurement
- § 12.2.6—Avoiding Private Inurement — Reasonable Payments To Insiders

§ 12.3 PROHIBITION OF PRIVATE BENEFIT

- § 12.3.1—General Rules
- § 12.3.2—Incidental Benefits Tests
- § 12.3.3—Recipients Of Private Benefits
- § 12.3.4—Form Of Benefit
- § 12.3.5—Special Private Benefit Test: Health Care Organizations

§ 12.4 EXCESS BENEFIT TRANSACTIONS AND INTERMEDIATE SANCTIONS

- § 12.4.1—Background
- § 12.4.2—“Disqualified Persons”
- § 12.4.3—Rebuttable Presumption Of Reasonableness
- § 12.4.4—“Automatic” Excess Benefit Transactions
- § 12.4.5—Correction Of Excess Benefit Transactions
- § 12.4.6—Imposition Of Excise Tax
- § 12.4.7—Intermediate Sanctions And Revocation Of Exemption

Chapter 13 LOBBYING AND POLITICAL ACTIVITIES

§ 13.1 INTRODUCTION

§ 13.2 FEDERAL TAX RESTRICTIONS ON LOBBYING

- § 13.2.1—In General
- § 13.2.2—§ 501(c)(3) Organizations
- § 13.2.3—Other Exempt Organizations

§ 13.3 FEDERAL TAX RESTRICTIONS ON POLITICAL CAMPAIGN ACTIVITIES

- § 13.3.1—In General
- § 13.3.2—§ 501(c)(3) Organizations
- § 13.3.3—Other Exempt Organizations

§ 13.4 FEDERAL TAXATION OF § 527 ORGANIZATIONS

- § 13.4.1—Requirements For Tax Exemption
- § 13.4.2—Taxation Of Political Organizations
- § 13.4.3—Federal Tax Reporting Requirements
- § 13.4.4—Consequences Of Not Obtaining Exemption Under § 527
- § 13.4.5—Non-Deductibility Of Contributions To § 527 Organizations

§ 13.5 REGULATION OF LOBBYING AND POLITICAL CAMPAIGN ACTIVITIES BY NONPROFIT ORGANIZATIONS

- § 13.5.1—In General
- § 13.5.2—Colorado Campaign Finance Laws
- § 13.5.3—Federal Campaign Finance Laws
- § 13.5.4—Colorado Lobbying Registration Laws
- § 13.5.5—Federal Lobbying Registration Laws

Chapter 14 UNRELATED BUSINESS INCOME TAX AND THE DOCTRINE OF COMMERCIALITY

§ 14.1 INTRODUCTION

§ 14.2 DEFINITION OF UNRELATED BUSINESS TAXABLE INCOME

- § 14.2.1—In General
- § 14.2.2—“Trade Or Business”
- § 14.2.3—“Regularly Carried On”
- § 14.2.4—“Unrelated”

§ 14.3 MODIFICATIONS, EXCEPTIONS, AND EXCLUSIONS

- § 14.3.1—In General
- § 14.3.2—Businesses Relying On Volunteers And Donated Goods Or Operated For Convenience Of Patrons
- § 14.3.3—Dividends, Interest, And Capital Gains
- § 14.3.4—Royalties
- § 14.3.5—Rents From Real Property
- § 14.3.6—Corporate Sponsorships
- § 14.3.7—Exception For Conventions And Trade Shows
- § 14.3.8—Bingo And Other Games Of Chance
- § 14.3.9—Research Income
- § 14.3.10—Other Modifications, Exceptions, And Exclusions

**§ 14.4 COMPUTATION OF UNRELATED BUSINESS INCOME
TAX — SPECIAL RULES**

§ 14.4.1—Computation Of Unrelated Business Income Tax

§ 14.4.2—Payments From Controlled Entities

§ 14.4.3—Income From Pass-Through Entities

§ 14.4.4—Special Rules Affecting Income Received By Or From
Certain Entities

§ 14.5 DEBT-FINANCED PROPERTY

**§ 14.6 ALTERNATIVE STRUCTURES FOR CONDUCTING
BUSINESS OPERATIONS**

§ 14.6.1—In General

§ 14.6.2—Feeder Corporations

§ 14.6.3—Single-Member LLCs

§ 14.6.4—Partnerships And Other Joint Ventures

§ 14.6.5—Exempt Purpose Partnerships And Joint Ventures

§ 14.6.6—S Corporations

§ 14.7 DOCTRINE OF COMMERCIALITY

EXHIBIT

Exhibit 14A—Flowchart For Analyzing Unrelated Business Income
Tax Questions

VOLUME 2

**Chapter 16 ADVERSE DETERMINATIONS REGARDING CODE SECTION 501(c)(3)
STATUS — ADMINISTRATIVE APPEALS AND JUDICIAL REMEDIES**

§ 16.1 INTRODUCTION

**§ 16.2 ADVERSE DETERMINATIONS IN THE EXEMPTION
APPLICATION PROCESS**

§ 16.2.1—Application For Determination Of Exempt Status

§ 16.2.2—Factors Affecting The Timing Of Issuance Of Determination
Letters

§ 16.2.3—Incomplete Applications

§ 16.2.4—Withdrawal Of Application

§ 16.2.5—Technical Advice

§ 16.2.6—Initial Adverse Determination — “30-Day Letter”

§ 16.2.7—Appeal Of Initial Adverse Determination

§ 16.2.8—Final Determination — “90-Day Letter”

**§ 16.3 IRS EXAMINATIONS AND REVOCATION OR
RECLASSIFICATION OF § 501(c)(3) STATUS**

§ 16.3.1—Revocation Or Modification Of I.R.C. § 501(c)(3) Status

§ 16.3.2—Examination

§ 16.3.3—Conclusion Of Examination

§ 16.3.4—Fast-Track Settlement Program

§ 16.3.5—Revocation

§ 16.3.6—Contesting Revocation Or Reclassification

§ 16.3.7—Retroactive Determinations

**§ 16.4 CONTESTING ADVERSE IRS DETERMINATIONS THROUGH
DECLARATORY JUDGMENT ACTIONS**

§ 16.4.1—Declaratory Judgment Actions — Background

§ 16.4.2—Effect Of Declaratory Judgment

§ 16.4.3—Jurisdictional Requirements For Declaratory Judgment
Actions

§ 16.4.4—Procedural Issues Relating To Declaratory Judgment

§ 16.5 ALTERNATIVE LITIGATION STRATEGIES: DEFICIENCY AND REFUND ACTIONS

§ 16.5.1—When Deficiency And Refund Actions May Be Pursued

§ 16.5.2—Deficiency Actions — Basic Framework

§ 16.5.3—Refund Actions — Basic Framework

§ 16.6 EFFECT OF REMOVAL FROM *EXEMPT ORGANIZATION SELECT CHECK* AND REVOCATION OF DETERMINATION LETTER ON CONTRIBUTIONS TO I.R.C. § 501(c)(3) ORGANIZATIONS

§ 16.6.1—Removal From *Exempt Organization Select Check* And Revocation Of I.R.C. § 501(c)(3) Status

§ 16.6.2—Validation Of Contributions During Declaratory Judgment Actions

Chapter 17 RESERVED

Chapter 18 RESERVED

Chapter 19 STATE AND LOCAL TAX TREATMENT

§ 19.1 INTRODUCTION

§ 19.1.1—Overview

§ 19.1.2—Local Taxation

§ 19.2 STATE INCOME TAX

§ 19.2.1—State Income Tax Exemption

§ 19.2.2—State Charitable Deductions And Credits

§ 19.3 SALES AND USE TAX

§ 19.3.1—General Discussion

§ 19.3.2—Applying For An Exemption

§ 19.3.3—State And State-Administered Sales And Use Tax Exemptions

§ 19.3.4—Collection Of State And State-Administered Sales Tax

§ 19.3.5—Home Rule-Administered Sales And Use Tax

§ 19.3.6—Special Problems And Issues

§ 19.4 PROPERTY TAX

- § 19.4.1—Property Tax Exemptions — Generally
- § 19.4.2—Property Used In Unrelated Trade Or Business — Leased Property
- § 19.4.3—Specific Exemptions
- § 19.4.4—Application For The Exemption
- § 19.4.5—Maintaining The Exemption
- § 19.4.6—Filings And Payments

§ 19.5 OTHER TAXES AND FEES

- § 19.5.1—Occupation Taxes

PART C • FUNDRAISING BY NONPROFIT ORGANIZATIONS

Chapter 20 THE CHARITABLE DEDUCTION AND PLANNED GIVING TECHNIQUES

§ 20.1 INTRODUCTION

§ 20.2 ELIGIBLE DONEES

- § 20.2.1—Charitable Entities
- § 20.2.2—Governmental Units
- § 20.2.3—Disregarded Entities
- § 20.2.4—Other Permissible Charitable Donees
- § 20.2.5—Gifts To Individuals

§ 20.3 OTHER ADMINISTRATIVE RULES

- § 20.3.1—Timing Of Charitable Contributions
- § 20.3.2—Substantiating Charitable Contributions
- § 20.3.3—Quid Pro Quo Contributions

§ 20.4 PERCENTAGE LIMITATIONS

- § 20.4.1—Contributions Of Money To 50 Percent Charities
- § 20.4.2—Contributions Of Money To 30 Percent Donees
- § 20.4.3—Contributions Of Capital Gain Property To 50 Percent Charities
- § 20.4.4—Contributions Of Capital Gain Property To All Other Donees

- § 20.4.5—Carryover Of Excess Contributions
- § 20.4.6—Coordinating The Contribution Limitations
- § 20.4.7—Corporate Contributions

§ 20.5 PROPERTY CONTRIBUTIONS — SPECIAL CASES

- § 20.5.1—Ordinary Income And Short-Term Capital Gain Property
- § 20.5.2—Long-Term Capital Gain Property Donated To Private Foundations
- § 20.5.3—Qualified Appreciated Stock Donated To Private Foundations
- § 20.5.4—Tangible Personal Property Devoted To An Unrelated Use
- § 20.5.5—Dispositions Of Property Devoted To Related Uses
- § 20.5.6—Intellectual Property
- § 20.5.7—Corporate Inventory And Other Special Assets
- § 20.5.8—Services And Unreimbursed Out-Of-Pocket Expenses
- § 20.5.9—Other Special Cases
- § 20.5.10—Partial Interests In Property
- § 20.5.11—Contributions Of Fractional Interests In Tangible Personal Property
- § 20.5.12—Bargain Sales
- § 20.5.13—Charitable Gift Annuities

§ 20.6 CHARITABLE TRUSTS

- § 20.6.1—Wholly Charitable Trusts
- § 20.6.2—Charitable Remainder Trusts
- § 20.6.3—Charitable Lead Trusts

Chapter 21 REGULATION OF CHARITABLE FUNDRAISING

§ 21.1 INTRODUCTION

§ 21.2 COLORADO CHARITABLE SOLICITATION LAWS

- § 21.2.1—Typical State Laws
- § 21.2.2—Movement Toward Uniformity
- § 21.2.3—Entities Covered
- § 21.2.4—Requirements For A Charitable Organization
- § 21.2.5—Requirements For Paid Solicitors And Professional Fundraising Consultants
- § 21.2.6—Enforcement And Penalties For Violating Requirements
- § 21.2.7—Freedom Of Speech And State Regulation Of Charitable Solicitation

Table of Contents

§ 21.3 STATE REGULATIONS AFFECTING SALES INVOLVING CHARITABLE SOLICITATIONS

- § 21.3.1—In General
- § 21.3.2—False Advertising
- § 21.3.3—Direct Marketing

§ 21.4 STATE BINGO AND RAFFLE REGULATION

- § 21.4.1—In General
- § 21.4.2—Bingo And Raffles

§ 21.5 FEDERAL REGULATIONS AFFECTING FUNDRAISING

- § 21.5.1—Federal Postal Regulations
- § 21.5.2—IRS Regulations

§ 21.6 GUIDELINES FOR FUNDRAISING BY NONPROFIT ORGANIZATIONS

- § 21.6.1—Pitfalls
- § 21.6.2—Dealing With Professional Fundraisers
- § 21.6.3—Solicitation Over The Internet

Chapter 22 THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

§ 22.1 INTRODUCTION

§ 22.2 SCOPE OF UPMIFA AND IMPORTANT DEFINITIONS

§ 22.3 MANAGEMENT AND INVESTMENT OF INSTITUTIONAL FUNDS

- § 22.3.1—Prudence Standard
- § 22.3.2—Other Management And Investment Requirements
- § 22.3.3—Comparison To Other Laws
- § 22.3.4—Delegation Of Management And Investment Duties

§ 22.4 SPENDING OF ENDOWMENT FUNDS

- § 22.4.1—Prudence Standard And Default Spending Rule
- § 22.4.2—Rule Of Construction For Endowments

- § 22.4.3—Comparison To UMIFA
- § 22.4.4—Preservation Of Endowment

§ 22.5 MODIFICATIONS TO DONOR RESTRICTIONS

- § 22.5.1—Modifications By Living Donors
- § 22.5.2—Modifications To Use Restrictions
- § 22.5.3—Modifications To Management And Investment Restrictions
- § 22.5.4—Modifications To Small Endowments
- § 22.5.5—Comparison To UMIFA

§ 22.6 MISCELLANEOUS PROVISIONS AND ISSUES

- § 22.6.1—Retroactive Application
- § 22.6.2—Donor Standing
- § 22.6.3—Socially Responsible Investing And Mission Investing

§ 22.7 FAS 117-1

- § 22.7.1—Classification Of Assets
- § 22.7.2—Required Disclosures

Chapter 23 RESERVED

Chapter 24 RESERVED

PART D • NONPROFIT ORGANIZATIONS WITH EMPLOYEES

Chapter 25 EMPLOYMENT LAW CONSIDERATIONS

§ 25.1 INTRODUCTION

§ 25.2 EMPLOYMENT AT WILL

- § 25.2.1—General Rule
- § 25.2.2—Exceptions To At Will Employment

Table of Contents

§ 25.3 FAIR EMPLOYMENT LAWS

- § 25.3.1—Introduction
- § 25.3.2—Federal Laws
- § 25.3.3—Colorado Laws
- § 25.3.4—Municipal Laws
- § 25.3.5—Exhaustion Of Administrative Remedies And The Administrative Process

§ 25.4 WAGE AND HOUR LAWS

- § 25.4.1—Fair Labor Standards Act
- § 25.4.2—Colorado Wage Claim Act
- § 25.4.3—Colorado Minimum Wage Order Number 32
- § 25.4.4—Wage Transparency Act (Colorado)
- § 25.4.5—Misclassification Of Employees As Independent Contractors (Colorado)

§ 25.5 LEAVES OF ABSENCE

- § 25.5.1—Family And Medical Leave Act (Federal)
- § 25.5.2—Colorado Medical Leave Laws
- § 25.5.3—Domestic Abuse Leave (Colorado)
- § 25.5.4—Jury Duty (Federal And Colorado)
- § 25.5.5—Military Leave (Federal And Colorado)
- § 25.5.6—Paid Time Off
- § 25.5.7—Voting Leave (Colorado)
- § 25.5.8—Accommodations For Nursing Mothers (Federal And Colorado)

§ 25.6 PERSONNEL ADMINISTRATION

- § 25.6.1—Pre-Employment Inquiries (Job Advertisements, Employment Applications, And Interviews)
- § 25.6.2—Employment Eligibility Requirements
- § 25.6.3—Personnel Records/Recordkeeping Requirements
- § 25.6.4—Notices
- § 25.6.5—Grooming And Dress Requirements
- § 25.6.6—Performance Evaluations
- § 25.6.7—Polygraph Exams
- § 25.6.8—Drug And Alcohol Testing
- § 25.6.9—Monitoring Of Employee Communications
- § 25.6.10—COBRA, HIPAA, And GINA
- § 25.6.11—Health-Care Reform

- § 25.6.12—Credit Reports
- § 25.6.13—Social Media Passwords

§ 25.7 OCCUPATIONAL SAFETY AND HEALTH

- § 25.7.1—Purpose
- § 25.7.2—Employer Responsibilities
- § 25.7.3—Enforcement

§ 25.8 WORKERS' COMPENSATION

- § 25.8.1—In General
- § 25.8.2—Coverage
- § 25.8.3—Notice And Reporting Obligations
- § 25.8.4—Benefits
- § 25.8.5—Claims

§ 25.9 UNEMPLOYMENT COMPENSATION

- § 25.9.1—In General
- § 25.9.2—Coverage
- § 25.9.3—Eligibility For Benefits
- § 25.9.4—Payments
- § 25.9.5—Determination And Appeals

§ 25.10 NON-COMPETE AGREEMENTS

- § 25.10.1—Statutory Limits
- § 25.10.2—Reasonableness Requirements

Chapter 26 EMPLOYEE BENEFITS

§ 26.1 INTRODUCTION

§ 26.2 TYPES OF RETIREMENT PLANS

§ 26.3 QUALIFIED PLANS

- § 26.3.1—Types Of Qualified Plans
- § 26.3.2—Choosing Between Types Of Plans
- § 26.3.3—Internal Revenue Code Qualification Requirements
- § 26.3.4—Timing And Form Of Distributions

Table of Contents

§ 26.3.5—Application Of Employee Retirement Income Security Act Of 1974 (ERISA)

§ 26.3.6—Taxation Of Qualified Plans

§ 26.3.7—Taxation Of Distributions

§ 26.4 403(b) ARRANGEMENTS

§ 26.4.1—Eligible Employees And Participation Requirements

§ 26.4.2—Contributions To And Funding Of 403(b) Arrangements

§ 26.4.3—Universal Availability Rule And Nondiscrimination Testing

§ 26.4.4—ERISA Requirements And Exemptions

§ 26.4.5—403(b) Arrangement Distribution Rules

§ 26.4.6—403(b) Arrangement Loan Rules

§ 26.5 SIMPLIFIED EMPLOYEE PENSIONS (SEPs)

§ 26.5.1—Definition

§ 26.5.2—Participation

§ 26.5.3—Contributions

§ 26.5.4—Permitted Disparity (Integration) Rules

§ 26.5.5—Limitations On Contributions

§ 26.5.6—Discrimination Prohibited

§ 26.5.7—No Vesting Schedule Permitted

§ 26.5.8—Distributions And Excise Taxes

§ 26.6 SMALL EMPLOYER INCENTIVE MATCH PLAN (SIMPLE)

§ 26.6.1—Creation Of The SIMPLE Plan

§ 26.6.2—SIMPLE Plan In An IRA Format

§ 26.6.3—SIMPLE Plan In A 401(k) Plan Format

§ 26.7 457 NONQUALIFIED DEFERRED COMPENSATION PLANS

§ 26.7.1—Requirements Of I.R.C. § 457

§ 26.7.2—Tax Consequences To The Employee

§ 26.7.3—Impact Of I.R.C. § 409A On Nonqualified Deferred Compensation

§ 26.7.4—ERISA Exemption — Top Hat Plans Or Supplemental Executive Retirement Plans (SERPs)

§ 26.7.5—ERISA Exemption — Excess Benefit Plans

§ 26.7.6—ERISA Exemption — Requirement That The Plan Be Unfunded

§ 26.8 OTHER EMPLOYEE BENEFITS

- § 26.8.1—Group Term Life Insurance
- § 26.8.2—Accident Or Health Insurance Plans
- § 26.8.3—Dependent Care Assistance Plans
- § 26.8.4—Scholarships And Qualified Tuition Reductions
- § 26.8.5—Cafeteria Plans
- § 26.8.6—Fringe Benefits

Chapter 27 RESERVED

Chapter 28 RESERVED

Chapter 29 RESERVED

PART E • MAJOR CORPORATE EVENTS AND TRANSACTIONS

Chapter 30 MERGER, CONVERSION, SALE OF ASSETS, AND DISSOLUTION

§ 30.1 INTRODUCTION

§ 30.2 FACTORS TO CONSIDER BEFORE ENGAGING IN TRANSACTIONS

§ 30.3 MERGER

- § 30.3.1—Defined
- § 30.3.2—Colorado Nonprofit Corporations
- § 30.3.3—Colorado Nonprofit And Foreign Business Entities

§ 30.4 CONVERSION

- § 30.4.1—Plan Of Conversion
- § 30.4.2—Statement Of Conversion
- § 30.4.3—Effect Of Conversion

§ 30.5 SALE, LEASE, OR EXCHANGE OF ASSETS

- § 30.5.1—In General: Definition
- § 30.5.2—Procedures To Effect Sale, Lease, Or Exchange Of Assets

§ 30.6 DISSOLUTION, LIQUIDATION, AND DISTRIBUTION OF ASSETS

- § 30.6.1—In General
- § 30.6.2—Procedures To Effect Dissolution And Liquidation
- § 30.6.3—Reinstatement
- § 30.6.4—A Special Case — Liquidation Of A For-Profit Subsidiary

EXHIBITS

- Exhibit 30A—Sample Plan Of Merger
- Exhibit 30B—Sample Directors’ Resolution Approving Merger
(Corporation Without Voting Members)
- Exhibit 30C—Sample Directors’ Resolution Approving Merger And
Calling For Special Meeting Of Members
- Exhibit 30D—Sample Members’ Resolution Adopting Plan Of Merger
- Exhibit 30E—Sample Asset Purchase Agreement
- Exhibit 30F—Sample Directors’ Resolution Authorizing Sale Of
Assets (Corporation Without Voting Members)
- Exhibit 30G—Sample Directors’ Resolution Approving Sale Of Assets
And Calling For Special Meeting Of Members
- Exhibit 30H—Sample Members’ Resolution Adopting Asset Purchase
Agreement
- Exhibit 30I—Sample Plan Of Dissolution
- Exhibit 30J—Sample Directors’ Resolutions Adopting Plan Of
Dissolution (Corporation Without Voting Members)
- Exhibit 30K—Sample Directors’ Resolutions Adopting Plan Of
Dissolution And Calling For Meeting Of Members
- Exhibit 30L—Sample Members’ Resolutions Adopting Plan Of
Dissolution

Chapter 31 BOND FINANCING FOR § 501(c)(3) ORGANIZATIONS

§ 31.1 INTRODUCTION

§ 31.2 PARTICIPANTS IN A TAX-EXEMPT FINANCING

- § 31.2.1—State Or Political Subdivision Issuer
- § 31.2.2—One Or More “Sellers”
- § 31.2.3—Financial Advisor
- § 31.2.4—Trustee
- § 31.2.5—Bond Counsel
- § 31.2.6—Credit Enhancer

§ 31.3 ELEMENTS OF A QUALIFIED § 501(c)(3) BOND

- § 31.3.1—State Or Local Government Issuer
- § 31.3.2—Ownership Of Financed Property By A § 501(c)(3) Organization Or A State Or Local Governmental Unit
- § 31.3.3—Use Of Financed Property For Exempt Purposes And By Exempt Persons
- § 31.3.4—Change In Use Of Financed Property
- § 31.3.5—Certain Facilities Prohibited
- § 31.3.6—Determination Of § 501(c)(3) Status
- § 31.3.7—Rules Applicable To Financing Residential Rental Projects
- § 31.3.8—\$150 Million Volume Limitation
- § 31.3.9—Arbitrage Limitations

§ 31.4 OTHER REQUIREMENTS AND LIMITATIONS

- § 31.4.1—Costs Of Issuance Limitation
- § 31.4.2—Public Approval Requirement
- § 31.4.3—Bond Maturity Limitation
- § 31.4.4—Financing Working Capital
- § 31.4.5—Limitations On Federal Guarantees
- § 31.4.6—Hedge Bond Limitations
- § 31.4.7—Reimbursement Of Prior Expenditures
- § 31.4.8—Volume Cap

§ 31.5 BORROWINGS BY RELIGIOUS ORGANIZATIONS

§ 31.6 REFINANCINGS

- § 31.6.1—Refinancing Taxable Debt
- § 31.6.2—Refinancing Tax-Exempt Debt

§ 31.7 BANKS AS BONDHOLDERS

§ 31.8 POST-ISSUANCE COMPLIANCE AND RECORDKEEPING

- § 31.8.1—Arbitrage Compliance
- § 31.8.2—Private Activity Bond Test Compliance

§ 31.9 OTHER TAX-ADVANTAGED BONDS

Chapter 33 RESERVED

Chapter 34 RESERVED

**PART F • OTHER LEGAL CONSIDERATIONS FOR
NONPROFIT ORGANIZATIONS**

Chapter 35 INTELLECTUAL PROPERTY LAW

§ 35.1 INTRODUCTION

§ 35.2 PATENTS

- § 35.2.1—Patentable Subject Matter
- § 35.2.2—Secrecy Considerations
- § 35.2.3—Patent Application Fees
- § 35.2.4—Ownership, Transfer, And Assignment
- § 35.2.5—Infringement Of Patents
- § 35.2.6—Remedies For Patent Infringement

§ 35.3 TRADEMARKS

- § 35.3.1—Selection Of A Mark
- § 35.3.2—Strength Of A Mark
- § 35.3.3—Assessing Availability Of A Mark
- § 35.3.4—Federal Registration Procedure
- § 35.3.5—Benefits Of Federal Registration
- § 35.3.6—Duration Of Marks
- § 35.3.7—Proper Use Of A Mark
- § 35.3.8—Infringement Of A Mark
- § 35.3.9—Remedies For Trademark Infringement
- § 35.3.10—Assignment And Licensing
- § 35.3.11—Opposition And Cancellation
- § 35.3.12—Fraud Liability Before The USPTO
- § 35.3.13—State Registration And Trade Names
- § 35.3.14—Trade Names
- § 35.3.15—Trademark Dilution

§ 35.4 COPYRIGHTS

- § 35.4.1—Copyrightable Subject Matter
- § 35.4.2—Copyright Ownership
- § 35.4.3—Joint Works
- § 35.4.4—Work Made For Hire
- § 35.4.5—Transfer And Assignment
- § 35.4.6—Termination Of Transfers
- § 35.4.7—Maintaining Copyright Protection
- § 35.4.8—Copyright Notice
- § 35.4.9—Copyright Registration
- § 35.4.10—Copyright Duration
- § 35.4.11—Scope Of Copyright Protection
- § 35.4.12—Infringement

§ 35.5 TRADE SECRETS

- § 35.5.1—Elements Of A Trade Secret
- § 35.5.2—Protection Mechanisms
- § 35.5.3—Effect Of Employment Agreements
- § 35.5.4—Trade Secret Misappropriation

§ 35.6 CONTRACT RIGHTS

- § 35.6.1—Work For Hire Agreements And Legal Matters Surrounding Them
- § 35.6.2—Use Of Third Parties’ Names And Logos

§ 35.7 WEBSITE, INTERNET, AND SOCIAL MEDIA

- § 35.7.1—Linking To Third Parties’ Websites
- § 35.7.2—Privacy Policy
- § 35.7.3—Listserves
- § 35.7.4—Content
- § 35.7.5—Using Others’ Logos And Trademarks
- § 35.7.6—Social Media

Chapter 36 SOCIAL ENTERPRISE: OPPORTUNITIES AND CONSIDERATIONS

§ 36.1 INTRODUCTION

§ 36.2 STRUCTURES AND TOOLS FOR SOCIAL ENTERPRISE

§ 36.2.1—Traditional Entities

§ 36.2.2—Hybrid Entities

§ 36.2.3—Nonprofit And For-Profit Combinations

§ 36.2.4—Program-Related Investments

§ 36.3 POTENTIAL LEGAL AND TAX ISSUES FOR CONSIDERATION

§ 36.3.1—Traditional Vehicles

§ 36.3.2—Hybrid Entities

§ 36.3.3—Nonprofit And For-Profit Combinations

Chapter 37 RESERVED

Chapter 38 RESERVED

Chapter 39 RESERVED

PART G • TAX AND LEGAL ISSUES FOR SPECIAL TYPES OF NONPROFIT ORGANIZATIONS

Chapter 40 ACCOMMODATIONS FOR RELIGIOUS ORGANIZATIONS

§ 40.1 INTRODUCTION

§ 40.2 GENERAL RELIGIOUS TAX EXEMPTIONS

§ 40.2.1—Income Tax

§ 40.2.2—Property Tax

§ 40.2.3—Sales/Use Tax

**§ 40.3 TARGETED TAX EXEMPTIONS FOR CHURCHES,
RELIGIOUS ORDERS, AND MINISTERS**

- § 40.3.1—Unemployment Insurance
- § 40.3.2—Social Security And Withholding
- § 40.3.3—Ministers’ Housing Allowance
- § 40.3.4—Employee Benefit Plans
- § 40.3.5—Exemption Applications, Annual Information Returns, And
Church Audits

§ 40.4 STATUTORY EMPLOYMENT EXEMPTIONS

- § 40.4.1—Federal Title VII Exemptions
- § 40.4.2—Exemptions Under Colorado Law
- § 40.4.3—Exemptions Under Local Laws

§ 40.5 OTHER RELIGIOUS ACCOMMODATIONS

- § 40.5.1—Constitutional Exemptions
- § 40.5.2—Public Accommodations
- § 40.5.3—Government Funds and Other Benefits
- § 40.5.4—Charitable Solicitation Registrations
- § 40.5.5—Zoning (RLUIPA)
- § 40.5.6—Religious Worker Visas

§ 40.6 PLANNING FOR RELIGIOUS ACCOMMODATIONS

- § 40.6.1—Religious Organizations And Activities
- § 40.6.2—Churches And Religious Orders
- § 40.6.3—Ministers
- § 40.6.4—Examples Of Religious Restrictions
- § 40.6.5—Documenting An Organization’s Religious Community
Standards

APPENDICES

Appendix A

Colorado Revised Nonprofit Corporation Act

Table of Contents

Appendix B

1997 Foreword
1997 Nonprofit Corporation Act Revision Committee
An Overview of the Colorado Revised Nonprofit Corporation Act (1997)
1997 Commentary by the Nonprofit Corporation Act Revision
Committee
Technical Amendments to Revised Nonprofit Corporation Act — 1998

Appendix C

2004 Foreword
2004 Business Law Section Council Members
2003/2004 CBA Business Law Section Title 7 Revision Committee
2003/2004 Commentary by the Colorado Bar Association Business
Law Section Legislative Drafting Committee

SUBJECT INDEX
