Exam Number

Non Profit Organizations Final Exam (Take Home) Professor David Williams, II April 24, 1997

- 1. There are five questions. You should fully answer all of the questions.
- 2. Your answers should be typed/word processed.
- 3. You should mail your exam (and answers) in the attached envelope and it should be postmarked by May 14, 1997. If you like, you can drop your exam (and answers) off at the following address:

33 West 1 Ph Avenue Suite 115 Columbus, Ohio 43201

Good luck and have a great summer!

Question A

In order to help non-profit organizations successfully compete for talent with for-profit organizations, section 403(b) was enacted. Recently, the Service began an audit of non-profit organizations and their section 403(b) plans. Please describe the plan and its benefits, as well as the service's concerns. What are the options available for the non-profit organizations?

Question B

Section 501(c)(3) states "...organized and operated exclusively for." Fully discuss the two concepts of organized and operated. What do we actually mean by these two important words?

Question C

One of the new aspects of the recent tax act was the enactment of section 529. This was the result of an ongoing battle. Please discuss this section and the issues that surround its enactment. Remember to discuss the state of Michigan case, but remember other states and their programs were involved.

Question D

One of the no-no's in the non-profit world is the concept of private inurement. What is private inurement? In the past, the Service had limited weapons to combat it, however the recent tax act has changed all of that. Please discuss!

Question E

The essence of non-profit organizations is their freedom from taxation. Please discuss the following:

- 1. What is the theory behind that freedom?
- 2. The theory behind taxation by way of UBIT.
- 3. The affinity card cases.
- 4. The NCAA Final Four case.