



# Nonprofit / Tax-Exempt Organizations



## OVERVIEW

The founders, staff, and volunteers who establish and operate charitable organizations are passionate about their philanthropic missions—not the complicated mix of laws and regulations that govern their programs and activities. We have the expertise and experience needed to help our clients attain and maintain tax exempt status, so that the nonprofit enterprises we serve are free to focus on the communities they serve.

We also invite you to learn more about related practices by clicking on the links below:

- [Labor, Employment and Benefits](#)
- [Taxation](#)

## EXPERIENCE

### Formation

Many people hold the common—but inaccurate—view that the terms “nonprofit” and “tax-exempt” are one and the same. In fact, achieving tax-exempt status is a next step that comes *after* the creation of a nonprofit entity and one that dramatically changes that organization’s regulatory framework and reporting requirements. Understanding what a tax-exempt organization can and cannot do and knowing what regulatory requirements it must satisfy are essential for running a successful charitable organization. Our lawyers offer expert counsel on all aspects of starting up a new nonprofit, including:

- Forming the legal entity and preparing governing documents, policies, and procedures
- Registering with the New Mexico Attorney General’s Office
- Selecting the appropriate 501(c) classification and obtaining federal tax-exempt status
- Obtaining New Mexico property tax and gross receipts tax exemptions

### Ongoing Operations

Of course, just because an organization is a nonprofit doesn’t mean it shouldn’t be run like a business or won’t face many of the same challenges commercial enterprises come up against. We offer access to lawyers who are not only experienced in business and employment law, real estate transactions, and litigation but also familiar with the distinctive tax and legal characteristics of charitable organizations face. Our nonprofit clients count on us to assist with:



- Determining whether proposed activities generate unrelated business tax income
- Board governance and the fiduciary duties of directors
- Issues related to private inurement, private benefit, and conflict of interests
- Annual filings
- Reclassification of tax-exempt status

### **Audit and Reinstatement**

Nonprofit and tax-exempt organizations sometimes become confused and overwhelmed when they find themselves under audit or learn that their tax-exempt status is in jeopardy. Our lawyers know how to identify and evaluate relevant facts, interpret the applicable statutes and regulations, and present our clients' positions in a fashion most likely to achieve a favorable resolution. We offer practical guidance during encounters with the Internal Revenue Service, and we can assist by:

- Interfacing with auditors
- Preparing protest letters
- Litigating before the Tax Court
- Obtaining reinstatement of tax-exempt status after automatic revocation

### **Charitable Giving**

Many of our individual clients have their own philanthropic visions but want our guidance and assistance with making substantial donations or bequests to charitable organizations. We represent and advocate on behalf of large donors, both individuals and foundations, who rely on us to protect their philanthropic interests as they arrange to loan items or donate major gifts to charitable organizations. Our experience includes:

- Drafting gift, loan, and endowment agreements
- Establishing private foundations
- Structuring gifts to optimize tax benefits and the appropriate level of donor control

### **RELATED ATTORNEYS**

Ian W. Bearden

Margaret M. Hickey

Vanessa C. Kaczmarek

Margaret Lewis Meister

Roberta Cooper Ramo

Bayard Roberts IV

Marjorie A. Rogers

Ryan A. Sanchez

Nadine E. Shea

Justin M. Starr

Walter E. Stern

Gretchen M. Wendlandt