

PRACTICE CONTACT

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TAX-EXEMPT ORGANIZATIONS

Our lawyers have decades of experience providing valuable insight and advice to all varieties of nonprofit and tax-exempt organizations. We use our experience and expertise to make sure each of our clients has the best chance for ongoing success in reaching its objectives.

We represent clients in all aspects of the "life cycle." Our clients include public charities, supporting organizations, community and religious organizations, trade associations, business leagues, charter schools, colleges and universities, health care institutions, private foundations and other types of organizations. Nonprofit and tax-exempt organizations are larger and more complex than ever before. Their transactions and daily activities increasingly involve for-profit entities and raise new and complicated tax questions. These organizations face unique challenges in creation, compliance, governance, fundraising, and compensation, among other issues. We have a wealth of experience addressing common and unique issues that arise for our nonprofit and tax-exempt clients.

Creation

We represent a variety of nonprofit and tax-exempt organizations in their creation under state law and in obtaining determinations of tax-exempt status from the Internal Revenue Service. Creating the proper governance structure is vital to an organization's success and tax-exempt status, and our attorneys have the experience and knowledge to ensure your organization is properly established.

Transactions and Joint Ventures

Nonprofit and tax-exempt organizations are increasingly engaging in new and innovative income-producing ventures. These activities, especially when mixed with taxable entities, result in a number of complex tax and non-tax issues. Our attorneys have counseled organizations on a myriad of such transactions and understand the unique and complex issues they face. We have also guided numerous such organizations in structuring various mergers and reorganizations.

Charitable Giving

Vorys has advised a number of clients on the creation and operation of endowments, donor-advised funds, charitable remainder trusts, charitable lead trusts, charitable gift annuities and other planned-giving vehicles. Our experience allows us to provide this counsel in a cost-effective and efficient manner. We have also advised individuals when structuring large charitable contributions to tax-exempt organizations, including contributions involving naming rights.

Governance

We have considerable experience in advising organizations on a broad range of governance matters. Our advice routinely includes advising boards of directors, board committees, and officers with respect to their fiduciary duties under state law; preparing and updating governance documents (such as articles of incorporation, bylaws, codes of regulations, conflict of interest policies, gift acceptance policies, whistleblower policies, and codes of conduct and ethics) to address the constantly evolving regulatory environment and reflect best practices; and creating subsidiary for-profit corporations or limited liability companies to engage in certain activities or transactions.

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Compliance

Vorys represents organizations in complying with federal, state and local laws in their ongoing operations. Such compliance includes avoiding private inurement and private benefit transactions, properly acknowledging gifts, consulting on the preparation of tax and informational returns, and addressing state charitable registration and solicitation laws.

Unrelated Business Income Tax

We routinely counsel our tax-exempt clients regarding various issues relating to the unrelated business income tax (UBIT) and planning to avoid or minimize UBIT.

Excise Taxes

Our attorneys are well-versed in the various excise taxes applicable to certain organizations, including self-dealing, excess business holdings, jeopardy investments, taxable expenditures and the so-called “intermediate sanctions.”

Online Business

Many of our clients are using the internet to help promote their causes and advance their missions. As helpful as the internet can be, the technology also can come with pitfalls. We assist our clients to make sure they are properly harnessing the power of the internet when launching online stores, accepting online payments and hosting online auctions. These online tactics carry with them a number of legal issues that must be addressed; our attorneys have extensive experience assisting with these issues.

Litigation

Although we typically encourage our clients to avoid litigation, sometimes our clients find it necessary to make their case in court. Our expansive litigation practice has a wealth of experience fighting on behalf of a variety of nonprofit and tax-exempt organizations. In addition, we regularly help our clients navigate the path of an IRS audit, and, when audits cannot be resolved through administrative processes, we have proudly and successfully represented our clients in federal court. We also represent our clients in state and local disputes involving everything from real property tax exemptions to sales and use tax exemptions.

Industries

PUBLIC CHARITIES

Vorys has a deep history of representing public charities. Public charities represent the vast majority of the tax-exempt organizations, and we have a wealth of experience in representing virtually every type of public charity. We have helped charities in nearly every aspect of their lifecycles, including organizing, qualifying under one of the public support tests, structuring governing boards, entering into joint ventures, executing mergers and acquisitions and navigating the increasingly complex compliance issues.

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PRIVATE FOUNDATIONS

We are fortunate to have long-standing private foundation clients from across Ohio and beyond. For many such clients, we assisted in the formation of the foundation decades ago and have represented them ever since. Our private foundation clients face unique challenges that carry unique tax consequences. Our attorneys have a wealth of experience assisting these clients in almost every possible situation.

HEALTH CARE

Our thriving health care practice provides us with ample opportunities to advise and consult some of Ohio's largest health care organizations. In the past several decades, hospitals have endured major changes in how they conduct their businesses. Most of these changes, which range from how they deliver on-site services to the increased use of non-hospital based services, bring with them new federal tax implications on which our attorneys can provide counsel. Our attorneys have also assisted with the formation and organization of health care organizations, exemption applications and substantive qualification requirements, mergers and reorganizations, endowment and fundraising issues, UBIT issues, private inurement and private benefit issues and IRS rulings requests.

CHARTER SCHOOLS

Within Ohio, the number of charter schools continues to increase each year. Vorys has assisted with the creation and advancement of some of the largest and most highly-regarded charter schools in the state. Our team of attorneys fully understands the tax complexities that are ensconced in the creation and day-to-day activities of a charter school. In addition, our experienced labor attorneys enable us to counsel charter school clients on the multitude of labor issues they encounter.

COLLEGES AND UNIVERSITIES

Vorys has the privilege of representing some of the country's largest and oldest colleges and universities. For more than 40 years, we have counseled dozens of such institutions, including The Ohio State University. Our tax attorneys regularly advise our college and university clients on ways to navigate the complexities that surround their individual situations, including economic development incentives, endowments, and compliance. That said, our legal advice to colleges and universities extends well beyond tax advice. In fact, we routinely counsel colleges and universities on litigation, corporate governance, real estate, intellectual property and labor and employment issues.

TRADE ASSOCIATIONS

Trade associations benefit from a number of tax advantages if they are established properly and operated correctly. We represent a number of trade associations and understand the complexities associated with launching and running them. Our attorneys provide a full-range of services geared specifically to trade associations in Ohio and across the country.