

Governance

Private Inurement

This lesson will teach the group what private inurement is and how it might come up in their organization.



Time
1 hour

Preparation

Print out enough copies of participant guide and IRS guidance document*. Retrieve your strategic planning summary flipchart sheet. Make a new flipchart sheet that says: "UBIT: Restricts organization's non-taxable activities. Conflict of interest: Restricts board and staff members." Make sure equipment can play "Private Inurement" elearning/video. Prepare flipchart and markers for brainstorming activities.



Visual

Pull up the "Private Inurement" video. Display the strategic planning summary sheet and the UBIT/conflict of interest sheet somewhere prominent in the room.

Orientation

Lead a discussion with the group that reviews UBIT's restriction on organizational activities and conflict of interest restrictions on board and staff members. Use the flipchart sheet as a prompt and, as a group, discuss what you remember from the previous two lessons. Explain to the group that today, we'll be learning about a third restriction: private inurement. Again, explain that private inurement is a complicated concept that we'll need to consult an attorney about, but today, we'll be learning the basics. Introduce brief video laying out the basics of private inurement. After the video, hand out participant guides, saying that the content is basically the same in the video and the guide. Also hand out guidance document, saying this is how the IRS looks at private inurement in general, if anyone wants to learn more about the concepts in detail. Give a few moments for participants to review the guide and sample.

Demonstration

Complete quiz: is this private inurement? as a group.

Key Points

Emphasize that certain people can't get more than they "paid for" from a nonprofit, and that we'll have to be very careful that our leasing doesn't count as that.

Practice

Lead a discussion with the group about the fact that private inurement is complicated and will require us to consult with an attorney, but there are some general situations where this might arise for us. Ask the group to brainstorm together on questions or scenarios that we should bring to our lawyer. Record those concerns on a flipchart.

Debrief

Create a bulleted list of scenarios to review with the attorney based on the brainstorming session. With organizational leadership, meet with an attorney to discuss those concerns. Report back to the group via email (or phone call) on the attorney's responses.

*Document is available for download at www.irs.gov/pubs/irs-pdf/i990.pdf, Appendix G (p.83-88)