

# **NONPROFIT ORGANIZATIONS: LAW, POLICY AND MANAGEMENT**

POL 524 UX, Spring 2010  
TUESDAY, 6:25 - 9:05 (MM 112)

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**Hours:** MW: 2:30 – 3:30 (and by appointment)

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**COURSE OBJECTIVES.** This course is a primer for students seeking advanced study of nonprofit organizations. Upon completion of the course students should have a firm grasp of:

- The history, scope and importance of nonprofit organizations in the United States.
- Various types of nonprofit organizations.
- How the nonprofit sector relates to the public sector and the private, for-profit sector.
- The legal requirements for organizing a nonprofit corporation and recognition of tax-exempt status.
- Essential Internal Revenue Code requirements for maintaining tax-exempt status.
- Private inurement and private benefit.
- Legal guidelines for charitable giving and charitable solicitation.
- Pitfalls that can result in personal liability for officers and directors.
- For-profit subsidiaries, joint ventures, and partnerships with for-profit organizations.
- Lobbying constraints and political activities.

This course is specially designed to meet the needs of graduate students in UM's MPA program. In addition, the course is suitable for upper level undergraduates who are interested in pursuing management careers in the nonprofit sector – including the fields of higher education, social services, health care, community development, and international development – as well as students who are mainly interested in NPOs from the perspective of organization theory, public policy, public administration or business administration. Likewise, this course will be informative and very useful for students intending to go to law school.

The course assumes a basic knowledge of the American legal system.

## **TEXTBOOKS.**

Bruce R. Hopkins, *Starting and Managing a Nonprofit Organization: A Legal Guide (4<sup>th</sup> Ed.)*

Gary M. Grobman, *The Nonprofit Handbook: Everything You Need to Know to Start and Run Your Nonprofit Organization (5<sup>th</sup> Ed.)*

Some supplemental reading assignments (e.g., handouts, documents posted on the Class Blackboard, and material which can easily be downloaded from the Internet) are also required. See the attached *Schedule of Class Assignments*.

**DIMENSIONS OF EVALUATION.** Final grades will be determined in accordance with the following criteria:

Midterm Examination	30%
Final Examination	30%
Term Paper or Practicum	40%
Class Attendance & Participation	10% (negative)

Make-up exams will not be offered in this course.

**COURSE REQUIREMENTS.** Students are expected to regularly *attend class*. Failure to attend class with requisite regularity can lead to a failing grade, if only because material covered in class is likely to be emphasized on examinations. Students are expected to be prepared when they attend class. **As such, students should do all required readings listed in the Schedule of Class Assignments, and be ready to discuss them, before coming to class.** Preparation and participation can contribute materially to a good grade in this course.

**CLASSROOM BEHAVIOR.** Students may use computers in class *solely for purposes of taking notes*. Students may use electronic devices in class to record lectures upon the express *prior approval* of the instructor. *All other electronic devices (including cell phones) are to be turned off*. Students may not access the Internet for any reason in class. Students may not send or receive emails or instant messages in class. *Students are expected to be fully attentive in class*. As such, students may not use class time for personal reading or correspondence, or for any other matter not specifically related to this course. A student who violates any of these rules of behavior will be told to immediately leave the classroom. In the event of repeated violations, a student will be told to formally withdraw from the class.

Needless to say, cheating and plagiarism will not be tolerated. Any student violating the University of Miami honor code will receive a grade of "F" for the course and will be reported to the honor council.

**RESEARCH PAPER or PRACTICUM.** Some research and writing is required in this course. However, students are accorded **three different options**:

- 1. Write a Research Paper.** Students may prepare and submit a research paper on any topic pertaining to law, policy or management of nonprofit organizations.

**Research papers** should be fully developed with appropriate, specific and verifiable citations (in the body of the paper) to source material. An in-text citation usually requires the last name of the author(s), year of publication (if necessary for clarity) and the page or chapter number (whenever feasible). The page or chapter number must appear unless the reference is really to the entire work as a whole (which is not a very specific reference). A page number, if any, must appear for any directly quoted material. **You may any one of these academic citation systems:** the American Political Science Association's *Style Manual for Political Science*, the *Publication Manual of the American Psychological Association*, or the *MLA Handbook for Writers of Research Papers*. See generally,

<http://www.wisc.edu/writing/Handbook/Documentation.html> and  
<http://www.library.miami.edu/research/userguides/stylemanuals.html>.

A research paper should be *at least* 15 pages in length excluding a *title page* and/or *abstract* (which are optional) and a *table of references* or list of *works cited* (which are required). However, there is no maximum page length. The paper should be double-spaced with standard font and margins. Research papers will be evaluated on adequacy, accuracy, depth of analysis, and compliance with format requirements.

**2. Create a NPO.** As a practicum, students may prepare and submit a (hypothetical) “incorporation package” consisting of a mission or vision statement, pro forma budget, business plan, all relevant legal documents (such as articles of incorporation, by-laws, applications for federal and state income tax exemptions, charitable solicitation registration, minutes of the organizational meeting of members and/or board of directors, etc.) and all other forms, documents, and supporting material required to create and operate a nonprofit organization in a proper, business-like manner.

There are no page length requirements for this practicum. Each NPO package will be evaluated on comprehensiveness, conformity with legal requirements, attention to detail, and professionalism.

**3. Complete a Grant Proposal.** As a practicum, students may prepare and submit a (hypothetical) application for a (bona fide) financial grant from a federal agency or a charitable foundation. Note: Students who select this option may fabricate the NPO submitting the grant proposal. However, a copy of the posted request for proposal (RFP) stating the formal grant requirements must be attached to your submission.

There are no page length requirements for grant proposals. (Indeed, the length of any grant proposal depends in part on requirements specified by the grantor.) However, your instructor anticipates that the grant proposal will be no less 15 pages. Unless otherwise specified by the grantor, the proposal should be double-spaced with standard font and margins. Each grant proposal will be evaluated on comprehensiveness, conformity with grantor’s RFP, attention to detail, and professionalism.

### **Topics must be approved in advance by your instructor.**

Each student must submit a written request to the instructor on or before **Tuesday, February 9**, but no later! You should select TWO or THREE potential topics in order of preference or priority. Indicate clearly whether you are selecting a standard research paper or a practicum. Student requests for approval of topics must comply with the following requirements:

- **Research Paper.** State your topic clearly and succinctly. Also, describe briefly the purpose, relevancy and intended research sources of your term paper.
- **Incorporation Package.** State with specificity the nature, function, and proposed funding sources for the NPO you want to “create”. Also, indicate whether or not you contemplate that the proposed NPO will be organized as a charity.
- **Grant Proposal.** State with reasonable specificity the nature of the grant you will be “applying for”. Be sure to indicate the name – or at least provide a general description – of the grantor.

The following class, your instructor will return your written request with a statement of approval for ONE of the suggested topics. Papers are due on **Tuesday, April 27**. Timeliness is a virtue. Tardiness will result in a mandatory reduction in points awarded for the paper.

# SCHEDULE OF CLASS ASSIGNMENTS

This schedule is subject to revision upon the instructor's sole discretion.

**WEEK 1**  
1/19

**Review of class syllabus and schedule of class assignments; introduction to the nonprofit sector; myths and misconceptions about nonprofit organizations.**

*Starting and Managing a Nonprofit Organization*, Ch. 1 & 3

**WEEK 2**  
1/26

**Understanding the nonprofit sector: Description, history and theory; comparative perspective.**

*Starting and Managing a Nonprofit Organization*, Ch. 4  
*Nonprofit Handbook*, Ch. 33, 34, 35

**WEEK 3**  
2/2

**Forming a nonprofit corporation: Basic requirements under state law.**

*Starting and Managing a Nonprofit Organization*, Ch. 2  
*Nonprofit Handbook*, Ch. 1, 2, 3

*Chapter 617, Florida Statutes, (Corporations Not For Profit)*,  
Sections 01401, 02011 – 0203, 0205, 0206, 0301 – 0302, 0401, 0501, 0505,  
0601, 0701, 0801 – 0803, 0840, 1601 – 1605, 1623, 2003, 2102, 2103

*Instructions for Not for Profit Articles of Incorporation*  
<http://form.sunbiz.org/pdf/cr2e006.pdf>

*Sample Articles of Incorporation* [See generally]  
<http://www.managementhelp.org/legal/articles.htm>  
<http://users.aristotle.net/~nonprofit/startup/articles.htm>  
<http://www.labyrinthinc.com/sharedcontent/sampleartofincorp.asp?Page=3&subs=5>

*Sample By-Laws* [See generally]  
[http://www.mncn.org/info/template\\_start.htm#Sample%20Bylaws](http://www.mncn.org/info/template_start.htm#Sample%20Bylaws)  
<http://www.ivu.org/vuna/members/bylaws.html>  
<http://www.nysm.nysed.gov/charter/bylaws.html>

**Note:** Students must submit proposed topics a research paper or practicum on or before Tuesday, February 9.

**WEEK 4**  
2/9

**Nonprofit organizations and private benefit; intermediate sanctions.**

*Starting and Managing a Nonprofit Organization*, Ch. 5, 10

**WEEK 5**  
2/16

**Corporate governance: Directors, board committees, financial oversight, NPO ethics.**

*Nonprofit Handbook*, Ch. 4, 5, 8, 11

*Chapter 617, Florida Statutes, (Corporations Not For Profit), Sections 0807 – 0809, 08101, 0820, 0821, 0825, 0830, 0832, 0833, 0841 – 0843, 2103*

*Sample Conflict of Interest Policies* [See generally]  
<http://www.nature.org/aboutus/leadership/art15486.html>  
<http://www.americanheart.org/presenter.jhtml?identifier=3023759>  
<http://www.irs.gov/instructions/i1023/ar03.html>

**WEEK 6**  
2/23

**Fundraising (Part 1): Fundraising techniques, sources of funding, grant requests (finding grantors, writing a grant proposal).**

*Nonprofit Handbook*, Ch. 16, 17, 22

*Information on Federal Grants* [See generally]  
<http://www.grants.gov/index.jsp>  
<http://www.gsa.gov/fdac/>  
<http://www.imls.gov/applicants/applicants.shtm>  
<http://www.arts.gov/grants/index.html>  
<http://www.commerce.gov/grants.html>  
<http://www.hud.gov/grants/index.cfm>  
<http://www.epa.gov/oqd>

*Foundation Grants* [See generally]  
<http://www.fundsnetservices.com/>

*Grant Writing Assistance* [See generally]  
<http://www.casnet.org/program-management/resource-dev/gntwrite.htm>  
[http://foundationcenter.org/getstarted/tutorials/shortcourse/prop1\\_print](http://foundationcenter.org/getstarted/tutorials/shortcourse/prop1_print)  
<http://www.npguides.org/>

**WEEK 7**  
3/2

**MIDTERM EXAMINATION**

**WEEK 8**  
3/9

**Charities [501(c)(3) organizations]: Public charities and private foundations; other 501(c) tax exempt NPOs: Community leagues and social welfare organizations [501(c)(4)], business leagues and chambers of commerce [501(c)(6)], social and recreational clubs [501(c)(7)]; applying for IRS recognition of tax-exempt status.**

*Starting and Managing a Nonprofit Organization*, Ch. 6 & 11  
*Nonprofit Handbook*, Ch. 9

*Applying for 501(c)(3) Tax-Exempt Status* [See generally]  
<http://www.irs.gov/pub/irs-pdf/p4220.pdf>

**WEEK 9**  
3/16

**SPRING RECESS (No class)**

**WEEK 10**  
3/23

**Other taxation issues: Annual filing requirements, disclosure laws, unrelated business income tax (UBIT), exemption from state and local taxes.**

*Starting and Managing a Nonprofit Organization*, Ch. 7, 12  
*Nonprofit Handbook*, Ch. 26, 27

**WEEK 11**  
3/30

**Fundraising (Part 2): IRS charitable giving and disclosure rules; state charitable solicitation statutes.**

*Starting and Managing a Nonprofit Organization*, Ch. 8 & 9  
*Nonprofit Handbook*, Ch. 15

*Chapter 496, Florida Statutes, (Solicitation of Contributions Act)*,  
Sections 402, 403, 405 – 407, 411, 416 – 418, 420, 425, 4255

**WEEK 12**  
4/6

**Advocacy: Lobbying activities, political activities, administrative agency activities**

*Starting and Managing a Nonprofit Organization*, Ch. 13 & 14  
*Nonprofit Handbook*, Ch. 18 & 19

*Data Processing Service v. Camp*, 397 U.S. 150 (1970)

<http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=397&invol=150>

*Sierra Club v. Morton*, 405 U.S. 727 (1972)

<http://www.law.umkc.edu/faculty/projects/ftrials/conlaw/sierraclub.html>

**WEEK 13**  
4/13

**For-profit subsidiaries, joint ventures, partnerships with for-profit corporations, and other business arrangements.**

*Starting and Managing a Nonprofit Organization*, Ch. 15 & 16

**WEEK 14**  
4/20

**When things go wrong: Liability issues, NPO failures, dissolving a nonprofit corporation.**

*Starting and Managing a Nonprofit Organization*, Ch. 19  
*Nonprofit Handbook*, Ch. 10

*Chapter 617, Florida Statutes, (Corporations Not For Profit)*,  
Sections 0831, 0834, 1402, 1403, 1406, 1430 - 1433

*Moose Lodge No. 107 v. Irvis*, 407 U.S. 163 (1972)

[http://www4.law.cornell.edu/supct/html/historics/USSC\\_CR\\_0407\\_0163\\_ZS.html](http://www4.law.cornell.edu/supct/html/historics/USSC_CR_0407_0163_ZS.html)

*Roberts v. United States Jaycees*, 468 U.S. 609 (1984)

[http://www.law.cornell.edu/supct/html/historics/USSC\\_CR\\_0468\\_0609\\_ZS.html](http://www.law.cornell.edu/supct/html/historics/USSC_CR_0468_0609_ZS.html)

*Boy Scouts of America v. Dale*, 530 U.S. 640 (2000)

<http://www.law.cornell.edu/supct/html/99-699.ZS.html>

**Note:** Students must submit a written research paper or practicum on or before Tuesday, April 27

**WEEK 15**  
4/20

**TBD**

**MAY 11 (TUE)**

**FINAL EXAMINATION (8:00 – 10:30 pm)**