

# Nonprofit Organizations

Professors Hugh R. Jones & Kate Lloyd

Spring 2014

Mon. & Wed. 8:30 AM-9:45 AM

**Brief Overview:** This will be a seminar class limited to 16 students. We will examine the scope of the nonprofit sector and the formation, governance, operation of, and federal and state regulatory oversight of nonprofit organizations in contemporary society. The course will examine how nonprofits qualify for and obtain tax exempt status, explore the application of selected non-tax legal authorities (e.g., corporate, trust, constitutional, agency) to nonprofit organizations, and cover the primary tax issues that are relevant to nonprofit organizations (e.g., maintenance of tax-exempt status, unrelated business income, charitable deductions, prohibited political activities and lobbying). We will briefly consider special problems and opportunities of churches and other religious organizations, schools, hospitals, and other types of nonprofit organizations. There may be occasional guest lecturers from the Sector and/or professionals who advise the Sector.

**Casebook and Readings:** Fishman & Schwarz, “Nonprofit Organizations”, Foundation Press Fourth Ed. (2010) is the casebook. Additional supplementary materials, including relevant statutory provisions, regulations, and articles and Internet links of interest will be posted on the MyUH website or emailed to class participants from time to time. Students should check the website regularly to determine which materials are to be discussed for the particular class. Students should be prepared to discuss the problems given in the assigned reading and/or related problems presented in class.

**Reasonable Expectations:** While this course will not make you an expert on nonprofit organizations, it will provide you with the foundation necessary to identify and resolve the many legal issues faced by the “independent sector” and introduce you to a field of legal study where societal benefit is a key focus.

**Credit for the Course:** This is a graded course with a final exam and the option to take it C/NC. The final exam will count for 90 % of the final grade with class participation, including the Class project counting for the remaining 10%. Students who attend class regularly, participate in discussion fully, and demonstrate consistently that they have read and given thought to the assigned materials will receive full credit for the participation component of the final grade.

**Missed Classes:** Students who miss class are responsible for the material covered in that class

**Availability:** Professor Lloyd and/or Professor Jones will be available after class for a few minutes. In addition, Professor Lloyd is available by phone, 544- 0243, but would prefer initial contact by email with a note as to when you might be available by phone for discussion. (klloyd@hpu.edu). Professor Jones is available by phone, 227- 9784, but would prefer initial contact by email with a note as to when you might be available by phone for

discussion. (joneslloyd@hawaiiintel.net). A current version of this syllabus can be found at the MyUH website.

<b>Class Date/Subject Matter</b>	<b>Reading Assignment</b>
January 13 Course Overview	1-24 <sup>1</sup>
January 15 Course Overview (Con't)	25-45
January 20 No Class MLK, Jr. Holiday	No Assignment.
January 22 Choice of Entity & Formation	48-72 including the Problem <sup>2</sup>
January 27 Defining Charitable and Meaning/Scope	72-85 (w/ problems) ; 319-323 (top)
January 29 Dissolution/Cy Pres & Restructuring	85-122
February 3 Fiduciary duties- duty of care & indemnification	123- 163 (top)
February 5 Fiduciary duties -duty of loyalty	163- 199 (up to Duty of Obedience)
February 10 Fiduciary duties- con't	199-225
February 12 role of the AG/ Standing <sup>3</sup>	226-242
February 17 No Class President's Day	No Assignment.
February 19 Federal Tax Exemption	294- 319 (to Meaning/Scope of Charity)
February 24 Federal Tax Exemption –special considerations	323- 369
February 26 Public policy limitations	369 (bottom)- 398 (top)

<sup>1</sup> Also please skim “Facts and Figures” on the Nonprofit Sector and “The Nonprofit Sector in Brief” at the following Internet URL’s for these two introductory lectures.

<http://nccs.urban.org/statistics/quickfacts.cfm>

<http://www.urban.org/uploadedpdf/412209-nonprof-public-charities.pdf>

<sup>2</sup> Skim HRS Sections 414D-14, 31-36, 81-90 and 110.

<sup>3</sup> Skim Kapiolani Park Preservation Soc. v. City and County of Honolulu, **69 Haw. 569, 751 P.2d 1022 (Hawaii,1988)**.

March 3 Educational and Religious Orgs	398-439 ( including problems)
March 5 Charitable Registration and Solicitation Regulation	243-259
March 10 Public Charities vs. Private Foundations	703-738 ( including problems)
March 12 Private Foundations & Public Charities	739-765 (to part D)
March 17 Inurement, Private Benefit and Intermediate Sanctions	445-474 (top)
March 19 Private Foundations Excise Taxes	765-789 (top)
March 24 March 26	<b>Spring Break</b>
March 31 PF Excise Taxes (Con't)	789-806
April 2 <sup>th</sup> Charitable Deductions	817-829; 835-861 (bottom)
April 7 Lobbying Restrictions (Charities)	474-508 (top)
April 9 Political Intervention/Activities	508-545 (review problem for discussion)

<p>April 14 Special Issues Re: Membership Organizations, Freedom of Association/Expulsion of Members</p> <p>April 16 Commerciality Doctrine</p>	<p>959-970, 979 (bottom) to 1002</p> <p>567-591 (to C."UBIT")</p>
<p>April 21 Unrelated Business Income Tax (UBIT)</p> <p>April 23 Non Charitable Tax Exempt Org</p>	<p>591 to 638 ( problems)</p> <p>910-950</p>
<p>April 28 Complex and Emerging Charitable Structures</p> <p>April 30</p>	<p>663- 673; 690-695 + additional reading to be assigned in class re; LLCs</p> <p>Current events in the Charitable Sector - TBD</p>
<p>May 5<sup>th</sup></p> <p>May 7<sup>th</sup></p>	<p>The Art of the Steal- in Class</p> <p>Course Review/Final Preparation</p>