

NON-PROFIT ORGANIZATIONS (BUS 6305.01)
SYLLABUS & RULES
VERMONT LAW & GRADUATE SCHOOL – FALL 2024

Prof. Benjamin C. Varadi
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Class Time: 3:35 PM – 6:15 PM, Wednesday
Location: Oakes 107

Office Hours: Meetings with Prof. Varadi are [by appointment](#), in-person, or electronically. You are welcome to stop by my office at any time, however I am more likely to be available if you have scheduled in advance. The booking system shows only times that are guaranteed to be available, if nothing there meets your needs, send me an email and we will find a time that works.

Notice: This document is intended as a general guide. It may (and almost certainly will) be modified based on course progression, scheduling conflicts, weather, and otherwise.

Learning Management Platform: Microsoft Teams has been selected for attendance, class messaging, resource-sharing, and coordination because, among the available options, it is the tool you are most likely to interact with in practice. **It is your sole responsibility to check Teams regularly, as we will be using it heavily for attendance, course assignments, discussion, resource access, and announcements.** If you cannot access the Team for this class at any time, for any reason, you must inform me immediately by email. If your problem is of a technical nature, contact helpdesk@vermontlaw.edu.

Course Description: This course examines nonprofit law, policy and practice. It focuses on the issues surrounding the creation of a tax-exempt charitable organization at the state and federal levels, raising money for that organization, unrelated business income, lobbying and political activity, board of directors and managerial liability, and dissolution of the organization..

Objectives and Outcomes: By the end of the course, students should understand the considerations and deliverables relative to starting, running, and winding down charitable organizations, have a general understanding of the various forms of social enterprise, and a working knowledge of the regulations and jurisprudence necessary to attain and maintain compliance with the legal frameworks governing the maintenance of non-profit status.

Note on Inclusive Practices: I endeavor to maintain an inclusive and accessibility-first approach to lectures and course materials. If you believe that your learning experience could be enhanced by modifications to teaching materials or practices, this feedback is welcome. I cannot guarantee adoption, but promise serious consideration. We will discuss options for making anonymous and/or private suggestions in class.

Required Text: The primary text for this course is Schmidt and Madison, *NONPROFIT LAW: THE LIFE CYCLE OF A CHARITABLE ORGANIZATION* (Aspen Publishing, 3d. ed. 2021), ISBN 9781543817195. You may use the electronic version if you prefer. We will not refer to the additional electronic “Connected eBook” content and you are not required to purchase it. Additional resources will be provided via Teams as required.

Optional Text: We will make some reference to the Internal Revenue Code, the Model Nonprofit Corporations Act, and other materials that is widely available online, and links will be provided. No additional purchase is required, however students who *prefer* a discrete physical volume will find most of this content contained (along with substantial additional materials) in Fishman, Shwarz and Mayer, *SELECTED SECTIONS, NONPROFIT ORGANIZATIONS, STATUTES, REGULATIONS AND FORMS, 2021 EDITION* (West Academic 2021), ISB 9781647082741. Be sure that you are not buying the associated casebook.

Professionalism & Formality: I start most courses with a brief lecture on formality and code-switching, however in this class we will explore code-switching by adopting the conventions prevalent in the non-profit sector. Informal address is accordingly encouraged. We will clarify your appellations in class, although you are welcome to email me in advance if that is your preference.

You are expected to comport yourself professionally as that term is commonly understood at VLGS and in law practice. When in doubt, endeavor to arrive timely and prepared, minimize disruption, communicate clearly, and demonstrate respect and courtesy for the classroom and your peers. VLGS policy prohibits eating in class. Beverages are permitted.

Written correspondence should be drafted formally, viz., as to a court clerk or more senior counsel. Per VLGS policy, electronic correspondence is not confidential and may be reviewed by IT staff or law school administration.

A demonstrated lack of professionalism may adversely impact your participation & professionalism grade (as discussed *infra* at page 3).

Attendance: The VLGS Academic Regulations require that a student who is absent from 20% of regularly scheduled classes shall be withdrawn with a grade of F- Wd. Warning is not required, and the Registrar shall effect the withdrawal automatically. **If you believe you have a circumstance warranting an exception to this policy, contact the Dean for Students.**

If you cannot attend class due to medical, religious, or other circumstances truly beyond your control, please provide the courtesy of notification no later than the following day. I do not have independent authority to excuse absences, but your clarification is appreciated.

I will attempt to stream all classes live via Teams and provide class recordings; however, this is not guaranteed. It is the student’s responsibility to develop an understanding of the material regardless of class attendance.

Scheduling: Class will be held at the regularly scheduled times, subject to the [Academic Calendar](#) (e.g., we will not have class on November 6) and official closures. Depending on the circumstances, other classes may be canceled, rescheduled, or presented in electronic formats. These changes, as well as make-ups, will be announced.

Snow Day Policy: In the event of an official school closure due to adverse weather conditions, class will not be held (online or otherwise). Ordinarily, no new reading assignment will issue. A make-up class will be scheduled as necessary.

Evaluation: 25% of your grade will be based on class participation and professionalism. You are never required to have the correct answers, but are expected to participate, demonstrate respect for the classroom, class time, and your peers, and bring intellectual rigor and good faith effort to your assignments and class interaction.

Participation is a minimum threshold, not a competitive score. Just be prepared and thoughtful. This area of law can attract practitioners who are not enthusiastic about extemporaneous public speaking, and I will endeavor to provide opportunities for advance or alternative preparation if requested. Participation in Teams, including sharing relevant news items, questions, or thoughts about the material, constitutes participation.

Excessive late arrivals, whispering, and other disruptive behavior may adversely affect this score. Your professionalism score is not a measure of your comportment generally, but an incentive to refrain from behavior that may inhibit others' learning. If you have questions about this policy, please ask in advance.

The remainder of your grade will be determined through a series of short written assignments including practical exercises and reflective writing prompts. These assignments will be discussed further in class and are intended to demonstrate your synthesis of the material covered in the prior learning unit. Grading will be based on accuracy, completeness, and presentation.

You will have approximately one week to complete each assignment. You must complete each project independently. You will have the option to revise and resubmit one assignment of your choosing for reconsideration, which can only help your grade.

Assignments turned in late, but before the end of the final class lecture, will receive half-credit. Assignments turned in after the last day of class will not be accepted.

Artificial Intelligence Policy: We will discuss this topic further in class. In general, you may not use AI when asked for your personal opinion. You may use basic spelling or grammar checks and use AI tools for brainstorming. For formal writing assignments, you will be advised whether AI is permitted. If permitted and used, you must provide the tool's original output and explain your choice to include AI-generated text. I reserve an exclusive right to privately discuss any assignment with you, and to adjust your score based on your demonstrated understanding of the relevant topic when considering both submitted work and that conversation. Unacknowledged use of AI constitutes a separate Honor Code violation and may be reported.

Course Outline: In order to facilitate a dynamic collective progress through the material and the opportunity to explore interests as they arise, this outline seeks only to illustrate our flow through the material. I have found that students better internalize material when time and attention are focused on the assigned materials rather than reading ahead, and will therefore post specific reading assignments to Teams in advance of their immediate due dates.

For those who simply can't bear that level of uncertainty, you will find that we will typically move through one chapter of the casebook per week. If you have pressing work, childcare, or other significant reasons why you *must* conduct reading in advance, I am prepared to accommodate, subject to the previously discussed reservation of an absolute right to alter or amend this overview in my sole discretion.

I. Introduction: The Nonprofit Sector

- a. Non-Profit Organizations Defined
- b. Rationales
- c. Lifecycle Overview
- d. Anatomy of a Nonprofit Case: *Big Mama Rag, Inc.*

II. Forming a State Charitable Organization

- a. Should You?
- b. Form Selection
- c. "Legitimate Purposes"
- d. Articles of Incorporation
- e. Additional Considerations

III. Board & Governance

- a. Generally
- b. Fiduciary Duties

IV. Tax-Exempt Purposes

- a. Rationales & Policy
- b. I.R.C. 501(c)(3)
- c. "Charitable" Purposes
- d. Health Care
- e. Disaster Relief
- f. Educational Organizations
- g. Religious Organizations
- h. Other Purposes
- i. State & Local Exemptions
- j. Federal Recognition

V. Charitable Solicitation

- a. State Law
- b. Electronic
- c. Constitutional Issues

- VI. Charitable Contributions**
 - a. Policy
 - b. Deduction Issues
 - c. Charitable Gifts
 - d. Donor Intent

- VII. Private Foundations and Alternatives**
 - a. History & Policy
 - b. Federal Tax Treatment
 - c. Charity vs. Foundation
 - d. Alternatives

- VIII. Commercial Activities**
 - a. 501(c)(3) Considerations
 - b. Unrelated Business Income

- IX. Inurement, Private Benefit, Excess Benefit**
 - a. Inurement
 - b. Private Benefit
 - c. Intermediate Sanctions & Excess Benefit
 - d. Nonprofit Compensation Issues

- X. Management**
 - a. Nonprofits as Employers
 - b. Volunteers and Interns
 - c. Nonprofits as Landlords and Tenants

- XI. Complex Transactions**
 - a. Subsidiaries
 - b. Joint Ventures
 - c. Social Enterprise Revisited

- XII. Lobbying & Political Activity**
 - a. Lobbying
 - b. Campaign Activity
 - c. Other Entity Types

- XIII. Accountability & Compliance**
 - a. Federal
 - b. State
 - c. Self-Regulation

XIV. Exit Strategies & Termination

- a.** Cy Pres & Deviation
- b.** Bankruptcy
- c.** Dissolution
- d.** Merger
- e.** Conversion to For-Profit