



Welcome to the

# Iowa Nonprofit Resource Center

helping strengthening community organizations



# Newsletter

April 16, 2004  
Volume 2, Issue 1

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If you would like to contribute a brief story about your nonprofit organization for future issues of our newsletter, contact us at:  
 Toll free number: 866.500.8980  
 Phone number: 319.335.9765  
 e-mail: [law-nonprofit@uiowa.edu](mailto:law-nonprofit@uiowa.edu)

## Governor Volunteer Award 2004

*The Awards for Nonprofits are Administrated by: the University of Iowa Division of Continuing Education & the Iowa Nonprofit Resource Center*

OFFICE OF THE GOVERNOR  
 THOMAS J. VILSACK GOVERNOR  
 SALLY J. PEDERSON LT. GOVERNOR

The Governor's Volunteer Award program was established in 1982 to honor and recognize the commitment, service and time that hundreds of volunteers contribute each year to Iowa's state agencies.

Historically, only state government agencies and their affiliates were eligible to nominate their volunteers and, honorees could receive a Governor's Volunteer Award only once in a lifetime. This year, the program has been expanded to:

- provide Iowa's nonprofit organizations with an opportunity to recognize their volunteers; and,

Volunteer continued on page 4

## A U.S. Supreme Court Decision on Fundraising –

A U.S. Supreme Court Decision on Fundraising – What Does it Mean for Iowa's Nonprofits?

In a recent decision, Illinois ex rel Madigan v. Telemarketing Associates, Inc., (01-1806) 198 Ill. 2d 345, 763 N. E. 2d 289, reversed and remanded, the Supreme Court of the United States held that a professional fundraiser getting 85% of all funds brought in cannot make the statement that a significant portion of funds raised are for the benefit of the charity. That is a fraudulent activity.

What is the relevance of this case to Iowa charities?

Iowa charities that fundraise on their own, without the help of a professional fundraiser hired by the charity, do not have this issue of how much money is going to the professional fundraiser. However, Iowa law does provide that the charity itself must disclose, when a potential donor requests it, financial data on how much money actually goes to the charity's program as opposed to the cost of the fundraising done by the charity. The actual text of Iowa's charitable solicitation law is: "A charitable organization shall provide, upon request and without cost to the requesting party, financial disclosure information concerning contributions received and disbursements for the organization's last complete fiscal year, or, if the organization has not completed a full fiscal year, for its

U.S. Supreme Court continued on page 3

## Iowa Nonprofit Resource Center Publishes Two Monographs

### Governing Board for Iowa Nonprofits

Price: \$15.00

Every nonprofit organization in Iowa has a governing board. This monograph deals with the central issues faced by members of a board of governance:

What is the responsibility of a governing board? What does the board do? Who is the Board? How does the board function? What is the role of the board chair? What is the role of the executive director and staff with the board? How is the board accountable?

The monograph written by Willard L. Boyd, Rawlings-Miller Professor of Law at the University of Iowa and President Emeritus of the University of Iowa and The Field Museum of Chicago.

Boyd focuses on the role of nonprofits in the United States. He is one of the founders of the Iowa Nonprofit Resource Center. He has been appointed by Governor Vilsack to chair the Task Force on the Role of Nonprofit Organizations in Iowa.

### Legal Guide for Iowa Nonprofits

Price: \$30.00

Iowa Nonprofit Resource Center's monograph "Legal Guide For Iowa Nonprofits" is designed to help Iowa nonprofit organizations with basic legal issues they face.

It covers the organizational issues most common to Iowa nonprofits; How to define the responsibilities and manage the liabilities facing nonprofit boards is also addressed. Nonprofits have a special tax treatment once they have exemption under Internal Revenue Code section 501(c)(3), and the basic rules under which tax

exempt organizations must function are spelled out. How nonprofits in Iowa obtain their funding is also full of legal issues, which is also discussed in this book.

Contributing authors include Willard L. Boyd III, Patricia Cain, Harry Griger, Richard Koontz, Marcus M. Mills and Dean Spina.

Finally, the same rules governing employees in for profit organizations are applicable to nonprofits, and a general outline of these rules is included. This volume was written by lawyers and is useful to lawyers. However its terminology and subject matter is accessible to any manager of a nonprofit organization.

To order these monographs, please contact us by emailing our [Webmaster](#) or call toll free 1-866-500-8980 or locally 335-9765.

If purchasing numerous copies , discounts will apply as follows; 10-19 @15%  
20-29 @20%; 30+ @25%.

Also available for purchase is the Center's Telly Award winning video,

### The Essence of Community: Iowa's Nonprofits

Price: \$18.95 Video \$28.95 DVD

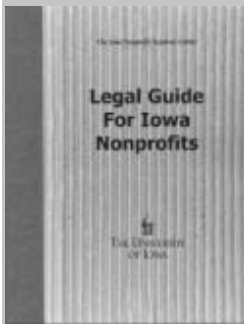
Running time: 18 minutes

This video is designed to be used as part of community presentations by local nonprofit organizations on the vital role they play in economic and community development. We hope that service groups, chambers of commerce and other civic organizations will utilize the film with their local colleagues in the nonprofit sector.

Richard Koontz and Kevin Kelly of the University of Iowa created this video.



Price: \$15.00



Price: \$30.00

To order any of these publications, please contact us by emailing our [Webmaster](#) , law-nonprofit@uiowa.edu, or by calling our toll free number at 1-866-500-8980/ locally 335-9765.

## Professional Associations

The Iowa Nonprofit Resource Center focuses on issues of interest to all Iowa's 501(c)(3) nonprofits. But what about the issues relevant to only one sector of the nonprofit world in Iowa, such as a proposed statute affecting schools, or the need for training in grant writing for substance abuse professionals? These issues are often addressed by professional associations in the state.

An example of such a professional association is the Iowa Museum Association. The IMA "is dedicated to promoting museums within the state as leading centers for preserving, interpreting and understanding our natural and cultural heritage." Each year the IMA has a conference to address a number of issues museums in Iowa face. Among the workshops offered this year were: "Connecting Museums and Schools" and "Working with Exhibit Consultants." For more information on the IMA, see their web site at <http://www.iowamuseums.org/>.

Other examples of professional associations that provide many resources for nonprofits in Iowa are:

Iowa Hospital Association  
<http://www.ihaonline.org/>

Iowa Substance Abuse Program Directors  
<http://www.isapda.org/about.html>

Iowa Library Association  
<http://www.iowalibraryassociation.org/>

Iowa Community Action Association  
<http://www.iowacommunityaction.com/>

Iowa Council on Foundations  
<http://www.iowacounciloffoundations.org/>

On the Iowa Nonprofit Resource Center's web site <http://inrc.continuetolearn.uiowa.edu> a section under Directories, "Iowa Community" lists the professional associations relevant to each sector.

Iowa Association of School Board Foundations  
<http://www.ia-sb.org/>

## U.S. Supreme Court continued...

current fiscal year, to the attorney general or a person requesting the information within five days of the request." Iowa Code 13C.2(2)

Do professional fundraisers in Iowa charge 85% of the total intake of funds in their contracts with charities? There is no statutory ceiling on fundraising costs in Iowa, but excessive fundraising fees can give rise to significant legal and professional issues. In a way similar to that of the Illinois Attorney General's action for fraud if too much money went to fundraising costs, rather than to actual charitable purposes, there can be a prosecution for fraud under the Iowa charitable solicitation statute. Association

of Fundraising Professionals (AFP) has three offices in Iowa. The AFP sets forth ethical guidelines to benefit both the fundraising community and the nonprofits they serve. Those ethical guidelines on fundraising costs prohibit the percentage fee structure set out in the Telemarketing Associates case: "Members shall not accept compensation that is based on a percentage of charitable contributions." Every professional fundraiser operating in Iowa must register with and report to the Iowa Attorney General. An Iowa nonprofit concerned about the services of a particular professional fundraiser, may make inquiries at the AG office.



For a complete list of Associations in Iowa, go to: <http://inrc.continuetolearn.uiowa.edu> a section under Directories, "Iowa Community"



For more information on the Association of Fundraising Professionals in Iowa go to: <http://www.afpnet.org/> <http://chp.stateofmi-st-1A&fdr-id=932>

Iowa Attorney General Consumer Protection Division website can be found at <http://www.state.ia.us/government/ag/consumer.html>

## Frequently Asked Question

### *Can a nonprofit organization enter into a contract with a board member?*

A contract between an organization and a board members serving on that organization's board is considered a self-dealing transaction. Such transactions may be permissible, but only if certain precautions are taken to minimize the conflict of interest. The contract should only be approved by board members who have no personal financial interest in the transaction. If it is determined that the transaction is in the best interest of the organization, and if the contract presents the best deal the organization could get with reasonable effort, then the disinterested board may approve the contract. Board members may be subject to personal penalties if an organization does not take the proper precautions to

ensure that self-dealing transactions do not present conflicts of interest. Organizations should be sure to draft policies that deal with both real and perceived conflicts of interest to avoid difficult situations.

#### Source(s):

Center for Nonprofit Management, *Frequently Asked Questions*, available at <http://www.cnmsocal.org/FAQ/Action.lasso?-database=cnm-faq&-layout=Layout1&-response=FAQDisplay.lasso&-recordID=6&-search>.

#### More Information

See Richard Koontz, ed., *The Legal Guide for Iowa Nonprofits* (2003) for more information. Information about this monograph is available at <http://inrc.continuetolearn.uiowa.edu/>.

## Volunteer continued...

- allow organizations to honor their long-time volunteers with a Length of Service Award.

Throughout Iowa's history, contributions from volunteers have helped make our cities, our towns, our schools and our state a much better place in which to live, work, and raise a family. State agencies and nonprofit organizations are encouraged to honor their exceptional volunteers by nominating them for a Governor's Volunteer Award.

### INSTRUCTIONS

Complete a separate form for EACH Individual, Group, or Length of Service award.

- Type or print legibly.
- Double check the spelling of the nominee's name and verify that the mailing address is correct.

- \$15 nomination fee, payable to Iowa Nonprofit Resource Center.
- The Governor's Volunteer Awards steering committee will invite recipients to accept their award in person at the regional ceremony closest to their home.
- Only one nomination per organization.

For information on how to complete this form, contact Kathleen Kikendall at [kathleen-kikendall@uiowa.edu](mailto:kathleen-kikendall@uiowa.edu).

As details are confirmed, information about the regional recognition ceremonies will be posted at [www.volunteeriowa.org](http://www.volunteeriowa.org).

**DOWNLOAD THE FORM** from the Iowa Nonprofit Resource Center's website at <http://inrc.continuetolearn.uiowa.edu/updates/GovVolunteerNomination.asp>.

See Independent Sector, *The Sarbanes-Oxley Act and Implications for Nonprofit Organizations*, available at [www.independentsector.org/media/sarbanesoxleypr.html](http://www.independentsector.org/media/sarbanesoxleypr.html) for information specifically regarding the Sarbanes-Oxley Act (last visited Feb. 25, 2004). This site provides a summary of the Act's implication for nonprofits, and information on how to obtain a more complete report issued by Independent Sector.

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## An Invitation to Join the Iowa Nonprofit Listserv

Dear Iowa Nonprofit Organizations,

As part of the Iowa Nonprofit community, this is an invitation to join the IowaNonprofit listserv.

Among the purposes of the listserv are:

- Distribution of Quarterly newsletter from the Iowa Nonprofit Resource Center;
- Dissemination of Training & Educational Opportunities and other information directly relevant to nonprofit organizations in Iowa;
- Exchange of information, including questions, legislative updates, and feature Iowa nonprofit organizations.

You WILL NOT BE AUTOMATICALLY SUBSCRIBED TO THE LIST. This message is just an invitation to join. You MUST respond as indicated in the next paragraph in order to be subscribed to the list.

### About Iowa Nonprofit Resource Center

The Iowa Nonprofit Resource Center is a University of Iowa interdisciplinary collaboration to make more accessible educational and service programs focused on strengthening the operational capacity of Iowa nonprofit organizations. The Center creates new knowledge through research activities and provides information and training resources to charitable, nonprofit organizations and interested persons throughout Iowa. We build the capacity and develop the effectiveness of community based organizations and enhance the overall

If you wish to subscribe, please go to <http://list.uiowa.edu/scripts/wa.exe?SUBED1=iowanonprofit&A=1>

Once you have subscribed, you will receive a confirmation of your subscription and a welcome message within a few minutes. The welcome message, will provide information on how to send messages to the listserv, how to unsubscribe, how to address any problems or questions, and guidelines for the IowaNonprofit listserv.

Spam(unsolicited advertisements) will not be tolerated on the list, and neither the list nor the subscribers' addresses will be available to commercial vendors.

The IowaNonprofit listserv is maintained by the Iowa Nonprofit Resource Center with the support from the University of Iowa.

effectiveness of local organizations in building communities. The Center also introduces students to the nonprofit sector and develops their sense of public and community service.

Our mission is guided by The University of Iowa's core values: learning, community, responsibility, integrity, and quality.

The Iowa Nonprofit Resource Center can be found at:  
130 Grand Avenue Court  
Iowa City, Iowa 52242

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To donate, go to <http://www.givetoioowa.org/inrc>



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