Nonprofit Management Principles and Practice 4th edition Worth Test Bank

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Nonprofit Management 4e
Michael J. Worth
Instructor Resource

Chapter 2 – Overview of the Nonprofit Sector
TEST BANK

1. Almost _____ of the revenue of charitable nonprofits comes from government grants and payments for services under programs such as Medicare and Medicaid.
a. one-fourth
*b. one-third
c. one-half
d. three-fourths
Answer Location: Introduction
Learning Objective: 2-1
Cognitive Domain: Knowledge
Question Type: MC

2. A certain mistrust of this has been a pervasive and continuing aspect of American culture and has provided philosophical support for private, voluntary initiatives throughout the nation's history.
*a. Government
b. Volunteers
c. Lawyers
d. Universities
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Comprehension
Question Type: MC

3. Whose 1889 essay, titled "The Gospel of Wealth," remains a classic statement of the philosophy underpinning the American tradition of philanthropy?
a. John D. Rockefeller
b. Warren Buffet
*c. Andrew Carnegie
d. Theodore Roosevelt
Answer Location: 2-9
Learning Objective: America's Nonprofit Sector: A Historical Overview
Cognitive Domain: Knowledge
Question Type: MC

4. What is defined as giving intended to meet current individual human needs or to alleviate current human suffering?
a. Philanthropy
b. Voluntarism
c. Nonprofitism
*d. Charity

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Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-2
Cognitive Domain: Comprehension
Question Type: MC

5. Which term is defined as nonprofits that have a social objective but blend traditional nonprofit methods and commercial principles in their generation of revenue?
a. Charitable sector
*b. Social enterprise
c. Tax-exempt sector
d. Civil society
Answer Location: Alternatives to "Nonprofit"
Learning Objective: Comprehension
Cognitive Domain: 2-2
Question Type: MC

6. There are an increasing number of organizations that operate under both nonprofit and for-profit legal forms that are often referred to as:
*a. hybrid organizations.
b. social sector organizations.
c. voluntary sector organizations.
d. civil service organizations.
Answer Location: Alternatives to "Nonprofit"
Learning Objective: 2-2
Cognitive Domain: Knowledge
Question Type: MC

7. The number of nonprofits operating in the United States today is approximately:
a. 3.5 million.
*b. 1.9 million.
c. 5.2 million.
d. 2.6 million.
Answer Location: Chapter Summary
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: MC

8. In 2009, the nonprofit sector employed what percentage of the total workforce?
a. 5 percent
b. 20 percent
c. 30 percent
*d. 10 percent
Answer Location: Size of the U.S. Nonprofit Sector
Learning Objective: 2-9
Cognitive Domain: Knowledge

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Question Type: MC

9. What were the total combined assets of all nonprofits in 2008?
a. $500 million
b. $20 billion
*c. $4.3 trillion
d. $800 billion
Answer Location: Size of the U.S. Nonprofit Sector
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: MC

10. What is intended to encourage charitable giving and sustain the services provided by charitable organizations?
a. Being classified as a 501 (c)(3) organization
b. Receiving free health care vouchers in exchange for gifts
c. The lifting of limitations on lobbying
*d. Tax deductions for gifts
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-9
Cognitive Domain: Comprehension
Question Type: MC

11. Whose article "Bowling Alone: America's Declining Social Capital" discussed a decline in civic engagement among Americans?
a. Michael Moore
b. Bill Gates
*c. Robert Putnam
d. Lester Salamon
Answer Location: Size of the U.S. Nonprofit Sector
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: MC

12. A nonprofit that qualifies under Section 501 (c)(3) cannot support candidates for public office and must limit its expenditures on:
a. staff salaries.
*b. lobbying.
c. health care.
d. legal counsel.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-4
Cognitive Domain: Comprehension
Question Type: MC

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13. This principle prevents government funds from going directly to religious congregations or to organizations that would use them for religious activities.
*a. Separation of church and state
b. Charitable choice provisions
c. Tax-exempt provisions
d. The nondistribution test
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-1
Cognitive Domain: Comprehension
Question Type: MC

14. Which subsector of charitable nonprofits is the least professionalized?
a. Environmental organizations
b. Advocacy organizations
*c. Religious organizations
d. Arts and culture organizations
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-5
Cognitive Domain: Comprehension
Question Type: MC

15. Organizations that are exempt under Section 501 (c)(4), whose purpose is to work for social change are referred to by the Internal Revenue Service (IRS) as:
a. religious organizations.
b. environmental organizations.
c. arts and culture organizations.
*d. advocacy organizations.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-4
Cognitive Domain: Knowledge
Question Type: MC

16. The National Taxonomy of Exempt Entities (NTEE) divides nonprofit organizations into categories based on the organization's:
*a. purposes, activities, and programs.
b. budget and staff.
c. mission and vision statements.
d. type of clients served.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-3
Cognitive Domain: Knowledge
Question Type: MC

17. If measured by the total number of organizations, the largest subsector of charitable nonprofits is the:

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a. health services sector.
*b. human service sector.
c. religious sector.
d. international and foreign affairs sector.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-5
Cognitive Domain: Comprehension
Question Type: MC

18. If measured by total revenue, the number of employees, and its share of total wages and salaries, which subsector of charitable nonprofits is the largest nonprofit sector?
*a. Health services sector
b. Human service sector
c. International and foreign affairs sector
d. Religious sector
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-5
Cognitive Domain: Comprehension
Question Type: MC

19. These are organizations that exist for the sole purpose of directing money to other nonprofits.
a. Banks
b. International development entities
*c. Funding intermediaries
d. Advocacy organizations
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-2
Cognitive Domain: Comprehension
Question Type: MC

20. What term is used to identify organizations that do not have to pay federal, state, or local income taxes?
*a. Tax-exempt
b. Public
c. Private
d. Income-exempt
Answer Location: Alternatives to “Nonprofit”
Learning Objective: 2-2
Cognitive Domain: Knowledge
Question Type: MC

21. Private foundations most often are funded by:
a. a vast number of corporate sponsors.

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*b. a single donor or a small number of donors.
c. U.S. Congress.
d. community organizations.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-1
Cognitive Domain: Knowledge
Question Type: MC

22. Unlike public charities, private foundations are not permitted to engage in:
a. fund-raising.
b. providing direct services.
*c. lobbying.
d. international exchange programs.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-1
Cognitive Domain: Comprehension
Question Type: MC

23. Salamon's Anatomy classifies nonprofit organizations by:
*a. who receives the principal benefit of their activities.
b. the nature of their activities.
c. the amount of revenue received in a fiscal year.
d. whether they are eligible to receive tax-exempt gifts.
Answer Location: Differentiating the NonProfit Sector
Learning Objective: 2-2
Cognitive Domain: Comprehension
Question Type: MC

24. Exempt activities are those that:
a. employ only volunteers.
b. provide direct service.
c. generate income for the organization.
*d. directly address a nonprofit organization's social missions.
Answer Location: Commercialization and Tax Exemption
Learning Objective: 2-2
Cognitive Domain: Knowledge
Question Type: MC

25. The two extreme spectrums that define a social enterprise are purely philanthropic and:
a. purely charitable.
*b. purely commercial.
c. purely hybrid.
d. purely foundational.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-6

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Cognitive Domain: Knowledge
Question Type: MC

26. Nonprofit organizations interested in achieving both social and economic value are referred to as:
a. commercial.
b. philanthropic.
c. charitable.
*d. hybrids.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-6
Cognitive Domain: Knowledge
Question Type: MC

27. According to Sabeti a critical mass of organizations is occurring within the public, nonprofit, and private sectors creating a:
a. hybrid sector.
b. multi-purpose sector.
*c. a fourth sector.
d. a new era sector.
Answer Location: Emerging New Models
Learning Objective: 2-7
Cognitive Domain: Knowledge
Question Type: MC

28. Another name for social welfare organizations is:
a. nonprofit institutions serving households.
*b. advocacy organizations.
c. hybrid organizations.
d. charitable nonprofits.
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-2
Cognitive Domain: Knowledge
Question Type: MC

29. In the social enterprise spectrum described by Dees and colleagues, which type of organization uses only volunteers for its workforce?
*a. Purely philanthropic
b. Purely commercial
c. Purely charitable
d. Purely public
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-6
Cognitive Domain: Knowledge
Question Type: MC

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30. The legal foundations of America's nonprofit sector are drawn from:
a. natural law.
b. nonprofit law.
*c. English law.
d. philanthropy.
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: MC

31. "The Gospel of Wealth" was written by John D. Rockefeller.
a. True
*b. False
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: TF

32. Giving intended to meet current individual human needs or to alleviate current human suffering is referred to as charity.
*a. True
b. False
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-2
Cognitive Domain: Comprehension
Question Type: TF

33. A nonprofit classified as 501 (c)(3) cannot support candidates for public office and must limit its expenditures on lobbying.
*a. True
b. False
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-4
Cognitive Domain: Knowledge
Question Type: TF

34. The National Geographic Society is a nonprofit organization that also has a for-profit subsidiary.
*a. True
b. False
Answer Location: Introduction
Learning Objective: 2-1
Cognitive Domain: Knowledge
Question Type: TF

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35. The person credited with helping to establish the distinction between the concepts of charity and philanthropy was Warren Buffet.
a. True
*b. False
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-1
Cognitive Domain: Knowledge
Question Type: TF

36. Increased government spending on social programs in the 1960s and early 1970s began with President Lyndon B. Johnson.
*a. True
b. False
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: TF

37. Beginning in the 1980s, federal spending for many social programs was sharply reduced under President Gerald R. Ford.
a. True
*b. False
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Knowledge
Question Type: TF

38. Some believe that commercialization of the nonprofit sector may result in profit being placed ahead of mission.
*a. True
b. False
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-9
Cognitive Domain: Comprehension
Question Type: TF

39. Museums, orchestras, and colleges and universities are classified as 501 (c)(3) by the IRS.
*a. True
b. False
Answer Location: Size of the U.S. Nonprofit Sector
Learning Objective: 2-4
Cognitive Domain: Knowledge
Question Type: TF

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40. Gifts to religious congregations are tax deductible because congregations are required to register with the IRS.
a. True
*b. False
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-4
Cognitive Domain: Comprehension
Question Type: TF

41. Identify and explain the three ancient traditions in which the roots of America's nonprofit sector lie.
Ans: Varies
Answer Location: Chapter Summary
Learning Objective: 2-9
Cognitive Domain: Analysis
Question Type: ESS

42. Back up the case made for giving by Andrew Carnegie in his "Gospel of Wealth."
Ans: Varies
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Application
Question Type: ESS

43. Compare and contrast *charity* and *philanthropy*.
Ans: Varies
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-2
Cognitive Domain: Analysis
Question Type: ESS

44. Explain the three things that an organization must demonstrate to be recognized as tax-exempt under Section 501 (c)(3)?
Ans: Varies
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-3
Cognitive Domain: Analysis
Question Type: ESS

45. Ascertain the characteristics of organizations that are purely philanthropic.

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Ans: Varies
Answer Location: Differentiating the Nonprofit Sector
Learning Objective: 2-2
Cognitive Domain: Application
Question Type: ESS

46. Select either The National Geographic Society or The Smithsonian Institution and explain the complexity of its structure as opposed to a traditional nonprofit.
Ans: Varies
Answer Location: Introduction
Learning Objective: 2-8
Cognitive Domain: Analysis
Question Type: ESS

47. Analyze the terms "third sector, fourth sector, charitable sector, voluntary sector, independent sector, and tax-exempt sector." Explain what characteristic(s) distinguish each term.
Ans. Varies
Answer Location: America's Nonprofit Sector: A Historical Overview
Learning Objective: 2-9
Cognitive Domain: Analysis
Question Type: ESS

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