

George Mason University
DEPARTMENT OF PUBLIC AND INTERNATIONAL AFFAIRS
NONPROFIT MANAGEMENT STUDIES

Philanthropy and Fundraising

PUAD 655

Bill Freeman, MBA

Summer 2005

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Arlington Campus – Room 250

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May 24 through June 23, Tuesday and
Thursday from 7:00 to 10:00 p.m.
Saturday mornings (6/4, 6/11, 6/18) from
9:00 a.m. to Noon.

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Course Description:

The course examines the history of philanthropy and its relationship to the nonprofit, government, and commercial sectors in the United States. The principles of financial development are studied including governance, development of organizational capacity, and the identification of funding sources and donor motivations. Provides an understanding of the many fundraising techniques that generate financial support for nonprofits and the context in which these methods may be used.

Course Goals:

The focus of this course is practitioner-based with an emphasis on the chief development/fundraising officer of a nonprofit organization. The course is organized around the fundamental issues and challenges that must for any fundraising program to achieve success.

Primary Course Outcome:

- The development of an Organization Fundraising Workplan.

Secondary Course Outcomes:

- Demonstrate an understanding of the development function within a nonprofit organization.
- Demonstrate and identify issues of accountability in any fundraising program.
- Articulate the role of the Board of Directors in an organization and its fundraising responsibilities.
- Demonstrate an understanding of the funding mix.
- Demonstrate and identify the diversity of individual donor groups.
- Identify communication vehicles available to support fundraising efforts.
- Understand the use of Web technology and the use of e-Philanthropy.
- Demonstrate an understanding of the motivations and issues regarding faith-based fundraising.

- Demonstrate an understanding of the Sarbanes-Oxley Act of 2002 and identify pending implications for nonprofit organizations.
- Demonstrate an understanding of how to use IRS Form 990 to conduct research.

Course Expectations:

Students will be assigned to groups of four. Each group will produce a comprehensive funding plan for an actual nonprofit organization. Plan elements must include the following: organization background and introduction; case statement; SWOT analysis; organizational dynamics; funding history; funding opportunities; funding strategy including projected funding mix; and structure of fundraising strategy. This can be done either with a student's current nonprofit organization, one that a student is affiliated with, or one that could use assistance (there are many). The purpose of the plan is to understand the real-world issues faced by an organization, to make an assessment based on a unified standard, and to develop a "game plan" based on that assessment.

Course Overview and Situational Context:

Nonprofit organizations are experiencing one of the most challenging chapters in their long history of service to America. At this time, nonprofits are facing a gathering storm of accountability, stewardship, and performance demands.

Stewardship: The results of a 2002 Independent Sector survey regarding stewardship are alarming: 60 percent of Americans said that nonprofits waste a great deal or a fair amount of money, while 46 percent said nonprofit leaders were paid too much, compared with just 8 percent who said they were paid too little. Bluntly put, Americans are not questioning what nonprofits do, but how they do it.

Accountability: The nonprofit scandals, led by the United Way and the Red Cross, over the past ten years have damaged the public's perception of all nonprofits. In the Independent Sector survey referenced above, 13 percent of respondents had a great deal of confidence in nonprofits, 47 percent said they have a fair amount, 26 percent said they had not too much, and 11 percent said they had none at all. Simply put, roughly a third of the respondents were negative. Add to this, the corporate debacles of Enron and WorldCom, among others, and the environment is ripe with mistrust.

The Sarbanes-Oxley Act of 2002 has become law as a way to hold executives of publicly traded companies personally responsible for the truthfulness and accuracy of their financial reporting. California passed the Nonprofit Integrity Act of 2004 imposing many of the features of Sarbanes-Oxley on nonprofits with budgets in excess of \$2 million operating in that state. The IRS is currently circulating a staff discussion paper outlining proposed requirements for nonprofits. Clearly, significant changes are pending for nonprofits.

Increased Numbers: In 1994, the IRS reported approximately 500,000 501© 3 organizations, a mere ten years later, that number had increased to 1.1 million. Currently, between 2,000 – 3,000 organizations are designated as tax-exempt by the IRS each

month. This does not include religious organizations, organizations with annual revenues under \$25,000, or community-based branches of national organizations (e.g., Boys and Girls Clubs, 4-H, Red Cross, etc.).

Performance: From the current Administration to the charitable foundation community, there has been a Copernican shift from process evaluations to outcome evaluations. No longer is it enough to count how many units of service are being provided. Funders are demanding performance measures that demonstrate the impact those services are having on the underlying social framework. Federal and foundation grantmakers are no longer rewarding efforts that continue to provide rote services without explicit impact measures. And individuals are demanding the same. According to Robert Egger, founder of the D.C. Central Kitchen,

We need to seek out and reward organizations that exemplify leadership, unity, responsibility, and accountability – and let go of those that can't or won't. The recent downturn in public support for nonprofits isn't about the economy or 9/11. It's about skepticism. The public has had enough with pity and platitudes. Americans want a plan.

This performance-based culture is guaranteed to continue.

Class Format:

Instructor-led and invited guest presentations; group discussions and presentations. Individual groups will meet with instructor throughout the course for feedback and assistance.

Course Textbooks and Materials:

- Conducting a Successful Fundraising Program. Kent E. Dove. ISBN: 0-7879-5352-0
- Articles: In addition, required articles according to the class schedule will be provided. Articles are noted in *italics*.

Recommended Textbooks:

- Hank Rosso's Achieving Excellence in Fundraising. Second Edition. Eugene Tempel. ISBN: 0-7879-6256-2.
- Securing Your Organization's Future: A Complete Guide to Fundraising Strategies. Michael Seltzer. ISBN 0-87954-900-9
- Managing Nonprofits.Org: Dynamic Management for the Digital Age. Ben Hecht and Rey Ramsey. ISBN 0-471-39527-7

Grading Criteria:

There will be no mid-term or final exams. All students are expected to come to class fully prepared to discuss assigned materials. Group homework assignments will be due on the

dates noted in the schedule. The major class assignment is the development of a comprehensive organizational fundraising plan; this is a group project.

Course grades will be based on the following:

- 70% Organization Development Plan and Presentation (Group grade)
- 15% Graded assignments (Mission, Vision and Values; SWOT Analysis, Stakeholder Analysis) – 5 points each. (Group grade)
- 15% Class participation (Individual grade)

Grade Scale:

A = 96-100; A- = 90-95; B+ = 86-89; B = 85-89; C = 70-79; D = 60-69; F = <60

Honor Code:

www.gmu.edu/catalog/9798/honorcod.html#code

Class Schedule:

May 24, 2005 – Tuesday (1)

Topic:

- Introductions and Course Overview
- Overview of a Strategic Fundraising Plan & Organization Fundraising Workplan
- Class Project Explanation
- Project Workgroups

Format: Instructor led and group participation

Read Prior to Class: None

Assignment Due: None

Class Handouts:

- Strategic Fundraising Plan and Organization Fundraising Workplan
- *Class Articles*

May 26, 2005 – Thursday (2)

Topic:

- Mission, Vision, and Values
- SWOT Analysis
- Stakeholder Analysis

Format: Instructor led and group participation

Read Prior to Class:

- Dove (In Chapter 1) “Ten Prerequisites of Fundraising Success” (p. 13-14)
- Dove (Resource Materials) – Chapter 1: Mission Statements (p. 369-370)
- “*Ask the Expert – SWOT Analysis*” (Dr. Jim Galvin)

Assignment Due: Select organizations and establish contact

May 31, 2005 – Tuesday (3)

Topic:

- Leadership Roles
 - Board of Directors
 - Chief Executive Officer/Executive Director
 - Chief Development Officer
 - Key Volunteers

Format: Instructor led and group participation

Read Prior to Class:

- Dove – Chapter 4: Defining Roles of Leaders and Top Volunteers in Fundraising (p. 56-70)
- *The Relationship of Board Member Diversity to Organizational Performance* (Julie I. Sicilano)

Assignment Due:

- Mission, Vision, Values Statements
- SWOT Analysis
- Stakeholder Analysis

June 2, 2005 – Thursday (4)

Topic:

- Developing a Strategic Fundraising Plan

Format: Instructor led and group participation

Read Prior to Class:

- Dove – Chapter 3: Building and Stating the Case for Support (p. 42-55)
- Dove (Resource Materials) – Chapter 2: Strategic Plan (p. 371-386)
- Dove (Resource Materials) – Chapter 3: Strategic Plan Progress Report (p. 387-410)

Assignment Due:

- Stakeholder analysis

June 4, 2005 – Saturday (5)

Topic: Fundraising in Communities of Color

Format: Guest Instructor: Yvette Larkin, Associated Black Charities of Maryland

Read Prior to Class:

- *Black philanthropy in America (Spence I. Scott)*
- *Latino philanthropy in the U.S. (Juan Clixto, CFRE)*
- *Traditions of giving and sharing in Asian cultures (Janice Gow Pettey, CFRE)*
- *A glimpse at the gay and lesbian donor (Donna Red Wing)*
- *Philanthropy as a tenet of Islam (John Huebler)*
- *Native American culture and fundraising (Prudence S. Prescott, Ph.D., CFRE)*
- *Characteristics of Cuban-American fundraising (Rolando Damian Rodriquez, CFRE)*

Assignment Due:

- None – Groups Continue Working on Plans

June 7, 2005 – Tuesday (6)

Topic:

- Individual, foundation, and corporate support
- Relationship building
- Methods of communication

Format: Instructor led and group participation

Read Prior to Class:

- Dove – Chapter 14: Building Lasting Relationships and Developing Lead Gifts (p. 242-254)
- Dove – Chapter 15: Approaching Corporations and Foundations (p. 255-268)
- Dove (Resource Materials) – Chapter 22-23: Proposals, Letter and Full (p. 798-804)

Assignment Due:

- None – Groups Continue Working on Plans

June 9, 2005 – Thursday (7)

Topic:

- Research

Format: Instructor led and group participation

Read Prior to Class:

- Dove – Chapter 10: Identifying, Researching, and Rating Individuals as Major Gift Prospects (p. 159-182)
- *How to Read the IRS Form 990 & Find Out What It Means (Nonprofit Coordinating Committee of New York)*

Assignment Due: Bulleted outline of group’s strategic fundraising plan

June 11, 2005 – Saturday (8)

Topic:

- Becoming a Web-savvy organization
- e-Philanthropy: Becoming a Web-savvy organization

Format: Instructor led and group participation

Read Prior to Class:

- *e-Philanthropy: Using the Internet to Build Support (Theodore Hart)*
- *“Ask the Expert – Building an Online Community” (Bill Freeman)*
- *“Using E-mail to Build Your Organization” (Bill Freeman)*
- *“Building a Great Web site to Raise Money & Awareness for Your Organization” (Bill Freeman)*

- **Assignment Due:** None – Groups Continue Working on Plans

June 14, 2005 – Tuesday (9)

Topic:

- Faith-based funding

Format: Guest Lecturer

Read Prior to Class: Article TBD

Assignment Due: None – Groups Continue Working on Plans

June, 16, 2005 – Thursday (10)

Topic:

- Stewardship and Accountability
- Sarbanes-Oxley and Nonprofits

Format: Instructor led and group participation

Read Prior to Class:

- Dove – Chapter 20: Providing Accountability and Expressing Appreciation (p. 334-355)

- Dove (Resource Materials) – Chapter 20: Rules Regarding Income Tax and Charitable Deductions (p. 761-770)

Assignment Due: None – Groups Continue Working on Plans

June 18, 2005 – Saturday (11)

Topic:

- Working with Volunteers (non paid)

Format: Instructor led and group participation

Read Prior to Class:

- Dove – Chapter 5: Recruiting, Educating, and Motivating Volunteers (p. 71-83)
- Dove (Resource Materials) – Chapter 8: Volunteer’s Job Descriptions (p. 523-528)

Assignment Due: None – Groups Continue Working on Plans

June 21, 2005 – Tuesday (12)

Topic:

- Presentation: Organization Fundraising Workplan (first half of class)

Format: Group Presentation

Read Prior to Class: No assignment.

Assignment Due: Submittal of plan for grading

June 23, 2005 – Thursday

Topic:

- Presentation: Organization Fundraising Workplan (second half of class)

Format: Group Presentation

Read Prior to Class: No assignment

Assignment Due: Submittal of plan for grading

