NONPROFITABLE NONPROFITS: SEEKING HIGH IMPACT IN A LOW-COST WORLD

Isabelle M. Tunnell

TC 660H
Plan II Honors Program
University of Texas at Austin

December 2019

____
Ruth Buskirk
Department of Molecular Biosciences
Supervising Professor

____
David Quintanilla
Department of Business, Government, and Society
Second Reader

Für meine liebe Oma

Wegen dir möchte ich immer besser werden

Acknowledgements

I could never have completed this thesis without the support of so many people around me. Thank you to my family for always supporting me, and for asking minimal questions about my thesis progress over holiday breaks. Mom, I appreciate you for all that you do, and for driving seven hours just to come to my thesis symposium. Dad, thank you for not driving seven hours just to come to my thesis symposium. Analina, I am so glad that I got to spend long nights studying at your apartment – I will always treasure our time at UT together. Thank you to Teeka for keeping me company during my times at home, and for being the best girl I know.

Thank you to Ruth Buskirk, who has been a constant inspiration and mentor throughout my time at UT. From Plan II Biology to our study abroad in Costa Rica to this thesis, I am constantly learning from you.

Thank you to David Quintanilla, who has tirelessly read through my thesis and has supported me in my efforts to write a thesis I can be proud of. I appreciate not only your guidance through this thesis, but through my career and education decisions.

Thank you to Texas 4000 for Cancer for one of the most humbling and rewarding experiences of my life, and for giving me first-hand knowledge about the operations and complexities of a nonprofit.

Thank you to my friends who both distracted and motivated me through the process. I could not have done it without your love and support. I also want to apologize to Lauren Sandow for cancelling so many nights of yoga because I had to work on my thesis and thank her for keeping me sane and helping to justify nights of minimal studying.

Abstract

Author: Isabelle M. Tunnell

Title: Nonprofitable Nonprofits: Seeking High Impact in a Low

Supervising Professor: Dr. Ruth Buskirk

Second Reader: David Quintanilla

With the countless nonprofit organizations in America, many people are moved to donate to the ones making the most impact. Further, many people avoid donating to charities with high costs because high costs imply that less money is going to the cause than would be otherwise. This thesis will explore the operations and costs of nonprofits in order to isolate best practices for nonprofits seeking to make demonstrable, positive impact on the causes that they were designed to support.

In this thesis I will explore the measurement of a nonprofit's impact and dissect how nonprofits operate internally and externally. I will first define impact as it relates to my research. Then I will look at the external costs that nonprofits incur through marketing, fundraising, events, exposure, and changes in economic policy. The goal is to understand the costs, benefits, and impact of nonprofits' strategies towards increasing impact. It will explore different forms of fundraising money and how large events impact costs, awareness, effectiveness, and longevity of nonprofits. Then I will explore the internal costs of running a nonprofit with a focus on employee salary and retention.

Ultimately, the following question will be answered: how can nonprofits balance revenues and costs in order to create the largest positive impact on the causes they support? This thesis will explore the amounts and types of costs that nonprofits incur along with their relative impact or success, with the goal of concluding opportunities for decreasing costs and increasing revenues for future nonprofits to consider in order to best prepare themselves for success.

Chapter Contents

Introduction

I grew up volunteering because I found it enjoyable. I would often go to the local animal shelter with my mom and sister to walk dogs and socialize cats to help prepare them for adoption. As I got older, I joined service organizations that exposed me to volunteering opportunities that required more intense labor and sometimes included a fundraising aspect. Around the holidays I would stand outside malls with a bell and bucket, wearing a Salvation Army apron and asking for donations from shoppers and passersby. As I grew even older, I became more selective with my time and donated to organizations with causes that I felt a personal connection to, rather than relying on a service organization to guide me.

The majority of people in America support nonprofit organizations through their donation of time and money. Although volunteer work supports a nonprofit's cause, the impact that a nonprofit organization is able to make comes down to one thing: money. While each nonprofit's mission - whether curing cancer, sheltering abused persons, or supporting environmental conservation - is different, the goal of a nonprofit is to generate a steady flow of funding towards the cause it supports.[1] With over 1.5 million nonprofit organizations in America, many people are moved to donate to the ones making the most impact. Further, many people avoid donating to charities with elevated costs because high costs imply that less money is going to the cause than would be otherwise. This thesis will explore the operations and costs of nonprofits in order to identify best practices for nonprofits seeking to make demonstrable, positive impacts on the causes that they were designed to support. Moreover, the application of traditionally for-profit practices on the nonprofit world will be considered.

---

[1] This paper will focus on nonprofit charities but will acknowledge factors surrounding nonprofits like public universities and hospitals, which raise revenue through tuition and patient medical charges.

In order to better analyze how nonprofits currently operate, I will first study the history of nonprofit organizations, which extends to the subject of charity and philanthropy. This thesis will take into account how terminology and economic policy have changed, and discuss the sources and recipients of charitable giving. I will then explore theories on the psychological and economic factors behind charitable giving as background for the analysis of internal and external costs and revenues. This section will conclude with an exploration of how policy changes including the recent *Tax Cuts and Jobs Act* affect the nonprofit industry.

This thesis will then explore the measurement of a nonprofit's impact and dissect how nonprofits operate internally and externally, while studying how for-profit practices could be applied to the nonprofit sector. I will first define *impact* as it relates to my research. Then I will look at the external costs that nonprofits incur through marketing, fundraising, events, and exposure. The goal is to understand the costs, benefits, and return on investment into fundraising and awareness strategies. Then I will explore the internal costs of running a nonprofit with a focus on employee salary and retention.

Ultimately, the following question will be answered: how can nonprofits balance revenues and costs in order to create the largest positive impact on the causes they support? A discussion of for-profit practices throughout the paper demonstrates the potential for nonprofits to benefit from higher-input, less orthodox methods of operations. This thesis will explore the amounts and types of costs that nonprofits incur along with their relative impact or success, with the goal of concluding opportunities for decreasing costs and increasing revenues for future nonprofits to consider in order to best prepare themselves for success.

Chapter One: A History of the United States Non-Profit

The term non-profit brings to mind the words charity, 501(c)(3), volunteering, and philanthropy. The word charity historically meant "Christian love of fellow men" but has also been defined as "kindness, natural affection, imputing of good motives when possible; beneficence, liberality to the poor; institution for helping the helpless".[2] The terms not-for-profit, charity, and non-profit are often used interchangeably. This thesis will use charity and non-profit interchangeably, but it is important to understand that there are technical differences.

In addition to its representation of "Christian love for fellow men," charity is defined as "institution for helping the homeless," whereas philanthropy is defined as "love, practical benevolence, toward mankind" .[3] The term nonprofit organization describes an organization that reinvests revenues into itself rather than distributing revenues to shareholders or members; members include volunteers and employees, but any salary or payment from work originates separately from the organization's fundraised revenue. Further, a nonprofit organization within the United States is exempt from paying income tax on the income raised for its organization and has 501(c)(3) requirements. A not-for-profit is also tax exempt - but under 501(c)(7) requirements - and uses revenue from fundraising efforts to pay its members. The following chart shows the difference between the two types of organizations, including notable contrasts such as their purpose and whether donations are tax deductible.

[2] The concise Oxford dictionary of current English
[3] The concise Oxford dictionary of current English

	501(c)(3) Qualified Charity	501(c)(7) Social Club
Purpose	Religious, Educational, Charitable, Scientific, Literary,	Pleasure, recreation, social activities
Examples	churches, charities, private schools, homeschool programs with an educational or religious purpose	Fraternities, sororities, country clubs, hobby clubs, homeschool support groups
Requirements	No private inurement allowed. Upon dissolution all assets must be distributed to another 501(c)(3) organization.	Personal contact, fellowship and co-mingling of members. No private inurement allowed.
Activities	Can hold programs, sell services and products as part of their exempt purpose.	Can provide meals or services only to members in connection with club activities
Tax deductible donations allowed	Yes	No
Tax exempt (no taxes on profits)	Exempt from federal income tax unless the organization has unrelated business income	Exempt from federal income tax on income derived from members; other income taxed
Source of Income	Membership fees, fees for services, donations, fund raisers, program fees	Primarily (65% or more) of the income must come from the membership
Membership	Serving the public or the "public good" (i.e. the education of children is a public good)	Limited membership and consistent with the purpose of the club
IRS Application Required?	Yes, if gross revenues over $5,000/year. File Form 1023 or 1023-EZ	No. The IRS does not require 501(c)(7) organizations to file an application. They can "self-proclaim" tax exempt status.
Annual IRS Reporting	Form 990-N, Form 990-EZ or Form 990	Form 990-N, Form 990-EZ or Form 990
Legislative Lobbying permitted?	Insubstantial lobbying allowed (less than 20% of total expenses). No endorsement of a candidate.	No limit on legislative activity as long as it furthers the exempt purpose

[4]

[4] Topp

This thesis focuses on nonprofits in the United States of America, so a history of charity and nonprofits based in America is appropriate. As previously mentioned, charitable giving in Western history was primarily rooted in religion and an idea of Christian love. By the first half of the 19th century, America was already home to thousands of relief programs and soup kitchens. For example, in 1837 a charity known as the Western Soup Society had been established in Philadelphia.[5] It provided 15,000 quarts of soup during the winter of 1937-38 to those in need, regardless of their race or residency.

Schools, churches, and other public-serving organizations stood as other representations of the beginning of nonprofit work. Paralleling the push for small government during the time of early America, when the fear of a return to a monarchy still lingered, there was a continued emergence of charities and philanthropic organizations outside of government control. Further, the young American government was not yet established enough to provide sufficient social welfare to citizens itself.

By the 1830's, however, relief programs and charities were criticized by people who felt that the social welfare encouraged laziness and wished to instead fund programs that "taught discipline and work habits".[6] For some, the idea of biblical charity was replaced with an idea that social policies could change habits to prevent the need for "unearned" handouts. Two of the largest influencers behind the philosophy of charitable giving in the late nineteenth century were Andrew Carnegie and John D. Rockefeller, who both gave charitably in part because of their religious beliefs. These two men believed that although philanthropy was essential in order to support distressed and poor individuals, donations should only be given to causes and individuals

[5] Beer
[6] Beer

that would use them efficiently and benefit the most from the charity. Andrew Carnegie once stated in his article *Wealth* that,

> "Those who would administer wisely must, indeed, be wise, for one of the serious obstacles to the improvement of our race is indiscriminate charity. It were better for mankind that the millions of the rich were thrown in to the sea than so spent as to encourage the slothful, the drunken, the unworthy".[7]

Despite changes in philanthropic ideology, charitable causes and giving continued to expand into the 20th century. An increase in individual giving led to the emergence of entities who could fairly and logically distribute the funds. Volunteering was used to combat "social ills" like drunkenness and to support education and religious pursuits.[8] Post-Civil-War charitable giving was altered by the era of reconstruction. Legislation from 1894 to 1969 helped formalize nonprofits by establishing the definition of a nonprofit charity through requirements for tax exemption.[9] Today we see legitimate nonprofits as holding 501(c)(3) titles, but this was not always the case. The Wilson-Gorman Tariff Act of 1894 established that organizations operating for charitable purposes were tax-exempt so long as they did not also fund any individual related to the organization.[10] Further, a tax deduction for donators to such charitable organizations was established. The figure below details the timeline of tax exemption legislation.[11]

---

[7] Beer
[8] Beer
[9] Arnsberger
[10] Arnsberger
[11] Arnsberger

Major Exempt Organization Legislation, 1894-Present

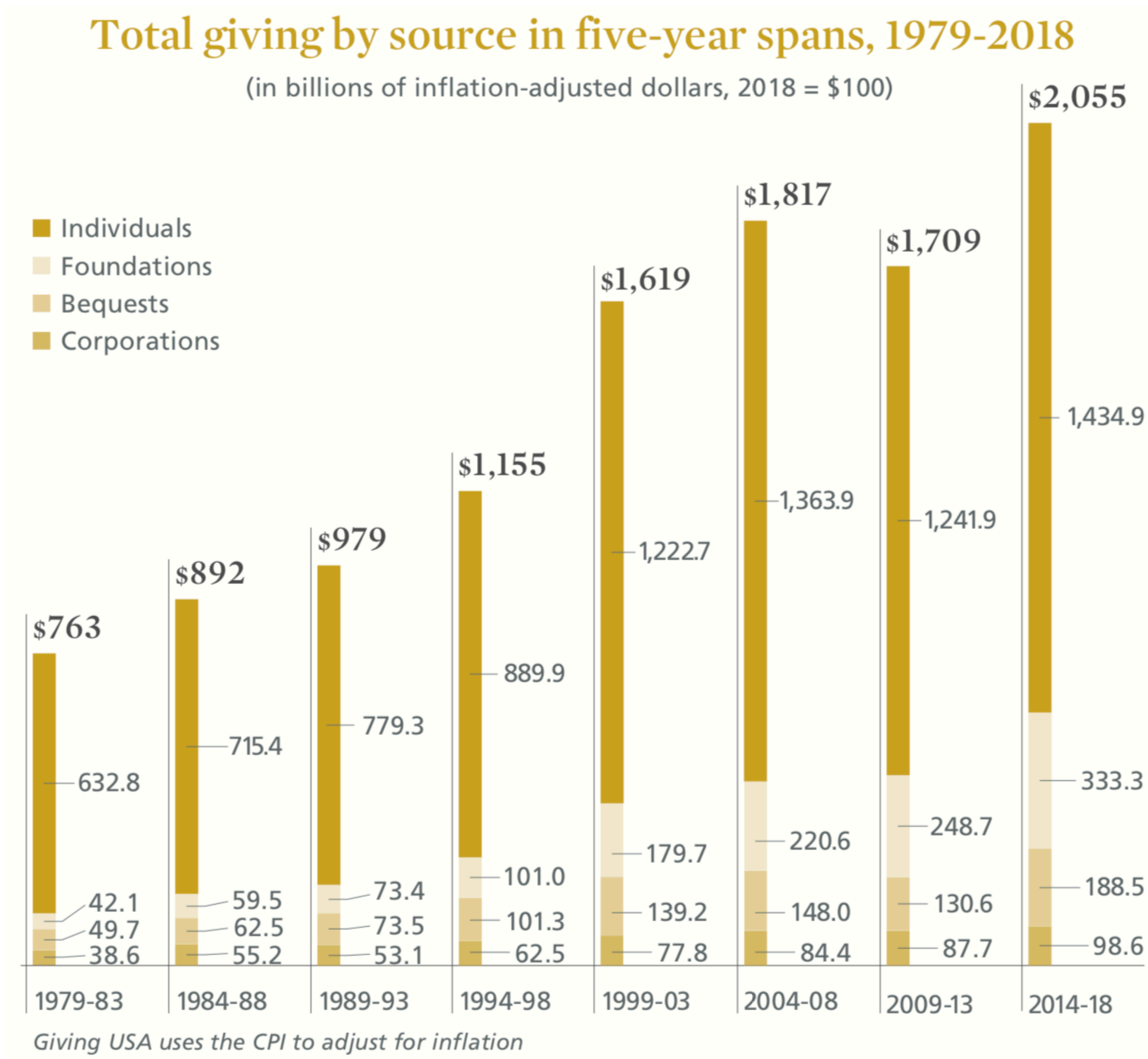
- **Tariff Act of 1894** - Earliest statutory reference to tax exemption for certain organizations.
- **Revenue Act of 1909** - Introduced language prohibiting private inurement.
- **Revenue Act of 1913** - Established income tax system with tax exemption for certain organizations.
- **Revenue Act of 1917** - Introduced individual income tax deduction for charitable donations.
- **Revenue Act of 1918** - Estate tax deduction for charitable bequests added.
- **Revenue Act of 1934** - Set limits on lobbying activities by charitable organizations.
- **Revenue Act of 1936** - Introduced corporate tax deduction for charitable contributions.
- **Revenue Act of 1943** - Required first Forms 990 to be filed.
- **Revenue Act of 1950** - Established unrelated business income tax.
- **Revenue Act of 1954** - Modern tax code established, including section 501(c) for exempt organizations. Also, limits on political activities established.
- **Revenue Act of 1964** - Raised the limitation on deduction for donations to public charities to 30 percent of adjusted gross income (AGI).
- **Tax Reform Act of 1969** - Established private foundation rules, including a minimum charitable payout requirement and a 4-percent excise tax on net investment income, and raised the limitation on the deduction for donations to operating private foundations and public charities to 50 percent of AGI.
- **Revenue Act of 1978** - Reduced the net investment income excise tax for private foundations to 2 percent.
- **Deficit Reduction Act of 1984** - Raised the limitation on the deduction for donations to nonoperating private foundations to 30 percent of AGI and introduced other more favorable rules for donors to these organizations. Also, exempted certain operating foundations from the net investment income tax and reduced the tax to 1 percent for foundations meeting other requirements.
- **Revenue Reconciliation Act of 1993** - Imposed a proxy tax on certain lobbying and political expenditures made by membership organizations.
- **Tax Payer Bill of Rights 2 (1996)** - Introduced intermediate sanction rules for excess benefit transactions.
- **Tax Payer Relief Act of 1997** - Revoked tax exemption of certain organizations providing commercial-type insurance.
- **Pension Protection Act of 2006** - Required section 501(c)(3) organizations to make their Forms 990-T available for public inspection. [12]

In more modern times, charities have continued to grow. There were approximately $421.71 billion in charitable donations given in America in 2018 alone[13]. The approximate 2/3 of American households that make charitable contributions each year have over 1.44 million charities to choose from. Further, charitable foundations control approximately $715 billion. Where are the donations stemming from? The below graph demonstrates that, overwhelmingly, individuals are contributing to charitable causes. The importance of individual giving, which accounts for over 2/3 of charitable giving, cannot be understated.

The large amount of money donated is directed towards a large variety of causes. As can be seen in the below pie chart, nearly ¾ of 2018 contributions went towards religion, education, human services, grantmaking foundations, and health, with religion receiving the largest percentage of funding (29%). Between 2017 and 2018 there was a decline in giving towards

[12] Arnsberger
[13] Giving USA Foundation

religion (1.5% decline; 3.9% adjusted for inflation), education (1.3%; 3.7%), foundations (6.9%; 9.1%), public-society benefit organizations (3.7%; 6.0%), and individuals (2.6%; 4.9%). The same time period showed a growth in giving towards international affairs (9.6% increase; 7.0% increase adjusted for inflation) and environmental and animal organizations (3.6%; 1.2%). The receiving causes are essential to be aware of, yet the more astounding numbers stem from the sources of those funds; specifically, individual contributions.

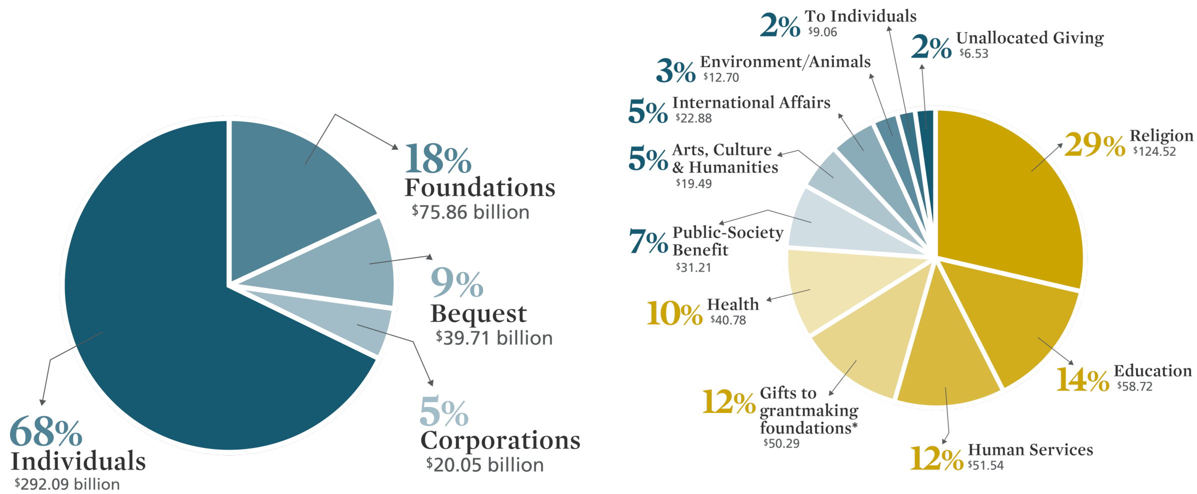


14

---

[14] Giving USA Foundation

2018 contributions: $427.71 billion by source and type of recipient organization



15

Therefore, the focus of nonprofits should be appealing to and retaining individuals as donors, and the below discussion will similarly focus on individual charitable contributions. Notably, many nonprofits receive funding from the federal government, which will be further discussed in the below federal funding section.

The nonprofit industry has grown to be an established part of the economy, which will be discussed at length below, instigating research in and about the field. The below infographic from Giving USA shows the current state of the nonprofit industry. Some key statistics include:

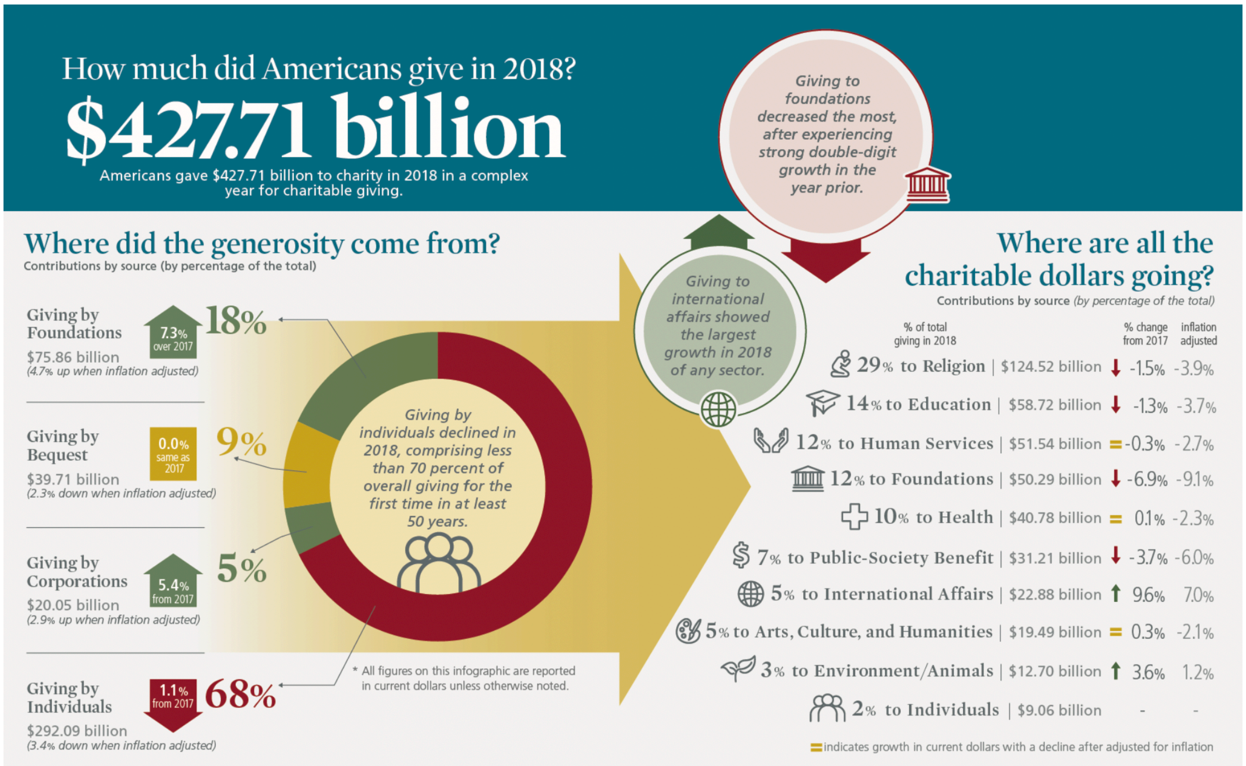
- 2018 is the first year since 1954 that giving by individuals has fallen below 70% of overall giving; individuals are also the only source whose giving decreased between 2017 and 2018[16]

---

[15] Giving USA Foundation
[16] Giving USA Foundation

- The estimated charitable giving by individuals, including "gifts of cash, securities, and property", was $292.09 billion and was a decrease of 3.4% (adjusted for inflation) in comparison to 2017[17]
- 2018 is the first year that religion has received less than 30% of total giving
- Adjusted for inflation, charitable giving overall declined 1.7% between 2017 and 2018; in comparison, charitable giving between 2016 and 2017 increased by 4.9%, adjusted for inflation[18]
- Approximately 1.56 million nonprofits were registered with the Internal Revenue Service (IRS) in 2015[19]
- In 2013 the nonprofit sector contributed approximately $905.9 billion to the U.S. economy, accounting for 5.4% of the country's gross domestic product (GDP)[20]

[17] Giving USA Foundation
[18] Giving USA Foundation
[19] Giving USA Foundation
[20] McKeever



[21]

This sounds like a lot of positives, but many aspects of the nonprofit industry have considerable room for improvement. Similar to a for-profit company performing below-target and losing shareholder faith, shortcomings in the nonprofit industry have resulted in public criticism, which can hurt individual charities as well as charitable giving as a whole. Many criticisms have to do with how the nonprofits themselves are run. A discussion of external and internal factors will be discussed in depth in Chapters Five and Six, respectively.

Issues in the nonprofit world have motivated the continued discussion of which charities *should* be donated to, paralleling Rockefeller and Carnegie's philosophies. This concept of "effective altruism" has been pushed by some recently, and will be discussed at length in Chapter Two. However, there are many other motivations to donate, and it is important to note the

[21] Giving USA Foundation

various theories behind people's motivations to give charitably. The upcoming chapter will discuss the psychological factors behind charitable giving, as well as the proposals of some ethical practices like effective altruism.

Chapter Two: The Philosophical and Psychological Factors Behind Charitable Giving

Why do people donate to charities? The reasons range from a passion for supporting the charity's mission to religious and financial motivations. This section will focus on the psychological factors that move donors to give and the philosophical theories behind charitable giving, while the next chapter will discuss financial motivations at greater length. Improved understanding of the factors that influence charitable donation may facilitate the design of appeals that more effectively promote philanthropic behavior.

Charitable organizations continually face the pressing question of whether and how to depict the cause that they promote, and knowledge of psychological behavioral patterns that promote giving could enhance their strategies. On the other hand, while individuals may understandably make charitable giving decisions based upon the relative impact of each nonprofit, these criteria may be less defensible from the utilitarian lens of public policy. Donation scenarios provide a unique yet ubiquitous example of how individuals choose to balance their selfishness and with their selflessness.[22]

A U.S. Trust Study of High Net Worth Philanthropy explored why and how many individuals donated to charity. The study found that in 2015, 91% of high-net worth individuals gave to charity.[23] This is an impressive number, although it is down from 98.2% in 2007. Of the studied individuals who gave charitably, they noted the primary reasons for their donations as being a belief in the mission (54.1%), belief that their gift can make a difference (44%), and personal satisfaction, enjoyment, or fulfillment (38.7%).[24]

[22] Genevsky
[23] Nickerson
[24] Nickerson

Psychological and ethical theories range from the selfish to the selfless, but none completely describe or explain human behavior. Ethical and psychological egoism argue that humans can and should, respectively, act in their own self-interest. The philosophy of utilitarianism argues for the maximization for the most good for the most people. Perhaps all of these could in part explain why we care about and give to charitable causes. In order to explore how nonprofits can capitalize on people's willingness to give, we will first study the theories about the psychology behind charitable giving.

The Identifiable Victim Effect

The identifiable victim effect (IVE) is the "preference for giving to single vivid individuals over less identifiable others".[25] Seemingly inexplicably, people are moved to donate more and more often when shown a picture over being shown statistics and facts. The research surrounding the identifiable victim effect varies in its conclusions, but there have been two main schools of thought. First, that charitable giving and behavior with regard to IVE is a result of positive, warm feelings evoked by the idea of acting charitably[26]. Second, that negative feelings of guilt and anxiety provide the pressure to be charitable. Another possibility is that a combination of these positive and negative feelings drives the motivation to act charitably.

A study proved that when shown photographs or silhouettes of orphans, the photographs "increased donations to orphans by inducing a positive aroused affect"[27]. This was proven through neural observation, which showed that increased donations could be predicted by "activity in regions associated with positive arousal", but not negative[28]. In fact, several

[25] Genevsky
[26] Genevsky
[27] Genevsky
[28] Genevsky

experiments have found a link between negative arousal and decreased consequent donations. One theory to support this correlation between negative arousal and decreased charitable giving is the pain of paying theory, which notes a psychological link between making a payment and a loss of pleasure regarding what was paid for.[29] The pain of paying theory relates to charitable giving because although people are eager to make a positive impact by donating to charities, they are expecting that their donated money makes a high impact. The pain of paying may therefore increase if donors realize that their money is making less of an impact than they previously thought.

Further research continues to be done on the identifiable victim effect, but current conclusions point to a recommendation for nonprofits to gear their outreach efforts towards appealing to IVE. Chapter Five will more thoroughly explore how advertisements with identifiable characters could help increase donations and impact. These advertisements may be able to take advantage of factors of identifiability beyond photographs, such as the recipients' backgrounds, origins, personal interests, and occupations.[30]

Tangibility

There is also a theory that the identifiable victim effect is just one "manifestation of a more general phenomenon: a positive impact of tangibility on generosity[31]". The idea of tangibility says that individuals are attracted to things they can touch and sense. With regard to charitable giving, tangibility "increases the perception that one's involvement will make a difference".[32] This idea was demonstrated in 2006, when Proctor and Gamble (P&G) launched

[29] Yeung
[30] Genevsky
[31] Cryder
[32] Cryder

their “1 Pack = 1 Vaccine” campaign[33]. The campaign brought together P&G’s Pampers with UNICEF to promote eradicating a top cause of neonatal death in developing countries, newborn tetanus. Pampers promised that for each diaper or wipe product with a “1 Pack = 1 Vaccine” sticker bought, it would provide funding to UNICEF to cover the cost of a tetanus vaccine.[34] The campaign proved to be successful, and the benefits of this collaboration will continue to be discussed in a following section within Chapter Five.

In comparison with the “1 Pack = 1 Vaccine” phrase, another campaign launched elsewhere by P&G stating “1 Pack Will Help Eradicate Newborn Tetanus Globally” proved to be far less successful.[35] The difference between the campaigns’ successes may lie in the increased tangibility of the shorter, catchier phrase. The campaigns were coupled with a study focused on the relationship between tangibility and charitable giving, which “documented the positive impact of tangibility on generosity and suggests that tangibility increases generosity”.[36] Anyone who has ever noticed a catchy slogan from advertisers on public transit or in the airport can attest to the veracity of this tangible versus abstract effect, even though they might not have realized it at the time.

This attraction to tangibility makes intuitive sense across different causes. Hearing that the $10 you donate will provide 10 meals to a local child in need is tangible, whereas the idea that you are helping to eradicate youth hunger is less quantifiable. The tangibility also allows donors to have more trust in the organizations they are donating to, because they feel confident that their dollars are being used towards the cause that they are hoping to support. Rather than worrying that they have just paid for the overhead costs of an inefficient charity, they are

[33] Cryder
[34] Cryder
[35] Cryder
[36] Cryder

comforted that they were just told that each of their dollars is providing a real meal to a real child.

In creating tangibility, a charity must be sure that the message that they are sending is truthful. It could be that of the $10 that someone donates, only $4 pay directly for the ten meals whereas the other $6 pay for overhead costs and further expansion of the cause. This lacks transparency, and can be debated among donors whether they believe it to be ethical. In the end, however, the $10 donation is still making the impact that the charity promises it will: to provide 10 meals to a child in need.

Appealing to Narcissists

Narcissistic individuals are characterized by selfishness and a lack of empathy.[37] Despite selfish tendencies, such individuals still have the potential to give charitably. Further, studies have found proven tactics to promote charitable giving from donors with stronger narcissistic tendencies, which charities can use to their advantage.[38] For example, these individuals are inclined to donate more and more often when the "appeal method caused them to imagine themselves in the situation, rather than focusing on the potential recipient of their donation".[39] This follows their selfish tendencies, because the individual is moved to put themselves in the situation of the recipient, provoking greater empathy – a positive arousal, which increases donations. For example, an advertisement raising funds for cancer research that tells the story of an individual in China with a very rare form of cancer may not appeal to a narcissistic individual in America because they see little in common with the potential recipient of their donation.

[37] Kang
[38] Kang
[39] Kang

However, a similar commercial noting that over 1/3 of people will be diagnosed with cancer in their lifetime, noting that it could affect you or a loved one, is more likely to elicit charitable giving from someone with narcissistic tendencies. Along the same lines, it is important to note that the potential of the appeal decreases when it is difficult for the donor to picture themselves in the position of the recipient – for example, when the donation is supporting animals or an opposite-gender ailment.[40]

Effective Altruism

Proponents of effective altruism argue that "givers have a moral obligation not only to be effective with their giving but also to direct their giving to wherever it will do the most good".[41] Carnegie's *Wealth* stated that "Of every thousand dollars spent in so called charity today, it is probable that $950 is unwisely spent; so spent, indeed as to produce the very evils which it proposes to mitigate or cure...".[42] Effective altruism shows promise because it attempts to use each dollar as effectively as possible in order to capitalize on the maximization of impact. Further, as is discussed in this paper, choosing to donate to nonprofits that are making the most impact can improve the perceived best return on investment.

Regardless of the morality of this approach, it is not widely practiced. The previously mentioned motivations behind charitable giving often outweigh the objective, rational measure of selectively choosing nonprofits to support them based on their perceived or actual impact. For those who are interested in practicing effective altruism, organizations exist which use their own criteria to rank nonprofits with regard to their impact and worthiness for potential donors. For

[40] Kang
[41] Beer
[42] Beer

example, Charity Navigator uses public financial statements and reports from nonprofits to list individual statistics as well as holistic ranking regarding nonprofit efficiencies and expenditures.[43] Organizations such as the Kidney Cancer Association boast perfect scores on Charity Navigator, indicating that they have "execute[d] their missions in a fiscally responsible way while adhering to good governance and other best practices that minimize the chance of unethical activities".[44] Donors are directed to these high-ranked charities by clear links to the top-ranked nonprofits - inevitably promoting more attention and donations to these organizations – demonstrating that honest, efficient practices by nonprofits are not only noticed, but publicized.

[43] Your Guide to Intelligent Giving
[44] Your Guide to Intelligent Giving

Chapter Three: Economic and Social Environment

Understanding the environment that nonprofits operate in is essential to understanding the necessary path to their success. Moreover, accepting the dynamic nature of the U.S. economic and social environments allows nonprofits to be prepared in the instance of change and act swiftly to continue to attract donations and support their intended cause.

The Economy and Charitable Giving

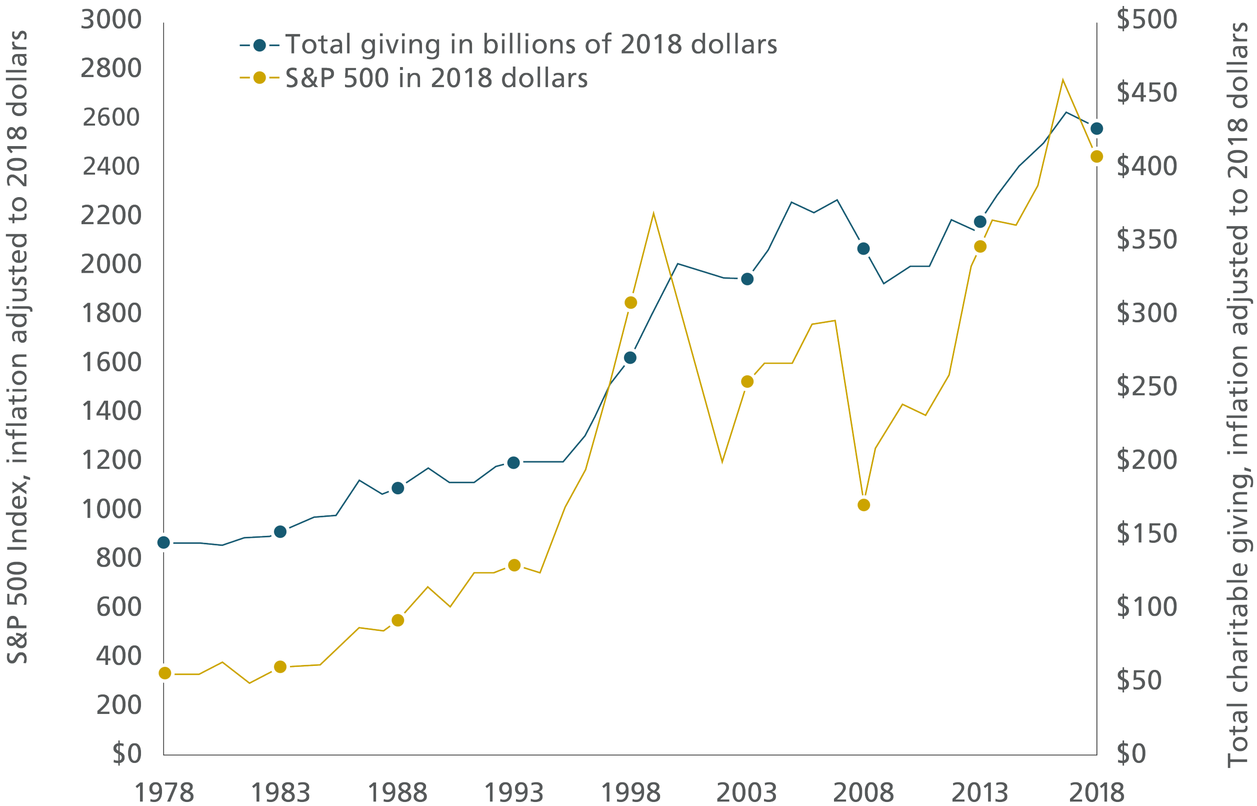
With the exception of 1987, 2008, and 2009, overall charitable giving (in current dollars) has increased each year since 1978.[45] The Great Recession of 2008 impacted nearly the entire U.S. economy. The recession did not only impact for-profit industries, of course. It limited the money available to nonprofits as individuals, corporations, and the US government decreased their giving to nonprofits. 2008 is not the first example of a slowdown in charitable giving correlated with a slowdown in the U.S. economy. The below graph uses the Standard & Poor's 500 index as a representation of the U.S. economy's health to demonstrate the correlation between the health of the economy and charitable giving.

The graph implies a correlation between nonprofit revenue and the unemployment rate. As the unemployment rate increases and people have less disposable income (income remaining after taxes) as a result of their lost salaries, individuals tend to cut back their charitable giving.[46] Charity event turnout is therefore also decreased as a result of economic downturn, resulting in a further decrease of the impact that the nonprofit organization is able to make. With limited funds, a nonprofits' activities are limited in the same way that a for-profit's activities and investments are limited. It is at this point that a nonprofit may have to decide whether to cut costs as much as

[45] Giving USA Foundation
[46] Giving USA Foundation

possible to stay afloat in economic downturn, or invest in projects that could give it greater return.

Total charitable giving graphed with the Standard & Poor's 500 Index, 1978-2018 (in billions of inflation-adjusted dollars, 2018 = $100)



47

An advantage to nonprofits compared to the for-profit industry is that charities rarely go bankrupt or out of business. Instead, as their funds and activities are limited, the impact that they are able to make is limited. In the event that a nonprofit is no longer able to sustain itself it often

[47] Giving USA Foundation

dissolves, leaving any remaining assets to another 501(c)(3) organization.[48] For example, a small nonprofit conserving a local park may vote to undergo dissolution if it can no longer support the park's cleanup and maintenance efforts. Upon dissolving it may still have minimal remaining funds or physical assets such as furniture or tools, which it would then gift to a likely similar-oriented charity, like a wildlife conservation nonprofit. In periods of economic distress nonprofits must face this dissolvement, merge with another nonprofit, or find ways to cut costs or increase funds despite the state of the economy.

Tax Cuts and Jobs Act

The Tax Cut and Jobs Act (TCJA) was signed into law on December 22, 2017, and most resulting tax code revisions took effect by January 1, 2018. The standard deduction for single and married couples filing jointly nearly doubled as a result of the Tax Cut and Jobs Act. Combined with the "reduction or elimination of other itemized deductions", this increase in standard deduction causes "many taxpayers who previously itemized to claim the standard deduction instead".[49] The increase in the standard deduction has resulted in a practice known as bunching, in which taxpayers will choose to "bunch" their tax-deductible items in a single year in order to reach the standard deduction and receive a higher tax benefit. This affects charities directly because steady cash flows from consistent donors are now changing to larger, intermediate contributions. As a result, charities may no longer be able to rely on the consistent year over year income that they are used to.

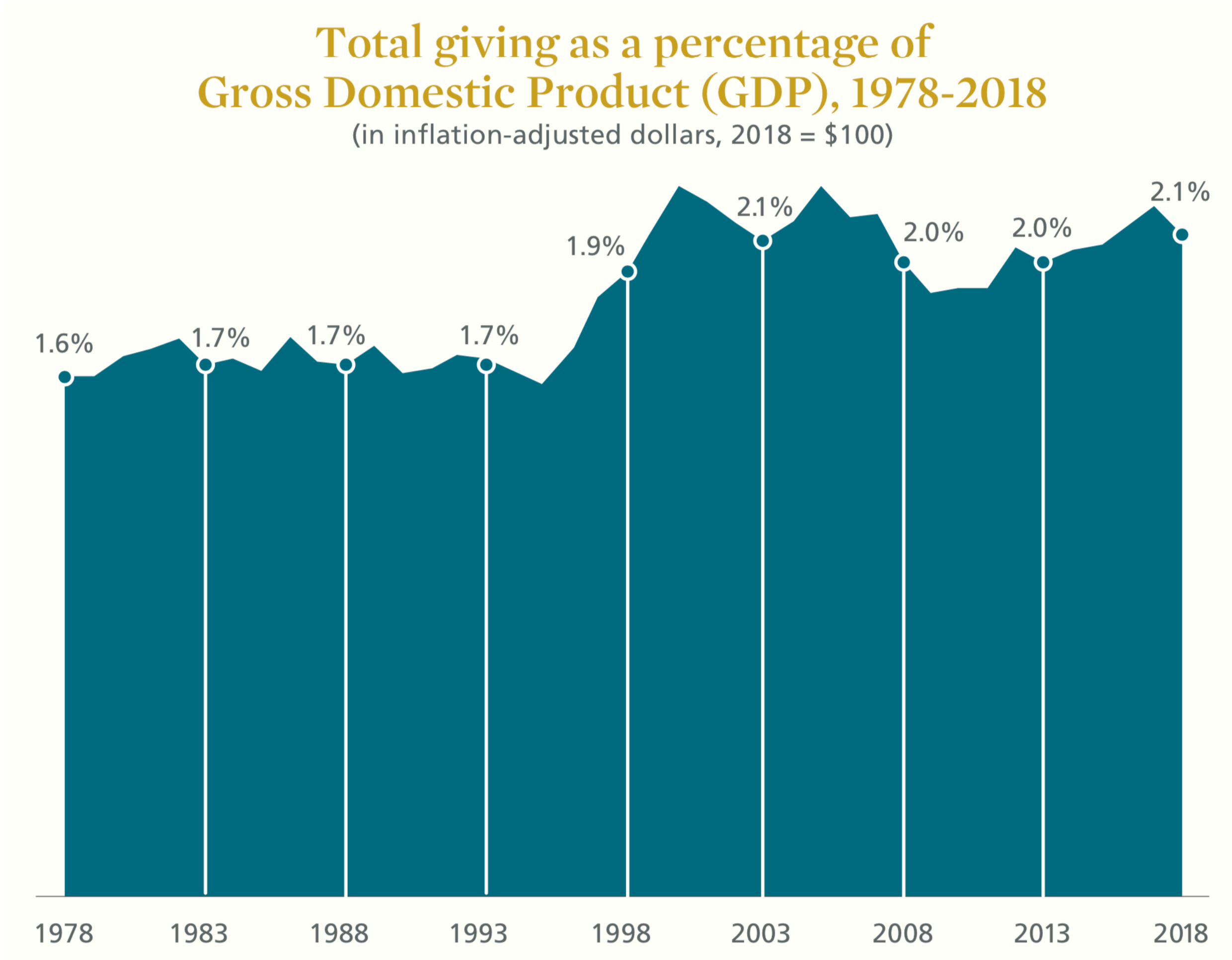
The tax code revisions also limits tax deductions from state and local income, sales, and property tax to $10,000 and lowers the maximum marginal tax rate for individuals and couples to

[48] Fritz
[49] Nickerson

37 percent (from 39.6 percent).[50] Although further research should be done to measure the long-term impact that the Act has, data from 2018 and before is useful in projecting how nonprofits will be affected and what they can do to prepare for changes stemming from the TCJA.

Unlike most high-net-worth individuals, lower-income individuals may not itemize and therefore will not receive the same tax benefits from charitable contributions. This would alter not only the donations received by charities, but the sources of the donations. The National Center for Charitable Statistics concluded that individuals of high or low income and wealth are more "likely to give a higher percentage of their income to charity compared to middle-class individuals".[51] This U-shaped picture of giving may alter who charities need to continue to appeal to when searching for new and continued supporters, especially as middle-class individuals are donating decreasingly less.[52] Charities may choose to proceed with strategies targeting the middle class in order to stabilize their decreased giving, or alternatively focus on the upper or lower class donors in order to capitalize on their already-high rates of giving.

[50] Giving USA Foundation
[51] Nickerson
[52] Nickerson



According to expert opinion, the lower marginal tax rates affecting most individuals as a result of the Tax Cut and Jobs Act will "undoubtedly" affect charitable contributions. One article demonstrated that individuals tend to give the most charitably in periods of high taxation. When the highest marginal tax rate was 70% in the 1970's, America's wealthiest individuals gave twice as much as they did when the highest marginal tax rate was 35% in 2007. The increased tax benefit of charitable giving during periods of high taxation appears to be the reason behind this correlation between charitable giving and tax rates, because lower tax rates imply a higher cost of giving. This is because, due to tax deductions, an individual taxed at 35% who donates $1.00 saves $0.35 in taxes, making the cost of giving $0.65. A higher tax rate of 70% would result in the same dollar donated only "costing" $0.30, because $0.70 would be saved through tax deductions.

The effects extend beyond nonprofits to the economy as a whole. As previously noted, nonprofits have a substantial impact on the economy. Charitable giving itself was equal to 2.1% of Gross Domestic Product (GPD) in 2018 according to Giving USA, and the Nonprofit Sector in Brief noted that the nonprofit sector itself accounted for 5.4% of GDP ($905.9 billion).[53] Gross domestic product is "the market value of all goods and services produced within a country's borders during a specific time period", and is extremely indicative of economic health. 2010 numbers also showed the nonprofit sector as contributing "9.2% of all wages and salaries paid".[54] As a result, impacts to the nonprofit sector impact the economy just as changes in the manufacturing or oil and gas sector would, although each sector's impact would be on its respective scale.

Regardless, nonprofits should prepare for these potential decreases in charitable giving as a result of the changes brought by the 2017 Tax Cut and Jobs Act. In addition, a new administration could result in a further change to tax law. As donors struggle to understand the changing rules of charitable giving, continued changes new administrations could result in further confusion and exacerbate problems. In the event of a democratic government, for example, increased marginal tax rates could result in a rise in charitable giving. Nonprofits must be aware of the political and economic climate that they are operating in in order to be prepared for changes and be ready to maintain continued revenues.

[53] Giving USA Foundation; Nickerson
[54] McKeever

A Less Religious World

Considering that charity has its origins in religion and 29% of 2018 charitable contributions went to religious causes, the decrease of religion in America is notable for charities. For those without religious foundations or support, the U.S. population's decreased religiousness could have two possible results. As donors give less money towards the church, they may divert this disposable income towards donations to nonprofits. Alternatively, they may choose to spend this money elsewhere, which would result in the nonprofit sector as a whole receiving less contributions.

Donations to religion declined approximated 1.5% (3.9% adjusted for inflation) in 2018.[55] This is likely in part a result of the aforementioned Tax Cut and Jobs Act. However, a declining church service attendance and rise of atheism and agnosticism in America are reported to be factors behind religious institutions "lagging behind other sectors for several years".[56]

[55] Giving USA Foundation
[56] Crary

Chapter Four: Impact

As previously mentioned, the limited capacity that people have for giving charitably combined with the large number of existing nonprofits has moved many people to donate to the charities that they believe are making the most *impact*. But what is impact? Impact is traditionally defined as to strike or press [noun: the strike or pressure], but it has taken on a more positive connotation as a verb or noun meaning [to] influence or affect [effect].[57] Pertaining to nonprofits, this broad definition can be narrowed to be defined as value created for the cause through the collection and use of funds and the creation of awareness and community. This definition is two-pronged: impact has to do with the funds raised and awareness and community created, but also how these assets are used. The impact of a campaign that raises $1,000 of funds to support the homeless population is not directly the value of the funds themselves, but rather by the value of any increased awareness about homelessness and the use of those funds, whether for research, services, goods, or reinvestment into the nonprofit. If those $1,000 were to be thrown away, the impact would stem only from the awareness of the cause created by the campaign, because the funds would be unused towards benefiting the intended cause.

When comparing nonprofits and their methods, high impact is, without a doubt, a good thing. However, large nonprofits will inevitably be able to make a larger impact, on average. Therefore, it is important to look at impact as a ratio of resources put in compared to the resulting impact. To quantify impact, it may help to look at established measurements of value creation in the for-profit world.

[57] The Concise Oxford Dictionary of Current English

Return on Investment

Although we think of nonprofits being separate from for-profit businesses, they parallel businesses' actions to the extent that common practices and measurements of success for firms can be applied to nonprofits. Notably, both for-profit and non-profit organizations have multiple stakeholders, with a specific group of stakeholders – shareholders and the recipients (the cause), respectively – as their focus. Further, both want the maximum return on their inputs. Return on investment (ROI), a common performance measurement, is the difference between the value and the cost of an investment, divided by the cost of the investment. For example, a project costing $100 with revenues of $110 would have an ROI of ($110 - $100) / ($100) = 10:100 = 10%.

Looking at ROI, the inputs and outputs to measure return between for-profits and nonprofits differ. As previously noted, a business' top priority is to provide value to its shareholders and the valuation of a project is simplified to cash flows that the project generates. Even the value of a business' goodwill (reputation) stems from the benefit it provides to sales and ultimately to the shareholders. Above all, the value created is a product of the money received, and the output of the investment is in the form of dividends to investors and reinvestment into the company to support future growth for the shareholders' benefit.

In contrast, nonprofits care about more than a dollar figure earned. The existence of community events and campaigns like Susan G. Komen's Race for the Cure are evidence of this. While the primary focus of a nonprofit is to raise money for a cause, many also have initiatives to increase awareness and create a sense of community, as stated above. To reiterate, this combination of funds, awareness, and community creates impact towards a nonprofit's cause. Having established the goals of the outcome of the investment, understanding the use of the funds themselves is central. Efficient use of funds is important in order to maximize the return on investment because it has the potential to both increase the value of the investment and decrease the cost of the investment. For example, if the above project with a 10% ROI increased efficiency so that the project's value became $120 with only $90 of input, its ROI would be ($120 - $90) / ($90) = 33% - over 3x as great of a return. Efficiency will continue to be discussed in the following sections.

Beyond a hope for high return and efficiency, nonprofits share certain other aspects of operational goals with the for-profit industry. Like the for-profit world, in order for the nonprofit to grow it must have steady cash flows and have an income greater than its expenditures; in other words, money is still essential. Further, nonprofits share for-profits' need for growth, and therefore nonprofits must invest in themselves (employees, services provided, office space, etc.). If we were only to look at the amount of money spent on raising awareness, awarding grants, etc., we would overlook the importance of money invested back into the nonprofit itself.

Further Research into Impact

The comparison of the impact of different causes will not be discussed at length in this thesis, thus avoiding the suggestion that certain causes deserve funding while others do not. Most nonprofits exist because of a proven need for their funding and support. The impact of a nonprofit's actions towards its cause is an important topic, however, because the cause and the potential return on the investments into the cause are related. For example, one article notes that the investment in lower income children could have an ROI as great as 17:1.[58] Although the truthfulness of this claim can be debated, it does raise an important point: by investing in causes

[58] Mayne

with high potential to change outcome, the ROI will be greater than with causes that have little room for impact to be made.

For example, we can compare the investment into researching childhood cancer prevention and treatment compared with the same dollar investment into finding homes for abandoned guinea pigs, which is done by the nonprofit The Critter Connection.[59] Although the tribulations of guinea pigs should not be ignored, most people agree that efforts towards saving the life of a human child have a greater impact and importance than ensuring the comfort of guinea pigs.

More complicated questions of impact arise in 1) comparing research with tangible actions or items and 2) examining the amount and categories of individuals impacted. For example, questioning whether a dollar donated towards environmental cleanup, which benefits the world as a whole and benefits future generations is worth more than a dollar towards fighting childhood cancer. Or, whether that same dollar towards childhood cancer research and support services would be worth more than a dollar towards Alzheimer's research, which often only affects the aging population. The return on investment on saving the life of a child is theoretically higher than the return on investment of saving the life of someone nearing the end of their life, but to ignore a potential for lessening or curing the hardships of age-related diseases seems immoral. Therefore, impact will be discussed holistically, with attention given to the various factors that define impact, but ethical comparisons of causes will not be made.

[59] CT Guinea Pig Rescue

Chapter Five: External Costs

A nonprofit's maximization of impact is most clearly seen by the public through its external functions. The methods and costs of fundraising, the funds raised, and the effect that those funds have on their intended cause all make up the external portion of impact. In order to maximize the impact, nonprofits need to understand the importance of capitalizing on established psychological and economic theories and patterns, and that low costs do not always result in the greatest return on investment. although impact can be difficult to quantify, year over year numbers can help guide nonprofits in their external practices.

Costs and Potential of Fundraising

When considering where to donate money, donors often look at how donated funds are used. Program expenses measure the percentage of overall expenses that go towards the programs and cause that the charity pledges to support. This can be compared to the return on investment (ROI) of an organization. Organizations with a high ROI are using their funds to generate a positive impact towards their cause, whether it be in the form of research, support, legislative change (often through lobbying), or other measures.

Administrative expenses represent the share of overall costs for administrative staff, paperwork, etc. An efficient nonprofit has lower administrative expenses, and this is an area that could likely be improved by hiring staff with expertise in relevant areas. Fundraising expenses make up the last slice of the expenses pie and represent the percentage of costs that go towards fundraising efforts. This is often in the form of expenses that arise from hosting events, letter or phone campaigns, and advertisements.

The fundraising efficiency demonstrates how much of every dollar fundraised is used towards expenses other than the program and cause. A low fundraising efficiency dollar value implies a high fundraising efficiency score. As previously noted in the discussion behind effective altruism, it is beneficial for donors to consider these numbers even if they are not the primary reasons behind a person's motivation to give. However, many individual donors may feel that it would not be worth it to closely monitor all potential nonprofits that they could donate to; to help facilitate oversight, organizations such as Charity Navigator and Guidestar have been created, which calculate, organize, and publish similar efficiency scores and ratings[60].

Size and Financial Scope of the Nonprofit Sector, 2003–13

	2003	2008	% change, 2003–08	% change, 2003–08 (inflation adjusted)	2013	% change, 2003–2013	% change, 2003–2013 (inflation adjusted)
All registered nonprofits	1.38 million	1.54 million	11.7	–	1.41 million	2.8	–
Reporting nonprofits	515,866	610,728	18.4	–	500,396[a]	-3.0	–
Revenues ($)	1.36 trillion	1.93 trillion	41.7	21.1	2.26 trillion	65.5	30.7
Expenses ($)	1.30 trillion	1.82 trillion	40.0	19.6	2.10 trillion	61.2	27.3
Assets ($)	3.07 trillion	4.35 trillion	41.4	20.8	5.17 trillion	68.1	32.7
501(c)(3) public charities	798,988	975,770	22.1	–	954,476	19.5	–
Reporting public charities	287,251	353,483	23.1	–	293,103[a]	2.0	–
Revenues ($)	974 billion	1.44 trillion	48.0	26.5	1.73 trillion	78.0	40.6
Expenses ($)	940 billion	1.34 trillion	42.9	22.1	1.62 trillion	72.8	36.5
Assets ($)	1.75 trillion	2.60 trillion	48.1	26.6	3.22 trillion	83.9	45.3

Sources: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2003, 2003, and 2013); the Internal Revenue Service Business Master Files, Exempt Organizations (2004–14).
Notes: – = not applicable. Reporting public charities include only organizations that both reported (filed IRS Forms 990) and were required to do so (had $25,000 or more in gross receipts in 2003 and 2008 and more than $50,000 in gross receipts in 2013). Organizations that had their tax-exempt status revoked for failing to file a financial return for three consecutive years have been removed from the 2013 nonprofit total. Foreign organizations, government-associated organizations, and organizations without state identifiers have also been excluded. Unless noted, all amounts are in current dollars and are not adjusted for inflation.
[a] See note 4 of the brief.

[61]

[60] Your Guide to Intelligent Giving
[61] McKeever

Risk and Reward

A criticism of allowing higher investments in nonprofit projects is that the "high risk, high reward" mentality has an inevitable downside. As previously noted, the table and graph above demonstrate the revenues and expenses that the nonprofit industry incurs. The data shows only a small difference between revenues and expenses, implying that nearly 100% donations are used or invested, as would be suggested in the for-profit world. Rather than the risk of threatening the value to stakeholders, a lower-than-expected return results in less money for the charitable causes the nonprofit was created to support. Risk-seeking donors do not exist in the same way that risk-seeking investors do. Instead, donors want to support the cause as directly as possible.

It follows that charities should therefore not be seeking out high-risk projects. However, projects should still be evaluated on a case by case basis and this should not mean that nonprofits should necessarily avoid all high cost and high-risk projects. Just as in the for-profit world, a large investment with reasonable support of its expected high return may be advantageous for a nonprofit to seek out.

Events and Sports for Charity

Many charitable causes benefit from creating community events as a means of fundraising and increasing awareness. However, such events can come with high costs. For example, a marathon requires a large amount of volunteer time, funds, and the use of in-kind donations to provide for the closing of streets, police presence, t-shirts and goodie bags, food, water, set-up and tear-down, etc. It may be difficult to justify these costs without looking at the impact that such an event has.

The evolution of sports for charity is relatively recent and has evolved with the increase of leisure time. One of the most notable and first charities that incorporated sport into fundraising efforts was March of Dimes, a nonprofit organization founded by President Franklin D. Roosevelt to combat polio. The charity's mission has evolved to focus on improving the health of mothers and babies. March of Dimes was founded as the National Foundation for Infant Paralysis and is notable for establishing WalkAmerica, now known as the March for Babies. WalkAmerica was America's first charitable walking event in 1970, although a single person participated in a March of Dimes walk-a-thon a year earlier in York, PA and raised over $26,000.

In 1980, Canadian runner Terry Fox began the Marathon for Hope, an event that he himself would take part in over the course of the event's 143 day span. The Marathon consisted of Fox running 26.2 miles each day with a goal of raising $24 million – a dollar for each Canadian citizen[62]. The Marathon for Hope demonstrates the possibility for sports for charity and acts as a model for future sport for charity events. Terry Fox demonstrated the ability for individuals to host events and gather followers during his Marathon of Hope. However, small scale events do not come without costs either. Even this one-man event required donations that took away from the cause, including a donated running leg, a van from the Ford Motor Company, gasoline from Imperial Oil, hotel rooms and other housing accommodations, and shoes from Adidas.

The Marathon for Hope demonstrated the potential that public events have for increasing impact – both through awareness and monetary contributions. Although Terry Fox himself ended up passing from his cancer, his legacy lives on through the annual Terry Fox Run, which was

[62] Terry's Story

first held in 1981. The Run is the largest single-day fundraiser in the world, and boasts millions of participants in more than 60 countries. As of January 2018, over $750 million Canadian dollars have been raised in Terry Fox's name[63]. Similarly, modern events – whether sports-related or not – create an opportunity for those affected by or passionate about a cause to join together in raising money and awareness for the cause's benefit. The Leukemia and Lymphoma Society's Team in Training stands out as an example of the continued, modern day success of events like the Marathon of Hope. Over the course of its history, Team in Training has raised over $1.5 billion and invested over $1.3 billion.[64] The increased awareness and connection inevitably lead to an increase in donations as those who have previously donated continue to find reasons to donate, and those who may not have previously known about the cause have found a reason to keep the charity in mind the next time that they make charitable contributions. Although the impact of such events can be difficult to quantify, year over year numbers including event attendance, donations, website engagement, and new donors can help guide nonprofits in measuring the impact of their external practices.

Online Donations

Online donations revolutionized charitable giving by allowing donors to quickly and remotely send money to the charity of their choice, bypassing the need for a physical check or cash. With the rise of social media websites, including Facebook and Twitter, donors can publicize their act of giving and encourage their friends and family to donate as well. For-profit companies like GoFundMe and Facebook have also capitalized on the public's growing willingness to donate to charities and individuals online. In return for connecting donors with

---

[63] Terry's Story
[64] The History

causes in need of funds and facilitating the transaction, they collect a percentage of the donated funds. For this reason, nonprofits directly rarely use these websites as their primary means of accepting donations, although individuals may choose to donate through them anyways due to the access and ease of sharing the nonprofit and cause with friends. These high costs that come with donations through third party online portals are often not understood by donors nor the nonprofits themselves.

Despite the drawbacks of online donations, they continue to grow in popularity. Perhaps an explanation for the popularity of online donations is the previously discussed pain of paying theory. Research has shown that the pay of paying is less when using a credit card in comparison with using cash or a check.[65] The explanation appears to lie in the fact that individuals do not see or feel the immediate or direct consequence of making a purchase or donation with a credit card, in comparison to the visual loss of money felt when paying in cash or by check.[66]

A possible solution is to invest in a portal on the charity's website directly, so that credit card processing fees can be monitored closely by the charity. This could also allow for more transparency between donors and the nonprofits. The drawback is the inability to capitalize on the ease of sharing that for-profit crowdfunding websites and social media sites provide.

Donor-Directed Giving

There is a trend towards bypassing the nonprofit and donating directly to people in need through online campaigns. Crowdfunding platforms like GoFundMe, for example, "harness the power of social networks and the internet to give people the means to raise funds, help others overcome hardship, and meet aspirational goals".

---

[65] Yeung
[66] Yeung

The increase of donor-directed giving could be attributed to several things. Firstly, technological advances have allowed the nearly instantaneous spread of campaigns and contributions. The concept of word-of-mouth cannot compare to what sites like Facebook or GoFundMe have done for fundraising. Thousands of people can be reached and thousands of dollars can be raised in a matter of hours.

The psychology behind tangibility may be an additional explanation for the success of donor-directed giving. The personal stories attached to the fundraisers are often paired with pictures, which increase the connection felt to the cause. Through the use of updates the impact of the donated money can be more easily visualized. People are able to personally comment along with their donation, and the recipients can personally thank their contributors with information about how their funds are being used and how it has affected the recipient's life.

Benefits of Collaboration Between Nonprofits

The for-profit world is known for its competitive and cutthroat nature, but considering the common, virtuous goals of nonprofits one would think that these organizations would be eager to share their successful practices and work together towards their common goals. Regardless, competition still exists as each charitable organization strives to provide funding for their own cause under their own name. Still, evidence overwhelmingly shows that such collaboration is beneficial to the nonprofits, the nonprofit industry, and the causes they support.

Partnerships between nonprofits are occurring at increasing rates, but still not at their potential frequency.[67] The reason may be because the models for success are unestablished, in part due to the great variation in nonprofit causes and the lack of awareness of the potential.[68]

[67] Olberding
[68] Olberding

Some nonprofits may fail to see their potential benefit from a partnership because they already perform all of the services related to their cause. However, similar to businesses, other nonprofits rely on partnerships because they have chosen to specialize in a certain area and trust partners to supply the remaining services to the community. Regardless, collaboration can help the partnering nonprofits by reducing duplicity and thereby excess costs and may cause the organizations to exchange successful practices and tactics to ensure maximum efficiency for both charities.

Further, donors will think positively of this increase in efficiency, moving them to donate not only to the specific nonprofits and cause, but to give more charitably in general, especially when a decrease in disposable income has made donors wary of inefficient nonprofits. After all, it is difficult to justify multiple nonprofits offering the same services within a geographical area when one would suffice. It ultimately hurts each nonprofit because they are forced to aim resources towards outperforming their competition and are each paying for fixed overhead costs that could otherwise possibly be split between the organizations, were they to combine efforts.

Collaboration between Nonprofit and For-Profit Entities

Nonprofit and for-profit partnerships have risks, but also great potential for both parties. Like collaboration among nonprofits, collaboration between nonprofit and for-profits has seen growth in recent years.[69] Between 2016 and 2018, 67% of companies increased total giving from 2016 to 2018. This increase in giving implies that companies find value in charitable giving. As previously noted, a company's goodwill creates value for the company by attracting customers not only to the company's product, but to its values and community or societal engagement.[70] As

---

[69] Olberding
[70] Giving USA Foundation

companies increasingly accept community efforts as value-creating but decrease community giving programs, partnering with nonprofits has become a viable option for both nonprofits and corporations.[71]

Both parties benefit from a partnership, but it may be up to the nonprofit to demonstrate how a partnership would bring value to a company. For example, Olberding details the story of a nonprofit whose relationship with a corporate sponsor was given a "one-year test" by the company.[72] The nonprofit's presence would be tracked for the following twelve months by the sales and marketing staff, who were determining whether their relationship with the nonprofit was impacting sales enough to warrant a continued relationship. In this case the corporation had a "purely business" perspective of the nonprofit, caring about an increase in sales above all else.

In comparison, other collaborations between nonprofits and for-profits share a common value or mission. The above-detailed partnership between Proctor & Gamble (Pampers) and UNICEF, for example, brought together a nonprofit whose mission is to provide aid to children globally with a consumer goods company that has families with children as a large target audience. The partnership's "1 pack = 1 vaccine" campaign resulted in the distribution of over 150 million neonatal tetanus vaccines, which was UNICEF's goal.[73] However, the impressive results helped P&G as well by enriching its brand image, ultimately having a positive impact on consumer attitudes and sales and standing out as one of the company's most successful campaigns.[74]

Partnerships between corporations and nonprofits can be especially beneficial in the case of economic downturn when government agencies are unable to fund certain services or

[71] Olberding
[72] Olberding
[73] Cryder
[74] Cryder

programs.[75] Even outside of economic hardships, policy changes and budget changes can affect the public government's ability to provide the same aid it used to. A collaboration between a for- and nonprofit could help bring the nonprofit's mission to a larger scale that aids many people, like in the above neonatal tetanus campaign, while still benefiting the for-profit company through increased goodwill and sales.

[75] Olberding

Chapter Six: Internal Costs and Benefits

As previously noted, donor attitudes after the Great Recession have become increasingly interested in return on their donation (ROI) and the outcomes of the programs they are supporting. The most common themes include:

- Frustration at increasing requests for donations to cover service and administrative costs which demonstrate no direct positive impact on the cause that the nonprofit was founded to support
- Wasteful duplicates of services in the same geographic area, which is a possible symptom of lack of collaboration between nonprofits
- A lack of concrete evidence nor effective form of measurement of the impact of a nonprofit[76]

As a result, it is more important than ever that nonprofits are operating efficiently, both for the sake of the cause they benefit and for the sake of maintaining positive, lasting relationships with donors.

Transparency

Nonprofits like the American Red Cross have lost support mainly due to lack of trust and ultimately the lack of public support and donations. In the case of the American Red Cross, for example, the nonprofit failed to initially disclose that 25% (rather than the initially disclosed amount of 9%) of the $125 million raised to benefit Haiti Earthquake relief and repair efforts in 2010 went towards internal expenses.[77] As a result, hundreds of articles and blogs have been

[76] Olberding
[77] Sullivan

written condemning the organization, and urging donors to donate their money elsewhere. There are several factors associated with the issues of obscurity in nonprofit practices. Firstly, in the for-profit world, the members of the Board of Directors are normally nominated and elected and include internal and external members that represent both managerial and shareholder interests. For-profit directors usually act as shareholder fiduciaries, and therefore prioritize shareholder interests. In contrast, nonprofit boards are not democratically elected. The focus of the nonprofit directors is – or should be – to create the most value for the charity's cause, or to make the maximum impact on the cause.

For a nonprofit without democratically elected board members, a lack of accountability may result as donors do not have a direct relationship with the individuals who are deciding how their donated money will be spent. Further, without nominations or elections, there is less turnover in the event that a board member is seen to be acting against the best interests of the nonprofit. Nonprofits therefore need to increase accountability in order to increase transparency. This could be done by moving towards donor-sponsored nominations and elections, or by reporting more consistently on the decisions, progress, and impact being made.

Efficiency and Growth

When looking at a nonprofit's internal expenditures it is important to note that each nonprofit is unique. There is no perfect formula for nonprofit success. Nonprofits must not be afraid to spend money and invest in themselves in order to grow. In order to care for the cause it was created to support, a nonprofit must first support itself. Short-term and long-term sustainability is vital for the nonprofit, just as a for-profit company must balance its success in the short term with its growth for the long term. Although allowing for expenditures is vital, the importance of efficiency cannot be understated. A high-growth model is not an excuse for allowing inefficiencies. High input should not be confused with high cost. That is, if a lower cost solution with the same or parallel impact exists, this solution should be chosen. This parallels the discussion regarding risk and reward. The high reward should be sought after, of course, but at the lowest cost.

Efficiency should continue to be a priority of a nonprofit, because it allows nonprofits to be more productive and grow even when. donations and time volunteered cannot continue to grow sustainably. Volunteering is a prime example of the need for efficiency, particularly for small nonprofits whose human capital is extremely limited. In 2014, 25.3% of U.S. adults volunteered with a nonprofit for a total of 8.7 billion hours, contributing a value of approximately $179.2 billion.[78] Considering the limited number of volunteers and volunteering hours and the high value of their time, nonprofit can benefit greatly by ensuring that they have clear and necessary tasks for volunteers to perform in order to optimize the volunteer efforts that they are given.

Employee Salary

Employee salary stands as one of the largest differences between for-profit and nonprofit operations, and this stark contrast may be limiting the nonprofit world. Especially in times of economic prosperity when jobs are in excess and workers are in high demand, the nonprofit industry's average compensations are unattractive compared to the larger salaries offered for similar roles in the for-profit world. Nonprofits may benefit from increasing salary to attract employees, and retain employees as discussed in the following section.

[78] McKeever

The 1996 Federal Taxpayer Bill of Rights 2 (TBOR2) allows the International Revenue Service to impose intermediate sanctions in the form of stiff penalties for excessively paying any person with the authority to influence a nonprofit's affairs.[79] Therefore, nonprofits are limited in the amount that they can compensate their employees, although the threshold of "excessive" payment is subjective. Prior to passage of TBOR2, the IRS could do little beyond revoking an organization's tax-exempt status, which was viewed by most as too harsh a punishment and therefore rarely invoked. State and local agencies have become more active in their watchdog capacities. The idea of excessive payment is relative, so nonprofits will need to balance attracting high-quality talent with obeying federal law.

Even for organizations that have impressive statistics, there are deeper numbers to analyze. The following table demonstrates the comparative program, administrative, and fundraising expenses as well as fundraising efficiency for four nonprofits. It is important to recognize both the dollar amount of expenses and their percentage of the whole. For example, Kidney Cancer Association's CEO and President, Carolyn Konosky, earns $154,233 annually, which is the equivalent of 9.10% of their expenses. This is not an outrageous salary but adds an additional 10% to expenses annually. Other Presidents' salaries are far more eye opening, however. March of Dimes President Stacey Stewart received $516,837 in compensation in 2017, and Susan G. Komen for the Cure CEO Judith Solerno received $545,188 in compensation in 2017.

[79] Commerce Clearing House

Examples of Expenses and Fundraising Efficiency for Various Charities

Organization	**Program Expenses**	**Administrative Expenses**	**Fundraising expenses**	**Fundraising efficiency**
Susan G. Komen for the Cure	78.9%	9.8%	11.1%	$0.13
LIVESTRONG Foundation	82.9%	4.1%	12.8%	$0.64
The Leukemia and Lymphoma Society	74.4%	9.7%	15.8%	$0.15
Kidney Cancer Association[80]	88.5%	5.3%	6.0%	$0.03

Incorporating performance measures into compensation is common in the for-profit world, whether as a basis for salary or within bonus incentives. The for-profit world has the luxury of measuring executive performance through the creation of shareholder value, or stock value.[81] Executive compensation for corporations is often partially earnings-based or stock-value based.[82] The nonprofit world does not share this sort of compensation system, but perhaps it

[80] Barragato
[81] Barragato
[82] Barragato

should consider more performance-based compensations. Moreover, the perception that the cause suffers as a result of competitive salaries for nonprofit executives needs to be altered if nonprofits are to begin to more regularly offer higher compensations. This perception could be changed by "establishing goals that build organizational integrity and balance remuneration with incentives that are tied to properly measured organizational results".[83]

The principle-agent theory may explain the relationship between performance and compensation within the nonprofit sector. The principal–agent problem arises when an individual or entity's actions or decisions affect the principal, who is another individual or entity. In this theory, the manager(s) of the nonprofit are the agent(s). The principals are less easily defined but would include the nonprofit's donors and board of directors, as well as outside agencies like the government. In other words, the principals are similar to the various stakeholders that the nonprofit has. Naturally, each of these principals has a slightly different priority with regard to the nonprofit and its performance, which can complicate the monitoring of performance. Common interests between the principals gives them greater ability and incentive to monitor the managers' performances because multiple stakeholders are affected by the managers' decisions.

One study found a statistically significant relationship between the funding of programs focused on promoting organization objectives and executive compensation changes.[84] The results imply that despite there being no residual claimants as in the for-profit industry, nonprofit managers are rewarded monetarily for furthering the organization's mission and objectives. Looking at the above salaries, it is clear that although nonprofit employees should not be paid outrageous amounts or large percentages of their income, increased and possibly performance-

[83] Barragato
[84] Frumkin

based compensation may be appropriate. The next section will detail how increased salaries could not only increase efficiency, but lower costs.

Employee Retention

Nonprofit and for-profit organizations alike will note that one of the highest costs is employee turnover. Employee turnover results in a loss of knowledge, a slowing of development (because new employees do not have enough experience to look back and identify solutions for the future), and increased costs for hiring and training. Low retention rates can be traced back to two reasons: the current industry tradition of low salaries for nonprofit employees, and the lack of mobility within nonprofits.

The issue could also lie in the people that are attracted by nonprofit work. They may be restless and eager to make a greater impact elsewhere. For those who see their efforts as working towards a larger purpose, the frustrations they encounter in nonprofit work may be enough to make them believe that their efforts would be put to better use elsewhere. Such people, with high aspirations for the nonprofit, may also contribute to its downfall if they implement unrealistic budgets or aspirations.[85] Research has shown that there are in fact "strong tendencies to hire new philanthropic professionals with insufficient experience, with inadequate organizational support, and often within the context of a poor understanding of the mechanisms of philanthropic programs".[86] This tendency stems from the attraction of higher-educated individuals to higher paying jobs in order to receive a higher return on their investment into higher education, not

[85] Olberding
[86] Olberding

unlike a nonprofit's aspirations for a high ROI. Further, individuals with debt from higher-education pursuits may have a need for a high salary that the nonprofit sector cannot supply.

However, some nonprofit leaders may be increasingly educated as more formal and informal avenues for nonprofit-specific education become available. An increasing number of universities are offering degree programs geared towards educating "aspiring nonprofit individuals".[87] For example, the University of Texas at Austin's Lyndon B. Johnson School of Public Affairs offers an Executive Master in Public Leadership for "working professionals focused on public and nonprofit leadership".[88]

There are several theories for potential weaknesses in nonprofit employee attraction and retention that, once identified, could be easily altered by struggling nonprofits. For example, as previously mentioned, nonprofits do not have shareholders to check in on management or the board of directors. This could lead to low-impact managers, possibly with employees whose potentials surpass that of their managers. Research has shown that giving employees a say in chosen managers as a part of their compensation package helps attract and retain employees.[89] Further, knowing how to accurately identify high-impact managers could increase efficiency and impact without the need for large increases in salary.

With regard to salary, a Total Quality Management (TQM) paradigm has been pushed by some who reject the single customer approach of traditional performance-based evaluations.[90] A TQM approach is more holistic and takes into consideration the "ongoing process of planning, measuring, and improving," ultimately basing executives' compensations on the "short-term and long-term assessment of areawide health status, institutional success, and professional role

[87] Olberding
[88] Executive Master
[89] Barragato
[90] Barragato

fulfillment". [91] The TQM approach has been examined in the U.S. hospital industry in one study, which found that although nonprofits can feel restricted in compensation arrangements due to their increased regulations, ethical concerns, and prioritization of their cause, the Total Quality Management approach used by their for-profit counterparts can still prove fruitful.

Through the TQM approach, nonprofits are evaluating not only an executive or employee's direct work, but must value the outcomes – including direct recipient and overall community benefits – of their efforts. For example, a charity supporting the homeless population by providing food, housing, and job-finding services creates value for the receiving homeless individuals as well as the community, as the homeless individuals receive jobs and add to the increased productivity of the local economy. Valuing such abstract impact is difficult but as noted previously, year over year numbers related to outcomes (such as donations, new donors, people using the nonprofit's services, etc.) can be used to guide nonprofits in measuring the impact of their external practices.

Overall, in the case of a high employee turnover rate it is important to recognize that this could be indicative of inadequate compensation, poor management, or lack of room for growth for employees. Compensation methods beyond the traditional performance based approach may prove fruitful to avoid unnecessary pay increases. Just as attracting talent is more difficult for nonprofits in times of economic prosperity, retaining talent is difficult during low unemployment but hiring capable managers who employees are satisfied with can mediate this issue.

Employee Value

[91] Barragato

Nonprofits may feel that they do not have the same talent pool that nonprofits have, and they are correct. If nonprofits are able to attract top talent, then they can avoid a bigger problem: one interview notes that charities' number one issue is that hundreds of thousands of nonprofits are being run by well-meaning people who are unqualified and should not be in charge.[92] They compare the issue to a medical doctor heading up a hospital, a therapist overseeing a counseling center, a social worker heading up a children's home, or an educator provosting a college. He argues that these people should not be in charge unless they are "expert CEO's with a proven record of making money".[93] As long as the new executive is mission-focused, honest, and merges well with the existing structure, a struggling nonprofit will benefit largely from putting individuals with entrepreneurial backgrounds in executive and managerial positions. Further, as previously mentioned, board members are often volunteers who do not necessarily have any background in the nonprofit industry, entrepreneurialism, or the particular cause. In summary, nonprofits are often controlled by individuals who should not be in power.

Charities need to focus on hiring the correct employees and consultants the first time around. This is a difficult task for the following reason: ideally, nonprofits should hire passionate, mission-focused candidates with previous experience in the nonprofit industry or applicable experience in the for-profit industry, rather than unqualified candidates with a passion for the mission; however, to attract these candidates they need to offer higher compensation. This higher compensation could be justified for several reasons: training costs and the costs of poor decisions are decreased when the people brought in are already educated, experienced, and trained. Further, having the optimal employees in the correct positions gives nonprofits incentive to appropriately reward them with appropriate salaries and moves them to see the reward in

[92] Korngold
[93] Korngold

retaining these employees. An effort by the nonprofit to retain their employees through upward movement and increased salary will not only help to retain current employees, but possibly attract workers from the for-profit sector as they see that they are fairly compensated in the nonprofit sector as well.

Federal Funding

Beyond the fundraising efforts that we normally consider, in which money comes from individuals and corporate supporters, many nonprofits receive federal funding. Nonprofits can apply for grants that fit their given purpose and have to submit to many regulations and requirements as a result. The grant money itself is public, taxpayer money, which causes the review process for grants to be transparent, if not difficult and tedious. Further, nonprofits are competing for a fixed sum of money, causing a large amount of competition and uncertainty when applying for grants.

The federal budget determines the amount of money available for grants to fund nonprofits. Unsurprisingly, federal funding is therefore heavily influenced by political stability. Large federal grants can "range from $500,000 to millions of dollars".[94] These funds must then be managed in accordance with the rules and regulations determined by the government, can be "spent only on approved activities, must be managed to comply with regulations, and is expected to result in measurable results".[95]

Political instability creates issues for nonprofits. During government shutdowns, for example, a nonprofit that primarily relies on the federal government for funding (e.g. organizations that serve clients in categories such as domestic violence, mental health and

[94] The Grantsmanship Center
[95] The Grantsmanship Center

persons with disabilities) and does not have saved funds will face issues common to businesses that are going bankrupt. This is because if the government shutdown falls during the disbursement or reimbursement period for a grant, the grants will not be delivered. Naturally, if the nonprofit is relying on these funds to continue providing products or services, or repay debts, this disturbance in its cash flow streams causes problems.[96]

Established government standards must be met by the nonprofit in order for it to receive its funding. External oversight and special audits to check compliance with standards benefits the nonprofit's cause by decreasing the likelihood of mishandling of funds and ensuring that the cause is receiving the funds it is intended to collect. With regard to religion-based nonprofits, it is important to note that Federal grant funds can only be used to support economic growth and prosperity, and cannot be used to promote worship or other fundamentally religious activities.[97]

Connecting the Internal and External

With the potential for nonprofits to capitalize internally and externally on their costs with increased impact there are some key takeaways for the nonprofits as a whole. Several conclusions from the research can be isolated. It is recommended that nonprofits should:

- Keep donors involved and seeing sufficient value resulting from their investments in order to keep them interested, while keeping in mind psychological and economic factors
- Keep stakeholders comfortable with the method of management and ensure that executives and managers are held accountable for their actions and decisions

[96] The Grantsmanship Center
[97] Barragato

- Ensure that the recipients and users of the goods and services provided by the nonprofit are benefiting at a meaningful level by taking steps to increase efficiency through fundraising and awareness efforts as well as employee productivity

In order to maintain the continued public support of nonprofits, charities must continue to care for their donors by appealing to them through proven methods discussed previously, including the demonstration of their impact and evidence of efficient operations and reasonable employee compensation. Regardless of a nonprofit's operations, the cause that it benefits continues to be a driving factor for donors as they decide which charity to give to. One step that nonprofits can take to maximize their impact regardless of the cause they support is to take advantage of collaboration with another nonprofit or a for-profit entity. Through the collaboration their impact is amplified by both increasing its reach and improving its internal functions by gaining new knowledge and efficiencies through the partnership.

Although nonprofits have historically attracted less-experienced employees, there are increasing numbers of qualified and passionate applicants. As previously noted, schools like the University of Texas at Austin are creating degree tracks geared specifically towards preparing students for the nonprofit field as this becomes an increasingly popular sector; social entrepreneurism has become exceptionally popular. The risk and reward discussed with regard to external factors extends to internally practices as nonprofits make larger investments in their employees with the expectation of receiving more impactful results from these new hires.

Conclusion

Between 2018 and 2019 I actively worked with Texas 4000 for Cancer, and 501(c)(3) organization raising money for cancer research and support groups. Working with this nonprofit exposed me to various levels of fundraising and charitable work, from panhandling at a street corner with a poster and bucket in hand and networking with friends and family to reach my fundraising goals, to a 70 day bike ride to help raise awareness and further funds, to finally participating in a formal gala event which catered to yet more donors. This whole network of different levels of fundraising gave me first-hand exposure to understand the inner workings of a charity. Further, I saw the many inefficiencies and frustrations that plagued the nonprofit world, its employees, and its donors.

Nonprofits have the potential to provide incredible benefits to society, but the inefficient use of resources and stifling of impact-causing projects can prevent them from reaching their full potential. The first step for a nonprofit is to isolate possible areas of inefficiency in its system. Once the issue and its possible causes are better understood, solutions for improving retention can be better addressed. Inevitably, the solution creating the highest return on investment should be chosen.

Increased investment could result in a greater and worthwhile return on investment, but it is still important to avoid overspending, analyze projects and investments before pursuing them, and recognize the negative consequences of poor investment decisions. Further, understanding the thoughts and feelings behind charitable actions may open the door for nonprofits to capitalize on these patterns and increase impact before or in conjunction with pursuing higher-cost initiatives. Nonprofits should understand the impact that the economy has on them, but the general public also needs to be aware of the impact that the nonprofit sector has on the economy. A decrease in charitable giving results in a loss of jobs and productivity just as a slowdown in the manufacturing sector would.

The potential for nonprofits to improve their efficiency and impact extends beyond the scope of current research. Further opportunities for research have arisen in studying the longer-term impact of the Tax Cut and Jobs Act, the ethics of donating to one cause over another, and how the implementation of higher salaries impacts worker productivity and nonprofit outcome.

Overarching all previous research remains the idea that in order for nonprofits to stay honest and true to their publicly stated mission, they should maximize the impact that they are making on the cause that they were created to support. Balancing costs and revenues can be assisted through the use of for-profit practices including the measurement of return on investment, compensation methods, and accepting some higher-risk projects that promise large impact. A nonprofit as a whole must balance the many environmental factors that influence it with donor tendencies and recipient needs, all while balancing internal and external costs and risks in order to create the most impact possible.

Works Cited

Arnsberger, P., Ludlum, M., Riley, M., & Stanton, M. (2008). A history of the tax-exempt sector: An SOI perspective. Washington, DC: IRS.

Barragato, C.A. VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations (2002) 13: 301. https://doi-org.ezproxy.lib.utexas.edu/10.1023/A:1020345627599

Beer, Jeremy. The Philanthropic Revolution: an Alternative History of American Charity. University of Pennsylvania Press, 2015.

Bunds, Kyle. Sport, Politics and the Charity Industry : Running for Water. Vol. First edition, Routledge, 2017. EBSCOhost, search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=1588400&site=ehost-live.

Barragato, C.A. VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations (2002) 13: 301. https://doi-org.ezproxy.lib.utexas.edu/10.1023/A:1020345627599

Commerce Clearing House. (1996). Taxpayer bill of rights 2: Law and explanation. Chicago, IL.

Crary, D., Cressler, M., Rifkin, I., & Nouwen, H. (2019, June 20). Amid broad drop in charitable donations, giving to God down $3 billion last year. Retrieved from https://religionnews.com/2019/06/18/amid-broad-drop-in-charitable-donations-giving-to-god-down-3-billion-last-year/.

Cryder, Cynthia & Loewenstein, George. (2011). The Critical Link Between Tangibility and Generosity. The Science of Giving: Experimental Approaches to the Study of Charity. 10.4324/9780203865972.

CT Guinea Pig Rescue |. (n.d.). Retrieved from http://www.ctguineapigrescue.org/.

Executive Master in Public Leadership. (n.d.). Retrieved from https://empl.lbj.utexas.edu/?gclid=EAIaIQobChMIotSv5aWr5gIVh9lkCh2ZCwPpEAAYASAAEgIDHvD_BwE.

Fritz, J. (2019, May 30). Steps to Closing Your Nonprofit Organization. Retrieved from https://www.thebalancesmb.com/how-do-you-shut-down-a-nonprofit-2501889.

Frumkin, P. (n.d.). Executive Compensation in Nonprofit Organizations.

Grant, Tina. International Directory of Company Histories. Vol. 78, St. James Press, 2003.

Genevsky, A., Västfjäll, D., Slovic, P., & Knutson, B. (2013). Neural underpinnings of the identifiable victim effect: affect shifts preferences for giving. The Journal of neuroscience : the official journal of the Society for Neuroscience, 33(43), 17188–17196. doi:10.1523/JNEUROSCI.2348-13.2013

Giving USA Foundation. (2019). Giving Usa 2019: The Annual Report on Philanthropy for the Year 2018. Chicago, IL.

“Is There a Difference between the Terms ‘Nonprofit’ and ‘Not-for-Profit?" | Knowledge Base.” GrantSpace, GrantSpace, grantspace.org/resources/knowledge-base/nonprofit-vs-not-for-profit/.

Kang, E., & Lakshmanan, A. (2018). Narcissism and Self- Versus Recipient-Oriented Imagery in Charitable Giving. Personality and Social Psychology Bulletin, 44(8), 1214–1227. https://doi.org/10.1177/0146167218764658

Korngold, H. (2018, August 15). Nonprofit Documentary Asks, "Are Charities Broken for Good?" - Honnie Korngold - CineVantage Productions - NANOE: Charity's Official Website. Retrieved from https://nanoe.org/nonprofit-documentary/.

Mayne, Yasmin. "Investing in the Community Has One of the Highest ROI." The Stony Plain Reporter, 2016. Accessed 2 Nov. 2019.

McKeever, B. (2015). The Nonprofit Sector in Brief 2015: Public Charities, Giving, and Volunteering. Urban Institute. Retrieved from https://www.urban.org/research/publication/nonprofit-sector-brief-2015-public-charities-giving-and-volunteering.

Mercier Ythier, J., and Serge-Christophe Kolm. Handbook of the Economics of Giving, Altruism and Reciprocity : Foundations. Vol. 1st ed, North Holland, 2006. EBSCOhost, search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=196214&site=ehost-live.

Nickerson, M. A. (2018). First Look at the Tax Cuts and Jobs Act: Impact on Individual Charitable Giving. The CPA Journal, 88(4), 10–12. Retrieved from https://www.cpajournal.com

Olberding, John, and Lisa Barnwell Williams. Building Strong Nonprofits : New Strategies for Growth and Sustainability, John Wiley & Sons, Incorporated, 2010. ProQuest Ebook Central, http://ebookcentral.proquest.com/lib/utxa/detail.action?docID=514324. Created from utxa on 2019-11-09 08:14:07."

Olivola, Christopher Y. (2011). When Noble Means Hinder Noble Ends: The Benefits and Costs of a Preference for Martyrdom in Altruism. In Daniel M. Oppenheimer and Christopher Y. Olivola (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 49-62). New York, NY: Psychology Press.

Reider, Harry R. Improving the Economy, Efficiency, and Effectiveness of Not-for-Profits : Conducting Operational Reviews. Wiley, 2001. EBSCOhost, search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=57045&site=ehost-live.

Small, D.A. & Loewenstein, G. Journal of Risk and Uncertainty (2003) 26: 5. https://doi.org/10.1023/A:1022299422219

Sullivan, L., & Justin Elliott, P. P. (2016, June 16). Report: Red Cross Spent 25 Percent Of Haiti Donations On Internal Expenses. Retrieved from https://www.npr.org/2016/06/16/482020436/senators-report-finds-fundamental-concerns-about-red-cross-finances.

The History. (n.d.). Retrieved from https://www.teamintraining.org/about/history.

Topp, C. (2016, October 15). Compare 501(c)(3) Charity to 501(c)(7) Social Club. Retrieved from https://homeschoolcpa.com/compare-501c3-charity-to-501c7-social-club/.

Yeung, Kam Leung, "Exploring the origin of pain of payment in cash and its relevance to computer payment interface" (2014). Graduate Theses and Dissertations. 14018. https://lib.dr.iastate.edu/etd/14018

Your Guide to Intelligent Giving: Home. (n.d.). Retrieved from https://www.charitynavigator.org/.