



THE COMPLETE GUIDE TO  
FUNDRAISING  
MANAGEMENT

FOURTH **4** EDITION

STANLEY WEINSTEIN, ACFRE, EMBA  
AND PAMELA BARDEN, DBA, CFRE



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**WILEY**

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Cover design: Wiley

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada.

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***Library of Congress Cataloging-in-Publication Data:***

Names: Weinstein, Stanley, 1943- author. | Barden, Pamela, author.

Title: The complete guide to fundraising management / Stanley Weinstein, Pamela Barden.

Description: Fourth edition. | Hoboken : Wiley, 2017. | Revised edition of The complete guide to fundraising management, c2009. | Includes bibliographical references and index.

Identifiers: LCCN 2016051239 | ISBN 9781119289326 (hardback) | ISBN 9781119289364 (epub) | ISBN 9781119289357 (ePDF)

Subjects: LCSH: Fund raising--United States--Management. | Nonprofit organizations--United States--Finance--Management.

Classification: LCC HV41.9.U5 W46 2017 | DDC 658.15/224--dc23 LC record available at <https://lcn.loc.gov/2016051239>

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1



# The AFP Fund Development Series

The AFP Fund Development Series provides fundraising professionals and volunteers, including board members and others interested in the nonprofit sector, with top-quality publications that help advance philanthropy as voluntary action for the public good. Our goal is to provide practical, timely guidance and information on fundraising, charitable giving, philanthropy, and related subjects. The Association of Fundraising Professionals (AFP) and John Wiley & Sons, Inc., each bring to this innovative collaboration unique and important resources that result in a whole greater than the sum of its parts. For information on other books in the series, please visit [www.afpnet.org](http://www.afpnet.org).

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*This book is dedicated to the board members, volunteers, and staff members who facilitate the fundraising for an organization. It is said that they have earned a special place in Heaven—next to the martyrs.*





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## Foreword to the Fourth Edition

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I will always remember the first time I met Pamela Barden, because she made it clear to me that I had failed to live up to her expectations.

In those days, I lived and worked from my leafy retreat in north-central Wisconsin, serving clients nationally as a freelance direct mail copywriter and consultant. Pamela had just taken a fundraising leadership position at a suburban Chicago-based nonprofit, which happened to be my client. She thought it would be wise to meet this stranger from the north woods who created direct mail campaigns for her organization, so we arranged to meet at a conference room at Chicago's O'Hare International Airport. It was there that I let Pamela down.

She expected a rough-hewn lumberjack in sturdy boots, worn jeans, and a plaid flannel shirt. What she got was an ordinary late-1980s business guy in a dark suit, starched shirt, properly knotted tie, and polished shoes. Pamela has never let me forget the disorientation I caused her by not being the rustic writer she expected.

Well, I have expectations, too. When Pamela told me she had written a book on fundraising and that she wanted me to write the foreword, I was humbled and honored by the opportunity. I immediately said yes—and then I quickly imagined how good of a book it *must be* if Pamela wrote it.

I am pleased to say Pamela did not let me down, not that I ever imagined she would. The fourth edition of *The Complete Guide to Fundraising Management* meets and exceeds every expectation for what such a book should be and achieve. I'm not the least bit surprised. Nor am I disoriented!

If I know one thing about Pamela after more than 25 years of professional collaboration and personal friendship, it is that she knows her stuff—not as an ivory tower theoretician but as an actual, seasoned, hands-on fundraising authority.

Yes, Pamela has earned a doctorate. But her advanced degree and academic experience came after years as a fundraising practitioner at several nonprofit organizations and as an ad agency executive and consultant. This makes *The Complete Guide* exceptionally useful to anyone who needs a practical understanding

of the organizational structures and processes necessary for nurturing relationships and securing current, planned, and major gifts through the mail, online, one-on-one, by phone, and through special events.

Not only has Pamela done all of the above, she knows precisely where a fundraiser must first focus his or her energies: squarely on the donor. This perspective permeates *The Complete Guide* from the very first chapter. Effective fundraising, after all, is about people—about treating them with utmost respect and enabling them to fulfill their need for meaning and significance by connecting them with something larger than themselves.

I saw Pamela's donors-first ethic in a most compelling way not long after my expectation-shattering meeting with her at Chicago O'Hare. I was in her office discussing a recent appeal that had irritated a few donors who wrote to complain. To my surprise (because I didn't know Pamela very well back then), she told me she called every one of those disgruntled donors to acknowledge their letters and listen to their concerns. She then wrote detailed letters to each one to thank them for writing and to assure them that their opinions mattered.

Many wrote back in astonishment that a nonprofit actually cared about them and listened to them. Quite a few included a gift far larger than was requested in the original appeal.

This is one of many reasons I admire Pamela Barden. It was a great example of "friend-raising," which Pamela has done with professionalism and excellence throughout her career and that she will teach you how to do in this invaluable guide.

Have I set high expectations? Yes, and I am confident Pamela Barden and the fourth edition of *The Complete Guide to Fundraising Management* will exceed them.

Tim Kersten  
Chief Executive Officer  
RobbinsKersten Direct  
Dallas, Texas

## FOREWORD TO THE THIRD EDITION

I first met Stanley Weinstein more than 20 years ago. He was educated as a musician at the prestigious Eastman School at the University of Rochester and the Curtis Institute in Philadelphia. He played clarinet in major American orchestras for the first half of his career. Symphony orchestras can be precarious places financially, and Stanley ventured into the world of development out of concern for the well-being of his family, his fellow musicians, and his passion to preserve and share our rich musical heritage. He intended to save the symphony by encouraging community leaders to become serious patrons of the arts.



I was puzzled. Having failed to make my high school symphony orchestra as a clarinet player, I wondered why someone of such musical talent would make this move. And after a few days of working with the board on their budget, I wondered whether Stanley or anyone else was up to the monumental task ahead. He was smart and energetic, but he had the misfortune of starting his development career with a very difficult set of circumstances. All fundraisers have days in which the goals seem bigger than the prospect base and the tools available, but this was a particularly difficult set of challenges, especially for a rookie.

I should not have doubted him. Stanley did a great job that year just like he has done a great job on so many assignments over the past 20 years.

A decade ago, as he was building his now thriving consulting practice, Stanley mentioned to me that he was going to write a book about fundraising and fundraising management. I vividly remember sitting on the phone in my office telling him not to do it. As a new consultant juggling the demands of both finding clients and servicing client engagements, he had more important things to do. Besides, I told him, hardly anyone ever reads these fundraising books, so his biggest contribution to the field would be his work on client projects.

I was wrong. Yes, Stanley has made contributions to the field through his client engagements and through his leadership in our major associations. However, his book *The Complete Guide to Fundraising Management* is enormously important to the field. It is an important book that is treasured by those of us who know him and those of us who may never meet him.

This is its third edition; proof that my observation that nobody would probably even read the book was incorrect. What I had not fully realized during that phone conversation was that Stanley Weinstein intended to write a serious book about a serious topic. It would not just be a rehash of ideas from the middle part of the 20th century when so many good practices in development were first codified. Nor would it be just a series of war stories. Both the practicality of the ideas and his examples on fundraising management are excellent. His next two books showed that this was not a fluke. He is a serious student of fundraising as well as a skilled practitioner.

So as the reader opens this book, whether you are venturing into Weinstein's thinking for the first time or have reread an earlier edition many times, it is worth every minute and every page. It is very difficult to write a book that is both useful and insightful. It is a joy to read a book that reminds us of good principles of fundraising, adds some new ideas, and illustrates them all with practical advice. *The Complete Guide to Fundraising Management* should probably be mandatory reading for anyone new to the development office. And it should be on the shelf of all us old pros because we too need somewhere to turn for some insights.

Vague platitudes are not worth much; concrete hands-on tools and advice are enormously useful.

So the next time you find yourself in Santa Fe, enjoy those extraordinary woodwinds that include an Eastman- and Curtis-educated musician named Weinstein. I have sat in the middle of a great hall and listened as that exciting clarinet solo opened Gershwin's *Rhapsody in Blue*, all the time admiring the musical gifts of my friend Stanley Weinstein. But I have also read his *Complete Guide to Fundraising Management* and understand that his decision so many years ago to devote his career to fundraising has made a major difference to the world of philanthropy. The important fruits of development and philanthropy in turn have made a difference to the arts, education, cultural, and environmental causes that shape our world. The world of development is a noble calling, and we are all blessed that Stanley Weinstein is a leader in the field and a serious author.

—Bruce W. Flessner  
Founding Principal  
Bentz Whaley Flessner



# Preface

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*“Cheshire Puss,” Alice began . . . “would you please tell me which way I ought to go from here?”*

*“That depends on where you want to go,” said the cat.*

—LEWIS CARROLL

**N**onprofit organizations need strong boards of directors, loyal supporters, and a keen sense of mission. They also need cash.

This is a *how-to* book. *The Complete Guide to Fundraising Management, Fourth Edition*, functions like a GPS, helping you move toward fundraising success in a highly competitive philanthropic environment. Completely updated to include both online and offline strategies for increasing fundraising success, this new edition includes practical guidance based on our decades of experience that can help you strengthen your organization and raise more money.

- *The Complete Guide* will help you gain an understanding of fundraising principles and practices. You will learn time-tested truths that govern the resource development process—the fundamentals that lead to fundraising success.
- *The Complete Guide* will help you make choices so you can raise funds using the most cost-effective fundraising strategies.
- *The Complete Guide* will teach you how to put together a comprehensive fundraising plan that can dramatically increase your contributed income.
- *The Complete Guide* provides valuable timelines and explores the chronological steps needed to establish and strengthen your organization’s fundraising program.
- *The Complete Guide* also provides advice concerning ways to bolster your organization and assure that your nonprofit institution is worthy of support, with practical suggestions concerning board development, institutional advancement, strategic planning, and volunteer involvement.

- *The Complete Guide* teaches chief executive officers, development staff, board leaders, community activists, and volunteers how to organize their efforts, nurture meaningful relationships, and maximize their fundraising effectiveness.

This book is also about strategic management—the art of managing approaches designed to produce successful performance. Strategic management is especially important in times of rapid change.

Possibly more than ever before, fundraisers are faced with numerous challenges confronting today's nonprofit organization—reductions in government funding, declining giving from United Way campaigns, greater restrictions on corporate and foundation grants, older funders with changing priorities or a resistance to thinking about legacy giving, and less loyalty among donors of all ages. To make matters even worse, all of this is occurring at a time when the demand for services is increasing.

Yet, there are also more fundraising methodologies to choose from and growing donor expectations. Combined, this requires a strategic yet nimble approach when presented with opportunities that often arise with little advance notice. Organizations that monitor the environment are better prepared to respond effectively to the challenges and opportunities that are sure to arise. How they respond to the changing environment is called their *strategy*.

Many factors determine which fundraising strategies are appropriate to the nonprofit organization's circumstances. Some of these factors include the amount of money that must be raised; how soon the funds are needed; whether the funds are for annual expenses, endowment funds, special projects, or capital investments; the reputation of the organization; the popularity of the offer; the number of affluent and influential board members and volunteers committed to the cause; the experience levels of the development professionals; the number of active donors to the organization; the amount of donations the organization receives each year; the number of prospective donors who have been identified and with whom the organization has nurtured positive relationships; and a host of other factors unique to each organization.

Of equal importance is the nonprofit agency's ability to respond to changing conditions. Are the services needed today the same as those that were needed five years ago? What services will be needed one year from today? In five years? In ten years? In short, what strategies are needed to prepare for the future? As important, what resource development strategies are needed to help the organization achieve its aspirations?

*The Complete Guide to Fundraising Management, Fourth Edition*, helps you answer these questions. This book will help nonprofit executive directors and fundraising professionals manage a comprehensive resource development program. Board

leaders and volunteers will learn how they can help increase contributions for annual operating support, endowment funds, capital campaigns, and special projects.

*The Complete Guide to Fundraising Management, Fourth Edition*, was updated and designed for you. Whether you read the whole book or only the chapters that most interest you, this book provides time-tested, practical advice. So, enjoy—and prepare your organization to serve and to prosper.

#### **A NOTE ABOUT THE WEBSITE**

A website has been created to accompany this book. It is located at: [www.wiley.com/go/fundraisingmanagement4](http://www.wiley.com/go/fundraisingmanagement4). On this website, you will find all the exhibits from the book, many in a format you can download and customize for your own organizational needs.

Stanley Weinstein, ACFRE, Albuquerque, NM  
Pamela Barden, CFRE, Los Angeles, CA





# Five Major Fundraising Principles

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*Truth, like gold, is not less so for being newly brought out of the mine.*

—JOHN LOCKE

**N**onprofit organizations need to remain flexible. Still, our action plans must be developed in accordance with the key principles that lead to fundraising success.

## **PEOPLE GIVE TO PEOPLE TO HELP PEOPLE**

“People give to people to help people” is the most often quoted fundraising phrase, as well it should be. This wise and simple principle has three aspects, and it is prudent to remember all three.

“People give” reminds us that real living and breathing human beings—not institutions—make the decisions to donate or not to donate. They make their decisions based on relationships and to what degree the appeal resonates with the funder’s interests. They also base their decisions on the quality of the organization’s leadership.

This brings us to the second part of the aphorism, “People give *to people*.” Donors are not in the habit of contributing in response to institutional needs. No rational person will buy a computer to help IBM recover from a poor earnings quarter. Similarly, few donors will give merely in response to a nonprofit organization’s deficit. Donors make their investments based on their relationship to the asker. Donors give to people they trust. Donors invest in projects that have a positive impact on their community, the nation, and the world.

The third aspect is “People give to people *to help people*.” From a donor’s viewpoint, institutions do not have needs. People do. Donors know that their contributions constitute an investment—an investment in enhanced services for people in need or causes they believe in.

At its heart, fundraising is the art of nurturing relationships. So, our first job is to build strong, mission-based organizations. Successful fundraisers also form relationships with people who can help garner the resources needed to carry out the organization's mission. We then *ask* for the support required to better serve those in need. Finally, we thank our donors so graciously that they continue their support.

## PEOPLE GIVE RELATIVE TO THEIR MEANS

The second major principle is one of the keys to understanding the resource development process: "People give in relation to their means and in relation to what others give." For some people, \$10.00 or \$30.00 is a generous gift. We also know that there are people who can donate a million dollars or more without changing their lifestyles. Most folks tend to give in ranges between these two extremes.

Do you remember this biblical incident?

. . . a poor widow came, and put in two copper coins, which made a penny. And He said . . . , "Truly, I say to you, this poor widow has put in more than all those who are contributing to the treasury. For they all contributed from their abundance; but she out of her poverty has put in everything she had, her whole living." (Mark 12:42–44, RSV)

Many people have missed the point of this passage. They focus only on the small size of the offering—not the sacrificial nature of the gift. When professional fundraisers stress the importance of pacesetting leadership gifts, some volunteers ask, "Why focus on large gifts? Aren't we sending the wrong message? We must not forget what we learned from the widow's mite."

Again, the point of the widow's mite passage is not the size of the offering but rather the size *relative* to the widow's means. For the poor widow, the gift was huge—a sacrificial gift representing "her whole living." Too often, nonprofit organizations do not offer their more affluent supporters the opportunity to give at such significant levels. Rather than asking for pacesetting leadership investments, they ask for token support. Or worse still, they fail to ask at all.

Would you agree that rich people can afford to donate more than poor people? An understanding of this truism leads fundraisers to the firm conviction that any fundraising plan based on seeking an "average gift" is bound to produce substandard results.

Whenever you hear someone suggest that it is possible to raise \$100,000 by seeking a hundred \$1,000 gifts or a thousand \$100 gifts, know that you are listening to a flawed plan—one that is likely to fail. Here is why: Suppose we plan



to raise \$100,000 by requesting \$1,000 from each of our constituents in the hope of garnering 100 donations to make the goal.

Will some of those approached say no? Of course, they will.

Will some of those approached give less than the amount requested? Sure, they will.

Can some of those approached give a great deal more than the amount requested? Definitely!

To make this point even stronger, it is important to remember that donors tend to give relative to what others give. If organization leaders were to announce that the region's largest financial institution donated \$10,000, many donors would conclude that their contribution could be proportionately lower. Few would think that they should donate more than the leading financial institution or the wealthiest person in town.

Professionals avoid schemes based on the "average gift." The plan they prefer resembles a pyramid. To raise \$300,000, they might seek one donation of \$45,000, two contributions of \$30,000, three gifts of \$15,000 each, four contributions of \$10,000, eight \$5,000 donations, 15 gifts of \$2,500, 30 donations of \$1,000, and so on. By creating various levels of gift opportunities, the development professional helps assure that everyone—rich, poor, and in between—has a chance to make a significant gift.

### **THOSE CLOSEST MUST SET THE PACE**

"Those closest to the organization must set the pace." The value of this third principle becomes evident to anyone who spends a few moments reflecting on it. If those closest to the organization do not believe in the project enough to give generously, how can we expect others not as close to make significant contributions? When looking for financial leadership, some people in the nonprofit sector seem to say, "It's not you, it's not me . . . it's the other fellow behind the tree." Unfortunately, there is no one else behind the tree. Leadership begins with the board, staff, and key volunteers. When they lead in giving, others follow.

### **SUCCESSFUL FUNDRAISING**

"Successful fundraising is the right person asking the right prospect for the right amount for the right project at the right time in the right way." The word *right* is used six times in this sentence. These six *rights* are the six critical success factors in any fundraising campaign.

Begin by asking, "Who is the right person to ask for the contribution?" In *most* cases, the best person to approach a prospective donor is a volunteer with a peer relationship with the prospective donor. In many cases, the most suitable person

to approach the prospective donor is the executive director or chief executive officer of the nonprofit agency—again, someone with a peer relationship with the prospective donor. The ideal face-to-face solicitation occurs when a volunteer leader teams with a key staff member to visit the prospective supporter. The ideal signer of a mail appeal is the board president, agency executive director, or a well-known celebrity supporter of your cause.

We now turn to the question of the “right prospect.” A nonprofit cannot succeed in fundraising without asking, “Who are our best prospects? Which supporters are most likely to make pacesetting leadership gifts?” The most likely gifts come from people who have been generous to the nonprofit in the past. Next, we look for people with the capacity to give generously who have a relationship with the organization—but have not yet given. We also look for people who have been generous to similar organizations. Successful fundraisers do not overlook board members, key volunteers, and their network of associates.

“What is the right amount to request?” Remember, you must *decide* how much to request before mailing a solicitation, phoning a supporter, or going on any solicitation visit. Too often, people in the nonprofit sector express thoughts such as, “Anything you give would be important and appreciated.” The problem with this thought is that it demeans the organization’s cause. The prospective donor may think you want a \$50.00 contribution. This can be disastrous, especially if the donor has the ability to give \$50,000. Serious fundraisers conduct meetings to decide how much to request from each of their prime prospects. Professionals segment their mail lists, often employ modeling to help determine a person’s potential to give, and personalize their request amounts.

The “right project” is always the one in which the prospective donor has the most interest. A university that requests funds for the history department from an alumnus who is a history buff will do better than a university that misses the mark and requests general operating support.

Determining the “right time” is not always easy. However, you cannot go wrong with the following rule: The best time to approach a prospective donor for a major gift is when you have nurtured a positive relationship.

The “right way” to ask for a contribution is with poise and grace. Put away your tin cup. You have nurtured a genuine relationship with the prospective donor. Now, you are offering an opportunity for the supporter to make a significant contribution—one that will have a positive impact on many lives for years to come.

## **THE 80/20 RULE IS BECOMING THE 90/10 RULE**

“Often, 80 percent or more of the funds raised will come from no more than 20 percent of the donors.” This is a variation on the second major principle, “People

give in relation to their means and in relation to what others give.” This propensity is based on Pareto’s 80/20 rule: 80 percent of your results will come from 20 percent of your efforts. We see the truth of this observation in many facets of our lives. Twenty percent of all salespeople produce 80 percent of all sales. Twenty percent of all volunteers raise 80 percent of all funds. Twenty percent of a corporation’s product line accounts for 80 percent of the corporation’s profits.


However, in fundraising, this tendency is often even more skewed. Research completed in 2015 found that 88 percent of an organization’s total giving comes from just 12 percent of donors. In many capital campaigns and mature fundraising programs, the top 10 percent donate 90 percent of the amount raised. When the top 10 to 20 percent—those closest to the campaign and with the most resources—are encouraged to make leadership gifts, campaigns succeed.

## **THE NEED FOR BALANCE**

Fundraisers often stress one aspect of resource development rather than another. Even seasoned professionals sometimes say, “A major gift program is the most cost-effective fundraising strategy. We have got to work at the peak of the giving pyramid. I really can’t be bothered with broad-based fundraising.” Others say, “We have to broaden our base of support. If we rely on too few donors, our constituents will think we are elitists. It is dangerous to have too few donors. What if we lose several of them in one year? Besides, our organization produces nearly a million dollars a year net contributed income from our mail program.”

Fundraising does not exist in an “either/or” universe. Both points of view have validity. Mature fundraising programs rely on a three-part strategy: Treat all donors and prospective donors with the utmost respect, broaden the base of support, and nurture personal relationships with major current and prospective donors. By having a balanced fundraising program, an organization is better able to weather periods of economic instability or internal situations that can impact fundraising. In conclusion, a comprehensive approach is respectful of both major donors and modest givers.





# Your Organization and the Nonprofit World

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*These Americans are peculiar people. If, in a local community, a citizen becomes aware of a human need which is not being met, he thereupon discusses the situation with his neighbors. Suddenly, a committee comes into existence. The committee thereupon begins to operate on behalf of the need and a new community function is established. It is like watching a miracle, because these citizens perform this act without a single reference to any bureaucracy, or any official agency.*

—ALEXIS DE TOCQUEVILLE

## **AN OVERVIEW OF THE SECTOR—BROAD RANGE OF SERVICES**

The nonprofit sector is vital both to American society and to the world. Generous volunteers and donors work together to make a better world for themselves, their neighbors, and the larger community.

Educational institutions foster self-reliance and a passion for lifelong learning. Social service agencies give the poorest of the poor a hand up, not a handout. Healthcare and research institutions find new cures for disease and heal the sick. Cultural and arts institutions enrich our lives and illuminate the human condition. Conservation organizations preserve and protect our environment and wildlife. Churches, synagogues, temples, mosques, and other houses of worship renew our spirit and sustain our faith.

Simply put, the nonprofit sector addresses a broad spectrum of needs and is crucial to individual, family, and community well-being. Moreover, private nonprofit organizations are essential to the national economy. Consider the following.

## Economic Impact

Nonprofits play a significant role in the modern economy:

- The United States has approximately 1,550,000 nonprofit institutions. Of these, more than 1,076,000 are classified as tax-exempt charities by the Internal Revenue Service (IRS) under Internal Revenue Code section 501(c)(3).
- The global nonprofit sector has the 16th-largest economy in the world.
- Nonprofit organizations in the United States employ more than 10 percent of the national workforce.
- The contribution of the nonprofit sector to the U.S. economy is estimated at \$905.9 billion. This represents 5.4 percent of the country's gross domestic product (GDP).

## Voluntary Support

In response to the pressing problems addressed by the nation's nonprofits, Americans continue to be generous with their time, talent, and money:

- In one recent year, charitable contributions totaled more than \$358 billion.
- Approximately 80 percent of all charitable donations came from *individuals*, including 72 percent from current contributions and nearly 9 percent from bequests. An additional 15 percent of donations came from foundations (a portion of which are individual or family foundations); 5 percent was donated by corporations.
- Nonprofit organizations nationwide engage more than 62 million volunteers, representing 65 percent of all American households. Eighty-three percent of Americans donate money to charity each year.

## OPPORTUNITIES AND CHALLENGES

In the years to come, nonprofit organizations will be offered significant opportunities to increase their resources and enhance their services. At the same time, several issues pose serious challenges to the nonprofit sector.

Among the opportunities are the intergenerational transfer of wealth (and the concomitant opportunity to increase planned gifts), advances in technology, and an emphasis on collaboration.

Among the challenges are threats to the nonprofit sector's tax-exempt status, the need for regulation to deal with the small percentage of tax-exempt organizations engaged in abuses, and federal budget cuts in domestic spending.