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Profiting from Nonprofits: A Study of Nonprofits and the Role they Play in Society

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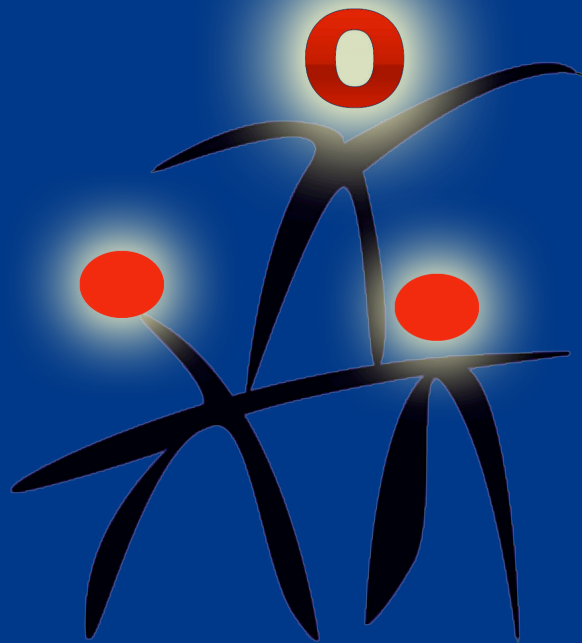
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PROFITING FROM NONPROFITS

A STUDY OF NONPROFITS AND THE ROLE THEY PLAY IN SOCIETY

SMU Big iDeas

Project Proposal

January 2009



Profiting From Nonprofits

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SMU Big iDeas Proposal

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Executive Summary

Problem

In recent years, Dallas nonprofits have been part of a tumultuous roller coaster ride, as rankings for the sector have gone from an all time low of 25th out of 25 in 2005, to 2nd in 2006, and most recently 13th in 2008. The sector has also continuously received low rankings in categories concerning nonprofit financial health and was cited to have some of the slowest growing charities in the nation. With the economy currently in a grave recession, it is reported that several nonprofits have shut their doors and it is expected that more shall follow. This poses a large problem due to the fact that it is in this time of struggle that people are in even greater need of the services these organizations provide.

Solution

In a city that is growing larger with each passing day it is important that steps be taken to help this struggling sector become more effective in the community and do so in a way that will permit nonprofits to thrive. Yet, part of what goes into achieving this goal is educating those who have an interest in this field. Too often individuals take an idea and run with it, not taking the time to carefully plan a time line, and slowly build up the organization based on that. In hopes of touching on some of these concerns, we are once again requesting support for our research of Dallas' nonprofit sector, and of the problems that these organizations are faced with. With the research that we have been gathering over the past year, we are hoping to start implementing what we have learned, not just in our own organization, *Patrick's Parade of Toys*, but in the SMU community and the surrounding society as well.



Funding

In order to carry out the research necessary to yield accurate results, funding in several areas is needed.

Breakdown of Expenses: (see attachment for more details)

If awarded the grant, the money received would be roughly distributed as follows:

- **Travel Expenditures:** \$100 would be used for travel expenditures such a gasoline.
- **Research material:** \$200 would be used for the purchase of literature to aid us in research.
- **Copy fees:** \$200 would be allotted to creating pamphlets and flyers to reveal our research and findings. These would be shared with the community and area nonprofits.
- **Center for nonprofit management center classes:** \$1000 would be allotted for us to attend several relevant seminars (each of which would cost anywhere from \$45-\$75). This would help us to meet more members of the community who are involved in nonprofit organizations and would give us an opportunity to learn from them. We would also be able to gain more insight into the current state of this sector which in turn would allow us to decide what to focus on in the development of our website and nonprofit clinic.
- **Researcher Hours:** \$3500 would be allotted to pay those involved in research a small stipend. This would be at a rate of \$10/hr for a maximum of 10 hrs/week during the length of the grant (starting in May and extending to December/excluding summer months) so researchers could focus solely on the project. This would also help in recruiting others to our team, as we would like to expand our group and bring in several more people with expertise in different areas.



Statement of Need

In this current time of recession, non-profit organizations are some of the first to collapse. This is indeed ironic, considering that it is in times of economic uncertainty that the services provided by these organizations are needed most. Dallas' nonprofit sector has continually struggled over the past few years, with inconsistent ratings and slow growth and the current economic situation has not been kind to the North Texas, although news reports do indicate we are faring better than many. Organizations such as the North Texas Food Bank are scrambling to find a way to keep up with the growing demand for help. With fuel prices having reached an all time high this past year, and the steady rise in unemployment, many people are having to choose between heating their homes or buying food, and as a result are turning to food banks to try and make due. Many organizations are finding themselves in similar situations as they try to find a way to make ends meet. With nonprofits being such a critical component of the society in which we live in, more attention needs to be placed on aiding these organizations in reaching their highest potential, so that situations like these can be dealt with effectively.

There are many facets to an "effective" nonprofit, as we found through our research this past year. Plainly speaking, these organizations accomplish the goals they have established; they work to make a difference in their surrounding community and do so in a manner that results in a positive outcome for both the organization and society. They possess a strong leader, one who has a vision for the organization and knows how to carry it through to completion. They possess a board, one that is diverse in it's talents to ensure that a nonprofit grows in all areas. Dallas is home to several organizations that possess all of these traits--Parkland Hospital, March of Dimes, The Susan G. Koman Foundation; all of these have the characteristics of an effective nonprofit and have left a positive mark on the Dallas metroplex. Yet, alongside these and other top-notch organizations are thousands of other smaller nonprofits, many of which last several years and then fall apart. This is a growing problem and it is becoming more important than ever that those wishing to enter into the field receive proper guidance and instruction in establishing an organization so that they may be better equipped to withstand obstacles and continue to serve the community around them in an efficient manner.

Many universities across the nation have created nonprofit clinics that are accessible to students, faculty, and the surrounding community. These exist solely to help individuals interested in starting their own organization. From filing for tax exemption to providing legal help, these clin-



ics walk clients step by step through the process of becoming a certified 501(c)3 as well as offering other advice.

SMU is already home to a small business clinic, but nonprofit organizations require things that go beyond the realm of business. Unlike for-profit businesses, nonprofits must go through certain procedures to remain a charity. In addition to this, a nonprofit clinic would provide insight into fundraising and management strategies, all of which would be specifically tailored towards these organizations.

Though there are other organizations in the Dallas area that provide some of these services, such as the Center for Nonprofit Management, the impact of the creation of this type of clinic on the SMU campus would be huge. Students who professed an interest in this field would be exposed first-hand to the inner workings of creating and maintaining a nonprofit. There would be numerous opportunities for students from every school on campus-not only the Dedman Law School and the Cox School of business-to work within the clinic and aid in it's development. Also, with new organizations being formed almost every day, there is an issue of the demand for assistance in this process exceeding the available resources. Through our research we hope to find out if creating a clinic of this kind would be feasible at SMU. We realize that what we are proposing is not something that can be determined overnight, but we are willing to work hard to ensure that this idea eventually becomes a reality.



Project Description

Objectives

Profiting from Nonprofits is a project designed to determine the key points that allow nonprofit organizations to thrive and make a difference in their surrounding community. In doing so we hope to shine a light on this issue, and help the Dallas community realize the value these charities hold in our society. We also hope that these findings can be used to strengthen Dallas' struggling nonprofit sector. In establishing our website (www.profitingfromnonprofits.org), we hope to create a reference site that will provide current news about the state of the Dallas area nonprofit sector, as well as share tips on how to develop one's own organization. In addition to this, we would like begin researching the possibility of establishing a nonprofit clinic at SMU. This would serve as a resource to both SMU students as well as the surrounding community, and would provide those interested in starting their own organization a place to turn to.

Methods

How: Since the spring of 2008, we have gathered information about nonprofit management. To date our research has helped us gain a better understanding of these organizations and their inner workings. In addition to this we have met with representatives from nonprofits in the Dallas area who have had a positive impact on society. In doing so we have taken away valuable information that has led to the creation of our nonprofit model. If awarded this grant we hope to use the information gathered to continue development of our website as well as aid us in doing a feasibility study of whether a nonprofit clinic should be established on the SMU campus.

When: See timeline attached for more details

Why: Nonprofit organizations play a valuable part in our community, providing services that complement the needs of our community. It is very important that these groups continue to serve this role for years to come and do so in a way that allows them to thrive. We hope that through continuing our research, we can work to develop resources that would be beneficial to both SMU students as well as the surrounding cities.



Conclusion

Nonprofit organizations, whether they are set up to serve the needs of abused and neglected children, to help to raise money to fight specific diseases, or to ensure that future generations will not have to struggle with certain diseases, each exist for one main reason; the wanting to contribute to the betterment of humanity. Whether a non-profit is centered within one small community, or spread out across the globe, each has its own goals and works hard to try and achieve them. Through our research we hope to aid nonprofits in reaching their highest potential. With the further development of our website and possible creation of a nonprofit clinic, we would like to take what we have learned and help implement it in a way that benefits the students of SMU as well as those in the surrounding community. Our goals remain to build upon the knowledge that we already possess by exploring different organizations and educating ourselves on the many facets of the society in which we live in. We look at our present work as a stepping stone to successfully reaching our goals and would be honored to receive such a generous grant.



Budget

Researcher Hours: \$3500.00

A stipend to be paid to those involved in research (during the months of april/may/ august/september/october) at \$10/hr at 15 hrs/wk maximum.

Transportation

Gasoline expenditures \$100.00

Research Literature

Books and other research material that would aid us in our study. \$200.00

Copy Fees

Necessary to print out surveys/pamphlets that would be distributed to organizations as well as at future symposiums \$200.00

Seminars

To gain a greater understanding of nonprofit sector and understand current problems facing these organizations and activities that allow them to thrive (these would be through the Center for Nonprofit Management) \$1000.00

Total Anticipated Budget \$5000.00

Person In Charge of Funds: Amy Koshy

Signature of Person in Charge of Funds:



Proposed Timeline

April 2009-August 2009: Begin research on universities that have nonprofit clinics and how they go about running them and see what is effective and what is not.

August 2009-September 2009: Begin talking with faculty members in the Dedman Law School and the Cox School of Business about the idea of a nonprofit clinic. See what their thoughts are and what might be the best way to go about creating such an organization

October 2009-December 2009: Attend seminars at the Center for Nonprofit Management to learn more about the current state of the nonprofit sector and what challenges one might face in establishing a nonprofit clinic. Talk with staff at the Center to see if there would be any possibility of partnering with them in creating this clinic.

Spring 2010: Continue to do research and move forward with the project as much as possible.