

ePhilanthropy: Wave of the Future or Passing Trend?

Trends in Online Giving and its Implications
on the Nonprofit Arts

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Table of Contents

Abstract	1
Statement of Purpose	1
Literature and Background	2
Definition of Terms.....	8
Procedure	11
Limitations of the Study.....	11
Trends in Online Giving and its Implications on the Nonprofit Arts.....	12
Critical Issues and Important Tools	23
Who is Going Online and Why.....	34
Arts Web site Survey	36
Summary	43
Conclusions and Implications	44
Bibliography	46
Noted or Referenced Web sites.....	51
Exhibits, Tables and Charts	52
Appendix A.	
The ePhilanthropy Code of Ethical Online Philanthropic Practices.....	A-1
Appendix B.	
Ten Rules of ePhilanthropy Every Nonprofit Should Know	A-2
Appendix C.	
The Charleston Principles	A-3

Table of Exhibits, Tables and Charts

Exhibit 1

Arts Web site Survey Form.....E-1

Exhibit 2

Plowshares Theatre Company
Corporate Sponsorship Information.....E-2

Table 1

Arts Organizations Included in
Web site SurveyT-1

Chart 1

Distribution of Arts Organization
Disciplines in SampleC-1

Chart 2

Distribution of Arts Organizations
by Budget Size (in millions)C-2

Chart 3

Distribution of Arts Organizations
by Discipline and Budget SizeC-3

Chart 4

Distribution of Detailed
Fundraising Information ProvidedC-4

Abstract

This discussion explores the Internet as a vehicle for nonprofit organizations to build relationships, accept online donations, and activate constituents, otherwise known as ePhilanthropy. Technology and the landscape of ePhilanthropy are rapidly changing. Measuring its usage and function now can serve as a benchmark for future study and evaluation. Research for this study covered published material exploring the use of the Internet in philanthropy and a survey of arts organization Web sites. The overall findings were positive but much remains to be seen in how this technology will shape the face of philanthropy for the future.

Statement of Purpose

In the last twenty years the Internet has gone from being a fantasy to becoming the easy access encyclopedia of today's children. For-profit corporations accelerated onto this information highway, while the nonprofit sector held back — not for lack of interest, but most often resources — until it made financial sense to maneuver onto this super fast and furious freeway of competing marketing imagery, often learning from their commercial predecessors' blunders (Gruber 12).

Many nonprofit arts organizations have moved beyond a simple informational Web site and have incorporated interactive methods of engaging constituents on the Web (Kanter par.7). Online ticketing is no longer uncommon and many organizations have started offering donors the ability to make gifts online. The Internet has become an integral part of communicating with constituents. Nonprofits are using the web to sell their products and, in some cases, increase or streamline their contributed income.

This discussion explores ePhilanthropy, which can be defined for these purposes as the act of using the Internet to build relationships, accept donations, solicit current and potential constituents and engage in advocacy efforts. The study will particularly emphasize how the Web is being used by nonprofit arts organizations today to help them accomplish their missions and reach fundraising goals. As the Internet plays an increasingly important role in communicating with constituents, it is important that nonprofit managers understand the dynamics of this communications medium. This discussion will conclude with an exploration of the implications that ePhilanthropy poses to the future of fundraising in the field.

Literature and Background

This exploration of ePhilanthropy raises issues and theories each nonprofit is faced with when considering and implementing a fundraising program online. The concept of ePhilanthropy is broader than merely the ability to accept donations via the Internet. It also embraces the critical issues of relationship-building, advocacy, building trust in the organization and promotion of its products, services, and mission. An additional concern charities face when fundraising online is governmental regulation of online activities. Each of the sources referenced below addressed at least one of these primary issues.

The sources consulted for this study were largely articles written for leading nonprofit newspapers, journals, and magazines including *The NonProfit Times*, *The Chronicle of Philanthropy*, *The Austin Business Journal*, *Advancing Philanthropy* and *New Directions for Philanthropic Fundraising*. A variety of Web site resources were also referenced including the ePhilanthropy eZine newsletter, the Philanthropy News Network Online, The Nonprofit Matrix, Nielsen//NetRatings, Idealist.org, and The Unified Registration Statement – The Multi-State

Filer Project. The majority of these sources looked at the nonprofit sector across the board and did not specifically focus on arts or cultural institutions, which necessitated a degree of explanation to address the specific case of ePhilanthropy in the arts.

The following books were also referenced during the research process: *Fundraising on the Internet: The ePhilanthropyFoundation.org's Guide to Success Online* by the ePhilanthropyFoundation.org and donordigital.com, *Wired for Culture: How E-mail is Revolutionizing Arts Marketing* by Eugene Carr and chapter nine from *Fundraising Fundamentals: A Guide to Annual Giving for Professionals and Volunteers* by James M. Greenfield.

The main source of background information on the history of advocacy for nonprofit use of technology was “*The Encompassing Approach To The Nonprofit Sector's Utilization of Technology*,” by Tim Mills-Groninger, from the May 1, 2004 issue of *The NonProfit Times*. In this article the author explores the process by which technology became more accessible to the nonprofit sector and includes a brief history of the organizations that facilitated the process. It also discusses issues broached at the 2004 Nonprofit Technology Conference held in Philadelphia, March 2004. The article was very informative although it was somewhat difficult to follow the chronology of organizational formation and the influence of each on the current issues of access to technology. It discusses the influence of The Rockefeller Family Fund in the development of annual discussion groups, called Circuit Rider Roundups, which addressed nonprofit access to technology and the implementation of technology plans where Circuit Riders were involved. Rob Stuart, of The Rockefeller Family Fund, created a spin-off organization called TechRocks to manage the activities of the Circuit Riders (22).

Since many of the issues discussed arose out of the conference sessions, the article was focused on the organizations that make technology accessible to nonprofits and it was very heavily slanted toward a service provider or “tech” market. The conference did provide three tracks of sessions including Nonprofit Management, Development/Fundraising and Program, Nonprofit Technology Assistance Providers, and Nonprofit Technology Staff (25), but the information in the article did not focus specifically on the application of technology or explore in depth critical issues. Key points were made about the role technology can play in advocacy, marketing and fundraising efforts, but there was little elaboration.

Trust and relationship-building was a hot topic for many of the sources reviewed. These two issues encompass ethics, privacy and advocacy issues in the practice of using the Internet for marketing and fundraising, and building awareness of an organization. The “ePhilanthropy Code of Ethical Online Philanthropic Practices,” developed by the ePhilanthropy Foundation, serves as a guideline for ethical online behavior and outlines the steps an organization can take to win a constituent’s trust online (11). By instituting this code of ethics, organizations can help safeguard themselves and the individual using their site by building privacy and security measures into their Web site. The guidelines recommend providing clear and concise information about the organization, disclosing information about the nonprofit and any other organizations that may process constituent data online, addressing constituent concerns, and handling transactions honorably.

Beyond building relationships and trust, advocacy campaigns through the Internet ask constituents to take an action on the behalf of the nonprofit. As seen in this year’s Presidential campaigns, using the Internet and e-mail for advocacy purposes can send a very powerful message and can be virulent in nature, thus coining the term “viral marketing.” By contacting

constituents electronically, through e-mail or communicating via a Web site, an organization can enlist new and/or familiar constituents to be its soldiers or advocates. These campaigns offer involvement on the part of constituents by asking them take action by signing an online petition, writing, faxing or e-mailing a Senator about an important issue, or passing information on to friends and family. They also potentially increase an organization's constituent base and therefore the base of financial support for their cause.

One article that went into great depth on the issue of ethics and building trust through the presentation of an organization online was, "*Communication and the Morality of Cyberspace*" by Michael J. Hyde and Ananda Mitra found in the fall 1999 issue of *New Directions for Philanthropic Fundraising*. This philosophical entry explores "face" interaction as it pertains to organizations developing Web sites, or their "cyberface" and how this face is presented to site visitors and the story it tells. Hyde and Mitra, both employees of Wake Forest University, use the University's Web site as an example of how an organization uses this electronic medium to build an impression of the organization, or a virtual "face," which is presented to the public. They further show how this "face," in actuality, can be perceived differently by different constituents. A case in point is how those trying to market the University as a great place to attend create a beautiful and serene image of the campus through its Web page imagery and text, yet one student noted that "there has never been a time when trees were not being uprooted, when buildings, roads, parking lots, and gates were not being constructed, and when the campus had the picture-perfect look that it does in cyberspace" (Hyde 30). This article delves into the morality or ethics an organization must enlist when it creates its image on the Web.

Fundraising on the Internet: The ePhilanthropyFoundation.org's Guide to Success
Online reviews the fundamentals of online fundraising, building trust, exploring ethical issues,

governmental regulation of nonprofit activity on the Internet and advocacy, as well as other issues. It is a very broad source for “how to” information. Part one of the book (chapters 1 thru 6) looks at the basic issues and theories behind using the Internet for online fundraising, building relationships, ethics and government regulation, but failed to delve deeper into the theories or critical issues facing organizations seeking to institute an online fundraising program. Although some statistics are used to support the book’s premises, the source did not feature specific results from studies conducted on how the Internet is being used by nonprofit organizations and their rate of success. *Fundraising on the Internet* surveys the primary issues but does not fully examine them and their ramifications. On the positive side, it provides a significant amount of “hands-on, how-to” information for organizations looking to implement an online giving and advocacy program.

Wired for Culture by Eugene Carr is a source that specifically deals with the use of the Internet and e-mail in arts organizations. Carr explicitly looks at e-mail marketing, general consumer behavior on the Web, how arts patrons use the Web and it explores strategies for using e-mail marketing. While this publication does not specifically address the issue of using the Web to raise money or launching an advocacy campaign, it goes into great detail about how arts patrons use arts organization Web sites and what they expect to find when they arrive there. Much of the information and statistics presented here is useful for organizations in the process of deciding how to use an in-house patron e-mail list for an e-mail funding appeal. Understanding arts patrons and their online habits is a first step for organizations in reaching out more effectively to those who have already indicated through their behavior that they are interested in an organization’s cause.

Organizations venturing into raising money online must also keep abreast of the rules and regulations governing their ability to solicit through this communications medium. Since the Internet isn't subject to the same boundaries as more traditional solicitation methods, organizations soliciting on the Internet must be certain that they are meeting the requirements set by multiple states for soliciting charitable funds. Anyone across the country, even the world, could stumble onto a site thousands of miles away, register to receive an e-newsletter and then be solicited for charitable funds. The examination of this important issue will be brief, but it is important because the implications of noncompliance could cause significant problems for the nonprofit. *Fundraising on the Internet* dedicates a chapter to regulating online fundraising, exploring the fundamental concerns and giving Web links for additional resources.

Finally, a survey of nonprofit arts Web sites was conducted, looking at how arts organizations are using the Internet to raise money and how they address the issues of ethics, building relationships, and whether or not they offer their constituents the opportunity to donate online.

Definition of Terms

ASP – “Application Service Providers (ASPs) are third-party entities that manage and distribute software-based services and solutions to customers across a wide area network from a central data center. ASPs may be commercial ventures that cater to customers or not-for-profit or government organizations that provide service and support to end users” (ePhilanthropyFoundation.org 277).

Circuit Rider – An individual commissioned to help nonprofit organizations assess their technology needs and implement technology plans that will allow the nonprofit to operate more effectively and efficiently. Circuit Rider activities are governed by N-TEN, who took over for TechRocks (Mills-Groninger 22).

Donate Now Button – A button on a nonprofit’s Web site that a donor can click to take him/her to an online secure form to make a donation over the Internet with a credit card or electronic check (<https://www.groundspring.org/services/donatenow.cfm>).

E-mail Appending – “The process of merging a database of customer information that lacks e-mail addresses for the customers with a third party’s database of e-mail addresses in an attempt to match the e-mail addresses with the information in the initial database” (<http://www.webopedia.com/>).

GuideStar.org – The National Database of Nonprofit Organizations. GuideStar is the Internet source for detailed information about nonprofits, giving organizational overviews and financial information (www.guidestar.org).

ePhilanthropy – “The building and enhancing of relationships with supporters of nonprofit organizations via an Internet-based platform, the online contribution of cash or real property or the purchase of products or services to benefit a nonprofit organization, and the storage of and usage of electronic data or use of electronic methods to support fundraising activities” (ePhilanthropyFoundation.org 279).

HTML – “An acronym for Hypertext Markup Language, HTML is the computer language used to create hypertext documents. HTML uses a finite list of tags that describe the general structure of various kinds of documents linked together on the World Wide Web” (ePhilanthropyFoundation.org 279).

Open Rate – “The open rate refers to the percentage of patrons who receive an e-mail and view it. Open rates are a measure of the interest level your audience has in your mailings” (*Wired for Culture* 40).

Opt-in E-mail – “A term that refers to promotional e-mails that have been requested by the individual receiving them. Unlike spam, promotional e-mails that get sent out to large lists of recipients without regard to whether or not they want the information, opt-in e-mails are only sent to people who specifically request them” (<http://www.webopedia.com/>).

Opt-out – An option generally included in opt-in e-mail messages giving a constituent the opportunity and instructions on how to discontinue receiving an organization’s messages. Another use is to provide individuals on an e-mail list who have not opted-in, as may be the case when an organization uses an e-mail appending service, an opportunity and instructions on how to discontinue receiving that company’s messages.

Snail mail – “Normal postal mail, where an actual physical letter or package is delivered. The term didn’t exist until electronic mail (e-mail) became so prevalent that there was a requirement to differentiate the two. Obviously, the term was invented by e-mail aficionados as a small barb directed at the relative slowness of physical transportation” (<http://www.webopedia.com/>).

Spam – “Electronic junk mail or junk newsgroup postings. Some people define spam even more generally as any unsolicited e-mail. [However, an unsolicited e-mail from a long-lost brother would not constitute spam] Real spam is generally e-mail advertising for some product sent to a mailing list or news group” (<http://www.webopedia.com/>).

Trust Symbol or Trust Mark – “Symbols such as VeriSign, BBB Online, and TRUSTe [...] are designed to reassure visitors that sites have established measures ranging from security to privacy of data. These seals testify to the safety of the Web site and the commitment the organization has to the principles promoted by the particular trust mark provider” (ePhilanthropyFoundation.org 5).

URL – “Uniform Resource Locator, (previously “Universal”). A draft standard for specifying the location of an object on the Internet, such as a file or a news group. URLs are used extensively on the World Wide Web. They are used in HTML documents to specify the target of a hyperlink, which is often another HTML document (possibly stored on another computer)” (ePhilanthropyFoundation.org 281).

Viral Fundraising – “is viral marketing with the goal of helping raise money for nonprofits. The means are similar, but the goals and messengers are different. In this case, your donors become your fundraisers” (ePhilanthropyFoundation.org 202).

Viral Marketing – “is word-of-mouth communication spread via electronic means, at electronic speeds, by customers and others interested in your product or service” (ePhilanthropyFoundation.org 202).

WWW (World Wide Web) – “A system of Internet servers that support specially formatted documents. The documents are formatted in HTML that supports links to other documents, as well as graphics, audio, and video files. This means you can jump from one document to another simply by clicking on hot spots. Not all Internet servers are part of the World Wide Web” (ePhilanthropyFoundation.org 281).

Procedure

This study is based on a variety of sources from books and journals to newspaper articles and Web sites exploring the subject of ePhilanthropy. Research also included one-on-one conversations with representatives from Convio and CharityFinders, two ASPs providing Internet technology for nonprofit organizations.

To bring the relevance of this technology and its uses back to focus on the arts, a Web site survey of 100 arts organization in the United States was conducted, tracking how each uses the Internet to communicate with their constituents. The primary focus of this survey was using the Internet as a fundraising tool, with other research criteria that included: offering constituents the ability to interact with the nonprofit, providing an e-newsletter to keep constituents abreast of the nonprofit's activities and providing an opportunity for the nonprofit to capture and initiate repeat contact with interested individuals. Please see Exhibit 1 for a sample of the survey used to collect the information evaluated.

Limitations of the Study

Although this study looks at research evaluating the nonprofit sector's use of ePhilanthropy and statistical results, much of this research has been, at least in part, conducted by service providers and potentially presents a nonobjective image of what the practice is accomplishing. This discussion also explores the ethical use of Internet technology, its regulation, and how technology is affecting nonprofit effectiveness in building relationships online, but does not specifically address Web site and e-newsletter design and Internet campaign planning and implementation.

Trends in Online Giving and its Implications on the Nonprofit Arts

ePhilanthropy defined...

ePhilanthropy is the building and enhancing of relationships with supporters of nonprofit organizations using an Internet-based platform.

ePhilanthropy is the online contribution of cash or real property or the purchase of products or services to benefit a nonprofit organization.

ePhilanthropy is the storage of and usage of electronic data or use of electronic methods to support fund raising activities.

(qtd. in Greenfield 320)

This is the definition that James Greenfield borrowed from ePhilanthropyFoundation.org in his book, *Fundraising Fundamentals*. ePhilanthropy is a concept that encompasses all Web-related avenues a nonprofit uses to communicate, activate, and build a relationship with its constituents. From the very basics of creating a Web site, to asking a visitor to share his/her e-mail address so an organization can initiate future communication, to receiving a gift via the Internet, recruiting volunteers and perhaps ultimately activating a new-found donor to be a fundraiser (or advocate) are all functions of ePhilanthropy.

The Changing Face of ePhilanthropy...

The world of ePhilanthropy is changing in its scope and offerings, it would seem, almost daily. Many organizations that existed even six months to a year ago, no longer exist or have merged with other companies to offer expanded ePhilanthropy capabilities that neither would have been able to develop on their own. As James Greenfield put it, "The dot-com you pick today as your service provider could be tomorrow's dot-gone" (p. 318).

An example of the rapidly changing landscape of ePhilanthropy is Groundspring.org, a San Francisco-based nonprofit ASP. The company started its business in 1999 as eGrants, only offering a “DonateNow Button” to nonprofits, providing the capability of accepting donations online. By January 2002 the company had changed its name to Groundspring.org and announced the addition of “EmailNow” to handle e-mail campaigns¹. In March 2003, they announced that TechRocks, Inc. agreed to transfer the donor management database software ebase® to Groundspring.org, integrating this software (the single install version is free to nonprofit organizations) with Groundspring’s online donation capabilities². June 2003 saw the collapse of PipeVine, another San Francisco-based company that processed online donations and workplace giving campaigns for nonprofits. When this service provider ceased operations it owed customers (charities) \$17.7-million (Sinclair 1). In response to this crisis in the field of ePhilanthropy, Groundspring.org issued a press release to put their clients at ease about their own business stability and financial strategy³.

Seven months later, in October 2003, Groundspring.org acquired ActionStudio, which offered a suite of database-driven functionality including newsletters, surveys, action alerts, discussion forums and calendars⁴. This acquisition directly contributed to their releases of PublishNow, for multi-page eNewsletter publishing; SurveyNow, for surveys; and their most recent addition in April 2004, AdvocacyNow, that offers marketing tools to collect constituent e-mail addresses and a tell-a-friend function⁵.

¹ “Groundspring.org (formerly eGrants.org) Launches Email Messaging Service for Nonprofits,” press release, www.groundspring.org.

² “ebase® Stakeholder Relationship Management Software System Joins Groundspring.org,” press release, www.groundspring.org.

³ “Online Donation Processor PipeVine Shuts Down: Groundspring Shares Information About Its Financial Strategy, Operations and Accounting Practices,” press release, www.groundspring.org.

⁴ “Groundspring.org Acquires ActionStudio, Adds Engagement and Advocacy Tools,” press release, www.groundspring.org.

⁵ “Groundspring.org Releases Affordable Online Advocacy Tool,” press release, www.groundspring.org.

This one example shows that the landscape of this industry and the evolution of ePhilanthropy have not been smooth, but riddled with ups and downs based on an ever-changing climate.

A starting point... some history...

The use of the Internet by the nonprofit sector for marketing and retail purposes developed at a somewhat slower pace than that of the for-profit sector. Taking a “wait-and-see” attitude, the nonprofit sector ventured into this electronic medium at an advantage: it saw the problems encountered by the for-profit sector and proceeded with caution (Gruber 12). In fact, “...it appears that highly capitalized e-philanthropy sites have failed because the nonprofit market could not respond quickly enough to the opportunities being offered for commercial investments to be recouped into profitability” (W.K. Kellogg Foundation 9).

In the last five years the role of the Internet in the operations of the nonprofit sector has seen a sea change. Organizations have gone from publishing simple Web pages with information mimicking their print material, to revolutionizing how they view this indispensable tool and making it work for them (W.K. Kellogg Foundation 7). By and large, gone are the days of a simple one-page Web site with a lot of text. Organizations have moved to sites with sometimes hundreds of pages linked together to give its constituents a better picture of who they are, incorporating information-exchange pathways, obtaining potential constituent information and providing them in return with additional information about what the organization offers. Multi-media Web sites are no longer uncommon, featuring animation and video and audio clips. The Web sites of today have advanced significantly — they are interactive, visually stimulating, and invite a visitor to get-to-know the organization better.

In a study funded by the W.K. Kellogg Foundation titled, “*e-Philanthropy v2.001: From Entrepreneurial Adventure to an Online Community*,” its authors state that at the time of the study in 2001, of the nonprofits surveyed as part of this report, 87% either “have, are launching, or are upgrading their Web sites” (10). This report is a follow-up to their report in 2000 titled, “*e-Philanthropy, Volunteerism, and Social Changemaking*,” where they documented 140 live sites that provided interactive online services. By the date this second report was published, they found 315 such sites and anticipated that there were potentially hundreds more that were not found that may have been linked to the set of 315 (10). This marks tremendous growth and points to the pervasiveness of Internet use in daily life.

Between 1980 and today there has been a major shift in the nonprofit sector’s capacity to engage in the advances of technology. There is a long list of organizations, starting with IBM and Apple Computer, that have contributed to the technological capacity of nonprofit organizations starting with equipment and monetary donations and moving to technical assistance by providing hands-on technology support directly to nonprofits. This practice that developed by the mid-1990’s was known as “Circuit Riding” (Mills-Groninger 21-22).

Rob Stuart of the Rockefeller Family Fund came to the forefront of this capacity-building endeavor and became “actively engaged in organizing the nonprofit and foundation community around using technology for advocacy and communications, traveling the country to evangelize for both the use of technology and funding for speedier adoption of new tools” (Mills-Groninger 22). The Family Fund actively raised money for conferences discussing this important issue and gave birth to TechRocks, an organization that would manage Circuit Riding activities in nonprofits (Mills-Groninger 22). This function was later taken over by an organization called, Nonprofit Technology Enterprise Network (N-TEN) which was born of the planning group, the

National Strategy for Nonprofit Technology (NSNT) (Mills-Groninger 22). And so the story goes: consortiums and grassroots groups growing, budding, joining forces and reinventing themselves for the greater good of the nonprofit sector.

The year 2000 saw the beginning of the e-Philanthropy conferences, which have become an annual gathering of those interested in or directly involved with the creation, implementation and use of Internet technology for fundraising, advocacy and volunteering. This first meeting “brought e-philanthropy dot-coms, donor-advised funds, government entities, corporations, social entrepreneur enterprises, and other nonprofit organizations and foundations together to delve into the challenges and opportunities offered by the Internet” (Mills-Groninger 22).

A matter of technology...

Right now there are hundreds of service providers vying to be the vendor of choice for any given nonprofit organization. From conversations with service providers, it is apparent that they are very enthusiastic about the technology they are able to provide and swear by its effectiveness. There are providers that offer comprehensive service packages including Web design, application services for a range of functionality, recruiting volunteers and putting advocates to work on the behalf of an organization, surveys, online stores – and the list goes on. Some of these companies will even build conduits to sync your online data with your off-line databases, such as the for-profit Kintera and Convio. There are also smaller organizations that offer specific stand-alone applications that can be plugged into a site for online capacities that include accepting donations, managing e-newsletters, recruiting volunteers, running surveys, and activating constituents to be advocates such as Groundspring.org and donordigital.com. These organizations may perform just a couple or all of these functions. There are also others that offer

Web-based donor database management software packages to integrate your complete development office online. DonorPerfect, Blackbaud's Raiser's Edge, PledgeMaker, and e-Tapestry are just a few.

When looking at raising money online, even beyond the aforementioned service providers, there are options that exceed simply accepting a gift of cash through an organization's Web site. Charity portals and shopping malls offer donors a site where they can research organizations deserving of their support or a portal through which they can enter and shop-to-donate.

Charity portals serve as a kind of clearing house for nonprofit information. Network for Good (helping.org) and JustGive.org are two examples of Charity portals that potential donors can use for researching and for making a gift online. These two nonprofit-based portals are driven by the GuideStar online database of nonprofit organizations. In addition to providing information through their Web sites, these organizations offer a button that nonprofits can place on their Web site, giving their constituents the opportunity to jump to the portal and learn more about the financial state of the organization and then make a gift. Charity portals have had limited success since, "Donors don't usually go in search of charities to support; they support organizations they already know and trust, or ones that solicit them directly" (ePhilanthropyFoundation.org 63).

Charity Malls or affinity portals are e-commerce sites that serve as points of entry for donors who want to shop to benefit a good cause. Many of these malls offer charities a 5 to 15% donation based on the purchase price of the goods bought by supporters. To participate, donors register with a mall and select a charity from a list of organizations sponsored by the site. One example of a charity mall is iGive.com. Ultimately charity malls have failed to achieve a

significant impact with their offerings because "...most non-profits don't get a lot of visitors to their sites, so the numbers they can send on to a mall are negligible. And most of those folks visited the mall once, then went directly to Amazon.com or perfume.com the next time, without stopping at the mall to have their purchases credited" (ePhilanthropyFoundation.org 63).

Is it all in the numbers?

Today Americans are more connected than ever. In a press release published by Nielsen//NetRatings in March 2004, it was reported that nearly 75% of Americans (204.3 million) now have access to the Internet from home compared to approximately 66% in February 2003. According to Eugene Carr, in his book *Wired for Culture*, when he "started working in this industry [arts] in 1996, only 13% of the population was online, representing about 14 million people" (15). This implies that there has been a dramatic shift in American culture and where society obtains its information.

Of those currently online, Nielsen//NetRatings found that the highest proportion of Web users were women between the ages of 35 and 54 (81.7%) followed by men in the same age group. Of those between the ages of 25 and 34, women again came out ahead at 77% over men coming in at 75%. When generally looking at the connectivity of those 55 and older, 63.4% were currently online. According to this release, "Women make the majority of purchases and household decisions, so it's no surprise that they are utilizing the Internet as a tool for daily living" (Nielsen//NetRatings par. 4).

What does this mean for the performing arts?

Eugene Carr concurs with the prevalence of women in decision-making and further indicates that “Women tend to be the key influencers and decision-makers of arts event attendance and ticket purchase” (23). A multi-year survey conducted by CultureFinder.com in 1999 with two follow-ups in 2002 found that 66% of CultureFinder subscribers were women (23). This survey received a total of over 5,000 responses (22).

Some additional statistics uncovered about arts patrons in this survey included the finding that two thirds of respondents have some college-level education or a college degree, and of those, 37% had graduate degrees compared to the national average of only 8.9%. The average number of arts events attended by respondents was 11.6, with 70% indicating they attended more than 16 events and 39.6% reported attending more than 27 events. This means that arts audiences are highly educated and passionate about their arts leisure time activities (23).

Receiving information via e-mail about arts events ranked number three (62%) among sources of arts event information, preceded only by receiving a brochure in the mail (69%) and reading an article in the newspaper (86%) (24). Figures show that 80% of these individuals, once online, purchase products online monthly (25). Interestingly, USA Networks, the owner of Ticketmaster and Citysearch, ranks number twelve in the most frequently visited network of sites following search engines (Yahoo #3, Google #4), eBay (#6), and Amazon (#8) (20). Although Ticketmaster does not primarily focus on arts ticketing, it does show that online ticketing has become increasingly popular (21). When looking at arts ticketing on the Web, 24% over the age of 55 reported purchasing tickets online. This number increased to 43% of those ages 35 and under (27).

After examining the results of connectivity among the general population and arts patrons, one perhaps could extrapolate that as today's 20 and 30 something's age, the percentage of those over the age of 55 who are connected will increase.

This data indicates that women form the majority of arts patrons online, making decisions about attendance; they are highly educated and attend at least eleven arts events a year (23).

What does this mean for the future of ePhilanthropy? The CultureFinder survey finds that "Arts patrons seem to understand well how financially strapped arts organizations are. They know how expensive it is to send regular mail, and innately understand that e-mail marketing can save a lot of money" (36). This might point to an increased receptivity or preference-rate of arts patrons to receiving information from their favorite nonprofits electronically. Only time will tell how this will translate into raising dollars online, but research seems to indicate that marketing to women especially under the age of 35 and communicating with them electronically could reap tremendous results.

ePhilanthropy's growth...

Several of the sources consulted for this study suggest that the tragedy of September 11th was an important catalyst in the current trends for online giving.

Before the terrorist attacks, efforts to raise money online were struggling; no single group had raised much more than \$3-million online in a year, and many companies and organizations that built sites to channel gifts to large numbers of organizations have gone out of business. Until September 11, Internet giving didn't meet a need that people had, or didn't

help them to do something they wanted to do either more easily or more cheaply than they could the old-fashioned way. (Blau par. 4)

Blau poses the question about whether "...online giving was just an impulse reaction, or whether Americans will turn it into a habit" (par. 5). David Eisner, former AOL Time Warner executive, was perhaps a bit more pro-active in asking, "how the nonprofit world can move online giving from crisis giving to more normal day-to-day giving" ("Outlook for Online Donations is Cloudy..." par. 2). Wallace states that amounts raised online exceeded \$215-million of the more than \$2-billion raised in total by relief charities after the terrorist attacks (par. 1).

"[...] the World Wide Web has been among the most significant new fundraising tools in the past decade[...]" ("Nearly \$2 Billion Donated..." 39) and perhaps one of the most rapidly evolving mechanisms for streamlining campaigns and activating constituents. At a growth rate of more than 50% each year, 2003 saw an estimated nearly \$2 billion in funds raised online constituting a more than 60% increase from 2002 (39). These are the findings of a survey conducted by *The NonProfit Times* and Internet technology service provider Kintera. "Online donation[s] in 2002 totaled \$1.17-billion and will total more than \$1.9-billion in 2003" (39). This estimate is extrapolated from data collected from a survey where 250 respondents of the original 787 remained after a complete cleansing of results based on redundancies built into the survey.

The Chronicle of Philanthropy also conducted a survey that found a 48% increase in online giving by organizations that participated in their surveys in both 2002 and 2003 ("Online Donations Surge..." par. 2). Although their giving totals differed greatly, with \$100-million in 2003 and \$60.5-million in 2002 (pars. 1-2), the growth percentage of their sample is similar in scale to the survey conducted by *The NonProfit Times* and Kintera. *The Chronicle* admits that their sample focuses on large charities, but they also found that "Groundspring.org...handled

more than \$1.8-million in 2003, up from about \$1.1-million in 2002” (par. 7). This constitutes a 63% increase over 2002. Although the percentage increase between these studies vary by fifteen percentage points, things look good for the future of online giving.

When looking at additional service providers that accept online donations for smaller organizations, the Network for Good found that “eighty thousand people gave in 2003, compared with 40,000 in 2002” (“Online Donations Surge...” par. 8), a 100% increase in total individual contributors. And “JustGive.org [...], handled \$6.4-million in 2003, up from \$893,222 the previous year” (par. 9), constituting an over 600% increase in dollars contributed. This dramatic increase seems to indicate that significantly more small nonprofits are turning to the ‘net as a new fundraising tool to add to their toolboxes. This data points to a trend indicating that the use of the Internet as a fundraising tool for nonprofits and a method of giving for donors continues to increase.

The Chronicle of Philanthropy has been conducting a survey about online giving since 2000 and has compiled the results from the past four years. In the June 10, 2004 issue they published, “How Online Fund Raising Has Fared in the Past Four Years at a Sampling of Charities.” This report looks at contributions received via the Internet for 50 nonprofit organizations among large and/or national health care, church, college/university, human interest, volunteer, arts and umbrella groups. “Total online gifts grew from a combined \$11.3-million in 2000 to \$47.8-million three years later” (“Online Donations Surge...” par. 4).

Online donation net changes over the four years have ranged from -14.1% (American National Red Cross) to 39,151.9% (Ohio State University). It should be noted that some of these organizations started accepting online donations part way through the year, which would dramatically affect the percent change over the four years as in the case of Ohio State University

who reported \$360 in online contributions in 2000 and \$141,307 in 2003, but in 2001 they had \$25,485. It should be safe to say that they began accepting donations online near the end of 2000. It is also important to note that the Metropolitan Museum of Art in New York, the only arts organization in this list, netted a 4,461.0% change starting with \$12,300 contributed online in 2000 and \$561,000 in 2003 (“Online Fundraising has Fared...”).

According to Wallace, “The gains continue the upward trajectory that nonprofit groups have seen over the past four years as donors have become increasingly comfortable with making financial transactions online and as charities have become more sophisticated in how they use the Web and e-mail to raise money” (“Online Donations Surge...” par. 5). This is a very positive outlook for the future of giving online.

Critical Issues and Important Tools

Building trust, building relationships...

Nonprofits looking to use the Internet as a marketing and ePhilanthropy tool are really looking to build electronic relationships. Although the Internet will never replace face-to-face interaction, in cyberspace, a Web site is the electronic face of an organization; when relating to constituents online one must be just as vigilant in cyber representation as with the physical presentation of an organization.

In “Communication, acknowledgement, and the morality of cyberspace,” Michael Hyde and Ananda Mitra cite a passage from *The Metaphysics of Virtual Reality* by Michael Heim that relates to the ethical awareness of the human being (15). Part of the excerpt follows below:

The living, nonrepresentable face is the primal source of responsibility, the direct, warm link between private bodies, ... more basic than any machine

mediation. The physical eyes are the windows that establish the neighborhood of trust. Without the direct experience of the human face, ethical awareness shrinks and rudeness enters. [p.102] (qtd. 15-16)

In this passage Hyde and Mitra refer to the human face, as seen by Heim, as the “primal source of responsibility” (16). A certain amount of accountability is assumed when meeting with someone in person and looking straight into their eyes. The face communicates in a way that cannot be conveyed via typed text over an electronic medium.

Trust is built on face-to-face encounters. When talking about e-philanthropy, an organization relies on its electronic face, or Web site, to build this trust in the absence of a human encounter. Emotions are conveyed through the face, body language and the eyes in a face-to-face encounter. From the encounter an impression of the other individual is formed, it can be positive, negative and sometimes indifferent. If one leaves an encounter feeling energized and enthused about what another has said, that person has successfully built trust during the exchange. If one feels uneasy or suspicious after an encounter, the person has failed to instill trust. The human mind is able, on instinct, to “ferret-out a rat.”

Building trust and relationships through an electronic medium is much more difficult, but this is what ePhilanthropy and the Internet requires in order to be successful in an online forum. Representation must be clear and accurate on the Web and followed up with consistent and accurate communications that will build the bond of trust with constituents and foster the relationship.

Going one step further, Hyde and Mitra quote Heim a second time, “Without directly meeting others physically, our ethics languishes. Face-to-face communication, the fleshy bond

between people, supports a long-term warmth and loyalty, a sense of obligation for which the computer-mediated communities have not yet been tested” [p. 102]” (qtd. 16).

Representation on the Web, by its very nature, implies a truthful embodiment of an organization’s mission and values. The viewer, especially if new to the organization, has no other measure against which to evaluate truthfulness. If the information presented online is not truthful, ethics have failed the organization and, at least in theory, will eventually sabotage the relationships that nonprofits seek to build and contradict the very nature of what “charity” implies.

Presenting a nonprofit’s mission in a clear and understandable manner is cited by several sources and is an integral part of the trust building process. Outside of clear communications about the organization the ePhilanthropyFoundation.org states six trust building tools to help in building relationships with constituents. The foundation suggests:

1. **Ensure Security with Seals of Approval** – Especially when engaging in e-commerce and accepting gifts via the Internet, security seals such as VeriSign, BBB Online, and TRUSTe among others reassure visitors that you are looking out for their security and privacy (5).
2. **Match Web Site Content with the Organization’s Mission** – the Web is your communicator and should convey the values you uphold (6).
3. **Provide Effortless Site Navigation** – In the CultureFinder survey found in *Wired for Culture*, an arts patron spends anywhere from almost two minutes on your Web site to just over nine minutes (pp. 19). This is not a lot of time in which to communicate the wealth of information you have to share with constituents. Making it easy for patrons to find the information they seek is crucial (6).

4. **Maintain Stewardship** – This includes responding to patron questions and concerns as if in a face-to-face encounter, clear procedures for online transactions (either ticketing, donations, volunteering, etc...), and ensuring their privacy and security (6).
5. **Accommodate Visitors' Needs to Communicate** – Provide vehicles for communication that are convenient and comfortable for your visitor (7).
6. **Provide Effective Technology** – The technology employed in a Web site should be streamlined so that pages open quickly, visitors can find what they need and communicate with the organization, and guests are able make secure gifts online (8).

The underlying message is that an organization cannot survive in cyberspace without the trust of its constituents.

The ePhilanthropyFoundation.org has developed two documents as guideposts for nonprofits as they look to their Web communications and how they can use electronic media to streamline their efforts. These documents are: “The ePhilanthropy Code of Ethical Online Philanthropic Practices” (appendix A) and “Ten Rules of ePhilanthropy Every Nonprofit Should Know” (appendix B). Primarily they provide a model or perhaps a checklist of sorts for organizations as they build their online presence with privacy, security, and disclosure being at the forefront of their message.

Building a Web site and a plan for electronic communication is like creating a character in a play. Web page images and passages of text relate to the character that is the institution. When a character contradicts him/herself in a scene, this contradiction influences an audience member's perception of that character. Contradictions relate back to an organization's trustworthiness and can help the viewer make a decision about their interaction with the organization online or off-line.

E-mail and privacy...

Once an organization has its Web site in place and is ready to venture into more interactive methods of engaging constituents online, one of the biggest problems encountered is how to drive traffic to a Web site. Obtaining e-mail addresses from current and potential constituents has become a critical function in increasing Web site traffic, however many organizations struggle with how to obtain these addresses. Finding access to individuals is an initial problem, but respecting the privacy of potential and current constituents is critical.

One of the recurring themes at the 2003 ePhilanthropy Conference “was the importance of protecting the security and the privacy of the data charities maintain on donors, clients, volunteers and staff members” (“Charity Leaders Discuss...” par. 7). Security threats are real, and are both physical and technological. “...when it comes to e-mail, donor’s privacy expectations are different from what they are with direct mail or telemarketing... The people who care about e-mail privacy care about it a lot, and they will go after you, (par. 4)” said Debra Erenberg in *Charity Leaders Discuss Computer Privacy and Other Technology Issues*, by Nicole Wallace. Obtaining permission to contact people has become very important and companies are encouraged not only to use “opt-in” e-mail newsletter techniques, but to provide an “opt-out” option in each communication.

E-mail address services are now widely available. In *Charities Divided Over E-mail Address Services*, Wallace shows how some organizations have met success and others have encountered difficulty with a practice known as e-mail appending. E-mail appending raises ethical issues and “runs ‘slightly afoul’ of generally accepted best practices in e-mail marketing”

(par. 7). This was said by Toby Smith, an Internet strategist at CARE, headquartered in Atlanta, Georgia.

When CARE used this service they retrieved e-mail addresses for 20% of their donors, and only about half of these addresses worked (“Charities Divided...” par. 19). Three sources indicated that e-mail appending is not an advisable or ethical method of collecting constituent e-mail addresses⁶. Even organizations with appending success have said that they would not rank appending as their top choice in obtaining or increasing their number of addresses (“Charities Divided...” par. 21).

Apart from match and accuracy rates, another problem nonprofits can encounter through this practice is the risk of being labeled as spam. When NARAL (National Abortion and Reproductive Rights Action League) experimented with appending, they found themselves on several e-mail filter lists and their messages were blocked. They were finally able to reverse the problem, but the endeavor proved to be extremely expensive. Erenbert said, “We wound up throwing out thousands of e-mail addresses...and the price went from 50 cents per e-mail to somewhere over \$10, plus a huge nightmare of headaches” (“Charity Leaders Discuss...” par. 21).

Even without the use of e-mail appending, an organization can find themselves labeled as a spam mailer. Organizations that use a third-party to send their e-mail newsletters or other messages, even those that send messages on their own, have found themselves mired in the spam trap. Many ASPs, like Convio and Kintera, are in constant communication with major Internet

⁶ These sources include *Fundraising on the Internet...* by the ePhilanthropyFoundation.org (70), “Charities Divided Over E-mail Address Services” (par. 14) and “Charity Leaders Discuss Computer Privacy and Other Technology Issues” (par. 13) by Nicole Wallace.

service providers (ISP) and have developed agreements with these ISPs allowing messages from their servers to make it through spam filters and into constituent in-boxes.

With typical costs between 15 and 50 cents per address and sometimes a minimum order charge of \$2,000 and an average return rate of 10%, e-mail appending is potentially a very expensive tactic to use, especially for a small to medium sized regional nonprofit. It would not only be expensive financially, but the potential backlash of prospective and current constituents could be devastating to the organizations public image and could seemingly violate privacy issues. With low match and accuracy rates e-mail appending is not a logical choice for locally based regional organizations.

Advocacy...

In addition to driving traffic to a Web site, e-mail has become a tool for activism, public policy and fundraising among constituents. The use of e-mail in peer-to-peer advocacy efforts such as forwarding an e-mail message to encourage friends and family to sign an “e-petition” or disseminate news information are functions of using e-mail and the Internet for advocacy purposes.

The 2004 Presidential election is a good example of how politics have harnessed the power of the Internet to communicate on a large scale with constituents. John Edwards and Howard Dean both employed the Internet and advocacy tools provided by the ASP’s GetActive Software and Convio respectively. Although neither was successful in obtaining the popular vote and continuing on to be a Presidential candidate, both cases are good examples of the power and potential the Internet has for advocacy.

Dean's campaign, using Convio as his ASP, helped him to "raise \$18 million online in just nine months, with an average gift of just \$68" (Lagace par. 12). The Dean camp also indicated that his campaign "engage[d] thousands of people in the political process who hadn't taken much interest before.... It mobilized 630,000 to sign up for electronic updates and 180,000 for so-called meetups, where volunteers got together to meet like-minded people stumping for Dean" (Lagace par. 14).

Edwards, through the use of GetActive's Community Networking module, was able to add 6,500 new online donors between the February 17, 2004 Wisconsin Primary and February 27, 2004 when GetActive published a press release about this success featured on The Nonprofit Matrix Web site (Atherton par. 1). The press release states that the campaign was innovative in the use of [GetActive's] "viral marketing" tool and "is a great example of how to leverage the Internet to engage individuals" (Atherton par. 4).

Even though these campaigns were national in scope, and many nonprofit arts groups rely on a local or regional audience, they provide encouraging signs of the Internet's power in communicating. These campaigns are strong examples for nonprofits of how leveraging the Internet for advocacy and fundraising efforts can be highly successful, even though results for a more localized campaign may not rival the numbers seen in these two political campaigns.

A more localized Convio success was with The Austin Children's Museum in Austin, Texas. Museum officials found that only five weeks after launching their new Web site, 90% of online registrants had no prior relationship with the museum. Constituents that received an e-mail announcing the new site evidently forwarded these messages on to friends and family (Rentner par. 22).

E-mail is a powerful advocacy tool to initiate contact with constituents – as also discussed in *Wired for Culture*. Beyond the obvious function of sending out useful information about upcoming events, promoting productions for tickets sales or for fundraising purposes, some ASPs provide the opportunity for constituents to create their own Web site in support of their charity and send out their own e-mail messages to friends and family resulting in new found constituents. This is a terrific trust builder as members beget new members. At minimum, a constituent takes the initiative to work on the behalf of a charity, making the individual feel good and keeping them involved.

Professionals also point to e-mail as a mechanism to increase response rates by integrating it with more traditional off-line communications. Two examples of this can be found in *Wired for Culture* including online donor/subscriber renewals (Goodspeed Opera House) and subscription renewals (The New Victory Theater) (46-51). The March/April 2002 issue of *Advancing Philanthropy* specifically cited methods of integrating online and off-line communications for enhanced response and devoted three pages to this discussion.

In the case of The New Victory Theater's subscription renewal campaign, the presenting house used both direct mail and online methods and eliminated phone-based renewal. An e-mail was sent to their in-house prospective renewals list stating that a brochure would follow by mail in a few weeks, but that the information was also available online and patrons could renew immediately. This e-mail included a link to the Web site. At the same time, a postcard was sent to individuals that the company did not have e-mail addresses for, giving the same information but also saying that computers would be set-up in the lobby during performances giving patrons without home Internet connections the same opportunity as those with Internet connections to renew early. The initial results indicated that 660 orders were made in the two weeks before the

brochure was mailed, constituting a 15% renewal rate. After the direct mail brochure was sent, the two communications mediums drove the remainder of the sales. Although the organization isn't entirely certain which initial medium was a stronger motivating factor in the renewal process, they found that 72% of renewing members did so via the Internet. Furthermore, they brought in \$700,000 in sales via the Web for an initial investment of \$15,000 giving them these online capabilities (Carr 47-48).

A potential threat to the functionality of using e-mail for charity purposes is the ability to easily set-up an alternate address through one of the many free e-mail services. Although these are convenient when registering for services or shopping online and help individuals avoid additional unwanted e-mail, they could be a liability to nonprofits trying to engage their constituents in e-mail advocacy campaigns.

In "Charities Say Legitimate Mailings Have Been Blocked by Spam Filters," (Wallace) Lucy Craig, a representative from Planned Parenthood, noted that constituents used to register a work e-mail address or an address from a major Internet provider when they first started collecting e-mail addresses (par. 19). Now she estimates that "about six out of every 10 e-mail addresses the group collects are from free services, such as Hotmail" (par 19). Since the statistics show that nearly 75% of Americans now have Internet access at home, this trend could be a clear indicator of e-mail filtering. Ms. Craig indicated that she herself created a Yahoo account that she only checks a couple times a month. She said, "If you're looking at a time-sensitive e-mail or a campaign with a short shelf life, you're definitely not going to grab their attention in time" (par. 20).

Regulation

Along with advances in the use of the Internet for charity purposes, much controversy has erupted about the regulation of activity on the Web. Before the Internet, nonprofit fundraising campaigns were typically localized, with the exception of large organizations conducting national campaigns. The Internet has changed the landscape of solicitation for nonprofits by broadening the potential base of support beyond state or municipal borders, as a result states have been debating what regulatory methods must be enacted to govern this borderless medium. Regulation is a looming question today as many states struggle with existing registration requirements and enforcement for charities within their own states as well as those conducting national campaigns (ePhilanthropyFoundation.org 51).

In October 1999 the National Association of Attorneys General/National Association of State Charity Officials (“NAAG/NASCO”) met in Charleston, South Carolina to discuss these issues from which “The Charleston Principles” were born. (see Appendix C) “The Charleston Principles” are a set of guidelines established to help states in their rulings on charitable solicitations using the Internet. At this conference state charity officials agreed that, “The Internet can be a valuable and efficient forum for conducting charitable solicitations. State charity officials do not desire to discourage or limit its use.” (The Charleston Principles, Section I., C.)

For those charities that must register, measures have been made to streamline the process. NAAG/NASCO have been working on an ongoing project in collaboration with the Multi-State Filer Project, Inc. (MFP) to develop The Unified Registration Statement (URS)⁷. The Latest version (2.31) was published in July 2003. In lieu of having to register with every state or

⁷ For further details and information visit www.multistatefiling.org.

municipality that requires it, organizations actively soliciting in other jurisdictions can now complete this one registration statement and save a significant amount of time and expense. This statement does not however exempt the organization from having to report annually to individual states as may currently be required. A similar project for annual reporting is currently in progress.

One of the primary questions about regulation is at what level of Internet fundraising must an organization be required to register through the URS. “The Charleston Principles” puts forth a general guideline that an organization must register if a charity receives donations from another state through the Internet on a “repeated and ongoing basis” or if the gifts are “substantial”. The criteria for “repeated and ongoing” means the number of gifts received and “substantial” is viewed in terms of total monetary contributions. In either case “The Charleston Principles” suggest that either 100 transactions or contributions or gifts in the amount of \$25,000 or “a stated percentage of its total contributions online” would trigger the necessity to register (“The Charleston Principles” Section III., B., 2., c.).

Who is Going Online and Why

In a study that was reviewed in “Seeing the Internet’s (Not So) Obvious Benefits,” by Don Howard and Ken Weber, only 20% of organizations reported that more than 5% of their gifts came in through the Internet and even fewer indicated that they thought this vehicle was effective in raising money, recruiting volunteers, registering members or working for advocacy purposes (par. 3). When surveyors polled the public that uses the Internet, they learned a great deal about how people are using the information nonprofits post online. First, respondents indicated that they often go online to find information about charities that interest them, but they

often take action off-line. This study also found that many of the people seeking information online become either new donors or volunteers (par. 4).

Sixty percent of respondents said that they used the Internet to advocate for a cause, volunteer, conduct research related to a charity issue and donate or subscribe to newsletters (par. 5). The majority of these people also took action off-line and more than 20% of these individuals indicated that they would not have taken additional action if it weren't for the nonprofit's Web site (par. 8). Forty percent were not sure if they would have taken action without the Web site (par.8). Online donors are also proving to be a bit more generous than their off-line counterparts. In the case of Easter Seals, their average online gift was \$55 compared to \$12 for those who gave off-line (par. 12).

Advancing Philanthropy published a study conducted by Blackbaud, a donor management software provider that also offers online donation capabilities, in their November/December 2003 issue. The study looked at nonprofits using the online components offered by Blackbaud. Although it was a very limited survey – only 35 organizations responded out of 500 organizations polled (7%) – some interesting numbers emerged. Approximately 14% of the responding organizations were arts/culture/humanities related organizations (Boice 12).

In their study, Blackbaud found that 53% percent of organizations reported that their online donors were younger than their typical off-line donors although 43% said that they were around the same age. Fifty-four percent were new donors to the organization. Sixty-seven percent of responding organizations reported that their online donors were relatively evenly split between male and female while only 17.6 % indicated that their online donors were most often female. This information is perhaps somewhat contradictory to the earlier studies reviewed from *Wired for Culture* and Nielsen//NetRatings about general usage of the Internet by women in

daily life and arts participation. It must be again pointed out that this survey was quite limited. Eighty-two percent of organizations reported receiving less than 2% of their donations via the Internet and 50% said they would like to see their online giving grow to between 2% and 10% (Boice 12).

More detailed research of a broader cross section of organizations and individuals would be helpful to gain a complete picture of ePhilanthropy and more specifically issues of Internet use for online donations as well as encouraging offline activity.

Arts Web site Survey

To bring practical application to the forefront and see how arts organizations are using the Web today and specifically look at how they are addressing the issues of trust, privacy and security concerns a survey was conducted of arts organization Web sites (see survey form Exhibit 1). As part of this survey the amount of fundraising information organizations included on their Web sites was evaluated.

This Web site survey covered 100 Web sites of arts organizations in the United States. At the outset of this survey the intention was to visit arts sites of the top ten cities in the United States, ranked by total population as of the census conducted in the year 2000. The final result was that arts sites that fell within the top twelve cities in the United States were visited. San Antonio, Texas and San Jose, California were both omitted to avoid surveying three cities within the same state. The final city then became Indianapolis, Indiana, which ranked number twelve. At the end of the survey, arts Web sites from a total of eight different states were visited.

For cities within the same state to be included in this survey, the cities had to be a minimum of 100 miles apart in order to not significantly overlap major metropolitan areas. A

metropolitan area was defined as any town or city within 50 miles of any one city that was included in the survey. Within each major metropolitan area ten arts organizations' Web sites were randomly chosen based on searches for arts organizations within that area. As a result, some arts organizations fell within the selected city boundaries proper and others did not. More than three quarters of the organizations did fall within the selected cities with 20% falling outside of the city proper. The ten cities used in this sample were New York, Los Angeles, Chicago, Houston, Philadelphia, Phoenix, San Diego, Dallas, Detroit and Indianapolis, ordered by rank. These cities fell within the following states New York, California, Illinois, Texas, Pennsylvania, Arizona, Michigan and Indiana. For a complete list of organizations and Web sites visited, please see Table 1.

The majority of arts Web sites surveyed were producing organizations, with only a small percentage (8%) that were presenting organizations. The arts disciplines included museums, theaters, opera companies, symphony orchestras and dance companies.

Survey Criteria

A few notes should be made about the criteria for the survey and what would constitute either a "yes" or "no" answer for a particular survey item.

General Fundraising Information

Two things were looked at when reviewing the fundraising information each organization featured on their Web site: 1) did they include general information about their donor or membership program or 2) did they include a detailed listing of their membership or giving levels. Because each organization uses the terms "membership" or "donor/contributor" relatively

interchangeably and the criteria for whether an organization would call their donors either a member or a donor is unclear, these two terms were viewed as synonymous within the confines of this study.

Corporate Sponsorship

An organization would receive a “yes” rating if they did as little as have a heading about corporate giving, sponsorships or corporate partners and included contact information under that heading. For museums this would also include corporate memberships. Some organizations had as little as one sentence under such a heading and others had a complete giving program for businesses, much as they would for individuals. In conjunction with looking to see whether an organization included sponsorship or corporate giving information, demographic statistics about their constituents were looked for as a way to increase interest among prospective business partners. In relation to these criteria, only one of the 100 organizations included such information as a cultivation tool (please see Exhibit 2 to see how this organization used this kind of information on their Web site).

Special Events

Regularly scheduled performances were not considered a Special Event for the purposes of this survey. Items that constituted a Special Event were fundraising events, events (ticketed or not) outside of their normal programming, lectures, discussion groups and classes.

Online Giving

An organization would only receive a “yes” rating if they actually accepted donations with a credit card or electronic check through a secure server over the Internet.

Major Gifts

Since giving levels vary widely among organizations of different sizes, when looking at the criteria of Major Gifts, an organization received a “yes” rating on this item if they featured a section on their Web site specifically defined as major gifts or in lieu of a specific section, gift levels in excess of \$10,000 were considered.

Disciplines

Of the organizations surveyed there were eight presenting organizations, 15 dance companies, 15 opera companies, 17 symphony/orchestras, 19 museums and 26 theaters (see chart 1). An effort was made to split the distribution of disciplines as evenly as possible. Initially two organizations within each of the five disciplines were sought within a metropolitan area, not including presenters, but this was not always possible.

Budget Size

Of the organizations surveyed 20 were under \$1 million, 24 were between \$1 and \$5 million, 32 were between \$5 and \$15 million, 13 were between \$15 and \$30 million, and 11 were over \$30 million (see Charts 2 & 3). Information about organizational budget size was obtained through GuideStar.org.

Internal or Third Party Processing

As part of this survey there was an attempt to see which organizations used an ASP for accepting donations online and which processed the donations internally. This was somewhat difficult to discern. To determine whether an organization processed their donations or memberships internally or externally, the properties of each donation page were viewed including information about the secure certificate.

Survey Results

An overwhelming 96 organizations included at least some very basic information about their fundraising programs, and 79 of these actually included additional detail about either giving or membership levels. Going a little deeper, 40 included information about planned giving on their sites. Eighteen organizations included information about endowments and at least one organization from each budget level was represented. Sixty-nine of the 100 organizations included at least some basic information about corporate sponsorship or partnership programs, if not complete details.

Thirty organizations included information about Major Giving. Additionally, 62 organizations included information about their special event offerings during the year and 58 provided information to their Web visitors about volunteer opportunities and who to contact. See Chart 4 for a representation of organizations and the types of fundraising information they incorporated into their Web sites.

Exactly one-half of the 100 organizations surveyed offered Web visitors the option of making a gift or becoming a member online, with less than half of these sites (19 sites) featuring a “trust symbol” such as VeriSign (11), Thawte (3), BBB online (2), TRUSTe (2) or GeoTrust (1).

Twenty-five of the organizations that offered online giving appeared to process the donations internally. In all of these cases but one, the secure certificate was issued to the organization, however for this one exception it appeared as though they had a donation form without a secure certificate. This practice seriously jeopardizes a patron's privacy and security. Twenty-three organizations seemed to use a third party ASP for accepting donations online, of which only six disclosed this fact. Disclosure is another privacy and security issue when looking at trust and ethical issues in online practices. Two of the organizations did not fall in either of the above categories. One organization was having technical difficulties and the donation page was not available. The other organization only accepted membership renewals online so access to this page was denied to anyone without a username and password.

Again, 50 of the surveyed sites offered registration for an e-newsletter that was promoted as such. Thirty of these organizations were included in the original 50 that offered online giving. Another nine organizations had an online registration form to sign-up for their mailing list, but it was unclear whether they would be added to an e-newsletter list or just a snail mail list. Since all of these forms included a field for an e-mail address, one might assume that they would receive an e-newsletter, increasing this number to 59. Of the 59 organizations offering an online mailing list registration form 27 of these included Privacy Policies as part of their Web sites. A total of 38 organizations from the entire sample included Privacy Policies on their Web sites and three of these offered neither an online giving option nor an e-newsletter. Only five organizations included an "E-mail this link" to a friend button on their site.

The inclusion of mission statement on an organization's Web site was cited by the ePhilanthropyFoundation.org as being important in communicating the values and character of an organization via the Internet. Fifty-eight of the 100 organizations did include a mission

statement on their Web site, or in some way talked about the organization's values if it did not recite the mission completely. It is a good sign that more than half of all organizations included information about their mission, but some could be missing the mark and potentially sending confusing messages since the basic premise of why the organization exists is not being communicated.

When looking at the final numbers generated by this survey, it could be safe to say that although arts organizations are making great strides in utilizing the technology available to them, they are far from realizing its full potential. It was somewhat surprising that as many as 50% of all surveyed organizations either offered online giving and/or an e-mail newsletter, a much lower percentage was anticipated. Some work needs to be done, however, on communicating how organizations are using the information they obtain from site visitors when they complete an online form (a Privacy Policy) and disclosure when a third party service provider is being used. Of the arts organizations surveyed it would seem that there is an understanding of the importance of providing detailed information about fundraising and membership programs.

Although the results of this survey can hardly be generalized as hard facts about arts organization use of the Internet, it can be seen as a good sample of what is being practiced in the field today.

Summary

This discussion has looked at ePhilanthropy and how it is changing the landscape of fundraising and the fostering of advocates for nonprofit organizations, primarily focusing on the arts. Although it is a relatively new tool in the nonprofit workshop, it is having a significant impact on the capacity of nonprofits to reach out to new audiences and streamline elements of advocacy, outreach and fundraising.

Many organizations have facilitated the adoption of technology in nonprofit organizations starting in the early 1980s (Mills-Groninger 21). Today's nonprofits have adopted Internet technology and have harnessed it to mobilize its constituents. This would not have been possible without the dedicated network of individuals and technology organizations looking out for the greater good of the nonprofit sector. As a result, a myriad of service providers have developed technological applications to specifically meet the needs of nonprofits on the Internet.

From the humble conception of the Internet in the 1960s to today's staggering rate of connectivity, Americans have not only adopted but have embraced the flexibility and power of the World Wide Web. Even as recently as three years ago the Internet did not play a significant role in the daily existence of our nation's nonprofits.

There is clearly much room for advancement in ePhilanthropy, and there is every indication that ePhilanthropy will thrive.

Conclusions and Implications

In the field of fundraising, ePhilanthropy is a relatively new and widening frontier. “Despite the dramatic rise in Internet use in the last five years, online fundraising is still a minor contributor even to organizations who have invested millions of dollars in expanding their Internet presence” (ePhilanthropyFoundation.org xviii).

Although it is a powerful tool, the Internet adds an entirely new realm of concerns and issues relating to raising money and building relationships via the Web. The security and privacy of constituent information and the regulation of fundraising on the Internet are significant issues every nonprofit manager should be aware of.

As more arts organizations employ the power of the Internet in their fundraising plans it will be interesting to track the response rates to e-fundraising solicitations versus e-newsletters. As of 2003 Eugene Carr reported, in *Wired for Culture*, an open-rate of between 35 and 60% of e-correspondence for all PatronMail clients (40). (PatronMail is a service provided by Patron Technology, a company that provides the arts with online marketing tools.) As more fundraising appeals occur via e-mail it will also be interesting to see if and how this open-rate changes. Will arts patrons become desensitized to the e-mail they have requested just as many are to the junk mail that arrives in mailboxes daily? The Culture Finder survey results indicate that, “...arts patrons view arts e-mail not as commercial mail, but rather like mail from their friends”(29). The question is, will this trend continue?

Additional information comparing the amount of time consumers spend reviewing a direct mail piece as opposed to e-communications might also provide tremendous insight. This quantitative data is easily tracked for electronic media, but obtaining qualitative and quantitative data on direct-mail usage trends may prove to be somewhat difficult. Further study contrasting

constituent receptiveness and usage of these two communications vehicles could assist nonprofit managers in making decisions about how and where to spend their fundraising and marketing budgets to be more effective.

Further study on coordinating communication vehicles in arts fundraising campaigns will also be a significant topic for exploration. Among other references to integrating online and off-line communications in campaigns, Max Hart, who worked for the Disabled American Veterans for 34 years, indicated that sending direct mail actually correlated directly to their Internet donation activity. He said, “At this point, though, our direct mail actually drives our results on the Internet. If we have mail out there, Internet contributions are up. If there was no direct mail, we’d be doing even less on the Internet” (Blum 58).

The advantages of using the Internet in fundraising and building relationships are clear. The Internet can be highly interactive, encouraging current patrons to help arts organizations in their fundraising and advocacy efforts. It provides a cost-effective means of communication and has been proven to reinforce direct mail messages and increase response rates. Nonprofits are now able to reach a much broader potential support base as a result of all of this new technology and these communications are also much easier to track than direct mail without a lot of time and effort on the part of staff.

Nonprofit arts organizations stand to gain much by adopting ePhilanthropy techniques. As patrons become more accustomed to living online, perhaps one day the preferred response vehicle will shift to the Internet.

Is ePhilanthropy the wave of the future? The answer to this question evolves daily. **Will it be a passing trend?** One would think, “no.” All the evidence points to an increasingly connected online community.

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Blackbaud, Raiser's Edge: www.blackbaud.com

Charity Channel: www.charitychannel.com

Charity Finders: www.charityfinders.com

Convio: www.convio.com

Donordigital: www.donordigital.com

DonorPerfect: www.donorperfect.com

ePhilanthropy Foundation: www.ephilanthropy.org

eTapestry: www.etapestry.com

Groundspring: www.groundspring.org

GuideStar: www.guidestar.org

iGive: www.igive.com

Infoplease: www.infoplease.com/ipa/A0763098.html

JustGive: www.justgive.org

Kintera: www.kintera.org

Learn the Net: www.learnthenet.com/english/html/01birth.htm

N-TEN: www.nten.org

National Association of State Charity Officials (NASCO): www.nasconet.org

Network for Good: www.networkforgood.org or www.helping.org

PledgeMaker: www.pledgemaker.com

The Unified Registration Statement/ The Multi-State Filer Project: www.multistatefiling.org

W.K. Kellogg Foundation: www.wkkf.org

Exhibits, Tables and Charts

Exhibit 1

Arts Website Survey Form

Arts Web site Survey Form

Company Name

Discipline

Budget Size

City, State

URL

Contact Information: Yes No

Offer Fundraising Information Online: Yes No

Donor or Membership Program Yes No

Giving/Membership Levels Yes No

Sponsorship Information Yes No

Demographic Information Yes No

Planned Giving Yes No

Endowment Yes No

Major Gifts Yes No

Special Events Information Yes No

Offer Online Giving Yes No

Donation URL

Secure Certificate

Mail in Donation Yes No

Phone in Donation Yes No

Processing Own Site 3rd Party

3RD Party Disclosure Yes No

Trust symbol: (write down name)

Opt-in Email List Yes No

Email Link to Friend Yes No

Privacy Policy Yes No

Volunteer Information Yes No

How \$ Spent Yes No

Mission Yes No

Notes

Exhibit 2

Plowshares Theatre Company

Corporate Sponsorship Information

Support Plowshares

Sponsors

Corporate Sponsorship

Plowshares Theatre Company is the number one African American Theatre in the Detroit metropolitan area. The majority of our patrons are between the ages of 25 and 54, well educated, and professionally and financially successful. Approximately 31,000 people in the Detroit area are directly impacted by Plowshares Theatre Company's plays each season.

Plowshares Theatre Company receives nearly 25% of its revenue from the generous support of its corporate partners. In sponsoring Plowshares Theatre Company productions and programming, your company or organization reaches out to the community not only via our productions, but also through our bi-annual member newsletter and Web presence, www.plowshares.org. Each of these media offers sponsors the unique opportunity to target a well-informed and active group of consumers and to support the ongoing services provided by professional theatre.

For further information, please call Gary Anderson at **(313) 872-1336**, or contact him via [e-mail](mailto:ga@plowshares.org).

Foundation and Government Support

Plowshares Theatre Company gratefully acknowledges the contributions from private, family, corporate and community foundations that help to make possible our high quality programming and community involvement. The Company also receives support from the Michigan Council for Arts and Cultural Affairs and the National Endowment for the Arts.

Foundation and government support often provides seed money for new projects and helps to sustain ongoing operations. Approximately 15% of Plowshares Theatre Company's annual budget comes from foundation and government grants.

To learn more about the ways your private, family or corporate foundation can support Plowshares Theatre Company, send an email to ga@plowshares.org.

Planned Giving

There are many ways to accomplish gift, and many that provide the donor with income and other tax advantages.

Wills

The most frequently utilized planned gift is a bequest through a will. Your bequest can be a fixed dollar amount, securities, a percentage of your estate plan, or the remainder of your estate after making provisions for family and loved ones. You can also give real estate or set up a trust that protects your loved ones by ensuring that they have use of the property for the durations of their lifetimes. The property is then transferred to Plowshares Theatre Company.

Gifts Of Life Insurance

You can receive an annual tax deduction on a Life Insurance Policy by making Plowshares Theatre Company the beneficiary and owner. This can apply to a new policy or an existing one, depending on the cash value.

Lifetime Planned Gifts

There are several ways to set up a trust. It provides you with an income. What's left goes to Plowshares Theatre Company at a future date. You save on income taxes now, and estate taxes later. Ask your Estate Planner about these options, which include Charitable Remainder Trusts, Charitable Gift Annuities, Deferred Gift Annuities, or pooled income funds.

*Do You Have Questions About Planned Giving?
Contact us at 313.872.1336.*

Table 1
Arts Organizations Included
in Website Survey

Table 1: Arts Organizations Included in Web site Survey

(sorted by city)

Company Name	Budget Size (in millions) *	Budget year	City	URL
The Brooklyn Museum of Art	\$26.20	2002	Brooklyn (6 miles from NY)	www.brooklynart.org
Brooklyn Academy of Music	\$23.40	2002	Brooklyn (6 miles from NY)	www.bam.org
Chicago Symphony Orchestra	\$53.20	2003	Chicago	www.cso.org
Joffrey Ballet	\$8.60	2002	Chicago	www.joffrey.com
The Goodman Theatre	\$17.60	2002	Chicago	www.goodman-theatre.org
Emerald City Theatre Company	\$0.30	2002	Chicago	www.emeraldcitytheatre.com
Museum of Contemporary Art Chicago	\$14.40	2002	Chicago	www.mcachicago.org
Chicago Opera Theater	\$2.20	2002	Chicago	www.chicagooperatheater.org
Steppenwolf Theatre Company	\$10.50	2002	Chicago	www.steppenwolf.org
Lyric Opera of Chicago	\$53.20	2003	Chicago	www.lyricopera.org
Eclipse Theatre Company	\$0.05	2002	Chicago	www.eclipsetheatre.com
South Coast Repertory	\$8.90	2002	Costa Mesa (42.5 miles from LA)	www.scr.org
Dallas Museum of Art	\$17.20	2002	Dallas	www.dm-art.org
Dallas Theatre Center	\$4.60	2002	Dallas	www.dallastheatercenter.org
Dallas Opera	\$9.80	2003	Dallas	www.dallasopera.org
Dallas Symphony Orchestra	\$24.50	2003	Dallas	www.dallassymphony.com
Dallas Black Dance Theatre	\$0.84	2003	Dallas	www.dbdt.com
Shakespeare Dallas	\$0.78	2002	Dallas	www.shakespearedallas.org
Ford Community and Performing Arts Center (Dearborn Community Fund)	\$1.20	2002	Dearborn (9.94 miles from Detroit)	www.dearbornfordcenter.com
The Detroit Institute of Arts	\$49.70	2002	Detroit	www.dia.org
Music Hall Center for the Performing Arts	\$6.90	2002	Detroit	www.musichall.org
Detroit Symphony Orchestra	\$29.20	2002	Detroit	www.detroitssymphony.com
Plowshares Theatre Company	\$0.24	2002	Detroit	www.plowshares.org

* Organizational budget information was obtained from GuideStar.org.

Table 1: Arts Organizations Included in Web site Survey

(sorted by city)

Company Name	Budget Size (in millions) *	Budget year	City	URL
Detroit Repertory Theatre/Millan Theatre Company	\$0.62	2002	Detroit	www.detroitreptheatre.com
Detroit Opera House (Michigan Opera Theatre)	\$12.10	2002	Detroit	www.motopera.org
El Arte Alliance (Detroit Adventure)	\$0.23	2003	Detroit	www.elartealliance.com
Charles H. Wright Museum of African American History	\$6.40	2002	Detroit	www.maah-detroit.org
Elmhurst Art Museum	\$0.50	2003	Elmhurst (19 miles from Chicago)	www.elmhurstartmuseum.org
Fort Worth Symphony Orchestra	\$9.77	2002	Fort Worth (34.5 miles from Dallas)	www.fwsymphony.org
Fort Worth Opera	\$2.30	2002	Fort Worth (34.5 miles from Dallas)	www.fwopera.org
Bass Performance Hall (Performing Arts Fort Worth)	\$10.00	2002	Fort Worth (34.5 miles from Dallas)	www.basshall.com
The Modern Art Museum of Fort Worth (Fort Worth Art Museum Association)	\$11.10	2002	Fort Wroth (34.5 miles from Dallas)	www.themodern.org
Fullerton Civic Light Opera	\$1.50	2003	Fullerton (27 Miles from LA)	www.fclo.com
The Houston Symphony	\$22.20	2002	Houston	www.houstonsymphony.org
Museum of Fine Arts Houston	\$65.40	2002	Houston	www.mfah.org
Houston Grand Opera	\$20.80	2002	Houston	www.houstongrandopera.org
Society for the Performing Arts	\$3.10	2002	Houston	www.spahouston.org
Opera in the Heights	\$0.30	2002	Houston	www.operaintheheights.org
The Hobby Center for the Performing Arts (Houston Musical Hall Foundation)	\$3.30	2002	Houston	www.thehobbycenter.org
Alley Theatre	\$11.90	2002	Houston	www.alleytheatre.org

* Organizational budget information was obtained from GuideStar.org.

Table 1: Arts Organizations Included in Web site Survey

(sorted by city)

Company Name	Budget Size (in millions) *	Budget year	City	URL
Houston Ballet	\$14.20	2002	Houston	www.houstonballet.org
Stages Repertory Theatre (Stages, Inc)	\$1.50	2002	Houston	www.stagestheatre.com
Theatre Under the Stars	\$8.40	2002	Houston	www.tuts.com
Indianapolis Museum of Art, Inc.	\$20.30	2002	Indianapolis	www.ima-art.org
Indianapolis Ballet Internationale (Indianapolis Ballet Theatre, Inc.)	\$2.50	2002	Indianapolis	www.balletinternationale.org
Gregory Hancock Dance Theatre (GHDT)	\$0.08	2002	Indianapolis	www.gregoryhancockdancetheatre.org
Buselli Wallarab Jazz Orchestra	\$0.06	2002	Indianapolis	www.bwjo.org
Eiteljorg Museum of American Indians and Western Art	\$5.10	2002	Indianapolis	www.eiteljorg.org
The Phoenix Theatre (Pheonix Theatre, Inc.)	\$0.65	2002	Indianapolis	www.phoenixtheatre.org
Indianapolis Civic Theatre	\$1.60	2003	Indianapolis	www.civictheatre.org
Indiana Repertory Theatre	\$5.30	2003	Indianapolis	www.indianarep.com
Indianapolis Symphony Orchestra (Indiana Symphony Society, INC.)	\$24.20	2002	Indianapolis	www.indianapolissymphony.org
Indianapolis Opera (Indiana Opera Society, Inc.)	\$2.30	2003	Indianapolis	www.indyopera.org
Ballet Pacifica	\$1.50	2002	Irvine (43 miles from LA)	www.balletpacific.org
Museum of Contemporary Art San Diego	\$6.80	2002	La Jolla (13 miles from San Diego)	www.mcasd.org
La Jolla Playhouse (Theatre and Arts Foundation of San Diego County)	\$7.10	2002	La Jolla (13 miles from San Diego)	www.lajollaplayhouse.com
Los Angeles Opera	\$37.90	2002	Los Angeles	www.losangelesopera.com
Los Angeles Philharmonic	\$57.20	2002	Los Angeles	www.laphil.org
Center Theatre Group	\$42.70	2002	Los Angeles	www.taperahmanson.com
Los Angeles Chamber Orchestra	\$1.90	2003	Los Angeles	www.laco.org

* Organizational budget information was obtained from GuideStar.org.

Table 1: Arts Organizations Included in Web site Survey

(sorted by city)

Company Name	Budget Size (in millions) *	Budget year	City	URL
Playwrights Horizons	\$5.40	2002	New York	www.playwrightshorizons.org
The American Symphony Orchestra	\$2.90	2002	New York	www.americansymphony.org
The Public Theatre (New York Shakespeare Festival)	\$11.40	2002	New York	www.publictheater.org
New York City Opera	\$34.30	2002	New York	www.nycopera.org
American Ballet Theatre	\$29.70	2002	New York	www.abt.org
Whitney Museum of American Art	\$29.10	2002	New York	ww.whitney.org
Alvin Ailey American Dance Theater	\$15.30	2002	New York	www.alvinailey.org
New York Philharmonic	\$52.50	2003	New York	www.newyorkphilharmonic.org
Orange County Museum of Art	\$3.20	2003	Newport Beach (44miles from LA)	www.ocma.net
Woodmere Art Museum, Inc.	\$1.30	2002	Philadelphia	www.woodmereartmuseum.org
The Chamber Orchestra of Philadelphia (Concerto Soloists)	\$2.20	2002	Philadelphia	www.concertosoloists.org
Philadelphia Museum of Art	\$41.40	2002	Philadelphia	www.philamuseum.org
The Philadelphia Orchestra Association	\$37.50	2002	Philadelphia	www.philorch.org
The Wilma Theater	\$3.10	2002	Philadelphia	www.wilmatheater.org
Philadanco (Philadelphia Dance Company)	\$1.30	2002	Philadelphia	www.philadanco.org
Pennsylvania Ballet	\$8.80	2002	Philadelphia	www.paballet.org
The Mann Center for the Performing Arts	\$6.70	2002	Philadelphia	www.manncenter.org
Opera Company of Philadelphia	\$9.70	2003	Philadelphia	www.operaphilly.com
Arden Theatre Company	\$2.90	2003	Philadelphia	www.ardentheatre.org
Phoenix Theatre, Inc.	\$1.60	2002	Phoenix	www.phoenixtheatre.net
Southwest Arts and Entertainment	\$0.40	2002	Phoenix	www.southwestae.com
Phoenix Symphony Association	\$7.90	2002	Phoenix	www.phoenixsymphony.org
Ballet Arizona	\$2.50	2002	Phoenix	www.balletaz.org

* Organizational budget information was obtained from GuideStar.org.

Table 1: Arts Organizations Included in Web site Survey

(sorted by city)

Company Name	Budget Size (in millions) *	Budget year	City	URL
Shemer Art Center and Museum Association, Inc. (SACAMA)	\$0.12	2002	Phoenix	www.ci.phoenix.az.us/parks/shemer.html
Phoenix Art Museum	\$8.30	2002	Phoenix	www.phxart.org
Actor's Theatre of Phoenix	\$1.30	2002	Phoenix	www.actorstheatrephx.org
Detroit Dance Collective	\$0.11	2002	Royal Oak (14 miles from Detroit)	www.detroitdancecollective.org
San Diego Asian American Repertory Theatre	\$0.04	2002	San Diego	www.asianamericanrep.org
Lyric Opera of San Diego (San Diego Comic Opera)	\$0.45	2001	San Diego	www.lyricoperasandiego.com
San Diego Symphony Orchestra	\$9.10	2003	San Diego	www.sandiegosymphony.com
San Diego Chamber Orchestra	\$0.96	2003	San Diego	www.sdco.org
San Diego Opera	\$11.30	2002	San Diego	www.sdopera.com
Jean Isaacs San Diego Dance Theater	\$0.23	2003	San Diego	www.sandiegodancetheater.org
California Ballet Company	\$1.20	2002	San Diego	www.californiaballet.org
San Diego Museum of Art	\$9.90	2002	San Diego	www.sdmart.com
The Bowers Museum	\$5.30	2002	Santa Ana (34 miles from LA)	www.bowers.org
Opera Pacific	\$7.80	2003	Santa Ana (34 miles from LA)	www.operapacific.org
Four Seasons Orchestra	\$0.03	<.25	Scottsdale (16 miles from Phoenix)	www.fourseasonsorchestra.org
Arizona Theatre Company	\$6.70	2003	Tucson (116 miles from Phoenix) **	www.aztheatreco.org
Arizona Opera	\$5.70	2002	Tucson (116 miles from Phoenix) **	www.azopera.org

* Organizational budget information was obtained from GuideStar.org.

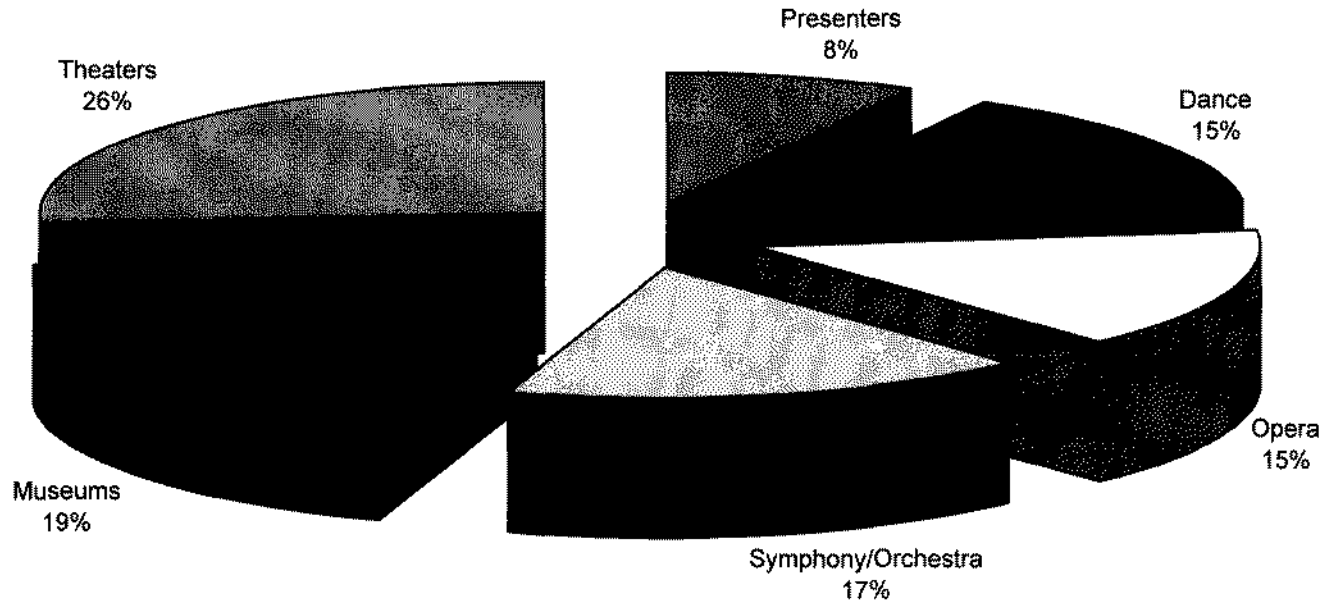
Table 1: Arts Organizations Included in Web site Survey

(sorted by city)

Company Name	Budget Size (in millions) *	Budget year	City	URL
** These two companies perform and have offices in both Tucson and Phoenix.				

Chart 1
Distribution of Arts Organizations
by Discipline in Sample

**Chart 1:
Distribution of Arts Organizations by
Discipline in Sample**



■ Presenters ■ Dance □ Opera ■ Symphony/Orchestra ■ Museums ■ Theaters

Chart 2
Distribution of Arts Organizations
by Budget Size (in millions)

**Chart 2:
Distribution of Arts Organizations
by Budget Size (in millions)**

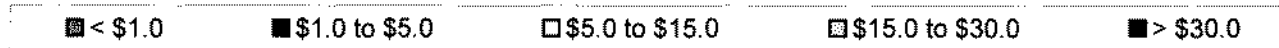
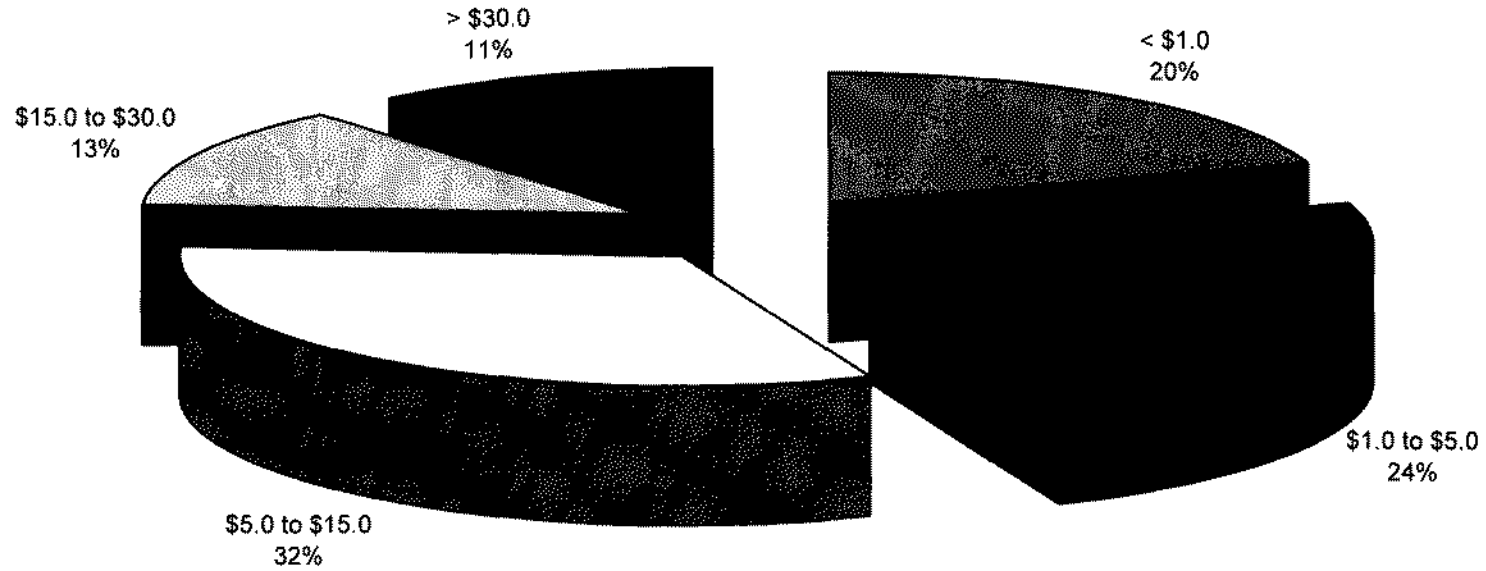


Chart 3
Distribution of Arts Organizations
by Discipline and Budget Size (in millions)

**Chart 3:
Distribution of Arts Organizations by Discipline and Budget Size (in millions)**

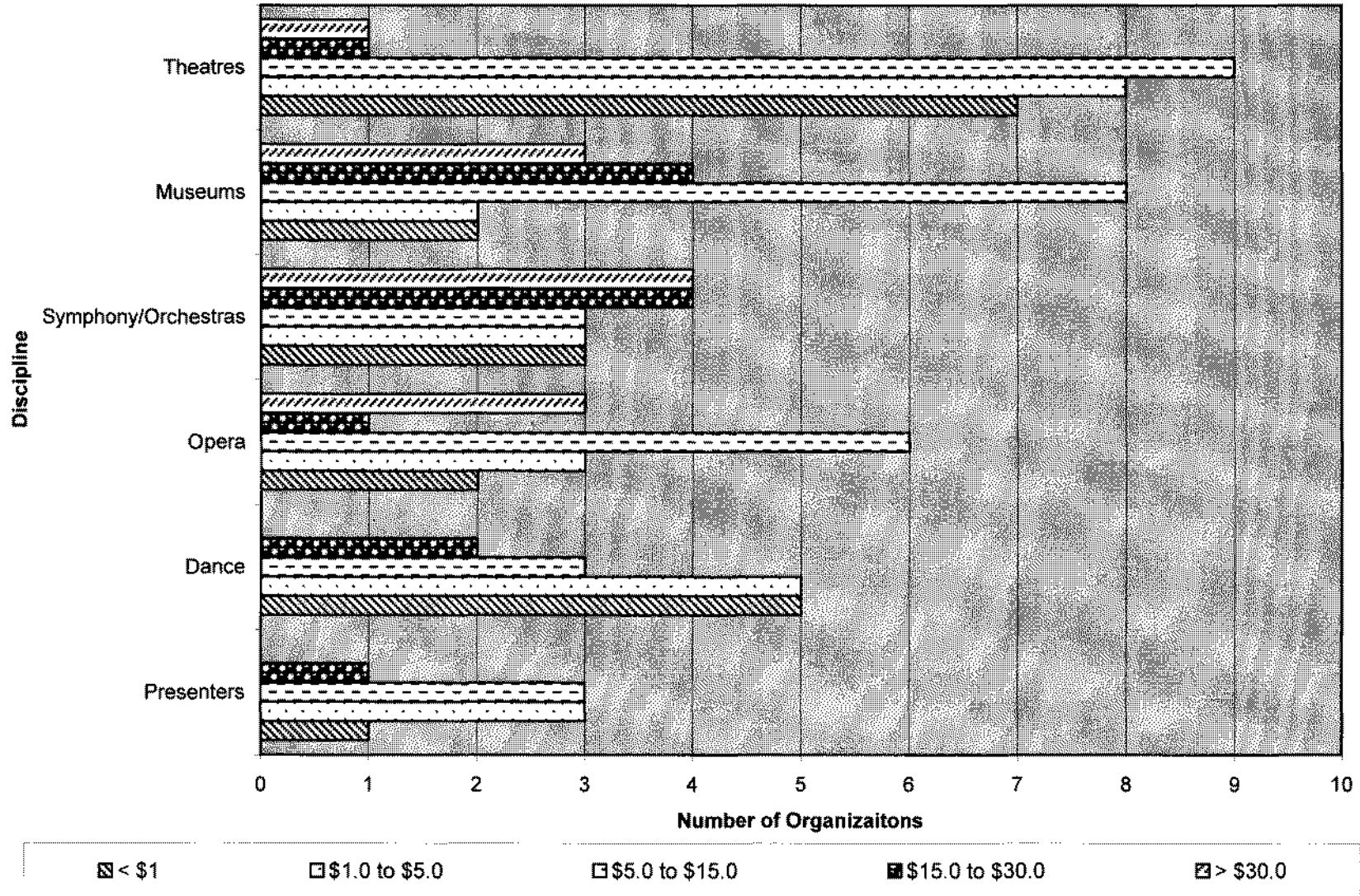
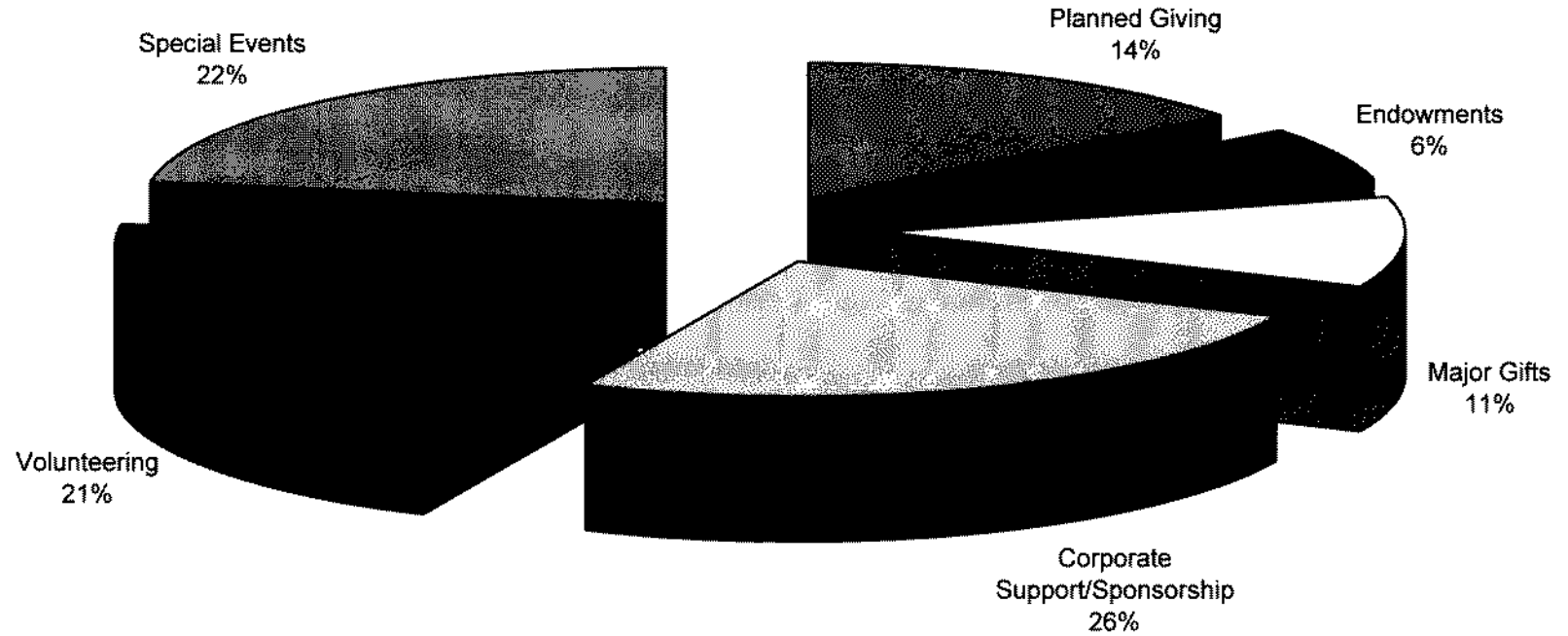


Chart 4
Distribution of Detailed
Fundraising Information Provided

Chart 4: Distribution of Detailed Fundraising Information Provided



■ Planned Giving ■ Endowments □ Major Gifts ■ Corporate Support/Sponsorship ■ Volunteering ■ Special Events

Appendix A

The ePhilanthropy Code of Ethical

Online Philanthropic Practices

ePHILANTHROPY CODE OF ETHICAL ONLINE PHILANTHROPIC PRACTICES

The ePhilanthropy Foundation exists to foster the effective and safe use of the Internet for philanthropic purposes. In its effort to promote high ethical standards in online fundraising and to build trust among contributors in making online transactions and contributions with the charity of their choice, this code is being offered as a guide to all who share this goal. Contributors are encouraged to be aware of non-internet related fundraising practices that fall outside the scope of this Code.

Ethical Online Practices and Practitioners will:

SECTION A: PHILANTHROPIC EXPERIENCE

1. Clearly and specifically display and describe the organization's identity on the organization's Web site;
2. Employ practices on the Web site that exhibit integrity, honesty, truthfulness and seeks to safeguard the public trust;

SECTION B: PRIVACY AND SECURITY

1. Seek to inspire trust in every online transaction;
2. Prominently display the opportunity for supporters to have their names removed from lists that are sold to, rented to, or exchanged with other organizations;
3. Conduct online transactions through a system that employs high-level, security technology, to protect the donor's personal information; for both internal and external authorized use.
4. Provide either an 'opt in' and 'opt out' mechanism to prevent unsolicited communications or solicitations by organizations that obtain email addresses directly from the donor. Should lists be rented or exchanged only those verified, as having been obtained through donors or prospects 'opting in' will be used by a charity.
5. Protect the interests and privacy of individuals interacting with their website.
6. Provide a clear, prominent and easily accessible privacy policy on its website telling visitors, at a minimum, what information is being collected, how this information will be used and who has access to the data.

SECTION C: DISCLOSURES

1. Disclose the identity of the organization or provider processing an online transaction;
2. Guarantee that the name, logo and likeness of all parties to an online transaction belong to the party and will not be used without express permission;
3. Maintain all appropriate governmental and regulatory designations or certifications.

SECTION D: COMPLAINTS

1. Provide protection to hold the donor harmless of any problem arising from a transaction conducted through the organization's website;
2. Promptly respond to all customer complaints and to employ best efforts to fairly resolve all legitimate complaints in a timely fashion.

SECTION E: TRANSACTIONS

1. Insure contributions are used to support the activities of the organization to which they were donated.
2. Insure that legal control of contributions or proceeds from online transactions are transferred directly to the charity or expedited in the fastest possible way.
3. Companies providing online services to charities will provide clear and full communication with the charity on all aspects of donor transactions including the accurate and timely transmission of data related to online transactions.
4. Stay informed regarding the best methods to insure the ethical, secure and private nature of online ePhilanthropy transactions;
5. Adhere to the spirit as well as the letter of all applicable laws and regulations, including but not limited to charity solicitation and tax laws;
6. Insure that all services, recognition and other transactions promised on a Web site, in consideration of gift or transaction, will be fulfilled on a timely basis.
7. Disclose to the donor the nature of the relationship between the organization processing the gift or transaction and the charity intended to benefit from the gift.

www.ePhilanthropyFoundation.org
Approved: November 12, 2000
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Appendix B

Ten Rules of ePhilanthropy

Every Nonprofit Should Know



ePhilanthropyFoundation.Org

The Ten Rules of ePhilanthropy Every Nonprofit Must Know

Rule #1: Don't become invisible

If you build it, they won't just come. Building an online brand is just as important and just as difficult as building an off-line brand

Rule #2: It takes "know how" and vision

Your organization's website is a marketing and fundraising tool. NOT A TECHNOLOGY TOOL. Fundraisers and marketers need to be driving the content, not the web developer.

Rule #3: It's all about the donor

Put the Donor First! Know your contributors; let them get to know you.

Rule #4: Keep savvy donors; stay fresh & current

Make online giving enjoyable and easy. Give the donor options. Use the latest technology. Show your donor how their funds are being used.

Rule #5: Integrate into everything you do

Your website alone will do nothing. Every activity you have should drive traffic to your site.

Rule #6: Don't trade your mission for a shopping mall

Many nonprofit websites fail to emphasize mission, instead turning themselves into online shopping malls, without even knowing why.

Rule #7: Ethics, privacy and security are not buzzwords

Many donors are just now deciding to make their first online contribution. They will expect that your organization maintain the highest standards of ethics, privacy and security.

Rule #8: It takes the Internet to build a community

Many nonprofits (particularly smaller ones) lack the resources to communicate effectively. The Internet offers the opportunity to cost effectively build a community of supporters.

Rule #9: Success online means being targeted

The website alone is not enough. You must target your audience and drive their attention to the wealth of information and services offered by your website. Permission must be sought before you begin direct communication via the Internet.

Rule #10: ePhilanthropy is more than just e-money

ePhilanthropy is a tool to be used in your fund raising strategy. IT SHOULD NOT be viewed as quick money. There are no short cuts to building effective relationships. But the Internet will enhance your efforts.

Appendix C

The Charleston Principles

AFP HOME > Public Policy > Internet fundraising

Printed on: July 25, 2004

The Charleston Principles: final version

The National Association of State Charity Officials (NASCO) has released the final version of its Internet fundraising guidelines, the Charleston Principles. The Principles, which have not changed dramatically from earlier drafts, are not binding and are simply meant to help states develop their own regulatory approach to the Internet.

Organizations that are domiciled within a state and use a website to solicit contributions must register with that state. Organizations located outside of a particular state must register if they use their website to specifically target people in that state, or receive contributions from the state on a repeated and ongoing basis or a substantial basis through its website. The Principles don't specifically define "ongoing" or "substantial" — that's left up to each individual state. Organizations should note that email solicitations automatically trigger registration requirements, just as a letter or fax would.

What happens next with the Charleston Principles is currently unclear. States have not shown any special urgency to address this issue, but may begin to in the next couple of years. AFP will continue to address this issue and work with NASCO and state regulators when appropriate.

The Charleston Principles Guidelines On Charitable Solicitations Using the Internet

WHEREAS:

1. Most charitable organizations provide valuable services to society — services that are not provided by government or the private for-profit sector. At the same time, deceptive charitable solicitations, including fraud and misuse of charitable contributions, are significant problems in our country. Reasonable state oversight of charitable organizations and professional fundraisers can remedy or minimize such abuses while facilitating the charitable missions of those who provide needed services to our nation and communities, and by providing information and education to donors;
2. Registration and financial reporting by charitable organizations and their internal fundraisers, their external commercial fundraisers and, where applicable, their fundraising counsel and commercial co-venturers is critical to (a) providing information to the public in order to increase donor confidence in those who solicit their support and (b) providing information to law enforcers to enable them to fight deception and misuse of contributions;
3. Existing registration statutes generally, of their own terms, encompass and apply to Internet solicitations. The application of those statutes beyond more established fundraising techniques, such as telephone, direct mail, and in-person solicitations, raises a number of issues that state charity officials are often called upon to address;
4. The proliferation of Web site solicitations compels state charity officials to address the issue of who has to register where;
5. State charity officials consistently gain valuable insights when the views of the regulated communities are sought;
6. Consistent guidelines addressing online charitable solicitations will assist state charity officials, as well as donors, charities, and online entrepreneurs, throughout the nation. These Principles have been adopted as guidance to state charity officials, but with the express intention of both creating a climate in which creativity and enterprise in the use of the Internet to support charitable activities is encouraged and in which the public interest is vigorously protected; and
7. Therefore, state charity officials discussed the formation of these Principles while gathered at the National Association of Attorneys General/National Association of State Charity Officials ("NAAG/NASCO") Conference in Charleston, South Carolina in October 1999. During the public portion of that conference, which was devoted to the subject of Internet solicitations, state charity officials began a dialogue with invited guests on this topic.

THEREFORE WE, THE BOARD OF DIRECTORS OF NASCO, OFFER THE FOLLOWING PRINCIPLES:

I. General Principles

A. These Principles are offered as a guide to states as to when charities, and their fundraisers, fundraising counsel and commercial co-venturers may be required to register, or may be subject to enforcement action, and in what jurisdictions, with regard to charitable solicitations via the Internet. States are encouraged to use these Principles to develop common policies to implement their specific state laws, but these Principles are not necessarily the views of any particular individual, office, or state, nor do they state an official policy position of NASCO. These Principles recognize that the laws of individual states vary, and that implementation of these Principles may also vary.

B. These Principles are necessarily dynamic, and may change as laws, technology and business models change. Further discussions among states and between states and the regulated community are desirable.

C. The Internet can be a valuable and efficient forum for conducting charitable solicitations. State charity officials do not desire to discourage or limit its use.

D. The basic premise of these Principles is this: Although existing state laws govern charitable solicitations on the Internet, in many instances the use of the Internet raises new questions that state charity officials must answer in order to effectively carry out their statutory missions. Therefore, state charity officials should require registration of those over whom their state courts could constitutionally assert personal jurisdiction to enforce a registration requirement. State charity officials and those who solicit contributions using the Internet should note that in actions to enforce state laws against deceptive charitable solicitations, including fraud and misuse of charitable funds, jurisdiction typically exists over some organizations not required to register in the state.

E. Nothing in these Principles is intended to limit jurisdiction available under common law. The traditional jurisprudence analysis for jurisdiction is the appropriate rule with which states need to comply.

II. Actions to Enforce State Laws Against Charitable Solicitation Fraud

States will enforce the law against any entity whose Internet solicitations mislead or defraud persons physically located within a particular state, without regard to whether that entity is domiciled in the state or is required to register in that state pursuant to these Principles.

III. Application of Registration Requirements to Internet Solicitation

A. Entities That Are Domiciled Within the State

1. An entity that is domiciled within a state and uses the Internet to conduct charitable solicitations in that state must register in that state. This is true without regard to whether the Internet solicitation methods it uses are passive or interactive, maintained by itself or another entity with which it contracts, or whether it conducts solicitations in any other manner.

2. An entity is domiciled within a particular state if its principal place of business is in that state.

B. Entities That Are Domiciled Outside the State

1. An entity that is not domiciled within a state must register in accordance with the law of that state if:

a. Its non-Internet activities alone would be sufficient to require registration;

b. (1) The entity solicits contributions through an interactive Web site; and

(2) Either the entity:

i. Specifically targets persons physically located in the state for solicitation, or

ii. Receives contributions from the state on a repeated and ongoing basis or a substantial basis through its Web site.; or

c. (1) The entity solicits contributions through a site that is not interactive, but either specifically

invites further offline activity to complete a contribution, or establishes other contacts with that state, such as sending e-mail messages or other communications that promote the Web site; and

(2) The entity satisfies Principle III(B)(1)(b)(2).

2. For purposes of these Principles, each of the following terms shall have the following meanings:

a. An interactive Web site is a Web site that permits a contributor to make a contribution, or purchase a product in connection with a charitable solicitation, by electronically completing the transaction, such as by submitting credit card information or authorizing an electronic funds transfer. Interactive sites include sites through which a donor may complete a transaction online through any online mechanism processing a financial transaction even if completion requires the use of linked or redirected sites. A Web site is interactive if it has this capacity, regardless of whether donors actually use it.

b. To specifically target persons physically located in the state for solicitation means to either (i) include on its Web site an express or implied reference to soliciting contributions from that state; or (ii) to otherwise affirmatively appeal to residents of the state, such as by advertising or sending messages to persons located in the state (electronically or otherwise) when the entity knows or reasonably should know the recipient is physically located in the state. Charities operating on a purely local basis, or within a limited geographic area, do not target states outside their operating area, if their Web site makes clear in context that their fundraising focus is limited to that area even if they receive contributions from outside that area on less than a repeated and ongoing basis or on a substantial basis.

c. To receive contributions from the state on a repeated and ongoing basis or a substantial basis means receiving contributions within the entity's fiscal year, or relevant portion of a fiscal year, that are of sufficient volume to establish the regular or significant (as opposed to rare, isolated, or insubstantial) nature of those contributions. States should set, and communicate to the regulated entities, numerical levels at which it will regard this criterion as satisfied. Such numerical levels should define "repeated and ongoing" in terms of a number of contributors and "substantial" in terms of a total dollar amount of contributions or percentage of total contributions received by or on behalf of the charity. Meeting any threshold would give rise to a registration requirement but would not limit an enforcement action for deceptive solicitations. For example, a state might explain that an entity receives contributions on a repeated and ongoing basis if it receives at least one hundred online contributions at any time in a year and that it receives substantial contributions if it receives \$25,000, or a stated percentage of its total contributions, in online contributions in a year.

3. An entity that solicits via e-mail into a particular state shall be treated the same as one that solicits via telephone or direct mail, if the soliciting party knew or reasonably should have known that the recipient was a resident of or was physically located in that state.

4. Questions may arise as to whether individual charities are required to register in a particular state when the operator of a Web site through which contributions for that charity are solicited or received is required to register, but the charity itself would not independently satisfy the criteria of Principle III(B)(1)(b). As to such charities:

a. If the law of the state does not universally require the registration of all charities on whose behalf contributions are solicited or received through a commercial fundraiser, commercial co-venturer, or fundraising counsel who is required to register, then states should independently apply the criteria of Principle III(B)(1)(b) to each charity and require registration only by charities that independently meet those tests; but

b. If the law of the state universally requires registration of all charities under such circumstances, states should consider whether, as a matter of prosecutorial discretion, public policy, and the prioritized use of limited resources, it would take action to enforce registration requirements as to charities who do not independently meet the criteria of Principle III(B)(1)(b); and

c. For purposes of this Principle, a charity satisfies the interactivity criterion of Principle III(B)(1)(b)(i) if (i) any Web site through which contributions are solicited or received for that charity satisfies that requirement, and (ii) that Web site is operated by an entity with whom the charity contracts. This paragraph does not define the concept of interactivity, but merely addresses the application of that concept in this specific context.

5. Solicitations for the sale of a product or service that include a representation that some portion of the price shall be devoted to a charitable organization or charitable purpose (often referred to as "commercial coventuring" or "cause marketing") shall be governed by the same standards as otherwise set out in these Principles governing charitable solicitations. Registration is therefore required in those states that require

registration for such activities, by charitable organizations and their internal fundraisers, their external commercial fundraisers as applicable.

C. General Exclusions from Registration

1. Maintaining or operating a Web site that does not contain a solicitation of contributions but merely provides program services via the Internet — such as through a public information Web site — does not, by itself, invoke a registration requirement. This is true even if unsolicited donations are received.

2. Entities that provide solely administrative, supportive or technical services to charities without providing substantive content, or advice concerning substantive content, are not required to register. Such service providers (a) include Internet service providers and entities that do nothing more than process online transactions for a separate firm that operates a Web site or provide similar services, but (b) do not include commercial fundraisers, commercial co-venturers, or fundraising counsel. Administrative, supportive, or technical service providers may be required to register if they do more than simply provide such technical services and actually solicit, promote a Web site or engage in other conduct that requires registration. Compensation for services based on the amount of funds raised may be a strong indication the entity is doing more than simply providing technical services.

IV. Principles Related to Minimizing Regulatory Responsibilities for Multi-State Filers

A. State charity officials recognize that the burden of compliance by charitable organizations and their agents, professional fundraisers, commercial co-venturers and/or professional fundraising counsel should be kept reasonable in relation to the benefits to the public achieved by registration. The acceptance and use of the Unified Registration Statement for charitable organizations by state charity offices and the development and acceptance of other related projects to create such common forms are strongly encouraged.

B. State charity officials recognize the power of the Internet to assist in the registration of charitable organizations and their agents. State charity offices are strongly encouraged to publish their registration and reporting forms, their laws and regulations and other related information on the Internet to facilitate registration and reporting by charitable organizations and their agents while assuring proper public accountability by regulated entities.

C. State charity officials, charitable organizations and their agents, professional fundraisers, commercial co-venturers and/or professional fundraising counsel have a mutual interest in exploring how to develop the information technology infrastructure so that registration and reporting can be accomplished electronically in the future. Collaboration on this project between state charity officials and these entities, where appropriate, will advance the timeframe for establishing electronic filing. This collaboration may include discussion of the types of information that entities soliciting through the Internet should be required to retain, so that these Principles can be applied to a particular Web site. This would include information sufficient to determine, within the scope of the law and relevant donor privacy concerns, whether an entity's ties to a particular state are sufficient to give rise to a registration requirement.

D. Because disclosure to the public promotes informed giving, charitable organizations are encouraged to satisfy the IRS "widely available" standard by posting, without charge, their current Unified Registration Statement, their last three IRS Forms 990, and their complete IRS Form 1023 or 1024 application and resulting determination letter on their Web pages. Links to other sites that provide such information, including any relevant state agency, or other Web sites, are also encouraged. Such postings, however, do not currently fulfill any applicable registration requirements.

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