Accountability and Transparency in Nonprofit Campaigns: A Case Study on the Museum of Science Boston

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ACCOUNTABILITY & TRANSPARENCY IN NONPROFIT CAMPAIGNS

A Case Study on the Museum of Science Boston

by

MEREDITH K. GEORGE

B.A. B.S., Salem State University, 2012

A thesis submitted to the
Faculty of the Graduate School of the
University of Colorado in partial fulfillment
of the requirement for the degree of
Master of Science
Department of Museum and Field Studies
2015
This thesis entitled:
*Accountability & Transparency in Nonprofit Campaigns: A Case Study of the Museum of Science Boston* written by Meredith K. George has been approved for the Department of Museum and Field Studies.

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Date_____________________

The final copy of this thesis has been examined by the signatories, and we find that both the content and the form meet acceptable presentation standards of scholarly work in the above mentioned discipline.
ABSTRACT

In 2004 the Museum of Science in Boston, Massachusetts launched a $280 million dollar fundraising initiative, “The Campaign for the Museum of Science: Creating the Science & Technology Center of the 21st Century”. On June 15th of this year (2015), the Museum will celebrate the successful completion of a $250 million dollar campaign, “Imagine, Innovate, Inspire”. The following research explores this unique tale of two campaign case statements in order to answer questions related to donor accountability and public transparency. During a concentrated fund raising effort like a campaign, an organization will produce written collateral that embodies the new vision they seek to obtain. As a result of heightened visibility and public awareness, campaigns are often covered in media and press. This thesis poses the following questions; Do museums deliver on the promises made in their case statements? How do they account for success in a campaign? How is that success shared or celebrated, and with who?
DEDICATION

To my loving parents, whose commitment to each other and to our family inspires me to achieve any goal I set, and motivates me to be the best version of myself.
I wish to express my sincere thanks to Jill Dreves and Dr. Robert West for serving as diligent members of this committee, their expertise and guidance was invaluable. Special thanks to Dr. Pat Kociolek for his immense knowledge and vital role in directing this research. Additionally his patience and unwavering support throughout the entire Masters program, has shaped my future in ways I cannot yet understand. I am eternally grateful for his impact on my life. I offer my sincere appreciation to the staff at the Museum of Science Boston, specifically Jim Kraus, Bill Walsh, and Joan Hadley. This research would not be possible without their cooperation.

Furthermore, the faculty at Salem State University, my Alma mater, played a crucial role in pursing, and now obtaining this advanced degree. Dr. Brad Austin, Dr. Andrew Darien, Dr. Donna Seger, Dr. Michele Louro and Dr. Michelle Pierce have remained enthusiastic and engaged in my academic pursuits and I am truly thankful for their positive influence on my life.
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CHAPTER I

INTRODUCTION

Museum Fundraising & Financials

Museum fundraising has many components, and despite the nonprofit designation, many successful museums can and do make a profit. Andrea Mills, Director of Fiscal Management Associates, was quoted as saying “It is important to understand that museums will likely have both a nonprofit and a for-profit structure, because they may have a gift shop or café. Given the dual structure, working with museums requires skill in advancing both the for-profit and nonprofit segments” (Alexander, 2013, p. 27). Profit is not solely acquired through gift shops or cafés, as John W. Jacobsen (a former staff member at the Museum of Science in Boston) points out “… continuing revenue comes from four sectors (Visitors and Program Customers, both earned revenues, and Public and Private Supporters, both support revenues), each with its own interests” (2010, p.1). The fundraising department would be generating support revenue in this model.

Fundraising Departments may also be called Advancement or Development in the museum sector, but despite the title, their missions remain the same, to garner economic support for the organization in order to carry out the museum's mission. “While most museum visitors do not have direct contact with development officers, those who implement fundraisers are often the most highly-visible members of the museum staff” (Parman, 2013, p. 1). Staffing can range from one part-time person to a team of more than twenty full-time employees. These employees are tasked with different purposes or managing specific funds.
The revenue generated at nonprofit organizations may be allocated to different purposes/functions. This includes annual funds, capital funds, endowment funds, as well as gift funds and/or plant funds—depending on the financial situation at the institution.

Fundraising can have different focuses to support the mission of the organization. Support revenue (outside of earned revenue) is generated annually to support the daily functioning of the organization. However, capital funds are raised for new buildings, renovations, and repairs that the museum anticipates needing in the next ten to fifteen years. Endowment funds on the other hand are either restricted or unrestricted, according to the donor’s designation. Some endowments generate substantial interest and thus provide steady source of operating support. The income generated by an endowment can offset fluctuation in other revenues, such as annual donations and/or grants. All of these areas require constant philanthropic support.

**Capital Campaigns**

During the course of a comprehensive capital campaign, the money raised can be allocated toward all expense categories. There are other types of campaigns that contribute to the overall financial position of a museum. According to Kent Dove (2002), four types of campaigns exist; he argues all are applicable to any type of organization. The four campaigns types are:

1. The historical capital campaign
2. The comprehensive campaign
3. The single-purpose campaign
4. The continuing major gifts program

By definition, a campaign is a concentrated effort to raise a designated amount of money within a specific period of time. Dove’s definition states:
A capital campaign is an organized, intensive fundraising effort on the part of a third-sector institution or organization to secure extraordinary gifts and pledges for a specific purpose or purposes (such as a building construction, renovation, equipment acquisition, or endowment funds) during a specific period of time. (2002, p.5)

Similarly, Robert Pierpont defines a capital campaign as “an intensive fund raising effort designed to raise a specified sum of money within a defined period of time to meet the varied asset-building needs of an organization” (Dove, 2002, p. 117). The exact definition varies among nonprofit sectors but the quotes above highlight two important characteristics; a specific amount of money and a designated time frame. It is critical that the organization establish a strong need for support and produce a case statement that articulates that need in order to launch a successful campaign. Zimmerman Lehman (2005) cautions:

Don’t succumb to the “edifice complex: I.e. “We’ve been around for a long time and we deserve bigger offices/a more posh location/a staff Jacuzzi.” Donors will not be impressed by your proposed capital improvements unless you can demonstrate that your clients will benefit…at the bottom, fundraising is an emotional business every bit as much as a logical one (p.1)

Public perception is another component that contributes to an organization’s success in campaign fundraising. For those who are not familiar with philanthropy, the world of fundraising may conjure up images of school children selling chocolate bars to fund new school uniforms or telethon broadcasts. The non-donor public may not be aware of the numerous campaigns that are being conducted in their cultural communities. Pierpont (2002) states, “The best-known form of capital fund raising is the traditional, or classical, intensive campaign that
has a specific goal related to building construction, renovation, or expansion. This is generally referred to as ‘bricks and mortar’ fund raising” (Dove, p. 117). General public and community members tend to be familiar with this form of capital fund raising as a result of media coverage and local newspapers highlighting changes in the physical landscape. News sources are not alone in their coverage of museum expansion; major publications have also discussed the trend on a national scale.

The NY Times featured a piece about museums and capital campaigns titled, Shovels Sit Idle as Some Projects Are Delayed (March 19, 2009). In the article, author Alex Tarquinio opens by claiming “There are shovel-ready projects at museums across the country” (p.1); he goes on to summarize four campaigns at art museums that range in goals from $25 million (Indianapolis Museum of Art) to $125 million (Saint Louis Art Museum). The NY Times article covered capital campaigns that had a building or expansion component, which suggests the public is more aware of museum development as it relates to bricks and mortar campaigns as opposed to other fundraising efforts such as an endowment campaign.

**Strategies and Structure of Campaigns**

It should also be noted that not all campaigns follow the same structure, and the published literature offers many interpretations of phases within a campaign. For example, The Fund Raising School (2002) identifies six unique phases but within the field, phases and steps in the campaign process are inconsistent. The Council for Advancement and Support of Education, District III, produced a presentation “The Art of Conducting a Comprehensive Campaign” that defines seven phases of a comprehensive campaign. These internal organization details do not help answer the question about accountability and transparency.

The community members and general museum audiences tend to view campaigns as being broken into two phases; quiet and public. During the quiet phase a museum will complete
an organizational assessment and planning process to ensure they are in a good position to approach key donors. It is crucial that this planning process happens early in a campaign since a large portion of campaign funds generated are committed before "going public". Internal and external preparedness are addressed in a market survey known as a feasibility study, conducted by someone outside of the museum. “Market surveys must be conducted by individuals whom the respondents consider to be ‘honest brokers’” (Dove, 2000, p. 24). Feasibility studies analyze major gift potential, age of the institution, caliber and size of the constituency, range of giving program, and previous fundraising success, among other factors. Once feasibility and goals have been established, prior to public launch, the campaign team will aim to secure major gifts.

Securing major gifts before the public learns of the campaign is a way for the institution to present a stronger case. This step helps to demonstrate existing support within the community and encourages future donors, usually at lower giving levels, to feel comfortable joining the funding effort.

As a general rule, the first ten gifts will satisfy half of the campaign goal; this depends on the gift pyramid or table outlined by the staff. A standard gift table demonstrates how many gifts and prospects are needed to achieve a specific sum of money. This fundraising tool is not exclusive to large campaigns, in fact it has proven effective in annual and corporate giving programs as well. Gifts are segmented into varying levels on an organizational basis, what constitutes a major gift for one nonprofit may seem modest in a larger institution. These early gifts can comprise 15% to 25% of the total goal.

Previously (to what?) fund raising followed an 80:20 Rule, stating that 80% of gifts come from 20% of the donor population. The current economic climate suggests, and fund raising professionals agree, that this rule is gradually moving closer to 90:10. The 3rd Edition of The
Complete Guide to Fundraising Management, published in 2009, identifies this shift as one of the five major fundraising principles, outlined in chapter one titled “The 80/20 Rule Is Becoming the 90/10 Rule” (Weinstein, Table of Contents).

All campaigns, whether capital or comprehensive, hope to secure extraordinary gifts and pledges. James M. Hodges refers to these as “major gifts” in the chapter titled, Gifts of Significance, written for Achieving Excellence in Fund Raising. Hodges explains, “Such gifts make it possible to launch a new program initiative, transform the physical plant, and endow vital components of nonprofit organizations. Defining major gifts by their size alone is insufficient to characterize the role they play in an organization’s vitality” (Russo, 2003, p.89). In a campaign, these gifts help an institution reach its goal for a new building, improved equipment, or any other need that has been identified. In a comprehensive campaign, facilities, endowment, programmatic initiatives, and current operations are combined and the gifts received in the designated period of time will support all areas if not specified.

Robert Pierpont (2003) identifies two main characteristics that set campaigns apart from all other fundraising activities: (a) the gifts solicited are much larger than those generally sought during an annual fund, and (b) pledges are emphasized as commitments payable over a number of years convenient to the donor or through the transfer of appreciated real or personal property. Lehman (2007) suggests that two other characteristics make campaigns a distinctive effort:

First, capital improvements are tangible: imagine a major donor marveling at the beautiful lobby of your brand new building and thinking to herself: ‘My $100,000 helped pay for this!’ It’s easier for a donor to get his or her mind around a capital gift than an unrestricted gift. Second, capital campaigns offer naming opportunities. While some donors prefer to give anonymously, most love to be
honored and feted. Capital campaigns afford the opportunity to honor donors by naming buildings, wings, rooms, etc. after them (para. 2).

I would submit that there is at least one other key characteristic of these efforts: the end goal or finish line that exists within the campaign model often leads to board, staff and volunteer turnover, which will be discussed further in Chapter 4. Over the course of a campaign, an institution is encouraged to express their vision and hope for the future with the community.

**Creating a Case for Support**

A case statement is a core document that conveys the most important facts and figures about the campaign and the organization as a whole. These messages are accompanied by pictures and often presented in glossy brochures that are commonly used as a donor solicitation tool. Lehman defines a case statement as “a handsome document designed to convince donors to make significant contributions to your campaign” (2007, para. 7). Aside from the aesthetic appeal, a case statement should answer pivotal questions about the museum’s future direction and will turn philanthropy into investment. A solid case rests on identifying the need and merit for philanthropic support. Seiler submits, “A case statement focuses on or highlights critical factors important in arguing for gift support. A case statement selects and articulates specific points from the overall case” (Rosso, p. 49). To summarize an effective case statement will answer: (a) whom does the museum serve? (b) What does the campaign stand to accomplish? (c) Why does this cause deserve support? As an educational tool, the case statement conveys to the public why new resources are required and the impact that it will have within the community served, often thought of in terms of return on investment (ROI).

**Literature Review/Past Research**

The majority of published literature on campaign fund raising looks at capital campaigns, donor motivation, and more recently, endowment spending. According to Dove (2002):
…one of the first successful capital campaigns was conducted by Charles Sumner Ward and his colleague Lyman L. Pierce, campaign directors for the YMCA; over the course of three decades, Ward’s fundraising techniques raised more than half a billion dollars for that organization. His efforts became the foundation on which today’s capital campaigns are still built… (p.7).

Some scholarly articles illuminate other successful campaigns that have paved the way for nonprofit organizations, however most will acknowledge the work of Charles Sumner Ward and the flourishing culture of philanthropy that still exists at the YMCA today. Dove goes on to emphasize the increasingly pivotal role that these fundraising efforts play, “Throughout this century, the capital campaign has been the one public undertaking that exposes the hopes and aspirations of an institution to critical market segments, which ultimately are asked to invest the time, energy, and financial support crucial to the institution’s quality and even, at times, its survival” (2002, p. 7).

The Los Angles Times summarized a list of the top organizations in fundraising, “Also in the Top 400 list compiled by the Chronicle of Philanthropy were the Smithsonian Institution and five other museums, four performing arts organizations, one hybrid (the Woodruff Arts Center in Atlanta, who tenants include the High Museum of Art, the Atlanta Symphony and the Alliance Theatre), and the George W. Bush Presidential Museum and Library, which opened this year in Dallas” (Boehm, 2013). This article reinforces the role of campaigns in the museum sector by highlighting, “The San Francisco Museum of Modern Art’s campaign to build a new wing helped it quintuple its donations to $180.96 million in 2011-2012. Its ranking, 122nd, was the second highest for a cultural institution” (Boehm, 2013 October 21, p. 1).
Relying on public support, in the form of time, energy, and/or financing, opens an organization up to severe scrutiny. Donors, as well as the general public, have become more aware of the tax breaks that are awarded to 501(c)(3)s. As Wagner stated (2003) “Results and accountability are expected from the organizations they support” (Rosso, p. 216). These constituents require a level of transparency as well as accountability.

**Accountability & Reporting**

Accountability in the nonprofit sector has been an emerging issue since the 1990s. Some trace this call to accountability back to the scandal surrounding William Aramony, the president of United Way of America, who had his lifestyle and ethics called into question. As Tempel points out, it is hard to say definitively that Aramony’s actions bolstered this call but regardless, “Funders and donors have increased their gift restrictions and continued their call for accountability into the new century, Program evaluation, focus on results, and even impact studies to measure return on gifts have become more common” (Rosso, p. 7).

Since the United Way scandal, various papers and articles have been published that examine donor and public accountability within the third-sector. The third sector refers to organizations that are not for profit or the government; some literature uses the term voluntary sector, to categorize nonprofits. Greenlee (2000) states, “According to the mass media, NPOs [nonprofit organizations] are not very accountable at all; in fact, the sector appears to be rife with abuse” (p. 33). It is important to note that at the time Greenlee wrote this article in 2000, the 1996 Taxpayer Bill of Rights Act (TBOR2) was just beginning to make a noticeable impact on the third-sector. “TBOR2 requires that tax-exempt organizations allow anyone to inspect the completed Form 990…Under TBOR2 an organization need not comply with requests for copies if it makes its documents ‘widely available.’ This has been defined as including the ‘posting of the applicable document on the organizations World Wide Web page on the Internet’ or ‘on
another organization’s page as part of a data base of similar materials’” (p. 35). These other organizational databases are described in the following section.

One resource describes their mission as the following: “Charity Navigator works to guide intelligent giving. By guiding intelligent giving, we aim to advance a more efficient and responsive philanthropic marketplace, in which givers and the charities they support work in tandem to overcome our nation’s and world’s most persistent challenges” (www.charitynavigator.org/index). Charity Navigator evaluates and reports on 10,000 charities, which they have grouped into 34 “cause categories”. They focus on result reporting and assign each 501(c)(3) a numerical rating. Financial Performance Metrics determine what percent of the total expense each department comprises: program expenses, administrative expenses, fundraising expenses, fundraising efficiency, primary revenue growth, program expenses growth, as well as working capital ratio. In 2011, Charity Navigator launched CN2.0, which moved from a one-dimensional financial analysis to include other measures. The new section, titled “Accountability & Transparency Performance Metrics”, uses a checklist to assess the information provided on the Form 990. Transparency is evaluated based on the availability of information on the charities’ website. “In the CN 2.0 system the overall score is not a sum, but rather a measurement of the distance of two component scores from the theoretically perfect score of 100 and 100” (www.charitynavigator.org/index). Currently Charity Navigator is working on producing CN3.0 which, according to their website, will take non-profit accountability even further.

GuideStar is another online tool that drives research in the nonprofit world. In 1998, GuideStar began a five-year collaboration with National Center for Charitable Statistics (NCCS) to digitize the Internal Revenue Service (IRS) Form 990 and make this information publicly
available. Their mission is “to revolutionize philanthropy by providing information that advances transparency, enables users to make better decisions, and encourages charitable giving” (www.guidestar.org/home). The GuideStar website hosts data from 1.8 million IRS-recognized tax-exempt organizations. In addition to the IRS information, GuideStar also provides current data published by the nonprofits themselves. Resources such as Charity Navigator and GuideStar hold nonprofits accountable by assessing their financial health, but the data does not speak for itself in all cases.

Due to the work of these nonprofits, within the past twenty-five years, the philanthropic landscape has benefitted from the vast amount of information available. The tools available through these organizations are designed to compare charities using financial and tax information as well as mission, governance, and program details. Despite the effort and contribution from Charity Navigator and GuideStar, a gap in research on the topic still exists. Christensen and Mohr (2003) hypothesize:

There are several possible reasons for a lack of research that examines the financial disclosures or annual reports of nonprofit entities. These include: (1) the relative ‘newness’ of standard setters’ interest in nonprofit reporting, (2) the lack of readily accessible financial and annual report data, and (3) the wide diversity of nonprofit entities and their reporting practices (p. 139).

I would agree with two of these three theories, but not (2). Perhaps a decade ago, when this article was published in *Financial Accountability & Management*, data was not readily available and, I agree that annual reports are not as accessible as financial tax returns. However, the databases that contain this type of information are extensive, rapidly growing, and readily
accessible. The way financials are reported on tax forms does not easily present the data needed in order to conduct a campaign specific analysis, potentially a reason for the lack of research. The IRS Form 990 does not have a section that captures whether or not a distinct fund raising effort was underway, and which phase it is in during the fiscal year. Due to these limitations, online databases and the subsequent ratings they generate do not assess the degree to which the promises, set by the institution in their case statement, have been delivered. Despite this shortcoming, information made available by these nonprofits is extremely valuable for conducting independent campaign analysis. However, analyzing this information is time consuming and requires a working knowledge of nonprofit finances. It may also be the case that the nonprofit sector, and museums in particular do not communicate well about their capital campaigns, either because they do not want to flaunt their success or because they are concerned about exposing the shortcomings of their efforts. Those who do report on the progress of their campaigns, tend to share this with select constituencies and stakeholders.

The IRS Form 990 has been used in previous research papers to evaluate performance within groups of nonprofits, as well as individual case studies. Prior to TBOR2, the IRS had always made this information available but required written request. As early as the 1990s data extracted from Form 990 was used to establish and later predict financial vulnerability for organizations. Tuckman and Chang (1991) developed a four-indicator model and later Greenlee and Bukovinsky (1998) developed a test using twelve indicators to evaluate the financial condition of nonprofits. A more recent example, written by Garth Heutel out of the University of North Carolina, Greensboro, and Richard Zeckhauser, Harvard Kennedy School, was published in *Nonprofit Management and Leadership*, Fall 2014. This study was groundbreaking because it examined a large number of diverse 501(c)(3) organizations, where past research
focused on niche subsets of the nonprofit world. Their 2013 analysis specifically investigates how well endowments perform. They justify this analysis by submitting that endowment size is the most obvious metric of success. “Fundraising success is more convincingly visibly demonstrated by large and growing endowment than merely by large annual figures and donations. Thus, big endowments serve to signal administrator success, and as a readily visible scorecard they become an end in and of themselves” (p. 10).

In their analysis the authors highlight one nonprofit sector that self reports on the topic, National Association of College and University Business Officers (NACUBO). The annual studies produced by this group are vast in scope, some fiscal years capturing data from more than 800 institutions. The Commonfund Institute also releases an annual study on investment performance for nonprofits in various categories, including healthcare, private foundations, and operating charities. These studies are smaller in scale and do not examine the world of museum fundraising specifically. In conclusion, Heutel and Zeckhauser (2013) found, “The IRS data, though less than perfect, yield valuable measures of the investment returns of nonprofits” (p. 1). Another important aspect that this study highlights is the impact of market forces on nonprofit organizations, “Concerns with the financial meltdown of 2008-09 have receded, and both the stock and bond markets have recovered strongly. In the meltdown period, press reports indicated that many nonprofit endowments suffered significantly including many that had been highly successful in the past” (p. 3). This finding is significant because it identifies the fiscal years that most impacted the nonprofit sector, but also because it confirms the crucial role of press in capital campaigns.
Press and media tend to report on museum campaigns, in one of the following areas: (a) launch announcements, (b) ribbon cutting celebrations, or (c) challenging times or complete failures of individual campaigns or the sector in general.

The gap in research identified by Christensen and Mohr, is a part of an article in Financial Accountability & Management, titled “Nonprofit Annual Reports: What Do Museum Managers Communicate?” Their study focused on museum reporting for the following reasons:

Museums are a large and identifiable subset of nonprofit entities; yet they still vary considerably in terms of size, age, type, and other characteristics. Second in one of its first nonprofit stand-setting efforts (FASB, 1990), the FASB addressed the collection capitalization practices of museums. As such, this is a subset of entities that has already attracted standard setters’ attention. Also, in both proposing and then retracting its collections capitalization requirements, the FASB found that it had little data or research on which to base its attempt to improve museum reporting practices (p.140).

The 2003 findings reveal that annual reports and financial accountability lacked consistency within the 170 nonprofits museums in Christensen and Mohr’s study. These results do not reflect well on the museum world, especially in competing markets where resources are scarce. Museums, like other cultural institutions, are more apt than other nonprofit organizations to feel the effects of a shrinking donor pool and need a way to demonstrate their fiscal responsibility, particularly over the course of a campaign. When philanthropic dollars are scarce and donors must decide between funding a new wing that will foster informal learning or a hospital wing that seeks to fulfill a life-saving mission, presumably that the latter will prevail.

Previously developed models using Form 990s tend to investigate the negative financial aspects of nonprofits, assessing fiscal vulnerability and measuring return on investment.
these are important metrics, they fall short of determining if an organization followed through with the promises made to their donors in the case statement. This is where case studies attempt to answer more qualitative questions.

**Case Studies**

In 2007 a study was launched through a joint initiative at the University of Chicago Cultural Policy Center. This study examined cultural building projects in the United States, specifically focusing on a building boom experienced in museums, performing art centers, and theatres, between 1994 and 2008. The resulting case studies are meant to “serve as a basic and essential resources for any cultural group in the country involved in planning the construction, renovation, or expansion of their facilities” (Frumkin & Kolendo, 2012). Four in-depth case studies were conducted at the Art Institute of Chicago, AT&T Performing Arts Center, Long Center for the Performing Arts, and Taubman Museum of Art. Theses case studies were part of a larger report published in 2012, “Set in Stone; Building America’s New Generation of Arts Facilities, 1994-2008”, the final report was “… based on interviews with people in more than 500 organizations and drew data from more than 700 building projects, including both new facilities and major renovations. The costs of the projects ranged from $4 million to $335 million. It relied on rare, behind-the-scenes access to the discussions surrounding the buildings” (Frumkin & Kolendo, 2012). The findings of Set in Stone, while valuable to the arts and cultural community, stretch beyond the scope of this thesis. Instead of summarizing the final report, I want to highlight two of the four studies that involve museum building projects, the Art Institute of Chicago and the Taubman Art Museum. Authors, Dr. Peter Frumkin and Anan Kolendo prepared these cases for class discussions at the University of Chicago. Their methods served as a model for this case study on the Campaign for the Museum of Science in Boston.
The case study on the Art Institute of Chicago involved interviews with staff and board members, in addition to financial documents and the public record. The metrics and analytical methods utilized in this case were replicated for the Museum of Science in Boston. Annual income and endowment market value were analyzed over a five-year period (2000-2005), during which time architect, Renzo Piano, was hired for the museum’s expansion. Revenue income was tracked along side expenses to understand how money was spent and earned in the construction phase of campaign. Attendance numbers measure community impact over the same five-year period.

The Taubman Art Museum case was also prepared for a class discussion, however it uses only public sources to conduct the study. The sources are dominated by newspaper coverage, “Over a hundred articles covering the art museum and other effected institutions appeared in the local newspaper, Roanoke Times, over the course of the period during which the project was discussed, planned, and constructed” (Frumkin & Kolendo, 2012, p. 2). Due to the amount of press surrounding multi-million dollar fundraising efforts, it is suggested that museums may "self-report" on their campaign, in a way that local newspapers cannot. Ideally this approach to campaign accountability would result in more constructive community building and support. Other key metrics used in the Taubman case include; Figure II: Timeline of Changes in Leadership at the Taubman Museum, Figure III: Capital Campaigns in the Roanoke Valley, 2002, and other budget comparisons based on 990s. While the leadership turnover does not apply to Museum of Science, the case in Virginia emphasizes how continuity and support, at the highest level, are critical to the success of a museum building project. Figure III lists other campaigns in the Roanoke Valley and their size as well as progress. Using this as a template, I
created a table depicting the philanthropic climate in Boston, and the various campaigns, launched or completed, from 2001 to present.

The case studies from Chicago and Roanoke do not paint a positive picture of museum campaign efforts. The purpose of this study on the Museum of Science, Boston, is to analyze the challenges of campaign fundraising, specifically during times of economic recession, and to quantify the transformative power it has on a museum’s financial position. For this case study IRS data, financial statements, and annual reports are evaluated relative to the goals and priorities, set out by the museum, in the campaign case statement. Additionally, through staff interviews this study discusses the impact a campaign has on the donor community, general public and their relationship with the museum. This type of in-depth analysis is intended to look closely at the success or failure of campaign promises, and how outcomes are communicated over the course of the campaign.
CHAPTER II

THE MUSEUM OF SCIENCE BOSTON

Background
The Museum of Science in Boston, Massachusetts has a history that spans over 175 years. The Museum’s website offers a detailed history of the institution starting with its roots in the Boston Society for Natural History, founded in 1830. In addition, Mary Desmond Rock compiled the Museum’s history in 1989 titled, Museum of Science, Boston: The Founding and Formative Years: The Washburn Era, 1939-1980. It is rather fitting that the prologue to this book opens with the following quote: “The Museum of Science sits astride the Charles River, looming forcefully yet gracefully between Boston and Cambridge, a proud flagship among the museums of the world” (Prologue). The location of the Museum on the Charles River continues to define this institution. Recent improvements have allowed exhibits to incorporate the river as an experience. Both the website and Rock’s book chronicle the ever-changing institution that is at the center of science and technology nationwide.

Tale of Two Case Statements:
In 2004, the Museum began the quiet phase of its first comprehensive capital campaign, a $280 million goal lead by Museum President Ioannis N. Miaoulis and Campaign Chair Richard M. Burnes Jr., the original goal was set at $280 million and Beth Balmuth Raffeld, the Senior Vice President for Advancement. The campaign continued for 11 years and is scheduled for completion this June 2015.
“The Campaign for the Museum of Science; Creating the Science & Technology Center of the 21st Century” case statement was produced in 2004. This case statement addresses “partners”, inviting them to join the effort “positioning this venerable Boston institution to address pressing current national educational needs, while anticipating future promise through stimulating interactive exhibitions and programs” (Museum of Science [MOS], Case Statement, 2004). Of the $280 million dollar goal, $106 million was to be used for renovation and expansion, $97 million for exhibits and programs, $67 million to build endowment, and $10 million to support the Annual Fund.

In this case statement, President and Director Ioannis N. Miaoulis is quoted as saying “Our goal is to have an engineering and technology curriculum in every U.S. school by 2015. We also want to incorporate engineering exhibits and programs with partner institutions in every state” (MOS, Case Statement, 2004). This goal would be achieved by developing the National Center for Technology Literacy (NCTL). The Museum of Science established NCTL in 2004 to stimulate advocacy, create and distribute curricular materials, and train educators and program managers. Miaoulis’ quote demonstrated how this particular initiative and the Museum as an institution was striving for impacts beyond the Boston area, which presented a strong case for programmatic support. Of the $97 million allotted to exhibits and programs, the 2004 case statement designates $53 million, more than 50%, to NCTL. This campaign case statement included other programmatic promises such as creating the Hall of Human Life and a new Technology Gallery. These and other explicit promises will be evaluated further in Chapter 4.

The original case statement presents an institution lagging behind its peers in terms of endowment, one figure depicts Endowment Comparison (FY05) among three Boston cultural
institutions; Museum of Fine Arts (MFA), Boston Symphony Orchestra (BSO), and the Museum of Science (MOS). “Currently endowment income contributes just 8% to the Museum’s annual operating budget of $42 million (FY06)”. Principles of Endowment Management, a publication of Commonfund Institute states, “Withdrawals from endowments, on average, have tended to converge at 5.5% of the net asset value of the endowment. Institutions with smaller endowments tend to take a somewhat higher percentage. Those with the largest endowments take a much smaller percentage” (2001, p. 8). Contrary to the conclusions drawn in the original case statement, an $84 million endowment is more than substantial. However, the figure is compelling due to the stark contrast between the MFA ($439 million) and BSO ($310 million), neighboring organizations. The case statement does not acknowledge that these larger endowments are meant to fulfill extremely different missions from that of MOS and have supported or were established by unique donor segments. Drawing comparisons based on geographic proximity does not convey an accurate portrayal, however this comparison is intended to serve as a compelling piece of the case for comprehensive support.

The financial position was far from grim in 2005; total net assets: $127,849,536, and of that large sum, $51,557,537 were unrestricted. Total revenue for fiscal year 2004 was $39.6 million, more than $10 million from admissions alone. To date, the Museum of Science remains one of Boston’s most popular cultural institutions, in terms of visitors, which is its claim to fame since the early 2000s. The 2004 case statement compares visitation across the same three cultural organizations (MFA, BSO, and MOS), demonstrating that for FY05, MOS attracted 1.5 million visitors compared to 1.1 million (MFA) and 810,000 (BSO). Presenting the MOS endowment ranking next to its popularity ranking seems to be a calling on partners to rectify the conflicting information presented in these two figures.
To resolve the disconnect between these rankings, the museum engaged in a capital campaign that would have an extreme physical transformation on the building. According to the IRS Form 990 for FY 2004, Fentress Bradburn Architects, Ltd., was paid $880,940 for architectural services. The case statement highlights this Denver-based firm and their outstanding credentials; over 40 awards for sustainable design, and past projects that included: Denver International Airport and the National Museum of Wildlife Art in Jackson Hole, Wyoming. At the Museum of Science, Fentress Bradburn was tasked with a dramatic transformation of The North Wing lobby and atrium and contractors were likely required. Aside from architectural services, other highly compensated contractors in 2004 included: marketing/branding counsel, advertising counsel and general consulting. These contracts likely emerged during the quiet phase to prepare case statements like the one described above and to ready the institution for the campaign.

Financial promises made in this case pertain to the endowment fund. “A primary campaign goal is to increase substantially the size of the endowment to ensure the Museum’s future growth and prominence as the model of excellence in innovation and discovery in science and technology. A healthy endowment allows the Museum to plan its future boldly, creatively, and confidently” (MOS, Case Statement, 2004). While these goals may hold institutional meaning, what exactly does this mean to donors or to the community at large? According to this case statement, 2005 endowment was at $84 million. If the case promises to allot $67 million to endowment, would that mean that by the time the campaign wraps up in 2015 the endowment will be at $151 million? How else could the Museum demonstrate that the campaign was successful to a wider range of constituents?
**Cultural Campaigns in Boston**

MOS was not the only institution engaged in a major fundraising effort during this time. The philanthropic donor base in Boston was solicited by a number of cultural organizations. The table below highlights other campaigns in the area and their respective goals.

*Table 1. Philanthropic Landscape of the Boston area 2000-2015*

<table>
<thead>
<tr>
<th>Organization</th>
<th>Goal</th>
<th>Amount Raised</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isabella Stewart Gardner Museum</td>
<td>$180 M</td>
<td>$180 M</td>
<td>Began 2004</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Public Launch 2008</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Completed 2012</td>
</tr>
<tr>
<td>Museum of Fine Arts</td>
<td>$500 M</td>
<td>$504 M</td>
<td>Began 2001</td>
</tr>
<tr>
<td>Institute of Contemporary Art</td>
<td>$50 M</td>
<td>$50 M</td>
<td>Public Launch 2010</td>
</tr>
<tr>
<td>Children’s Museum</td>
<td>$30 M</td>
<td>$47.5 M</td>
<td>Public Launch 2002</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Completed 2014</td>
</tr>
<tr>
<td>Harvard Art Museum</td>
<td>$250 M</td>
<td>$250 M +</td>
<td>Public Launch 2009</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Completed 2014</td>
</tr>
</tbody>
</table>

NOTE: Dating is inconsistent as a result of unavailable data and lack of transparency.

The Isabella Stewart Gardner Museum began the strategic planning process around the same time as the Museum of Science. Although the goal was $70 million less, the Gardner also took a comprehensive approach to the campaign. The Gardner Museum’s new Renzo Piano wing cost $114 million and $50 million went to the endowment, which now stands at $166 million. The remaining $16 million of the $180 million goal was raised in order to support ongoing programs at the institution. The details surrounding this campaign can be found in a

Boston Business Journal said “From the Museum of Fine Arts and Institute of Contemporary Art’s major building projects, to the Boston Museum Project and the Rose Fitzgerald Kennedy Greenway’s new museum and culture center yet to be designed and named, the city’s museums seems flush with money” (Kooker, 2006). Perhaps the most impressive campaign in the Boston area was launched by the MFA in 2001, raising $504 million in seven years. WBUR published an in-depth report about the MFA’s fundraising effort for the new wing for the Art for the Americas.

The author of the article, Andrea Shea poses the question “Perhaps it makes you wonder how the MFA pulled it off? Or what’s at stake now that the museum’s highly ambitious—and very expensive project is complete”(Shea, 2010)? In an interview with Pat Jacoby, Deputy Director at the Museum of Fine Arts, Shea directly asks Jacoby what’s at stake? In response Jacoby said “There was probably much more at stake during the campaign because it was whether we would make the campaign goal or not. Now what’s at stake is the reputation that we ride on and making sure we can deliver what we said we would deliver” (Shea, 2010). In the same article, MFA trustee, Alan Strassman echoed this sentiment saying, “I think every donor has some kind of expectations when they give substantial financial support to an institution and I’m sure that’s true of virtually every one of the donors at the MFA” (Shea, 2010).

Reaching a set goal is only one aspect of measuring a capital campaign’s success; equally as important is an assessment that determines how transparent the institution was throughout the process. To put the MOS efforts in perspective, the MFA raised $250 million (the MOS campaign goal) with the support of honorary and elected trustees alone. The campaign at
the MFA surpassed the $500 million goal in half the time it has taken the MOS to achieve their own. Perhaps this can be attributed to the drastic shift in campaign priorities, as evidenced by the fact that MOS created a new case statement in 2009, five years after the original was written in 2004.

**Economic Recession 2007-2009:**
Key changes have taken place in the campaign since the 2004 case statement, most of which likely stemmed from the economic recession in 2007. In 2007 both for profit and nonprofit organizations were facing economic challenges. The National Bureau of Economic Research: Business Cycle Dating Committee Report (Sept. 20, 2010) determined that this economic recession took place from December 2007-June 2009. Carol Vogel captures the effect of this recession in her article for the New York Times (2008), “Museums Fear Lean Days Ahead”. She claims:

> Across the country directors like Mr. Lowry [Director, Museum of Modern Art, New York] are bracing for the effects of an economic crisis that could change everything from the size and kinds of exhibitions a museum presents to the acquisitions it could afford and the merchandise it should offer in its shops. Already the financial-market meltdown has diminished the endowment funds that cover museums’ day-to-day operating expenses. Lehman Brothers, for years a crucial sponsor for museums across the country, is no more. Surviving banking institutions and corporations that also have been the bedrock of exhibition support are likely to give far less or cut off gifts altogether.
Vogel explores how some museums were creative in solving the problems that accompanied the decrease in donations, by relying on temporary/changing exhibits or their own permanent collection rather than financing loans for larger blockbuster exhibitions. The Director of the Los Angeles County Museum of Art, Michael Govan, said that he also wondered how the economic crisis would effect memberships, a crucial revenue stream for all museums. “We’re competing with buying gas and going out to dinner” (Vogel, 2008).

The case studies from Set in Stone (previously discussed in Chapter I), also measure the impact of this recession saying of the Art Institute of Chicago, “However, a precipitous drop in endowment income loomed on the horizon for FY 2011. Due to market conditions, the endowment had dropped from $842 million at the beginning of FY 2009 to $618 million at its end, and FY 2011 would be the first time the impact of these losses would be fully absorbed by the annual budget” (Kolendo & Frumkin, 2012, p. 12).

A SECOND CASE STATEMENT: Imagine-Innovate-Inspire

For the Museum of Science in Boston, already three years into the quiet phase when the recession hit, new financial challenges brought new campaign priorities as well as new staff. Joan Hadley, Senior Vice President of Advancement was hired in 2008, and Jim Kraus came on board the following year as Executive Director/Campaign Director. They produced a new case statement, titled “The Campaign for the Museum of Science; Imagine, Innovate, Inspire” (2009). This new document modified the original goal and decreases the sum by $30 million. More importantly, the table below demonstrates how priorities shifted from a renovation/expansion focus to a campaign that is funding programmatic initiatives above all else.
Tables 2. MOS Campaign priorities 2004 over 2009

<table>
<thead>
<tr>
<th></th>
<th>Annual Fund</th>
<th>Endowment</th>
<th>Programs and Exhibits</th>
<th>Facilities and Infrastructure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$10 M</td>
<td>$67 M</td>
<td>$97 M</td>
<td>$106 M</td>
<td>$280 M</td>
</tr>
<tr>
<td>2009</td>
<td>$27 M</td>
<td>$32 M</td>
<td>$148.7 M</td>
<td>$42.3 M</td>
<td>$250 M</td>
</tr>
</tbody>
</table>

Rarely will donor solicitation material contain publishing dates or author information, and while there may have been some overlap, for the purpose of this analysis the first iteration, “The Campaign for the Museum of Science; Creating the Science & Technology Center of the 21st Century” will represent 2004-2008, and the second iteration, “The Campaign for the Museum of Science; Imagine, Innovate, Inspire” will represent 2009-2015. By the time a new case statement was introduced in 2009, over $125 million had been committed; this study assumes that donations made between 2004-2008 were a result of the original aspirations expressed in the first case statement. This research does not address how the modified case statement was presented to that segment of the donor population or how new priorities may have created distrust and skepticism for the future MOS vision. It is worth noting that the campaign had still not been announced publicly when the second case statement was produced in 2009. Whatever changes took place in priorities and leadership were not subject to public scrutiny because the Museum was still in the quiet phase.

Progress and Communication

Hadley and Kraus came to the Museum of Science after years of success in the world of health care fundraising. The deep understanding of commitment and stewardship that they brought to the Museum is visible in the Campaign Newsletter that was implemented under their
leadership. The following graphs and figures are derived from this newsletter, produced bi-
annually starting in Fall 2012.

Figure 1. Campaign Capsule Progress Against $250 M Goal
Source: MOS, Campaign News: Fall 2014 Vol. 5 Issue 1

Figure 2. Cumulative Giving: Quiet and Public Phase
Source: MOS, Campaign News: Fall 2014 Vol. 5 Issue 1
These figures were standard components on the back page of every issue of Campaign News. It would appear that from Fall 2012 to the impending completion in Spring 2015, donors have been aware of the progress of the campaign and the institution maintained transparency with key stakeholders.

Unfortunately this kind of reporting was reserved for donors and other, perhaps more valued, constituents. In fact, despite producing two case statements during the quiet phase, the Museum did not announce the campaign to the general public until 2011. In a press release dated April 14, 2011, the Museum announced their Campaign (Appendix A). Three concrete exhibit concepts were provided to potential donors; the goal was to link the natural world to the engineered world and impart a powerful connection between the two for visitors. These exhibits and galleries include: (a) Hall of Human Life, (b) What is Technology, and (c) Charles River Gallery. In total more than half of the Museum’s 130,000 square feet of gallery space would be transformed.

The April press release does not explain how the Museum leadership decided on the initiatives listed above or how the $250 million goal was determined. It also makes no mention of the original $280 million campaign goal. It can be assumed that the market forces impacted the goal but there is no explicit statement about the $30 million reduction or the heightened emphasis on programmatic initiatives. Taking into consideration the economic recession, the Museum could argue that they acted responsively to the current philanthropic climate. The institution should celebrate this innovative and strategic change, but instead it remains an untold history of this campaign. Perhaps it is irrelevant to achieving the campaign goal but what message does this send about transparency and communication.
MOS reports in the most recent edition of Campaign News, Fall 2014, that cumulative giving to the Campaign for the Museum of Science reached $242.3 million as of September 1, 2014. A confidential executive summary, provided upon request for this research, reported cumulative giving has already exceeded the $250 million goal, adding $250,261,314 million in financial support over the course of the campaign. Remaining true to the allocations of the case statement means that not all of the cumulative giving can be counted toward the campaign goals. In a conversation with Jim Kraus, Executive Director/Campaign Director on February 20, 2015, he reported the Museum was only $4.5 million shy of fulfilling the remaining promises related to facilities changes. They are on target to complete the campaign goals and Kraus communicated that several seven figure asks were put out recently.

The following chapter will measure the effect of the campaign on the overall financial position and analyze these results in terms of the promises made in the 2009 case statement.
CHAPTER III

FINANCIAL ANALYSIS

**Data & Methods**

Of the four sources used to compile this data set, half are publicly available and half were provided by the Museum for this research. These sources include:

1. The Charity Navigator website hosts twelve years of IRS Form 990s filed by the Museum (Fiscal Year 2001-2012). Using the natural structure of campaigns, this data set is examined by phase: Pre-Campaign, Quiet Phase, and Public Phase. In addition, data is analyzed in four groups, each representing three years of data. This secondary grouping allows for the for-profit market crash in 2007-2009 to be measured against more normal economic years. The mean and standard deviation of revenue and expenses are compared across groups to determine if statistical differences exist in the museums finances. The nature of IRS reporting, combined with Charity Navigator’s inability to publish data in real time, requires supplemental financial records.

2. Annual reports and financial statements are available on the Museum website for fiscal years 2008-2014. These reports contain information about membership, attendance, staffing, and endowment market value that are not easily derived from the IRS Form 990. Independent auditors produce the financial statement after reviewing the overall financial position, statement of activities, cash flow, and other accounting related metrics. It is rare to find this level of transparency among other museums, and even rare for this to be presented in a accessible manner on the organization’s website. Some museums are content to have Charity Navigator or GuideStar publish these documents and will avoid calling attention their financial position.
3. The Campaign News bulletin is not available on the website, and has not been distributed to the general public. It is used for reporting progress to the donor community and was implemented by Joan Hadley and Jim Kraus in 2012. Bill Walsh, the manager of Advancement Communications and Donor Relations provided five editions of the newsletter for this analysis. These reports have been published twice a year and this data set includes: Fall 2012, Spring 2013, Fall 2013, Spring 2014, and Fall 2014. The final issue Spring 2015 will not be produced in time to be incorporated in this research.

4. The fourth source is a dashboard that is used internally among the Museum’s Advancement Department. The dashboard does not follow the specific branding used in the Campaign News, where the Museum reports on similar metrics using graphs and/or figures. This dashboard is not intended for a general audience, therefore it is not publicly available on the website, fortunately the Museum shared this document for this research. Copyright permission and electronic files were obtained to reproduce Figures 1 and 2 in the previous chapter. However because only a physical copy of the internal dashboard was provided it will not be reprinted or reproduced here, but has been used to derive data.

Table 3

<table>
<thead>
<tr>
<th>Phase</th>
<th>Years</th>
<th>M Revenue</th>
<th>SD Revenue</th>
<th>M Expense</th>
<th>SD Expenses</th>
<th>M Program Expense</th>
<th>SD Program Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre</td>
<td>2001-2003</td>
<td>$30.7 M</td>
<td>$5.4 M</td>
<td>$34.2 M</td>
<td>$1.7 M</td>
<td>$26.3 M</td>
<td>$1.6 M</td>
</tr>
<tr>
<td>Quiet</td>
<td>2004-2006</td>
<td>$58.5 M</td>
<td>$19.7 M</td>
<td>$46.2 M</td>
<td>$5.7 M</td>
<td>$36.4 M</td>
<td>$5.1 M</td>
</tr>
<tr>
<td>Recession</td>
<td>2007-2009</td>
<td>$50.1 M</td>
<td>$9.8 M</td>
<td>$49.0 M</td>
<td>$1.7 M</td>
<td>$39.3 M</td>
<td>$850 K</td>
</tr>
<tr>
<td>Public</td>
<td>2010-2012</td>
<td>$59.4 M</td>
<td>$6.2 M</td>
<td>$52.1 M</td>
<td>$3.6 M</td>
<td>$42.1 M</td>
<td>$3.2 M</td>
</tr>
</tbody>
</table>
Table 3 shows that average revenue and expenses were highest in 2010-2012, the most recent public phase (M= mean, SD= standard deviation). While this is not the final phase, it is the last fiscal year for which there is IRS data. When compared to the overall average, revenue in 2010-2012 exceeded the mean by approximately $10 million.

From the pre-campaign phase (2001-2003) to last public phase (2010-2012) the average total revenue grew by $28.7 million. Average total expenses increased $17.9 million over the same period of time. The decline in total revenue from 2004-2006 to 2007-2009 indicates that the museum was not immune to the economic recession felt nationwide. After this decline, total revenue recovered and exceeded the pre-recession average by approximately $1.1 million.

*Figure 3. Box-Plot depicting average annual revenue, by group year*
Table 4

Results of t-test on average revenue by group year

<table>
<thead>
<tr>
<th></th>
<th>Pre-Campaign</th>
<th>Quiet</th>
<th>Recession</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Campaign</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quiet</td>
<td>.007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recession</td>
<td>.039</td>
<td>.546</td>
<td></td>
<td>.242</td>
</tr>
<tr>
<td>Public</td>
<td>.004</td>
<td>.948</td>
<td></td>
<td>.242</td>
</tr>
</tbody>
</table>

A series of independent-samples t-tests were conducted to compare average annual revenue in Pre-Campaign (2001-2003) years against the Quiet Phase (2004-2006), Recession Years (2007-2009), and Public Phase (2010-2012). There was a statistically significant difference in the revenue from Pre-Campaign years (M=$30.7 million, SD=$5.4 million) and the Quiet Phase (M=$58.5 million, SD=$19.7 million) conditions; p = 0.007. These results suggest that the campaign did have an effect on the financial position of the Museum, specifically, when examining income Pre-Campaign (M=$30.7 million, SD=$5.4 million) and Public Phase (M=$59.4 million, SD=$6.2 million) conditions; p = 0.004. Difference in Pre-Campaign revenue and the Recession Years (M=$50.1 million, SD=$9.8 million) are also statistically significant, conditions; p=0.039. Reversely the results indicate the difference between average revenue from the Quiet Phase to Recession Years is not statistically significant, conditions; p = 0.546. This was also the result of examining Recession and Public conditions; p=0.242, and Quiet Phase compared to Public Phase conditions; p = 0.546.
Similarly, a series of independent-sample t-tests were performed on annual expense across Pre-Campaign, Quiet Phase, Recession Years, and Public Phase. There was a statistically significant difference in the expenses from **Pre-Campaign years** (M=$34.2 million, SD=$1.7
million) and the Quiet Phase (M=$46.2 million, SD=$5.7 million) conditions; p = 0.025. Results suggest there is a statistically significant difference in Museum spending from Pre-Campaign to Public phases (M=$52.1 million, SD=$3.6 million) conditions; p = 0.001. Additionally results demonstrate average Pre-Campaign expense and the Recession Years (M=$49.0 million, SD=$1.7 million) conditions; p=0.000. However it is also worth noting the results indicate the difference between average expenses from the Quiet Phase to Recession is not statistically significant, conditions; p = 0.470. This was also the result of examining Recession and Public conditions; p=0.241, and Quiet Phase compared to Public Phase conditions; p = 0.206.

Figure 5. Line graph showing expense comparisons by fiscal year from 2001 to 2012.

Figure 5 compares program expense against all other spending from 2001-2012. This includes fundraising and management/general expenses. The figure shows that program expenses remain
greater than all other expenses over the course of the campaign. Management/general expenses closely mirror the trend seen in fundraising expenses with the exception of 2005 when fundraising expenses were greater than management/general. The figure demonstrates that the programmatic priorities, which comprise almost 60% of the funds solicited in the case statement, are reflected in the budget. However the results of a t-test suggest that these observed differences are only statistically significant when compared to Pre-Campaign years.

*Figure 6. Box-Plot depicting average Program Expense by group year*
Table 6

Results of t-test on average program expense by group year

<table>
<thead>
<tr>
<th></th>
<th>Pre-Campaign</th>
<th>Quiet</th>
<th>Recession</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Campaign</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quiet</td>
<td>.030</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recession</td>
<td>.000</td>
<td>.301</td>
<td></td>
<td>.208</td>
</tr>
<tr>
<td>Public</td>
<td>.001</td>
<td>.175</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There was a statistical difference in average Program Expense between Pre-Campaign years (M=$26.3 million, SD=$1.6 million) and the Quiet Phase (M=$36.4 million, SD=$5.1 million) conditions; p=0.030. Results indicate that the increased spending in Programs from Pre-Campaign to the Public Phases (M=$42.1 million, SD=$33.2 million) conditions; p = 0.001 are also significant. Additionally results demonstrate the most statistically significant difference appears between Pre-Campaign expense and the Recession Years (M=$39.3 million, SD=$854,765) conditions; p=0.000. However it is also worth noting the results show the difference between average expense from the Quiet Phase to Recession is not statistically significant, conditions; p = 0.391. This was also the result of examining Recession and Public conditions; p=0.241, and Quiet Phase compared to Public Phase conditions; p = 0.175.
Corporate support is defined by the Museum using two categories: membership and sponsorship. Membership appeals to companies or organizations looking to display a public support for STEM learning while also providing substantial benefits to employees, clients, customers, and partners. Corporate sponsorship on the other hand, allows corporations to achieve specific marketing or philanthropic goals and can be thought of more collaborative than traditional membership. Figure 4 shows corporate membership was highest in 2007 when the museum had 237 corporate members; by the next fiscal year they lost thirty-three members, the decline continued until 2010 when the museum added twenty-four new members. Unlike the average revenue recovery depicted in Table 3, membership has yet to exceed pre-recession numbers. According to the most recent Annual Report (2014) the museum consistently boosted 185 corporate members for the past three years (2012-2014). The campaign case statement does not make explicit promises regarding corporate membership but these relationships are a vital part of the campaign success and were invaluable in helping the Museum reach its goal. The website page dedicated to this fund states; “Corporate support plays a vital role in allowing the
Museum of Science to continue offering engaging experiences with science and technology. The Museum offers several ways for companies and organizations to become involved, including membership, sponsorship, and philanthropic giving. With 1.5 million annual visitors and a growing national presence, aligning with the Museum provides companies a unique, engaging, and meaningful way to support the community” (http://www.mos.org/corporate-support).

Figure 8. Line graph showing annual giving from 2008 to 2014

Figure 8 shows steady growth in the annual fund value. Analyzing this metric is necessary to understand if the museum delivered on specific promises tied to the second case statement (2009). The data are derived from the institutional dashboard and confidential executive summary produced on February 6th, 2015, that was provided upon request. The executive summary shows the annual fund at $3,024,675 with the goal being $15,000,000; meaning 20% of the campaign goal has been achieved to date. The goal of this report does not match the case statement goal which promised $27 million to annual giving. Assuming that the $27 million allocated to this purpose was the end goal, and not in
addition to the value of the annual giving at the time, that would mean only 11% of the promise has been delivered. Granted the time this Executive Summary was produced only a few months remained in the campaign. Donors may be more impressed by exhibitions and programs, but the commitments that the Museum made regarding these less visible improvements are very important, not just to their donors but to their institutional position when the campaign ends.

Figure 9. Line graph showing Endowment Market Value: 2006 to 2014

Figure 9 relies on annual fund data to depict the market value of the endowment fund. This figure shows the depreciation of funds in 2009, when the endowment fell below $80 million. Figure 5 also highlights the recent spike in market value, which has been consistently growing since 2012. The current market value (2014) is greater than earlier phases of the campaign (2006) by $20.42 million.

The “Imagine, Innovate, Inspire” case statement made specific promises related to the endowment but did not describe specific allocation of funds.
Looking closely at changes in philanthropic contributions allows for a thorough campaign analysis. It is helpful to examine the way this concentrated effort may have impacted the way(s) an organization sustains itself. Figure 7 demonstrates this campaign’s effect on philanthropic contributions also known as support revenue. The figure illustrates steady growth from 2009 to 2013. As the fundraising effort comes to a close, contributions for 2014 (ca. $22.1 M) are decreasing from the record high of 2013 ($33.1 M); this still exceed the $18M from 2008.

A donor might believe an institution that increased gifts and contributions by $4 million annually would be in a solid financial position, but that depends on other factors. If this money was spent as quickly as it was committed, coupled with endowment spending above the policy, the Museum will need to face the coming years with fiscal caution until they engage in another
campaign. Over the same period of time the annual budget grew by ($9.3 M). To better understanding the operating budget and endowment fund, the ratio of these two metrics is communicated in Figure 8.

**Ratio**

![Graph showing endowment to operating budget ratio](image)

*Figure 11.* Graph showing endowment to operating budget ratio

Figure 11 conveys that the market value of the endowment is never quite double what the Museum spends in annual operations. The graph demonstrates the ratio consistently falls short of a 2:1 ratio.
Table 7
Breakdown of Philanthropic Contributions: 2008-2014

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2008</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporations</td>
<td>2,568,264</td>
<td>4,151,897</td>
</tr>
<tr>
<td>Foundations</td>
<td>1,209,600</td>
<td>2,171,500</td>
</tr>
<tr>
<td>Government</td>
<td>2,083,937</td>
<td>2,314,768</td>
</tr>
<tr>
<td>Major gifts</td>
<td>3,147,765</td>
<td>6,694,468</td>
</tr>
<tr>
<td>Annual Giving</td>
<td>2,506,858</td>
<td>2,852,359</td>
</tr>
<tr>
<td>Planned Giving</td>
<td>1,236,809</td>
<td>186,375</td>
</tr>
</tbody>
</table>

Table 7 breaks down philanthropic contributions from 2008 to 2014 using the institutional dashboard. As Figure 10 showed, overall contributions increased by $4.1 M, so the graph on the right represents a larger value than the left, the percentages are relative to that fiscal year. Major Gifts continue to be the largest source of philanthropic contribution, followed by Corporations. Previously Major Giving was only accountable for bringing in $3,147,765 million (25%) in 2008, and now this category has increased to $6,694,468 million, representing 36% of philanthropic contributions in 2014. Fiscal year 2008 reported $1,236,809 million came from Planned Giving, compared to $183,541 in 2014.

In June, when the campaign ends, major giving will decline as it does in any campaign, which is why the “comprehensive” approach has become popular among fundraising professionals. AAM published a handout from the 2013 Annual Meeting titled “Capital Campaign Clinic” supporting the notion that comprehensive campaigns are being used more frequently in the museum sector. This research submits the reason comprehensive efforts are growing in popularity is due impart to the way increased funds are budgeted. This approach will
not favor or seek to increase one aspect of the fundraising program over the others; growth should be distributed according to the needs established in the case statement or feasibility study.

Figure 12. Line graph showing operating budget from 2008 to 2014

Figure 12 illustrates that the Museum has increased expenditures and expanded the operating budget significantly since the start of the campaign. The sharp increase from 2011 to 2012, and slight decrease the following fiscal year still result in a $50+ M operating budget. From the earliest available data (2008) to most recent (2014) the museum has increased the operating budget by $9.3 million.
Figure 13. Bar graph depicting employment from 2008 to 2014, broken-down by staff type.

This test put the growing operating budget in perspective and creates a more complete understanding of the Museum staff. Figure 10 displays employment over the past seven years. Over the years the museum’s total number of employees remained consistent, until 2013, when staffing was at its lowest level, with only 533 total employees. This figure also demonstrates how the Museum utilizes part-time, full-time, as well as temporary staff to make the most of the operating budget, a fact that will continue to be important post campaign.
Figure 14 conveys a drop in attendance after 2010. From 2008 to 2012, the Museum of Science reported being the most visited cultural attraction in Boston. Reporting 1.5 million visitors in 2008 and 2009, and reaching a peak at 1.7 million visitors in 2011. The most recent data reports show numbers that came close to that record at 1.64 million (2014). Even at the lowest point, the museum was still serving 1.42 million visitors. The case statement did not explicitly promise to increase visitation but it is implied that the gifts sought in this campaign would be benefitting the museum’s audience; but did this mean an increase in quantity of visitors or providing an increased quality experience?
Figure 15. Line graph showing the cost to serve a visitor from 2008 to 2014

Figure 15 suggests that it has become more costly for the museum to fulfill their basic mission to bring science to the community and the nation. Cost was calculated by dividing total number of visitors by the operating budget; the results seen here are due to subtle drops in attendance combined with consistent growth in the operating expenditures. The Museum never commits to being more efficient in serving visitors in the case statement, however to garner philanthropic support that cannot be sustained seems counterproductive to the overarching effort.

In addition to financial metrics, the research question cannot be answered without a qualitative evaluation of the new exhibits, as well as other assessments relating to donor communication and public transparency over the course of the campaign. News articles featured in the Boston Globe raved about the new exhibit the *Hall of Human Life*, this and other press coverage will be discussed in Chapter Four.
CHAPTER IV

CAMPAIGN ACCOUNTABILITY: RECOMMENDATIONS FOR MUSEUMS

In 2009 when the new leadership revised the campaign goal and proposed the “Imagine, Innovate, Inspire” case statement, MOS also produced brochures to accompany specific initiatives that are located in the Appendix. As Chapter 2 points out, explicit promises were made in both case statements regarding the future of the Museum. This chapter examines if the Museum delivered on those promises.

Exhibits and Programs
The promise to create a Hall of Human Life (HHL) was delivered in November 2013. The exhibit opening was met with great success and was featured in the Boston Globe. In an interview with manager, Elizabeth Kong, the entire exhibition process is chronicled, from the early planning stages in 2004 to gathering input from Boston’s research, biotech, academic, and pharmaceutical communities. The Globe article discusses the funding for the new addition noting that, “the museum has raised $20.4 million to build and operate the hall, including a $5 million matching grant from the Massachusetts Life Sciences Center. At the time this article was published, the physical components for the HHL had been in construction for over two years. (Burnett, 2013) The brochure produced specifically for HHL (Appendix B) projected the new hall would cost $22.9 million. Assuming the cost remained the same, did the museum raise the remaining $2.5 million to install this exhibit or were costs absorbed in the ever-growing operating budget? According to the Campaign News Capsule, $37.2 million in gifts were
allocated to exhibits as of March 1, 2013. In May 2014 an additional $1.8 million was allocated to this segment of the campaign, totaling $39 million (including gifts received during the quiet phase).

A new Technology Gallery was consistently promised in both the 2004 and 2009 case statement. The brochure detailing What Is Technology? (Appendix B), set the goal at $5.2 million. This estimate included infrastructure upgrades, exhibit fabrication, program development, and the refurbishment and relocation of an older exhibit, Mathematica. The gallery was supposed to “be organized by seven basic human needs and wants that inspire the technology we create and define us within the systems we inhabit” (MOS, What Is Technology Brochure). The Museum website hosts a list of exhibits. However What is Technology? is not among the current offerings.

According to Jim Kraus, “that exhibit was put on the back burner, being kept on hold for the next campaign. We just had too many other projects and too much in queue for construction to take it on now” (Personal Communication, February 20, 2015).

It does appear that the basic principles of the proposed technology gallery have been incorporated in others exhibits. One example is Investigate!: A Do-It-Yourself Exhibition. The What is Technology? brochure declares the seven basic human needs and wants as: Food, Health and Safety, Shelter and Clothing, Energy, Transportation, Communication, and Entertainment. The new gallery promised to “examine how humankind modifies the natural world, how we engineer our surroundings to meet our wants and needs” (MOS, What Is Technology Brochure). The Investigate! exhibition creates a similar experience where visitors conduct various experiments in the setting of a modern home. Starting in the Living Room, moving to the Kitchen, the Bathroom, the Garage, and the Front Yard the Museum fosters a hands-on
opportunity to examine how as humans we have modified and engineered our daily lives to meet our needs.

Additionally, the most recent member magazine promises the Museum will soon unveil the newest traveling exhibit that hopes to achieve an outcome similar to the original goals of *What is Technology?*. The *Science Behind Pixar* exhibition promises to engage visitors in every aspect of technology and creativity by showcasing the role of innovation in everyday life. *The Science Behind Pixar* is a much larger project than *What is Technology?* was slated to be.

The 10,000 square-foot interactive *Pixar* exhibit is scheduled to open this June (2015). Although it may be construed as irresponsible to place a campaign exhibition on the back burner while installing much larger blockbuster exhibit, this decision has the potential to benefit the long-term financial position of the institution. It is worth noting that the *Pixar* collaboration was a result of a $1 million grant from Google to encourage informal science. This grant, received in 2011, placed the Museum among a select group of U.S. and U.K. science centers that all have one thing in common; all of the recipients were institutions that impacted a Google employee by providing an informal learning experience that ultimately inspired their career path in the field of computer sciences.

As a traveling exhibit, *The Science Behind Pixar* will tour museums around the nation including Science Museum of Minnesota, Oregon Museum of Science and Industry, Franklin Institute, and California Science Center. The Education Enterprises team manages this revenue source; a division of the Museum that collaborates and consults on projects and provides other services such as licensing of program material and Planetarium shows. Traveling exhibits were an existing revenue source for the Museum but this particular traveling exhibit is already generating resounding interest. The first nine slots are already filled. It was fiscally wise for the
museum to invest further in internal sources of revenue as this campaign wraps up. It is also strategic to capitalize on partnerships with well-known corporations such as Google, Pixar, not to mention financial support in the form of grants awarded for this exhibit by NSF and the members of the Science Museum Exhibit Collaborative (SMEC). The question remains, will the income generated by this new traveling exhibit and other program services be enough to sustain the museum’s operating budget once the fundraising effort is complete? This will be explored later in the chapter.

**Programmatic Promises**

The goal to have a national impact on STEM education was accomplished through the National Center for Technological Literacy (NCTL). In the past ten years the NCTL Curriculum has been introduced in all fifty U.S. states. When the program launched in 2004, 8 teachers and 200 students were using NCTL Curriculum. Presently, more than 6 million students and 71,206 teachers are benefitting from the unique program development by the Museum of Science, Boston. This initiative has also drawn international attention. A series of textbooks were developed through NCTL; Engineering is Elementary, Building Math, and Engineering the Future. More information about the research associated with measurable impacts of NCTL curriculum can be found on the website. The success of this program in undeniable, it is clear the Museum accomplished the objective, but financially did it cost what the case statement allotted for as the goal?

The first case statement allocated $41 million to support NCTL (of the $97 million designated for Exhibits and Programs). Unfortunately the most recent case statement did not include a target goal for NCTL within the campaign budget. The initial success of the program is highlighted in the 2009 case material but no specific fundraising dollars were promised to this initiative.
Certain ideas have become popular in campaign literature across sectors, one being sustainability. The MOS campaign promised sustainability and green initiatives would be a priority throughout the renovations. A committee was established in 2005 to ensure that this remained the focus of the campaign. The Environmental and Sustainability Committee consists of sixteen members who advise the board of trustees on green design concepts, energy conservation and renewable energy. Part of their consultation informed the design for the Yawkey Gallery, which will utilize electro-chromatically tinted glass, connected to solar sensors that control the sunlight entering the lobby, thus help the Museum conserve energy. The Museum’s rooftop Wind Turbine Lab and the addition of solar panels also help achieve the promise to reduce energy consumption. The case statement specifically promises a green wall makeover for the parking garage, where live vegetation will decrease storm water runoff and provide natural insulation for sound and temperature. These promises have yet to be realized, but are scheduled to take place in 2016. Preliminary analysis indicates that sustainability remained a priority of campaign and it will continue to be a central theme for the New Museum of Science.

While sustainability is important for the environment, it is also an ideology that should be applied to museum finances over the course of a large campaign. These types of campaigns have the power to transform the financial position of an institution but for how long? In the 2009 case statement, the message from the Director emphasizes this notion saying; “We seek support to increase our endowment and to grow our annual giving program to ensure the continued fiscal strength of our enterprise” (MOS, Case Statement 2009). The next section analyzes the museum’s fundraising effort as it relates to Endowment and Annual Fund goals.

**Endowment Promises**

The most extreme change from the original case statement to the current version impacted the goals for the endowment. The Endowment Fund brochure (Appendix D) explains
that this fund supports exhibit development, facilities enhancements, facilities maintenance, internships, fellowships, and directorships. The brochure uses a pie graph to illustrate endowment support.

**Endowment Support at a Glance**

- **39%** Exhibit Development and Maintenance
- **29%** Unrestricted Annual Use and General Operating Support
- **19%** Miscellaneous—Awards, Facilities, Research, Technology, and Multi-Purpose Funds
- **14%** Educational Programs
- **4%** Student Access, Internships, Scholarships, and Fellowships
- **2%** Library Acquisitions and New Media

*Figure 16. Pie graph conveying the breakdown of Endowment Fund support. From the 2009 Endowment Brochure, Museum of Science.*

This brochure also states, “During the quiet phase of the Campaign, the Museum of Science received endowment commitments totaling $17 million. Our remaining Campaign goal for endowment is $7.6 million” (MOS, Endowment Fund brochure). That would mean that throughout the campaign $24.6 million was allotted to the endowment. The 2009 case statement presents a different figure; both sources confirm that $17 million was committed in the quiet phase but the 2009 case statement shows an additional $15 million would be added in the public phase. Neither the case statement nor the brochure have a publication date, therefore it is possible that the brochure was produced some time after and the $10.6 million discrepancy had been secured. Regardless, if the quiet phase raised $17 million, based on the 2004 campaign priorities, how did those donors feel about the lack of attention to the endowment in the new
iteration? More importantly, the net change in endowment market value from 2006 ($89,656,000) to 2013 ($110,077,000) was only $20,421,000.

Financial statements prepared by PricewaterhouseCoopers (2011) indicate, “Under the Museum's endowment spending policy, 5% of the average of the fair value at the end of each of the previous five calendar years is appropriated to support operations”. These financial statements provide data that was entered into the following calculation

\[
\text{Transfers to Operating Funds} \\
\text{SUM (all funds EXCEPT plant and permanently restricted)} \\
\text{= % of Endowment Utilization}
\]

The results show that over six years (2008-2013) endowment utilization ranged from 4.2% to 6.4% while the mean remained close to the 5% spending policy, with an overall average of 5.4%. This could imply that the restructuring of campaign priorities and the decreased attention to endowment funding was a mistake. In the 2014 Annual Report, 6.1% of the Operating Fund came from Endowment Income. Program services comprise 11.3% and admission 20%. These other sources of revenue are encouraging but given the increased cost per visitor, this could be a contributing factor to the growing annual budget. The largest source for operating funds is contributions and grants, 28%. Given the endowment’s weak performance over the course of the campaign the organization will need to be prudent in their utilization of that fund in the gap years between their next campaign.

When the Museum celebrates the conclusion of the campaign in June, large gifts and contributions will drop, as they do in any campaign. Recall from chapter one, the definition of a campaign is a concentrated fundraising effort over a designated time period. Without a concentrated effort the institution relies on annual giving and endowment to sustain the new programs resulting from the campaign. The Museum reported that FY 2014 endowment market
value equaled $110,077,000 and 6.1% of the income generated by that fund was used to support general operations. Supporting a $58,914,000 operating budget requires many sources and the Museum has been fortunate in identifying revenue sources that contribute to this growing expense.

At a Glance

FY14 Sources of Operating Fund

According to their respective brochures, $33 million was raised between the Annual Fund and Endowment Gifts in the quiet phase and $18.6 million remained between the two funds now that the campaign was public.

Figure 17. Pie graph showing the sources drawn on to support the Operating Fund in Fiscal Year 2014. From the online job posting, Chronicle Vitae
**Annual Fund**

The brochure relating to annual giving (Appendix E) reports; “During the quiet phase (2004-2010) of the Campaign, $16 million was generously donated to the Annual Fund, and the goal for the public phase (through 2015) is $11 million” (MOS, Annual Fund brochure). Unlike the discrepancy in Endowment goals, both the case statement and the brochure consistently designate $27 million to the annual fund, a 17% increase from the original case statement’s objective.

The Campaign News does not do an adequate job tracking this goal and communicating the progress to donors. The Capsule measures progress against the $250 million goal and distributing contributions among eight categories; Education, Exhibits, Endowment, Enterprise, Gifts in Kind, Unrestricted, Other, and the Gap to Goal. It is not stated in any edition of the Campaign News, how this capsule translates to the promises in the case statement, organized into four categories. Perhaps these eight categories are meaningful within the organization, but the downside is that this shift in reporting creates barriers as opposed to demonstrating transparency.

**Transparency and Accountability**

How can past, present, or future donors hold the Museum accountable to the campaign promises if they lack a consistent tool to measure progress, let alone success? By muddying the way gifts and contributions were counted over the course of the campaign, and failing to use stable allocation labels, the organization missed an opportunity to communicate with multiple constituents. The 2009 case statement distributed the total $250 million goal over four categories; Exhibits and Educational Programs, Facilities and Infrastructure Sustainability Initiatives, Endowment, and Annual Fund. It is confusing to donors and the general public to disregard these designations without explanation.
Lack of communication and post campaign evaluation occurs in some cases, due to high turnover in staff, board members, and volunteers. Currently, MOS is hiring for the Senior Vice President for Advancement. The search to replace Joan Hadley, as SVP of Advancement, prompted the Museum to reflect on the highlights of the campaign and produce recruiting material that informs the public about the long-range plan. The job posting on Chronicle Vitae (2015) states the following were notable achievements of this campaign:

The campaign has enabled the Museum to make important investments to its campus ($30+ million), to new permanent and temporary exhibits ($48+ million), and to education ($64 million). More than $58 million has been given to unrestricted uses and $25+ million to endowment. Other notable achievements of the campaign include:

- Renovation of the Charles Hayden Planetarium (opened in 2011)
- Opened the Hall of Human Life (Fall of 2013, the largest permanent, most complex exhibit in the Museum’s history)
- Comprehensive box office renovation (opened 2014)
- The Science Behind Pixar Exhibition (scheduled to open June 2015)
- The Yawkey Gallery on the Charles River (opening Winter 2015/16)
- Transforming the lobby and entrance (opening 2016)
- Sustaining and Greening the Museum (completed in 2014-2016)


Interestingly, the gifts committed during the quiet phase funds appear to have supported the renovation of the Charles Hayden Planetarium in 2011. The planetarium renovation was only
specifically mentioned in the 2004 case statement as a bullet point in the Gift Opportunities. Thus it easily could be over looked. Campaign marketing material did not focus on this component of the renovations, which makes an outsider question why the Museum selected this to be one of the seven notable achievements published in the recruitment material.

According to Bill Walsh, Advancement Communications and Donor Relations Manager, the Museum will produce an end-of-campaign magazine in the fall. Without this magazine to evaluate, it remains unclear if MOS will ever publicly acknowledge the shift from a $280 million campaign to $250 million and the implications of that decision. This is a very important piece in understanding the organization’s commitment to responsible fundraising. Accountability and transparency could be improved, such as it would be prudent if the Campaign News could be accessible on the website. Additionally, there is no trace of the original case statement published within the website.

**Recommendations**

In light of the amount of press that these campaigns attract, the following recommendations are made: The Museum of Science, and all museums who have done due diligence within their respective campaigns should:

1. **Capitalize on the opportunity to reach new constituents** — this is a chance to convey a long-term vision to a wider audience. Too often celebration involves a ribbon cutting or a grand opening but the details and decisions that go into those new spaces are glazed over. The written collateral produced should be easily available either on site or online. Case statements should move from being solely a donor solicitation tool to a public document that is shared openly. These materials encompass the vision the organization has for its future, and if they
were distributed to larger audiences it would create a sense of collaboration and community
building.

2. Increase transparency and streamline reporting—throughout the campaign, they
stand to expand their donor pool and may appeal to a younger generation of philanthropists who
give strategically to nonprofits that demonstrate fiscal responsibility. Understandably this type of
accountability often does not happen because some organizations are unsuccessful in their
fundraising efforts and are unwilling to disclose this information to the general public for fear of
potentially influencing their chance of finding success in the next campaign.

To their credit, the MOS staff has been more than willing to share information for this
research. They have been forth coming and transparent in the interactions regarding the case
study, this would not have been possible without their cooperation.

Conclusion

The findings of Greenlee in 2000 and later Christensen & Mohr (2003) claim that the
nonprofit sector is not held accountable, rife with abuse, and lacks financial transparency.
Unfortunately this case study on MOS Boston confirms some of these conclusions. As with most
research, the results presented here have led to more questions. For example, why is this level of
in-depth analysis required just to tell the story of a nonprofit campaign?

It could be the case that complex situations that may require revisions to the original goal
(like the shift from 2004 to 2009 priorities, observed at MOS) are common, and there is no
cohesive story to share with the general public. Regardless, I would still recommend that the
organization disclose their account of any campaign changes to a broad audience to avoid
mistrust. Not going public about such matters robs the organization of the chance to discredit the
long standing notion of institutional barriers and provides an opportunity to convey a flexible modern approach, which is vital to success in the nonprofit sector.

It could also be that nonprofits are not forthcoming about the return on investment (ROI) with constituencies that have not contributed to the campaign simply because they see no need. Perhaps there is no sense of obligation to non-donors and prospect research is sufficient in identifying new leads. It is unknown whether new leads would emerge as a result of increased transparency. New constituencies can only contribute if they are informed of the fundraising effort and it strengthens the case to demonstrate ROI.

Communicating the projected ROI either in the case statement or elsewhere in the campaign collateral would be a way of increasing transparency and potentially garnering new support. Figures and pie charts depicting fund allocations may be subject to interpretation. Specifically stating what the increased funding looks like in consistent metrics and creating benchmarks for success would be another way of solidifying the case.

Often the language and visionary approach used to create the case statement does not translate into concrete promises or commitments, thus campaign outcomes are difficult to measure or evaluate. Committing to raising $10 million during the quiet phase and $17 million during the public phase is much different than saying “At the end of the campaign Annual Fund will stand at X amount”. These semantics may not seem important but when conducting an outside campaign analysis this level of distinction allows the organization to set benchmarks for itself.

There are many areas of future study that emerge from this thesis, but perhaps the most important is this persistent call for accountability and transparency within the nonprofit sector. This case study analyzed accountability in relation to the campaign goals set by the Museum
with the approval of the Board, but there are many definitions of accountability. While I submit that in the MOS case increased transparency could have been achieved by publishing existing collateral such as the Campaign News more broadly, there are other solutions that have yet to be identified.
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