POGO 580
Investment Management & Planned Giving for Nonprofits

Fall 2020 – 7.5 Week: Session II
Arlington Campus – Van Meter Hall 465
Tuesdays 7:20pm to 10:00pm

Instructor: John Paul Phaup, Adjunct Professor
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Office Hours: Tuesdays 6-7pm before class, location TBD or by appointment

The syllabus is being designed during Covid 19 restrictions and is constructed for a classroom experience at the Arlington Campus but may transform into an online platform depending upon Mason policy. Whether in a classroom or online setting, the course description and student learning outcomes remain the same; the weekly class interactions and expectations will adjust according to the circumstances.

Students are expected to bring a laptop computer to each class for the following reasons:
- Students are not required to purchase textbooks; reading materials will be provided digitally per the syllabus outline, likely via blackboard (the instructor will provide updates concerning this).
- During lectures, group discussions and in-class projects, we will spontaneously search the internet to aid the conversation.
- Students are expected, before the first class begins, to subscribe to the digital version of the Wall Street Journal (students receive a discounted rate).

This is a new class within the Schar School, and while it is primarily aimed at nonprofit professionals, it also has applications to students working in government and those interested in public finance and policy studies. Government shares the economic landscape with financial markets, and students will learn the dynamics on how they influence one another.

Purpose
Many leaders in nonprofit organizations face two financial challenges: raising money to support their mission and managing those assets efficiently to comply with fiduciary standards. This class provides a working knowledge of stocks, bonds, cash, and financial markets to learn long term fundraising strategies and investment management skills for nonprofit professionals.
Course Description
The course is built around three themes; what is wealth, how to invest it, and how to raise it – all from the point of view of philanthropy. The class begins by examining the role of foundations and endowments, leading to a definition of wealth as cash flow. We investigate the conditions leading to philanthropy in the West and contrast accountability between the commercial and nonprofit sectors. Students will learn the profound importance of inflation and interest rates, leading to the study of stocks and bonds and how to blend them into investment portfolios that comply with fiduciary standards. Planned Giving fundraising strategies serve as engines of growth and financial stability for many nonprofit organizations, so students will survey key donor tax and financial motives then learn strategies to position their nonprofit as a partner with affluent supporters.

Course Format and Requirements
This material is expected to be new for students and there are no prerequisites or math requirements. Students are required to bring digital devices to class as we will collectively and spontaneously access information on the internet to stimulate discussion and answer questions that arise from the subject matter at hand, including current articles from the Wall Street Journal. Lectures will be accompanied by students completing case studies during the class. Required participation in discussions is presumed to enhance the learning experience and the final exam will consist of topics from the assigned readings.

Students are expected to subscribe to the Wall Street Journal prior to the first class; student subscription rate is less than $5 per month (currently). The instructor will provide all other reading material via Blackboard or another format acceptable to the class.

Two short papers are required summarizing the articles written by the instructor, each approximately 4-5 pages in length, double-spaced, 12 point font.

Student Learning Outcomes
- Students will develop an understanding of the relationship between financial markets and public policy.
- Students will be able to define and construct the management process for overseeing foundation and endowment investment portfolios.
- Students will be able to conceive and implement long term planned giving campaigns.

Evaluation and Grading
Evaluation:
- Written Papers (30% each) 60%
- Final Exam 20%
- Class Participation 20%

Grading Scale:
- A+ = 98-100; A = 94-97; A- = 90-93
- B+ = 87-89; B = 83-86; B- = 80-82
- C = 70-79; D = 60-69; F = 0-59
Schedule and Assignments

Week 1 - October 13
Introductory lecture and group discussion defining wealth as cash flow and the role of foundations and endowments. Students are expected to bring each evening a primary digital device, such as a laptop. During this class students will create an online market watch page to monitor major financial indices during the course. Class will participate in discussion of pertinent introductory material from the Wall Street Journal (WSJ) assigned in class by the instructor.

Reading during a class break: Foundations and Endowments – Agencies of Cash Flow, Phaup.

Week 2 – October 20
Week two is the first of two investment classes, beginning with a discussion of the conditions for wealth creation and the ascent of philanthropy in the West. Through lecture and discussion, this session focuses on the determinate influences of inflation and interest rates, and a full exploration of cash, bonds, and stocks.

Assigned readings due Week 2:
Chapter 12 – The Universals of Economic Growth, The Age of Turbulence, Alan Greenspan.

Investment Management - The Three Asset Classes, Phaup.

WSJ to be determined.

Week 3 – October 27
This second investment class utilizes the information learned the previous week. Modern Portfolio Theory (MPT) is introduced to conclude how the three asset classes, cash, bonds, and stocks, are composed to build an investment portfolio that complies with fiduciary standards. Half of this class time will be spent in groups engaging in one or two class projects; building a portfolio with today’s rates and determine a spending policy; issuing a 10-year municipal bond.

Assigned readings due Week 3:


WSJ to be determined.
**Week 4 – November 3**
Week four addresses financial governance of foundations and endowments. Topics include the contrast of accountability between commercial and nonprofit enterprise, the 7 Standards of Fiduciary Care, and the Investment Policy Statement (IPS).

**Assigned readings due Week 4:**

*Governance – 7 Standards of Care*, Phaup.


*Restricted and Endowment Investment Policy Statements, 2017*, George Mason University Foundation (cursory review for class discussion).

WSJ to be determined.

**Paper Due – Investment Management – Three Asset Classes;** summarize and discuss what is clear and what is unclear.

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**Week 5 – November 10**
Week five is the first of two planned giving classes. Through lecture and discussion, this session examines the nonprofit tax status and how it is used to form partnerships with supporters and donors. Students will become familiar with income, capital gains and estate tax rates as a basis for learning the benefits of planned giving strategies. The concept of Money In Motion is proffered as a practical management tool to focus attention on assets that are in transition, from the transferring of assets at death, or the movement of assets through business transactions. Students will learn the fundamentals of estate planning and how the unique nonprofit tax status is included in financial and estate planning.

**Assigned readings due Week 5:**

*Planned Giving – Money In Motion*, Phaup.


WSJ to be determined.

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**Week 6 – November 17**
This second planned giving class identifies business transaction liquidity events and reviews the financial opportunities available to nonprofits that participate in them. Half of this class time will be spent in groups designing a charitable remainder trust and/or estate plan.

**Assigned readings due Week 6:**


WSJ to be determined.
**Week 7 – November 24**
The final gathering will review major themes presented during the class and will discuss topics that were uncovered; the identification of wealth and converting it to cash flow for philanthropy, the supervision of the investment process and not the outcome, the role and function of financial markets and their intersection with public policy, the fiduciary management of long term asset revenue for the nonprofit, the application of tax preferential transactions for the benefit of the nonprofit and its donors.

**Assigned readings due Week 7:**

WSJ to be determined.

**Paper Due – Planned Giving – Money In Motion**; summarize and discuss what is clear and what is unclear.

**Week 8 – Final – December 1**
The final exam will consist of multiple essay questions from topics in the assigned readings.

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**George Mason Academic Policies**
a. Students must adhere to the guidelines of the George Mason University Honor Code [See http://oai.gmu.edu/honor-code/].

b. Students must follow the university policy for Responsible Use of Computing [See http://universitypolicy.gmu.edu/policies/responsible-use-of-computing/]

c. Students are responsible for the content of university communications sent to their George Mason University email account and are required to activate their account and check it regularly. All communication from the university, college, school, and program will be sent to students solely through their Mason email account.

d. The George Mason University Counseling and Psychological Services (CAPS) staff consists of professional counseling and clinical psychologists, social workers, and counselors who offer a wide range of services (e.g., individual and group counseling, workshops and outreach programs) to enhance students’ personal experience and academic performance [See http://caps.gmu.edu/].

e. Disability Services at George Mason University is committed to providing equitable access to learning opportunities for all students by upholding the laws that ensure equal treatment of people with disabilities. If you are seeking accommodations for this class, please first visit http://ds.gmu.edu/ for detailed information about the Disability Services registration process. Then please discuss your approved accommodations with me. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email: ods@gmu.edu | Phone: (703) 993-2474

f. Students must follow the university policy stating that all sound emitting devices shall be turned off during class unless otherwise authorized by the instructor.
g. The George Mason University Writing Center staff provides a variety of resources and services (e.g., tutoring, workshops, writing guides, handbooks) intended to support students as they work to construct and share knowledge through writing [See http://writingcenter.gmu.edu/].

h. The Schar MPA program is committed to create a learning environment that reflects the growing diversity of the modern workplace and of the communities that are being served by public service organizations. We welcome, value and foster respect for all individuals and their differences, including race and ethnicity, socio-economic status, sex, sexuality, gender expression and identity, national origin, first language, religion, ideology, age and ability. We encourage all members of the learning environment to engage with the material personally, but to also be open to exploring and learning from experiences different than their own.