Fundraising Principles and Practice 1st edition Worth Test Bank

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Chapter 2

1. Which of the following is NOT a nonprofit organization.
a. The American Red Cross
b. The AFL-CIO
c. The National Geographic Society
*d. The Discovery Channel
e. Presbyterian Church

2. Which of the following is NOT true of nonprofit organizations?
a. They are self-governing.
*b. They may never earn a profit.
c. They are organized entities.
d. They are exempt from most taxes.
e. The serve a social purpose.

3. Organizations that receive gifts and then redistribute the funds to other organizations are called:
*a. Funding intermediaries
b. Operating foundations
c. Advocacy organizations
d. Social welfare organizations
e. Quasi-governmental

4. The term “permanently restricted” refers to funds that
a. Can be spent only after the end of a fiscal year
b. Can only be spent for a specific program or project
*c. Must be invested in perpetuity
d. Are the same as the accrual method of accounting
e. Must always remain the property of the donor

5. Which statement best describes the concept of public goods?
a. These are goods that are most subject to government failure
b. These goods can only be consumed in states where they are licensed.
*c. These goods are usually provided by government and paid for through taxes.
d. These goods may not be consumed by free riders.
e. These goods are always either roads or bridges.

True/False

6. Philanthropy is the largest source of revenue for the nonprofit sector overall.
a. T
*b. F

7. Resource dependency theory explains how nonprofit organizations recognize their donors.
a. T

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*b. F

8. Goal displacement might occur if a nonprofit alters its programs to respond to the demands of its donors.
*a. T
b. F

9. Supply-side theories of the nonprofit sector try to explain why nonprofits are exempt from taxation.
a. T
*b. F

10. Most nonprofit organizations are best described as closed systems.
a. T
*b. F