

DENTAL EDUCATION
OUR LEGACY - OUR FUTURE

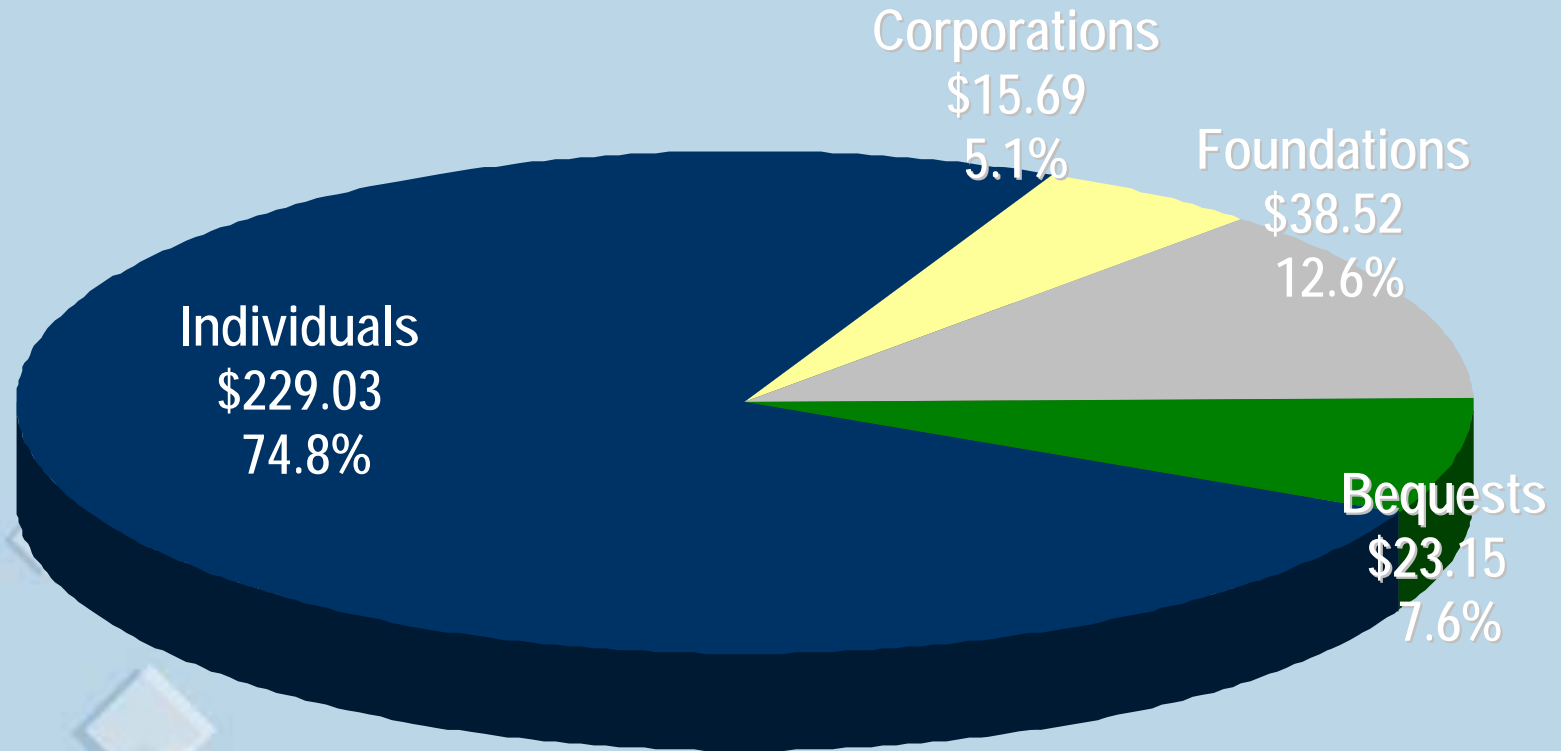
Fundraising Academy

Transparency: What Your Donors Expect to Know

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Why transparency?

+ 2007 charitable giving Total = \$306.39 billion



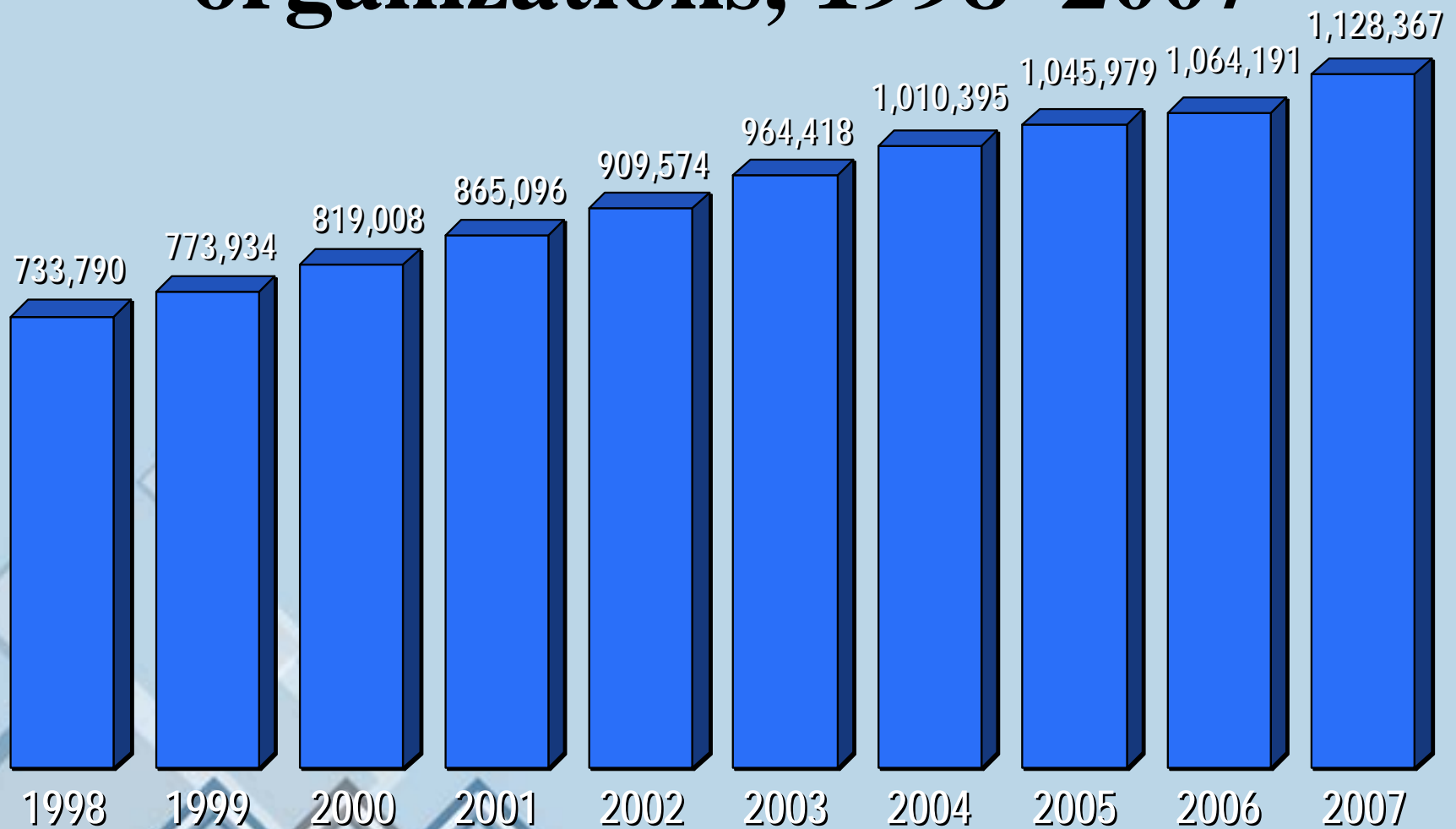
+ Proliferation of non-profits

- 1.1 million registered 501(c)(3)s in 2007
- Growth of 6%, the fastest in the last decade
- Not all organizations are registered
 - Houses of worship not required to register
 - IRS registration under Section 501(c)(3) is required for nonreligious organizations when revenue exceeds \$5,000

+ Proliferation of non-profits

- Of registered charities, 300,000 file a 990 or 990-PF (private foundations)
 - 990 is required when revenue exceeds \$25,000
- U.S. has an estimated 300,000 groups with charitable intent, but not registered

The number of 501(c)(3) organizations, 1998–2007



+ **Professionalization of fundraising**

- Organizations (AFP, AHP, CASE, etc.)
- CFRE credentialing
- Donor Bill of Rights

+ **Better awareness**

- Technological changes
- Guidestar, Foundation Center, BBB
- Governmental regulation & oversight (active Senate Finance Committee, esp. Sen. Grassley)

- Scandals, real and perceived

- Influx of donations after Katrina/Sept. 11
- United Way fiascos
- Senate Finance Committee: Smithsonian Institute executive pay, hospitals' non-profit status (*Wall Street Journal* on 8/28/08), tax deduction misuse, etc.

- Resultant loss of trust

- 64% had “great deal” or “fair amount” of trust in charities vs. 69% in 2006
- Before 9/11, approx. 90%
- 25% say charities do “very good job” of helping vs. 34% in 2004
- 70% say waste money vs. 60% in 2003
- Brookings Institute reports charities barely rank above big business for trustworthiness

*April 2008, NYU's
Organizational Performance Initiative*

Where do donors get information?

- Word of mouth – gossip
- Media – scandal sells
- Competitors

Today's donors are different

- More diverse
- Entrepreneurial spirit, individualistic
- Media-savvy
- Less tied to “elite charities”
- Concerned with at ROI (invest, measure, then invest again)

What do donors want?

International Statement of Ethical Principles in Fundraising

- **Honesty:** Act honestly and truthfully so that the public trust is protected and donors and beneficiaries are not misled
- **Respect:** Act with respect for the dignity of the profession and the organization and with respect for the dignity of donors and beneficiaries
- **Integrity:** Act openly and disclose all actual or potential conflicts of interest and avoid any appearance of personal or professional misconduct
- **Empathy:** Work in a way that encourages others to use the same professional standards and engagement; value individual privacy, freedom of choice, and diversity in all forms
- **Transparency:** Stimulate clear reports about the work of fundraising, the way donations are managed and disbursed, and costs and expenses, in an accurate and comprehensible manner

BBB Wise Giving Alliance

- Created in 2001
- Merger of National Charities Information Bureau & BBB's Philanthropic Advisory Service
- Standards for Charitable Accountability determines whether a charity receives a BBB "thumbs up" or a "thumbs down" in areas of:
 - ✓ governance and oversight
 - ✓ measuring effectiveness
 - ✓ finances
 - ✓ fundraising and informational materials

BBB Wise Giving Alliance

- Standards require:
 - ✓ At least 65% of total expenses spent on program activities and no more than 35% on fundraising
 - ✓ Board (minimum of five voting members) provides adequate oversight and meet at least three times a year
 - ✓ Annual financial statements & annual reports available upon request (mission statement, summary of program accomplishments, list of officers/board, and financials)
 - ✓ Above information + most recent 990 included on website

BBB Wise Giving Seal Program

- Charities that meet the standards may choose to take part in the Wise Giving Seal program
- An organization that does not meet may provide evidence to show that its use of funds is reasonable
- Unlike the BBB charity standards program which is free for charities the optional seal program charges an annual fee
- Only national, publicly soliciting charities that are at least two years old may take part in the seal program. Fees are based on a sliding scale (\$1,000 to \$15,000)

What do they expect to know?

Information, information, information!

- Provide opportunities for involvement
- Give accurate information – more is sometimes more
- Make it accessible (post online)
- Respond to requests
- Exceed their expectations

How can you control the message?

- Proactive press
- Positive stories
- Benchmarking
- Crisis management protocols for emergencies
- Be responsible!

About what should you be transparent?

- IRS regulations/financials
- “Cost” of fundraising
- Opportunities and challenges
- Programmatic, institution-specific needs
- Board and senior staff leadership

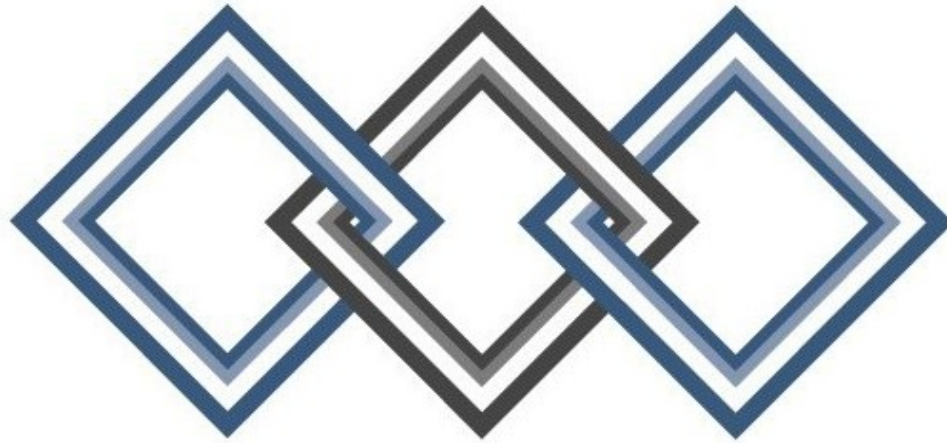
How are you transparent?

*Your most unhappy customers are
your greatest source of learning.*

- Bill Gates

Donor Bill of Rights

- I. To be **informed of the organization's mission**, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's **governing board**, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's **most recent financial statements**.
- IV. To be assured their **gifts will be used** for the purposes for which they were given.
- V. To receive **appropriate acknowledgement** and recognition.
- VI. To be assured that information about their donation is **handled with respect and with confidentiality** to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be **professional in nature**.
- VIII. To be informed whether those seeking donations are **volunteers, employees of the organization or hired solicitors**.
- IX. To have the **opportunity for their names to be deleted** from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to **receive prompt, truthful and forthright answers**.



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