

WISE GIVING™

GUIDE

BBB WISE GIVING ALLIANCE : SPRING 2016



Celebrating Our 15th Anniversary

as the BBB Wise Giving Alliance





A Publication of the
BBB Wise Giving Alliance

The *Wise Giving Guide* is published three times a year to help donors make more informed giving decisions. This guide includes a compilation of the latest evaluation conclusions completed by the BBB Wise Giving Alliance.

If you would like to see a particular topic discussed in this guide, please email suggestions to give@council.bbb.org or write to us at the address below.

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president's MESSAGE

As we celebrate our anniversary, I am reminded about how the past 15 years have been a function of our collaboration.

When the BBB Wise Giving Alliance formed in 2001 it represented one of the highest forms of collaboration — a merger of the two largest charity monitoring organizations that existed at that time: the National Charities Information Bureau (NCIB), which began in 1918 as the first organization in the nation to establish charity accountability standards, and the Philanthropic Advisory Service (PAS) of the Council of Better Business Bureaus, which had been reporting on national charities under various names since the 1920s. Both organizations had a shared mission of helping donors make wise giving decisions and both completed reports on nationally soliciting charities using a broad set of standards that addressed governance, finances, and transparency issues. The combined charity reporting legacy of the merger partners represents more than a century of experience and helped provide a solid foundation on which to grow.

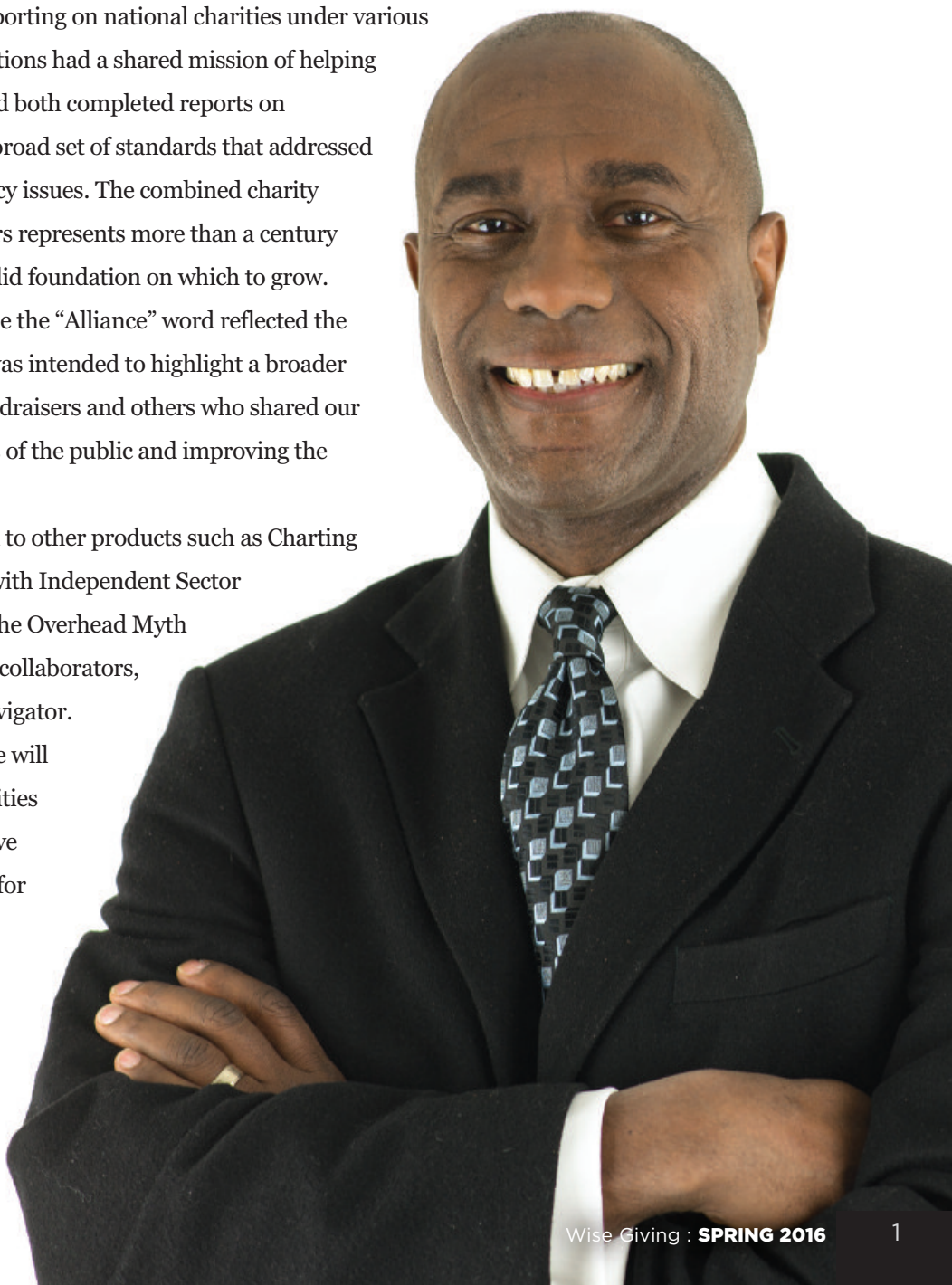
Regarding our name, most assume the “Alliance” word reflected the merger referenced above, but it also was intended to highlight a broader connection with donors, charities, fundraisers and others who shared our goal of addressing the giving concerns of the public and improving the practices of charitable organizations.

Our collaborations have extended to other products such as Charting Impact (2011) through relationships with Independent Sector and GuideStar. We are also proud of the Overhead Myth campaign (2013), developed with our collaborators, again GuideStar as well as Charity Navigator.

As we look to the next 15 years, we will continue to seek out cooperative activities to further extend our reach and to serve both people and charities. Thank you for your support.



H. Art Taylor, *President*



Celebrating Our 15th Year as the BBB Wise Giving Alliance

And a Century of Trust in Charity Reporting

By Edward Loftin

How long has the Better Business Bureau been involved with charity reporting? With due respect to any centenarians, it's unlikely that many current readers were alive when the first seeds of the BBB Wise Giving Alliance were sown, as businesses began asking for help with the increasing numbers of war relief solicitations after World War I. The godfathers of the BBB movement were called "Vigilance Committees," and while the antiquated name may elicit an image of a mob of pitchfork-wielding farmers "running someone outta town," these committees were dedicated to "eliminating abuses and creating advertising codes and standards." The "twin pillars" of the early Vigilance Committees, public education and the curbing of abuses, remain intact as the BBB WGA works to both "help donors make informed giving decisions and promote high standards of conduct among organizations that solicit contributions from the public." In this article, we will examine how the BBB Wise Giving Alliance *got where it is today by drawing on the past.*

To put the depth of our experience into perspective, BBB involvement in the charitable sector began around the time Charlie Chaplin made his silent feature film, "The Gold Rush" using his beloved Little Tramp character. Unfortunately, many Millennials may not

even remember the 1992 Robert Downey, Jr. film "Chaplin." However, we also recognize that longevity isn't the only barometer for success, and we believe BBB WGA draws on its history to do things the **right way**. An important distinction about BBB WGA is that we use a holistic, standards-based reporting methodology, not focusing primarily on financial ratios. We believe that governance, results reporting, fundraising appeals, website disclosures, and how charities secure the personal information of its donors, among other factors, are just as important to earning public trust. BBB WGA publishes reports on charities that meet or do not meet all *20 Standards for Charity Accountability*, as well as those that fail to disclose after repeated requests.

Beyond the public, BBB WGA seeks to earn the trust of charities themselves by assisting them with in-depth explanations of, and guidance on, our Standards. In many cases, charitable organizations can provide additional information that enables us to amend findings that charities did not originally meet and update our reports accordingly. Our philosophy is that any charity, big or small, can meet the threshold behaviors outlined by our Standards.

As the current charity evaluation arm of the Council of Better Business Bureaus, the BBB Wise Giving

Charity Watchdog Merger (National Charities Information Bureau & CBBB's Philanthropic Advisory Service)
Commissions Survey on Donor Expectations
Media Outreach on Giving in response to 9/11

Issues Revised *BBB Standards for Charity Accountability*
Launches BBB Accredited
Charity Seal Program

2001

2002

2003

Distributes Draft of Revised
Standards for Public and
Charity Comment

Alliance began producing reports on national charities in March of 2001. While wishing BBB WGA a happy 15th Birthday, we take a closer look at the history of charity reporting in the BBB system, and the partners that merged to form the BBB WGA on March 23, 2001, to get a fuller picture of our experience helping donors and providing leadership in the charitable sector.

The early years

Our earliest file evidence dates to reports produced by the national office of the Better Business Bureau in the 1920s. A memo from the 1941 27th annual conference of Better Business Bureaus cites the historical legacy of BBB charity reporting: *“Practically all Better Business Bureaus investigate and report on solicitations... Through **long experience**, Better Business Bureaus have developed methods of investigation of proved value as well as trained staffs. ...Better Business Bureaus have developed extensive files on organizations soliciting funds and on individuals identified with such activities. It would take any new organization in this field years to duplicate the material and it would be an expensive process....”* By 1945, charitable appeals to help servicemen and others affected by World War II increased, and the national office of the Better Business Bureau established a “Solicitations Control Division.” In turn, a 1947 BBB internal publication indicated that Better Business Bureaus offered guidance about local solicitations through *“reports and bulletins on the facts that provide readers with the information necessary to **give wisely**,”* foreshadowing a name change to the BBB Wise Giving Alliance more than half a century later in the process. When the national office of the BBB was reorganized in 1971 to form the Council of Better Business Bureaus, the charity reporting division was re-named the “Philanthropic Advisory Service.”

National Charities Information Bureau

One of the two organizations that merged to form the BBB WGA, the National Charities Information Bureau (NCIB), originally the National Information Bureau, began in New York in 1918, “in response to the

proliferation of World War I relief agencies.” Beyond the obvious link that NCIB would eventually merge with CBBB’s Philanthropic Advisory Service (PAS) to form the BBB WGA in 2001, NCIB was the **first** organization in the U.S. to establish **accountability standards** to evaluate charities. In 1976 the organization began publishing a *Wise Giving Guide* similar to our own, with charity status listings.

In addition to its charity reporting activities, NCIB had a role in several other important activities in the development of the nonprofit sector, from serving as the secretariat to the forerunner of United Way Worldwide in the 1920s to helping the State Department research war relief agencies during World War II. In the 1950s, NCIB aided in the development of the National Conference on Philanthropy, a precursor to Independent Sector. In the 1960s, NCIB provided input on the *Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations*, also known as the “Black Book,” the first formal accounting guidelines for the charitable sector, and established the National Center for Charitable Statistics (NCCS) in 1979. NCCS would eventually become an independent nonprofit, and later a part of Independent Sector before finally residing in the Urban Institute.

In the mid-1980s, NCIB served as the secretariat of the Model Law Project, which sought uniformity in state regulation of charities (CBBB’s PAS was also involved in that effort). NCIB went beyond charity reporting alone by taking a leadership role in the U.S. nonprofit community and its rich history remains influential in the work of the BBB WGA.

Philanthropic Advisory Service

Not long after CBBB’s Philanthropic Advisory Service (PAS) was created in 1971, it developed the first version of *CBBB Standards for Charitable Solicitation* with input from charities, the legal and accounting communities, fundraisers, government regulators, local BBBs and other stakeholders. In 1976, CBBB’s PAS introduced *“Give But Give Wisely,”* a newsletter listing the results of its latest national charity evaluations.

Online Charity Reporting System enables BBB WGA to Double Report Volume

2004

Launches Online Charity Reporting System

2005

2006

2007

Testifies at Congressional Hearings on Veterans Charities and Cause Related Marketing
Redesign of *Wise Giving Guide* magazine

In later years, PAS also produced the *Annual Charity Index*, a paperback book summarizing information on the most frequently asked about national charities.

As with NCIB, PAS was involved in more than just charity review. Executives from PAS gave Congressional testimony on issues of importance to the charitable community. The organization also began a formal training program for local BBBs, was widely quoted in print and broadcast media, and produced seminars for charities on topics from cause-related marketing to the aftermath of the 1992 United Way scandal.

By the 1990s, the digital age and the Internet would drastically alter the charity sector, including charity monitoring. CBBB's PAS recognized this sea change and became the first charity monitoring organization to post its charity reports online in 1995. Now that we have looked at the history of the two organizations that would merge to form BBB WGA, it is time to turn our attention to the evolution of the charity reports themselves.

A closer look: BBB Charity Reports through the years

The earliest charity reports in the BBB WGA archives show a clear link between the current BBB WGA reports and those of the past. Published in 1937 by the national office of the BBB, a report on China Famine Relief, USA provides details on board membership, programs, fundraising methods, and finances. A common thread between the 1937 report and one of our current evaluative reports is obvious in three of the four major areas we examine each time an organization submits information: governance, finances, and solicitations and informational materials. The current BBB Charity Standards have evolved to include areas not on the radar before World War II. Effectiveness was still a half century from becoming part of the charity lexicon. Website disclosures were obviously not an issue as the Internet was still twenty-five years from incubation at MIT in the 1960s.

A 1957 report on American Printing House for the Blind (APHB) shows a progression to a more detailed charity report, including a program description highlighting the Braille publication of “491,600

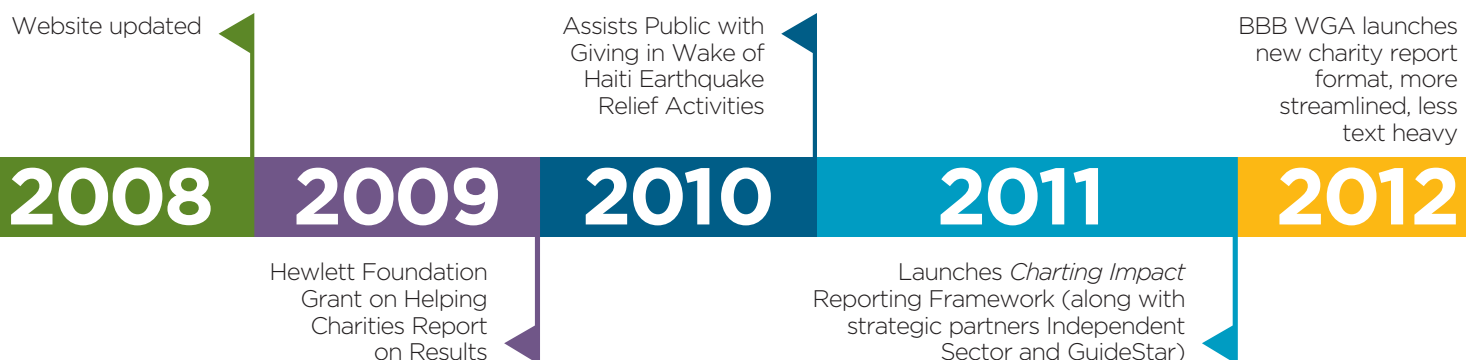
magazines, 4,267 music selections, 895 alphabet cards.” While the 1937 report on China Famine Relief, USA included income figures, the 1957 report on APHB details *how* the income was generated, including through government grants and contracts, product sales to other agencies, unrestricted gifts, and wills and bequests. The report even includes data on the organization's detailed functional breakdown of expenses, including the same type data used to determine if an organization meets BBB Charity Standard 12 today.

The 1977 PAS CBBB report on March of Dimes, just three years after the first *CBBB Standards for Charitable Solicitation* were implemented, detailed the program, fundraising, and management and general expenses of the charity, as well as its ending net assets. Additionally, the report included a note verifying that the March of Dimes had been audited by a CPA. These financial figures, in conjunction with the confirmation that the organization was audited, are the backbone of several of the current BBB Charity Standards (8, 9, 10, and 11). Perhaps as significant as the details of the report is that it shows that the Council of Better Business Bureaus has been directly involved in Standards-based charity evaluation for four decades.

The Modern Era

The BBB Wise Giving Alliance has been busy in the last 15 years. Shortly after PAS and NCIB merged to form BBB WGA, the organization issued the revised *Standards for Charity Accountability* in 2003, after a three-year, open process with broad stakeholder input from charities, fundraisers, foundations, accountants, regulators and others. The BBB Accredited Charity Seal program was developed and launched the same year, offering an option for charities that were found to meet all 20 BBB Charity Standards. These organizations could sign a license agreement and pay a sliding scale fee to enable them to place the BBB Accredited Charity Seal on their direct mail appeals and websites.

As previously mentioned, the first BBB charity report was published on the Internet in 1995, but the reporting efforts in this era were still based on *paper* questionnaire



submissions from charities along with supporting documents including annual reports, audits, IRS Forms and fundraising appeals, also hard copies. A major step was taken in 2005 with the development of the Online Charity Reporting and Evaluation System (OCR), which, for the first time, allowed charities to submit their questionnaire and supporting documents online. The OCR technology helped triple the BBB WGA report output. The streamlined charity review process automatically conducts an initial assessment based on the 20 Standards, the results of which are then thoroughly vetted by a charity analyst. In 2015, the BBB WGA had active reports on about 1,400 nationally soliciting charities and an additional 10,000 reports on regional organizations were available from local BBBs.

In the formative years of BBB WGA, its work was greatly assisted by the support of The Atlantic Philanthropies, Carnegie Corporation of New York, Ford Foundation, Hearst Foundations, Robert Wood Johnson Foundation, W.K. Kellogg Foundation, The Kresge Foundation, Charles Stewart Mott Foundation, Rockefeller Brothers Fund, Surdna Foundation, The California Wellness Foundation, Silicon Valley Community Foundation and many individual and corporate donors.

Leadership in the Charity Community

While online reports and the *Wise Giving Guide* may be our most recognizable program activities, since its inception, BBB WGA leadership and expertise has been involved in the charity community in many other ways, continuing the example passed down from NCIB and PAS. In its inaugural year, the President of the BBB WGA, Art Taylor, testified before Congress about fraud, waste and abuse in charitable giving to September 11th relief efforts. In 2004, BBB WGA leadership provided testimony on charity oversight to the U.S. Senate Finance Committee. Our Chief Operating Officer, Bennett Weiner, testified before the U.S. House Committee on Oversight in 2007 on issues related to veteran’s charities, while Mr. Taylor again testified at the U.S. Senate Finance Committee, this time about cause-

related marketing, a promotional partnership between charities and businesses in which a portion of the sale of consumer goods or services benefits the charity.

In 2009, with charities increasingly being asked to report on their results for funding from governments, foundations and the public, the BBB WGA used a grant from The William and Flora Hewlett Foundation to partner with Independent Sector (and later GuideStar as well) to assist charities in their efforts to tell the story of how they are fulfilling their mission through effectiveness reporting. The results of this effort were realized in the Charting Impact reporting framework, launched in 2011. In the same year, the BBB WGA worked with the Mobile Giving Foundation on “text to give” campaigns. In the midst of its work to help create Charting Impact and the “text to give” campaigns, the BBB WGA provided tips on giving during disasters and a list of accredited charities providing assistance in the wake of the Haiti Earthquake of 2010.

BBB WGA is busier than ever. In 2014, we launched a re-designed Give.org website, Art Taylor wrote a charity blog in the Huffington Post, and the organization began promoting the “Giving Tuesday” campaign, the charity sector’s response to the consumer-oriented Black Friday. 2015 saw the launch of our “Wise Giving Wednesday” blog on Give.org and the “Building Trust” video series, which features interviews with charity CEOs. We hosted an international conference on charity accountability and launched a public campaign on nondisclosure charities (organizations we have repeatedly requested information from based on public inquiry but have not responded to these requests).

In the years ahead, the BBB WGA will continue to be a leader in the charity sector by providing information to assist people in their giving decisions and by recommending practices that charities should follow to demonstrate trustworthiness and sound operations.

As technology and other forces usher in changes to every facet of our world, we will adapt as well to assure that the great American collaboration for good — between charities and people who give time and treasure — remains ever strong. ■

Re-designed Give.org Website
Helps Promote *Giving Tuesday*
campaign

2013

2014

2015

Overhead Myth Campaign
with GuideStar and
Charity Navigator

Launches *Wise Giving Wednesday* blog and
Building Trust video series on Give.org
Participated at Press Conference with FTC and State
Regulators on Major Charity Fraud Announcement