

WISE GIVING™

GUIDE

BBB WISE GIVING ALLIANCE : WINTER/HOLIDAY 2021



In This Issue:

4 Lessons From 9/11 Fundraising
Transparency Of Charity Evaluations
Tips On Car Donations
Here Come The Holidays!





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

guide@give.org

or write to us at the address below.

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INSIDE

**4 Lessons from
9/11 Fundraising**

**Transparency of
Charity Evaluations**

Tips on Car Donations

Here Come the Holidays!

8

**List of Nationally
Soliciting Charities**

2 How to Read the **6**
List of National
Charities

3 Q&A about the **43**
Wise Giving
Guide

4 National Charity **43**
5 Seal Program

BBB Standards **44**
for Charity
Accountability

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president's MESSAGE

Before 2021 comes to a close, I want to recognize an important anniversary. This year represents the 20th year that we have been operating under the name “BBB Wise Giving Alliance” and began publishing the *Wise Giving Guide* magazine. In March 2021, we were formed as a result of the merger between the two most well-known charity monitoring organizations at that time: BBB’s Philanthropic Advisory Service, which began reporting on national charities in the 1920s and the National Charities Information Bureau, which was founded in 1918. Both organizations were standards-based charity evaluators that produced reports on nationally-soliciting charitable organizations. This legacy of over a century of experience helped create the groundwork for our future growth and outreach on accountability issues.

During our first two years as BBB Wise Giving Alliance, we produced a new version of the *BBB Standards for Charity Accountability* with considerable input from the charitable community, foundations, fundraisers, BBBs, government regulators, accountants and other experts in philanthropy. This approach reflected our objective to help verify charity trustworthiness by establishing a comprehensive picture of charity accountability that addresses charity governance, finances, results reporting and truthful and transparent communications. We also introduced the *BBB Charity Seal* as a means for charity participants to succinctly display that they meet these standards.

Additional accomplishments in the past twenty years sought to help donors give wisely and strengthen trust in charities. Among other things, we:

- Introduced an online charity reporting system that helped expand our volume of charity reporting
- Delivered Congressional testimony on charity accountability issues
- Created a charity report format that provides a visual display of the 20 BBB Charity Standards
- Helped the Mobile Giving Foundation strengthen trust in text-to-give campaigns
- Joined the Overhead Myth Campaign with Candid/GuideStar and Charity Navigator to help educate donors that finances should not be the sole consideration for giving decisions
- Produced a weekly *Wise Giving Wednesday* blog that now has over 350 postings
- Participated in press conference announcing FTC and U.S. state government actions against deceptive charity campaigns
- Hosted an international conference that included charity monitors from around the world
- Made ongoing improvements to the Give.org website to share our charity reports and provide wise giving advice
- Began the Advancing Collaboration program to encourage collaborations with charities to help them achieve more than they can do on their own
- Completed donor survey research, the *Donor Trust Report* series, to explore donors’ beliefs, feelings and behavioral intentions related to charity trust
- Started the *Heart of Giving Podcast* with interviews featuring top charity sector leaders to explore the motivations behind why people give
- Launched the GiveSafely.io donation platform that uses blockchain technology to help secure donor data when donating to BBB Accredited Charities

We look forward to expanding our outreach to both donors and charities to further our efforts in strengthening trust. We appreciate your continuing interest and support of our work.



H. Art Taylor, *President & CEO*



4 LESSONS FROM 9/11 FUNDRAISING

During 2020, special ceremonies were held to honor the twentieth anniversary of September 11th. Everyone who is old enough recalls where they were on that dreadful day. Two decades later, strong emotions still linger as part of the nightmarish memories of that terrorist attack.

The charity fundraising that began in the aftermath of September 11th certainly generated something that we had not seen before, or since. A report from the U.S. Government Accountability Office released in December 2002 estimated that \$2.7 billion was raised. Looking back at this charity response, we identified four lessons that we believe are valuable to remember as the charitable sector continues to seek to provide help in the wake of tragic events and disasters.

1. The Value of Collaboration

Hundreds of charities, both large and small, solicited for some aspect of September 11th relief. Among these, were many community-focused efforts that often sought to address unmet regional needs. There also were some national fundraising campaigns that appeared to be duplicative in terms of the announced broad objective to help the victims and their families. Looking back, it might have been helpful if some of these disaster fundraising efforts were conducted in a more collaborative way. As it was, the volume of fundraising led to some confusion for both donors and those seeking help. Since that time, we have seen evidence that some nonprofits are building pathways and tools to facilitate more coordination with funders, government, and each other around responses to disasters and crises. BBB Wise Giving Alliance continues to take this lesson seriously as evidenced by our Advancing Collaboration program, which encourages organizations to seek and engage in collaborations of all types.

2. The Importance of Appeal Clarity

Many charities began raising funds for September 11th relief without knowing what the emerging needs might be. It can be challenging to craft disaster-response appeals among many unknowns. However, such appeals can be much too vague. The generic “to help September 11th victims and their families” was sometimes used without further details. In the past two decades, there has been marked improvement in the clarity of appeals for many disaster-response groups. Even so, many donors continue to find disaster-related appeals confusing. In 2019, the *Give.org Donor Trust Special Report on Disaster Relief Donor Expectations* showed that only 24% of potential donors said disaster relief appeals are “very clear.”

3. The Oversight of Newly Created Charities

In the days and weeks following September 11th, the volume of media requests about newly created charities raising funds was unprecedented. New charities, however, have no track record, financial statements, and may not yet have received charitable tax-exempt status from the IRS. In those cases, we advised inquirers to look for three key trust points: **(a) Who is serving on**

the charity’s board of directors? Do they have experience in the charitable sector and/or special expertise on the issue(s) being addressed? **(b) Are the activities clearly explained on the website and in appeals?** This transparency is key. Vague descriptions should be a concern for donors. **(c) Does the charity have a financial plan or goal?** Even a newly established charity should have a budget plan that identifies how much they hope to raise and the preliminary activities that will be supported.

4. The Speed in Providing Help

Although it may not be realistic, some donors expect disaster relief charities to spend funds as quickly as they are raised. A study released in 2003 by the Education and Research Foundation of the Better Business Bureau serving Metro New York identified that by early 2003, 74% of September 11th charities participating in their survey, reported they had used all or most of what they had raised and four of the most well-known groups had spent 95 percent of their 9/11 donations. Those results are encouraging and as noted in the 2019 *Give.org Donor Trust Report on Disaster Relief*, disaster relief charities might consider this speed of relief delivery expectation in drafting their communications with potential donors. As we saw with the 9/11 attacks, major disasters can generate needs that extend well beyond the immediate impact response. Charities raising funds to cover such emerging long-tail needs should be clear with donors about the potential longer-term use of funds.

YOU CAN SEE CLEARLY: TRANSPARENCY OF CHARITY EVALUATIONS

We strive to encourage transparency among charities and we also “put our money where our mouth is” when evaluating these organizations. Our evaluation process calls for us to be transparent about how we apply each of our 20 *BBB Standards for Charity Accountability*, as well as how we collect information and work with charities that have any issues. The charities you see in the *Wise Giving Guide* and Give.org are the results of weeks and sometimes months of work by our charity analysts. We thought you might like a glimpse into our process:

- First, we request information from a charity and ask them to fill out our online questionnaire. Much of this information goes beyond what is found on charity websites, and includes specifics about appeal content, donor privacy, board meetings, related-party transactions, and board oversight, to name a few. We also request copies of certain materials, such as the financial statements and annual report.
- Once we receive the completed questionnaire from a charity, we apply our 20 *BBB Charity Standards*. The Give.org website explains what each standard seeks to address and how it is implemented in the evaluation. If needed, we will request additional information to verify if the charity meets a standard.

- Next, we communicate any initial findings to the charity by sharing a draft report, along with explanations for how the group can address these issues if we find that a charity does not meet one or more standards. There is often a back-and-forth communication between the BBB WGA analyst and the charity representative for several weeks before the evaluation is completed, and the report is published.
- After a report is posted to the Give.org website, a charity may inform BBB WGA at any time about a change in practices that will enable us to amend finding(s) and report the charity now meets the specified standard(s).

Visit Give.org for free access to these charity reports and additional details about how *BBB Charity Standards* are applied.

GETTING RID OF SOME WHEELS? **TIPS ON CAR DONATIONS**

Towards the end of the year, many people consider donating automobiles. Before you give your car away, here are some things to consider:

- **Verify that the group is tax-exempt as a charity** under section 501(c)(3) of the Internal Revenue Code by visiting this IRS directory: <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search>
- **Check out the charity that is soliciting** or is advertised as the beneficiary. Contact it directly or go to its website. The names of well-known charities are sometimes used without permission, and the named groups may not benefit.
- **See if the charity is registered with the government agency** in your state that regulates charities (usually a division of the office of the state's attorney general).
- **Understand deductibility details.** Cars are usually sold at auction and the donor's tax deduction is limited to the gross proceeds of the sale. This amount must be provided in writing by the charity. Donors can claim the car's full fair market value only in certain conditions, such as when a charity uses a car in its program or gives it to needy individuals.
- **Ask how much goes to the charity.** The amount a charity receives for an auctioned car varies according to its arrangement with the company hired to handle the collection and sale. It may be a percentage of the sale or a fixed amount per vehicle.
- **Check IRS Regulations.** Visit the IRS publication, *A Donor's Guide to Car Donations*, at <https://www.irs.gov/pub/irs-pdf/p4303.pdf>. If you are claiming a car donation of over \$500, you will need to complete and attach IRS Form 8283 to your tax return. If the car is worth more than \$5,000, you will need a written professional appraisal.
- **Transfer the car's title** to the charity's name and hold onto a copy of this record. Changing the title can help avoid potential problems if there is an accident or mishap before the charity sells it.

READY OR NOT, **HERE COME THE HOLIDAYS!**

While the news warns us of potential major delays in shipping this holiday season, what does this mean for holiday fundraising in the charity sector? If people are spending well in advance of Black Friday, will that have an adverse effect on charity campaigns that usually coincide with the retail period after Thanksgiving but before Christmas?

One option is for you to start giving now as you do your holiday shopping. There's nothing to say you can't give in December too, but charities would likely appreciate early giving when so much uncertainty abounds. Early giving would enable charities to avoid last minute financial challenges and may help donors remember to support their favorite causes while funds are available.

When making giving decisions this holiday season, here are a few other things to remember:

- Always look over charity appeals carefully and thoroughly vet any group you aren't familiar with by visiting Give.org.
- Resist pressure to give on-the-spot whether from a telemarketer or in-person solicitor.
- Be wary of heart-wrenching appeals that say little about what the charity is doing about the specified concerns.
- Check with state charity officials. In many states, charities are required to register, usually with the attorney general, before soliciting.
- Take the time to visit charity websites and familiarize yourself with the specific work the organization is doing. Also, information on the charity's finances should be available on its site.
- Consider alternatives to cash gifts, such as reaching out to charities to look for volunteer opportunities. Many charities will welcome extra help during the holiday season as well as during other parts of the year. ■

