



The State of Nonprofit Transparency, 2008 Voluntary Disclosure Practices

I want to thank our community of nonprofit leaders who are advising GuideStar through our online forum. And to invite you to join our growing number of nonprofit advisors who help shape the future of GuideStar's work by e-mailing advice@guidestar.org your request to join us.



Dan Moore

Vice President,
Nonprofit Programs



GuideStar's Mission

To revolutionize philanthropy and nonprofit practice by providing information ...

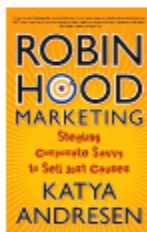
...that advances transparency, enables users to make better decisions, and encourages charitable giving.





KATYA'S NON-PROFIT MARKETING BLOG GETTING TO THE POINT

[Home](#)
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[Workshops](#)
[Tools](#)
[The Book](#)



Transparency is the new black

Posted by katya on Sun, January 25, 2009

The funds of the first bailout package—your tax money - went where? To what end? How are you feeling about Bernie Madoff? How is your trust level in any financial institution?

How is the trust level in us?

As a "good organization" - aka nonprofit, you may think people trust you. Sadly, plenty of [research](#) has suggested otherwise, for a long time. People are skeptical about all organizations.

In this environment, everyone needs to go out of their way to be highly transparent and accountable. Show where they money goes, in all your outreach.

Our new president is [posting a lot of what he's doing online](#) - he knows the national mood.

Transparency is the new black, nonprofit marketeers.

You can't show enough of it.

Harris Interactive Poll (2006)

- **Only** 1 in 10 Americans strongly believes charities are "honest and ethical" in their use of donated funds.
- Nearly 1 in 3 believes nonprofits have "pretty seriously gotten off in the wrong direction."

[Start a new discussion](#)

Who's Online

DanMoore

Mod Tools Start New...

Discussion As Mod

Notification

Unsubscribe forum

New members: Welcome to our Advisory Forum. Thank you for sharing your views with us! Please take the time to [introduce yourself](#).

All Discussions

1 to 30 of 37

< 1 2 >

[Sticky] [Launch of GuideStar Exchange -- Tell us what you think](#)

Category GuideStar Exchange Beta: Specific Feedback Started by DanMoore Comments 11 Last comment by LarryLunden Last Active 3 days ago New 0 MODERATE Discussion ID 67

[Sticky] [Individual Reviews of Nonprofits Coming To GuideStar -- Your Questions?](#)

Category GuideStar: General Discussion Started by DanMoore Comments 44 Last comment by VickiNadal Last Active Feb 3rd 2009 New 0 MODERATE Discussion ID 57

[Sticky] [Introduce Yourself!](#)

Category Who's Who & Social Discussion Started by admin Comments 479 Last comment by RescuedLove Last Active Jan 30th 2009 New 0 MODERATE Discussion ID 5

[Sticky] [Forum Decorum](#)

Category Administration and Help Started by VickiNadal Comments 1 Last comment by RonCPeck Last Active Jan 30th 2009 New 0 MODERATE Discussion ID 31

[Sticky] [What Wall Street Can Teach Us About The Need For Transparency](#)

Category GuideStar Exchange: General Discussion Started by DanMoore Comments 27 Last comment by gloriajmilller Last Active Nov 17th 2008 New 0 MODERATE Discussion ID 33

[Unified Registration Statement - Pros/cons of Registering in Every State](#)

Category General Nonprofit Topics Started by roywhite Comments 13 Last comment by l Mitchell Last Active 4 days ago New 0 MODERATE Discussion ID 23

[What is the GuideStar Exchange?](#)



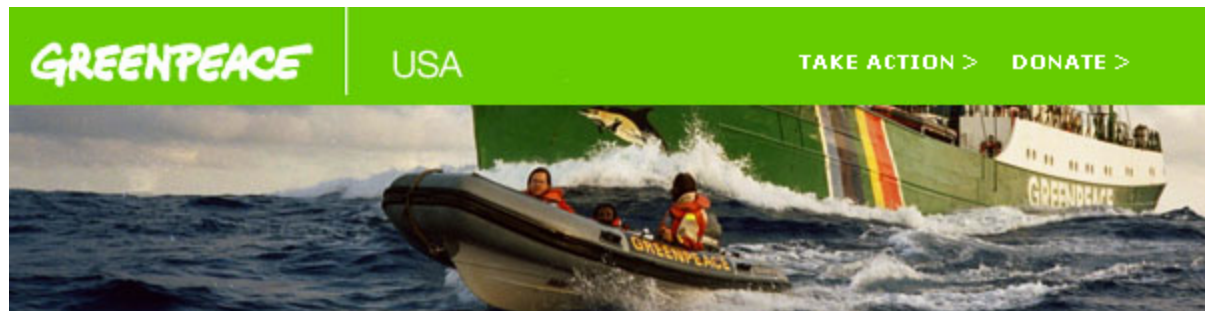
“In my humble opinion ***if your organization is not already transparent you’re behind the eight ball.*** In this day and age donors want to be able to find your financial information on your web site within seconds. ALL of it.”

Steve Newton
Silver Star Families of America
October 10, 2008



“Transparency should be *an integral part of non-profit business*, regardless of economic circumstances.”

*Sarah Vito
Greenpeace
October 24, 2008*





“Our agency is small, and local, but we have always been transparent - ***we can't afford not to be...*** we have found that making our financials available to those who may be interested, has enhanced our image. We are willing to be vulnerable, because even though we have served children in our community since 1872, there are always good thoughts and ideas about how to be better.”

Gloria Miller

Children's Home Chambliss Shelter

November 17, 2008





“A [second] criteria for NPO survival in uncertain financial times is transparency - ***be up front about where your money comes from, and where it goes.***”

Demonstrate good business practices and include third-party review of financial records as part of your business plan.”

Miriam Robeson

Book Readers & Horn Blowers

October 13, 2008



“As a funder, ...our discussions are focused on two 'investment' issues during this economic downturn: 1) helping effective organizations weather the storm and 2) going forward ensure we are investing (granting) for results.

Nonprofits that can demonstrate their participants' human gain (improving their lives) should be able to survive the economic downturn. Funders (and donors in general) are looking for proven impact. The nonprofit that can articulate results will most likely be able to successfully fund raise even in these troubled times.”



*Dee Slater
Dekko Foundation
November 13, 2008*



Transparency: the release of information that is relevant to evaluating those institutions.

*Ann Florini
Brookings Institution*

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.



Being transparent with relevant information is how nonprofits demonstrate their accountability.

Posting information on the Internet is **the necessary step** for making that information public.

GuideStar



Trusted nonprofit information. Confident decisions.

Get Nonprofit Data the Way You Want It

Make an Informed Giving Decision

Tell About Your Organization's Good Work

Search GuideStar | [Advanced Search >](#)

Nonprofit Search

Organization name, EIN, City, State

Start Your Search



The State of Nonprofit Transparency, 2008

Voluntary Disclosure Practices



Washington, D.C. • Williamsburg, Va.

The report is available for
download at
<http://publications.guidestar.org>



American Humanics Interns



Training with Pat Read from
Independent Sector



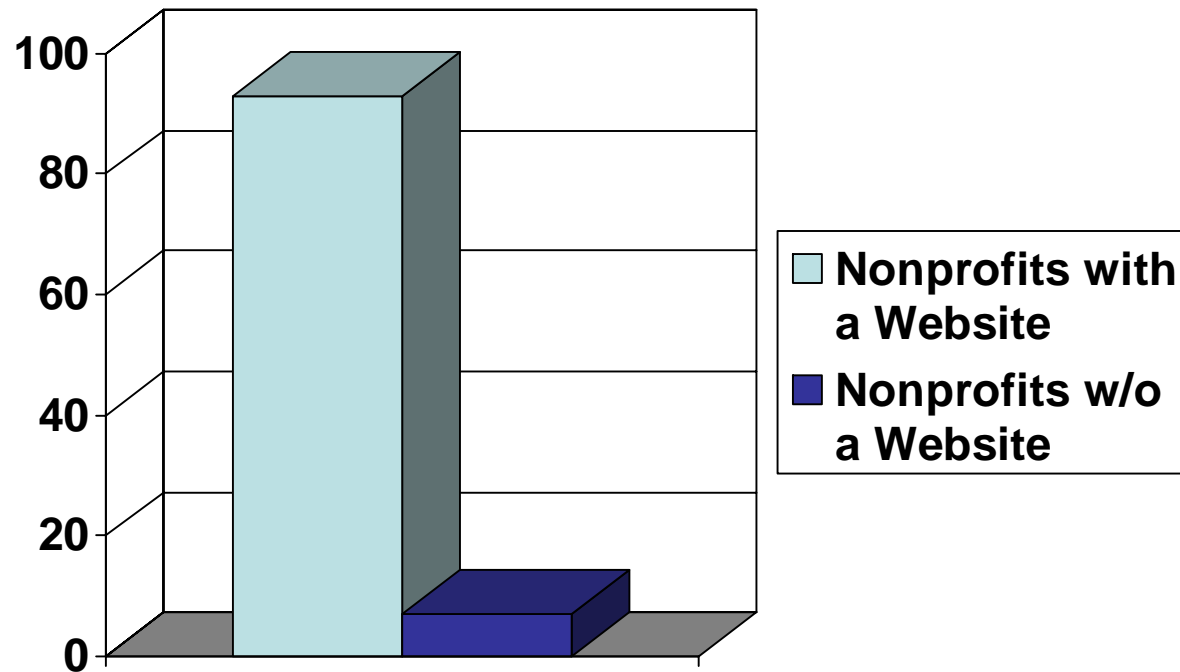
Reunion at American Humanics
Management Institute

Quiz

- Does your organization disclose information about your mission, programs and accomplishments on your Web site?
- Yes
- No

Transparency Report Conclusions

Good news:



Quiz

Does your organization produce an annual report and, if so, is it posted on your website?

- Yes, we have an annual report and it is on our website
- Yes, we have an annual report, but it is not on our website
- No, we do not produce an annual report

Transparency Report Conclusions

Annual Reports

| Web Site Element | | Income (in millions) | | | | | | | |
|------------------|-----|----------------------|-----|------------|-----|-------------|-----|--------|-----|
| | | < \$1 | | \$1 to \$5 | | \$5 to \$10 | | > \$10 | |
| Annual Report | yes | 31.5% | 105 | 38.5% | 143 | 44.2% | 106 | 53.1% | 395 |
| | no | 68.2% | 227 | 61.2% | 227 | 54.6% | 131 | 46.2% | 344 |

Quiz

Does your organization have an audit or financial review and, if so, is it posted on your website?

- Yes, we have an audit or financial review and it is on our website
- Yes, we have an audit or financial review , but it is not on our website
- No, we do not produce an audit or financial review

Transparency Report Conclusions

Financial Statements

| | | Income (in millions) | | | | | | | |
|------------------------------------|-----|----------------------|-----|------------|-----|-------------|-----|--------|-----|
| Web Site Element | | < \$1 | | \$1 to \$5 | | \$5 to \$10 | | > \$10 | |
| Audited Financial Statement | yes | 12.3% | 41 | 8.6% | 32 | 10.8% | 26 | 16.7% | 124 |
| | no | 85.9% | 286 | 88.7% | 329 | 85.0% | 204 | 80.8% | 601 |

Quiz

Does your organization have an IRS Letter of Determination and, if so, is it posted on your website?

- Yes, we have an IRS Letter of Determination and it is on our website
- Yes, we have an IRS Letter of Determination, but it is not on our website
- No, we do not have an IRS Letter of Determination

Transparency Report Conclusions

IRS Letters of Determination

| Web Site Element | | Income (in millions) | | | | | | | |
|-----------------------------|-----|----------------------|-----|------------|-----|-------------|-----|--------|-----|
| | | < \$1 | | \$1 to \$5 | | \$5 to \$10 | | > \$10 | |
| IRS Letter of Determination | yes | 3.3% | 11 | 2.7% | 10 | 1.7% | 4 | 2.3% | 17 |
| | no | 95.8% | 319 | 96.5% | 358 | 97.5% | 234 | 96.6% | 719 |

GuideStar's Recommendations

- 1. Nonprofits should regularly update their Web sites with current, detailed program and evaluation information**



ADD PROGRAMS

* Program Name(s)

* Program Description

B U

+ -

**Program Budget ?

Program Category - NPC ?

*Class Code

Key Elements from GuideStar Exchange

- Description
- Budget



ADD PROGRAMS

Program Category - NPC ?

**Class Code Please select...

* Programs (at least one and

**Class SubCode Please select...

Data management and technical

* Target Population Served 1 Please select...

Target Population Served 2 Please select...

Programs Comments

Target Population Served 3 Please select...

**Program Long-Term Success ?
...ing nonprofit information visited our Web site

B U [List icons]










































Cancel OK

Key Elements from GuideStar Exchange

- Target population served
- Long Term Success Indicators

ADD PROGRAMS

**Program Short-Term Success ?

B **U**                                         

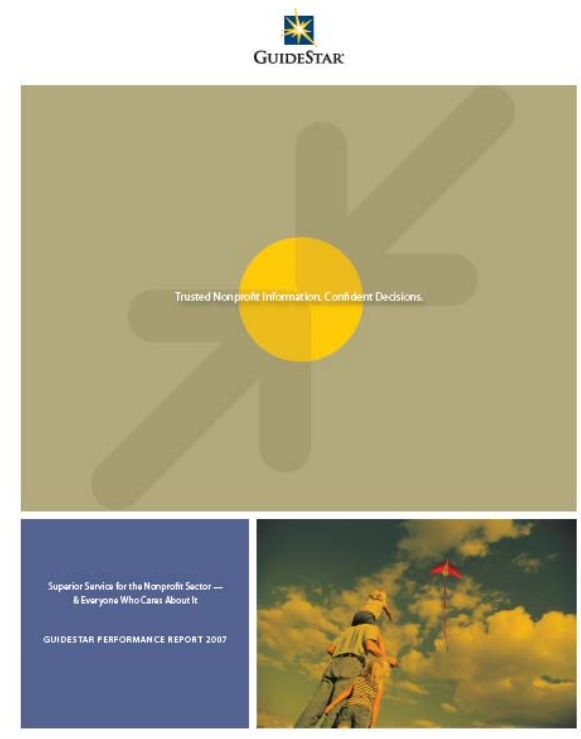
GuideStar's Recommendations

- 2. In addition to posting board members' and key staff's names and titles, nonprofits should post brief biographic information for these important leaders.**



GuideStar's Recommendations

3. Every nonprofit that produces an annual report should post the report on its Web site.



GuideStar's Recommendations

4. Every nonprofit that has an audited financial statement should post it on its Web site.



PHILANTHROPIC RESEARCH, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006



GuideStar's Recommendations

5. Every nonprofit that has an IRS letter of determination should post it on its Web site.

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **APR 12 2000**

PHILANTHROPIC RESEARCH INC
427 SCOTLAND ST
WILLIAMSBURG, VA 23185

Employer Identification Number:
54-1774039
DLN:
17053078727000
Contact Person:
GREGG A TAYLOR ID# 31366
Contact Telephone Number:
(877) 829-5500
Our Letter Dated:
August 1996
Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual who provides you



GuideStar Exchange

Advancing transparency and accountability through a voluntary program of information sharing including...

- IRS Letters of Determination
- Annual Reports
- Audited Financial Statements
- Detailed Program Data
- Current Board and Staff names
- Board and Staff Demographic information
- Board Governance and Management Practices



GuideStar Exchange



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Organization name, EIN, City, State

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GuideStar Exchange Report:

GuideStar USA, Inc.



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- [2007 Form 990](#)
- [2006 Form 990](#)
- [2005 Form 990](#)
- [2004 Form 990](#)

Financial Statement

Subscribe to [GuideStar Premium](#) to view this information.

Annual Report

- [2007 Annual Report](#)
- [2006 Annual Report](#)
- [2005 Annual Report](#)
- [2004 Annual Report](#)



| Information | Core Information for a Basic Nonprofit Report | GuideStar Exchange Required Fields |
|---|---|------------------------------------|
| Employer Identification Number (EIN) | ✓ | ✓ |
| Primary Contact Name and E-mail (for GuideStar's use only) | ✓ | ✓ |
| Geographic Areas Served | ✓ | ✓ |
| Number of Staff and Volunteers | | ✓ |
| Mission Statement | ✓ | ✓ |
| Key Documents <ul style="list-style-type: none"> • Annual Report(s) • Financial Statement(s) <ul style="list-style-type: none"> ○ Audited Financial Statement ○ Financial Compilation, or completion of the Basic Financial Statement section of the on-line form to update report pages • Auditing Company • Did an auditor give an unqualified opinion? • Does the CEO/CFO sign off on all financial documents? <p>Note: To update your report page, you are not required to upload documents, although an annual report may assist donors with their giving decision. Documents are only required for GuideStar Exchange membership.</p> | | ✓ |
| Programs: <ul style="list-style-type: none"> • Name • Description • Population Served • Examples of Success | ✓ | ✓ |
| Programs: <ul style="list-style-type: none"> • Budget • Category | | ✓ |

| Information | Core Information for a Basic Nonprofit Report | GuideStar Exchange Required Fields |
|---|---|------------------------------------|
| CEO/Executive Director Term and E-mail | | ✓ |
| Governing Board Members: <ul style="list-style-type: none"> • Names • Company Affiliation • Voting Status • Board Chair | ✓ | ✓ |
| Senior Management Team Members Names and Titles | | ✓ |
| Policies: <ul style="list-style-type: none"> • Whistle Blowers • Document Destruction • Nondiscrimination | | ✓ |
| Keywords to help users find your organization in GuideStar | ✓ | ✓ |
| Has your organization reviewed the Panel on the Nonprofit Sector's <i>Principles for Good Governance and Ethical Practice</i> ? | ✓ | ✓ |

Optional Fields for Public Report Pages

| | |
|---|--------------------------------|
| ✓ | Logos |
| ✓ | Photos and Video |
| ✓ | DBAs (Doing Business As Names) |
| ✓ | Former Names (FKA) |
| ✓ | Blogs URLs |
| ✓ | Statements by the CEO/ED/Chair |
| ✓ | Funding Needs Statement |
| ✓ | Volunteer Needs |
| ✓ | Top Funding Sources |
| ✓ | CEO/ED Profile |
| ✓ | News Items |

Optional Fields for Annual Benchmarking Reports

| | |
|---|-------------------------------------|
| ✓ | Fund Development |
| ✓ | Endowment Value and Spending Policy |
| ✓ | Capital Campaigns |
| ✓ | Board\Staff Demographics |

Thank you!

Dan Moore
Vice President,
Nonprofit Programs
GuideStar USA, Inc.
dmoore@guidestar.org

