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Building Trust in the Sector: How and Why to Make your Nonprofit More Transparent

with Dan Moore
Sponsored by Network for Good

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www.fundraising123.org or www.Nonprofit911.org

Katya Andresen: I am thrilled to introduce our speaker Dan Moore. Dan is GuideStar's president of nonprofit programs. Throughout his career, Dan has worked to improve the exchange of information between nonprofits and the public. He has used technology to accomplish this title goal.

So he is a great person to be speaking to this topic today. He was the chief charity regulator for the state of New Mexico, where he advanced the cause of nonprofit transparency by bringing nonprofit transparency online through a partnership with GuideStar.

While serving as president of the National Association of State Charity Officials, he led the development and launch of the NASCO website, which is nasconet.org. Dan joined GuideStar, which is the big database of nonprofits I am sure you are familiar with in 2003. Today he has the team that manages GuideStar's relationships with the individual nonprofits that make up their database.

He is a nationally recognized expert on nonprofit accountability and he is a very passionate advocate for nonprofit transparency. Thank you very much for joining us today, Dan. Please feel free to take it away.

Dan Moore: Thanks Katya. I really appreciate it. Thanks to Network for Good for hosting such a great resource for nonprofits. In good times and bad times, Network for Good is there. We appreciate your leadership and your help. I wanted to start...We have passed out a deck. You are able to download it. What I really want to start with is that we are a learning organization and we value our relationships with other nonprofits. We have worked long with the Network for Good and have become better because of our relationship withe .NETwork for Good.

We have a relationship with many nonprofits and they help us through an online forum that we have. They give us advice and input. I wanted to invite folks on this call to join us at adviceatguidestar.org. If you send us an email at adviceatguidestar.org, we will invite you to our online forum of advisors.

It is really important, because on this presentation, we will be drawing from a lot of the conversation we have been having with nonprofits about transparency. What does it mean? Why is it helpful for our practice? What is too little? What is too much?

So our learning is not just at GuideStar. It is really in relationship with nonprofit leaders across the country; small organizations, big organizations, and everyone in between, grant makers, etc.

When we talk about our work, we start from the perspective that we are a mission driven 501C3 public charity. Our mission is central to what we do. I think that is the same for everybody in terms of being really mission focused; why are we doing what we are doing?

We started out in 1994, so we are about 15 years old. We have been doing this for a while. GuideStar's mission is to revolutionize philanthropy and nonprofit practice by providing information that does three things.

The first thing that we try to do with this is to advance transparency, which is openness, and that is the topic of this discussion. The second is to enable users to make better decisions. And thirdly is to encourage charitable giving.

Those three are the three legs of our stool that the mission of GuideStar sits upon. We are mission driven. We are mission driven. Everything that we do comes back to this mission and we are going to explore transparency.

But we think that all of these come together because transparency, this openness, this value that we want to talk about today really does enable better decisions. And for our purpose as a nonprofit, we enable better decisions so we can encourage giving.

That goes to, I think, Katya's third point about making a compelling case for why you need to be supported in the work that you do. As I go through this, I will just start talking about transparency.

I am not sure if you are familiar with this blog that is out there, "Katya's Nonprofit Marketing Blog: Getting to the Point." I highlight this live not because Katya has invited me to be on the program today, but because of the way she has framed the issue of transparency.

According to her, it is the new black. It is cool. It is everywhere. People are addressing this need for transparency. In this blog post that she wrote a while back this year, when you look at nonprofits, we are in the trust business. We are here to build relationships with people.

Donors give their money to nonprofits. Nonprofits deliver services to other people. It is not like buying a car. If you buy a car and it is a lemon, you know it is a lemon because it doesn't work.

How do you know your donation to a charity actually creates impact in the community? That is based on trust and it is based on information sharing from the nonprofit back to the donor. It is based on relationships that donors and nonprofits build over time.

Trust is very elusive. It is something that you build over time, but you can lose in an afternoon of making bad decisions. We see that now played out in really large relief as we look at some of these financial institutions and major corporations that we had trust that they knew what they are doing, but suddenly our whole economic system is imperiled because of some of the decisions that have been made. So trust and transparency go together.

Katya referred to a poll. We are all wanting to be data driven. I think it is really important in our decision making. We just don't want to trust our gut, although intuition is really important. We want to be driven by metrics that can be measured and tested in time and polling is a snapshot in time.

The poll that Katya quoted in her blog post relates to Harris Interactive. It was a 2006 poll. In the nonprofit sector, we hold onto these polls in some ways, because our industry doesn't have the support and the infrastructure to do polling on an always up front and up to the moment basis. We hold onto these.

2006, people may say, "Well that is an old poll and it doesn't matter." Well it is a snapshot, and it says in this snapshot that only one in 10 Americans strongly believe that charities are honest and ethical in how they use donated funds.

That is pretty low. 10% strongly belief that we are honest and ethical. Nearly one in three belief nonprofits have pretty seriously gotten off in the wrong direction. That is a sense of the American public. Of course as Katya was talking about earlier, this pervasive skepticism is going on right now and it is impacting nonprofits as well as others. So this is part of the background.

I show you a slide in the next page. It is a highlight of our advisory forum, which is how we do our work. We really look to nonprofits who use our services at GuideStar to help make us better.

We ask specific questions about the data that we are collecting and the technology that supports that data. We ask philosophical questions about transparency. We are just about to start a series of conversations on our advisory forum about our new report that came out yesterday that is the subject of today's call and was reported on in the Chronicle of Philanthropy.

We are going to start a conversation about our recommendations on our advisory forum, because we have laid out our position, and I will explain that position on this call. We live in a glass house at GuideStar and we want to know what people think about our ideas, and sometimes we are ahead of the game and sometimes we are off a little bit and we need to reconsider, reposition, and move forward. But we do that in relation to the nonprofits that we work with.

We have over 24,000 nonprofits that report information to GuideStar up to date in the last year, and we have got programs in place to grow that number up to 30,000 up to date reports.

We have got other reports from organizations that our out of date more than a year, and that takes up to about 60,000 organizations on our site that have reports that are current within 24 months.

Our users of our site are telling us that they want up to date information on nonprofits, and that is part of what we are trying to accomplish through our mission. But in a conversation that we had with our users and our nonprofit leaders, we asked the question about transparency and what can we learn about what is going on in Wall Street, about the transparency and how it relates to nonprofit practice.

I want to walk through a series of slides in which we have taken out some concepts and feedback that we have gotten from our nonprofit leaders. This conversation we've been having has been going on for several months and we have dated that in these slides.

So Steve Newton from the Silverstar families of America is talking about transparency. His point of view is you are behind the eight ball if you are not transparent. Donors want to find information about your organization on your website and they want it to be found quickly. He is saying they want to find all of it. You can go to their website and see how they are doing it.

Sarah Veto is a development coordinator for Greenpeace, which is an international nonprofit; probably a household name. Her point about transparency is that it needs to be an integral part of the nonprofit business.

As a fundraiser, she experienced this, because people want to know, "What are you doing with my money? Are you creating impact? How do I know? Tell me what you are doing. Give me information."

The great thing about the Internet age is that tools like email and websites enable us to have much more rich and up to date conversations and engagements with our donors and supporters.

Her point is that this openness has to be a value that is an integral part of our nonprofit business. Her point is regardless of the economic circumstances.

Gloria Miller works for a small organization. You have probably never heard of it, but it may be similar to yours. It is a home for children who have been abused. And that's one of the great things about the nonprofit sector is that we help those who need our help and who are the most vulnerable.

Her organization has been around for a long time -- 1872. And you know what a challenge it is in an older organization to continually revitalize yourself. Her point is that you can't afford not to be transparent, sharing financials with those who are interested in your organization enhances your image, according to her.

She says they're willing to be vulnerable, to be open, to share information in their community. And she has this openness because it's kind of something that we find in our advisory forum because we're trying to be open and vulnerable in the same way. Good thoughts and good ideas will tell us how to be better.

Miriam Robeson is a lawyer who works for a small nonprofit, Book Readers and Horn Blowers, which is a great nonprofit, small. It works with young people and helps them to read and to appreciate music. She hits the same point about being up front, where your money comes from and where it goes, demonstrating good business practices. And the third-party review of your financial records, the audit, is really important. And being willing to share that is really important from her perspective.

Now on our advisory forum we also have funders, which is always interesting, to get the world view from a funder. Dee Slater is a program officer at the Dekko Foundation. I wouldn't say that funders on our forum get more attention than others, but they just bring their perspective. And people aren't raising money from them on our forum, they're trying to understand how to do nonprofit practice better. I think her point here is really critical, about how donors are really looking to make investments and create an impact in their community.

Dee's advise is... Their focus at the Dekko Foundation is to help effective organizations weather this storm. And they're looking forward to insure that they're investing in results, which is I think key to how we need to make our case. Her point goes on to say that nonprofits can demonstrate their participants' human gain in improving lives. If you can do that, if you can talk about your impact, you're going to be able to survive this economic downturn. Because people are looking for a track record of success.

And how do you prove the track record? Well, it's being open about what you're doing and the results and your goals and your accomplishments and building relationships that weather over time.

Now, this word transparency is a difficult one, and it has enjoyed a lot of use these days. If you Google transparency, you'll come up with all kinds of references. If you have a Google alert for transparency, like I do, you'll get several listings every day where people are talking about transparency. And for me, to try to figure out how to describe transparency in a way that makes sense, how do you boil this down, this buzzword into making sense?

I found the best definition. It's not mine, but Ann Florini of the Brookings Institution, a DC-based nonprofit, has defined transparency in I think the best way that I have ever heard: it's "the release of information that is relevant to evaluating those institutions." And it's a kind of a vague definition in some ways, but it's very clear in others.

Releasing information, it's relevant. And so what is relevant? It's a word that you can push on, what's relevant for you is different than what's relevant for me. But it's about creating the openness you can have in the evaluation of the institution.

So that's the definition that we pick up for transparency. Now let me just then take that general definition about transparency and start applying it to nonprofits. And so we believe that being transparent with relevant information is how nonprofits demonstrate their accountability. And we believe that posting information on the Internet is the relevant step for making the information public -- as opposed to "if you request information, I will make it available." That's kind of a barrier.

One quick story. In 1999, GuideStar took the form 990, which is an information tax return that nonprofits are required to file under law, and took this public document and made it publicly available on the Internet through our website, www.guidestar.org.

In the beginning some nonprofits, some lawyers, some accountants that worked for nonprofits would contact GuideStar and be very angry. They would say, "How dare you put our private tax information on your website? Take it down immediately!"

And we would take these calls. I wasn't there back then but I hear the stories that we share. Phones were ringing off the hook. They would take these calls and they would explain to people that the 990 is a public document, we got this information directly from the IRS, we're putting this information up on the site based on our mission to make information about nonprofits available. That calmed some people down, some people didn't like it.

The Director of the IRS at that time said putting the 990 on the Internet changed the face of philanthropy. Today we get calls from nonprofits and they're asking us, "When will the most recent 990 get on your site? Our last year's return is still there and we want to make sure our most recent 990 is up there." And so we've seen a sea change of activity and attitudes over the last eight or nine years where nonprofits have embraced the idea of sharing information that's on the 990.

What we've learned from the 990 and others is that the 990 is a good document for sharing information, but it doesn't tell the whole story. And in fact there was a person working for the Senate Finance Committee who said, "There's only three things wrong with the 990: it's often incomplete, it's often inaccurate, and it's often filed late." So there's only three things wrong. It's a funny joke in the 990 world that people would see that form in that regard.

But when we've talked to nonprofits and we've talked to users of our site, we've learned that if we wait on the IRS to share information with GuideStar we're waiting too long. People want access to more relevant information beyond the 990, and more timely information. And when we get this information, we put it on our site and we make it available through partners like Network for Good. We make it available for other places around the Internet. We've decided that we had to go directly to the nonprofits to get information to keep it more up to date.

So let me talk to you about this report that we've just released. It's The State of Nonprofit Transparency. You can go to publications.guidestar.org and get a free download of this document. Let me go through and give you the highlights. If you have any problems downloading that, you can send me an email. My email address is at the end of these slides and you can get a copy of that.

We worked with a group of college students last summer. They're interns from the American Humanics Programs. These are young people that are studying the nonprofit sector to have jobs. I showed a few slides there. These young people surfed the Internet. They looked at 1,800 websites and did an analysis of these websites to draw these conclusions that we are going to share with you.

It is about being data driven. It is about being focused on research that has a direct application. Our hats are off to these young people that are looking for careers in the nonprofit sector. They are identified in our report. They are great folks.

We have a quiz and we like to do it as we go along here. We will share the results of our research, but we thought it would be important to give you an opportunity to checkmark yourself against the results of our survey.

The first question we would like to ask is, "Does your organization disclose information about your mission, programs, and accomplishments on your website?"

Our reports showed that about 93% of the websites we viewed had some information on mission programs and accomplishments. We thought that this was a great result. It kind of keyed up another question for our 2009 transparency report, which would be to dig in deeper on the information that is available about programs and accomplishments, and that is something that will be looking at in the future.

The next quiz question that I have for you is, "Does your organization produce an annual report. And if so, is it posted on your website?"

There are there possible answers here. "Yes, we have an annual report and it is on our website." Or, "Yes, we have an annual report, but it is not on our website." Or, "No, we don't produce an annual report."

What we found out in our study are some interesting results. About 43% of all nonprofits had an annual report on their site. We were able to stratify the results so that we could show that the bigger the organization, the more likely their annual report would be on their site.

Of organizations larger than 10 million, it was a little over half of all those organizations that an annual report was available from their site. We think about this as really low hanging fruit and a missed opportunity, because the annual report is a great document. If you produce it, you shouldn't just send it out by mail. You should make it available as a PDF and put it on your site.

In fact, in the new GuideStar Exchange that we have launched, we are encouraging nonprofits to upload that annual report and we will make it available on our site for free. If I had my choice of looking at an annual report or a 990, unless I was looking for compensation, I would be looking at your annual report, because it is going to be a much more accessible document.

So if you are producing one and you don't have it on your website, it is really low hanging fruit and it is something that we think people can take action on immediately and produce better transparency about their organizations.

Time for another quiz question. This relates to audited financial statements or financial reviews. Are they posted on your website? Again, there are three possible answers. "Yes, we have an audit or a 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 don't have an audit or a financial review."

Go ahead and give yourself a score there and then we can benchmark you against the nonprofits in our study. The results were such that many fewer nonprofits have this kind of financial disclosure on their site.

And again, for organizations over 10 million dollars, it was just 16% or almost 17%. 80% or 81% of those said no or had no audits on their site. It is stratified again going down. If your organization is less than a million, 86% of the people in our study said no, they did not have an audit on their site.

Of course our researchers went and looked on the site and tried to find them. If they couldn't find them, they followed up with the organization by phone and email to request this information. We found out that for those organizations that didn't have the information on their site, it was just as hard to get them to respond to a phone call or an email.

And so that led us to draw the conclusion that if you are not disclosing it on your site, it is really not transparent, because if someone says, "We will do it upon request..." Well we were requesting and we really didn't get much change in our results.

So let me go on. The final piece of our quiz is about the IRS letter of determination. Is it on your site? This is the letter that recognizes your tax exempt status. There are three possible answers.

"Yes we have it and it is on our site. Yes we have it, but it is not on our site." And, "No we don't have an IRS letter of determination."

The results there we found very, very small instances where this letter of determination was on the site. One of the groups where we found a high likelihood that all of this information would be on the site, the annual reports, the audited financial statements, the letters of determination, were community foundations and were community foundations that had achieved the Council on Foundations National Standards Award.

So we know that organizations are doing this. We know that national organizations are holding this up as a standard. We are assessing organizations against these standards and we are finding very little transparency in these few areas.

And again, this our first report and we think this is kind of the low hanging fruit. Let me go through recommendations and then we will take questions that you are sending to Network for Good.

Let me go through our recommendations. I think you won't be surprised by our recommendations because they kind of track the questions that we were researching.

Number one, we think nonprofits should regularly update their websites with current detailed program and evaluation information. What do we mean by this and where is our focus going to be in the future?

I have shown you a few screenshots from our new GuideStar Exchange Program. We think that it is important around program information that you describe the program in detail, that there is information on the budget of the organization, that you define the targeted population that is going to be served by your program, that there are long term success indicators and short term success indicators, that you describe how you are going to monitor your program, and you actually give examples of what program success looks like.

We think this is the substance of social change. This is what we think donors are looking for. What is your work all about? How do you go about creating impact in your community?

We are finding in the organizations that are reporting at GuideStar that the discipline of reporting your programs in this more detailed way is helping to sharpen the focus and the thinking about programs and the articulation of program success in ways that...

And that is really what it is all about, is to think about these things and communicate them, because the sharing of this information will bring fundraising success, and that is our view.

Our second recommendation is about information about board members and staff names and titles, and brief bio sketches, because these are the nonprofit leaders. If you go to a nonprofit's website and you can't find out who is running the organization or anything about their background, you are really leaving out a key equation.

People give to people. People have relationships with people and people are your key asset. Share information about who is running your organization, from the board governance perspective and from the staff perspective. It is really critical, we think.

Our third recommendation is if you have an annual report, post it on your website. Low hanging fruit; great information in there. It makes no sense not to have this on your website.

We think if you have an audit of your financial statements that you should take your audit of your financial statements and you should make them available. It is a third party review of your financial position. And it is a way of trusting if the organization has a financial capacity to deliver the results and has the management capabilities to run an organization.

We all know that while it takes money to create impact, it creates people and systems within an organization to build the capacity to create change over time. That is building an institution.

Now we are not an organization that rates nonprofits by administrative cost ratios, and we think that this is a really silly way of looking at a complicated problem. It goes back to the idea that not everything that can be measured is important, and not everything that is important can be measured.

Einstein said something like that. I kind of butchered it a little bit. But we understand that financial information is critical. We need to make sure that we have organizations that know how to operate and are good places to work, and that hopefully are contributing to retirement. I know that is really tough these days, because those are things that get cut at organizations in times like this.

So our final recommendation deals with the letter of determination. It deals with the fact that if you are a 501C3, your letter of determination helps to verify that you are an organization that is recognized by the IRS.

If you are in the development world, you know that many of these documents are required for a grant and you submit them over and over again.

Now before we are done, I just wanted to walk you through a couple of slides at the end. I will just go through them real quickly. It is about the launch of our new GuideStar exchange program. It is a way of sharing information with GuideStar.

Most of the information I have talked about up until now has been what you can do at your website. At GuideStar we are hoping to gather relevant information that is up to date on the leading nonprofits in the sector, as well as create an open platform for any organization that wants to share information about itself.

GuideStar takes this information and we serve it up to leading grant makers in the United States that subscribe to our service. We package up our information and we deliver it to folks like Network for Good who helps fundraise across the Internet.

We deliver it to commercial donor advice funds like Fidelity and others. We make our information available behind the scenes at Facebook for Causes. We have about 15 partners that we deliver information to across the Internet, so getting an up to date report at GuideStar is part of an online distribution strategy of taking this information and getting it out there.

As Katya was talking about, diversify your fundraising. Have an online presence. Have donation processing at your website absolutely. It makes a lot of sense. But get your information out there so that it is where others are at. That is part of how GuideStar is able to do it.

Because we have been doing this now for 15 years, we have the capabilities of doing this and obviously there are a lot of places out there where you can put your information, but we help to distribute it for all the nonprofits in the country. We want to make sure the profiles and reports on your organization are up to date.

The final couple of slides here talk about the kinds of information that we gather in the GuideStar exchange. My contact information is available on the last slide. You can reach me at anytime through my email address, Dmoore@guidestar.org. I will respond to your questions.

I would like to invite you again to join our online advisory forum so we can learn more about your organization and how GuideStar can be better.

Rebecca, I would like to spend at least the last 15 minutes or so entertaining some questions that you have been getting.

Rebecca Higman: Wonderful. Thank you Dan and thank you for your presentation. I know we have been taking copious notes here, getting down all the great information, and following you through your slides. Thank you Dan. Yes, let's hop right in. Just a reminder to everybody else on the phone; if you have a question, please go ahead and submit it. You can email us at fundraising123@networkforgood.org.

All right. Our first question comes from Barbara. She says, "My nonprofit is redesigning our website. What key components to transparency do we need to be sure to include." This is a great opportunity to kind of recap the main points that you went through on your call there Dan.

Dan: Great. Thanks Barbara. I would hope that as you are doing this you have some facility for blogging on your site, because that technology is really helpful, and it helps you to create up-to-date content if it is part of your strategy of engaging people. On your site, your board of directors and your staff should be listed, and should be listed in such a way that you have brief bios of the folks so that the leaders of your organization are clearly identified.

You want to be talking about your programs, your goals and accomplishments, how you measure your success, and getting into as much detail as possible about how you do your work and how you know that you are successful.

The other things that we are talking about are these basic due diligence documents like your audit and your letter of determination. If you have an annual report, make it available. You spend a lot of time and money producing them, if you do produce them. You should make them available from your site.

And then of course your website should have donation capabilities there. If you are doing it yourself, you should take a look at Custom Donate Now from Network for Good because it is an affordable solution and it is a good thing. We use Network for Good at GuideStar, so I guess that is kind of an endorsement.

Rebecca: We appreciate it. Thank you Dan. As an add on to Barbara's question, do you have recommendations for where folks can put these important documents on their website? Should they be on the home page or an About Us page? Is there somewhere else? What do you recommend is the easiest place for interested constituents and supporters to go find it?

Dan: I think that the home page is probably not the right place to put it. But an About page -- this is the kind of "about" information you want to have. You are working an Internet strategy, a marketing strategy, an engagement strategy through your website, but this kind of information that we are talking about here really go to about you. The program information though is really about the substance of what you do. You will want to share stories about the success you are creating. That is of the reasons on our website we are partnering with a group called Great Nonprofits that encourages volunteers and people who are served by your organizations to write a review of your organization.

People really engage with stories. I think the more you can talk about the impact of your work and talk about the ways you are measuring success, push the people that you are working with on how to make this information available in a convenient place... I would be looking at the "About Me" or "About Us" page to find a lot of this information.

Rebecca: Great. That actually segues nicely into our next question. You already touched on this a little bit by mentioning stories and storytelling. But this question says, "What is the best way to make your reporting on impact transparent?" You talked a lot about financial information, but what are other ways to credibly and clearly report on the impact your organization is making?

Dan: Now there is some very interesting information on the Internet now about online giving marketplaces, and the Hewlett Foundation has created a good report about this. What is really important in some people's minds, and I agree with this, is why are you doing the work that you are doing? How are you trying to affect change? Is there research that supports your intervention strategy? Are there evaluations that are being done to support the work that you are doing?

All of this kind of information goes around talking about your impact. I think that, Rebecca, you really have hit on it and I can tell you are a great marketer, because you trying to figure out how to engage people in the most direct way, and people engage around stories of how lives are changed.

But I think people also want to dig in a little deeper and figure out, "How do you accomplish this? How does your program work?" So if you are, for example, trying to stop teenage pregnancy, what are the strategies that you are engaging in? What is your program? What is the substance of your work?

We all know there are very different strategies that go there, and people want to know what is your strategy and how did you come upon this? How do you know it is working?

Rebecca: Excellent. I definitely agree that you have to have a good mix. You have to tell the story but also show the nuts and bolts of your organization. Our next question comes from Laurel. Laurel says, "On posting the letter of determination, my concern would be that someone would make a copy of it and start misusing it. I heard of situations like this or former volunteers doing this, particularly doing Katrina. They turned into nightmare situations and ended up hurting someone's credibility. Someone can easily go to irs.gov and confirm that someone is in active status. Also, in the animal world particularly, this would be an even greater concern for me. Thanks for your consideration."

Dan: Laurel, that is great. We invite you to come on to our advisory forum and send me an email at advice@guidestar.org. We have heard this feedback. I guess there are two camps at GuideStar, one that says, "We don't think that this is really going to happen. We have heard these same kinds of stories around the form 990." There is another camp and I am in the other camp, which is to say, "I really am concerned about fraud in some ways. How is this playing out?" We think that letters are determination are an authentication of your tax exempt status. We know that following Katrina there were a lot of organizations' websites that were created that were bogus organizations.

They were just pure rip-offs. I think that is why Network for Good provides such a good service in times of crisis, because they have got an authentic list of charities that GuideStar provides them.

I would want to hear more about this. I think this is why we wanted to invite people into our advisory forum. This is the one recommendation that we are getting the biggest push back on. We may be wrong. We may be right, but we certainly want to have the dialogue with people.

Again, these are our recommendations. If you think that they don't apply to your organization, don't follow them. We are not going to take one of your stars away, because we don't give stars. We are here to engage people and to learn.

We do think that there is something to be said about how do you know an organization is an authentic organization when you are on their website? We think that this is a problem that needs to be solved.

I am going to keep pushing on trying to find a solution that helps nonprofits communicate to the public that they are an authentic organization.

Rebecca: Excellent. We have got a nice handful of questions. Our next one comes from Allison. Allison says, "Dear Dan, how dated should the IRS letter or determination be? Should an organization post an updated IRS letter of determination or should an older IRS letter of determination be posted to show the age of the organization?"

Dan: If you are in the development world, some foundations want to see a letter of determination every five years. In the IRS, who we talk to on a regular basis, they always scratch their heads, because they say that once we have issued the letter, it is a valid letter. You don't need to refresh your letter. I think that you have pointed out two different ways of doing it. An older letter shows that you are an older organization. A newer letter shows that the IRS still thinks that you are up-to-date. So I think that you could see pros and cons to both of those.

I think that the IRS will say that once you get a letter from them, it is good as long as you are in good standing. That is why you have to do the reporting to the IRS on an annual base with your forms 990.

Our recommendation is to put it out there. The age question is an interesting one. We also would invite you, Laurel, to come talk to us at our advisory forum.

Rebecca: Great. Our next question is from Stephanie and this is about kind of upper management buy in. She says, "In the past, I had tried to encourage having the donor bill of rights posted on my nonprofit organization's website." "My director at the time thought that this would open up a 'can of worms' and that it would be a bad idea, even though I knew our organization had nothing to hide. What is the best way to convince others of higher statute in the organization of the importance of transparency?"

Dan: Yeah, that is the greatest question. Thank you so much. I try to frame the transparency debate about values. It is a value you share or you don't share. I think that part of what we are talking about in terms of sharing information on the Internet and having a good website that has rich information about your organization is that most people begin their Internet activity at Google and they start searching. They want to search for organizations and they are looking for information online. The more robust information you have about your organization, the more findable you are. If you can't be found on the Internet, do you really exist?

I think getting management to buy in is an interesting question. The analogy, I would say, is how do they get to build trust with the board of directors? They share information with the board on a regular basis.

The information that they share with them in terms of their budgets and their quarterly reports on their financial performance shows that you can budget and that you can manage your organization. So sharing information builds trust.

When you are working with a funder, you build relationships, right? People give money to people. People share information to build trust. The final thing I would say is that dinosaurs die. There is always room for folks that get it. Transparency is, I think, a value for the 21st century, and those that don't get it are left behind.

Rebecca: Great. Well we are almost out of time. I think we have time for one more question.

Dan: I will try to answer it briefly.

Rebecca: OK. Quickly, here is Amanda's. Amanda says, "Many of my grantors have been asking for more demographic information. I work for a nonprofit magazine where a good portion are given out at cafes, bookstores, etc, therefore, who reads the magazine is difficult to gage. I have a good idea, but specifics are nebulous and we want to be transparent. Do you recommend an email blast with a survey or some other mechanism? Do you have any other ideas of getting more information like this?"

Dan: That is such a great question. That puts a finger on it in terms of funders are looking for who you are serving and what impact you are having. It is a great question. I think the survey is a great way of doing it in terms of trying to figure out how you can collect this information, disseminate it, and do it on a regular basis. You have to understand who you are serving. You have to understand how you are doing if you are going to get better. That is why we have our advisory forum, because we want to get getter. We encourage you to find ways to do the same thing.

Rebecca: Wonderful. Well thank you so much Dan. This has been wonderful and highly informative. Thank you to everyone who joined us on the phone today

Thank you all again for joining us. Thank you Dan. We appreciated having you.

Dan: Thanks Rebecca.

Rebecca: We will talk to you again soon. Have a great day.

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