

# Building Trust Between Charities and Donors: The Importance of Transparency

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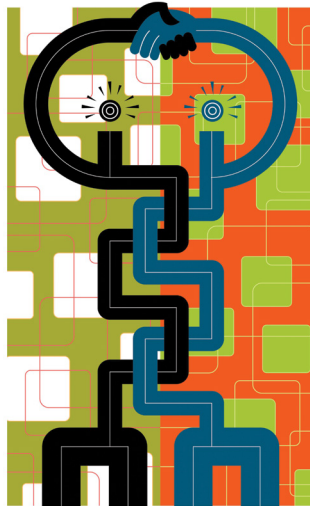
You heard it again and again as you were growing up: Always tell the truth. Maybe your first exposure to truthfulness and falsehood was from reading *The Adventures of Pinocchio* or through the mistake of saying you had shared a toy when, in fact, you took it from a sibling's hands or when you dented the car and denied responsibility. You are taught to tell the truth from an early age, and you have been charged with holding true to it every day since. Truth is part of your daily life. It helps keep societies functioning and keeps those around you safe and informed. Truth creates a moral code and is a founding pillar of building strong relationships and ethics.

However, at times the truth is not easily found. Scam artists are around nearly every corner, and trust can be broken. In the charitable sector especially, once trust between a charity and a donor is broken, it can be difficult, and sometimes impossible, to repair.

In fact, the announced dissolution of the Cancer Fund of America and Cancer Support Services, which hid scams and fraudulent activity from donors, is a reminder that bad actors are a continuing challenge to charities that seek to strengthen the public's trust.

A critical element in the dissolution of trust is a breakdown in transparency. Without transparency—the unveiling of significant facts related to financials, governance and other important factors of truth that point to how a charity is managed—donors can easily be duped.

The recent earthquakes in Japan and Ecuador and the mobilization of giving around these events serve as another powerful reminder of the importance of transparency. Often, after devastating events such as the earthquakes, scammer sites are some of the first to post requests to assist victims and their families. If you check your Facebook news feed after any major tragedy, you most likely will see friends and family sharing links to crowdsourcing sites that claim to be quickly collecting funds to send to those affected.



While it may seem like a good idea to make a quick donation, too often these sites are not created by reputable organizations but rather by opportunists looking to make a dollar off of someone else's misfortune. Without knowledge of what organization is behind the pop-up fundraising efforts, donors risk giving in vain.

Charities are charged with being champions of those in need. As your organization continues striving to do good work, you should view trust and transparency as a core partner. Transparency is one of the most powerful tools in helping to build strong, trusting relationships with your donors and the public.


Charities looking to build a strong relationship with their donors can do a number of things to increase transparency.

- 1. Make fundraising goals and appeals clear.** If you make specific fundraising asks, donors are more likely to understand and trust your organization. Your clarity in where and how donated funds are used will help to establish trust between you and your donors.
- 2. Offer two-way responsiveness.** As in all strong, trusting relationships, two-way communication is the key to success. Do not forget to solicit feedback from your donors for what is going well and what can be improved, and ask to hear fresh ideas.
- 3. Harness social media channels.** Social media has created a new, exciting way for charities to communicate with their donors. Through social media, charities have a direct and cost-effective line of communication to donors. To build trust with donors, offer key insights, ways you are trying to improve your organization and demonstrations of donor funds being used for good. If you offer consistent updates, your donors will feel included and up to speed on the happenings in your organization.

The AFP Ethics Committee is the guardian of the *AFP Code of Ethical Standards* ([www.afpnet.org/ethics](http://www.afpnet.org/ethics)). To ensure consistency and avoid conflicts, individual chapters play no substantial role in interpretation or enforcement of the code. The ethics committee investigates queries and complaints (or initiates proceedings, including complaints, on its own), provides counseling, holds hearings, makes rulings and imposes sanctions. The primary objective of the ethics committee is education and correction of prohibited behavior. The committee is empowered to impose sanctions, including the publication of the names of violators. The committee meets twice a year, in winter and late summer, and on an as-needed basis throughout the year. To avoid even the appearance of impropriety, the committee never convenes at board meetings. For confidential ethics advice about proposed transactions or other matters related to the AFP code, call AFP's CEO at 703-519-8451. (Please note that legal counseling cannot be provided.)

In addition, charities may collaborate with third-party validators, which can provide donors with a tangible example of a charity's trustworthiness. For example, BBB Wise Giving Alliance (BBB WGA, [www.give.org](http://www.give.org)) is a charity evaluator that works to verify the trustworthiness of charities by completing rigorous evaluations based on 20 holistic standards. The standards address charity governance, effectiveness reporting, finances, fundraising, appeal accuracy and other issues. Created with both the charity and donor in mind, the 20 standards were established collectively by charity leaders and stakeholders to be unbiased and holistic. To be clear, the standards are voluntary. No charity is obligated by law to meet them. However, doing so shows a commitment to trust and transparency, which is often synonymous with a charity's willingness to participate in disclosure.

For donors, the unwillingness of any charity to disclose such information is often a red flag. The lack of transparency demonstrates that the charity is not invested in helping donors make wise giving decisions. While charities' failing to disclose could be benign, it also may be indicative of bad practices. That is why BBB WGA is committed to offering free, comprehensive reports to donors looking for a little guidance when it comes to making a donation of either time or money.

The age of transparency is not going away. On the contrary, it is becoming increasingly important. The notion of a charity's choosing not to disclose information will become more unacceptable. Charities that do not value transparency will be left behind, while honest, open charities will win the dollars, time and hearts of donors. Transparency is a beneficial tool that can help build trust with donors and bring success to your organization in an organic, genuine way. 

*H. Art Taylor is president and CEO of BBB Wise Giving Alliance ([www.give.org](http://www.give.org)) in Arlington, Va.*

## Resources

### Charity Navigator

Viewers can see ratings of several thousand charities by category (animals, health, education, international, etc.). [www.charitynavigator.org](http://www.charitynavigator.org)

### GuideStar

The organization provides information on nonprofits, including Forms 990, and now offers GuideStar Platinum (<http://learn.guidestar.org/platinum>), which allows charities to provide nonfinancial data to demonstrate effectiveness. [www.guidestar.org](http://www.guidestar.org)

### GreatNonprofits

The website is a platform for community-sourced stories and reviews about nonprofits written by clients, donors, volunteers and others.

<http://greatnonprofits.org>

*Critical Issues in Fund Raising (AFP/Wiley Fund Development Series)* by Dwight Burlingame, editor (Wiley, 1997), hardcover, 266 pages

*The Ethical Brain* by Michael S. Gazzaniga (Dana Press, 2005), hardcover, 201 pages

*Ethical Decision Making in Fund Raising (AFP/Wiley Fund Development Series)* by Marilyn Fischer (Wiley, 2000), hardcover, 272 pages

*Ethics for Fundraisers (Philanthropic and Nonprofit Studies)* by Albert B. Anderson (Indiana University Press, 1996), paperback, 168 pages

*Ethics in Nonprofit Organizations: Theory and Practice* by Gary M. Grobman (White Hat Communications, 2013), paperback, 160 pages

*The Future of Philanthropy: Economics, Ethics and Management* by Susan U. Raymond, Ph.D. (Wiley, 2004), hardcover, 308 pages

*The Nonprofit Challenge: Integrating Ethics Into the Purpose and Promise of Our Nation's Charities* by Doug White (Palgrave Macmillan, 2010), hardcover, 256 pages

*Nonprofit Fundraising Strategy: A Guide to Ethical Decision Making and Regulation for Nonprofit Organizations (AFP/Wiley Fund Development Series)* by Janice Gow Pettey, editor (Wiley, 2013), hardcover, 480 pages