

WISE GIVING™

GUIDE

BBB WISE GIVING ALLIANCE : WINTER/HOLIDAY 2024



DONOR *Handbook* 2024





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.

WINTER/HOLIDAY ISSUE 2024

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president's MESSAGE

As we enter the holiday season, many of us focus on our end of year giving decisions. We renew our support to favorite causes and do what we can to address new charitable needs that come to our attention. Most *Wise Giving Guide* and Give.org users recognize the importance of philanthropy in our lives and verify whether charities meet BBB Charity Standards to give with confidence. Though this is encouraging, the stories covered in this issue point to some growing challenges for the charitable sector.

While the total amount donated to charities in 2023 (\$557.16 billion) represented an increase of 1.9% in total dollars over the previous year, it translated to a 2.1% decline in inflation-adjusted dollars. This result followed two decades of decline in the number of American households donating to charities and volunteering. These statistics remind us how important broad engagement is to the charitable sector. In turn, a recent report by The Generosity Commission offered recommendations on how charities might reverse these worrisome trends. I was honored to serve as Co-chair of The Generosity Commission's Task Force on Policy and Government Relations.

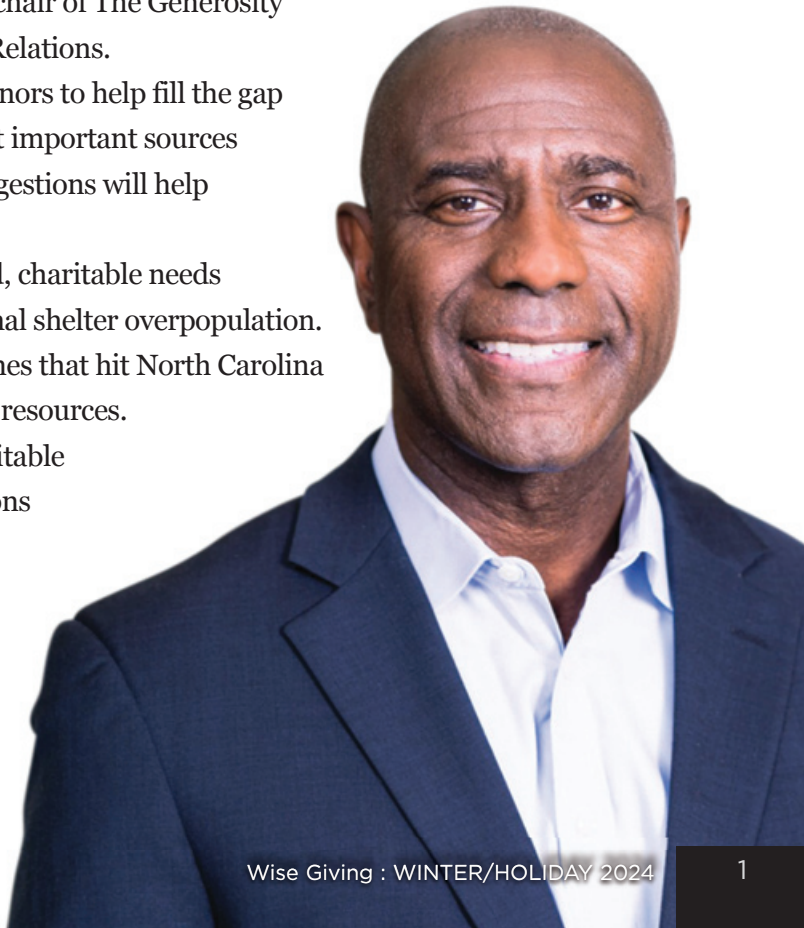
While some charities have focused on wealthier donors to help fill the gap in funding, small gifts are cumulatively one of the most important sources of support. We hope the Generosity Commission's suggestions will help increase household participation.

Unfortunately, at a time when dollars are stretched, charitable needs keep increasing, as demonstrated by our piece on animal shelter overpopulation. Similarly, recent natural disasters, such as the hurricanes that hit North Carolina and Florida earlier this year, strain existing charitable resources.

Thank you for your continuing interest in our charitable accountability work and for making wise giving decisions throughout the year

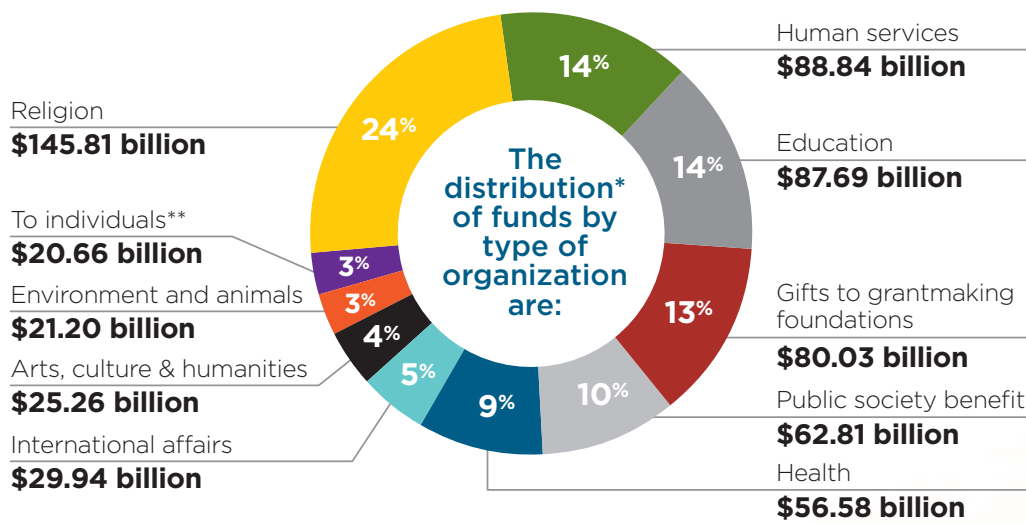
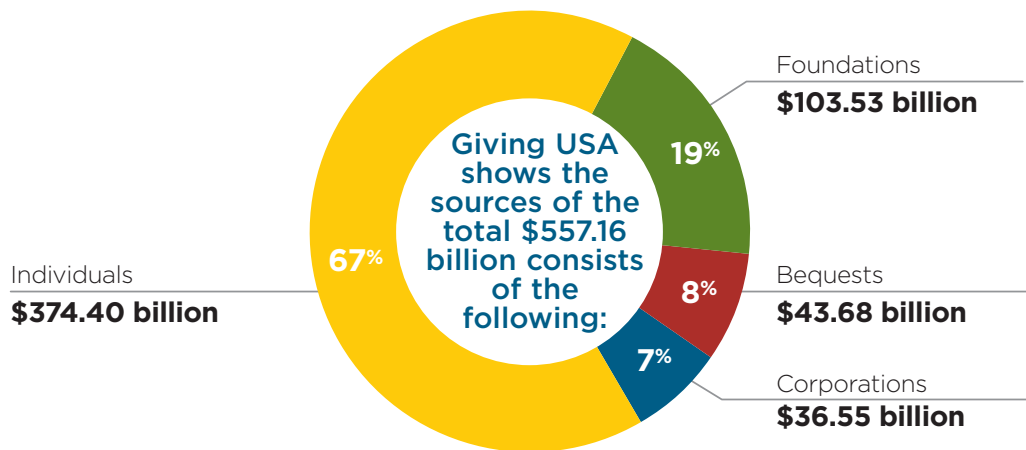


H. Art Taylor, *President & CEO*



TOTAL 2023 GIVING

Giving USA: The Annual Report on Philanthropy showed giving totaled \$557.16 billion in 2023. Giving USA is published by the Giving Institute with research conducted by the Indiana University Lilly Family School of Philanthropy. While this total shows a 1.9% increase over 2022, there was a decline of 2.1% in inflated-adjusted dollars. After adjusting for inflation, the \$374.40 billion in giving by individuals suffered a decline of 2.4% from the previous year's total.



* Giving USA reports the type of organization dollar distribution should be adjusted by subtracting \$61.66 billion in unallocated giving.

** Giving to Individuals consists of in-kind gifts made by pharmaceutical companies to patients in need.

Generosity Commission Report

On September 17, 2024, The Generosity Commission released its report, *Everyday Actions, Extraordinary Potential: The Power of Giving and Volunteering*. As stated in the report, “The Generosity Commission was launched in 2021 in response to one of the most significant trends reshaping civil society in the United States over the last several decades: the decline, observable across multiple surveys, in the proportion of Americans who give to and volunteer with charitable organizations.”

The report details research, expert testimony from scholars and practitioners, and conversations with everyday people. It offers a snapshot of giving and volunteering with charities today and proposes a set of recommendations to address declines in giving and

volunteering rates. Recommendations in the report include ideas for how fundraisers, funders, and business leaders can better promote giving and volunteering.

The number of U.S. households reporting donating to nonprofits fell from 65.4% in 2008 to 49.6% in 2018, which is the latest year for this statistic. In addition, the rate of volunteerism has also declined.

BBB Wise Giving Alliance’s President and Chief Executive Officer, Art Taylor, served as Co-chair of The Generosity Commission’s Policy and Government Relations Task Force. BBB WGA encourages charity leaders and donors to read the report and explore their role in furthering giving and volunteering.

The Generosity Commission report includes nine recommendations to help increase giving and volunteering:

- 1.** Increase the depth and breadth of data on giving and volunteering.
- 2.** Close the generosity evidence-to-practice gap. Make generosity research and data more broadly accessible so that practitioners can more easily identify appropriate actions.
- 3.** Encourage public figures and leaders to speak openly about how they give and volunteer.
- 4.** Take youth seriously as givers and volunteers.
- 5.** Utilize all of philanthropy’s resources in support of everyday giving and volunteering.
- 6.** Support community foundations to take a leading role in encouraging giving and volunteering.
- 7.** Reinforce the leading role of businesses, as conveners of employees, to encourage their volunteerism and giving.
- 8.** Increase the availability of the charitable contribution tax deduction.
- 9.** Sufficiently fund the IRS Exempt Organizations division and state charity regulators and simplify regulatory compliance.

For additional details, access the full report at TheGenerosityCommission.org.



Giving to Charities with Emotion or Reason?

In a perfect world, it would make sense to make philanthropic choices solely through sound judgment - always reviewing the facts and circumstances, identifying what the charity is doing to address the specified issue or problem, and seeking out third-party sources such as Give.org, to help verify if the charity is following accepted accountability practices. Sadly, we know that objective reason does not always dominate donation decisions. We react emotionally to disasters, tragedies, and humanitarian needs whether experienced by a large population or your neighbors down the street. Many of us empathize, especially when these circumstances are in the media spotlight, and we are prompted to donate to the featured cause as soon as possible. Unfortunately, this is when donors can be vulnerable to those seeking to take advantage of this generosity. To avoid this dilemma, BBB Wise Giving Alliance offers the following advice.

Give yourself time. Impulsive giving does not always generate the best donation choices. If you are being pressured to make an immediate gift, that could be a red flag that something is amiss.

Recognize there are choices. Diversity is one of philanthropy's strengths. For any cause or problem, there are usually numerous organizations seeking to address the same issue. Remember, no one is limited to the one charity that has asked for support.

Be alert to exaggeration. If a charity appears to be overly boasting about its achievements, it would be wise to seek out facts that back up those claims. While some organizations can certainly demonstrate success, it should be based on true results, not just flowery language.

Emotional motivations can be helpful. Sometimes emotion can bring attention to choices that might otherwise be overlooked. A family member stricken by a rare disease could prompt donations for research to cure a less popular cause. Emotional stories can spotlight these matters but be careful if emotion is used as a ruse to get one to donate without looking further.

Strengthening Charity Practices

One of the unique features of BBB Wise Giving Alliance's approach to charity evaluation is the personal contact and communications with charities. After a publicly soliciting charity completes BBB WGA's online questionnaire form, BBB WGA staff will contact the charity not only to obtain additional information and materials needed to complete the report but also to inform the charity of the initial findings and offer recommendations on what actions the charity can take to amend concerns that are brought to its attention. This exchange can involve a number of letters and/or emails, and if needed, phone conversations to help BBB WGA determine if the subject charity meets each of the *20 BBB Standards for Charity Accountability*. As part of this process, a draft report is prepared for the charity's review and comment before it is posted on Give.org.

One by one, each evaluative charity report is completed with personal attention. When you see a report on Give.org that shows a charity meets all 20 BBB Charity Standards, it usually represents significant work has taken place before that conclusion is reached. This individual attention is something that helps promote change and is an important means to help strengthen charity practices.

The existence of charity standards by themselves do not ensure ethical behaviors. Organizations need encouragement and guidance to help them recognize when they have fallen off-track and how they might improve to address transparency, oversight, and integrity. This is a journey that, but its nature, needs to be revisited over time and is reflected by the fact that our evaluations are completed every two years.

Animal Shelter Overpopulation

People love their pets, treat them as family members, and even designate special days to honor them. August 26th is National Dog Day which was started twenty years ago by pet expert and advocate Colleen Paige. As reported, she chose August 26th as the date since that was when her family adopted her first dog from a local animal shelter when she was ten. In 2002, the International Fund for Animal Welfare helped start International Cat Day, which is celebrated on August 8th to raise awareness about cats and their welfare. Despite this popularity, animal shelters around the U.S. have been experiencing problems with overcrowding. We wanted to note the backstory that led to this circumstance and what a charity donor might do to help address this growing issue.

During the height of the COVID-19 pandemic, the ASPCA reported that more than 23 million households in the U.S. adopted a pet. That surge in pet ownership, while many were social distancing, emptied out many animal shelters and increased the demand for pet related services from vet visits to pet sitters. Several years later, shelters are seeing that trend reversed. There has been a decline in pet adoptions and some shelters are experiencing overcrowding conditions. According to statistics gathered by Shelter Animals Count, during the first half of this year, 3,118,000 dogs and cats entered shelters and rescues nationwide. While this is actually 5% less than the same period in 2023, only 2.7 million of these dogs and cats had a live outcome. As a result, there is still an increase in the number of animals waiting in

shelters. The end result is 322,000 more pets entered the system than left during this period. There are a variety of factors that probably led to this issue including economic conditions in some households, people returning to their offices, and some having less time to care for their pandemic pet adoptions.

To help address this overpopulation issue at shelters, BBB Wise Giving Alliance offers the following tips:

Support your local animal shelters. As there are over 14,000 animal sheltering organizations in the U.S., consider a donation to help support their work, especially when the demands on their resources are greater. Also, consider alternatives to financial support such as volunteering or donating pet food and supplies.

Adopt a shelter dog or cat. If your household is considering adding a dog or cat to the family, visit an animal shelter to find your new companion.

Find out about animal food pantries. Animal food pantries are a growing phenomenon. You can contact them to make a financial or pet food donation. Animal shelters may operate these pantries or can direct you to where you can locate them in your community. If your household has financial challenges, consider accessing their pet food, litter, and other resources to help care for your pet.

Visit Give.org. In addition to charity reports on BBB's Give.org, check out animal-related charities with your state government's charity registration agency, usually a division of either the Attorney General's office or Secretary of State's office. In Canada, check with the Canada Revenue Agency. Also, registration with a government agency does not signify a government endorsement or recommendation.



Q&A about BBB Wise Giving Alliance

Q *How is BBB WGA different from other charity evaluators?*

A BBB WGA and its predecessor organizations have reported on charities for over 100 years. We develop charity accountability standards and assess whether charities meet these standards. Our **standards-based approach** promotes good practices and comprehensive disclosure to potential donors so that they can make informed giving decisions. Our standards address governance, results reporting, finances, appeal accuracy, website disclosures, and more. Our financial review focuses more on the charity's audited financial statements than the IRS Form 990, to get a more complete picture. During the evaluation process, BBB Wise Giving Alliance individually corresponds with the charity, provides a report draft, and informs the charity how it can address any issue(s) found with the BBB Charity Standards.

Q *Does BBB WGA rate or grade charities?*

A No. Charities are not rated against one another. A BBB WGA evaluation concludes either that a charity meets all the standards or does not meet certain ones, for reasons described in the report. Whatever the conclusion, the report does not represent approval or disapproval of the organization or its cause. BBB WGA does not suggest that prospective contributors give, or not give, to any particular organization.

Q *How does the BBB WGA decide which charities to review?*

A Inquiries from the public about a particular national charity prompt a BBB WGA letter requesting that the charity file information for a review. These inquiries come to us directly, by mail, phone, e-mail, and in referrals from local Better Business Bureaus. In addition, charities may file information for a review on their own initiative. In either case, BBB WGA determines whether the charity is soliciting nationally before it requests information. ***There is no charge to charities for being evaluated.***

National Charity Seal Licensing Program



give.org

Watch for the seal in a charity's mailings, on its website, in newspaper and magazine advertisements, on TV, in public service announcements, and elsewhere. The seal means the national charity displaying it meets the comprehensive standards of the BBB Wise Giving Alliance.

Use of the seal is entirely voluntary. Not every national charity that meets the standards will choose to participate in the seal program. Participants sign a license agreement and pay a sliding-scale fee based on their total contributions in the past year. A national charity is eligible to apply for participation in the seal program only after an evaluation concludes that the charity meets standards. Licensing fees help BBB WGA cover its expenses.

Occasionally donors ask BBB WGA whether licensing fees influence the outcome of charity evaluations. The answer is no. Our analyst staff is very thorough for each evaluation completed. After a charity report is posted online that shows the organization meets all 20 standards, a separate marketing staff then contacts the charity to invite them to consider participating in the seal program. In addition to this separation of the analytical and licensing processes, BBB WGA ensures that seal participants are reviewed with the same frequency (every two years) as other national charities. Since the inception of the Accredited Charity Seal, about 9% of participating charities were dropped from the seal program as the charity either no longer met standards or did not provide requested updated information. BBB WGA's commitment to objectivity is unwavering. We know that the public's trust in our work is essential to our credibility.

BBB Standards for Charity Accountability

After a three-year period, drawing on independent research on donor expectations, professional and technical assistance from a variety of philanthropic experts, and numerous comments from donors and charities, the BBB Wise Giving Alliance issued the *Standards for Charity Accountability*.

The full text of the new standards, with a preface and an Implementation Guide describing how the Alliance applies them, is accessible on our website, www.give.org.

GOVERNANCE AND OVERSIGHT

The governing board has the ultimate oversight authority for any charitable organization. This section of the standards seeks to ensure that the volunteer board is active, independent and free of self-dealing. To meet these standards, the organization shall have:

- 1. A board of directors that provides adequate oversight of the charity's operations and its staff.** Indication of adequate oversight includes, but is not limited to, regularly scheduled appraisals of the CEO's performance, evidence of disbursement controls such as board approval of the budget and fund raising practices, establishment of a conflict of interest policy and establishment of accounting procedures sufficient to safeguard charity finances.
- 2. A board of directors with a minimum of five voting members.**
- 3. A minimum of three evenly spaced meetings per year of the full governing body with a majority in attendance, with face-to-face participation.** A conference call of the full board can substitute for one of the three meetings of the governing body. For all meetings, alternative modes of participation are acceptable for those with physical disabilities.
- 4. Not more than one or 10% (whichever is greater) directly or indirectly compensated person(s) serving as voting member(s) of the board. Compensated members shall not serve as the board's chair or treasurer.** *[Publicly soliciting churches and other houses of worship: see the Implementation Guide at www.give.org for further information about the application of this standard.]*
- 5. No transaction(s) in which any board or staff members have material conflicting interests with the charity resulting from any relationship or business affiliation.** Factors that will be considered when concluding whether or not a related party transaction constitutes a conflict of interest and if such a conflict is material, include, but are not limited to: any arm's length procedures established by the charity; the size of the transaction relative to like expenses of

the charity; whether the interested party participated in the board vote on the transaction; if competitive bids were sought and whether the transaction is one-time, recurring or ongoing.

MEASURING EFFECTIVENESS

An organization should regularly assess its effectiveness in achieving its mission. This section seeks to ensure that an organization has defined, measurable goals and objectives in place and a defined process in place to evaluate the success and impact of its program(s) in fulfilling the goals and objectives of the organization and that also identifies ways to address any deficiencies. To meet these standards, a charitable organization shall:

- 6. Have a board policy of assessing, no less than every two years, the organization's performance and effectiveness and of determining future actions required to achieve its mission.**
- 7. Submit to the organization's governing body, for its approval, a written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.**

FINANCES

This section of the standards seeks to ensure that the charity spends its funds honestly, prudently and in accordance with statements made in fund raising appeals. To meet these standards, the charitable organization shall:

Please note that standards 8 and 9 have different denominators.

- 8. Spend at least 65% of its total expenses on program activities.**

Formula for Standard 8:

$$\frac{\text{Total Program Service Expenses}}{\text{Total Expenses}}$$
 should be at least **65%**

- 9. Spend no more than 35% of related contributions on fund raising. Related contributions include donations, legacies and other gifts received as a result of fund raising efforts.**

Formula for Standard 9:

$$\frac{\text{Total Fund Raising Expenses}}{\text{Total Related Contributions}}$$
 should be no more than **35%**

- 10. Avoid accumulating funds that could be used for current program activities. To meet this standard, the charity's unrestricted net assets available for use should not be more than three times the size of the past year's expenses or three times the size of the current year's budget, whichever is higher.** *[Meeting certain public disclosure requirements described in the Implementation Guide at www.give.org may enable a charity to satisfy this standard.]*

An organization that does not meet Standards 8, 9 and/or 10 may provide evidence to demonstrate that its use of funds is reasonable. The higher fund raising and administrative costs of a newly created organization, donor restrictions on the use of funds, exceptional bequests, a stigma associated with a cause and environmental or political events beyond an organization's control are among factors which may result in expenditures that are reasonable although they do not meet the financial measures cited in these standards.

11. Make available to all, on request, complete annual financial statements prepared in accordance with generally accepted accounting principles. When total annual gross income exceeds \$1,000,000, these statements should be audited in accordance with generally accepted auditing standards. For charities whose annual gross income is less than \$1,000,000, a review by a certified public accountant is sufficient to meet this standard. For charities whose annual gross income is less than \$250,000, an internally produced, complete financial statement is sufficient to meet this standard.

12. Include in the financial statements a breakdown of expenses (e.g., salaries, travel, postage, etc.) that shows what portion of these expenses was allocated to program, fund raising and administrative activities. If the charity has more than one major program category, the schedule should provide a breakdown for each category.

13. Accurately report the charity's expenses, including any joint cost allocations, in its financial statements. For example, audited or unaudited statements which inaccurately claim zero fund raising expenses or otherwise understate the amount a charity spends on fund raising, and/or overstate the amount it spends on programs will not meet this standard.

14. Have a board-approved annual budget for its current fiscal year, outlining projected expenses for major program activities, fund raising and administration.

FUND RAISING AND INFORMATIONAL MATERIALS

A fund raising appeal is often the only contact a donor has with a charity and may be the sole impetus for giving. This section of the standards seeks to ensure that a charity's representations to the public are accurate, complete and respectful. To meet these standards, the charitable organization shall:

15. Have solicitations and informational materials, distributed by any means, that are accurate, truthful and not misleading, both in whole and in part.

Appeals that omit a clear description of program(s) for which contributions are sought will not meet this standard.

A charity should also be able to substantiate that the timing and nature of its expenditures are in accordance with what is stated, expressed or implied in the charity's solicitations.

16. Have an annual report available to all, on request, that includes:

- (a) the organization's mission statement,
- (b) a summary of the past year's program service accomplishments,
- (c) a roster of the officers and members of the board of directors,
- (d) financial information that includes:
 - (i) total income in the past fiscal year,
 - (ii) expenses in the same program, fund raising and administrative categories as in the financial statements, and
 - (iii) ending net assets.

17. Include on any charity websites that solicit contributions, the same information that is recommended for annual reports, as well as the mailing address of the charity and electronic access to its most recent IRS Form 990.

18. Address privacy concerns of donors by

- (a) providing in written appeals, at least annually, a means (e.g., such as a check off box) for both new and continuing donors to inform the charity if they do not want their name and address shared outside the organization, and
- (b) providing a clear, prominent and easily accessible privacy policy on any of its websites that tells visitors
 - (i) what information, if any, is being collected about them by the charity and how this information will be used,
 - (ii) how to contact the charity to review personal information collected and request corrections,
 - (iii) how to inform the charity (e.g., a check off box) that the visitor does not wish his/her personal information to be shared outside the organization, and
 - (iv) what security measures the charity has in place to protect personal information.

19. Clearly disclose how the charity benefits from the sale of products or services (i.e., cause-related marketing) that state or imply that a charity will benefit from a consumer sale or transaction. Such promotions should disclose, at the point of solicitation:

- (a) the actual or anticipated portion of the purchase price that will benefit the charity (e.g., 5 cents will be contributed to abc charity for every xyz company product sold),
- (b) the duration of the campaign (e.g., the month of October),
- (c) any maximum or guaranteed minimum contribution amount (e.g., up to a maximum of \$200,000).

20. Respond promptly to and act on complaints brought to its attention by the BBB Wise Giving Alliance and/or local Better Business Bureaus about fund raising practices, privacy policy violations and/or other issues.

BBB Wise Giving Alliance
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Thanks for Your Support

Key support for the BBB Wise Giving Alliance comes from individuals like you. Your donations make possible the charity evaluations and wise giving publications you rely on. Thank you for your generosity and your shared interest in strengthening the accountability of the nation's charities. Give with confidence to charities and give generously.



give.org

Look for our Seal on charity websites and appeals as a quick and easy way to see that the charity has met the *BBB Standards for Charity Accountability*. National charities that meet the Standards have the option of participating in our seal program. Go to www.give.org for more details.

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