WISE GIVING GUIDE™

BBB WISE GIVING ALLIANCE : SPRING/SUMMER 2025

BBB Start With Trust

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.

SPRING/SUMMER ISSUE 2025

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INSIDE

president's MESSAGE

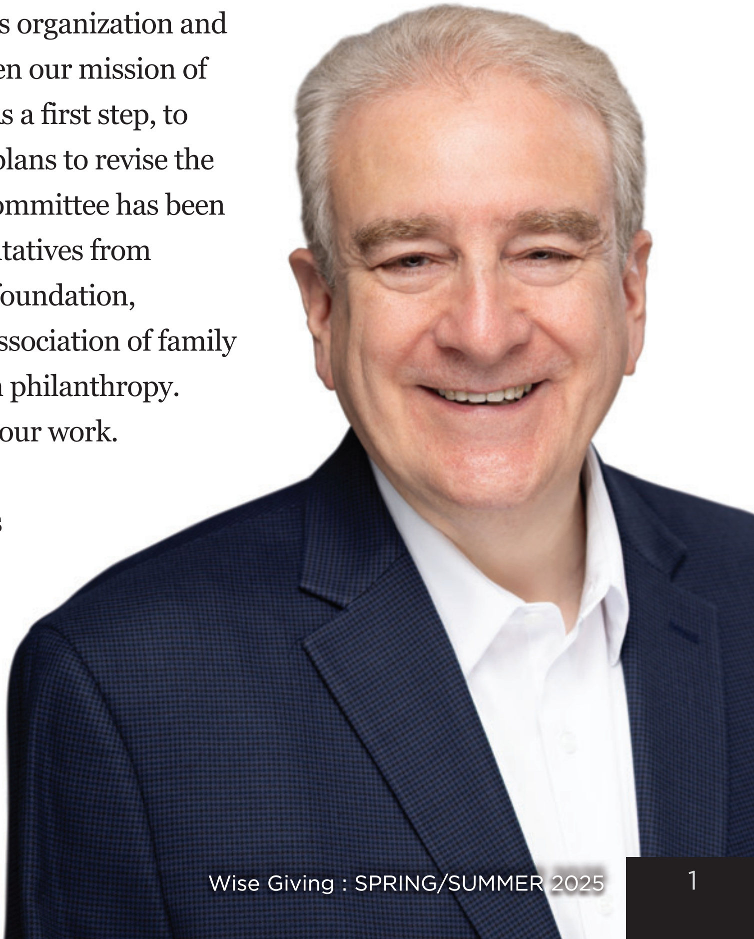
Art Taylor, who has served as President & CEO of this organization since 2001, recently announced he was leaving to become the new CEO of the Association of Fundraising Professionals. I am honored that the BBB Wise Giving Alliance Board has appointed me as the new President & CEO. I have served as the Chief Operating Officer for many years and most recently as its Executive Vice President. Art and I have been an integral part of BBB WGA for over two decades, working together to develop and implement the organization's strategic vision.

It has been a privilege to work alongside Art, whose leadership helped launch many projects and initiatives, including: the BBB Accredited Charity Seal program, incorporating new technologies to increase our charity reporting capabilities, the Donor Trust Report, the Heart of Giving Podcast, Advancing Collaboration, Wise Giving Wednesday, GiveSafely donation platform, various website redesigns, and most recently the AskGive.org chat program. His drive to expand our reach helped us better serve both donors and charitable organizations.

I am grateful for everything he has accomplished at this organization and look forward to building on his success to further strengthen our mission of promoting wise giving and trustworthy charity practices. As a first step, to enhance our charity reporting efforts, this issue describes plans to revise the *BBB Standards for Charity Accountability*. An advisory committee has been organized to help guide us in this goal. It includes representatives from well-known national charities, smaller charities, a private foundation, a CPA firm, a state government charity regulator, a trade association of family foundations, Better Business Bureaus, and other experts in philanthropy.

Thank you for your continuing interest and support of our work. I look forward to this new challenge and am committed to striving to better serve you in your wise giving decisions in the years to come.

Bennett M. Weiner,
President & CEO



BBB Charity Standards Revision Project

The *BBB Standards for Charity Accountability* are an essential and fundamental part of our charity evaluations. The standards also support our mission to strengthen public confidence in charities by promoting wise giving and trustworthy charity practices. This year, BBB Wise Giving Alliance (BBB WGA) launched a project to revise and update the *BBB Charity Standards*. As readers of *Wise Giving Guide*, you probably rely on our standards to make wise giving decisions. We want to share some background and details on how this standards revision will be implemented.

Background and History

BBB WGA and its predecessor organizations have been reporting on charities for over a century. Over the years, these standards have been updated many times. The last major revision took place in 2003 with significant input from the charitable community, private foundations, fundraisers, Better Business Bureaus, donors, and other philanthropic experts. The resulting 20 *BBB Standards for Charity Accountability* address charity governance, finances, measuring effectiveness (e.g., results or impact reporting), and fundraising and informational materials. The text of these standards appears at the end of each *Wise Giving Guide*. Additional details and implementation guidance on each of the 20 standards is available on the Give.org website.

Since the last revision, some updates have been incorporated into the standard implementation guidance to help clarify how they apply to a changing environment. Overall, the last revision produced a set of standards that has well served the charitable community.

These standards have been useful to both donors and charities. Established charities want to know how to demonstrate to the public that they are accountable. New charities find that standards provide useful benchmarks for their operations. Donors tell us they want ways to sort out all the appeals they receive and find out which charities are open and responsive. By identifying sound practices and setting guidelines, standards provide both groups with common reference points. Donors want to know what to look for and charities want to know what to provide.

Due Process

BBB WGA is a strong believer in due process when producing charity reports. These charity accountability assessments are completed at no charge to the charity. A charity that meets all 20 *BBB Charity Standards* is called a BBB Accredited Charity. Due to the depth of *BBB Standards*, the annual financial report charities file with the Internal Revenue Service, the IRS Form 990, does not provide sufficient information to produce these accountability assessments. Charities are asked to complete a detailed questionnaire and provide materials, at least once every two years, to help us prepare these reports.

In terms of the financial part of its reviews, BBB WGA leans more heavily on the organization's audited financial statements. While we also request the latest IRS Form 990, the audited financial statements generally provide a more complete picture of the organization's financial position; and the notes to the audit add important details not generally found in the government form.

After the charity provides the requested information, the staff of BBB WGA corresponds with the charity before a report is finalized. A draft version of each report is always shared with the subject charity prior to posting the report online. Charities are often able to amend initial findings based on submitting clarifications and/or additional information to consider.

BBB WGA also does not make judgments on the worthiness of a charity's mission or programs. BBB WGA produces reports that specify if the charity meets or does not meet the referenced standards along with a summary of the charity's mission, program services, governance, and finances.

Our commitment to due process extends to the development and revision of the *BBB Charity Standards*. We seek guidance from an advisory committee of charities and other philanthropic experts to help prepare the revised guidelines. Once a draft of new standards is produced, we will seek additional input from both the donating public and broader charitable community.

Government Regulations vs. Voluntary Standards

As a standards-based charity evaluator, BBB WGA shares some common interests with federal and state government regulators of charities. We both seek to help the donating public make wise giving decisions but use different tools to accomplish that objective. There is a significant distinction between legal requirements and voluntary standards (e.g., the BBB Charity Standards). An organization *complies* with regulations because the law requires it, but *meets* a standard if the organization chooses to follow it.

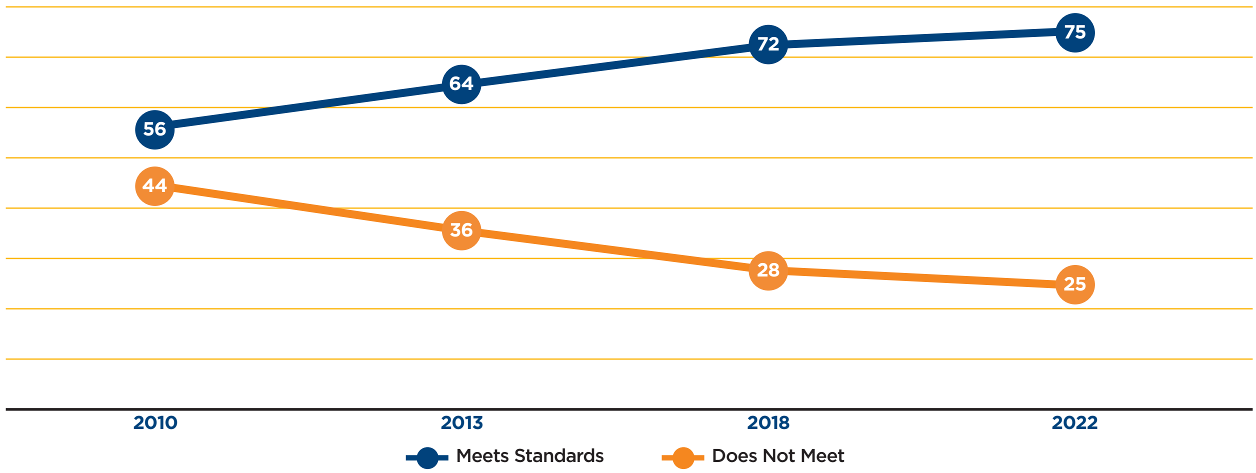
Government agencies can also require charities to submit requested materials through annual charity registration, and, if needed, *subpoenas* for additional information to complete their analysis and/or investigations. In contrast, BBB WGA relies on charities to voluntarily furnish requested information and complete an extensive online questionnaire so that trained and experienced BBB WGA staff can assess if a charity meets the BBB Charity Standards and prepare a resulting report after corresponding with the subject charity. In addition, BBB Charity Standards address issues that go beyond what the law requires of charities.

Impact of Standards Over Time

In our experience, of the nationally soliciting charities that have provided information to BBB WGA, a larger percentage of them, over time, have been found to meet these Standards. The chart below shows this progression over a ten-year period.

Although the increase in meeting standards may also be a function of growing familiarity with what is required, we believe this still demonstrates a movement of the charitable community to meet these standards and improve their practices. While some charities that are found to not meet standards may decide to stop disclosing information to BBB WGA over time, many take this opportunity to attain accreditation.

2010-2022: Percentage of Charities that Meet or Do Not Meet BBB Charity Standards



Public Perception on Charity Accountability Issues

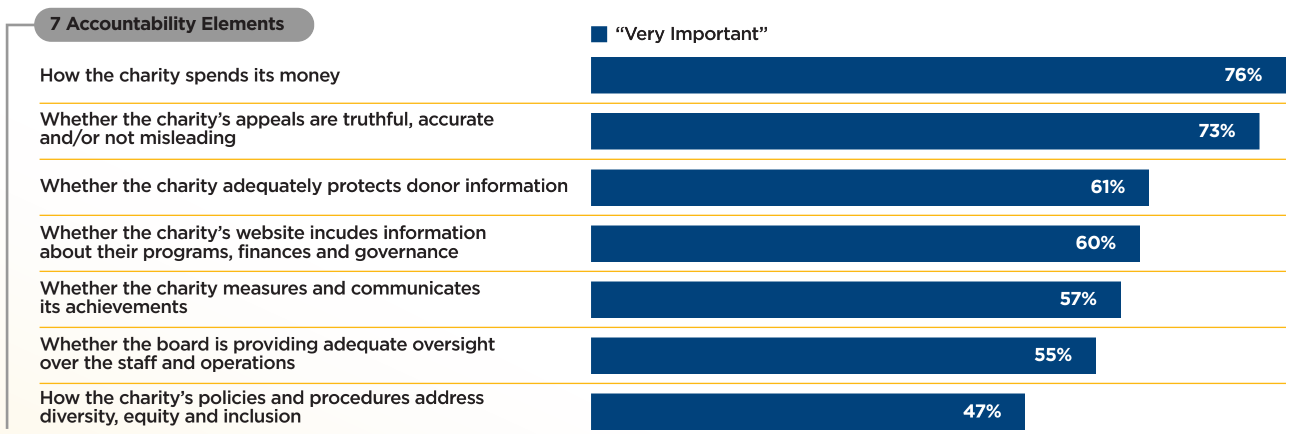
As part of the due process in the development of revised standards, it is vital to explore the public perceptions and expectations in relation to charity accountability.

In December 2023 as part of its *Donor Trust Report*, BBB WGA conducted an online survey of more than 2,100 adults in the United States (and a separate section with more than 1,000 adults in Canada). When asked to consider the importance of seven (7) different accountability elements, survey participants said it is “very important” (9 or 10 out of a ten-point scale) for independent monitors to review how the charity spends its money (75.9%); whether the charity’s appeal are accurate, truthful, and not misleading (73.4%); and whether the charity adequately protects donor information (60.7%). The Canadian survey also showed the same three issues chosen by the highest percentage of participants.

While it is not surprising that charity finances continue to be an area of public interest, the survey demonstrates that other accountability matters are also top of mind. For additional details visit Give.org/donortrust to access the full *Give.org Donor Trust Special Report: Public Eye on Accountability*, or see the Fall 2024 issue of the *Wise Giving Guide*, which provides highlights of this report.

Importance Attributed to Accountability Elements

Excerpt from a December 2023 online survey of over 2,100 adult Americans appearing in
Give.org Donor Trust Special Report: Public Eye on Accountability



Objectives of Charity Standards Revision Project

The BBB Charity Standards Revision Project seeks to produce a new version of the BBB Charity Standards that achieves the following objectives:

- Create a more streamlined set of standards.
- Continue to incorporate the fundamental accountability concepts of transparency, oversight, accuracy, respect, and integrity.
- Recognize that both charities and donors benefit from a trusted charitable marketplace.
- Maintain and strengthen a BBB charity reporting process that incorporates fairness and due process.

BBB WGA has appointed a panel of 21 advisors to form the BBB Charity Standards Revision Advisory Committee. The Committee includes representatives from well-known national charities, smaller charities, a private foundation, a CPA firm, a state government charity regulator, a trade association of family foundations, Better Business Bureaus, and other experts in philanthropy.

The Committee will review the current standards and consider new and emerging issues such as cybersecurity, donor privacy, and use of AI by charities. In addition, this advisory group will consider the impact recent federal funding cutbacks might have on charities and how this period of financial uncertainty could be addressed in the revised guidelines.

A roster of this Committee appears on the following page. We are honored that these individuals will assist us in this project and look forward to our deliberations during 2025. BBB WGA also invites the public, charities, fundraisers, private foundations, and others to share comments on what they perceive as emerging accountability issues. A special section on the Give.org website will enable visitors to share their views.

When the Committee has completed its initial work, BBB WGA will release a draft version of revised guidelines for additional input from charities and donors.

This input will be further reviewed to produce a final version of the revised BBB Charity Standards along with a timeframe for implementation and application.

BBB CHARITY STANDARDS REVISION ADVISORY COMMITTEE

CO-CHAIRS

Lysa Ratliff, CEO, **KABOOM!**

Jon Pratt, Former CEO, **Minnesota Council of Nonprofits & BBB WGA Board Member**

MEMBERS

Laurie Bertrand, President & CEO, **Ronald McDonald Homes Charities of Eastern Wisconsin**

James Betts, Colonel, National Chief Secretary, **Salvation Army** – National Office

Kitty Block, President & CEO, **Humane World for Animals**

Kwi Brennan, Associate Vice President of Development Operations and Outreach, **EarthJustice**

Sara Hall, Chief Legal Officer, **ALSAC / St. Jude Children's Research Hospital**

Mari Kuraishi, President, President, **Jessie Ball duPont Fund**

Barry Jesinoski, CEO & National Adjutant, **Disabled American Veterans**

Karin Kunstler Goldman, Deputy Bureau Chief, Charities Bureau, **New York State Attorney General's Office**

Sheri Lambert, President & CEO, **Make-A-Wish of Greater Virginia**

Mark Leon, Chief Financial Officer, **Alzheimer's Association**

Candice Meth, CPA, Partner, National Leader, Not-for-Profits, **EisnerAmper LLP**

Barbara O'Reilly, Principal, **Windmill Hill Consulting & BBB WGA Board Member**

Don Ragona, Director of Development & House Counsel, **Native American Rights Fund**

Woodrow Rosenbaum, Chief Data Officer, **GivingTuesday**

Claire Rosenzweig, President & CEO, **BBB of Metropolitan New York**

Lauren Sullivan, Chief of Staff, **American Red Cross**

Nicholas Tedesco, President & CEO, **National Center for Family Philanthropy**

Sally Tyler, Charity Review Manger, **BBB of Greater Houston and South Texas**

Sam Worthington, Senior Fellow, **Forus** and Former CEO, **InterAction**

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

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:

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

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:

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

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.