



Transparency and Accountability in Fundraising

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Long gone are the days when donors simply trust a nonprofit organization to do what it says it is going to do. Today, donors are increasingly demanding evidence that their contributed dollars are having the favorable and intended impact on the mission of the nonprofit—whether a school, hospital, symphony or other nonprofit. Organizations that are open and honest in their communications and that speak frankly about their operations will discover donors will not only trust them more, but will continue to give consistently to their organizations.

Transparency does not necessarily mean providing lengthy information in tremendous detail. While a board member may require a financial statement and supporting documents each time it meets, the average donor might find this information overwhelming and very difficult to comprehend. The secret to being transparent is to provide sufficient information that reflects the overall health, operations and accomplishments of the organization in a manner that can be easily understood by the donor. Transparency is about communicating critical pieces of information to donors that inspire trust and confidence.

Why does or should transparency in fundraising matter? Today, donors want to see the description of your organization's mission in compelling language they can understand. They want donor-friendly explanations of your organization's programs. They want specific, measurable information about your accomplishments. They want to know about your organization's goals and objectives. They want to know how your organization measures and evaluates success.

Donors generally identify emotionally with nonprofits they support. The more information available about the organization's mission, programs, activities and accomplishments, the more opportunities a donor has to connect with the pulse of your nonprofit and understand the difference it is making. Providing this information can bond a donor to your organization by helping align his or her values with those values of your organization.

Perhaps, the most important reason transparency matters in fundraising is that it helps confirm an organization's trustworthiness. When a donor is provided factual information in an unsolicited fashion, it helps affirm why their gifts should go to your organization rather than some other worthy nonprofit. Providing accurate information—particularly as it relates to money raised, fundraising costs, acknowledgements, use of funds, accomplishment achieved, etc.—helps to fortify, in the donor's mind, that his or her money is being used wisely.

Accountability and transparency are inextricably linked. While transparency promotes openness, frankness, honesty and communication, accountability requires compliance and the ability to explain or justify why actions were taken—or not taken. Because of the favored tax status, nonprofit organizations have an obligation to be answerable for the money it receives from the public. They must explain how the charity functions and how the money is used.

There are a number of ways a nonprofit organization can bolster its accountability and transparency with its stakeholders. A few approaches are listed below.

- Scheduled regular communications with donors to apprise them of accomplishments to date
- Share testimonials of those receiving direct benefit from the donor's contribution
- Accurately account for all gifts received
- Promptly acknowledge all gifts (within 48 hours of receipt)
- Timely file the IRS 990 documents, if required
- Publish an annual report (include breakdown of expenses, programs funded, acknowledge contributors, etc.)
- Post independent audit information, if required
- Develop and adhere to gift and stewardship policies and procedures (internal)
- Use the website to post information about board, staff, contact information, financial and donor appropriate information for public consumption
- Adopt and adhere to the AFP Code of Ethics,
www.afpnet.org/files/ContentDocuments/CodeofEthics.pdf
- and the Donor Bill of Rights,
www.afpnet.org/files/ContentDocuments/Donor_Bill_of_Rights.pdf

It has often been suggested that a fundraiser's currency is transparency and accountability. Every nonprofit benefits when it engages in practices that promote culpability and heighten donor confidence. When nonprofit organizations strive to become more strategic and effective, their impact and influence will grow – as will the curiosity, praise, criticism, and scrutiny they attract. Essentially, as nonprofits trade isolation for communication, openness and accountability, it will strengthen their ability to attract and keep their valued