

# How Can You Gain Your Donors' Trust?

*A new survey highlights the need to recapture people's confidence. How should you begin?*

BY JEAN HARDY ROBINSON

**N**onprofit organizations have a serious problem. Although the vast majority of people in the U.S. support the missions of many nonprofits and interact with these mission-driven organizations almost daily, fewer people *trust* the organizations that are carrying out these important missions.

Leaders in the nonprofit community have long lamented that each well-publicized embezzlement or mismanagement scandal has a chilling effect on the entire sector. Although many defend the sector's standards of ethical behavior, little research has been done to measure the level of trust among the general public.

Now the most recent Metro Survey conducted by the Metro Chicago Information Center (MCIC) makes clear that nonprofits must work harder and more strategically to demonstrate their accountability to donors and non-donors alike. When asked to respond to the statement, "I think most charities are honest," a mere 15% of those in the 6-county area "strongly agree." Another 46% "somewhat agree" for a combined "trust measure" of 61%. Imagine what the responses would have been to a less qualified statement, such as "Almost all charities are honest!"

This disturbingly low level of trust is even weaker for low-income respondents in the same 6-county area: 54% "strongly or somewhat agree" with the honesty statement compared to 69% of high-income respondents. Minority respon-

dents also voice less confidence in nonprofits' honesty than whites: 68% of whites "strongly or somewhat agree" compared with 49% of African-Americans and 56% of Latinos.

The problem isn't that most charities are dishonest but that too many nonprofits are weak in *demonstrating* accountability through open and honest reporting. Financial reports presented to boards aren't always of professional quality, and even these reports are rarely shared beyond the boardroom. This reporting

*A mere 15% "strongly agree" that most charities are honest.*

void continues despite the fact that for several years constituents of all types have been demanding more accountability. The questions they ask most often are:

- What are the sources of funds for the organization?
- How much money does the organization spend on fundraising?
- How does the organization use the funds that are donated to it?

Far too few organizations routinely share this information even when it would provide strong evidence of their fiscal honesty and excellent financial management. Although Guidestar ([www.Guidestar.org](http://www.Guidestar.org)) has made the IRS form 990 available on the Internet for thousands of organizations, many more nonprofits have failed to take advantage

of this opportunity. Other organizations such as the BBB Wise Giving Alliance (<http://Give.org>) are using the Internet to support responsible giving. But, again, few nonprofits measure themselves against the standards they provide.

What can your organization do to regain the trust of potential donors and funders? First, perform a quick assessment of your financial reporting—and measure your organization against the highest standards of accountability and stewardship to donors and other stake-

holders. Be sure your board and staff agree that the information is accurate and represents the organization honestly. Too often, Development, Programming, and Business Department staff haven't discussed the systems needed to

report to donors that restricted funds have been used for designated purposes.

Once you have gathered and discussed this financial information—and made sure everyone in the organization approves and agrees on it—you need to incorporate a fiscal report into your case for external support. Then make this financial information readily available to all stakeholders. Funders and donors expect no less. ■

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