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How To Be a Savvy Donor - Transcript

[Speaker 1]

Welcome to Charity Therapy, a podcast about building better nonprofits. I'm your host, Jess Birken. It's holiday time, the season for turkey, big retail deals, and charity donations.

How do you decide where to give? Do you let Facebook make up your mind for you? In this episode, we talk about how nonprofits that succeed are often under fire from unfriendly online elves.

Be a seasonal giving smarty and listen to this episode.

[Speaker 2]

Alright, let's begin.

[Speaker 1]

How you doing, Meghan? I'm doing great, how about you? I'm really good.

It's the day after Minnesota Give to the Max day, so I think every one of our clients has a major hangover from their campaign ending. I saw a lot of last-minute fundraising emails coming through our email last night.

[Speaker 2]

Absolutely, and it's just the beginning of the season, so they have a lot to work up to with Giving Tuesday and everything else going on, so it's coming.

[Speaker 1]

I talked to some very tired people last night on my client calls this morning who said they were up late watching the gifts roll in, which, you know, if they're rolling in, that's a nice thing to have happen. Having the numbers go up is a good thing, for sure. One of the things that I realized as I was looking through the email yesterday was that donors must just get inundated with opportunities to donate around this time of year.

[Speaker 2]

Well, I know yesterday when I was scrolling through Facebook, I just saw post after post about Give to the Max day, and, you know, this is our campaign for today, we're trying to hit this many dollars in order to unlock a gift or whatever, so it's just everything you saw was Give to the Max day, for sure.

[Speaker 1]

How do you convince people that your place is the right place for them to put their money?

[Speaker 2]

Right, exactly. And the thing that I saw that was super interesting was this, like, terrible little graphic that was essentially using scare tactics about how you should choose to donate, and it was basically just saying that, like, you know, there are all these scammy nonprofits out there waiting for you to take your money, even though they might not be doing what they say.

[Speaker 1]

You know, it'll help for our listeners to just sort of hear what this thing is, and this is one of those sort of, like, you have seen these garbagey graphics that get spread around Facebook, and the thing that boggles my mind is, like, who takes time to make this, and what is their purpose?

[Speaker 2]

Especially because, for those of you who are not watching the video, it looks terrible. Like, it looks fake, for sure. Like, it's one of those where it's, like, they misspell things, and it's not looking very credible from the beginning.

[Speaker 1]

Yeah, no, and I love that you're, like, the graphic design, you know, tastemaker at the firm, and you're like, the graphic design on this is crap. It's bad, though. It is.

It looks like they took an Excel sheet table. That's exactly what it looks like. It looks like a bad Excel table with good charities, and there are some dollars and cents in green, and then, like, bad charities in red.

And it says, for those of you who will be making donations through the Christmas season, think twice about where you put your hard-earned funds, and then it calls out all these groups for their nonprofit CEO comp, and then claims to have their overhead rate, like, how many cents of

each dollar goes to the needy. And there's some, like, ridiculous facts in here. I know that you took a little time to fact-check this, so I would love for you to sort of, like, give our listeners a blow-by-blow of some of the, quote, fake news that's in this thing.

[Speaker 2]

Right. So, in the bad nonprofit section, we have UNICEF, and I think that's the best example of how terrible this is. It says UNICEF, and there's a little parenthetical that the CEO has use of a Rolls Royce, and the CEO makes \$1.2 million, and apparently 14 cents of the dollar goes toward the needy at that charity.

[Speaker 1]

My favorite part of this is that they misspelled UNICEF. Like, it's not even spelled right. It took me a minute to realize that's what they were actually talking about.

[Speaker 2]

I was, yeah, it's bad. And so, obviously, this is not true. I checked on their 990.

The CEO of UNICEF makes a little over \$500,000, which is a lot of money, but is not nearly as much money as \$1.2 million. And they even have a frequently asked questions section on their website, clarifying that the CEO uses her own Toyota car for any transportation needs, and does not have a nonprofit Rolls Royce that she uses. So, it's just all bunk, and they're all like that.

Even the good charities, the numbers are not real. And like, Salvation Army is on here, and that's a good one example of they don't file a 990, so I don't even know where they're getting these numbers in the first place.

[Speaker 1]

So, Salvation Army is technically a church, and churches are not required to file a Form 990. So, this little graphic says, these are the good guys. They really help.

And then the bad charities, it says, watch your back here. Don't be a sucker. And the Salvation Army's CEO salary is listed as \$13,000, and their overhead rate, their cents of the dollar that goes to the needy is 93 cents of every dollar.

It's like, how do you even, where are you getting this from? And even if it's true, that doesn't factor into much for deciding who's a good charity or who's not.

[Speaker 2]

And also, you know, that goes to the needy. What does that even really mean? It's like, that line is super blurry.

So, it's like, it can be, you wonder what they're calculating here and where they're getting the numbers.

[Speaker 1]

Yeah, and I mean, they are a huge organization that has lots of facilities and lots of staff. So, I don't know what they're, how they're actually organized, but the fact that they would only have 7 cents towards core mission support, which, I mean, there's a whole other episode we could do just about the fact that they are doing this whole, like, direct program costs, you know, versus back office overhead. But we're not even going to get into that.

I think our listeners, like, hopefully know, or that's like a different episode that that's some bullshit. But it's like, I can't even believe that that would be accurate anyway. And it's not like you can look at their 990.

What's curious to me about this is, like, what is the agenda? Like, who made this? Is it just some weirdo individual that is enjoying sort of, like, stirring the pot online for their own kicks?

Or are one of these organizations, like, it's clearly done either by a regular person, because the graphic is so bad. Or it's done so badly on purpose to make it seem like an individual. And, like, is this actually somebody from one of these groups trying to, like, direct?

Is this actually a very sophisticated fundraising campaign? Like, I have, that's an interesting question to me. That's unethical.

Oh, yeah, it's totally unethical. But why would you waste your time making this up and then spreading the graphic around? And then who are the people that share this stuff on Facebook to their news feeds?

Like, if you have half a brain, you should be able to tell that this is terrible and bogus. This kind of stuff always, like, makes my faith in humanity feel fragile, because I'm like, why? Why are you doing this?

[Speaker 2]

Yep. And the person that I saw that shared it definitely had this sort of, like, post about being a smart donor and not being taken advantage of by all of these, you know, giant organizations that are basically just a sham. But it's always that, like, what are you hoping to accomplish?

And what good did you do by posting this graphic that, like, you didn't think twice about, even though it's not, it doesn't take long to realize that it's probably not real, so.

[Speaker 1]

Right. And I love that the cited source on the graphic is that they got their information from Snopes. Right.

Which is an internet website where, like, urban myths are debunked or whatever. It's just, that's not a credible source.

[Speaker 2]

The best part is that this is on Snopes, as it's inaccurate data. So, if you were to look up nonprofit CEO compensation on Snopes, this graphic comes up showing how all of these, you know, salaries are incorrect. So, if you were, I love that.

It's pretty great. And it's apparently been floating around since, like, 2013, which explains a little bit of the graphic design here. Yeah.

So, if you do see it floating around this holiday season, just know that it is not true. And there's some, like, questionable assumptions about what makes a good charity by all these stats.

[Speaker 1]

So, you know, what's funny to me about this is, we came to the office the other day, and I was all fired up about this tweet from a colleague of mine, who's in the legal industry, who was having a conversation on Twitter with another legal professional about, basically, they had shared a promoted post from ASPCA with a cute little sad puppy that said, like, I'm hungry. And,

you know, it was a really great fundraising appeal, like, tugging on your heartstrings. And he had commented, like, oh, ASPCA has, like, all of the money for the marketing, and it's working on me.

I can't resist this stuff. And then he and the other person had this little discussion about how you shouldn't give to the national groups, because they don't spend enough money on programming. And I like to give to my local animal shelters, because I know that more money goes direct to the sad little puppies when I do it that way.

And I kind of put him on blast. I mean, he's a friend, so I can do that. But I retweeted him and said, you know, case in point, damned if you do, damned if you don't, like, this is why nonprofits struggle.

Because if you are perceived to have enough money to do great marketing and great fundraising work, then you obviously don't need the money, and all you do is raise money, and you don't have any programming, and we shouldn't give to you. Which creates this insane culture of poverty, where nonprofits feel like if they get too successful, or they get too fancy, or they do things too well, then people are going to put you on some bad Excel graphic that was printed to PDF and tell everybody not to be a sucker and give to you. It's so insane to me that this is the outlook.

And, you know, these are friends of mine on Twitter that are very capable, educated, thoughtful people. So it just, to me, really showed, like, this is baked into the culture. Absolutely.

[Speaker 2]

And I just feel like there's this sense that either you're being taken advantage of because you're donating and your money isn't going where you think it is, or that anyone who does donate to those larger organizations, you know, is dumb or is making a bad decision about their donation

dollars. But, you know, if you're really looking at the impact, some of those larger organizations might be able to do more with your dollars than some of the smaller ones, and you have to make that decision about where you want it to go.

[Speaker 1]

Yeah, and what bugs me about it is they're not making a judgment based on the outcomes. They haven't looked. They're not doing any investigative research of their own.

It's just the assumption is if the nonprofit can afford to spend money on marketing, they must be bad. It's this weird, puritanical, philosophical thing. It reminds me of the Dan Pallotta TED Talk.

You know, everything you know about fundraising is wrong. We can put a link to that in the show notes. It's an amazing TED Talk where Dan Pallotta basically just lays it all out that we have this weird, religious, almost conception of the nonprofit sector as taking a vow of poverty to serve the community.

And the fact that, like, you effectively as an organization can never get ahead because you can never invest in yourself. You can never actually be great at anything because you have to be poor all the time. It's really wild that from two different sources in the same 24-hour period, we were getting the same message.

So that, I think, was like, oh, this must just be everywhere if you and I are both seeing it.

[Speaker 2]

Yep.

[Speaker 1]

Yep.

[Speaker 2]

It's absolutely everywhere.

[Speaker 1]

You know that we would not tell donors to trust what they read on Facebook.

[Speaker 2]

No.

[Speaker 1]

Someone's listening to this and they're going, okay, well, how do I know if a charity is any good? You know, from the donor's perspective, like, what should we be looking for really?

[Speaker 2]

Yeah, my favorite place to go as just a regular donor is to check out GuideStar, where you can find things like their 990s, which is how I checked the numbers on this terrible graphic here. It's a financial report that most nonprofits have to file every year. So as a donor, that's always the first place that I look.

And GuideStar will also give, you know, there are like different badges or different things to show that, oh, this nonprofit is super transparent or is this or is that. So it's helpful also if you're not willing to dig through all the numbers, which most people aren't, that they can just get an overall sense of like, oh, yeah, this is a trustworthy place to donate.

[Speaker 1]

Yeah, and GuideStar can be a little bit clunky because they require you to register in order to look at anything, which is kind of a pain in the butt. So if you actually know how to look at the 990 and you just want the 990, you can go to the Foundation Center or it's I think it's now it's called Candid and just pull their actual 990 document. If you're like a savvy person that knows what the heck you're looking at.

But I like the GuideStar piece where you can see sort of an assessment. What's interesting there, too, is, you know, it's just like anything. You have to claim your profile as a nonprofit organization on GuideStar.

So if you're looking at their profile and it's sort of empty to me, that's telegraphing. I don't really care about donors that are doing research. I'm not really paying attention.

I don't as as an organization, we just don't. We don't really care about this. And that is kind of a red flag to me.

If you haven't actually filled out your GuideStar profile, just like any business on Google Maps, like if it's empty and I can't get to your website or figure out what your office or your operating hours are. I'm super annoyed and I'm aggravated that you haven't bothered to help me find your business so that I know if CVS Pharmacy is open on Tuesday at 9 p.m. or whatever. So that's just in and of itself.

Looking there is can tell you something.

[Speaker 2]

And I feel the same way about the nonprofits websites. It's like the website doesn't have to be perfect and beautiful and all that kind of stuff, but it should have the information I'm looking for. So that's another thing that I think is helpful is actually going to the nonprofits website and getting a sense of do they have an annual report you can read?

Is it really clear what their programs are and who they serve and what their mission is? Because if it's not, then it's really hard to know what you are, what cause you're supporting. And like I said, it doesn't have to be fancy.

It doesn't have to be this perfect website, but having it be really clear, clearly communicated what you're donating towards is super helpful as a donor.

[Speaker 1]

And then you can look for other things. Like if they meet Charities Review Council standards or one of the other sort of like charity review organizations throughout the country, they probably have a badge on their website. Or if you're one of our clients and you participate in our subscription program, you might see that badge on their website.

And then you know that that organization is either doing a good job because somebody has either checked that they are doing a good job or is actively working with them throughout the year to make sure that they're compliant. That they do things like, you know, to take care of their money and steward, you know, gifts and all of that stuff. So that's another really great thing to look at on the website.

And if you really want to get advanced baseball about it, you can usually look up charities with their local state. Like here in Minnesota, it's the Attorney General's office. They maintain a database that's searchable that you can find the charity if they're registered.

And if they're not registered, I would be looking at GuideStar to, you know, get some secondary information. But yeah, those are all things that we tell donors to do. Which really means like, if you're listening to this and you're a nonprofit, those are all things that you should also be doing, right?

Like you should have a great website that has awesome copy, whether it's an outdated site or not. Like I should be able to find your annual report and your financial statements on your website. I should see if you are accredited somewhere, if you meet standards with Charities Review.

If you work with me and you're doing all of your compliance, like put those badges there because that's telling donors something about your organization. You should be claiming your GuideStar profile. And I mean, don't even get us started on filling out your 990 completely and as a communication tool, because that is your very first and most mandatory opportunity to tell people about your organization and appear competent.

[Speaker 2]

Well, and the biggest thing, and I think this like Facebook graphic is a good example, is that like the harder normal run-of-the-mill donors have to work in order to like get a sense of the organization, the more skeptical they're going to be. So make it easy, like make it available on your website. Don't make them go to GuideStar if they don't have to.

Don't make them check with the Minnesota Attorney General because the average everyday person isn't necessarily going to do that and might be believing, you know, the stuff they see on their Facebook feed.

[Speaker 1]

Somebody is listening to this right now and they're saying, oh, but we just don't have enough money to spend on our website. B.S. that's going right back to the poverty mentality. You're not allocating your resources right and therefore you're not going to grow.

You're not going to become stronger because you're in this poverty mindset that like we can't invest in ourselves. We can't do a fundraiser to get five grand together to get a new website done. Like why are we even doing things then, you know?

Yeah, I get worked up about it. I can't tell at all. To recap, don't believe everything you see on the internet, right, Meghan?

[Speaker 2]

What? I did not know that. That's quite enough.

Thank you.

[Speaker 1]

Really though, folks, I hope you'll keep that in mind this giving season. Donors don't believe the hype. Do the homework.

And nonprofit friends, I think you know what to do. Communicate how great you are. And more importantly, catch yourself when you get into that we can't because we're poor mindset.

It really is the thing holding you back. All right, folks, that's our show. Be sure to follow me on Instagram or Twitter at Jess Birken.

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About the Author



Hi, I'm Jess Birken.

I'm the owner of Birken Law Office, I help nonprofits solve problems so they can quit worrying and get back to what matters most – The Mission. I'm not like most attorneys, I actually have an outgoing personality, and – like you – I like to think outside the box. Most of my clients are passionate and have an entrepreneurial spirit. I'm like that too. My goal is to help you crush it. Getting bogged down in the minutia sucks the joy out of the important stuff. My clients want to do the work – not the paperwork.

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