

# Charity Impact

2021 Give.org Donor Trust  
Special Report

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# Summary of Results

Charities depend on supporters to pursue their mission, and supporters – whether they are private foundations, corporations, or individual donors – want to know that their contributions make a difference.

In a data-driven society, some funders (particularly corporations and foundations) seek to identify impactful organizations in a quantifiable way. How individual donors perceive the issue of charity impact is less understood.<sup>1</sup> Adding to the charitable sector’s understanding of individual donor perceptions related to charity impact is this report’s core objective.

Broadly speaking, charity impact refers to how these organizations make a difference. Still, finding uniform ways for charities to quantify or communicate their “impact” is complicated. Given that the term “charity impact” has momentum but is also fluid and unspecific, we explore how the donating public understands the term.

We start by simply asking whether survey takers feel they understand the term and later offer alternative choices based on our observations of how the term is used in charity appeals. Sometimes the term “charity impact” is taken to be synonymous for achievement numbers (for example, a charity reached X number of people with Y service last year); other times the term is used in reference to the quality of the organization’s programs (for example, the people receiving assistance are satisfied with the services provided by the charity). “Charity impact” is also used in the context of the efficiency of the charity’s spending (for example, X dollars provide vaccines for Y number of people); finally, it may be used as a way of tracking progress towards defined goals (for example, an animal shelter accomplished the goal of having all animals adopted).

BBB’s Give.org is also concerned that over-emphasizing impact metrics may have negative consequences. Specifically, excessive focus on charity impact might pressure charities to (a) prioritize short-term metrics at the expense of long-term goals, (b) prioritize program reach at the

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This report delves into how individual donors perceive charity impact and how important charity impact is in their giving decisions.

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<sup>1</sup> An academic study found that “people do not reward exceptionally positive charitable impact, but they do punish charities that admit their programs were ineffective. Charities are only rewarded for revealing information about their impact when the results are unrealistic and unattainable.” Mulesky, S., The Demand (or Lack Thereof) for Honest, Rigorous Impact information in Charity (unpublished manuscript, 2020), [https://www.researchgate.net/publication/340463860\\_The\\_Demand\\_or\\_Lack\\_Thereof\\_for\\_Honest\\_Rigorous\\_Impact\\_Information\\_in\\_Charity](https://www.researchgate.net/publication/340463860_The_Demand_or_Lack_Thereof_for_Honest_Rigorous_Impact_Information_in_Charity).

expense of depth, and (c) focus on the program accomplishments of donor-specific dollars at the expense of organizational capacity or overall accomplishments.

Our *Give.org Donor Trust Special Report on Charity Impact* delves into how individual donors perceive charity impact and how important charity impact is in their giving decisions. The survey also seeks to shed light on how donors feel about competing priorities. Finally, we take a step back and look at how individual donors think about their own ability to make a difference and how charities fit into that puzzle.

To explore individual donors' perceptions about charity impact, BBB's Give.org commissioned an electronic panel survey of more than 2,100 adults across the United States, and more than 1,000 adults in Canada. Below are our key findings, first for the United States and later for Canada.

## What does charity impact mean to individual donors?

**Only 53.3% of survey participants report knowing what a charity means when talking about "impact."** The remaining respondents (46.7%) said they do not know (19.1%) or are not sure (27.6%) about what charity impact means.

- The lack of clarity around the term "impact" held across generations. Gen Xers were least likely to say they understand the term (46.4%).
- When comparing participants by giving level, people who gave more during 2020 were significantly more likely to say they know what a charity means by "impact." For example, only 27.5% of non-donors said they understand the term, as compared to 59.4%

of people who donated between \$201 and \$1,000, and to 71.5% of people who donated more than \$5,000.

**When asked to consider possible definitions for the term "charity impact," survey respondents were split about how to best describes the term.** Overall, 25.7% chose "organizations reaching defined goals" as the alternative that best describes "charity impact." Other descriptions were similarly popular, with 22.0% selecting "how efficient the organization was in its spending"; 19.9% saying they were "not sure"; 18.3% choosing "the quality of the organization's programs"; and 14.0% picking "achievement numbers."

- The different views on how to best describe "charity impact" held across generations. Having said that, Gen Zers were significantly more likely to select "organizations reaching defined goals" (39.9%); Millennials were relatively more likely to select "how efficient the organization was in its spending" (26.7%); and "the quality of programs" was most popular among Matures (26.1%) and Boomers (23.6%).
- The different views on how to best describe "charity impact" also held across giving levels. Organizations reaching defined goals was the most popular answer among donors who gave between \$51 and \$5,000 (with the portion of respondents ranging between 25.5% and 28.6%). Donors with reported contributions above \$5,000 were most likely to select the efficiency of the organization's spending (26.6%).

## How important is impact in the giving process?

**30.7% of respondents rated “information on the charity’s impact” as a very important (9 or 10 on a scale of 1 to 10) aspect in their giving process. While that is a significant portion of respondents, other aspects were rated similarly (and sometimes with higher importance).** For example, 39.5% of respondents rated how much they trust the charity as very important; and 28.2% rated financial ratios as very important.

- Charity trust was most frequently (between 36.1% and 44.1%) selected as a very important aspect in the giving process across all generations. Charity impact was the second most popular choice among Gen Zers (31.5%), Millennials (35.2%), Gen Xers (31.2%), and Matures (20.7%). Financial ratios were relatively more important among Boomers (34.46%), but continue to be significant across generations (between 18.8% and 28.7% for other generations).
- Charity trust was most frequently selected as a very important aspect in the giving process among all giving levels \$51 and above. Among donor who gave \$1,000 and above, charity impact came behind charity trust and financial ratios, but is an important consideration.

## How do donors feel about competing priorities?

We asked potential donors to rate the importance of immediate and long-term results. **Respondents indicated that both immediate and long-term results are important, but more respondents said long term results are highly important (31.9%) than immediate results (20.7%).**

- The relatively high importance attributed to long-term results as compared to immediate results held across generations, but the difference was most marked among older generations. For example, 28.4% of Matures said they attribute high importance to long-term results, while only 12.0% said they attribute high importance to immediate results.
- The relatively high importance attributed to long-term results as compared to immediate results also held across giving levels but was most marked among higher donors. Among donors who report donating more than \$5,000 in 2020, 44.3% attributed high importance to long-term results, while 24.7% attributed high importance to immediate results.

**When asked to consider a situation where a charity must demonstrate immediate results or long-term results, most participants prefer a balance.** That is, 47.0% indicated a preference ranging between 41 and 70 on a 100-point scale, with 1 representing immediate and 100 representing long-term. **At the extremes, more people would prioritize long-term results (17.1%) than immediate results (13.3%).**

- The portion of respondents with high preference for long-term results is similar across generations (between 14.8% and 18.2%). There is a higher degree of variance among people who would prioritize immediate results, with 8.2% of Millennials and 19.7% of Matures prioritizing immediate results.
- Larger donors are more likely to say that they would prioritize long-term results (22.8%). People who did not donate are more likely to say they would prioritize immediate results (27.3%).

We asked potential donors to rate the importance of program volume and program quality. **Respondents reported that both volume and quality are important, but more respondents said program quality is highly important (37.8%) than said the same about volume (31.9%).**

- The relatively high importance attributed to program quality as compared to volume held across generations, but the difference was most significant among older generations. For example, while 38.0% of matures consider program quality to be highly important, only 15.4% consider volume to be highly important.
- The relatively high importance attributed to program quality over volume held across giving levels. High quality programs were more important among those who gave more. For instance, 53.2% of people who donated more than \$5,000 dollars in 2020 said program quality was highly important, as compared to only 20.9% who said program volume is highly important.

**When asked to consider a situation where a charity must choose between offering more in-depth programs to fewer children or offering less in-depth programs but reaching more children, most participants prefer a balance.**

That is 47.4% indicated a preference ranging between 41 and 70 on a 100-point scale, with 1 representing depth and 100 representing reach. At the extremes, more people would prioritize program depth (16.1%) than reach (12.8%).

- Older generations were more likely to prioritize depth over reach. For example, 23.6% of matures would prioritize depth as compared to only 8.2% who would prioritize

reach. Millennials were the only generation with a preference toward reach, with only 7.8% of millennials reporting they would prioritize depth and 17.4% favoring reach.

- Among different giving levels between \$1 and \$5,000, the portion of respondents who would prioritize depth or reach were very similar (between 11.3% and 14.6%). However, among people who did not donate in 2020, 28.3% reported that they would prioritize depth. In contrast, among people who donated more than \$5,000, 24.7% reported that they would prioritize reach.

We asked potential donors to rate the importance of what the charity will accomplish with their donation specifically and overall organizational accomplishments. **The importance attributed to accomplishments tied to a specific donation versus overall accomplishments was virtually the same. At the top end, 35.0% of respondents said the accomplishments associated with their own donation were highly important and 35.7% said the overall accomplishments of the organization were very important.**

- For any given generation, the portion of respondents who attribute high importance to the accomplishments of their own donations very closely matches the importance of overall accomplishments.
- Larger donors tend to attribute more importance to both the accomplishments of their donation and overall organizational accomplishments. Still, the importance attributed to their own donations closely resembles the importance of overall accomplishments.

**“Bang for your buck” impact statements come across as untrustworthy to some potential donors.** When asked to imagine receiving a charity solicitation stating that “For every dollar donated, the charity will be able to accomplish \_\_\_\_\_,” 17.5% of donors consider the language to be untrustworthy, reporting a trust level of 20 or below on a scale of 1 to 100. On the other hand, 15.5% of donors said the statement is very trustworthy, reporting a trust level of 80 or above on a 100-point scale.

- Such impact language is more likely to be considered untrustworthy among older generations. For instance, 22.4% of Boomers and 27.4% of Matures rated their trust level between 0 and 20 on a 100-point scale.
- Such impact language is very likely to be distrusted by people who do not donate. Specifically, 37.3% of people who did not donate rated their trust between 0 and 20 on a 100-point scale. Among all other giving levels, between 12.0% and 14.2% rated their trust for the “bang for your buck” statements between 0 and 20.

### How do charities fit into each individual’s desire to make a difference?

When asked to reflect on how individual donors think about their own ability to make a difference, **more individuals report feeling high responsibility to make a difference (24.6%) than feeling high power to make a difference (19.7%).**

- For any given generation, the portion of respondents who report having a high power to make a difference is lower than the portion of respondents that report feeling high responsibility. Boomers had the lowest portion of respondents reporting high

power (14.7%) and responsibility (20.43%). Millennials had the highest portion of respondents reporting high power (24.0%) and responsibility (30.0%).

- Larger donors tend to report both higher power and higher responsibility to make a difference. For instance, among people who donated between \$1 and \$50, 19.1% reported high power and 35.8% report high responsibility. Among people who donated more than \$5,000, 28.5% reported high power and 47.5% report high responsibility.

Based on the understanding that, when an individual seeks to make a difference, charities are not the only choice, we asked respondents to rate how helpful different alternatives were.

**Overall, giving directly to individuals was most frequently rated as a very helpful way to make a difference (26.8%), followed by charities (24.1%) and houses of worship (22.5%).**

- Giving directly to individuals was most frequently chosen as a very helpful way to make a difference across generations, with one exception. Matures were more likely to consider houses of worship (18.8%) and charities (17.8%) over direct help to individuals (13.9%) as the most helpful. Millennials (and to some extent Gen Zers) were significantly more likely than other generations to think that activist organizations (22.9%), for-profit businesses (20.9%), and going outside organized frameworks (19.4%) offer very helpful ways to make a difference.
- Individuals reporting higher giving levels are also more likely to say charities and houses of worship offer a very helpful way to make a difference.

## How do Canadian donor expectations regarding charity impact compare?

- **56.8% of Canadian respondents report knowing what a charity means when talking about their “impact,”** slightly higher than in the U.S. (53.3%).
  - **Like their U.S. counterparts, Canadian respondents were split about how to best describes the term “charity impact.” Overall, Canadians were more likely (29.0%) to choose “organizations reaching defined goals” as the alternative that best describes “charity impact.”** Other descriptions were less popular, with 19.6% selecting “how efficient the organization was in its spending”; 17.9% choosing “the quality of the organization’s programs”; 17.5% picking “achievement numbers”; and 16.0% saying they were “not sure.”
  - **27.4% of Canadian respondents rated “information on the charity’s impact” as a very important aspect in their giving process.** While that is a significant portion of respondents, other aspects are similarly (and sometimes more) important. For example, 36.5% of respondents rated how much they trust the charity as very important; and 28.0% rated financial ratios as very important.
  - **Both immediate and long-term results are important, but more Canadian respondents said long term results are highly important (28.5%) than immediate results (18.2%).** When asked to consider a situation where a charity must demonstrate immediate results or long-term results, most participants prefer a balance. At the extremes, however, more Canadians would prioritize long-term results (18.0%) than immediate results (9.8%).
  - **Both program quality and volume are important, but more Canadian respondents said program quality is highly important (33.0%) than program volume (18.1%).** When asked to consider a situation where a charity must choose between offering more in-depth programs to fewer children or offering less in-depth programs but reaching more children, most Canadian participants prefer a balance. At the extremes, a similar portion of people would prioritize program depth (12.6%) versus reach (12.3%).
  - As with U.S. participants, **the importance Canadian respondents attributed to accomplishments tied to their specific donation versus overall accomplishments was virtually the same.** At the top end, 33.1% of respondents said the accomplishments associated with their own donation were highly important and 33.2% said the overall accomplishments of the organization were highly important.
  - **Canadian respondents were less likely to report feeling high responsibility (18.9%) or high power (15.9%) to make a difference than their U.S. counterparts (with 24.6% and 19.7% respectively).** Overall, Canadians most frequently rated giving directly to individuals as a very helpful way to make a difference (22.9%), followed by charities (17.0%), and houses of worship (12.8%).
- In addition to producing evaluative reports on charities, BBB’s Give.org tracks donor beliefs, feelings, and behavioral intentions related to charity trust and generosity through annual



donor surveys.<sup>2</sup> We recognize that survey responses reflect donor perception and intent rather than action. In the following sections, we more comprehensively share survey results related charity impact.

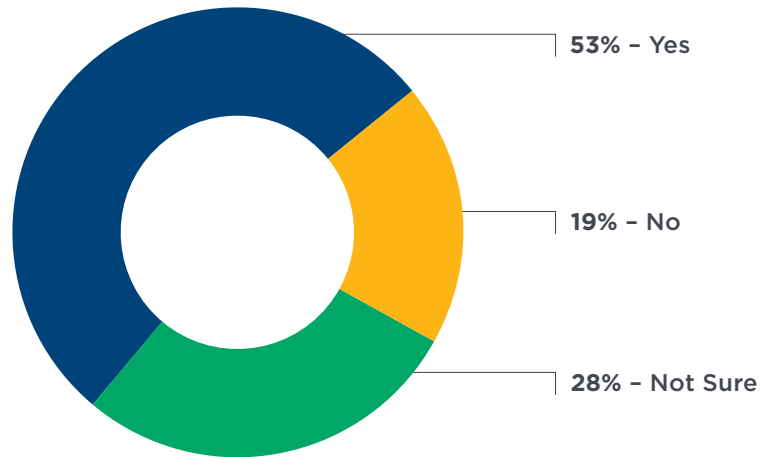
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<sup>2</sup> The Donor Trust Survey annually includes a core set of questions intended to measure the health of public trust in the charitable sector and to identify shifts across time. Each year, the survey may also include a set of special questions on a topic of interest. The 2019 Give.org Donor Trust Survey included a set of questions related to disaster relief donor expectations. The 2020 Give.org Donor Trust Survey included a set of questions related to sexual harassment. The 2020 Give.org Donor Trust Survey included a set of questions related to charity impact.

# Results and Figures

## What does Charity Impact Mean to Individual Donors?

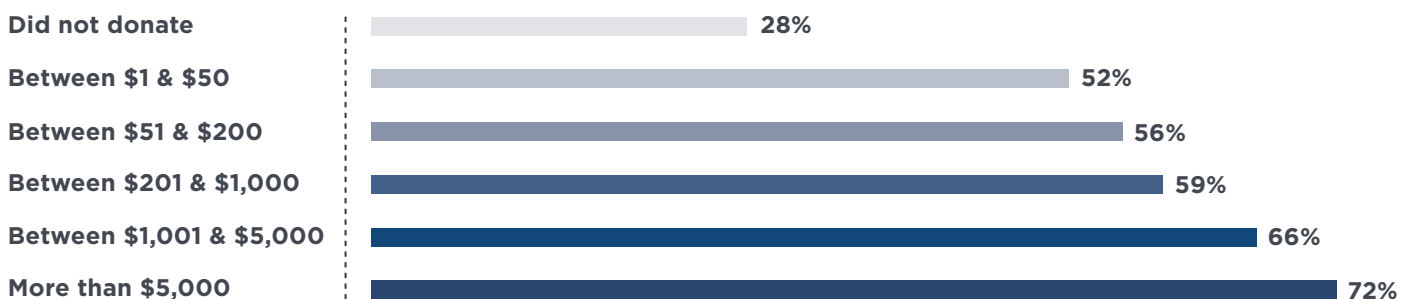
47% of survey takers are unclear or do not know what "charity impact" means.



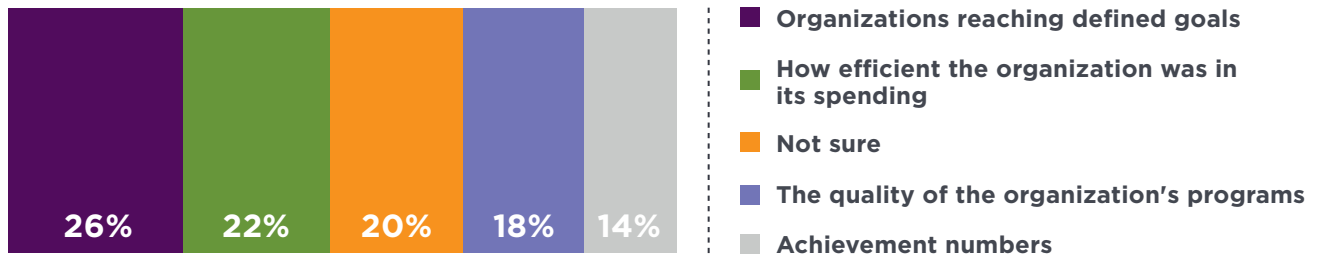
The lack of clarity around the term "impact" held across generations, with close to half reporting that they understand the term.



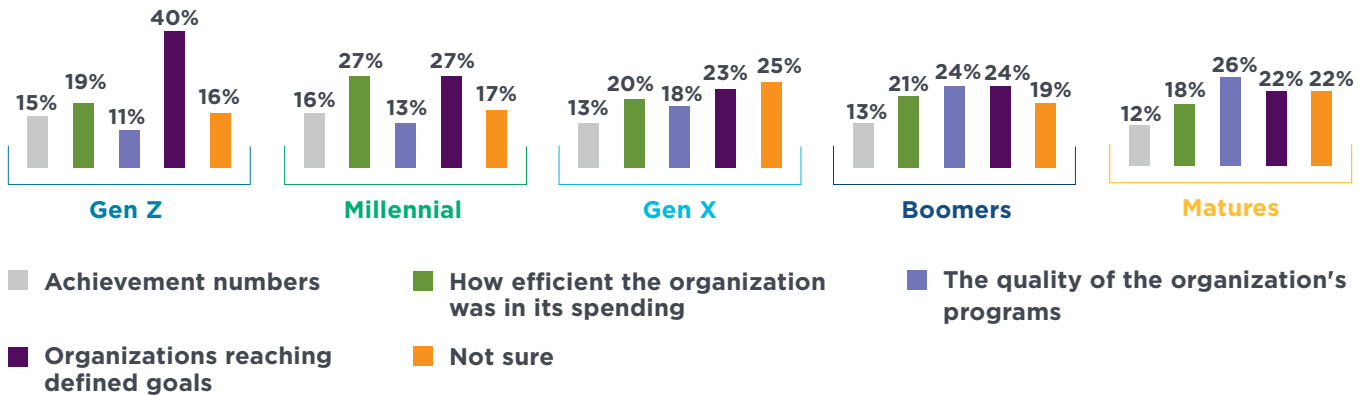
When comparing participants by giving level, people who gave more during 2020 were significantly more likely to say they know what a charity means by "impact."



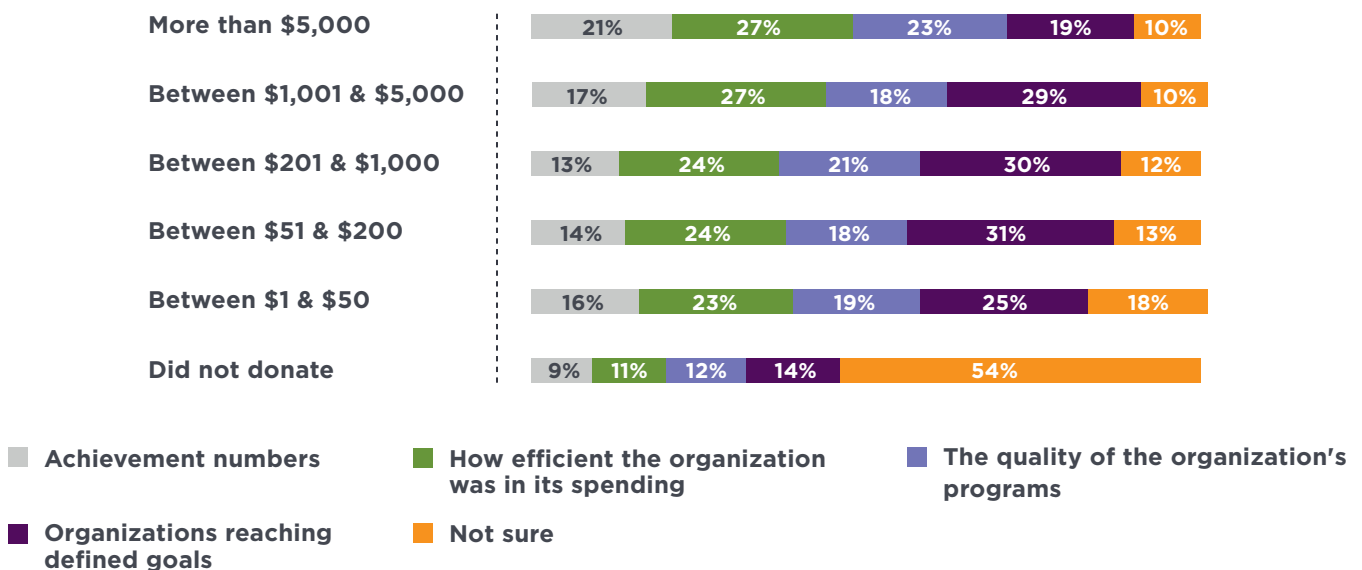
When asked to consider possible definitions for the term “charity impact,” survey respondents were split about how to best describes the term.



The divide about how to best describe “charity impact” held across generations, with some generational differences:

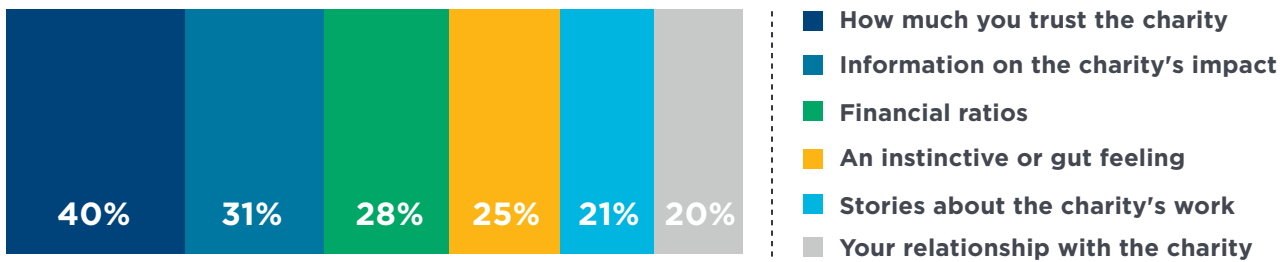


The divide about how to best describe “charity impact” also held across giving levels, with some differences across giving levels:

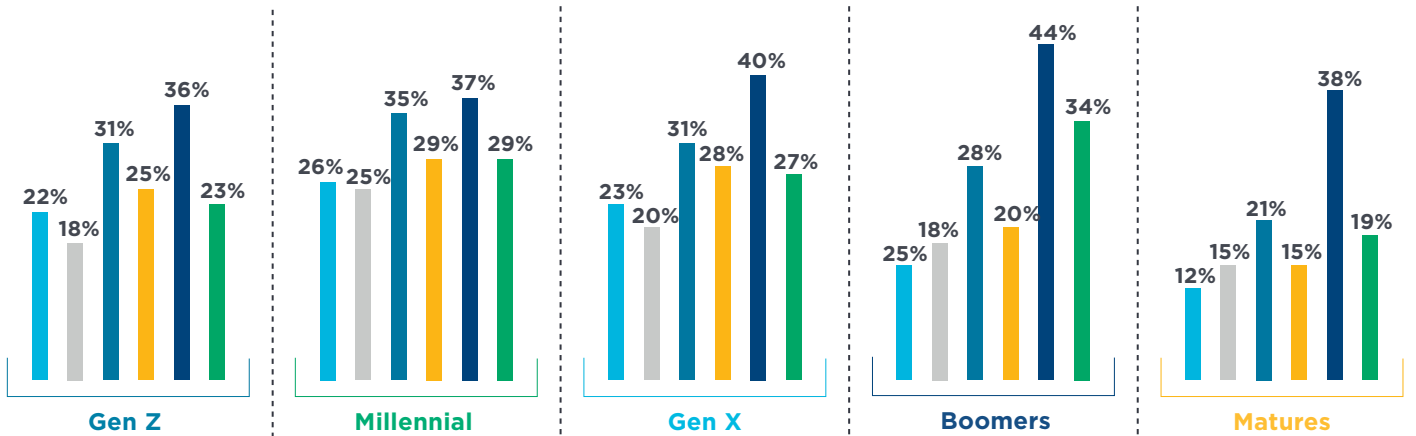


# How Important is Impact in the Giving Process?

31% of respondents rated “information on the charity’s impact” as a very important aspect in their giving process. While that is a significant portion of respondents, other aspects are similarly important.

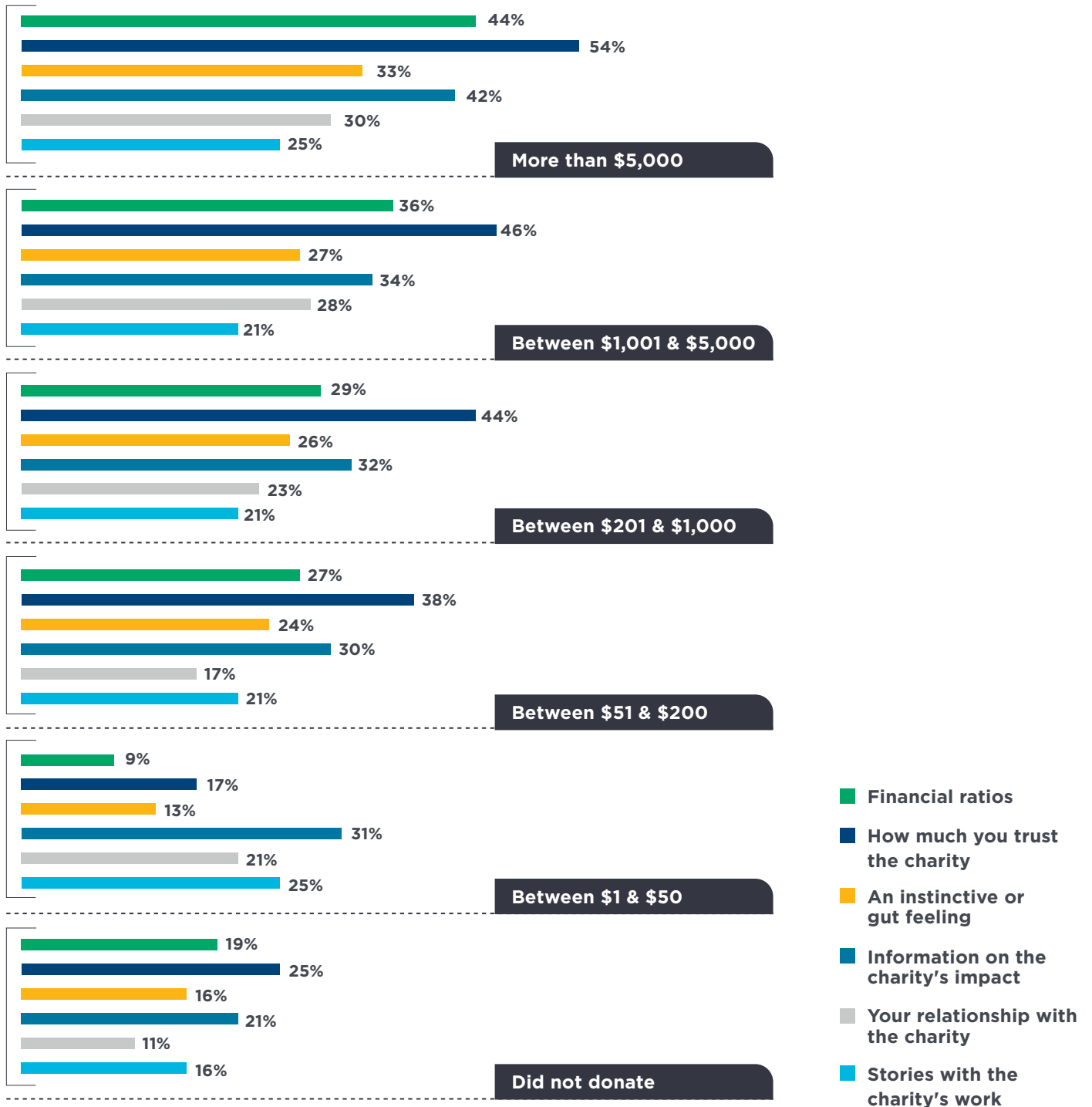


Charity trust was most frequently selected as a very important aspect in the giving process for every generation. Charity impact and financial ratios are also important in the giving process.



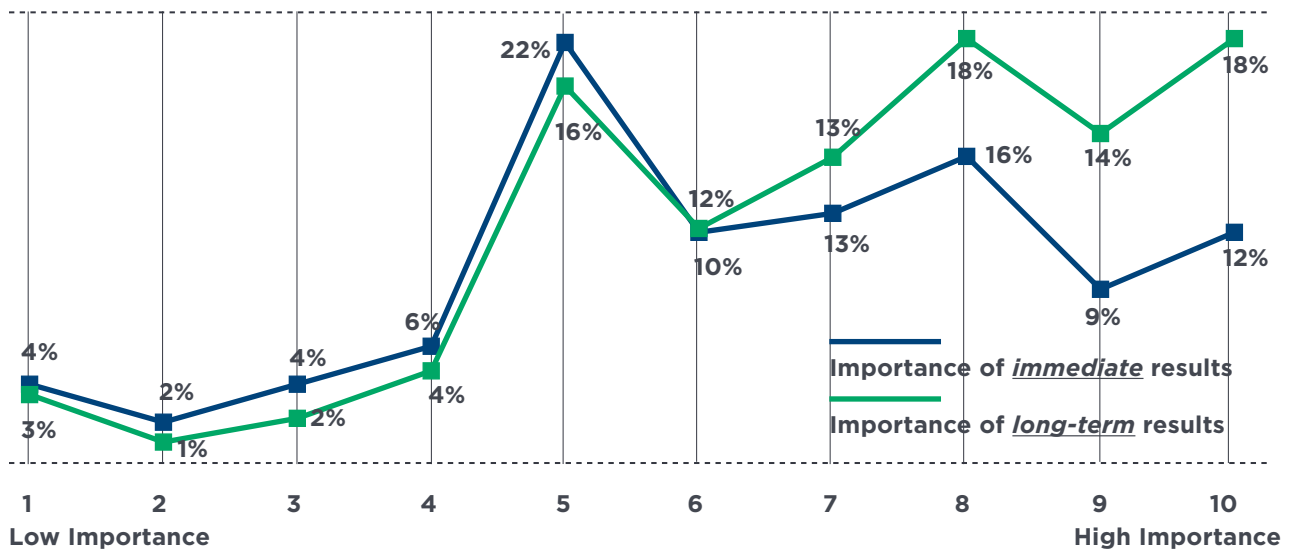
- Stories with the charity’s work
- Your relationship with the charity
- Information on the charity’s impact
- An instinctive or gut feeling
- How much you trust the charity
- Financial ratios

Charity trust was most frequently selected as a very important aspect in the giving process among all giving levels \$51 and above. Among donor who gave \$1,000 and above, charity impact came behind charity trust and financial ratios, but is certainly an important consideration.

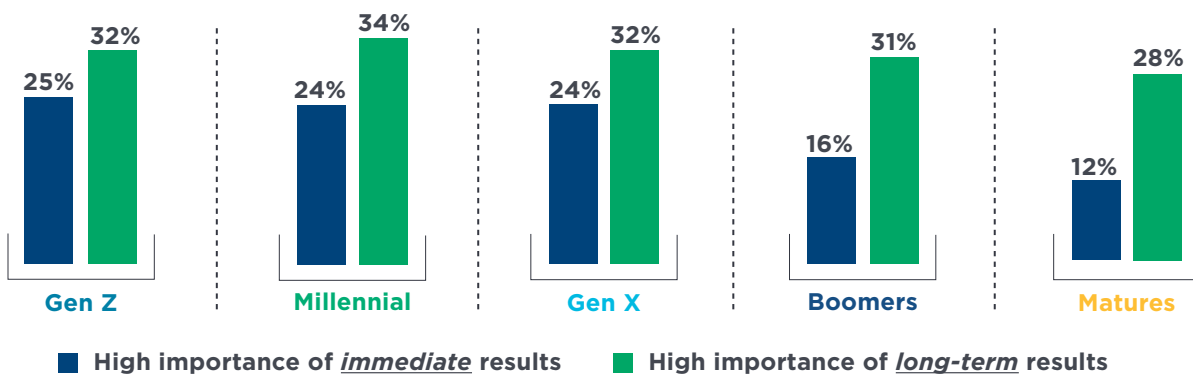


# How do Donors Feel About Competing Priorities?

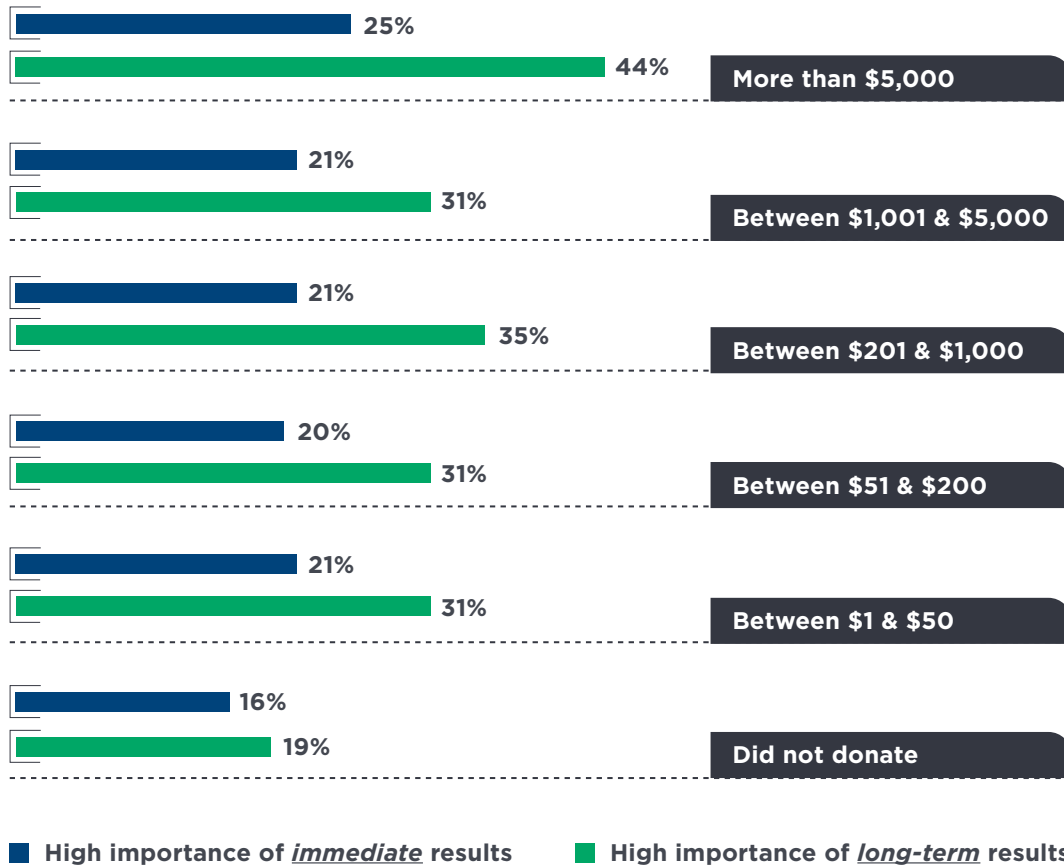
We asked potential donors to rate the importance of immediate and long-term results. Both immediate and long-term results are important, but more respondents said long term results are highly important.



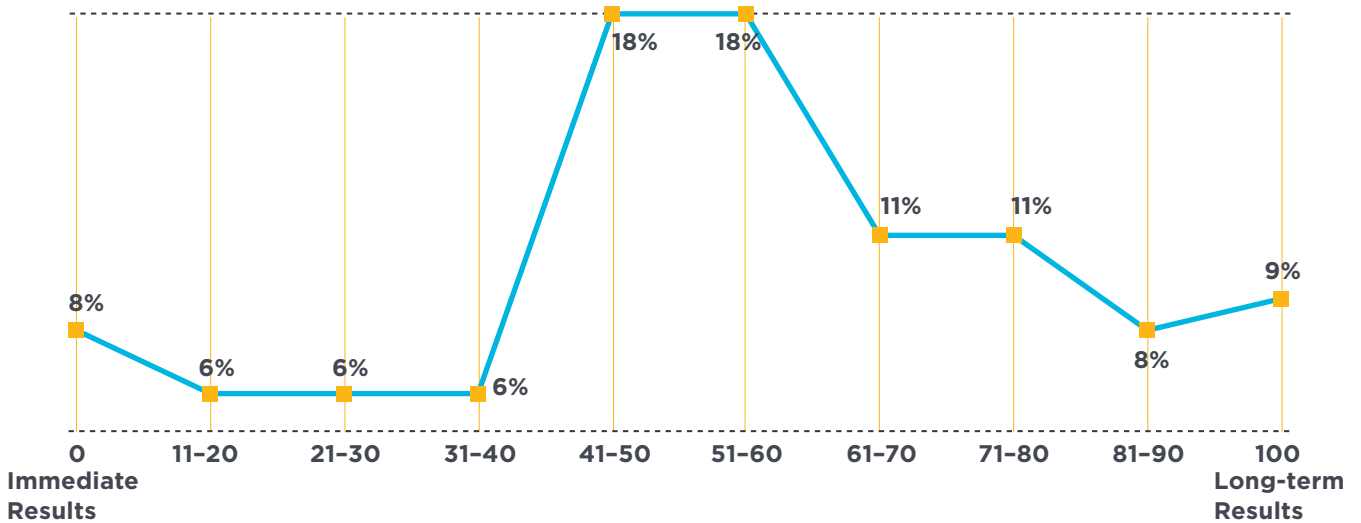
The relatively high importance attributed to long term results as compared to immediate results held across generations, but the difference was most marked among older generations.



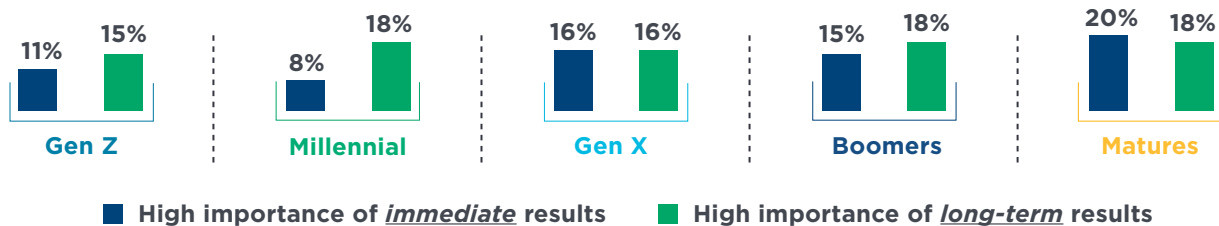
The relatively high importance attributed to long term results as compared to immediate results also held across giving levels but was most marked among higher donors.



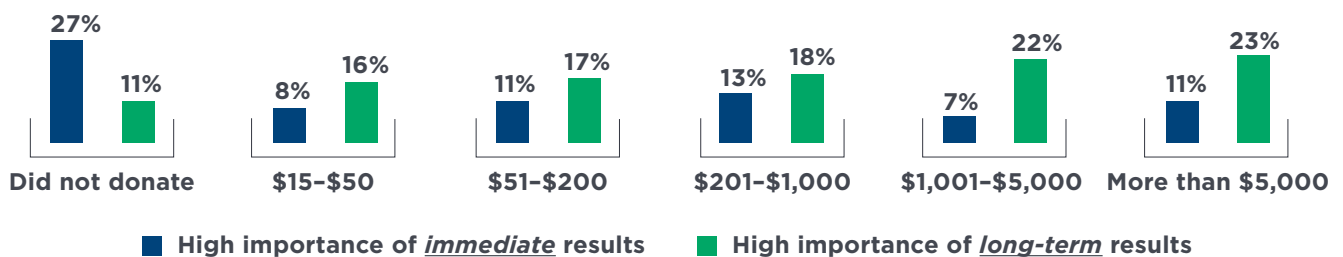
When asked to consider a situation where a charity must demonstrate immediate results or long-term results, most participants prefer a balance. At the extremes, more people would prioritize long-term results than immediate results.



The portion of respondents with high preference for long-term results is similar across generations. There are more marked differences across people who would prioritize immediate results.

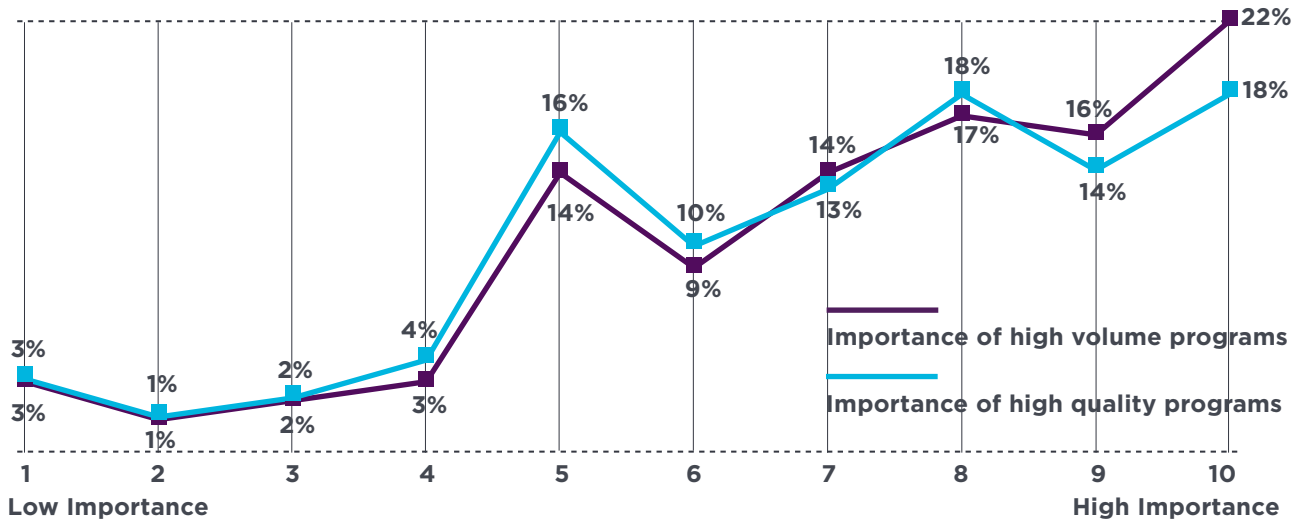


Larger donors are more likely to say they would highly prioritize long-term results. People who did not donate in 2020 are more likely to say they would prioritize immediate results.

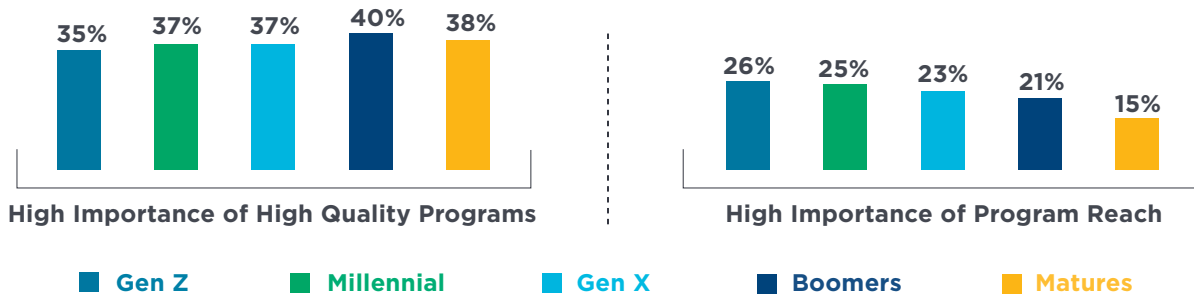




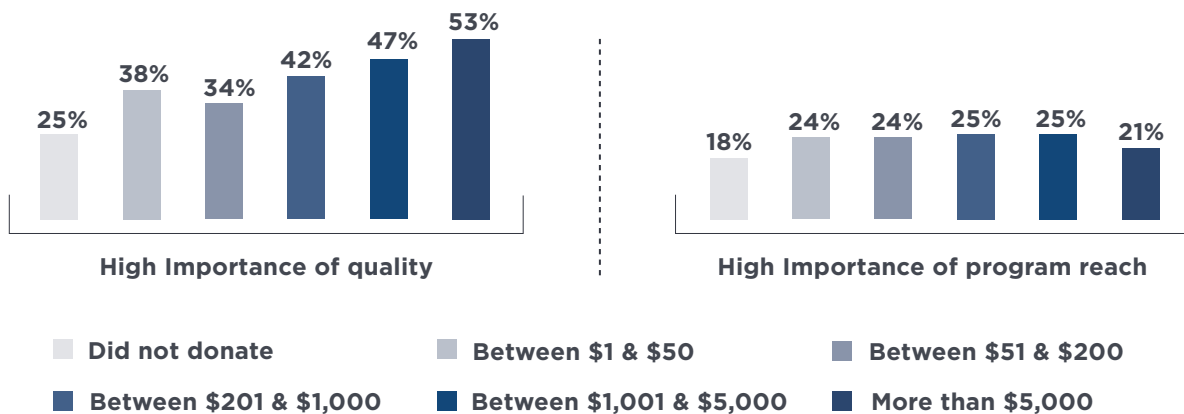
We asked potential donors to rate the importance of program volume and program quality. Both volume and quality are important, but more respondents said program quality is highly important than program volume.



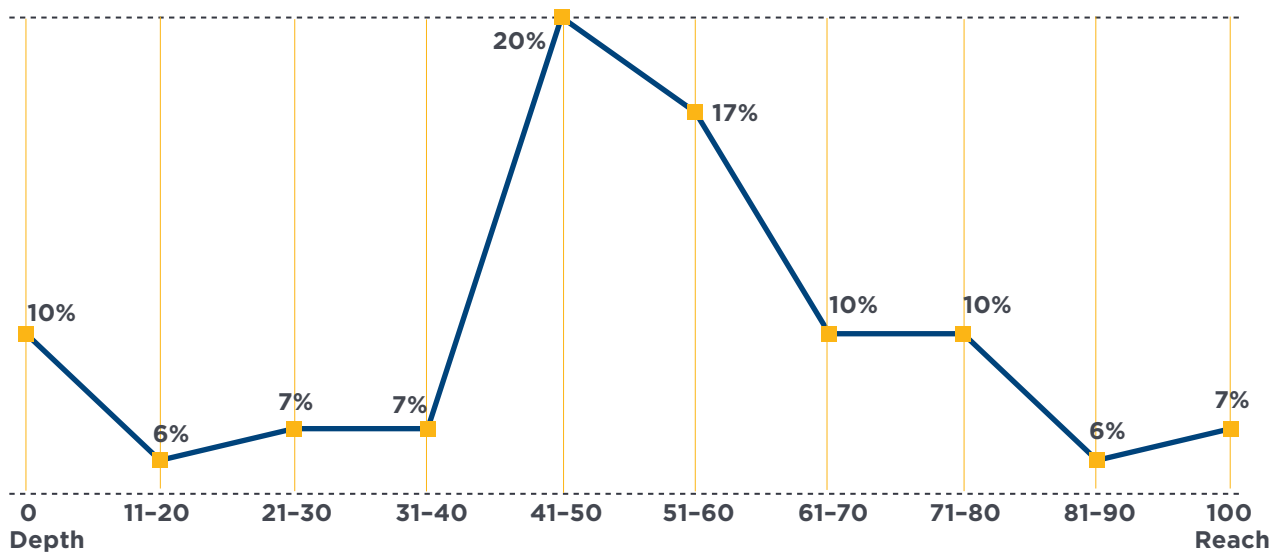
The relatively high importance attributed to program quality as compared to volume held across generations, but the difference was most significant among older generations.



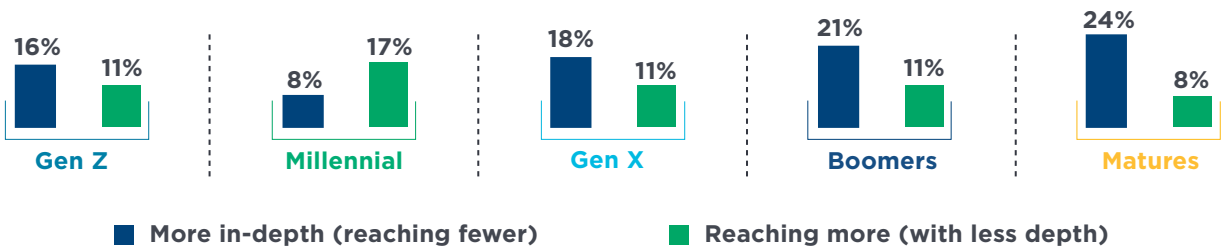
The relatively high importance attributed to program quality over volume held across giving levels. High quality programs were more important among higher donors.



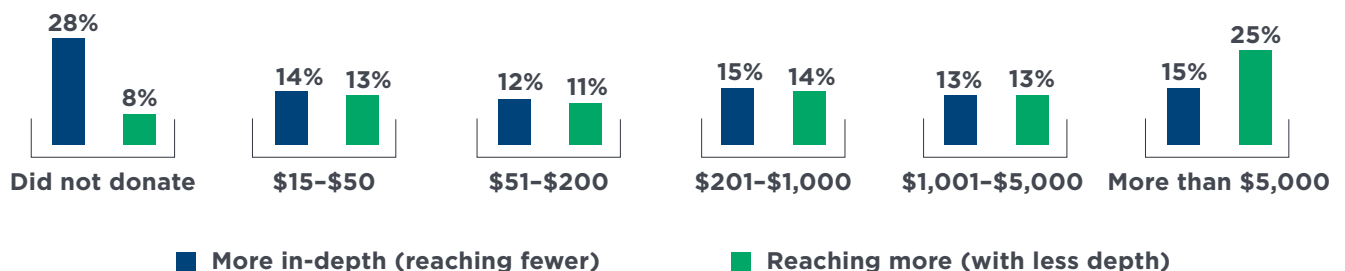
When asked to consider a situation where a charity must choose between offering more in-depth programs to fewer children or offering less in-depth programs but reaching more children, most participants prefer a balance. At the response extremes, more people would prioritize program depth than reach.



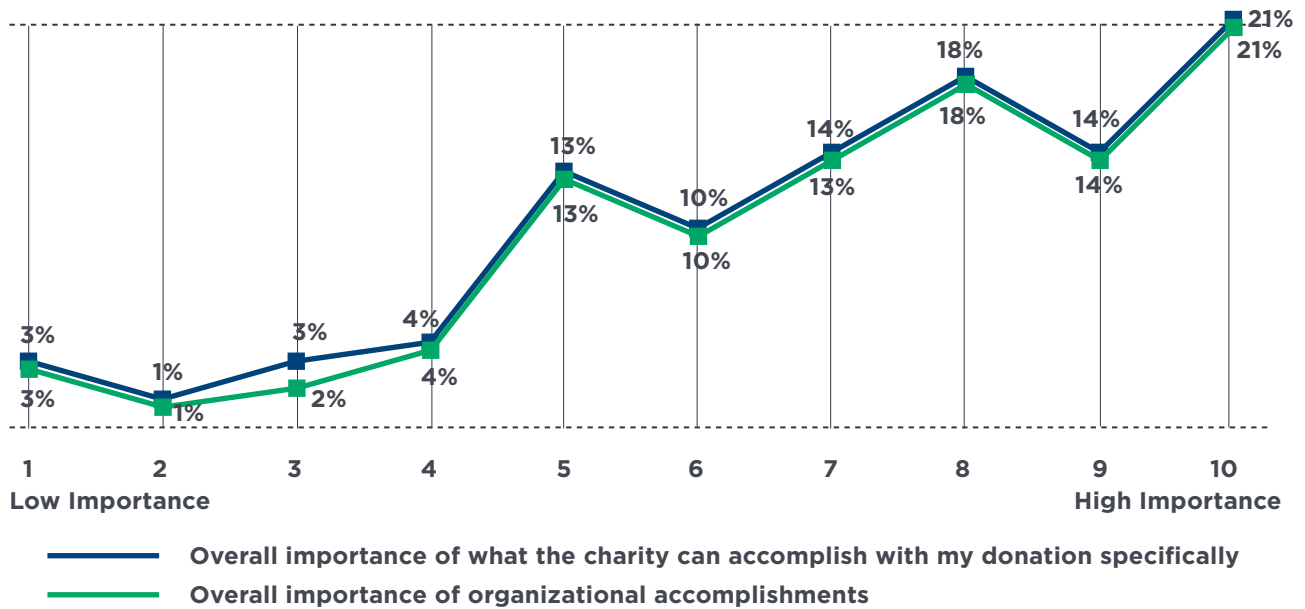
Older generations were more likely to prioritize depth. Millennials were the only generation to report a preference toward reach.



People who did not donate during 2020 were more likely to say they would prioritize depth. In contrast, people who donated \$5,000 or more were more likely to prioritize reach.



We asked potential donors to rate the importance of what the charity will accomplish with their donation specifically and as far as overall organizational accomplishments. The importance attributed to the accomplishments tied to a specific donation versus overall were virtually the same.



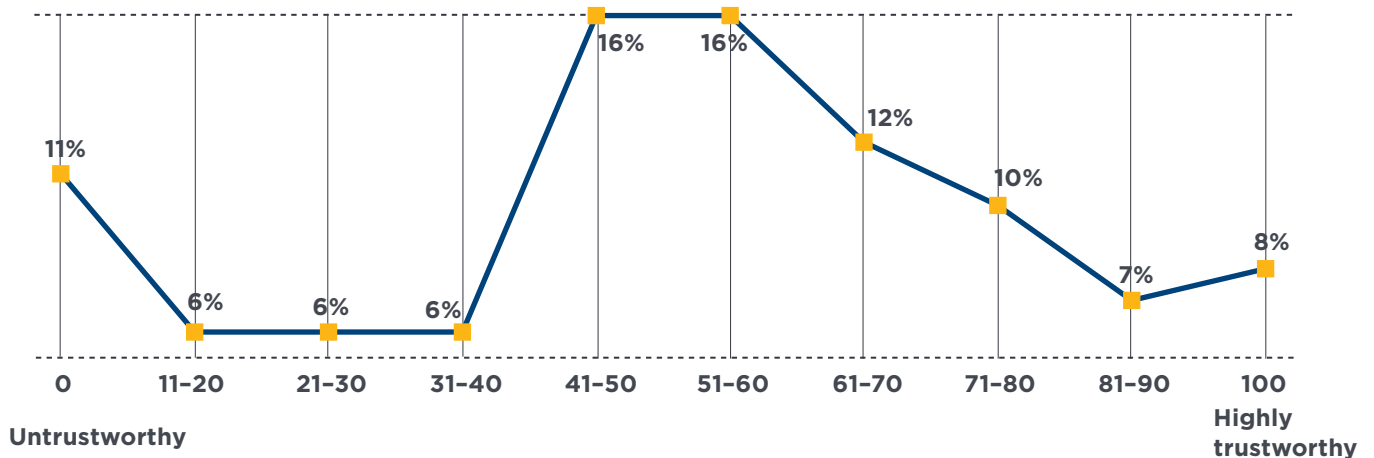
For any given generation, the portion of respondents who attribute high importance to the accomplishments of their own donations very closely matches the importance of overall accomplishments.



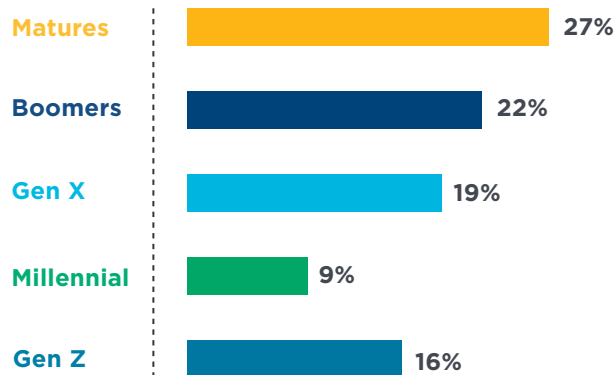
Larger donors tend to attribute more importance to both the accomplishments of their donation and overall organizational accomplishments. Still, the importance attributed to their own donations closely resembles the importance of overall accomplishments.



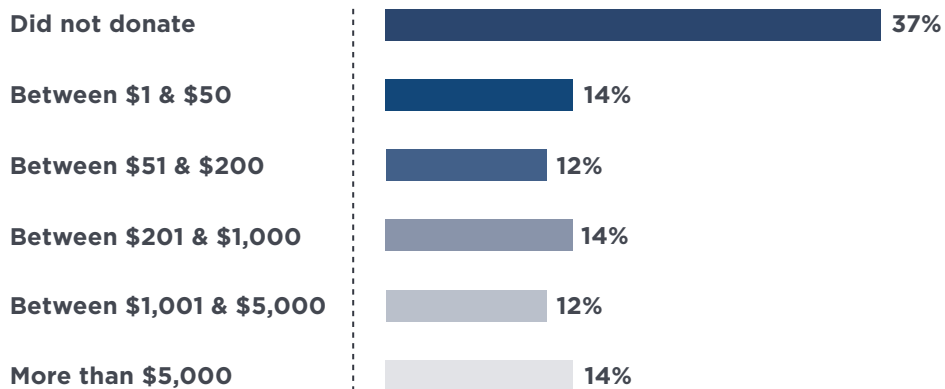
“Bang for your buck” impact statements come across as untrustworthy (rated between 0 and 20 on a 100-point scale) for 17% of respondents. By comparison 15% consider such language to be highly trustworthy (80 to 100 on a 100-point scale).



Such impact language is more likely to be considered untrustworthy among older generations. The portion of respondents who rated their trust between 0 and 20 on a 100-point scale is below:

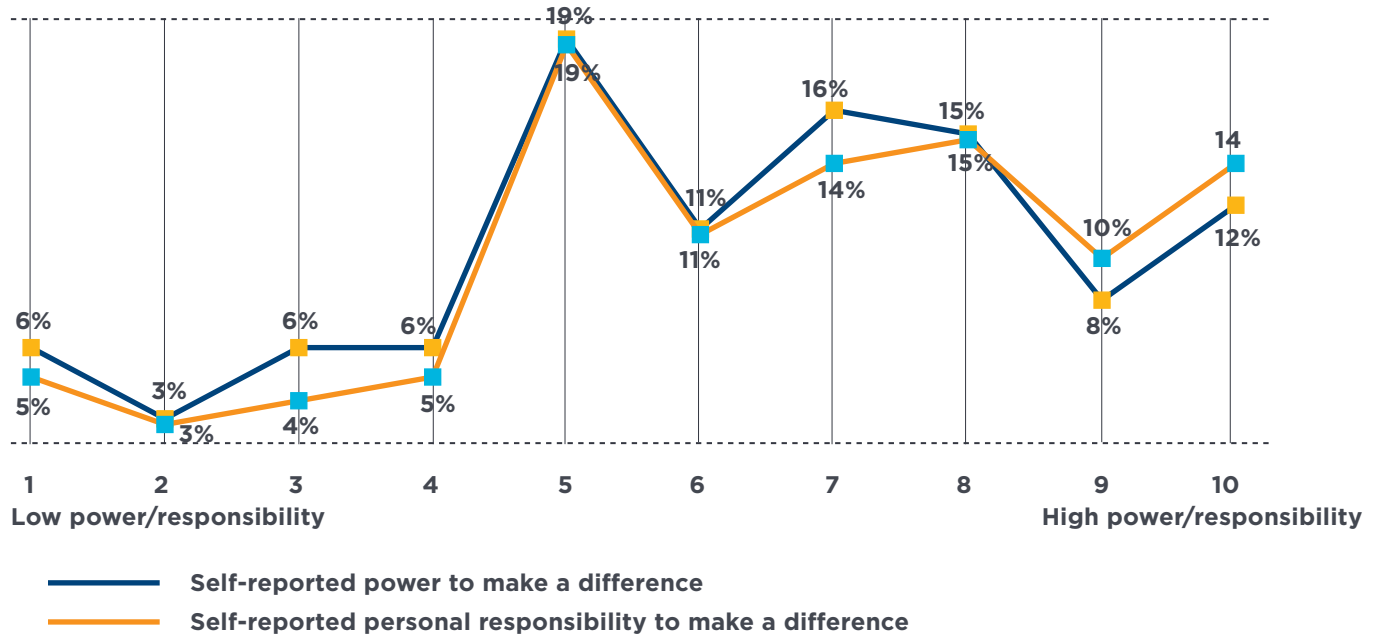


“Bang for your buck” impact statements are also very likely to be distrusted among people who do not donate. The portion of respondents who rated their trust between 0 and 20 on a 100-point scale is below:

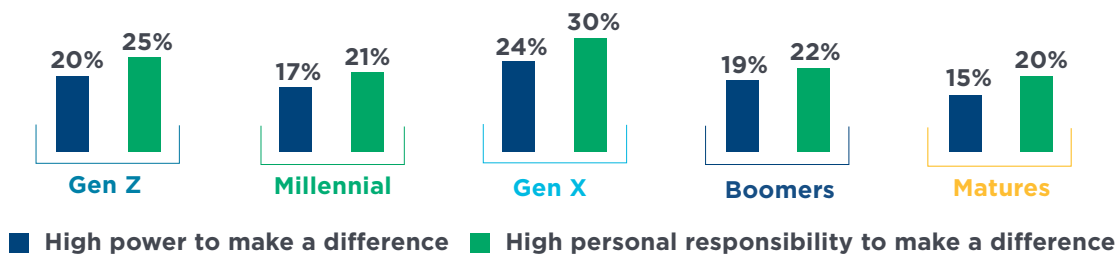


# How Do Charities Fit Into Individual's Desires to Make a Difference?

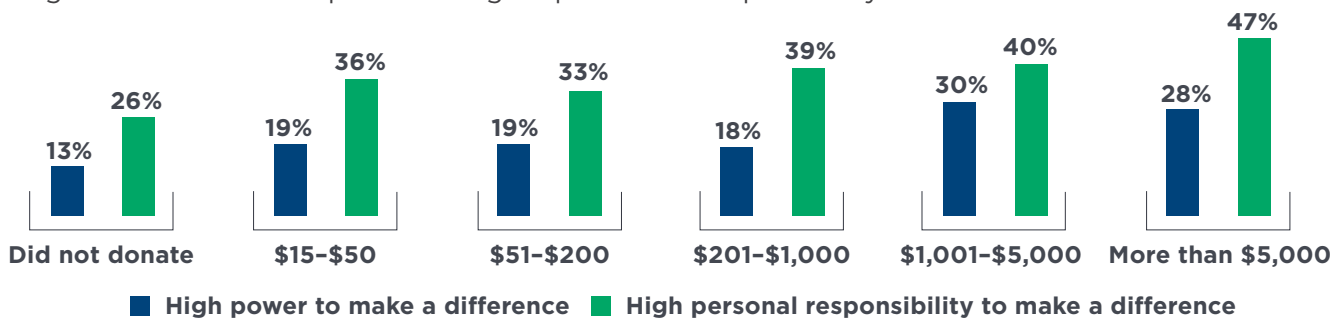
When asked to consider how much responsibility and power the individual feels they have to make a difference in a cause area they care about, respondents said:



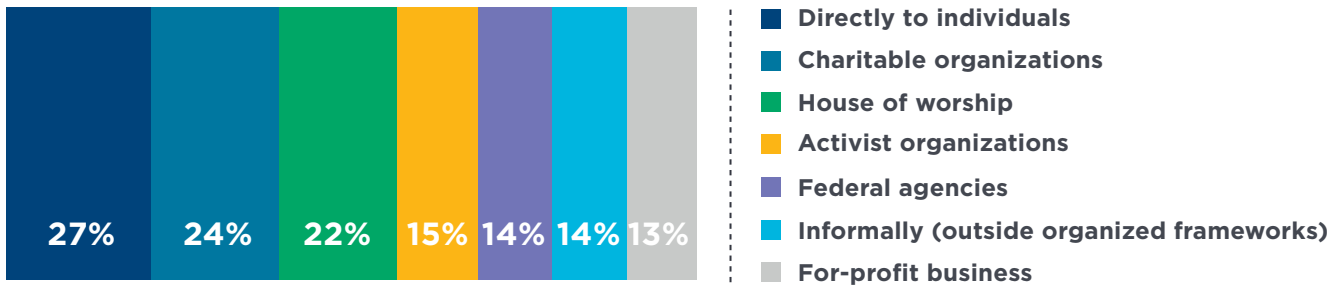
For any given generation, the portion of respondents who report high power to make a difference is lower than the portion of respondents that report high responsibility.



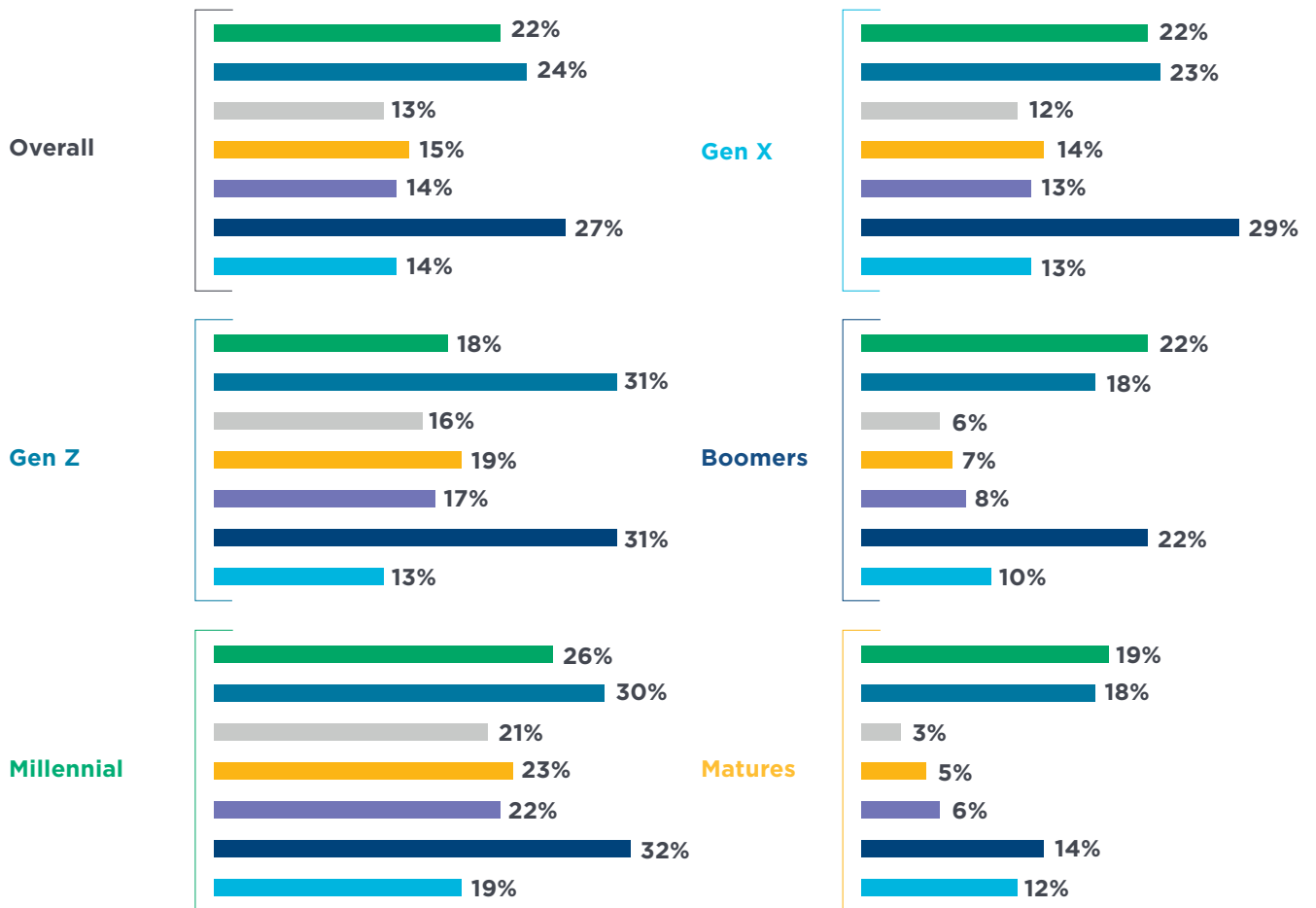
Larger donors tend to report both higher power and responsibility to make a difference.



Because, when an individual seeks to make a difference, charities are not the only choice, we asked respondents to rate how helpful different alternatives were. Below is the portion of respondents who rated alternatives as very helpful.

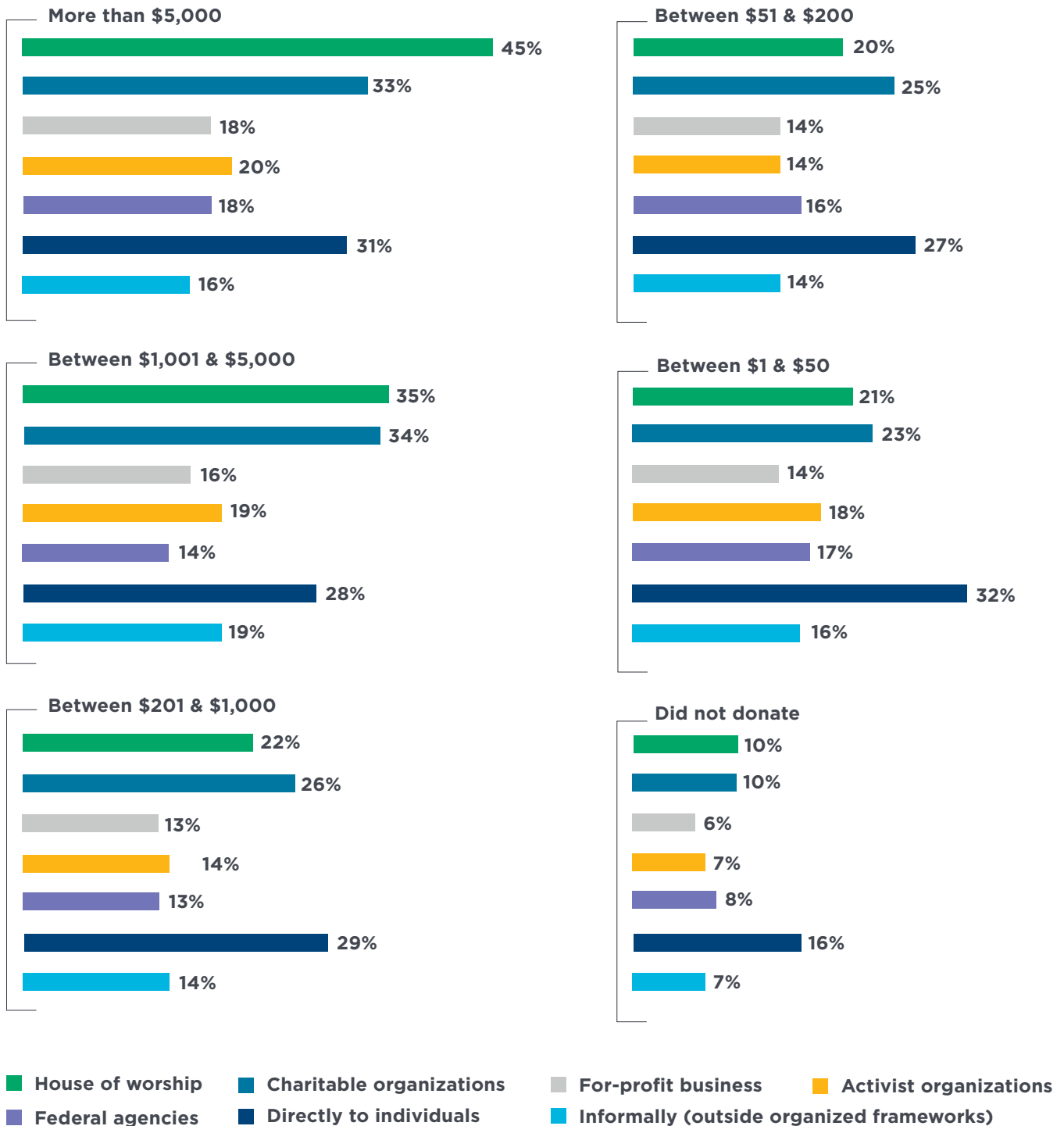


Giving directly to individuals was most frequently chosen as a very helpful way to make a difference across generations, with the exception of Matures. Millennials (and to some extent Gen Zers) were significantly more likely to think that activist organizations, for-profits business, and going outside organized frameworks offer very helpful ways to make a difference.



■ House of worship   
 ■ Charitable organizations   
 ■ For-profit business   
 ■ Activist organizations  
■ Federal agencies   
 ■ Directly to individuals   
■ Informally (outside organized frameworks)

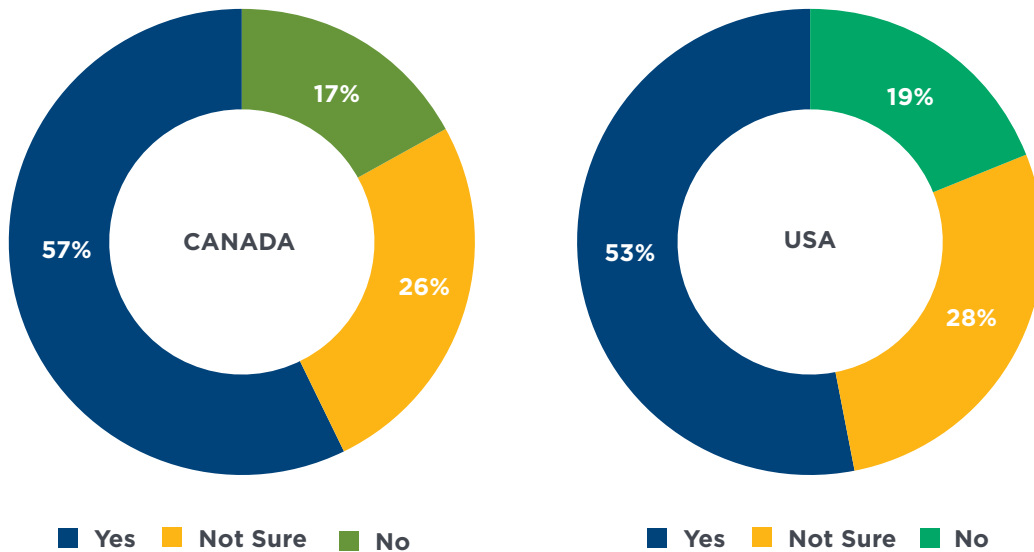
Individuals reporting higher giving levels are also more likely to say charities and houses of worship offer a very helpful way to make a difference.



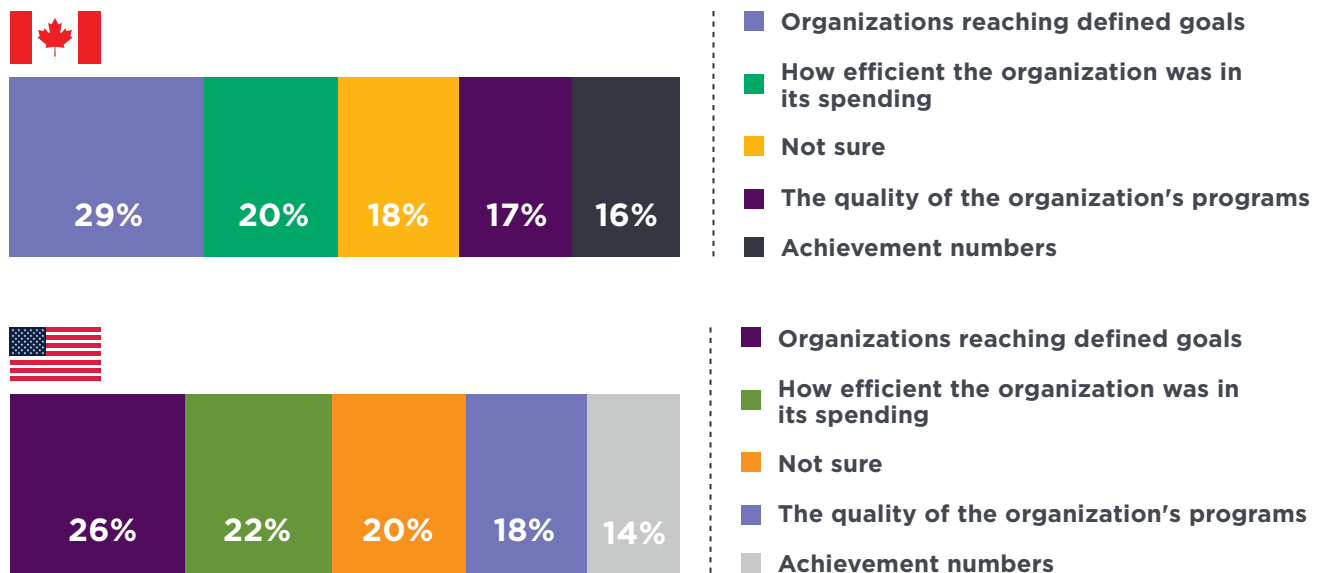


# How Do Canadian Donor Expectations Regarding Charity Impact Compare?

Canadian participants were slightly more likely to report knowing what a charity means when talking about their “impact.”



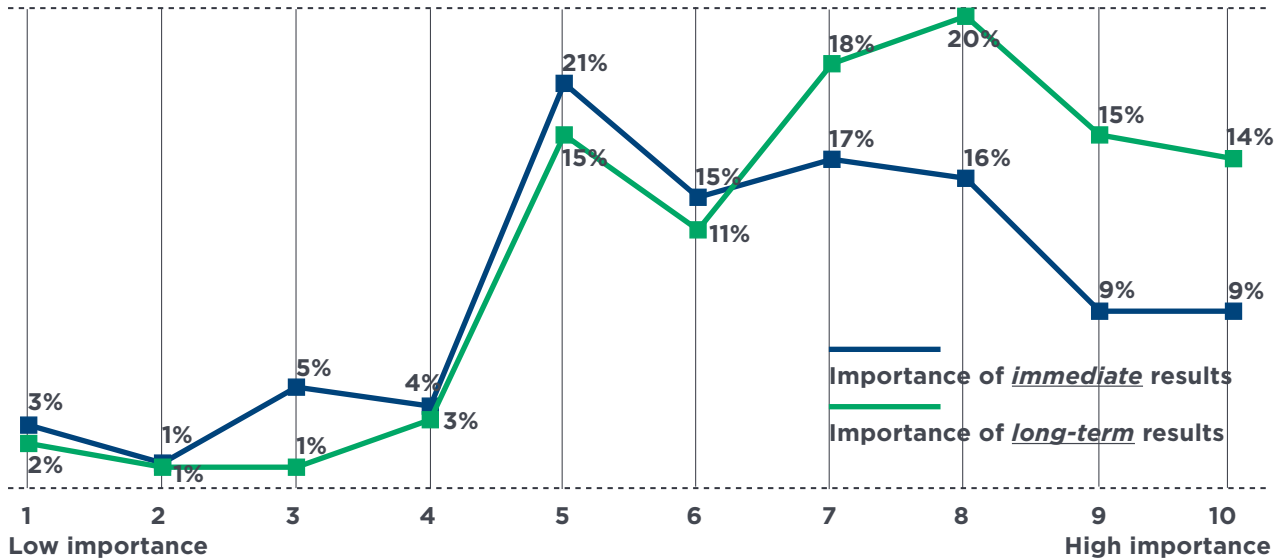
Like their U.S. counterparts, Canadian respondents were split about how to best describes the term “charity impact.” Overall, Canadians were more likely to choose “organizations reaching defined goals” as the alternative that best describes “charity impact.”



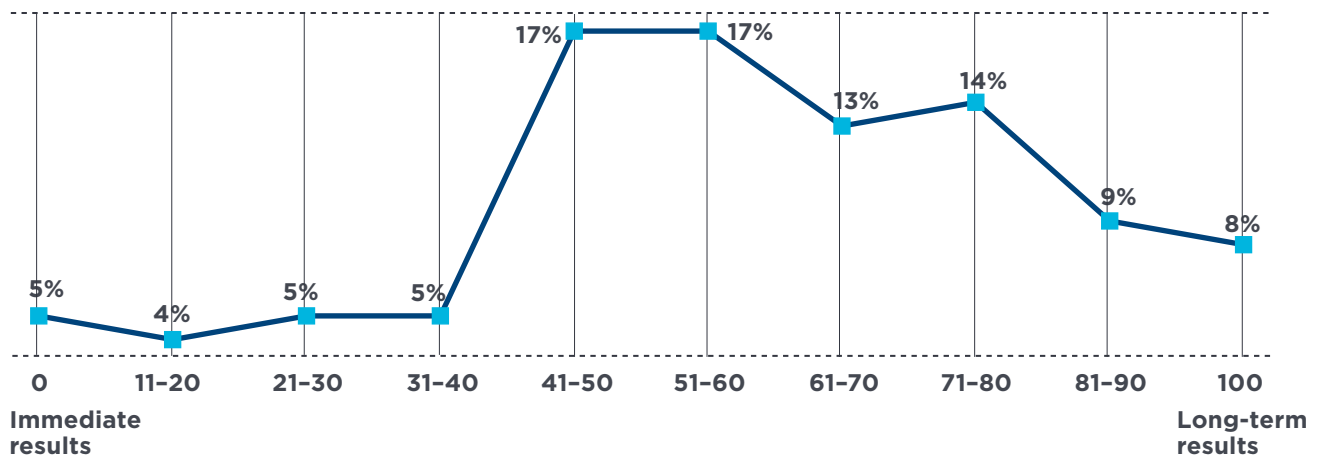
27% of Canadian respondents rated “information on the charity’s impact” as a very important aspect in their giving process (9 or 10 on a 10-point scale). As with U.S. participants, other aspects are similarly important.



Both immediate and long-term results are important, but more Canadian respondents said long term results are highly important than immediate results.



When asked to consider a situation where a charity must demonstrate immediate results or long-term results, most Canadian participants prefer a balance.

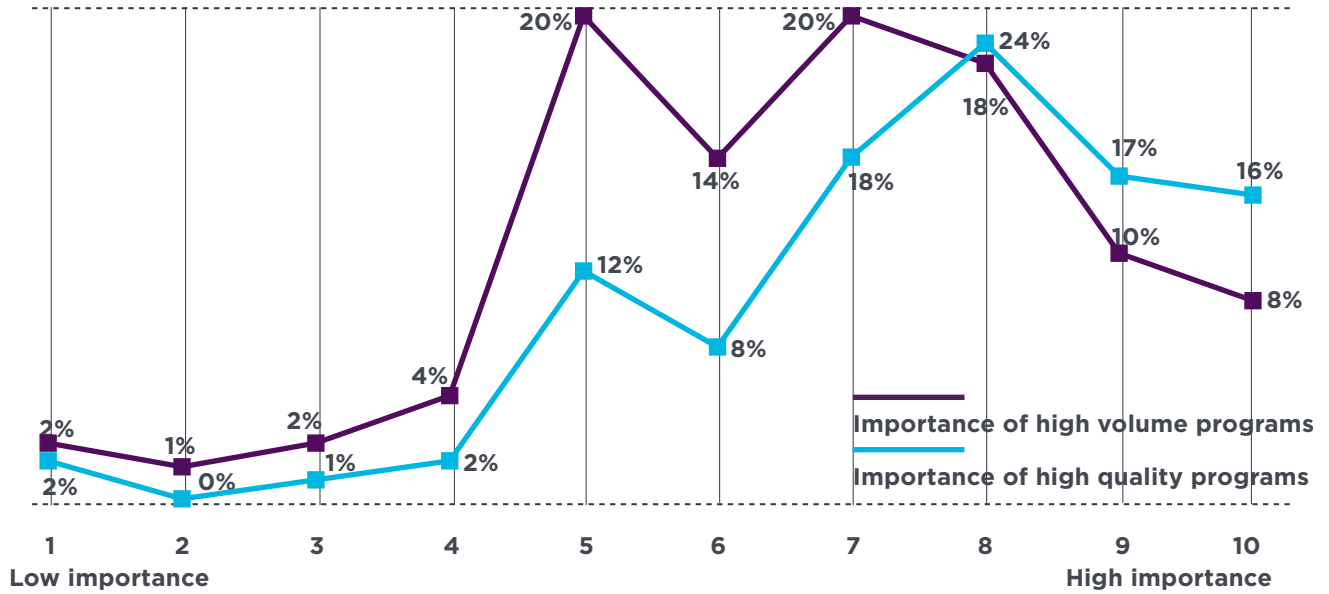


At the extremes, more Canadians would prioritize long-term results than immediate results.

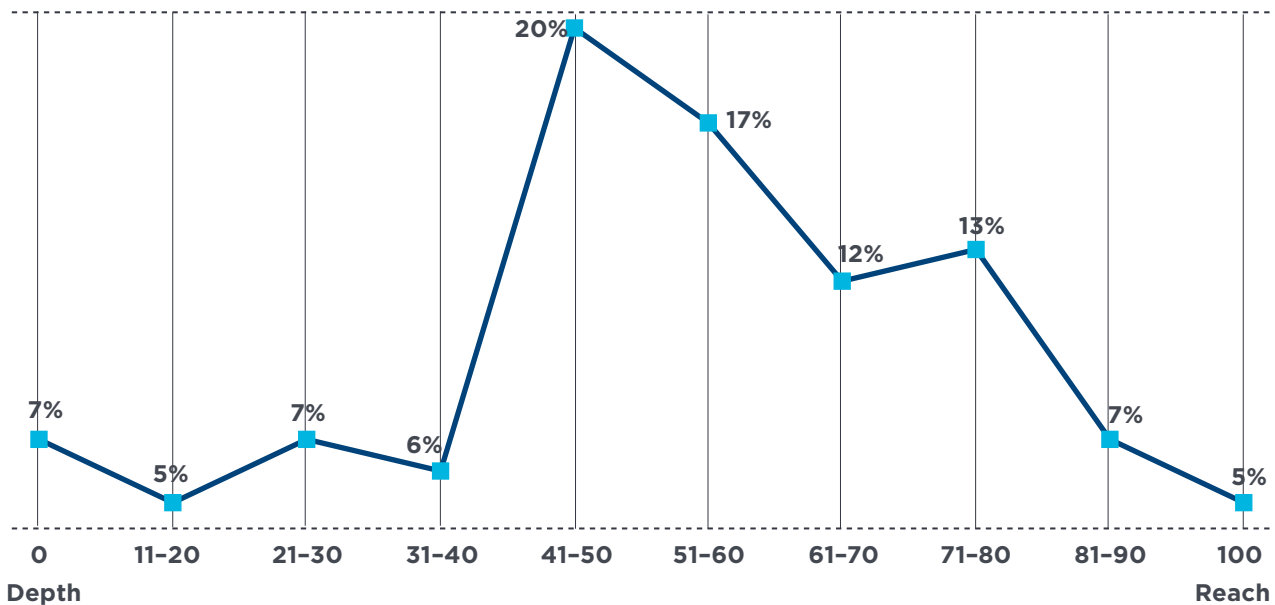


■ High priority for immediate results ■ High priority for long-term results

Both program quality and volume are important, but more Canadian respondents said program quality is highly important than program volume.



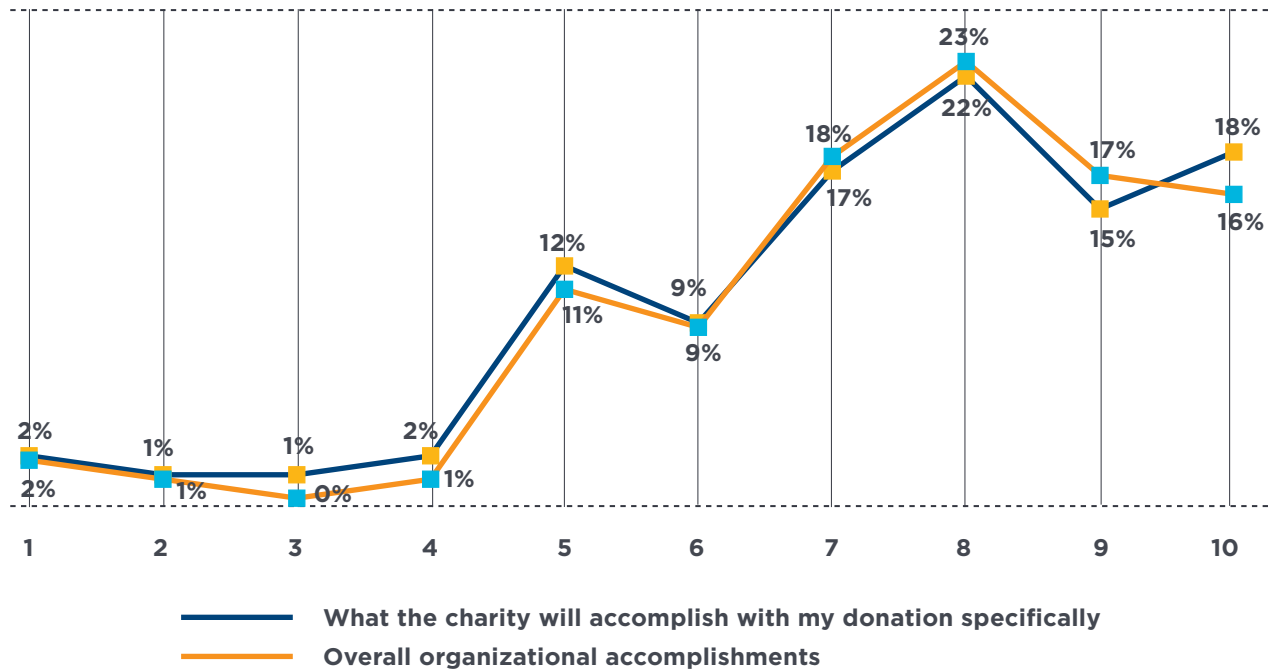
When asked to consider a situation where a charity must choose between offering more in-depth programs to fewer children or offering less in-depth programs but reaching more children, most Canadian participants prefer a balance.



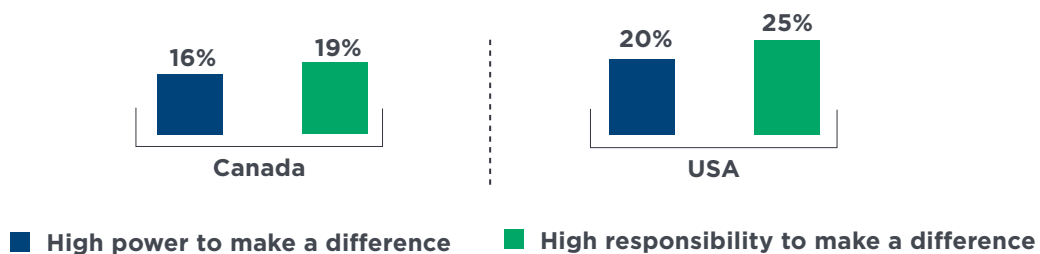
At the extremes, a similar portion of Canadian respondents would prioritize program depth versus reach.



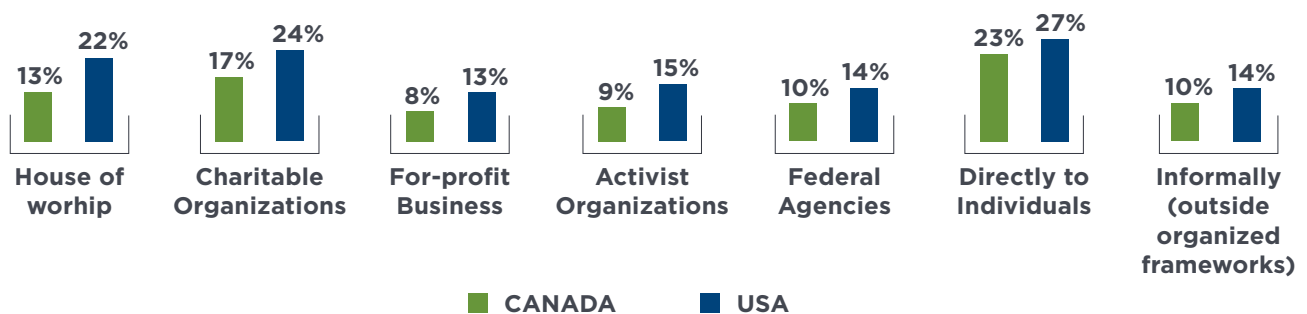
As with U.S. participants, the importance attributed by Canadian respondents to accomplishments tied to their specific donation versus overall accomplishments was virtually the same.



Canadian respondents were less likely to report feeling high responsibility or high power to make a difference than their U.S. counterparts.



Overall, Canadians and U.S. most frequently rated giving directly to individuals as a very helpful way to make a difference.





# Conclusion

Optimistically, charity impact information can help individual charities improve or become more efficient, and it can help impactful charities attract support. At a macro level, charity impact information has the potential to help direct social investment toward more effective organizations. On the flip side, charity impact metrics can fail to account for differences in context across charities and remove the choice on how to measure impact from the charity's leadership in favor of some constituents. Over-emphasis on charity impact metrics can also create pressure for charities to prioritize short-term metrics at the expense of long-term goals, prioritize program reach at the expense of depth, and focus on the program accomplishments of donor-specific dollars at the expense of organizational capacity or overall accomplishments.

**Our survey finds that, although people care about immediate results, volume of programs, and the accomplishments of their own contributions, they attribute higher importance to long-term results, depth of programs, and the overall accomplishments and capacity of the organization.** We know these factors are not necessarily tradeoffs. Yet, we must be careful not to create incentives to prioritize short-term and quantity-driven strategies in the name of impact metrics.

**Results also shows that the donating public does not have a clear understanding of the term “charity impact.”** Barely over half of respondents (53%) think they know what a charity means when talking about “impact.” And, when asked to consider possible definitions for the term “charity impact,” survey respondents were divided about how to best describe the term. In some ways, this is not surprising. The term is loaded and fluid even among charity experts. On the other hand, this speaks to the importance of clarity in charity appeals. **If impact information is to be conveyed effectively, our results suggest that specificity (both in the use of the term “impact” and in the shared statistics) is helpful.** Given that individual donors (and older donors in particular) continue to account for 80% of charitable contributions in the United States,<sup>3</sup> transparency and clarity in donor communications is critical.

**Our findings are also a call to keep things in perspective. While it has become a common assumption that donors seek and want to support highly impactful organizations, survey results show that this is an incomplete picture.** Specifically, while donors say they care about charity impact, they care even more about overall charity trust and continue to think financial ratios are important. On top of that, our survey shows the importance of targeted communications. For example, while “bang for your buck” impact statements come across as highly trustworthy to 15% of respondents, 17% find such statements to be highly untrustworthy, with the skepticism toward “bang

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<sup>3</sup> Giving USA 2020 reports that giving by individuals totaled an estimated \$309.66 billion, close to 70% of total giving. Giving by bequest added an additional \$43.21 billion in 2019. Giving USA: The Annual Report on Philanthropy for the Year 2019. Chicago: Giving USA Foundation.

for your buck” statements being particularly high among Matures (27%) and people who did not give in the past year (37%).

**Finally, survey findings remind us that, when individuals seek to make a difference, charities are not their only choice.** That is, viewing it from the perspective of an individual seeking to be impactful, supporting a charity may be one among other competing alternatives. Overall, respondents were more likely to say that giving to individuals directly is a highly helpful way to make a difference (27%) as compared to giving to charities (24%). Also, importantly, 13% of participants said for-profit businesses (13%) and activist organizations (15%) offer a highly helpful way to make a difference. While these figures may have been partially elevated by the effects of COVID-19 in 2020, it is noteworthy that younger generations were significantly more likely to think that activist organizations and for-profit businesses offer very helpful ways to make a difference. For instance, 21% of Millennials and 16% of Gen Zers said for-profit organizations offer helpful ways to be impactful, as compared to only 6% of Boomers and 3% of Matures. When appealing to an individual donor’s desire to make a difference, this adds another level of complexity.

BBB’s Give.org considers efforts to identify best impact measures and to improve an organization’s mission-driven work to be most successful when done as an introspective exercise of the charity’s board and staff. With attention to charity impact mounting, the need to be thoughtful and precise in charity communications is also rising. As mission-driven organizations, charities have an obligation to monitor their effectiveness and seek to improve their “impact”.<sup>4</sup> In sharing impact information publicly, charities are likely to be more selective about the sorts of activities that are highlighted and discussed. To maintain public trust and protect their mission work, charities must also fulfill some outside demands to share impact information.

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<sup>4</sup> At the time the *BBB Standards for Charity Accountability* were last revised, the term charity “impact” was not widely used. As recommended by a panel including philanthropic experts, charities, CPAs, government regulators and donors, BBB Standards addresses the issue of “impact” as measuring the effectiveness of a charity in achieving its mission.

Seven years ago, BBB's Give.org, GuideStar (now Candid), and Charity Navigator released the Overhead Myth letter.<sup>5</sup> That letter expressed a concern that excessive focus on low overhead spending can be misguided and arguably harmful to a charity's capacity for service and impact. To carry out their mission, charities need to have paid staff, reasonable operating expenses, and the ability to take risks that may not always be financially conservative. That was not to say that overhead has no role in ensuring charity accountability, but that other factors – such as transparency, governance, leadership, and results – are also important. **Not unlike overhead spending, overemphasis on impact information can have negative unintended consequences. That is why understanding the power and limitations of impact reporting – and maintaining perspective about each proxy – is crucial.** The challenge remains effectively communicating the charity's role in helping individual donors make a difference.

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<sup>5</sup> Taylor, Art, Jacob Harold, and Ken Berger. "Overhead Myth Letter to the Nonprofits of America." The Overhead Myth: Moving Toward an Overhead Solution. overheadmyth.com, 2014, <http://overheadmyth.com/letter-to-the-donors-of-america/>.



# How do BBB Standards for Charity Accountability address charity impact?

As mission-driven organizations funded by public contributions, charities have an obligation to monitor their effectiveness, seek to improve their impact, and communicate results. With that in mind, some of the BBB Standards for Charity Accountability are dedicated to verifying whether the charity's governing board evaluates the success and impact of the organization, and to ensuring that the charity communicates recent program service accomplishments (among other important information) to potential supporters.

## **Providing Impact Information to the Charity's Governing Board**

We believe each charity's governing body is best positioned to understand the context in which the organization operates and how to assess its effectiveness or impact. That is why some of our Standards call for charities to put a process in place to evaluate the success and impact of their programs and report to the organization's board.

- **Standard 6 - Effectiveness Policy** - 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.
- **Standard 7 - Effectiveness Report** - 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

While we applaud charities that make impact reports public, a public distribution requirement can lead to a less objective and more promotional tone. Our effectiveness assessment Standards prioritize a frank assessment by the governing board. These Standards do not require charities to conduct expensive long-term or longitudinal studies and can be achieved through modest means.

## **Public Disclosures in Annual Report and Websites**

Because charities must also keep the donating public informed, two of our Standards (related to solicitation and informational material) call for charities to disclose program service accomplishments, along with other important information about the charity. By their very nature, these disclosures can include impact information.

- **Standard 16 - Annual Report** - 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, and d) financial information.
- **Standard 17 - Website Disclosures** - 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.

### **Charting Impact**

Ten years ago, BBB Wise Giving Alliance collaborated with Independent Sector and Candid (previously GuideStar) to produce a five-question results-reporting framework that can help charities seeking to assess and communicate their own impact. This initiative asked charities to share information in response to five questions: (1) What is your organization aiming to accomplish? (2) What are your strategies for making this happen? (3) What are your organization's capabilities for doing this? (4) How will your organization know if you are making progress? And (5) What have and haven't you accomplished so far? Completing a Charting Impact report can help charities meet BBB Charity Standard 7 referenced earlier, assuming the charity provides the resulting report to its board of directors for approval.

### **Mission and Impact**

In recent years, many organizations have sought to address the issue of charity impact from different perspectives. One, in particular, shares our belief that a charity's stated mission is an important guidepost against which charity program results should be considered: the Leap of Reason Ambassadors Community. As noted on their website, this group of nonprofit thought leaders, practitioners, funders, and policymakers "believe that mission and performance are inextricably linked." At first glance, the important connection between a charity's mission and its effectiveness or impact may seem obvious but neglecting this connection can result in choosing a measure of impact that does not fit the context and nuanced mission of an organization.

More information about the 20 BBB Standards for Charity Accountability, including an explanation and implementation guide, is available at [Give.org](https://www.give.org). For charities engaged in the BBB charity reporting process, BBB staff is available for further guidance.

# Methodology

We commissioned an electronic survey of more than 2,100 adults across the United States and more than 1,000 adults across Canada during December 2020 (see Tables 1 and 2). The margin of error for the December 2020 survey in the United States is of 2% (with 95% confidence level), and the margin of error for the December 2020 Canadian survey is of 3% (with 95% confidence level).

**Table 1 — Profile of Respondents in the United States**

By Age	18-35	36-45	46-55	56-65	>65		
	30.20%	18.70%	15.92%	7.12%	28.06%		
By Gender	Female	Male	Non-binary	Transgender	Prefer not to answer	Other	
	54.52%	44.07%	0.27%	0.5%	0.55%	0.09%	
By Annual Household Income (in thousands)	<30	30-59	60-89	90-119	120-149	150 and more	Prefer not to answer
	17.79%	28.33%	18.80%	12.32%	5.02%	10.77%	6.98%
By Education	Graduate	Bachelor's	Associate's	High School	Prefer not to answer		
	18.29%	28.88%	19.75%	30.66%	2.42%		
By Ethnicity	African American	Asian	Hispanic/Latino	Other	White		
	14.92%	7.98%	11.86%	2.15%	63.09%		
By Religion Attendance	Never	Rarely	Frequently	Occasionally	Don't know	Prefer not to answer	
	30.43%	20.30%	24.45%	20.39%	1.41%	3.01%	
By Region	Northeast	Southeast	Southwest	Midwest	West		
	18.66%	30.84%	10.26%	21.72%	18.52%		

**Table 2 — Profile of Respondents in Canada**

<b>By Age</b>	18-35	36-45	46-55	56-65	>65		
	29.84%	17.66%	18.56%	18.06%	15.87%		
<b>By Gender</b>	Female	Male	Non-binary	Transgender	Prefer not to answer and other		
	49.5%	49.6%	0.50%	0.30%	0.10%		
<b>By Annual Household Income (in thousands)</b>	<30	30-59	60-89	90-119	120-149	150 and more	Prefer not to answer
	9.67%	28.22%	20.54%	18.25%	7.88%	9.37%	5.98%
<b>By Education</b>	Graduate	Bachelor's	Associate's	High School	Prefer not to answer		
	15.47%	31.14%	20.06%	31.24%	2.10%		
<b>By Ethnicity</b>	African American	Asian	Hispanic/Latino	Other	White		
	3.79%	17.37%	1.20%	4.79%	72.85%		
<b>By Religion Attendance</b>	Never	Rarely	Frequently	Occasionally	Don't know	Prefer not to answer	
	37.23%	24.75%	14.37%	20.86%	1.50	1.30%	
<b>By Region</b>	British Columbia	Alberta	Saskatchewan and Manitoba	Ontario			
	13.17%	12.08%	7.39%	38.12%			
	Quebec	Atlantic Canada	Northern Canada				
	22.36%	6.49%	0.40%				

Through our surveys, we seek to measure donor beliefs, feelings, and behavioral intentions toward charity trust and giving. This report identifies some aggregate findings and digs into the heterogeneity of donor perceptions. Specifically, we focus on age and giving level to identify differences in donor attitudes related to charity impact to gain a better understanding of the diversity of attitudes toward the sector. We use age and giving level as self-reported by survey takers. While there is no one consistent date range for generational divides, the generational ranges used in this report mirror those used by the Pew Research Center and are shown below (see Table 3).

**Table 3 – Generational Ranges**

<b>Generation</b>	<b>Generation Z (18 and older)</b>	<b>Millennial Generation</b>	<b>Generation X</b>	<b>Baby Boomers</b>	<b>Matures</b>
<b>Year Born</b>	<b>1998 to 2004</b>	<b>1981 to 1997</b>	<b>1965 to 1980</b>	<b>1946 to 1964</b>	<b>1928 to 1945</b>
<b>Age (in 2019)</b>	<b>18 to 23</b>	<b>24 to 39</b>	<b>40 to 55</b>	<b>56 to 74</b>	<b>75 to 92</b>

We recognize there are differences among people of the same gender, race, and generation. By identifying differences in donor preferences and attitudes across these categories, we aim to find untapped opportunities that support the sector’s efforts to be in tune with the United States of the present and future, strengthening the bond between donors and charities.

We know that survey responses reflect donor perceptions and are not necessarily an objective measure of a charity’s trustworthiness. Still, understanding donor attitudes toward charities and giving can help identify areas of misinformation and better ways to serve donors, furthering trust in the sector and generosity.

To determine whether a charity is accountable and trustworthy, the BBB Wise Giving Alliance (BBB WGA) uses 20 BBB Standards for Charity Accountability, based on charity governance, finances, fundraising practices, and results reporting. BBB WGA produces reports on charities based on these standards, and the reports are available free of charge to the donating public on Give.org. This report aims, in part, to understand disconnects between self-reported triggers and concerted trust criteria. In addition, we hope to identify opportunities that can help the sector build collective trust and succeed in the future.

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