



Volunteers of America®

August 19, 2019

Greetings,

We at Volunteers of America have always strived to be good stewards of the resources entrusted to us. We're proud to say that 88 cents of every dollar in revenue goes to provide direct services for those that need our help. But being good stewards also means having a talented team behind the scenes making sure our organization runs effectively and efficiently. Our team includes accountants, fundraising professionals, real estate experts, policy advocates and many others who may never directly interact with our clients but whose expertise is essential to the work we do.

The following "Letter to the Donors of America" helps explain much of what goes in to running a large charitable organization like ours. I encourage you to read it critically and consider all factors that contribute to a charity's performance. For years, Volunteers of America has strived to be as transparent as possible about our finances and overall operations. Our annual report outlines the details for how we spend our financial resources while celebrating successes and the individual lives transformed by our work.

We remain deeply grateful for the generosity of our donors and other partners. Without your support, we would never be able to accomplish our goal of helping millions of people build strong, stable lives. Thank you for believing in our mission helping us provide compassionate care to neighbors in need.

Sincerely,

Mike King
National President & CEO
Volunteers of America



**BBB Wise Giving
Alliance**



CHARITY NAVIGATOR
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GUIDESTAR®

Letter to the Donors of America

The following letter to the donors of America was penned by the leaders of the country's three leading sources of information on nonprofits – [GuideStar](#), [Charity Navigator](#), and [BBB Wise Giving Alliance](#). The letter is made available to the public under the [Attribution-NoDerivs Creative Commons license](#), which allows for it to be shared and distributed for any purpose so long as it remains unchanged. You may download a PDF of the letter [here](#).

To the Donors of America:

We write to correct a misconception about what matters when deciding which charity to support.

The percent of charity expenses that go to administrative and fundraising costs—commonly referred to as “overhead”—is a poor measure of a charity’s performance.

We ask you to pay attention to other factors of nonprofit performance: transparency, governance, leadership, and results. For years, each of our organizations has been working to increase the depth and breadth of the information we provide to donors in these areas so as to provide a much fuller picture of a charity’s performance.

That is not to say that overhead has no role in ensuring charity accountability. At the extremes the overhead ratio can offer insight: it can be a valid data point for rooting out fraud and poor financial management. In most cases, however, focusing on overhead without considering other critical dimensions of a charity’s financial and organizational performance can do more damage than good.

In fact, many charities should spend more on overhead. Overhead costs include important investments charities make to improve their work: investments in training, planning, evaluation, and internal systems—as well as their efforts to raise money so they can operate their programs. These expenses allow a charity to sustain itself (the way a family has to pay the electric bill) or to improve itself (the way a family might invest in college tuition).

When we focus solely or predominantly on overhead, we can create what the Stanford Social Innovation Review has called “The Nonprofit Starvation Cycle.” We starve charities of the freedom they need to best serve the people and communities they are trying to serve.

If you don't believe us—America's three leading sources of information about charities, each used by millions of donors every year—see the back of this letter for research from other experts including Indiana University, the Urban Institute, and others that proves the point.

So when you are making your charitable giving decisions, please consider the whole picture. The people and communities served by charities don't need low overhead, they need high performance.

Thank you,

Art Taylor
President & CEO
BBB Wise Giving Alliance

Jacob Harold
President & CEO
GuideStar

Ken Berger
President & CEO
Charity Navigator