

Message to the Constituents



2007 was a hallmark year in the Charities Review Council's rich tradition of empowering donors to make informed and thoughtful giving decisions.

Through the Accountability Wizard that allowed us to increase our capacity to review more charities, donors now have access to more in-depth data of reviewed organizations than ever before. By building relationships with federated campaigns and professional associations, more nonprofits are learning about the benefits of the Accountability Wizard.

Notably in 2007, we conducted the first of its kind statewide public trust survey, providing landmark data on the perceptions and giving habits of Minnesota donors that will be especially helpful to the nonprofit sector in its efforts to strengthen public trust. The survey confirmed that giving and volunteering are staples of Minnesota's way of life and that there is a strong connection between trust in nonprofits and levels of giving. To read additional survey findings, visit SmartGivers.org/Survey.

We also enhanced our services to donors, including our free, personalized online My Smart Giver accounts. Registered users can invite charities to participate in reviews and track their status. The Council also partnered with the St. Paul Pioneer Press in its annual 48-page Giving Guide special section, offering smart giving information for the holiday season.

In December, we bid farewell to three of our Board members. We cannot express enough appreciation to Suzanne Busta, Julia Classen and Brad Kruse for sharing their time, talents and vision to help advance the mission of the Council. We are also grateful for the devotion and commitment of all of our donors, volunteers and staff.

We are coming out of a year of invigorating strategic planning. The results, which will guide our work for the next several years, are aimed at ensuring that the Council remains relevant in its ability to provide critically important information to donors and nonprofits. In 2008, we will revisit our Accountability Standards in a grassroots process of gathering input and fostering discussion throughout our communities. This has not been done since 1998, and trends and changes in the nonprofit world make this a timely and relevant initiative. Over the next two years, the Council will undertake a project to increase organizational and individual cultural competence, building our capacity to effectively engage diverse nonprofit organizations and users of the Council's services.

We remain committed to strengthening the bond between nonprofits and donors by fostering public trust in charities that are accountable to the communities they serve. We look forward to helping donors be informed givers in significant new ways, as well as improving nonprofit understanding of, and compliance with, our Accountability Standards.

Share the word of our services with your friends and neighbors. You can encourage greater confidence in giving by expecting accountability in the charities that you support. Invite charities to participate in a review with the Council's Accountability Wizard. Invitations from donors like you will let organizations know that reviews are important in demonstrating trustworthiness to those who support them.

By working together, we can help nonprofits advance their important work of serving the community. We thank you for your steadfast support.

A handwritten signature in black ink that reads "James V. Toscano".

James V. Toscano
Board Chair

A handwritten signature in black ink that reads "Rich Cowles".

Rich Cowles
Executive Director

2007 Accomplishments

In 2007, the Charities Review Council:

- **Completed an organizational strategic plan**
Strategic planning for 2008-2010 was completed. The results, which will guide our work for the next several years, will ensure that the Council remains relevant in its ability to provide critically important information to donors and nonprofits.
- **Captured Minnesota donor giving habits and perceptions through a statewide survey**
Developed and conducted a survey over the summer of 2007, providing landmark data on Minnesota donor perceptions, habits and levels of trust in charities. Results were unveiled to the nonprofit sector and the public at the annual conference of the Minnesota Council of Nonprofits.
- **Advanced relationships with community partners**
To encourage nonprofit use of the Accountability Wizard to demonstrate trustworthiness to the public, the Council collaborated with many community organizations such as Community Health Charities, Emergency Food Shelf Network, Greater Twin Cities United Way, Greater Twin Cities United Way Council of Agency Executives, Hunger Solutions, Marquette Financial Companies, Metro Meals on Wheels, Metropolitan Alliance for Connected Communities, Minnesota Environmental Partnership, Rochester Area Community Foundation, Second Harvest, and United Ways of Minnesota.
- **Hosted nearly 200 donors and sector leaders at our Annual Forum**
Record-breaking numbers attended the luncheon where Michael Wirth-Davis, president and CEO of Goodwill/Easter Seals, shared steps his organization took to publicly disclose recent employee fraud and to prevent future fraud; and Robert Franklin, recently retired Star Tribune reporter, reflected on his experience reporting on nonprofit organizations and philanthropy.
- **Continued to diversify board and volunteer base**
Voted to increase the size of the board from 15 to 19 members for 2008. The Council is committed to diversifying the organization through the recruitment of new board members and volunteers who will bring a blend of cultural backgrounds, diverse perspectives and expertise to the Council.
- **Developed plans to update Accountability Standards in 2008**
Developed plans for the update of the Council's Accountability Standards. With extensive collaboration with community members, academics, and nonprofits, the Council projects completion by June 2009.

PROGRAMS

1) Research and review charities

Since the launch of the Accountability Wizard in December 2005, 318 charities have completed their reviews or are in process. 117 nonprofits enrolled in the Accountability Wizard in 2007. Eighty percent of Wizard participants would recommend the Wizard to other nonprofits.

2) Nonprofit services

Provided learning opportunities to charities by providing tools and resources for organizations to meet and sustain accountability. Where standards weren't fully met, technical assistance was provided to help organizations make structural, policy or procedural changes.

Released a Meets Standards Seal Style Guide as a resource for organizations that have been granted use of the seal upon meeting our Accountability Standards. The Style Guide provides technical guidelines, recommendations for using the seal in marketing and promotional materials. Fifty percent of eligible nonprofits used the seal in their advertisements and 86% used it on their Web sites.

3) Donor information and education

• Enhanced services to better serve donors

Unveiled the online My Smart Giver personalized accounts that allow users to invite charities to participate in a review, track the progress of reviews and receive timely news on informed giving. Served as a resource for donors following high-profile disasters such as the Southern Minnesota floods, the I-35W bridge collapse and California forest fires. Enhanced monthly e-mail newsletters with new features such as monthly Giving Tips and Giving I.Q. quizzes. Kicked off the holiday giving season with a multi-media public awareness campaign to help donors make informed giving choices during the holidays. Launched its first blog, called "Smart Giving Matters," hosted by Rich Cowles, executive director of the Council, that debuted just in time for the holiday giving season. Developed enhanced tools and resources for grant makers.

• Increased Web site usage by donors

More users than ever are using the tools and resources on the Council's Web site to make informed giving decisions. Web usage increased 71% in 2007. This number includes donors who use our on-line Giving Guide as well as nonprofits using the Wizard.

• Served as a media resource

Partnered with the St. Paul Pioneer Press in its annual 48-page Giving Guide special section offering tips and resources on giving issues such as smart giving practices, goods donation and taxes and giving. Responded to media requests for information on issues such as holiday giving and disaster giving during the Southern Minnesota floods, the I-35W bridge collapse and California forest fires.

Thank You To Our 2007 Contributors



Leaders Circle \$10,000 and above

3M Foundation
ADC Foundation
Ameriprise Financial Corporate Giving Program
Fred C. and Katherine B. Andersen Foundation
Hugh J. Andersen Foundation
Blue Cross Blue Shield of Minnesota Foundation
Otto Bremer Foundation
General Mills Foundation
Greater Twin Cities United Way
The Rathmann Family Foundation
Target
Thrivent Financial For Lutherans Foundation
Travelers Foundation
Wells Fargo Foundation Minnesota

Ambassadors Circle \$5,000-\$9,999

The Athwin Foundation
Best Buy Children's Foundation
The Cargill Foundation
Central Minnesota Community Foundation
The Charlson Foundation
Margaret Rivers Fund
Western National Mutual Insurance Company

Visionaries Circle \$1,000-\$4,999

Andersen Corporate Foundation
Bill Beim
Blandin Foundation
Bremer Bank
Suzanne Busta
The Curtis L. Carlson Family Foundation
Church of St. John Neumann
Rich Cowles
Deluxe Corporation Foundation
The Dorsey Whitney Foundation
Michael & Debbie Ducar
Ecolab Foundation
Faegre & Benson Foundation
Fredrikson & Byron Foundation
Groves Foundation
Stanley & Doris Hill Fund of the Saint Paul Foundation
Hubbard Broadcasting Foundation
Gregg Larson & Robert Carlson
MAHADH Fund of HRK Foundation
Mayo Foundation for Medical Education and Research
Harold C. Meissner Fund of the St. Paul Foundation
Onan Family Foundation

The Jay & Rose Phillips Family Foundation
The Elizabeth C. Quinlan Foundation
RBC Dain Rauscher Foundation
Rochester Area Foundation
Rosemount, Inc.
Securian Foundation
SUPERVALU Foundation
Tankenoff Families Foundation
James R. Thorpe Foundation
Toro Foundation
United Health Foundation
United Way of Central Minnesota
United Way of Freeborn County
Valspar Foundation
H.E. & Helen R. Warren Foundation
Ron Zweber

Champions Circle \$500-\$999

David Eide
Ann Gilsdorf
H.B. Fuller Company Foundation
Lorraine Hart
Huss Foundation
Joul Family Fund of the Central Minnesota Community Foundation
Audrey Kintzi
Barbara & David Koch
Brad Kruse & Kimberly Faurot
Mary Marble
The Nash Foundation
Jack Sampson
Hugh Schilling
Judith Schuster
Susan Stewart & Scott Lentsch
Claire Topp
James Toscano
United Way of Dodge County
United Way of Washington County - East
Michael Vinyon
The Whitney Foundation

Builders Circle \$100-\$499

John Albers
Judy Alnes
Sarah Andersen
Mark Anderson
John E. Andrus
Elsie Jean Austin
JoAnne Baker
George Barry
Letita Basford
Jim Beaton
Harley Bergren
Gary Bergren
Vincent & Karen Bezdicek
James & Phyllis Bjork
Bloomington Lions Club
Carolyn Bollhoefer
Joyce Boss
Dan Brick
Marilyn Broussard
Terrance Brueck
Buffalo Lake Community Fund
Roger Bunker
Richard & Mary Burnham
Francis Busta
Therese Cain
Martin & Esther Capp Foundation
Robert & Mary Jane Carlson
Mary Carson
Catholic Community Foundation
CBIZ/MHM
CDF Foundation
Central Mille Lacs Area United Way
Earl W. Christy
Julia Classen
Glenn & Nan Corliss
Loren & Ruby Croone
Harry L. Davis
Delano Loretto Area United Way
Cecelia & Michael Dolan
Mary Dorn
Nathan Dungan
Brad Dunn
Shirley Edmonson
John Ferman
Gordon Fick
Fieldon United Fund
Kevin Filter & Rosemary Kessler
Joy Fisher
Jim & Judy Fitzhugh
Bill Glade
Glencoe Area United Fund
Doris Graf
Hazen & Kathy Graves
Greater Mankato Area United Way
Kristie Greve
Mary Livingston Griggs & Mary Griggs
Burke Foundation
Betty Gunnary
Margaret Gunther
Dorothy Hanson
Dick & Diane Hanson
The Head Foundation
Peter & Anne Heegaard
Elizabeth & William Heegaard
Elayne Hengler
Gene & Pat Hetland
Sheryl Homan
Dave & Michelle Horan
The Institute for Basic & Applied Research
Shelley Rae Jacobson
Marion Johnson
Orville & Kathy Johnson
Doug Jones
Charles & Sally Jorgensen
Stanley Jurgensen
Shirley Kaplan
Cindy Kleven
Betty & George Kronschnabel
Charitable Fund of the Catholic Community Foundation
Laird Norton Company, LLC
Lake Crystal United Fund
Le Center United Fund
Sheldon Levin
Gloria Lewis
Will Lienemann
Anne & James Long
Harriet Ludwick
Robert Luken

Nancy Lund
Joe Luoma
Kirk MacKenzie
Maguire Agency
Patricia M. McAllister
Polly & Robert McCrea
Marlene McKeown
Donald Mead
Darla Menssen
Alice Mikel
Jacqueline Miller
Carol Moehnke
Kenneth Moen
Charles F. Murphy
Frances Nelson
Dick & Joan Niemiec
Nystrom, Inc.
Robert Olson
Marian Olson
Bob & Mary Otness
Henry Owen
Evelyn & Charles Pallas
Jerome Paquin
G. Robert Pennington
Joy Persall
Molly & R. Poole
Walter & Harriet Pratt
Joshua Premack
Maureen Reeder
G.M. & Gladys Reynolds
Riehle Family Charities
Kristin Rigg & James Ronald
Dan Rodriguez
Philip Roe
Debra & Ronald Ruegg
Amy Sanchez
David Sanders
W.B. Saunders
Thomas Schroeder
David Schumacher
Charles & Anna Silverman
Joseph Simon
Amy & Troy Sinykin
Stephen Civic & Commerce
Evelyn Swenson
Audrey Jean Teigen
Tom Teigen
Jeff & Cindy Thom
Donna Tomczak
George & Shirley Torrey
United Fund of Kenyon
United Fund of Spring Valley
Phyllis Wagner
Leonard Walsh
Warren One Fund
Ruth & David Waterbury
Weis Builders, Inc.
Constance Weller
Mary Wesley
Mark & Muriel Wexler Foundation
Winnebago United Fund
Paul Wittkopf
Teddy Wong
John & Eleanor Yackel
Bob Zartner

2007 Financial Statements

The Statement of Income & Expense and Balance Sheet are based on unaudited financial statements. 2007 Audited Financial Statements will be available upon request and at www.SmartGivers.org by mid 2008.

BALANCE SHEET – UNAUDITED December 31, 2007

ASSETS	
CURRENT ASSETS	
Cash & Investments	205,930
Grants Receivable	107,440
Accounts Receivable	134
Prepaid Expenses	12,462
Total Current Assets	325,966
FIXED ASSETS	
Property & Equipment (net)	62,456
Website Development	86,100
Accumulated Depreciation/Amortization	-89,995
Total Other Assets	58,561
TOTAL ASSETS	384,527
LIABILITIES	
CURRENT LIABILITIES	
Deferred Rent	1,053
Accounts Payable	10,886
Wages & Benefits Payable	6,955
Total Current Liabilities	18,894
LONG TERM LIABILITIES	
Long-Term Deferred Rent	1,920
Capital Lease	10,784
Total Long Term Liabilities	12,705
TOTAL LIABILITIES	31,598
Beginning Unrestricted Net Assets	240,968
Current Year Unrestricted Net Income	-53,453
Ending Unrestricted Net Assets	187,515
Beginning Temporarily Restricted Net Assets	73,225
Current Year Temporarily Restricted Net Income	92,186
Ending Temporarily Restricted Net Assets	165,411
TOTAL NET ASSETS	352,926
TOTAL LIABILITIES & NET ASSETS	384,527

STATEMENT OF INCOME AND EXPENSE 2007 – UNAUDITED

	Unrestricted	Restricted	TOTAL	% of Total
SUPPORT & REVENUE				
Support				
United Way	85,009	-	85,009	14%
Individuals	70,863	-	70,863	12%
Corporations & Foundations	203,208	197,940	401,148	66%
Contributed Goods & Services	3,485	-	3,485	1%
Satisfaction of Restriction	105,754	(105,754)	-	0%
Revenue				
Annual Forum	6,300	-	6,300	1%
Fee for Service	37,237	-	37,237	6%
Interest Income	3,670	-	3,670	1%
Other Income	75	-	75	0%
TOTAL SUPPORT & REVENUE	515,600	92,186	607,786	100%
EXPENSE				
Programs				
Donor Information & Education	241,868	-	241,868	43%
Research & Review	36,834	-	36,834	6%
Nonprofit Services	159,129	-	159,129	28%
Total Programs	437,831	-	437,831	77%
Supporting				
Management & General	79,634	-	79,634	14%
Fundraising	51,588	-	51,588	9%
Total Supporting	131,222	-	131,222	23%
TOTAL EXPENSE	569,053	-	569,053	100%
CHANGE IN NET ASSETS	(53,453)	92,186	38,733	-

ANALYSIS

These are unaudited financial statements for the year 2007. The overall net gain was largely due to considerable restricted funds raised for significant 2008-09 projects. The unrestricted net loss was primarily due to unmet fee for service revenue goals (i.e. lower than expected enrollment in the Accountability Wizard). Our strategy in 2007 was to focus on marketing through "umbrella" organizations throughout Minnesota, e.g. federated campaigns and associations of nonprofits, using natural communications channels where the parent organization was our advocate. While this strategy showed slow progress in terms of enrollments, we believe the investment in time spent building relationships positions us well for the long run.

Our Mission and Values

The Council's mission is simple: to provide tools for Minnesota donors to make informed giving decisions that help build a stronger nonprofit sector. The Council pursues this mission by:

- Maintaining Accountability Standards and applying them through reviews;
- Providing information that will help donors make informed charitable giving decisions;
- Encouraging and assisting accountability in the charitable sector.

The Council's mission is guided by these principles:

- It is appropriate for donors to choose where they want to invest their charitable dollars. When provided with good information and appropriate tools, donors are likely to make decisions that favor the most accountable nonprofits serving their areas of interest.
- The more diverse the spectrum of donors making informed giving choices, the more beneficial is the impact on nonprofit accountability.
- Nonprofit accountability standards that set forth basic expectations of informed donors improve the climate for giving.
- Nonprofits that understand accountability issues are more likely to adhere to accountability standards.