

# How To Become A More Transparent Non-Profit

The non-profit sector is unlike any other business, we thrive on people donating their money to us without them expecting a material item in return. What they expect from us is that we handle their money responsibly and that we do with it what we said we would. It's this last part that is key to making sure a non-profit thrives: making sure that we do with their donated money what we said we would. How do we ensure our donors know that we are handling their money responsibly? Through transparency.

When a non-profit lacks transparency, it's easy for someone to abuse the funds and take advantage of donors and the organization. Stories about these abuses have unfortunately become all too common place in the media, and it has started to create donor distrust. However, if a non-profit becomes more transparent and shares more information, that trust can be restored. Take for example the Douglas County, Kansas branch of Just Food. In August of 2015 it came to light that their, now former, executive director Justin Farmer had taken the non-profit for quite a ride, including embezzling at least \$52,000 and neglecting to pay at least \$60,000 in payroll taxes.

The news of Farmer's misdeeds hit the press and immediately the non-profit had a black-eye. Questions about board accountability arose, why hadn't they kept a closer eye, what about all of the money that had been donated? It was a public relations nightmare. This sort of press could easily ruin a non-profit if not handled properly. However, the board of Just Food was quick to react, instead of hiding from the press and the public, they spoke with them about their plan of action to make sure that the non-profit could recover from the disaster. Their plan included hiring an accountant to check the books, making the board members personally responsible for the IRS bill, including using over \$10,000 from their own pockets to pay for one of the installments, more accountability on board members, having specialists in non-profit accounting to handle the books, and making sure they will be able to see where every single dollar raised goes, and over all transparency.

Just Food looks like it will recover from the disaster that the board members and Farmer created; in September 2015 they held a fundraiser and with the community's help had all \$60,000 raised to pay back Uncle Sam. As to be expected there are still some that are upset at the food bank, but there's no doubt that their new stance on non-profit accountability and transparency has helped them to get on the road to recovery.

When a company faces a nightmare like Just Food did, it's imperative that the board immediately take action to regain the public's trust. When boards refuse to share information with donors or the public it raises red flags, people start to ask questions and wondering what, if anything, are they trying to hide. Even if a non-profit has nothing to hide, not being transparent raises eye brows. However, when a non-profit shares information it makes donors and the public feel like they can be trusted.

As non-profits, the burden to prove that we can be trusted lies on us. We need to show donors that they can trust us with their hard-earned money. Once that trust is established, it will be much easier for us to reach our goals.