

What GuideStar Doesn't Tell You

By Renata J. Rafferty

Ernest Hemingway once wrote, "Never mistake motion for action." He might have added, "And never mistake information for endorsement."

The Internet provides instant access to a wealth of information on an array of topics. From medicine to magnets, comedy to religion, political discourse to political satire, the Web has turned the globe into a cozy home with one great big library. Along with access, however, come the cautions. Is all that information true? Is it accurate? Is it objective? Is it dependable? And what are the potential consequences of acting on it?

Charity, like every other industry, has

data derived from the informational forms sent by the charity to the Internal Revenue Service. Most important, the federal tax return is available in its entirety at the GuideStar site.

In the U.S., that particular document (along with related IRS forms and correspondence), is the only one that charities are required to provide to a member of the public upon request. It is the only source for "indisputable" financial information on which John Q. Public might base a contribution decision. The problem lies in the flawed nature of the reporting document itself, known unaffectionately as Form 990. Suffice it to say that grown men and accomplished accountants have wept in their efforts to decipher the true meaning of the figures and how they reflect on the charity's work, value and effectiveness. And, to put it sadly and bluntly, it is very easy to lie on a 990.

So, while GuideStar.org provides a tremendous service in facilitating easy access to Forms 990—otherwise John Q. would be required to present himself in person at the charity's office or send a request by mail—donors are, in some ways, no better off than if they had never heard of GuideStar or Form 990. That is because, as it states on its own Web site: "GuideStar does not rate the organizations in the database. Our goal is to revolutionize philanthropy and nonprofit practice with information." But if the quality of the information is suspect, and its format arcane (through no fault of GuideStar's), how can we as donors use the data to practice effective philanthropy, much less revolutionize charity?

Too many good-hearted Americans mistakenly believe that a charity's mere presence on GuideStar represents an endorsement. GuideStar has done a tremendous job in the narrow service it offers, but it has yet to acknowledge

this dangerous phenomenon of visitors to its pages mistakenly assuming that GuideStar's own good reputation extends to the charities it profiles.

Of more concern is the question of whether the popularity of the GuideStar site promotes a misplaced importance on charitable financial data as the sole factor in giving decisions. GuideStar states online, "[GuideStar Analyst Reports] offer you the most up-to-date financial analyses on individual charities," but nowhere does it suggest the importance of supplementing this information with other facts and analyses if one is assessing the philanthropic value of making a specific gift.

Doesn't GuideStar's widespread acceptance as the ultimate charity Web site imply that donors should base giving decisions solely on financial ratios? Shouldn't effectiveness in serving the community be a prime consideration in making a gift? Shouldn't the quality of an organization's leadership have some influence on one's decision to make a philanthropic investment? Shouldn't the financial data be considered in a far broader context if it is to be truly useful in "revolutionizing" philanthropy and nonprofit practice?

Maybe it is for the professionals of the philanthropic world, who are experienced enough to understand GuideStar's limitations while appreciating its grace, that GuideStar provides the greatest service. And perhaps GuideStar should take its lead from the disclaimers found in top medical and pharmaceutical Web sites trolled by Internet users looking to self-diagnose and self-treat: "Please be advised that you should seek the counsel of a professional before acting on the information found herein." ©

For some specific advice about reading Form 990, see "How To," p. 77.



charged onto the information highway. Online charity sites, donation portals, discussion forums and service vendors now play an influential role. In the U.S., no charity-related entity has soared to the top of the Web site charts as quickly or with as much favorable comment as www.GuideStar.org. And GuideStar is now preparing for its ascent on the other side of the ocean, with GuideStar UK.

GuideStar.org is trying to be a one-stop shop for information on registered charities. Each agency's profile includes a combination of narrative supplied by the organization itself and financial