

TIP SHEET

Take Control of Your Impact Story with Your 990-PF

3 FALSE NARRATIVES OTHERS MIGHT TELL AND HOW TO AVOID THEM

Open data provides a number of great opportunities for transparency, but it might also lead others to draw inaccurate conclusions about your private foundation. Own your 990-PF story by being complete, accurate, and detailed with your descriptions, and get ahead of any information that can be taken out of context.

Here are three common narratives that we see reporters, researchers, and other organizations tell because they don't have the right context about a grantmaker's data.

1

The Fat Cat Narrative

Your 990-PF could serve to affirm a narrative that foundations didn't use their funds responsibly. By reviewing executive compensation, travel and entertainment costs, and real estate costs without context, other people could jump to conclusions that the foundation isn't a good steward of their funds.

HOW TO AVOID THE FAT CAT NARRATIVE:

- Think through what information could be taken out of context and get out in front of that. Disclose and explain it on your website. To provide an extra level of transparency, the [Kresge Foundation](#) is one example of a foundation that offers a reader's guide to their 990-PF to provide context. This can be helpful for both external readers of the 990-PF and to your own internal staff to anticipate and respond to questions that may arise.
- Look at your peer group and understand where you fall on data points such as compensation and real estate. If you don't match up, get a compensation study to back up your decisions. While the tax code permits reasonable amounts for these items, as Janet Camerena points out, "Reasonable is in the eye of the beholder."
- Accurately and completely fill out administrative compensation forms and the direct charitable activities section. Highlight if you have programs that require extensive space or technical expertise that would warrant higher-than-average real estate or compensation numbers. Again, providing context can help address any potential misunderstandings.

2

The Hypocrisy Narrative

Using data from your 990-PF, interested parties can review your investment holdings to see if your endowment's investment strategy aligns with the foundation's mission. Sometimes the financial advisor making the investment decisions works in a silo disconnected from the grantmaking part of the organization. So even those inside the foundation may be unaware of misalignment across these portfolios.

HOW TO AVOID THE HYPOCRISY NARRATIVE:

- Talk with your investment manager. Understand what companies your foundation is invested in and identify any reputational risks related to the investments.
- Develop talking points around your investment strategy and rationale.
- Think through negative screening as well as positive screening. Ask your investment company if they provide ethical investment options.

3

The Small Impact Narrative

Well-meaning researchers, reporters, and watchdog groups may make assumptions based on incomplete or missing data, particularly when it comes to how your foundation serves specific communities and population groups. Those assumptions can portray an inaccurate picture of the impact that you are actually making. Incomplete, missing, or confusing information on your 990-PF may lead to you not getting credit for the work you do.

HOW TO AVOID THE SMALL IMPACT NARRATIVE:

- Provide as much information as possible on the form. Don't use "available upon request" for details because they won't contact you.
- Spell out acronyms so readers can better understand the organizations you work with. Instead of listing SPMH, write out the Society for the Preservation of Music Hall.
- Don't leave grantee information blank, including their locations. Geographical information is almost as important as the organizations' names and focus areas.
- Avoid jargon or your own program names. Highlighting that a grantee was part of your "Community Pathways initiative" doesn't mean anything to those outside of your organization but explaining that you are providing mentoring opportunities for small, grassroots organizations in the rural Midwest provides context.
- Don't use generic descriptions. A charitable donation is not helpful in telling your story. You should be clear about what you are doing to help advance your mission. Include what the donation was for and who it will help.

Don't Let the Exception Be the Rule

There will be times when you can't (or shouldn't) share details about your grantees, such as when you are working with domestic violence shelters or in politically volatile areas of the world. Including this information in an open-data document could put those organizations at risk. But make those instances the exception, not the rule. For the majority of your 990-PF, be clear and descriptive so those reading it can get an accurate picture of the work your organization does.

Learn more about how to use your 990-PF to tell your impact story. Check out our webinar, What Story Does Your Form 990-PF Tell About Your Foundation? featuring Janet Camarena, the Senior Director of Learning Experience at Candid, Cesar Del Valle, Director of Partnerships at Candid, and Chris Peterson from PKF O'Connor Davies.

SIMPLIFY YOUR GRANT REPORTING WITH BLACKBAUD AND CANDID

Take advantage of Blackbaud's partnership with Candid. Use your grants management system to easily report your grants data directly to Candid so the data available to the public is more current, complete, and accurate than 990-PFs, which are often subject to IRS processing delays.

[Watch the Webinar](#)



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