



## **2016 Standards for Charitable Accountability Report**

*per FY2016 Financials*

### ***Based on the Better Business Bureau Wise Giving Allowance***

The BBB Wise Giving Alliance Standards for Charitable Accountability were developed to assist donors in making sound giving decisions and to foster public confidence in charitable organizations. The standards seek to encourage fair and honest solicitation practices, to promote ethical conduct by charitable organizations and to advance support of philanthropy. The overarching principles of these standards is full disclosure to donors and potential donors at the time of solicitation and thereafter. These standards are voluntary and go beyond the requirements of local, state and federal laws and regulations. Below are the 20 standards and information on Artrain's compliance with them.

#### **Governance and Oversight**

The governing board has the ultimate oversight authority for any charitable organization. This section of the standards seeks to ensure that the volunteer board is active, independent and free of self-dealing.

1. A board that provides adequate oversight of the charity's operations and staff.
  - *Artrain's board of directors reviews and updates the organization's strategic direction, approves the budget, fundraising plan and evaluates the CEO's performance annually.*
  - *Artrain has established accounting procedures supported by auditing firms sufficient to safeguard the organization's finances.*
2. A board of directors with a minimum of five voting members.
  - *Artrain has a voluntary board of directors with up to 18 voting members elected to serve three year terms. Artrain strives to maintain a board of directors that is geographically, gender, age and culturally diverse.*
3. A minimum of three evenly spaced meetings per year of the full governing body with a majority in attendance and with face-to-face participation.
  - *Artrain holds four to six board meetings per year. Meetings are held in-person and/or by conference call. When in-person, meetings often take place in communities where Artrain is currently presenting or having an event or at its national headquarters in Ann Arbor, MI. A quorum must be present in order to take any action.*
4. Not more than one or 10% (whichever is greater) directly or indirectly compensated person(s) serving as voting member(s) of the board. Compensated members shall not serve as the board's chair or treasurer.
  - *Artrain has one board member that is compensated: president/CEO, Deb Polich, serves at the pleasure of the board and is the only paid voting member of the board of directors. No other directors are compensated for serving.*
5. No transaction(s) in which any board or staff members have material conflicting interests with the charity resulting from any relationship or business affiliation.
  - *Artrain board members sign a Conflict of Interest policy annually. Artrain avoids business transactions with board members or staff. If ever such a transaction takes place, it must be priced below or at market value and be approved by vote of the board. The interested party does not take part in the board vote on the transaction.*

## Measuring Effectiveness

An organization should regularly assess its effectiveness in achieving its mission. This section seeks to ensure that an organization has defined, measurable goals and objectives in place and a defined process in place to evaluate the success and impact of its programs in fulfilling the goals and objectives of the organization.

1. Have a board policy of assessing, no less than every two years, the organization's performance and effectiveness and determining future actions required to achieve its mission.
  - *Artrain's strategic direction is evaluated regularly and its goals, strategies, objectives, tactics and timelines are updated accordingly.*
  - *Artrain's board of directors regularly conducts a self-assessment. The last board self-assessment took place in 2015.*
2. Submit to the organization's governing body, for its approval, a written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.
  - *A matrix outlining Artrain's annual goals, strategies, objectives, tactics and timelines is prepared annually and reviewed at each board meeting by board and staff for performance and adjustments.*
  - *A report detailing the board assessment results is distributed at the next regularly scheduled board meeting after the report is completed and the results compiled.*

## Finances

This section of the standards seeks to ensure that the charity spends its funds honestly, prudently and in accordance with statements made in fund raising appeals.

1. Spend at least 65% of its total expenses on program activities.

*The percentage of Artrain's total expenses spent on program activities:*

- |              |               |
|--------------|---------------|
| ▪ 2016 – 80% | ▪ 2011 – 75%  |
| ▪ 2015 – 75% | ▪ 2010 – 49%* |
| ▪ 2014 – 67% | ▪ 2009 – 58%* |
| ▪ 2013 – 69% | ▪ 2008 - 80%  |
| ▪ 2012 – 77% |               |

*\*2009 & 2010 – Program transition and development years for Artrain.*

2. Spend no more than 35% of related contributions (fundraising expenses/ contributed revenue) on fundraising.

*The percentage of related contributions Artrain spent on fundraising:*

- |              |              |               |
|--------------|--------------|---------------|
| ▪ 2016 – 7%  | ▪ 2013 – 32% | ▪ 2010 – 43%* |
| ▪ 2015 – 12% | ▪ 2012 – 8%  | ▪ 2009 – 69%* |
| ▪ 2014 – 17% | ▪ 2011 – 14% | ▪ 2008 – 18%  |

*\*2009 – during this year Artrain hired two fundraising consultants to raise funds for the exhibition project it was producing. The project and subsequent funds raised were transferred to another organization thus skewing Artrain's related contributions percentage for 2009.*

3. Avoid accumulating funds that could be used for current program activities. To meet this standard, the charity's unrestricted net assets available for use should not be more than three times the size of the past year's expenses or three times the size of the current year's budget, whichever is higher.
  - *As of 12.31.2016, Artrain's unrestricted net assets totaled (\$13,301) and its 2016 annual budget was \$372,292.*
3. Make available to all, on request, complete annual financial statements prepared in accordance with generally accepted accounting principles.
  - *Artrain posts its annual financial statements, audits or reviews and IRS Form 990s online at [www.ArtrainUSA.org](http://www.ArtrainUSA.org). These documents are also available upon request by calling 734-747-8300 or emailing [info@artrainusa.org](mailto:info@artrainusa.org)*
4. Include in the financial statements a breakdown of expenses (e.g., salaries, travel, postage, etc.) that shows what portion of these expense was allocated to program, fundraising and administrative activities.
  - *This information is included in the annual financial statements, audits or reviews and IRS Form 990s posted online at [www.ArtrainUSA.org](http://www.ArtrainUSA.org).*
5. Accurately report the charity's expenses, including any joint cost allocations, in its financial statements.
  - *This information is included in Artrain's annual financial statements, audits or reviews and IRS Form 990s.*
6. Have a board-approved annual budget for its current fiscal year, outlining projected expenses for major program activities, fundraising and administration.
  - *Artrain's fiscal year runs from January 1 through December 31. At its annual meeting, the finance committee presents to the board a detailed annual budget that includes projected expenses and revenues for the next fiscal year. The board is then charged with adopting, reviewing, and revising as necessary, the annual budget.*

### **Fundraising and Informational Materials**

A fundraising appeal is often the only contact a donor has with a charity and may be the sole impetus for giving. This section of the standards seeks to ensure that a charity's representations to the public are accurate, complete and respectful.

1. Have solicitations and information materials distributed by any means that are accurate, truthful and not misleading, both in whole and in part.
  - *Artrain is completely truthful about the organization, mission, programs and fundraising activities in all means of communication.*
2. Have an annual report available to all, on request, that includes:
  - a. The organization's mission statement.
  - b. A summary of the past year's program service accomplishments.
  - c. A roster of the officers and members of the board of directors.
  - d. Financial information that includes:
    - Total income in the past fiscal year, expenses in the same program, fundraising and administrative categories as in the financial statements, and ending net assets.

- *Artrain publishes an Annual Report based on the audited financial statements. The annual report is available online at [www.ArtrainUSA.org](http://www.ArtrainUSA.org) or by calling 734-747-8300.*
3. Include on any charity websites that solicited contributions, the same information that is recommended for annual reports, as well as the mailing address of the charity and electronic access to its most recent IRS Form 990.
- *Artrain’s annual financial statements, audits or reviews and IRS Form 990s and Annual Reports are available for viewing at [www.ArtrainUSA.org](http://www.ArtrainUSA.org)*
  - *Artrain’s IRS Form 990 is available for viewing at [www.guidestar.org](http://www.guidestar.org) or [www.fdncenter.org](http://www.fdncenter.org)*
4. Address privacy concerns of donors by:
- a. Providing in written appeals, at least annually, a means (e.g., such as a check off box) for both new and continuing donors to inform the charity if they do not want their name and address shared with outside organizations, and
  - b. Providing a clear, prominent and easily accessible privacy policy on any of its websites that tells visitors:
    - What information, if any, is being collected about them by the charity and how this information will be used,
    - How to contact the charity to review personal information collected and request corrections,
    - How to inform the charity (e.g., a check off box) that the visitor does not wish his/her personal information to be shared outside the organization, and
    - What security measures the charity has in place to protect personal information.
- *Artrain takes the collection and maintenance of its donors’ and visitors’ information and wishes for privacy very seriously. Every effort is made to maintain accurate information and keep it private and secure. Review and correction of personal information can be arranged by contacting the office at 734-747-8300. Artrain does not share or sell its donor or mailing lists with other agencies.*
  - *Artrain provides a “check off box” on response forms that allows donors to state that they do not want their information shared with other organizations.*
4. Clearly disclose how the charity benefits from the sale of products or services (i.e., cause-related marketing) that state or imply that a charity will benefit from a consumer sale or transaction. Such promotions should disclose, at the point of solicitation:
- a. The actual or anticipated portion of the purchase price that will benefit the charity, the duration of the campaign, and any maximum or guaranteed minimum contribution amount.
    - *Artrain does not currently benefit from any cause-related marketing efforts.*
5. Respond promptly to and act on complaints brought to its attention by the BBB Wise Giving Alliance and/or the local Better Business Bureaus about fund raising practices, privacy policy violations and/or other issues.
- *Artrain has never had a Better Business Bureau complaint brought to its attention.*