

Statement on Charity Ranking Systems

Summary

An increasing focus on accountability and desire for better information in the charitable and nonprofit sector has led to the emergence of third party rankings of organizations. Imagine Canada believes that ranking charities is not helpful to Canadians especially in the absence of evaluating the impact of their work. Imagine Canada does, however, believe strongly in the need for the sector to be transparent and accountable and is addressing this issue in many ways including through its [Standards Program](#); its [Ethical Code](#), its [Guide to Giving](#); and the [CharityFocus](#) web portal.

Why is there an emergence of sector watchdogs?

- A heightened emphasis on transparency and accountability emerged in 2002 as a result of corporate-sector scandals in the U.S. (Enron, WorldCom, etc.) leading to increased scrutiny and regulation that was reflected shortly thereafter in the nonprofit sector.
- Many donors are becoming more discerning as they want to be assured that their donation is achieving its maximum impact. Overall, they want to know more details about the organizations they support, which is a positive development.
- There has been increased media interest in the charitable and nonprofit sector with a particular focus on the cost of doing business.

What does this mean for the charitable and nonprofit sector?

- Organizations must be proactive in demonstrating that they operate transparently and are publicly accountable.
- As a sector, we need to do a better job at educating Canadians about not only the value of our work but the realistic costs associated with our often complex and varied organizations' programs and services.

What is Imagine Canada's position on the ranking of charities?

- We encourage transparency and disclosure in the charitable and nonprofit sector and agree that Canadians should have access to meaningful information to allow them to make informed choices. However, we are concerned that the ranking of charities does not provide complete and contextual information.

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- Many donors carefully weigh the impact of an organization's work on the people whose lives it's meant to improve. This is perhaps the most important assessment of a charitable organization and it is often ignored in ranking systems.
- With more than 161,000 charities and nonprofits in Canada, the sector is large, diverse and vibrant. These organizations work in many areas – arts and culture, education, environment, faith-based, health, human and social services, international development, sports and recreation – each requiring different approaches often, appropriately, resulting in differences in the cost of doing business. Even organizations doing similar work are difficult to compare given the variations in populations served and communities in which they work. Given this complexity and diversity, it would be difficult to find a ranking system that meaningfully compares and contrast organizations.

What can Canadians do?

- Canadians can find information about an organization they are interested in supporting on the charity's website, by contacting the charity directly, or on the website of the Canada Revenue Agency's [Charities Directorate](#). If they do not find the information they need or are not satisfied with the answers provided then they should think about giving to another charity that meets their expectations for transparency and accountability.

What is Imagine Canada doing for charities and Canadians?

- Given the importance of facilitating access to this kind of information, Imagine Canada's [CharityFocus](#) (a new one-stop charities information portal) allows Canadians to have easier access to the information that they need to make decisions about the charities they want to support.
- The [Ethical Code](#) program provides a set of standards for charitable organizations to manage and report their fundraising and financial affairs responsibly. The [350 plus charities](#) that belong to the [Ethical Code](#) are committed to transparency and ethical fundraising. The Ethical Code program's [Guide to Giving](#) addresses some of the most common questions put forward by Canadian donors.
- We are currently piloting a [Standards Program](#), which seeks to strengthen the capacity of the sector to govern itself. Within this is a unique Canada-wide set of standards and an accreditation program that will demonstrate and enhance the effectiveness of participating organizations. To our knowledge this will be the first national accreditation program anywhere in the world. This will ultimately result in better practices for the charitable and nonprofit sector as a whole and more confidence on the part of Canadians.

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Imagine Canada is a national charitable organization whose cause is Canada's charities and nonprofits. We strengthen the sector's collective voice, serve as a forum and meeting place, and provide a supportive environment for organizations to build stronger communities. www.imaginecanada.ca