

WHERE HAVE ALL THE DOLLARS GONE (2015)?

An Updated Report on Paid Fundraising in Vermont

July 1, 2012 – June 30, 2015



Office of the Vermont Attorney General

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EXECUTIVE SUMMARY

Vermonters are generous and donate millions of dollars to charitable causes each year, aiding members of their local community or supporting causes with nation-wide impact. All donated dollars, however are not equal. When responding to telephone or written solicitations from a paid fundraiser – an entity hired by a charity to solicit contributions – many Vermonters are unaware of how much of their donation may go to the paid fundraiser, rather than to the charity itself.

This report, the fifth since 1993, provides data for paid-fundraising campaigns that filed financial reports in fiscal years 2013, 2014 and 2015, supplied as required under the law by paid fundraisers. The report details the percentage of charitable donations paid fundraisers retained and what portion of donations the charities ultimately received. It does not address fundraising campaigns undertaken by charities themselves, or the effect of any of these fundraising efforts on carrying out a charity’s mission.

Main Findings

- Paid fundraisers filed financial reports with the Attorney General’s Office for 1181 campaigns for the period of July 1, 2012, through June 30, 2015. Based on these reports, Vermonters gave over \$7.8 million to 370 charitable causes through 48 different paid fundraisers.
- The total number of campaigns registered in Vermont has fluctuated year-to-year, with an upward trend between July 2010 and June 2014, but a drop of nearly 15% in fiscal year 2015 (July 1, 2014, through June 30, 2015; “FY 15”) as compared to the year before: 345 reports were filed for FY 11, 399 in FY 12, 387 in FY 13, 428 in FY 14, but only 366 in FY 15.

Overall Figures:

- The total amount reported raised via paid fundraisers continues to generally decrease, from \$3.7 million in FY 10, to \$3.5 million in FY 11, to \$2.5 million in FY 12, to \$3 million in FY 13, \$2.8 million in FY 14, to a current low of just under \$2 million in FY 15.
- Of the \$7.8 million raised over the past three years, on average charities received less than a third of the total giving, 30.03% totaling approximately \$2.35 million, whereas the paid fundraisers kept almost 70% or more than \$5.45 million.

Vermont Charities

- Vermonters donated almost \$4.2 million to 22 in-state charities over the course of 57 paid fundraiser campaigns. This means roughly 55% of the total donations Vermonters made via paid solicitation went to fewer than 5% of the 1181 fundraising campaigns conducted in Vermont during this period.
- Of the donations to in-state charities, roughly 72%, or nearly \$3 million, stayed with the paid fundraisers. And on average, just over a quarter (28.4%) of the total donations made to Vermont charities through paid fundraisers, totaling \$1.19 million, was given to the charity. This means that for every dollar a Vermonter donated to a Vermont charity through a paid fundraiser, the charity only received a little more than a quarter, and 71 cents went to the fundraiser.
- Donations to three in-state charities – the Professional Fire Fighters of Vermont, the Vermont Police Association and Special Olympics Vermont – accounted for approximately \$2.6 million, or 61%, of the total funds raised for Vermont charities. (As noted on page 12, Professional Fire Fighters have changed their fundraising model.)

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INTRODUCTION

Every year, Vermonters give millions of dollars to charity. A portion of this money is given to charitable causes that hire companies to raise money for them, usually through telephone solicitations – these companies are known as paid fundraisers. When a charity hires an outside entity to raise money, prospective donors may want to know how much of their contribution will

fund the cause of their choice and how much will be retained by the fundraiser as a commission or to offset fundraising expenses.¹ Given the fact that in Vermont, on average, only 30 cents of every dollar donated through

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a paid fundraiser goes to the charity – and that in many campaigns, the figure is even lower – Vermonters should be able to find out where their charitable dollars land.

Along with its role regulating charities in the State of Vermont, the Attorney General’s Office is responsible for overseeing solicitations by paid fundraisers and ensuring that these organizations comply with the law. In addition to this enforcement role, the Attorney General’s Office provides Vermonters information about paid fundraisers, both through an online reference

tool and through periodic reports. This report provides details about paid charitable solicitation in Vermont for a three year period. It does not address fundraising undertaken by the charities themselves, nor does it attempt to assess the efficiency of charities in using donated funds.

The Attorney General's Office has issued four previous reports in 1993, [1998](#), [2009](#), and [2012](#). As with those earlier reports, this report highlights how paid fundraisers solicit charitable donations in Vermont, looking at the three most recent fiscal years. The first section provides background information, including an overview of Vermont's Charitable Solicitation statute, which governs how paid fundraisers operate in the state, and a review of past paid-fundraiser reports. The second section examines the total amounts paid fundraisers raised from Vermonters and the percentage, or "split", of the total donation kept by the paid fundraiser and the amount passed on to the charity. This section also reviews similar data for charities located in Vermont, and notes the differences between campaigns that solicit donations alone, and those that offer to sell some good or service as part of the solicitation.

The third section briefly discusses some of the details of how fundraising campaigns operate – the types of campaigns, their stated purpose and how the fundraisers are compensated. The fourth section of the report looks at specific fundraisers and charities operating in Vermont, focusing on those with the best and worst splits. The final section discusses the efforts the Attorney General's Office has undertaken over the past three years to enforce the requirements of the Charitable Solicitations statute. The report concludes with tips for charities and for potential donors to consider before soliciting or contributing through a paid fundraiser.

Throughout, this report relies on data provided by fundraising campaigns that solicited donations in Vermont, between July 1, 2012 and June 30, 2015.

I. BACKGROUND

A. Regulating Paid Fundraisers

In 1990, Vermont enacted a Charitable Solicitations Act (“the Act”), 9 V.S.A. §§ 2471 – 2479, requiring paid fundraisers to furnish pre- and post-campaign² information to the Attorney General’s Office,³ and to adhere to certain standards of conduct designed to limit deceptive fundraising tactics.⁴ Specifically, along with prohibiting the fundraiser from making certain misrepresentative statements,⁵ the Act requires paid fundraisers to make two affirmative disclosures: (1) they must identify themselves and inform the prospective donor that they are being paid by the charitable cause on whose behalf they are soliciting, and (2) they must inform the donor that information on the percentages of contributions that will be paid to the charitable organization and to the paid fundraiser, i.e. the split, is available on the Attorney General’s website.⁶

The Act also requires the paid fundraiser to post a \$20,000 bond⁷ and to deposit all contributions in a bank account in the charity’s name from which withdrawals can be made only with the express consent of the charity.⁸ A paid fundraiser also cannot restrict the charity’s use of the list of donors to the campaign.⁹

Understanding the specific meaning of terms used in the Act is vital to comprehending the data presented in this report. A “paid fundraiser” is defined in the Act as “a person who, for financial consideration, solicits contributions from persons in this state, either directly or through employees, agents, or those with whom the paid fundraiser is in privity.”¹⁰ In short, a paid fundraiser is an outside person or entity, not a volunteer or employee of the charity, who is paid to solicit contributions on behalf a charity.

In this context, a “solicitation” is “a direct or indirect request for a contribution,” including an offer or attempt to sell something, but it does not include a “request or appeal on behalf of a candidate for office or a political committee.”¹¹ The definition of charity – actually, the statutory term is “charitable purpose” – is quite broad, encompassing “any benevolent, educational, philanthropic, humane, patriotic, social welfare, advocacy, public health, environmental conservation or civic objective or any objective of law enforcement officers, fire fighters or other persons who protect the public safety.”¹² In sum, if a charity hires someone – not as an employee – to raise money, that person or entity must register with the Attorney General’s Office.¹³

Finally, one of the most essential elements of the Act, at least for the purposes of public education, is the requirement that fundraisers who solicit in Vermont provide the Attorney General’s Office with a financial report itemizing how the gross receipts of the fundraising campaign were distributed and the respective percentages of gross receipts retained by the fundraiser and the charity.¹⁴ These financial reports also supply the basis for this report. A simplified version of the reported information is available on the Attorney General’s website at: www.ago.vermont.gov through the “Consumer Help” tab, under “Charities and Paid Fundraisers.”

B. The Historical “Split”

One of the central benefits to this system of regulation is that it makes available to the public information on each charitable campaign in Vermont that is conducted by a paid fundraiser, including the identity of the fundraiser and, significantly, the respective percentages of the contributed dollars that will go to the fundraiser and to the charity. This is what is known as the split.

The Attorney General’s analyses of the splits have consistently shown that, on average, a much higher portion of donated dollars goes to the paid fundraisers than to the charities. Since the Charitable Solicitations Act went into effect in 1990, the percentage of total contributions going to the charity has ranged between 27% and 34% for every year analyzed.

II. ANALYSIS OF THE SPLIT

For the three fiscal years examined in this report, July 1, 2012, to June 30, 2013 (“FY 13”); July 1, 2013, to June 30, 2014 (“FY 14”); and July 1, 2014, to June 30, 2015 (“FY 15”), 48 unique paid fundraisers were operating in Vermont. In FY 13, there were 41 fundraisers; in FY 14 there were 39, and in FY 15 there were 31. These paid fundraisers ran campaigns on behalf of 370 unique causes,¹⁵ with a steady decline in the number of causes represented each year, from 271 in FY 13, to 268 in FY 14 to 219 in FY 15. The paid fundraisers ran 1181 solicitation campaigns in Vermont over the three years examined: 387 campaigns in FY 13, 428 in FY 14 and 366 in FY 15. Interestingly, over 20% of the total number of campaigns reported raising \$0 – a total of 253 campaigns.

A. The Average Split

Based on these reports, over the past three years Vermonters donated \$7,812,560.64 to charities through paid fundraisers. Of this, the charities received only \$2,346,314.62, while paid fundraisers retained \$5,466,246.02. This means that an average of 70% of Vermonter’s donations were kept by the paid fundraiser. The charities, on the other hand, ultimately received less than a third (30.03%). *See Fig. 1.* Examining the split each years shows a minor upward trend in the amount charities received: in FY 13 charities received only 28% of donations; in FY 14 30.5%; and in FY 15 32.5%

All of these figures represent the average split among all paid fundraisers and charities – some paid fundraisers kept a much lower percentage and some, much higher. They likewise do not separate out those paid fundraisers that offered a good or service for sale as part of the solicitation, a practice that results in a much lower percentage of a donation reaching the charitable cause (see below). Regardless, in virtually all cases where a charity contracted with a paid fundraiser to solicit donations, the fundraiser kept at least half of the donation.

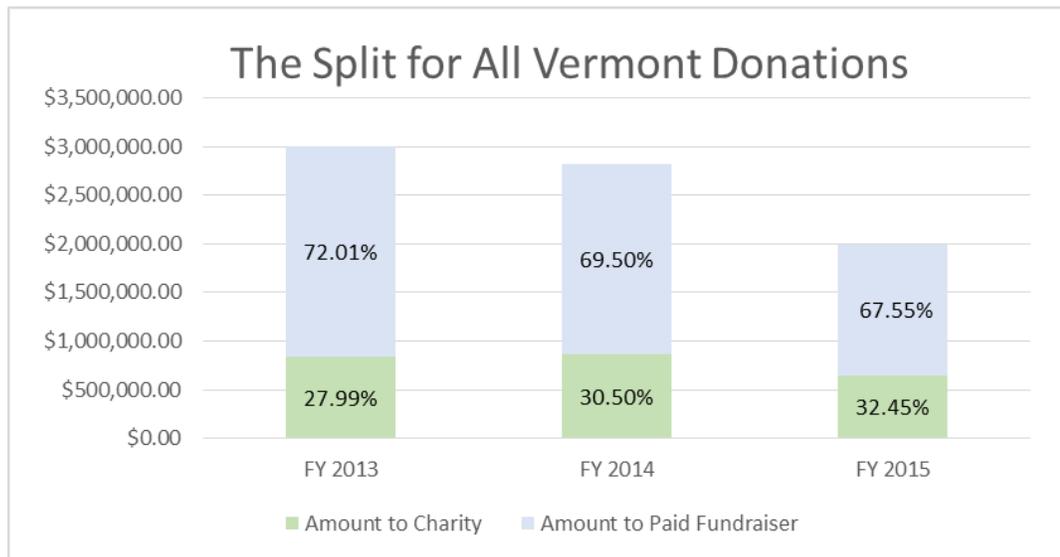


Figure 1

Of the 1181 campaigns reporting in Vermont, 621 (more than 52%) involved paid fundraisers that kept more than 60% of the total donations they raised. This means that for the majority of campaigns when a Vermonter donates to a charity through a paid fundraiser, the charity receives significantly less than half of the money donated.

In more than a third of all paid fundraising campaigns run in Vermont, the paid

fundraiser kept more than 80% of the total monies raised. In fact, in nearly 38% of campaigns

Nearly 38% of all paid fundraising campaigns ended with the paid fundraiser keeping 80 cents or more of each dollar raised.

run by paid fundraisers on behalf of Vermont charities, twenty cents or less of every dollar Vermonters donated actually reached the charity itself.

B. The Split for Vermont Charities

Examining the numbers more closely, the 22 Vermont charities – as distinguished from the national or out-of-state charities – which contracted with paid fundraisers to solicit funds, on average, retained an even smaller percentage of the total donations from Vermonters than the out-of-state charities retained. Of the more than \$7.8 million donated through paid fundraisers, \$4,187,330 was for in-state charities. This represents 54% of the total donations. But of this

Vermonters are particularly generous with charities based here in Vermont.

While campaigns for such charities account for only 5% of all the campaigns analyzed in this report, they account for ***more than half*** of all dollars donated.

nearly \$4.2 million in donations, only 28.4% on average, or \$1,188,979, made it to the Vermont charity while \$2,998,351 or 71.6% stayed with the paid fundraisers. *See Fig. 2.* Looking at a year-by-year analysis shows that, on average, the in-state charity split has increased over the last three years: in FY 13, Vermont charities kept just over 25% of

donations; in FY 14 it was 29%, and in FY 15, the total was 32.6%.

Of note, the 22 Vermont charities ran only 57 campaigns over these three years (17 in FY 13; 15 in FY 14; 13 in FY 15), less than 5% of the total number of paid fundraiser solicitation campaigns in Vermont. But these 5% of campaigns account for over half the total monies raised. Additionally, no in-state charity ran a campaign that failed to raise money, unlike the 253 campaigns for out-of-state charities that reported \$0 in donations.

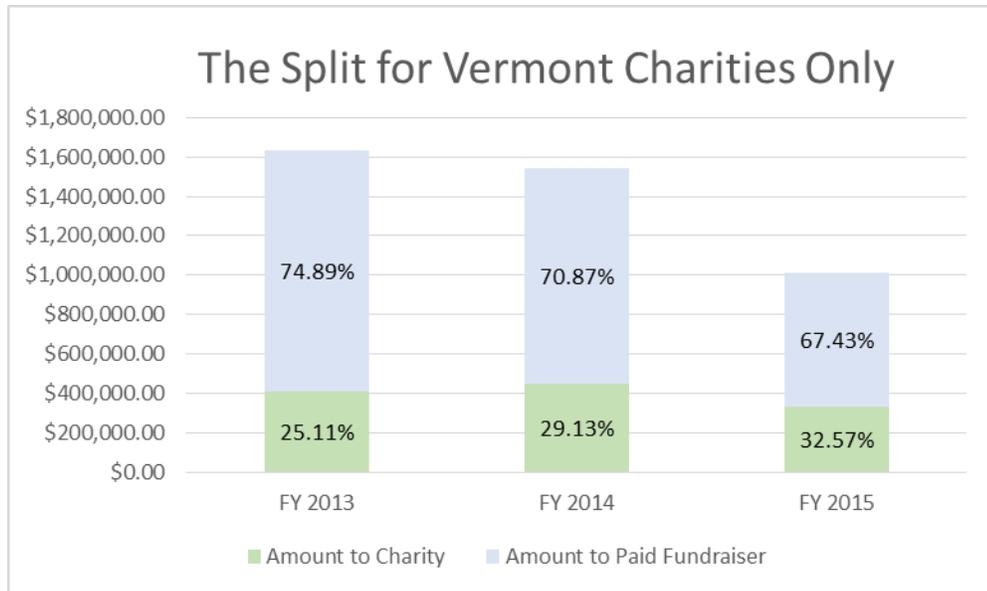


Figure 2

III. SPECIFICS OF PAID FUNDRAISING CAMPAIGNS

A. Sales of Goods and Services (“SGS”) Campaigns

When contracting with a paid fundraiser, some charities choose to engage in solicitation campaigns that involve the sale of goods or services. This type of fundraising involves the paid fundraiser offering the potential donor a good, such as a magazine subscription, or a service, such as a music concert, as an incentive to donate to the charitable cause. Unlike a simple request for a contribution, because there is a cost to the good or service involved in an SGS campaign, the percentage of a donor’s contribution retained by the paid fundraiser is generally much higher.

Though SGS campaigns make up a small percentage of the total number of campaigns run in Vermont (roughly 3%, or 37 campaigns between FY 13 and FY 15), they account for one third the total money donated – \$2,586,205. Only seven (out of 48) paid fundraisers ran SGS campaigns in Vermont over the three years analyzed, and did so on behalf of 17 (out of 370) causes. The total numbers on SGS campaigns, are currently trending down. *See Fig. 3.*

<i>Trends in SGS Campaigns</i>				
Fiscal Year	# of Causes	# of Paid Fundraisers	# of Campaigns	Total Raised
2013	14	7	16	\$1,199,360.33
2014	11	5	12	\$921,404.42
2015	8	4	9	\$465,440.26

Figure 3

Of the roughly \$2.6 million raised through SGS campaigns during the three years examined in this report, charities received an average of only 21.3% of donor’s contributions. Of the remainder, paid fundraisers claimed 58.7% in expenses of the goods or services and realized nearly 20% as profit. See Fig. 4. Because it is not possible to analyze each SGS campaign contract or generalize how a given paid fundraiser categorizes the cost of running the SGS campaign (e.g. paying employees, event costs, postage), it is difficult to gauge whether SGS campaigns are more or less lucrative for the paid fundraiser. What is clear is that a minimal portion of a donor’s contribution to an SGS campaign goes to the charitable cause in question; in certain cases, this may be appropriate given that the donor is also receiving something of value.

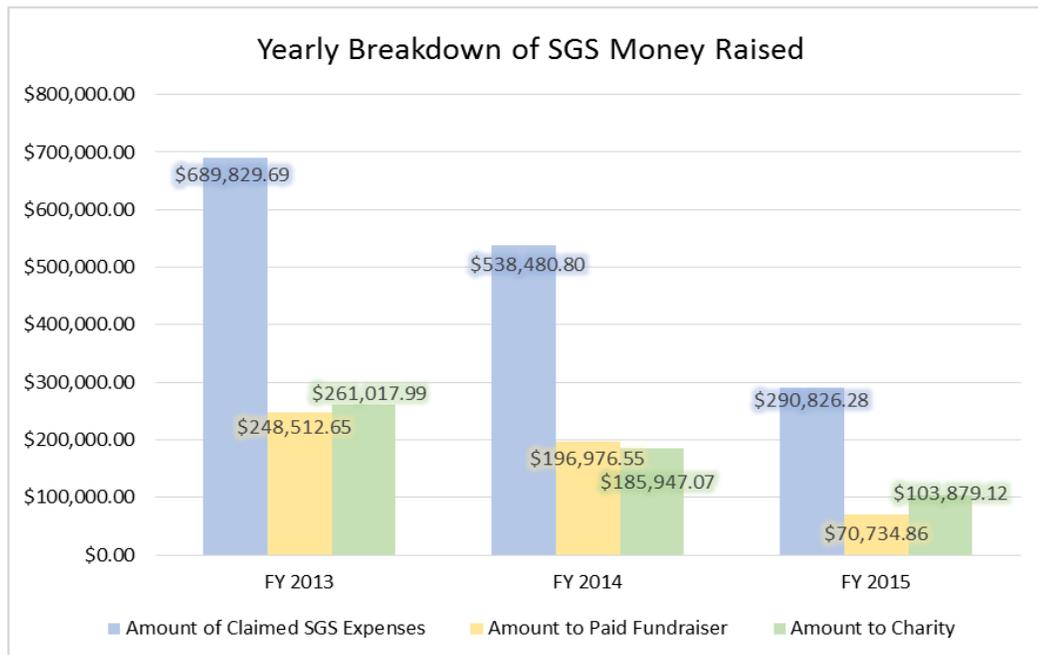


Figure 4

B. General Campaign Details

State law does not require paid fundraisers (or the charitable causes they represent) to report why a given charity may choose to employ one or more paid fundraisers, though they do have to state the main purpose of the fundraising campaign. Some charities use paid fundraisers to expand their donor base (<1% of reporting campaigns, \$138,137 raised) or reconnect with lost donors (6% of total campaigns, \$532,808 raised). But for most, it is a means of raising funds for programming (93% of campaigns, \$6,438,914 raised).¹⁶

How the paid fundraiser is compensated may be a clue to their share of the “split”:

45% of all funds raised are collected on payment model that pays a percentage of each contribution to the fundraiser.

On average, a charity receives only ***18 cents*** out of each dollar raised this way.

The law also does not mandate the form of compensation a fundraiser may receive or cap the percentage a paid fundraiser can retain. The highest grossing paid fundraiser campaigns compensated the fundraisers based on *a percentage of contributions* received. *See Fig. 5.* Though only 17% of the total number of campaigns, these campaigns were responsible for 45% of all funds raised – \$3,531,698. Importantly, charities received only 18% of donations given through such campaigns. In most campaigns fundraisers are paid *a fixed amount per solicitation* (54%). Charities got a higher percentage of donations resulting from such campaigns, approximately 42%, but these campaigns only accounted for 11% of the total charitable contributions – \$886,972.

Campaigns that compensated paid fundraisers based on *reimbursement of expenses* made up 11% of the total number of campaigns, but only 8% of the funds raised – \$648,525.

Charities should take the time to review the performance of a paid fundraiser, examine its average splits and compensation arrangement, and assess the costs and benefits of contracting with such an entity before hiring one.

Charities received 43% of donations through such campaigns. Other charitable organizations compensated paid fundraisers based on *hourly compensation* (10%). In these campaigns, charities retained approximately 47% of donated funds, but, again, such campaigns provided only

7% of the total contributions - \$576,743. The remaining campaigns self-categorized the compensation as “other” and accounted for the second largest percentage of funds raised (nearly 28%, or \$2,168,622), but represented the smallest percentage of total campaigns at around 7.5%.

Method of Solicitation for All Campaigns			
Method	% of Campaigns	Gross Donations	% to Charity
Percent of contributions	16.92%	\$3,531,697.89	18.14%
Fixed amount per solicitation	54.48%	\$886,972.01	41.80%
Reimbursement of expenses	11.34%	\$648,525.24	43.43%
Hourly compensation	9.64%	\$576,743.14	46.82%
Other	7.61%	\$2,168,622.36	36.12%

Figure 5

Ultimately, there are many reasons why charities choose to contract with a paid fundraiser, which paid fundraiser they select to solicit on their behalf, and how those fundraisers are ultimately compensated.

IV. IN DEPTH LOOK AT SPECIFIC FUNDRAISERS AND CHARITIES

While the average fundraising split offers some insight into where donated dollars go, examining the in-state numbers alone further demonstrates that a small fraction of the total number of campaigns – and a small number of the total charities and paid fundraisers – accounts

for a significant portion of the total donated dollars. This section reviews the paid fundraisers that raise the most money, and those that keep the most money. It also looks at the most successful fundraising campaigns in Vermont and the in-state charities that received the lowest and highest percentage of a donor's dollar.

A. Top Grossing Paid-Fundraisers

Nine paid fundraisers raised \$5,357,886, or almost 69% of the total amount raised from Vermonters,¹⁷ and roughly 44% (\$2.35 million) were on behalf of various Vermont public safety organizations (e.g. police and fire fighter charities). Below is a brief description of these fundraisers, including details about the campaigns they ran.

1. **FireCo, LLC**: raised **\$1,146,314.70** (15% of total money raised from Vermonters)
 - FireCo ran five campaigns on behalf of one charity: the Professional Fire Fighters of Vermont (PFFV). PFFV retained 23.9% of these funds, with FireCo claiming 64% as expenses for its SGS campaigns and almost 12% as profit. In July 2014, FireCo ceased working as PFFV's paid fundraiser, and began working as a paid consultant for PFFV, advising on fundraising without making solicitation calls.
2. **InfoCision Management Corporation**: raised **\$655,298.24** (8% of total money raised from Vermonters)
 - InfoCision raised funds for 56 out-of-state charities through 135 campaigns (16 of which reported \$0). Charities working with InfoCision received, on average, 43% of donations.
3. **Xentel, Inc.**: raised **\$643,473** (8% of total money raised from Vermonters)
 - Xentel ran six campaigns from which charitable causes received only 17.45% of donations. 80% of the funds raised were for four Vermont Police Association campaigns and the other 20% were for two campaigns for AMVETS (an out-of-state cause). Xentel ceased soliciting in August 2014.
4. **The Heritage Company, Inc.**: raised **\$532,768.58** (7% of total money raised from Vermonters)
 - Of the 32 campaigns The Heritage Company ran in Vermont, three were on behalf of Special Olympics of Vermont, which retained 50% of the money raised (\$175,269.21), and accounted for 25% of Heritage's total. The other

75% of funds raised were on behalf of fifteen out-of-state charities, which received 45% of the split.

5. **Police Publications, Inc.:** raised **\$516,863.62** (7% of total money raised from Vermonters)
 - All six of Police Publication’s campaigns were SGS campaigns for either the Vermont Police Association or the Vermont Troopers’ Association. The charities retained approximately 26.6% of donations, with Police Publications claiming 62% in expenses and 11.4% as profit.
6. **Donor Services Group, LLC:** raised **\$494,949.12** (6% of total money raised from Vermonters)
 - Donor Services Group ran 192 campaigns in Vermont for 70 out-of-state-charities – the most of any Paid Fundraiser over this timeframe (even discounting the 41 campaigns that reported \$0). On average, the charities received 45% of donated funds.
7. **Aria Communications Corporation:** raised **\$489,142.77** (6% of total money raised from Vermonters)
 - Aria raised 98% of its funds through 11 campaigns on behalf of four Vermont charities: Vermont Public Television, Vermont Public Radio, Vermont Public Interest Research Group, and Planned Parenthood of New England. These four charities received a 58.7% split. The other 2% of funds raised were from 15 campaigns for 8 out of state charities.
8. **Outreach Calling:** raised **\$452,604.72** (6% of total money raised from Vermonters)
 - The 22 out-of-state charities contracting with Outreach Calling received 10.5% of donors’ contributions. Half of these organizations were on the “50 Worst Charities” list, published by the Tampa Bay Times.¹⁸
9. **Courtesy Call, Inc.:** raised **\$426,470.89** (5% of total money raised from Vermonters)
 - The 13 out-of-state charities contracting with Courtesy Call received 10.8% of donors’ contributions. Four of these organizations were on the “50 Worst Charities” list, published by the Tampa Bay Times and accounted for 42% of all the money Courtesy Call raised. Of this total, 97% (or \$173,016.37) came from two campaigns on behalf of the National Police and Trooper Association (International Union of Police Associations), which received a 5% split.

B. Paid Fundraisers with the Worst Split

Paid fundraisers operating in Vermont offer widely varying percentages to their client charities. For those fundraisers which raised over \$50,000 in Vermont during the three years

covered by this report, the average split varies – from a high¹⁹ of nearly 60% (Aria Communications Corporation), to a low of barely 10% (Outreach Calling) – and some individual campaigns report higher and lower splits. Though the Attorney General’s Office is not privy to how fundraisers structure their business models, it is clear that charities opting to work with certain paid fundraisers expect to receive a much smaller portion of Vermonters’ charitable contributions – and prospective donors should be aware of these companies when deciding to donate.

Below is a list of the paid fundraisers that raised more than \$50,000 from Vermonters delivering the smallest portion of a donor’s dollar to the charitable cause, along with their rank in terms of largest grossing paid fundraisers operating in Vermont. These fundraisers account for 36% of the total funds raised in the state, over \$2.8 million.

1. **Outreach Calling:** 10.51% out of \$452,604.72 to charity – #8 largest gross total
2. **Courtesy Call:** 10.79% out of \$426,470.89 – #9
3. **Charitable Resource Foundation, Inc.:** 12.16% out of \$61,982.00 – #18
4. **Midwest Publishing-DN, Inc.:** 13.87% out of \$361,858.75 – #10
5. **DialAmerica Marketing, Inc.:** 15.34% out of \$350,576.55 – #11
6. **Xentel, Inc.:** 17.45% out of \$643,473.00 – #3
7. **Consult Tele-Communications:** 18% out of \$306,445.00 – #12
8. **Harris Connect, LLC:** 18.29% out of \$207,433.86 – #14

C. The Tampa Bay Times “50 Worst Charities” Report

In 2013, the Tampa Bay Times collaborated with the Center for Investigative Reporting and CNN to investigate charities that obtain the vast majority of their donations through paid fundraisers. They created a list of the “50 Worst Charities”, basing it on those entities that passed the most money to paid fundraisers – nearly \$1 billion from 2003-13 – and used the smallest fraction of the remaining funds to pursue the charity’s mission – no more than 4 cents for every dollar donated. The report’s findings are detailed on the Tampa Bay Time’s [website](#).

Tampa Bay Times “50 Worst Charities” that had Fundraising Campaigns in Vermont:

<u>Charity</u>	<u>Rank on “50 Worst” List</u>
Kids Wish Network	(#1)
Cancer Fund of America	(#2)
Firefighters Charitable Foundation	(#5)
Breast Cancer Relief Foundation	(#6)
International Union of Police Associations, AFL-CIO	(#7)
Children’s Cancer Fund of America	(#10)
Youth Development Fund	(#12)
Committee For Missing Children	(#13)
National Caregiving Foundation	(#16)
National Cancer Coalition	(#21)
Woman To Woman Breast Cancer Foundation	(#22)
American Foundation for Disabled Children	(#23)
Wishing Well Foundation USA	(#28)
Defeat Diabetes Foundation	(#29)
Disabled Police Officers of America	(#30)
Reserve Police Officers Association	(#33)
Optimal Medical Foundation	(#34)
Disabled Police Officers Counseling Center	(#36)
United Breast Cancer Foundation	(#38)

From this group of 50, nineteen charities raised money in Vermont from FY 13 through FY 15. Together, these nineteen charities accounted for \$493,720 in funds raised in Vermont.

D. Charities Raising the Most Money through Paid Fundraisers

A small number of charitable causes are responsible for a significant amount of all contributions obtained through paid fundraisers. In fact, three in-state causes account for approximately \$2.6 million, or 61%, of the total funds raised for Vermont charities through paid fundraisers. Importantly, these three causes all employ SGS campaigns to raise funds making the actual percentage each fundraiser keeps difficult to determine. What is clear is that, by

donating through such campaigns, a smaller percentage of the contribution gets to the charitable cause, even if the donor also receives something of value.

- **Professional Fire Fighters of Vermont (PFFV):** raised **\$1,146,314.70**, or 15% of the total funds raised in Vermont, and retained \$274,026.24. For much of the past decade, PFFV has been the top grossing charity, which is all the more remarkable this year when PFFV was only reporting on campaigns through July 2014 because they changed their fundraising model after that time and are no longer required to file reports. PFFV received almost 24% of donor's dollars, with its fundraiser, FireCo, claiming nearly 12% as profit and an additional 64% as SGS expenses.
- **Vermont Police Association:** raised **\$733,228.55**, or 9% of the total money raised in Vermont, and retained \$147,364.68. The Police Association used two paid fundraisers: Xentel, which raised 70% of the funds (\$515,642), but kept almost 81% of them; and Police Publications, which ran three SGS campaigns, netting the Police Association 24% of the donations, and claimed 65% as expenses and 11% as its profit.
- **Special Olympics of Vermont:** raised **\$679,765.67**, or 9% of the total money raised in Vermont, and retained \$223,066.01. Special Olympics also used two fundraisers: The Heritage Company, which raised 50% of the total funds and gave over 50% of these funds to the charity; and DialAmerica Marketing, which ran four SGS campaigns, and gave 14.3% of dollars to the charity, with 62.7% claimed as expenses and 23% as DialAmerica's profit.

Other charities which used paid fundraisers to solicit in Vermont and raised over \$150,000 during the three years analyzed in this report are as follow:

- **Vermont Veterans of Foreign Wars:** raised **\$306,445.00**, received \$55,160.90 (18%) in SGS campaigns with 40.55% claimed expenses and 41.45% as profit.
 - Paid fundraiser: Consult Tele-Communications
- **Vermont Troopers' Association, Inc.:** raised **\$299,277.07**, received \$85,137.91 (28.4%) in SGS campaigns with 60% claimed as expenses and 11.6% as profit.
 - Paid fundraiser: Police Publications
- **International Union of Police Associations, AFL-CIO:** raised **\$198,504.37**, received \$11,890.77 (6%)
 - Paid fundraisers:
 - Outreach Calling: raised 13% of total – 10% to charity

- Courtesy Call: raised 87% of total – 5.4% to charity
 - Of note: #7 ranked worst charity according to Tampa Bay Times.
- **Vermont Public Radio:** raised **\$187,878.88**, received \$173,095.41 (92%)
 - Paid fundraiser: Aria Communications Corporation
- **AMVETS:** raised **\$187,239.00**, received \$38,429.07 (20.52%)
 - Paid fundraisers:
 - Xentel: raised 68% of total – 17% to charity
 - The Heritage Company: raised 32% of total – 36% to charity
- **Fletcher Allen Health Care, Inc.:** raised **\$176,711.32**, received \$20,900.43 (12%)
 - Paid fundraiser: Harris Connect, LLC
- **New England Association of Chiefs of Police:** raised **\$175,450.00**, received \$27,912.01 (16%)
 - Paid fundraiser: Midwest Publishing-DN, Inc.
- **United States Fund for UNICEF:** raised **\$172,143.59**, received \$76,650.44 (44.5%)
 - Paid fundraisers:
 - Donor Services Group: raised 97% of total – 45% to charity
 - PDR II, Inc.: raised 2% of total – 20% to charity
 - InfoCision: raised less than 1% - 81% to charity

For information on additional Vermont charities, including those receiving the lowest and highest portion of donor dollars, see *Table A*, at the end of this report.

V. ENFORCEMENT ACTIONS

Since the 2012 Paid Fundraiser Report, the Attorney General’s Office has increased enforcement of the Charitable Solicitations Act, receiving nearly \$100,000 from paid fundraisers in penalties and fines. The Attorney General’s Office has levied numerous fines against paid fundraisers for their repeated failure to file required financial reports – these reports provide the

data upon which this report is based and which the Attorney General's Office makes available to prospective donors: <http://ago.vermont.gov/focus/consumer-info/charities.php>

Along with these failure-to-file violations, the Attorney General's Office has investigated and fined two paid fundraisers for making misleading statements to prospective donors during solicitation calls into Vermont. ***Integral Resources, Inc.***, repeatedly made statements in its solicitation script suggesting that the paid fundraiser was the charitable cause in question. By using phrases like "Knowing the good that we do, can I count on your renewed support..." or "We can make a difference, but we need your renewed support," Integral Resources misrepresented its relationship to the charity for which it was soliciting. Ultimately, Integral Resources agreed to pay \$23,000 in penalties and fines, of which \$18,000 went directly to the charities in question.

Strategic Fundraising, Inc. likewise used misleading language during solicitation calls to Vermont on behalf of one charity, including, "We need the resources..." and "We can't let the coal industry and its political allies..." and "We need to help ensure that [Americans] have a voice..." Strategic Fundraising also failed to provide mandatory disclosures during its solicitation calls on behalf of the same charity, specifically failing to clearly state that callers were calling from a paid fundraiser on behalf of a charity, and failing to inform a prospective donor on where to obtain information about the split. Strategic Fundraising agreed to pay \$22,500 in penalties and fines, including \$5,000 to the charity in question.

The Attorney General's Office has also joined with law enforcement agencies from every other state, along with the District of Columbia and the Federal Trade Commission, in a lawsuit in Arizona against four sham cancer charities and their operators, who allegedly scammed more than \$187 million from consumers throughout the country from 2008 to 2012. The joint

complaint alleges that the defendants—including Cancer Fund of America, Children’s Cancer Fund of America (which had active solicitation campaigns in Vermont as recently as May 2015), Cancer Support Services, and the Breast Cancer Society—portrayed themselves to donors as legitimate charities with substantial nationwide programs whose primary purposes were to provide direct support to cancer patients, children with cancer, and breast cancer patients in the United States. The lawsuit asserts that the overwhelming majority of consumers’ contributions benefitted only the perpetrators, their families and friends, and professional fundraisers. Consumers’ donations were wasted and misused, cancer victims were not helped, and the representations that defendants were legitimate charities were false.

The Attorney General’s Office continues to actively investigate several paid fundraisers operating in Vermont. Vermonters are encouraged to contact the Consumer Assistance Program with complaints or concerns about paid fundraisers or other charitable solicitations using the on-line complaint form on their website, www.uvm.edu/consumer, or by sending a written complaint to the following address: Consumer Assistance Program, 146 University Place, 103 Morrill Hall, UVM, Burlington, VT 05405.

VI. TIPS FOR CHARITIES AND DONORS

Vermont charities should take notice of the split and determine whether using a paid fundraiser makes sense and, if so, which fundraiser can offer them the highest percentage of donors’ gifts. There are many reasons a charity may contract with a paid fundraiser. These companies provide services that smaller charities simply lack the capacity to undertake. For example, Vermont’s law requires that paid fundraisers give charities access to the donor list, and in this way, charities can increase their own fundraising efforts by periodically contracting with a paid fundraiser to expand their donor base. Nonetheless, charities should make informed choices

about contracting with such companies, recognizing the differing splits and the different compensation arrangements various paid fundraisers offer and maximizing the return they are likely to receive for every donated dollar.

Finally, Vermonters should ask questions of charities that are soliciting donations. On the phone, be sure paid fundraisers identify themselves as being paid by the charitable cause (most charities that do their own solicitations will let you know the caller is an employee of the charity or a volunteer). And make sure the caller does not imply that he or she is the charity; do not be taken in by language (most commonly “we”) implying they are the same organization. Be sure the caller explains where information on “the split” – the amount of any donation that will go to the charity versus the paid fundraiser – can be found. If a fundraiser fails on either front, contact the Attorney General’s Office at www.uvm.edu/consumer or at Consumer Assistance Program, 146 University Place, 103 Morrill Hall, UVM, Burlington, VT 05405 with the date and time of the call and the names of the paid fundraiser and the charity.

Prospective donors should also research whether a charity uses a paid fundraiser, and if so, what percentage of the donation a fundraiser is likely to keep. The Attorney General’s website provides this information for all campaigns where a paid fundraiser has filed a notice of solicitation in Vermont: <http://ago.vermont.gov/focus/consumer-info/charities.php>. In almost all cases, a donor’s dollar will go farther by giving it directly to the charity, rather than through the paid fundraiser.

VII. CONCLUSION

Paid fundraisers are prevalent in the realm of charitable fundraising and typically retain a majority of the funds donated. Charities that contract with paid fundraisers receive a fraction of every dollar a donor chooses to give and the actual split that a charity receives may depend

somewhat on the location of the charity. Donors should attempt to educate themselves about how much of their donation to a charity will go to advancing the charity's mission and how much will go to pay for a paid fundraiser.

In the twenty-five years since Vermont passed the Charitable Solicitations Act, the data the Attorney General's Office has gathered paints a stark picture: paid fundraisers keep the lion's share of donations given to charities. While different campaigns have different splits and some pass on the majority of funds raised to the charity, on average, 70 cents of every dollar donated by Vermonters to charities using paid fundraisers never gets to the charity. For in-state organizations, this number is even higher, representing nearly three quarters out of every dollar ending up in the paid fundraiser's pocket.

TABLE A

Charities Receiving the Worst Split – Charities for whom more than \$50,000 was raised:

- 1. International Union of Police Associations, AFL-CIO:**
 - 5.99% out of \$198,504.37 to charity (6th largest Gross).
 - **Primary PFs:** *Outreach Calling, Courtesy Call, Inc.*
- 2. Woman 2 Woman Breast Cancer Foundation:**
 - 10.00% out of \$69,952.00 (22nd largest Gross).
 - **Primary PFs:** *Outreach Calling, Charitable Resource Foundation, Inc., Midwest Publishing-DN, Inc.*
- 3. Breast Cancer Survivors Foundation:**
 - 10.00% out of \$67,488.15 (23rd largest Gross).
 - **Primary PFs:** *Outreach Calling, Midwest Publishing-DN, Inc.*
- 4. National Vietnam Veterans Foundation**
 - 11.00% out of \$106,094.00 (17th largest Gross).
 - **Primary PFs:** *Outreach Calling, Midwest Publishing-DN, Inc.*
- 5. Fletcher Allen Health Care, Inc.**
 - 11.83% out of \$176,711.32 (9th largest Gross).
 - **Primary PFs:** *Harris Connect, LLC*
- 6. Kids Wish Network:**
 - 12.74% out of \$76,691.43 (20th largest Gross).
 - **Primary PFs:** *Outreach Calling, Charitable Resource Foundation, Inc., Jak Productions, Inc., Dream Giveaway, Inc.*
- 7. Disabled Veterans Services, Inc. (sometimes d/b/a Gulf War Veterans Coalition or Veterans Suicide Prevention & Support Fund):**
 - 14.62% out of \$89,048.00 (18th largest Gross).
 - **Primary PFs:** *Courtesy Call, Inc., Midwest Publishing-DN, Inc.*
- 8. Community Charity Advancement, Inc. (sometimes d/b/a United States Firefighters Association):**
 - 15.00% out of \$137,675.50 (13th largest Gross).
 - **Primary PFs:** *Courtesy Call, Inc.*
- 9. New England Association of Chiefs of Police:**
 - 16.00% out of \$175,450.00 (10th largest Gross).
 - **Primary PFs:** *Midwest Publishing-DN, Inc.*
- 10. Vermont Veterans of Foreign Wars**
 - 18.00% out of \$306,445.00 (4th largest Gross).
 - **Primary PFs:** *Consult Tele-Communications*

Charities Receiving the Best Split – Charities for whom more than \$50,000 was raised:

1. **The US Charitable Gift Trust²⁰:**
 - 100% out of \$123,475.67 to charity (15th largest Gross).
 - **Primary PFs:** *Eaton Vance Distributors*
2. **Vermont Public Radio:**
 - 92.14% out of \$187,868.88 (7th largest Gross).
 - **Primary PFs:** *Aria Communications*
3. **American Heart Association:**
 - 54.93% out of \$79,462.90 (19th largest Gross).
 - **Primary PFs:** *InfoCision, Strategic Fundraising*
4. **March of Dimes:**
 - 53.49% out of \$65,370.69 (24th largest Gross).
 - **Primary PFs:** *InfoCision*
5. **Habitat for Humanity:**
 - 53.13% out of \$61,665.00 (26th largest Gross).
 - **Primary PFs:** *Strategic Fundraising, Donor Services Group, InfoCision, MDS Communications Corporation*
6. **American Society for the Prevention of Cruelty to Animals:**
 - 50.33% out of \$57,515.00 (29th largest Gross).
 - **Primary PFs:** *Donor Services Group, Strategic Fundraising, Telefund*
7. **Planned Parenthood:**
 - 45.83% out of \$60,605.50 (27th largest Gross).
 - **Primary PFs:** *Aria Communications, Donor Services Group, Harris Direct, SD&A Teleservices, PDR II*
8. **United States Fund for UNICEF:**
 - 44.47% out of \$172,143.59 (11th largest Gross).
 - **Primary PFs:** *Donor Services Group, InfoCision, PDR II*
9. **American Diabetes Association:**
 - 42.90% out of \$50,598.16 (32nd largest Gross).
 - **Primary PFs:** *InfoCision, Strategic Fundraising*
10. **Vermont Public Interest Research Group:**
 - 40.80% out of \$141,462.00 (12th largest Gross).
 - **Primary PFs:** *Aria Communications*

END NOTES

¹ The U.S. Supreme Court has held that it is unconstitutional for the state to require paid fundraisers to affirmatively disclose to a potential donor the percentage of the total donation the fundraiser keeps and the amount they pass on to the charity. In *Riley v. National Federation of the Blind of North Carolina, Inc.*, paid fundraisers challenged a North Carolina law requiring such a disclosure, and the High Court ruled it violated the First Amendment by compelling paid fundraisers to speak when they would otherwise choose not to. 487 U.S. 781, 796 (1988).

² 9 V.S.A. § 2475(b).

³ 9 V.S.A. § 2477.

⁴ 9 V.S.A. § 2475(b).

⁵ 9 V.S.A. §§ 2475(a) – (c)

⁶ 9 V.S.A. § 2475(e); Consumer Protection Rule CP 119.07.

⁷ 9 V.S.A. § 2473(b).

⁸ 9 V.S.A. § 2476(b).

⁹ 9 V.S.A. § 2472(a)(5).

¹⁰ 9 V.S.A. § 2471(8). Volunteers are exempt, as are employees and directors of charities and most fundraising consultants. *Id.* § 2471 (8)(A), (B), (C). Notably, students soliciting for their educational institution are also exempt, provided they are not paid based on the “number or value of contributions received.” *Id.* § 2471(8)(D).

¹¹ 9 V.S.A. § 2471(9).

¹² 9 V.S.A. § 2471(3).

¹³ Paid fundraisers must take the following steps before soliciting donations in Vermont:

1. Create an account on the electronic filing system through the Attorney General’s Office’s [website](#);
2. Pay the \$500 annual registration fee;
3. File a Notice of Solicitation (which includes specific requirements) with the Attorney General’s Office;
4. Pay the \$200 annual campaign fee;
5. Post a \$20,000 bond; and
6. File copies of their contract with the charity with the Attorney General’s Office.

¹⁴ Specifically, the financial report must contain the following information (or, if the data is not available through due diligence, then best estimates and explanations as to how the estimates were arrived at):

- a. the total gross receipts from residents of Vermont;
- b. a description of how these gross receipts were distributed, including itemized expenses, commissions and other costs of the campaign, and the net amount paid to the charity;
- c. the percentage of gross receipts from residents of Vermont that is made up by the total of fundraising expenses, commissions and other costs;
- d. the percentage of gross receipts from residents of Vermont that is made up by the net amount paid to the charity for its charitable purposes;
- e. the period covered by the financial report, the date, if any, that the campaign was terminated early, and whether the financial report is the final report for that campaign; and
- f. whether the charity has reviewed the financial report, and if so, the name and title of the reviewer.

CP 119.06(a); *see also* 9 V.S.A. § 2477(b).

¹⁵ For the purposes of this report and analyzing the available data, certain causes were grouped under the umbrella charity's name. For example, rather than considering the Planned Parenthood Action Fund and Planned Parenthood as two separate causes, both were considered one cause.

¹⁶ The remaining campaigns, representing less than one percent of the total, were for funding a specific charity's event.

¹⁷ The fundraisers selected for this section of the report all raised over \$400,000 in Vermont over the three years examined in this report.

¹⁸ See Section IV(C) of this report, "The Tampa Bay Times 50 Worst Charities."

¹⁹ One paid fundraiser, Eaton Vance Distributors, reported giving 100% of donors' contributions to the charitable cause. This paid fundraiser ran one campaign in FY 13 on behalf of the U.S. Charitable Gift Trust, based in Delaware, and raised \$123,475.67. Research of public documents suggests, however, that this charity is a donor-advised fund that Eaton Vance, itself, administers. In doing so, Eaton Vance appears to charge the charity separately for fundraising, investment management, and other services.

²⁰ See Note 19, above.