Reimagining Candid

Annual Report

Getting the best data into more hands

Ann Mei Chang
Chief Executive Officer

My second year leading the talented and driven team at Candid was packed with exciting challenges, celebrating some big "wins," and plenty of learning opportunities as we worked relentlessly to achieve our 2023 objectives. Let's dig into the highlights together and explore where Candid is headed next.

Increasing freshness, quality, and comprehensiveness of data

Data is the cornerstone of Candid's entire operation. A key component of our 2030 vision is to establish common profiles with robust information on social sector organizations, optimizing transparency and reducing redundancy. While the entire social sector relies on IRS data, that alone is not enough. Pandemic-related delays of IRS 990 data in recent years put a damper on gathering a comprehensive view of the sector. For context, in April 2023, Candid could only account for about 60,000 990 filings for fiscal years 2021 and 2022 combined. While the IRS delays are out of our control, we knew we had to be prepared to ingest that data as soon as it was released and make it available in our products.

Finally, in May 2023, the IRS released around a million 990 files. After this release, we had over 800,000 filings for those years, including comprehensive 990 data for 2020 and 2021. Our team sprang into action to integrate the new 990 data into Candid's data sets in record time. This includes adding our signature enhancements (e.g., Philanthropy Classification System codes, geolocation enhancements, and matching and deduplicating records).

> "Our goal is to balance two priorities: never having cost be a barrier to accessing the data you need to do good, while ensuring we remain financially sustainable and can provide the best data possible for years to come.

Getting the best data into more hands

But while 990 data is crucial, it's just one piece of an incomplete puzzle. To provide richer, more recent data, dozens of Candid staff apply their decades of experience to clean, enhance, and augment it with additional sources. We also strongly encourage both nonprofits and grantmakers to share their most current information with us directly through their Candid profile on GuideStar to provide a comprehensive view of how the sector operates (see page 7 to learn more about how Candid provides the best data possible as a public good) .

Candid is also constantly on the lookout for new and evolving data needs. In the past few years, we witnessed a dramatic increase of interest in demographic data. Our team recognized a new opportunity to support the sector, as we already collect demographic data on Candid's organizational profiles. So, this year we launched a major campaign, Demographics via Candid, to reduce the data collection burden on nonprofits and equip the sector with critical insights to inform our collective work on equity. To date, we've signed over 133 partners, integrated with most of the major grants management systems (GMS), and have collected demographic data from more than 62,000 nonprofits. Read more about the first year of Demographics via Candid on page 10.

More resources go to the places that do the most good

Offering the best, freshest data possible is only meaningful if it is accessible to those who need it most. Today, 95% of users access Candid's data for free, largely as casual users of GuideStar and 990 Finder. We also continue to seek ways to expand access for the public good. As of 2023, this includes:

- Making Go for the Gold permanent, to provide small nonprofits with free access to Foundation Directory Essential when they earn a Gold Seal of Transparency.
- Doubling the number of Candid community sites across the U.S., where community members can access and use our tools and services for free.
- Empowering nonprofits with a shareable link to easily and proactively share their full Candid profile with donors and partners.
- Launching a free academic data set to support research that strengthens the sector.

With the upcoming transition to Candid's next generation platform (read more on page 5), we will explore ways to continue making more data more affordable, particularly to smaller nonprofits. Our goal is to balance two priorities: never having cost be a barrier to accessing the data you need to do good, while ensuring we remain financially sustainable and can provide the best data possible for years to come.

The year ahead

As we look forward to 2024, achieving this balance is key to Candid living up to our nonprofit mission to provide data as a sustainable public good that supports the entire sector's success. Thank you for your continued generosity to support our work. It's what inspires and enables us to dream big and live up to our potential.

Ann Mei Chang

A note from our board chair

Rhett Mabry
Candid Board Chair
President, The Duke Endowment

Almost 20 years ago, I had the opportunity to participate in a nonprofit management training program at Harvard Business School. Some 140 nonprofit leaders from across the world met in Cambridge that week to read and discuss case studies on strategic management. The first evening, after we gathered in a large lecture hall, faculty members took us through a process of dissecting mission and vision statements that had been submitted as part of the application process. We concluded that most, if not all, nonprofits use their guiding documents to state what they do and to tell why, where, how, and for whom they do it. Typically missing, however, is a clear expression of the changes they want to see or the differences they want to make.

That insight has stayed with me, shaping my work as president of The Duke Endowment and now, as board chair of Candid. The goal is not simply to feel good about supporting good causes, but to achieve measurable positive impact. And to do that, we need to be clear about what we are trying to accomplish, which strategies we need to use to achieve our aims, and what data is necessary to inform our progress. Candid is uniquely positioned to help with the data piece.

Candid's CEO Ann Mei Chang shares the same passion for having impact in meaningful and measurable ways. She is clear about

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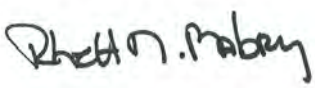
wanting to use the data we collect to do the most good with the resources we have, making the social sector more efficient, effective, and equitable. That is the change Candid wants to see.

To fulfill this ambition, we know that we need capable and creative people—staff who can sift through, analyze, and compile large datasets. This fall, after spending a few days with our incredible Candid team during its annual retreat in Baltimore, I came away even more confident that we have people who are prepared to meet the challenges of constantly evolving and ever-increasing data demands. The products, analyses, syntheses, and summaries we provide will help end users—nonprofits, foundations, charitable givers, investors, and government—make better decisions and offer better services.

We know that we cannot rest on our laurels. We must constantly seek ways to improve our products and enhance the user experience. That's why we are working to connect our many product offerings through a next generation platform. The efficiencies achieved will help add value for our users.

Thank you for taking time to read this report and learning more about what Candid offers. We look forward to working with you as we identify and build more effective programs, systems, and approaches, connecting more people who want to change the world to the resources they need to do it.



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Candid's next generation platform

There are two sides of the social sector—nonprofit organizations with missions to deliver services and support to communities, and funders including individuals, foundations, and government organizations providing financial fuel to support nonprofits. Historically, the challenge has been for each "side" to have trusted information, insight, history, and human connections to match mission delivery to mission funding. Candid envisions a single destination to distribute data and insights, providing a comprehensive view of the social sector using the data we collect and analyze.

Vision

Through our next generation platform, we are integrating machine learning, personalized user experience, advanced visualizations, and AI-driven tools and recommendations to create, synthesize, and share the insights that answer key questions about the social sector. We deliver tools that connect funders and nonprofits alongside grant funding insights and analysis. We will bring together multiple sources of organizational data and make that aggregated information available for users to create custom summary pages organized by cause, geography, or other interests. These pages will be presented using data visualization, maps, and can even surface relevant documents, research, and news articles. The organized information the platform delivers informs decisions and deepens understanding to create connections across the social sector.

John Gonzalez

Vice President of Product Management

Tracy Waksler

Vice President of Growth

> "What sets Candid apart from other providers of publicly available information about social sector institutions is the experience and rigor we apply to collecting and enhancing that information.

Candid's distinct advantage
What sets Candid apart from other providers of publicly available information about social sector institutions is the experience and rigor we apply to collecting and enhancing that information. Enhancements elevate the level of information by making it more current, more descriptive, and more inclusive (see page 7 for details on how we augment the data Candid collects). These improvements provide an unprecedented level of insight and discoverability to organizations and grants. As a 501(c)(3) nonprofit itself, Candid has supported the social sector for more than 80 years and works to create a sustainable public good that supports success for the entire sector. We have the staff expertise, organizational capacity, and leadership to provide unparalleled resources and services.

Public data alone is not enough, which is why our current and future products include the largest collection of contributed data directly from nonprofits and foundations available. Contributed data allows organizations to fully inform the world about their mission-critical work in a timelier way. This is not possible with governmental forms alone. In 2023, Candid elevated its commitment to this data collection. Within the past two years, nearly 100,000 nonprofits have claimed their Candid profiles and updated them with contributed data to earn a Seal of Transparency. Thanks to improved operations and incentives, we anticipate more nonprofits claiming and updating their Candid profiles this year.

The road ahead
In 2023, we did a phased release of new products and features to alpha testers who helped us make refinements to the early-stage platform. We're excited to share that, starting in 2024, features of Candid's next generation platform will be publicly available. We have unified our backend systems and data for both foundations and nonprofits. This data is fully searchable—including by criteria such a board and staff demographics—and can be accessed in our updated, accessible, and easy-to-use platform. In the coming months, Candid will add grants data, advanced visualization, trend analysis and data comparison tools to make it easier for our users to gain meaningful insights.

As we continue to build our new platform, our current subscribers will start to experience a modern interface that moves beyond searching for data to delivering answers using artificial intelligence and data science. We are also testing the ability to facilitate intelligent funding connections, generate first drafts of grant proposals, and make it easier to attract donors (learn more about how Candid is leveraging artificial intelligence and machine learning on page 8). These will be more personalized, reliable, comprehensive, current, and useful than ever before. One of our goals is to lower the financial and experience barriers that small nonprofits often encounter when trying to raise money, connect to resources, or tell their story. Finding and reviewing organizational profiles through the Candid platform is free, and we are committed to keeping access to the best fundraising tools affordable for all.

Feedback from users like you will help us shape Candid's next generation of tools. To see the new platform emerging, visit beta.candid.org and login with your existing credentials for GuideStar or Foundation Directory or register as a new user. Through the beta site, you can explore funder and nonprofit profiles and receive updates as we release new features. We appreciate your insights and feedback to create the ultimate hub of data, information, and knowledge for the social sector.

Offering the largest collection of the highest quality data, as a public good

Collect

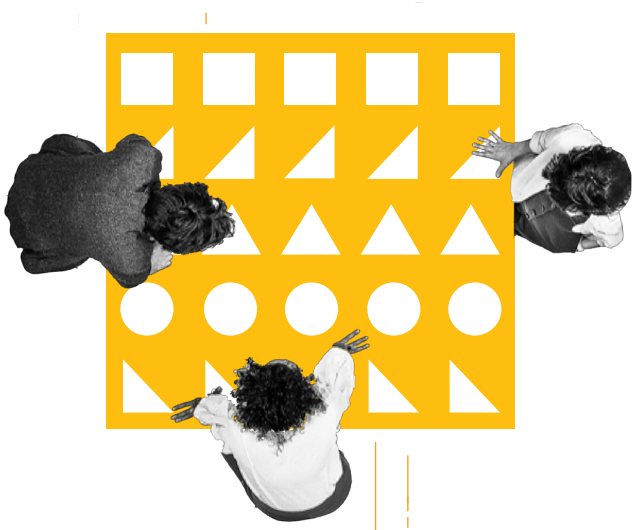
Candid collects publicly available data from the IRS as well as contributed data directly from nonprofits and funders themselves. We continuously scour the web for richer information beyond basic details in Forms 990.

— State Attorneys General
— Self-reported data
— Business Master File (BMF)
— IRS Forms 990
— Public data and web scraping

Enrich

We apply 20+ signature enhancements to go the extra mile, ensuring we provide the freshest, most robust, useful data.

— Data standardization, matching, and survivorship
— Enhanced with taxonomies like the Philanthropy Classification System (PCS)
— Powered by AI
— Available in real time



Distribute

Over 95% of users access this data for free through 990 Finder, GuideStar, the Go for the Gold promotion, and at over 1,000 Candid community locations. We also offer richer data and deeper access through paid products.

— GuideStar Pro
— Foundation Directory
— APIs and data services
— Charity Check
— Nonprofit Compensation Report

AI at Candid: Powering technology for long-term success

David Hollander, Ph.D.
Data Science Manager

2023 felt like the year of generative artificial intelligence (AI). Generative AI products are examples of a branch of AI called machine learning, which involves learning from data to surface trends and predictions. An active field of research in the 1960s, machine learning is now deeply embedded in our daily lives—from receiving recommended products while we're online shopping to our devices autocorrecting our typos.

Candid was one of the first organizations in the social sector to use natural language processing, machine learning, and auto-coding in combination with design capabilities. Our 10+ years of experience using this technology has allowed us to refine the way that we use it and understand its limitations. When considering the applications of AI and machine learning at Candid, we want to ensure that we are helping make the social sector more effective and efficient. Here are just a few ways we leverage AI and machine learning in many of Candid's current products and data enhancement processes.

> Our 10+ years of experience using this technology has allowed us to refine the way that we use it and understand its limitations.

Turning data we collect into the most comprehensive view of the social sector

Candid uses machine learning to automatically tag new grants, request for proposals (RFPs), and mission statements to our Philanthropy Classification System (PCS) taxonomy—or our way of organizing and enriching data to make it usable. This allows us to add millions of data points each year that provide a highly detailed view of activity in the sector. It

also helps ensure people can access the robust and holistic information they need to advance their missions. This means nonprofits can quickly find information on potential funding and grants, allowing them to spend less time sifting through the vast array of funding opportunities available and more time pursuing those that are most likely to be aligned with their missions.

Helping the sector stay up to date with the latest information
Candid's social sector news feed uses machine learning to analyze news articles and press releases for new grant awards and RFP announcements while identifying the relevant organizations, people, and geographic locations associated with each. With AI, Candid makes the latest social sector information actionable in real time.

Facilitating intelligent funding connections
We are testing a new tool for future product features to connect nonprofits with potentially relevant funders. We launched an ongoing email campaign which shares funder recommendations to a group of more than 7,000 nonprofit customers to help them find funding. This tool not only uses AI, but it also taps into the rich networks of social sector relationships emergent from Candid's historical grantmaking data set, including nearly 30 million grants for over 2.5 million nonprofits worldwide.

To build the next wave of Candid's AI technology, we will make use of generative text capabilities. Our initial plans are aimed at freeing up the time and resources nonprofits spend finding funders, attracting donors, and securing grants, to better focus on advancing their missions. Here's a sneak peek into what awaits.

Generating first drafts of grant proposals
We are currently experimenting with generating first drafts of grant proposals for nonprofits that are actively prospecting for funding within our tools, leveraging the vast amount of contributed information we have available about nonprofits through their Candid profiles. This may be especially useful for nonprofits responding to RFPs as they are announced. The more information we know about your nonprofit, the more detailed and specific first draft of a grant proposal our future AI tool will be able to generate. As nonprofits update their Candid profiles and share their programs, budget, and demographic information, we can better support their future grant-seeking efforts.

Making it easier to attract donors online
We constantly look for ways to make it easier for nonprofits to claim and update their Candid profiles. A cross-functional team at Candid is investigating how generative AI can use an organization's recent tax forms to automatically prepopulate nonprofit profiles. Additionally, to make nonprofits even more attractive to potential funders, can generative AI be used to fix common text formatting issues (e.g., punctuation and capitalization) from IRS Form 990 fields before being displayed on Candid profiles? This is just one of the many questions we aim to answer to better serve the needs of the social sector.

As exciting as the possibilities of generative AI are, we are proceeding carefully to avoid some of the troubling behavior which can arise from this technology. As advocates of responsible and effective adoption of new technology for the greater good, we are excited to develop advanced tools for people to access even more actionable information from a vast social sector.

Demographics via Candid: One year in

Aleda Gagarin
Vice President
of Influence

Alison Jannette
Director of
Product Management

In February 2023, we officially launched Demographics via Candid, an initiative that empowers nonprofits to share their demographic data one time, through the Candid profile, where it can be accessed and reused by funders and other stakeholders across the field. This reduces the burden on nonprofits asked to fill out demographic surveys in different ways and formats, while providing sector insights and creating visibility for funders looking to better understand their giving portfolios and identify potential gaps. Here we reflect on what we learned and set the stage for where we're headed.

Celebrating progress

To date, more than 133 partners have signed onto Demographics via Candid. And, more than 62,000 nonprofits are contributing their demographic data via the Candid profile, which is double the amount since 2021. With this type of growth, we can safely say there is both appetite and enthusiasm to change the way we collect demographic data. Cheryl Dorsey, President of Echoing Green, underscored this at our launch event when she said, "The seismic impact of data in moments of global racial reckoning underscores its value and illustrates how it can help all of us create a more equitable environment for all."

The collaboration we had with our partners and with nonprofits has been key to our success. For funders and nonprofits alike, we now offer robust tools and resources to make the process of collecting and accessing demographic data as

> "Ultimately, all our partners share the belief that by standardizing demographic data collection ... the granting process becomes quicker and easier for both funders and nonprofits.

simple as possible. This includes on-demand training, onboarding calls, and step-by-step instructions on how to participate.

One major step was integrating this data seamlessly into our partners' existing grant-making workflows. This led to the creation of the free Demographics API and grants management system (GMS) integrations. We now have six GMS vendors partnering with us, representing over 50% of the market who provide access to demographic data natively with Candid's APIs. In addition, we also provide demographic data for free through Candid nonprofit profiles, a Tableau dashboard, or a simple spreadsheet by request.

We spoke with funders who have worked with their GMS to integrate data from Candid to better understand their giving portfolio and their objectives related to equity. Mike Wright, Chief Technology Officer at the Charles Stewart Mott Foundation, shared that "If we are to achieve diversity and equity in our grantmaking, one aspect of this is to gain an accurate understanding of who we support and to then be strategic to ensure that the grantmaking reflects the diversity we seek in our grantee community."

Enthusiasm is quick; implementation takes time

Momentum for this work continues to build, with most funders aligned with our vision. But the key challenges we encountered include working through internal bureaucracies, shifting systems, and varying competing priorities for the sector. Demographics via Candid asks funders to put the needs of the collective ahead of their own when it comes to demographic data. It's where these needs diverge with other priorities that can be challenging.

We also heard from partners that they continue to be concerned about privacy. Candid has fielded a research study to understand the nuanced needs of nonprofits in order to design a long-term solution. In the meantime, we encourage nonprofits to prioritize their safety and always select "decline to state" for questions they aren't comfortable answering.

Ultimately, all our partners share the belief that by standardizing demographic data collection through Candid nonprofit profiles, the granting process becomes quicker and easier for both funders and nonprofits.

Time to scale

In 2024, we will expand the campaign and hold ourselves accountable for measuring Demographics via Candid's success from a nonprofit perspective. Essentially, are they feeling less of a burden? We are also working with our research partner, Viewpoint Consulting, to implement learnings from surveys, focus groups, and interviews about collecting demographic data in a way that is feasible for nonprofits. We picture Demographics via Candid as evergreen work that continues to impact the sector significantly in the long run, with all parties benefiting from the standardization of this data.

Our goal is to have 80% of nonprofits (with budgets greater than $50,000) contribute their demographic data through Candid nonprofit profiles by 2030. We invite you to join us in making the granting process more equitable and efficient for all.

Candid Convene
Baltimore, Maryland

In October, we spent four days in Baltimore participating in interactive sessions that allowed teams to work cross-departmentally, hearing from local speakers, and exploring all that the city has to offer, including the Pennsylvania Avenue Heritage Trail, the Baltimore Harbor, the National Aquarium, Enoch Pratt Library, and more.

Candid operates as a remote organization with activity-based gatherings. We come together for this annual all-staff retreat, strengthening our organizational culture and encouraging collaboration across departments and divisions.

Black leadership and Black experiences in the social sector

Candid's Insights team seeks to leverage the data we collect to increase knowledge about the scope, equity, economics, and impact of the social sector. One of our major research initiatives over the last two years has focused on Black experiences and Black leadership.

Research partnerships

We knew we couldn't do this research alone and have been thrilled to partner with ABFE—an organization with 50-plus years of organizing, advocating, and strategizing on behalf of Black people inside and outside philanthropy. Additionally, we formed an external expert advisory group to help guide our efforts—including Black scholars from academia, grassroots nonprofits, philanthropy, and leadership development. They provide feedback and guidance on research direction and interpretation of analyses to ensure that what we produce is meaningful, additive, and actionable.

First report: Funding to HBCUs

For our first publication, ABFE and Candid decided to focus on a specific aspect of Black leadership—historically Black colleges and universities (HBCUs). These higher education institutions have played a vital role in educating Black people, developing Black leaders, and addressing inequality in the United States. In May 2023, we released Philanthropy and HBCUs: Foundation funding to historically Black colleges and universities. This was the first comprehensive analysis of private philanthropy to HBCUs.

Cathleen Clerkin, Ph.D.
Senior Director
of Insights

Grace Sato
Director of Research

> With nearly 20 years of data about U.S. foundation grants, our research documented a pattern of disinvestment in HBCUs.

With nearly 20 years of data about U.S. foundation grants, our research documented a pattern of disinvestment in HBCUs. From 2002 to 2019, although foundations increased their total giving by 124%, funding to HBCUs declined by 30%.

Still more striking, we discovered that the average Ivy League school received 178 times more funding than the average HBCU. From 2015, the Ivies received a combined $5.5 billion compared to HBCUs' $303 million. When compared with higher education institutions that were more similarly situated to HBCUs, (by size, geographic region, institution type, etc.) HBCUs were still underfunded. The average HBCU received about two-thirds of what philanthropy paid out to similarly situated schools.

The report generated a response beyond our expectations. More than 500 media outlets featured the report, including the Associated Press (with 400+ syndications), CBS News, Black Enterprise, BET, USA Today, Inside Higher Ed, Harvard Magazine, and the Chronicle of Philanthropy. Since its release, the publication has been the most downloaded report in Candid's collection of social sector research.

What's next

Candid and ABFE have begun our next exploration of Black-led organizations. Multiple reports suggest that Black-led nonprofits are underfunded. But just how pervasive and extreme is this funding gap? And do factors such as board demographics or Black population served play a role? Stay tuned for our findings in 2024.

> "[This report] will be one of those seminal documents that will allow us to get in rooms we might have been excluded from."
>
> Steven E. Hairston, Ph.D.
>
> Vice President of Institutional Advancement and Development
> Miles College

A year of short-form video experiments

Running social media at Candid means constant experimentation with content. As short-form video continued to trend in 2023, we decided to see how Candid's audience would respond to original, short-form video content on our TikTok, Instagram Reels, and YouTube Shorts. What started as a three-month experiment blossomed into a consistent social media video production program.

Many think of Candid as a data organization, but we're also a capacity-building resource, from training we offer on Candid Learning to sharing what we've learned from experiments like this in our own operations. While we are not experts, we wanted to share what we have learned over the past year doing social media video, and encourage other nonprofits to explore what different kinds of content might resonate with their audience.

A snapshot of a year of video at Candid

We created over 100 videos in 2023, featuring more than a dozen Candid staff members. That led to over 250,000 views and 13,000 engagements on TikTok, Instagram Reels, and YouTube Shorts.

Our goal for these videos has been to reach younger audiences and those with a preference for video content, as well as captivate our existing followers on social media. We measure our success by engagement—using likes, comments, saves, or shares as our metrics.

Kate Meyers Emery, Ph.D.

Digital Communications Manager

Promise Pitman

Communications & Brand Awareness Intern

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Our goal for these videos has been to reach younger audiences and those with a preference for video content, as well as captivate our existing followers on social media.

In general, videos get more engagement than our static posts but they also bring attention to our entire social platform's content. Engagement has more than doubled across all our Instagram and YouTube content since we started. These results convinced us to make video a permanent part of our social media strategy.

Tips for nonprofit short-form video creation
We asked Candid staff who participated in video production to share what they learned over the last year. Here are our top five lessons.

- Create more than one video at a time: When staff create videos, they often record three to four at a time for a couple of reasons. Setting up to record video takes time, whether it's prepping the space or getting yourself camera-ready. By recording multiple videos at once, we save that time and energy. It also gives us a backlog of content. Having a library of pre-made videos is helpful for the days when planned content falls through.
- Make video part of your broader content workflow: We consider how video script writing can fit into the broader way we create content. Our videos are often connected to our blog posts, whether we create a video that gets expanded into a blog or shortening a blog into a video script.
- Post across all short-form video platforms: If a video is under 60 seconds, it is easy to repost across all platforms. Not only does reposting mean we get more mileage out of our content, but different social media platforms also have different audiences. A video we posted to TikTok on red flags for funders got over 45,000 views but only a couple thousand on YouTube Shorts.

> Most of our top videos are good old-fashioned advice, delivered first-hand by one of our staff. We have done trends and used popular audio, but they don't perform better than our other content.

- You don't need to do trends: Most of our top videos are good old-fashioned advice, delivered first-hand by one of our staff. We have done trends and used popular audio, but they don't perform better than our other content.
- Reduce your weekly video production volume: From script writing to editing videos to moderating comments, making videos is a lot of work. This is why we decided to focus on publishing videos twice a week, rather than daily. It also gives our onscreen talent time and space to film, so they can be in the right mood for filming.

Candid is looking forward to making more videos for Instagram Reels, TikTok, and YouTube Shorts and continuing to explore how we can use it to help more nonprofits.

Reducing barriers, increasing access

Over the past year, we took significant steps to reduce barriers to what we have to offer for smaller nonprofits with limited resources. Today, over 95% of users access Candid data for free. Here we share highlights.

55,000 training registrations

We doubled sign-ups to more than 55,000 registrations for our trainings by removing the cost for nearly all of our professional development courses.

952 community partners

We expanded the Candid community network by 172%, with 952 partners now providing free, local access to our tools and services.

1,164 free subscriptions

We made our Go for the Gold promotion permanent after an experimental run in 2022, significantly increasing the number of free subscriptions. This initiative provides small nonprofits with free access to our robust fundraising tool, Foundation Directory, when they earn a Gold Seal of Transparency.

14 experiments conducted

Our equitable access team ran 14 experiments to identify additional ways we can move the needle in helping historically marginalized nonprofits gain equitable access to funding.