

Misleading CBS News Report Omits Critical Material Facts About ASPCA and Misguides Viewers About How Nonprofit Organizations Maximize Impact For Donors

Executive Summary

On August 2, 2021 CBS News aired and published a story about the American Society for the Prevention of Cruelty to Animals (ASPCA) entitled, “ASPCA spending may not be what donors expect.” The story reported that very little of the hundreds of millions ASPCA raises goes to local SPCA organizations, and that ASPCA spends heavily on fundraising, insinuating that the fundraising expense is the reason very little goes to local organizations and that this may not be how donors expect their donations to be spent. The story can be found here: <https://www.cbsnews.com/news/aspca-spending-donor-cbs-news-investigation/>

ASPCA’s mission is to prevent cruelty to animals. It does this through its own large-scale operations in adoption and relocation, spaying and neutering, feeding, poison control, providing expert witnesses for criminal trials, its animal abuse hotline, and through transport services to move animals from areas with high homeless pet populations to “destination” shelters in communities where adoptable animals are in high demand. In 2019 alone it provided assistance to over half a million animals.

How CBS Misleads

- CBS reports none of the statistics about the hundreds of thousands of animals ASPCA helps each year, despite the statistics being easy to find on the ASPCA website;
- The CBS report states that ASPCA’s mission is to help animals. But it then insinuates a phantom mission objective for ASPCA, namely, that ASPCA is supposed to make good on its mission promise by funding local SPCAs, and further proposes that this is what donors expect. However, funding SPCAs has never been a mission objective of ASPCA, and they have never stated or implied that it is. Their advertising does not state or imply that donated funds go to local SPCAs. ASPCA is not affiliated or legally related to local SPCAs. ASPCA was founded first, in 1866, and independent local organizations sprouted up thereafter using the “SPCA” initials, probably creating brand confusion that is hardly the fault of the organization that launched the initials into being;
- CBS goes on to report that ASPCA gives almost no money to local SPCAs, planting a seed in the mind of viewers that ASPCA is

19 August, 2021

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The Charity Defense Council is the only organization in America specifically focused on teaching the public and the media to ask about results instead of overhead. We are a tax-exempt, 501(c)(3) national leadership organization for the humanitarian sector, based in Massachusetts.

betraying donor expectations, neglecting its mission objectives and that it does nothing to help animals. By disregarding ASPCA's substantial accomplishments, CBS leaves viewers to wonder if ASPCA is betraying donor intent and somehow wasting or misusing donor contributions. This is unnecessary and unfair.

CBS Misguides Viewers About How Nonprofit Organizations Maximize Results for Donors

- CBS failed to perform any cost-benefit analysis on ASPCA's fundraising spending. ASPCA helped at least ten times more animals in 2019 than one of the local SPCAs featured in the story. This is because ASPCA has invested heavily in fundraising, and the other has not, which has allowed ASPCA to attract many more supporters to the cause. Those supporters give over \$280 million annually to ASPCA to prevent animal cruelty. CBS shames ASPCA for investing heavily in fundraising and advertising. But had ASPCA not made those fundraising investments, it would not be able to help nearly as many animals. Far from a betrayal of what donors expect, ASPCA's smart investments in fundraising are an amplification of what donors expect;
- CBS raises its eyebrows at the fact that ASPCA pays their CEO \$800,000, and says that's higher than the Red Cross, which is a much larger organization. Again, CBS failed to perform any cost-benefit analysis on ASPCA's investment in its CEO. They fail to measure the compensation against the results the CEO has produced. Moreover, while they use the ratio of organizational size to salary to criticize ASPCA, they fail to point out that the ASPCA CEO's salary is just .29% of revenue. The other two small SPCA organizations they portray as victims of ASPCA's betrayal of donors pay their CEOs 2.4% and 34% of revenues.

In Conclusion

CBS gets failing grades from us for fairness, literacy about how nonprofits work and succeed, and for its near total disregard for ASPCA's published results and impact. **Viewers should not rely on the CBS story to make any judgments about ASPCA.** State-of-the-art charity assessment looks at the results and impact of an organization and conducts cost-benefit analyses on a nonprofit's investments in fundraising and leadership. CBS is negligent on these most important of all fronts, reporting none of ASPCA's results and performing no cost-benefit analyses. In addition, it misleads viewers about how ASPCA makes good on its true promise to donors, and casts aspersions on ASPCA's fundraising practices when in fact they are exemplary, best practices for growing impact and honoring donor intent.

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FULL ADVISORY

On August 2, 2021, CBS News aired and published a story about the American Society for the Prevention of Cruelty to Animals (ASPCA) entitled, “ASPCA spending may not be what donors expect.” The story reported that very little of the hundreds of millions ASPCA raises goes to local SPCA organizations, and that ASPCA spends heavily on fundraising, insinuating that the fundraising expense is the reason very little goes to local organizations and that this may not be how donors expect their donations to be spent. The story can be found here: <https://www.cbsnews.com/news/aspca-spending-donor-cbs-news-investigation/>

Bottom Line

CBS News raises unfair suspicions about ASPCA in the minds of viewers and readers, creating the potential for material financial damage to the nation’s oldest animal charity. CBS News failed to report any information about the ASPCA’s real impact or results—the most important factor to be considered in analyzing the character of a nonprofit. CBS News reported on ASPCA’s fundraising spending without performing any type of cost-benefit analysis on the results that spending has produced. CBS News reported on the salary of ASPCA’s CEO without performing any cost-benefit analysis on the results the CEO has produced.

Here’s a deconstruction:

- 1) ASPCA’s mission is to prevent cruelty to animals. It does this through its own large-scale operations in adoption and relocation, spaying and neutering, feeding, poison control, providing expert witnesses for criminal trials, its animal abuse hotline, and through transport services to move animals from areas with high homeless pet populations to “destination” shelters in communities where adoptable animals are in high demand. In 2019 alone it provided assistance to over half a million animals;
- 2) The CBS report states that ASPCA’s mission is to help animals. But it then insinuates a phantom mission objective for ASPCA, namely, that ASPCA is supposed to help animals by funding local SPCAs and that this is what donors expect. This has never been a mission objective of ASPCA, and they have never stated or implied that it is. Their advertising does not state or imply that donated funds go to local SPCAs. ASPCA is not affiliated or legally related to local SPCAs. ASPCA was founded first, in 1866, and independent local organizations sprouted up thereafter using the “SPCA” initials, probably creating brand confusion that is hardly the fault of the organization that launched the initials into being.
- 3) CBS goes on to report that ASPCA gives almost no money to local SPCAs, planting a seed in the mind of viewers that ASPCA is

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CBS News insinuates a phantom mission objective that ASPCA does not have and then shames ASPCA for not spending donor dollars on it.

betraying donor expectations, neglecting its mission objectives and that it does nothing to help animals. By disregarding ASPCA's substantial accomplishments, viewers are left to wonder if ASPCA is betraying donor intent and somehow wasting or misusing donor contributions. This is unnecessary and unfair.

- 4) CBS Reports that ASPCA spends heavily on fundraising, creating the false impression that the reason no money goes to the phantom mission objective is because donor funds are diverted to fundraising—further insinuating a betrayal of mission;
- 5) CBS Claims that donors will be surprised by all of this—creating the self-fulfilling prophecy that they will—without including opinion from a single surprised donor.

Let's Break it Down

Phantom Mission Objective

CBS News' investigative reporter Jim Axelrod begins the story by stating that, "We found money is *not* going where many people might think—distributed to local SPCAs which are actually unaffiliated with the group, and *is* going where people might not think..." pausing dramatically here, and then continuing with, "...into *fundraising*." CBS interviews a board member of the Nassau County SPCA who shames the ASPCA, stating, "I don't know how they can put their head on a pillow at night knowing this money could be going to so many other things," implying again—inaccurately and contrary to historical data—that fundraising is siphoning money away from mission rather than increasing the money available for mission, and ignoring the hundreds of thousands of animals ASPCA helps by spending its money on its own operations.

It is fundamental to note that ASPCA is not chartered to give money to local SCPCAs. There is no affiliate structure here. Again, the ASPCA was founded in 1866. It was first. It is the oldest humane society to be established in North America. Local SPCAs sprouted up after it was founded—unrelated and unconnected to it—but piggy-backing on its name. Each local SPCA is in fact its own separate legal entity. The ASPCA is not legally related to any of them in any way.

CBS News *does* report that ASPCA is not an umbrella organization, but reports it with a tone of voice that makes it seem that this is a dereliction of ASPCA's duty and opposite what donors expect, rather than a simple matter of fact.

ASPCA advertising does not in any way state or imply that it is related to SPCAs, or that any of the money people give will go to SPCAs or even to the local area in which the advertising runs.

Axelrod reports that CBS contacted over two dozen local SPCAs and found that most, “had received nothing” from the ASPCA, again, with a dramatic tone that gives it the feeling of a damning revelation. This would be similar to contacting over two dozen breast cancer clinics and finding that none of them had received any research money from, say, the National Breast Cancer Coalition. But why would they? The National Breast Cancer Coalition does advocacy work, primarily. It is not their mission to fund research, or give money to clinics, nor do clinics generally even conduct research.

Also, local SPCAs are not called, simply, “SPCA,” but rather, usually add their local name, for example, “Pennsylvania Society for the Prevention of Cruelty to Animals,” “Hawaii SPCA,” “Houston SPCA.” In fact, the SPCAs that CBS interviews all show their local branding. It is an unfortunate marketing reality for all of these organizations that they share four of the same five or six initials, but this is hardly the fault of the organization that used the initials first—ASPCA. In fact, it could be said that local SPCAs have historically been able to borrow from the brand equity of the larger national organization and do precisely what CBS claims the national organization is doing—namely, allow donors to think they are part of the ASPCA. You could start an SPCA in your home town today, without any permission from ASPCA, and immediately benefit from a halo effect produced by ASPCA, based on a reputation which it has spent many decades and millions of dollars developing.

When it comes to animal cruelty, “SPCA” has become the de facto moniker for the cause category itself. It is used almost as ubiquitously as AIDS organizations use the acronym, “AIDS” to categorize themselves. Again, this is hardly the fault of the ASPCA.

An employee of the Houston SPCA interviewed for the report said she is frustrated by how much time her organization has to spend correcting confusion between ASPCA and their own local SPCA. This, again, is hardly ASPCA’s fault. The Houston SPCA could fix this by changing their name. Presumably they don’t in part because they benefit from the SPCA initials which ASPCA created fifty years before the Houston SPCA ever existed. It would be more appropriate to blame the frustration on the 1921 founders of the Houston SPCA than on ASPCA.

This is important: if in fact the local SPCAs *were* affiliates of the larger ASPCA—in other words, if ASPCA *were* an umbrella organization—the local SPCAs would be expected to give money *to* the ASPCA—not the other way around—in the form of dues for use of the ASPCA name. For example, local United Ways pay dues to the national organization for services and the right to call themselves, “United Ways.” It could be said that local SPCAs are getting something for free that they would be paying dearly for if this were a true affiliate model.

CBS did not report this.

When we spoke to Jim Axelrod, he said that CBS was just trying to let viewers know that ASPCA and SPCA are not the same thing. This seems disingenuous. This was not promoted by CBS as a point of information. It was promoted, upfront and in the headline, as, “an investigation.”

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If all CBS wanted to do was lend clarity, that would have taken very little time. They could have said, simply, “Hey Folks, we learned that some of you think ASPCAs and SPCAs are the same thing—they’re not. If you want to give nationally, give to ASPCA. If you want to give locally, check out a local SPCA. Just thought you would like to know.”

Instead, the anchor for the story opens by saying, “A CBS News investigation is raising questions about how the nation’s oldest animal welfare charity is spending millions of dollars in donations.” If you heard that, would you believe you were about to be given a simple point of information about name confusion, or that you were about to hear yet another story about “questionable” charity spending?

A simple Google search asking if ASPCA and SPCA are the same leads you to five Q&A sites that tells you they aren’t. If a simple point of information was all CBS intended to make, an “investigation” was not warranted.

Moreover, ASPCA says it surveyed its donors and found that 84% give to a local SPCA *in addition* to their giving to the SPCA. It is hard to believe that these donors are confused about the fact that they are writing checks to two different organizations.

Fundraising Spending

It is widely known and historically documented that the more a nonprofit organization spends on fundraising—if it does it correctly—the more money there is available for mission; sometimes dramatically so. If you want to prevent cruelty to animals, presumably you want to prevent cruelty to as many animals as possible. Investments in fundraising have allowed the ASPCA to grow to a \$280 million-a-year organization. That has allowed them to help dramatically greater numbers of animals than if they were, say a \$28 million-a-year-organization. So, their investment in fundraising is actually perfectly aligned with their mission and with what donors want—which is to help as many animals as possible.

The fact that ASPCA doesn’t tell donors something like, “The best way for us to help more animals is for us to multiply your money by making investments in fundraising to find more donors,” is hardly a betrayal. We don’t expect a surgeon to consult us on every artery she is going to clamp, or on the shape of the incision. We expect her to fix us. We don’t micro-manage how she does it. Why would we behave any differently with

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people who are experts in helping as many animals as possible, when that's precisely what we want them to do?

Jim Axelrod seemed unconvinced about the power of advertising when we spoke to him. This is ironic given that the very existence of CBS News itself is made possible by revenue from advertisers. He stated that, "If an organization does good work, they will thrive—word will get around." He didn't cite any data that led him to this conclusion.

This is a material bias for a reporter to bring into a story about nonprofits and their fundraising.

Furthermore, this kind of illiteracy about the value of fundraising investment is damaging to the nonprofit sector—which needs to increase fundraising investment to solve large-scale problems—and does a disservice to donors, who need to know that investments in fundraising can multiply the value of their generosity and gifts by getting others involved.

The ASPCA is one of the largest humane societies in the world and it got to that scale with smart fundraising investments that got more people involved and more donors giving. This is precisely what donors want. They do not want to bear the burden alone. How many more animals have been helped because of the large investments ASPCA has made in fundraising? CBS News does not ponder the question.

Moreover, how much has the millions ASPCA has spent on advertising and fundraising helped local SPCAs raise? How much has it raised *all* boats? CBS didn't know and didn't ask viewers to ponder the question.

What CBS News did do was show how much money ASPCA has spent on fundraising over a roughly thirteen-year period. Why the arbitrary decision to calculate thirteen years? Presumably to inflate the number to something many times greater than what ASPCA spends in one year to support the CBS narrative that ASPCA's cares more about fundraising than animals. Again, no cost-benefit analysis was conducted to show the specific results of this spending, its impact on animal cruelty prevention, or the value of that prevention against the investment.

Results and Impact

Results and impact—not financials—are the proper way to measure the value donors are getting from their giving. CBS News did not venture into this domain.

Here are just some of the results the ASPCA achieved in its last reporting period—2019. When we mentioned these statistics to Axelrod he said, "It would have been nice to be able to talk to them about it," insinuating that he didn't report these numbers because ASPCA declined an interview

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and therefore he didn't have them. (ASPCA did provide written statements to CBS on a number of issues.) But the statistics are in fact all available easily and in prominent locations on the ASPCA website:

In 2019:

- ASPCA assisted 104,900 animals;
- Relocated 27,700 animals;
- Helped 370,590 animals through its poison control center;
- Performed 47,000 spay/neuter surgeries;
- Distributed over 51 tons of pet food to nearly 300 organizations across the five boroughs of New York;
- Packaged over 400,000 meals for animals in New York;
- Distributed over 10 tons of food for animals in Los Angeles;
- Provided expert witnesses in 29 court cases involving animal abuse;
- Fielded over 7,000 calls to its 24-hour animal abuse hotline
- Transported 42,296 animals—33,474 dogs, 8,451 cats and 371 other animals using both land and air transportation through partnerships with over 40 source shelters across 27 states, moving animals from areas with high homeless pet populations to “destination” shelters in communities where adoptable animals are in high demand;

CBS reported none of this.

Executive Compensation

CBS News reports that ASPCA's CEO earns over eight hundred thousand dollars annually. That's against \$280 million in annual revenues, as of 2019.¹ CBS does not report what value the CEO is producing for that figure or make any other attempt at a cost-benefit analysis. They point out that this salary is higher than the salary of the Red Cross CEO, though ASPCA is many times smaller. This is irrelevant to analyzing the value of the investment.

What value are the two CEOs producing relative to their compensation and how is that value measured? This is the important question. And perhaps the Red Cross was able to find a great leader willing to work at a discount and ASPCA was not. Perhaps the Red Cross position comes with other benefits or with professional status that can be monetized in the future to offset a discount in salary. There are any number of reasons why comparing organization size with CEO compensation is flawed.

For example, CBS News interviews an employee of the Houston SPCA, which had annual revenue of about \$15 million—eighteen times smaller than ASPCA, according to their 2019 IRS Form 990. However, their

CBS News did not report any of the statistics related to ASPCA's results, statistics which are prominent and easy to obtain from the ASPCA website.

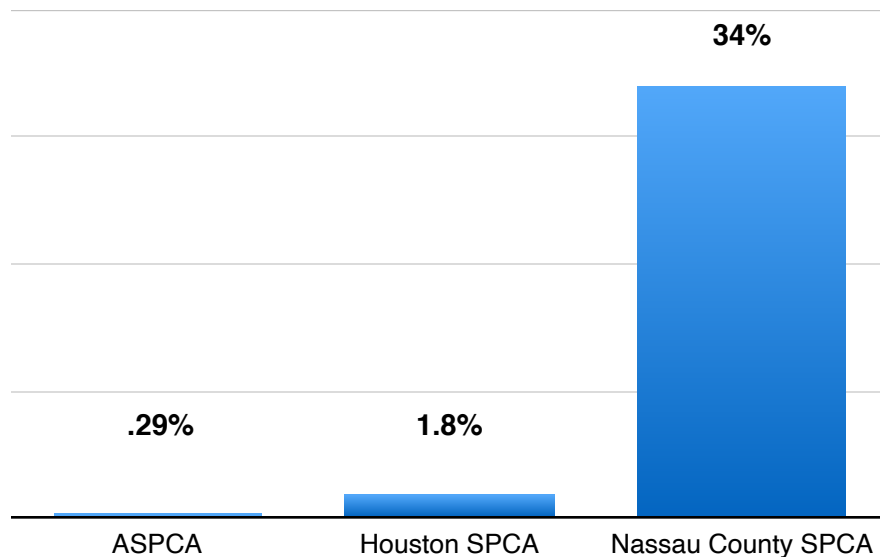
¹ https://www.asPCA.org/sites/default/files/asPCA_990_2019_pdc_version_-_final_signed_1.pdf

CEO's salary in 2019 was \$267,000.² That person earns about one-third of the salary of the ASPCA CEO for running an organization eighteen times smaller. CBS's crude assessment methodology would call the Houston CEO's compensation into question.

CBS News also interviews the board president of the Nassau County, New York SPCA. This was the person who said he did not know how the ASPCA could "put their head on a pillow at night." Their IRS Form 990 indicates they raised \$221,000 in 2019— one thousand times less than ASPCA. Their website says they are an all-volunteer organization. However, in 2019, according to their tax forms, they paid their Executive Director \$76,000 that year.³ That person earned a salary about ten times less than the salary of the ASPCA CEO for running an organization one thousand times smaller. (We spoke to their Executive Director who said the "all volunteer" language on their website is an error that they need to correct, as she is their one paid employee.) Again, CBS's crude assessment methodology would call the Nassau County Executive Director's compensation into question.

CBS News didn't extend their flawed salary analysis to these cases.

CEO/ED Compensation as a Percentage of Revenue, 2019



² <https://www.houstonspca.org/wp-content/uploads/2020/11/TR-GC-2019-REPROCESS-HOUSTON-SPCA-PUBLIC-INSPECTION-COPY-edited.pdf>

³ https://apps.irs.gov/pub/epostcard/cor/237301597_201912_990_2021022617763163.pdf

None of this is to impugn any of these organizations for the salaries they pay their leaders, but simply to point out that using organizational size as a way to determine what a leader's salary should be is flawed analytical practice. A proper cost-benefit analysis is required.

Rivalry?

A visit to the website of the Nassau County SPCA, whose CEO was featured in the CBS story, delivers you to the giant pop-up window below. We asked Jim Axelrod at CBS News if it was the Nassau County SPCA that approached them to conduct their "investigation." CBS did not respond to the question directly, rather telling us to, "review the pertinent facts stated in our broadcast report and accompanying online article."



DID YOU KNOW...

Donations to the ASPCA do not find their way back to the Nassau County SPCA

FACT:
When surveyed, **ONLY 17%** of people in Nassau knew that the Nassau County SPCA did **NOT** receive funding from the ASPCA

According to their 2019 federal tax forms, the Nassau County SPCA spent nothing on advertising, as opposed to the millions ASPCA spent on advertising to attract donors. The Nassau County SPCA could attract donors of its own directly by spending more on advertising, and grow in scale as a result, free of the confusion that currently seems to frustrate them.

Questions to Which CBS News Did Not Respond Directly

In advance of preparing this advisory, we asked the reporter, Jim Axelrod, to respond to several questions about his reporting. He did not respond to the specific questions we asked, but rather replied, "I invite you to review the pertinent facts stated in our broadcast report and accompanying online article. Contrary to your suggestion, we have presented an accurate account." Here are the questions we asked:

- Did you read the 2019 annual report available on the ASPCA website, here: <https://www.asPCA.org/sites/default/files/ar2019-online.pdf> ?
- Did you see/read the various statistics they provide about the numbers of animals to which the ASPCA provided services during 2019, across an array of locations and types?
- Did you see/read the large-format service and impact numbers that are on display on the ASPCA "About Us" page, here: <https://www.asPCA.org/about-us> ?
- What was your motivation for writing the story — who alerted you to the alleged presumption that donors believe the ASPCA funds local SPCAs?
- Who did you speak to at the ASPCA who was dismissive?
- Do you stand by the comment that you made on our call, which was that charities don't need to advertise because, "If they do good work, they will thrive—word will get around?" Is there any data you've studied that supports your assertion? I ask this because all of the data I have ever seen supports the opposite conclusion.
- Do you as a reporter believe the ASPCA spends too much money on fundraising?
- What other stories have you personally done on charities and giving in the last few years?

CBS News gets multiple failing grades from us... Viewers and donors alike have a right to expect more from a news source they rely on as authoritative.

Is ASPCA a Great Organization?

We don't evaluate organizations. That requires an in-depth inquiry into goals, the progress being made toward them, and into methodologies for improvement. The purpose of this advisory is not to opine on the quality of ASPCA's work, but rather to alert the public to flaws in CBS News' analysis. CBS News says ASPCA declined to be interviewed on camera. ASPCA provided written statements to CBS in which they said, among other things, that, "Any characterization that suggests all of our work is not in service of our mission is wrong and an injustice to our staff, donors, the organizations we partner with, and the animals we serve." Our own efforts to reach the ASPCA CEO through their press office did not generate a response. Jim Axelrod said that, had he been able to speak to ASPCA he may have included some of the points we raise above.

Conclusion

CBS News reporting on ASPCA gets multiple failing grades from us for: 1) Suggestive reporting that might make viewers believe in the unfounded notion that ASPCA is failing to deliver on its promise to donors or is misusing funds intended for animals for fundraising; 2) Illiteracy about the mission-related value of nonprofit fundraising investment; 3) Failure to

report on ASPCA's achievements toward its mission either generally or specifically, despite the fact that they are easy to find on the ASPCA website; 4) Failure to do any cost-benefit analysis on ASPCA's fundraising spending; 5) Failure to perform any cost-benefit analysis on ASPCA's investment in its CEO; 6) Failure to respond directly to our questions about some of the background work conducted in preparation for the story.

Viewers should not rely on the CBS story to make judgments about ASPCA.

Viewers and donors alike have a right to expect more from a news source they rely on as authoritative. Journalism must do better when reporting on charities. Mega-corporations like CBS have an even greater responsibility to get it right, given the damage inaccuracy from a media outlet as large as CBS can do to great charitable organizations and to public trust in the nonprofit sector as a whole.

This is not the first time CBS has gotten the story wrong in a significant way with a large charity. See our advisory on CBS' unfair and misleading reporting on Wounded Warrior Project in 2016, which resulted in the loss of hundreds of millions of dollars for services for veterans.

You can read the full advisory here: <https://static1.squarespace.com/static/5c0fe77b3917ee32fcd1fdb2/1/5ce6862af9619a85bb6e2083/1558611498715/Donor+Advisory+0316.pdf>

Following the CBS News story on Wounded Warrior Project, Doug White, former director of Columbia University's Master of Science in Fundraising Management program, wrote a book entitled, "Wounded Charity," which deconstructs the CBS reporting errors in great detail. The book is available here: <https://www.amazon.com/Wounded-Charity-Lessons-Learned-Warrior/dp/1557789401>

What You Can Do:

- **Contact the reporter, Jim Axelrod, via Twitter at @JimAxelrod and request a follow-up story that corrects for the errors and omissions in the original report;**
- **Circulate the link to this advisory through your social media networks. E-mail the link to your friends and colleagues;**
- **Copy and paste portions of the executive summary above to use as a response to inaccurate comments in social media.**