

*Standard 14:* The student will explain the costs and benefits of charitable giving.

## Checking Out Charitable Groups



### Lesson Objectives

- ⇒ Identify the reasons to research charitable organizations.
- ⇒ Explain how to research charitable organizations.
- ⇒ Use the PACED model to evaluate a charitable organization.

### Personal Financial Literacy Vocabulary

**Charitable giving:** The act of giving to charitable organizations or to those in need.

**Cost/benefit analysis, risk/reward relationship:** A tool used to choose among alternatives involves weighing the cost of a product or service against the benefit it will provide.

**Nonprofit organization:** A legal organization providing services or activities without commercial or monetary gain; organized for purposes other than earning a profit.

*While posting changes to her personal Web page, Lindy sees a pop-up screen talking about the need to help children in the Darfur region of Sudan. The pop-up screen tells how many children are starving from a lack of food due to a recent drought in the country.*

*The pictures of the children look so sad that Lindy clicks on the Web site to find out more information.*

*As Lindy reads more about the country and the children, she decides to start a fundraising effort among her friends and family members to collect money to send to the organization promising to provide food for the children.*

*Has Lindy made a good choice? If Lindy were your friend, would you be willing to help her? Would you want to contribute to this organization?*

## Introduction



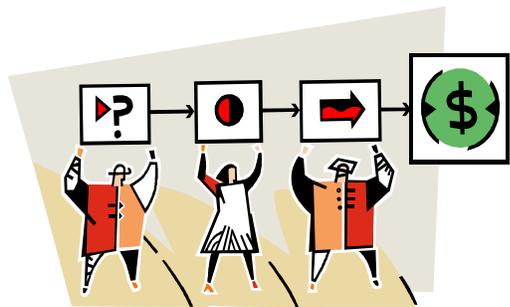
Philanthropy, the act of giving to others, is practiced in every culture around the world. Charitable giving is as simple as taking food to a neighbor in need or donating to a national campaign, such as American Idol's® Give Back Campaign. While most charitable organizations are honest, some may not be.

Scammers and con artists will often take advantage of people's generosity to get money, but use it for their own benefit instead. To get the maximum benefit from the donation, an informed contributor makes informed choices about giving time, money, and other kinds of charitable gifts.

## Lesson

**W**hile most people who donate to charitable organizations have honorable intentions, not all charitable organizations are well managed or use the funds as promised.

You may know the people in your local community and have first-hand knowledge how they spend the funds, but what about other organizations? How can you make good choices when evaluating charitable organizations?



Some organizations hire expensive fundraising businesses to raise money for them. As a result, the fundraising business receives a portion of the money. Other organizations may raise the money themselves but spend the majority of the money on administrative expenses and big salaries. Either way, the money is not going to provide the programs and services you thought you were supporting. To get the most for your money, be

sure you are donating to a reputable charity and not just a good "cause." According to the Institute for Philanthropy, a good organization will spend at least 60 percent of all money raised to support its programs. The remaining 40 percent would pay for salaries and other administrative costs.

Evaluating a charitable organization is somewhat different than evaluating a local business firm. Charities are not in business to make a profit like businesses. In fact, most charitable organizations are classified as “nonprofit” organizations. A **nonprofit organization** is a legal entity designed to provide a service or engage in activities without any commercial or monetary purposes. They exist to provide those services or activities, not to make a profit.

Before donating money to any nonprofit or charitable organization, here are some questions you might want to consider.

- Do you understand the organization’s purpose and the programs it provides?
- Do you know why this organization is needed?
- Can you explain the organization’s short-term and long-term goals?
- Do you know how it is progressing toward those goals?
- Does the information from the organization make sense to you?
- Can someone in the organization answer your questions?
- Are you willing to build a long-term relationship with this organization?
- Are you comfortable with what the organization is planning to do and what it has done in the past?

Smart givers generally find out as much information as possible before contributing to an organization. You want to be sure it will be used to support something you believe in; otherwise, you can use it for another purpose that is a better match for your values.

Following are some tips to help you make good choices.

1. ***Avoid responding to telemarketers soliciting money.*** You really cannot be sure they are who they claim to be. It could be a ploy to get your credit card number and use it illegally. Also, most telemarketing campaigns are expensive, meaning they keep most of the money and give a small percentage to the organization. If you like what you hear in the phone call, you can always investigate the organization on your own and make a donation directly to it.
2. ***Never respond to e-mails asking for money.*** More than likely, it is a scam! Unless you have given your e-mail address to an organization and receive regular e-mails from it, just delete all solicitations without clicking on their links or responding in any way.
3. ***Beware of “sound alike” names.*** Some organizations will take on names similar to those you are familiar with. Their names sound the same, but they are very different organizations. Take time to be sure you are contributing to the group you know, not a clone.

4. **Avoid putting change in the cans by the cash register.** While these may be admirable causes or specific needs, you can always contact the organization and send them a check directly. That way you know who gets the money.
5. **Check them out.** You can go online to Web sites such as Guide Star® ([www.guidestar.org](http://www.guidestar.org)), the American Institute of Philanthropy ([www.charitywatch.org](http://www.charitywatch.org)), or Charity Navigator ([www.charitynavigator.org](http://www.charitynavigator.org)) to find out more information about an organization.



**COMPLETE: Organization Check – Activity 14.2.1**  
Ask your teacher to review your answers before continuing with this lesson.

What did you learn from this exercise?

Answer:

### Volunteering Your Time

One of the most valuable contributions you can make is your time. Because most nonprofit or charitable organizations have limited funding and small staffs, they rely on volunteers to help get the work done. Some possible volunteer activities include feeding animals at the shelter, tutoring students after school, stuffing envelopes for big mail campaigns, hanging up posters around town to promote a school play, or many other tasks.

Volunteering can be fun because you get to meet new people, build new skills, and help others meet their goals. Many organizations have a volunteer coordinator that maintains a schedule and list of activities for people who are interesting in working.

If you want to volunteer, you should first identify what organizations best fit your interests and your needs. Next, call the organizations to see if they are looking for volunteers and

*What would you tell Lindy if she came to you for advice? Would you tell her it may be a scam?*

*If you said, “Yes,” then you are probably right. Scammers like to prey on your sympathy for starving children and other heartbreaking situations. Beware! It is always best to check out any organization before sending any money.*

what kinds of tasks they need done. You will probably want to schedule an interview with the volunteer coordinator or other appropriate person at each organization. As part of the interview, be sure you ask questions about the organization to ensure you understand exactly what they do and what they hope to accomplish. It is important that you are comfortable working for the organization and helping them meet their mission. Also, be sure they have a position that is a good match for your skills and abilities.

Before accepting a volunteer position, be realistic about what you can do and the hours you can work. It is easy to get caught up in the excitement. Remember, they are relying on you to do what you say you will do when you say you will do it. Just because there is no pay for volunteering does not mean you can come and go when you want to. Showing up late, missing deadlines, and canceling at the last minute shows a lack of respect for the organization and its mission. You have made a commitment to them, and you should take that commitment seriously.

In the box below, describe a volunteer opportunity you have been involved with or would like to do in the future. Be sure to focus on what you could offer to the organization and your commitment to getting your work done.

Answer:

### **Making an Informed Choice about Charitable Organizations**

Use the PACED model to make a good choice about what organization or organizations you would like to be involved with as a volunteer.

1. What is the **PROBLEM** you want to take on? What purpose do you want to serve? (Do you want to tutor young students after school? Help build houses for a local charity?)
2. What are the **ALTERNATIVES**? What groups are available in your area that will help you accomplish your goal? What are your options?

3. What **CRITERIA** is important to you? Do you want to work after school? Work on weekends? Do you want to travel somewhere to work during spring break? Do you want to work indoors or outdoors?
4. **EVALUATE** your alternatives. How well do your options in No. 2 meet your criteria in No. 3?
5. Now, **DECIDE** what you want to do. What is your decision? Are you happy with your choice? If not, go back and review your answers.

## Conclusion

Finding the right organization to work with or support is similar to finding the right car or the right place to work. Making snap judgments or failing to think through your choices can result in major disappointments and may even be costly. It is much better to check out a group or organization before you get involved. After all, if you are going to invest your time and your money, you want to make the most informed choice possible.

Name: \_\_\_\_\_ Class Period: \_\_\_\_\_

## Checking Out Charitable Groups

### Review Lesson 14.2

Answer the following questions and give the completed lesson to your teacher to review.

1. An organization that is more focused on the service it provides than on making money is a \_\_\_\_\_ organization.
  - a. nonprofit
  - b. poorly managed
  - c. for-profit
  - d. bankrupt
  
2. Which one of these statements is good advice to follow when evaluating a charitable organization?
  - a. Check out an organization's mission before making a donation.
  - b. Contribute only to organizations using professional fundraisers.
  - c. Be sure the president or director of the organization is well paid before making a donation.
  - d. If you get an e-mail from an organization you do not know, click on the link in the e-mail to find out more information.
  
3. Before volunteering for an organization,
  - a. ask how much they will pay you.
  - b. ask if they have other volunteers your age.
  - c. make sure you can keep your commitment to them.
  - d. make sure they know you are busy and you will work when you have nothing else to do.
  
4. You can go online to check out charitable organizations at which of the following Web sites?
  - a. Guidestart.com
  - b. Giftgivers.org
  - c. Gradstare.com
  - d. Guidestar.org

Name: \_\_\_\_\_ Class Period: \_\_\_\_\_

## Organization Check – Activity 14.2.1

Use the following table to complete a review of a charitable organization. You may want to visit the organization’s Web site, talk to the local executive director, or research the organization in your library.

|   |  |
|---|--|
| Name of the Organization                                    |  |
| Organization’s Mission                                      |  |
| Organization’s Goal(s)                                      |  |
| Do the mission and goals make sense to you? Why or why not? |  |
| Evidence it is meeting the goals                            |  |
| Are donations tax deductible?                               |  |
| Available Financial Information                             |  |
| Major Donors/Contributors                                   |  |
| Does it use volunteers?                                     |  |
| If yes, describe tasks for volunteers                       |  |
| Date Organized  |  |
| Location  |  |

What did you learn about this organization? \_\_\_\_\_  
 \_\_\_\_\_

How would you rate this organization? *Circle your answer.*

Excellent      Good      Satisfactory      Poor      Need More Information