



Checking Out Charitable Groups

Standard 14

The student will explain the costs and benefits of charitable giving.

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 that involves weighing the cost(s) of a product or service against the benefit(s) 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.

Philanthropy: the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes.

Introduction

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 links 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?

Lesson

Philanthropy, the act of giving to others, is practiced in every culture around the world. Being charitable is as simple as taking food to a neighbor or donating to a national campaign to provide fresh water for families in Africa. While most charitable organizations are honest and legitimate, some are not. You can easily check out your local community groups to know what they do and how they use the money you donate, but it can be more difficult to find that information for national or international groups. Unfortunately, scammers will play on your emotions, hoping to get you to support them by either donating money or getting others to donate for them.

Even the actions of legitimate organizations sometimes raise questions you may want to explore before getting involved with them. For example, some groups hire expensive fundraising businesses to raise money for them. As a result, the fundraising business receives a portion of the money and that percentage can be the majority of the money raised. Other groups may raise the money themselves, but spend the majority of their funds on administrative expenses and staff salaries. In either case, the money you donated is not being used as you thought. 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 solely to provide those services or activities, not to make a profit for their investors.

It is often good practice to check out a nonprofit or charitable organization before contributing to them to ensure you are supporting a reputable group. 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 should use your money for something 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. For example, the Cancer Society of America is very different from the American Cancer Society.
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), the American Institute of Philanthropy (www.charitywatch.org), or Charity Navigator (www.charitynavigator.org) to find out more information about an organization.

Volunteering Your Time

One of the most valuable contributions you can make to a local organization 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, sorting food at the food bank, 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 with them.

Volunteering can also have other rewards. In some cases, the organization may provide college scholarships for students who have volunteered a specific number of hours for them. Other scholarships may consider

spent in community services as a criteria, and others may prefer awarding students who have significant volunteer hours. You should consider keeping a record of your community service, noting the date, what you did, how long you worked, and how many people you helped.

If you want to volunteer, you would probably want to determine what organizations best fit your interests and your needs. Next, you should call the organizations to see if they are looking for volunteers and 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 to get to know them and allow them to know you. As part of the interview, be sure you ask questions about the organization to help 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 without thinking about what it means to give up every Saturday or one night a week. They are relying on you just like they rely on an employee, and they will expect 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. After all, you are volunteering to help them, not to make things more difficult. Also, be sure you approach your volunteer work with a professional, positive attitude. Some employers may consider your volunteer experience as work experience, helping you get a job. You can put your volunteer information of your job application, along with the name and phone number of your supervisor as a reference – another reason to be professional and positive when you volunteer.

REMINDER

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.

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 dangerous or costly. It is much better to check out a group or organization before you get involved. Any time you are investing your time and your money, you will be much more successful if you make the most informed choice possible.

Name: _____ Class Period: _____

Checking Out Charitable Groups Review 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 14.2A

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. Also, check GuideStar (guidestar.com), the American Institute of Philanthropy (charitywatch.com), or Charity Navigator (charitynavigator.org) for additional information.

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, what are the volunteer tasks?	
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

Name: _____ Class Period: _____

Making an Informed Choice about Charitable Organizations Activity 14.2B

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

Using the PACED model to make a good choice about what organization or organizations you would like to be involved with as a volunteer is a good decision-making tool. Here is the process to follow:

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.
6. What is your final decision?