

Donating with Confidence

Suggestions for increasing satisfaction from your charitable giving
By Gene Gardner

OVERVIEW

This shares both a strategy and some specific tools to maximize personal satisfaction from your charitable giving. The strategy includes a process for clarifying philanthropic goals. The tools provide a method to ensure donors get the best mileage from their money. This topic is worthy of study because we feel better about donating when we support charities whose mission and operation are a close match with what is in our heart, and we have assurance that they will do a good job. Put another way, empowering charities that align with your goals [Part 1] and selecting ones that are most credible [Part 2] is a good way to donate with confidence.

PART 1 – Define your PERSONAL CHARITABLE GOALS

If you have already firmly established which organizations you want to receive your charitable giving, and you do not want to consider others, you can skip this section and go to Part 2.

A good place to begin is to consider the number of charities we want to support. Most of us would like to help several charities. However, if we decide to support lots of charities with small gifts, we soon find ourselves inundated with appeals from them and similar nonprofits. Those appeals are not only frustrating to get, they also cost money to generate. This results in less of a charity's resources being applied toward their missions. It therefore seems wiser to give larger gifts to just a few charities.

The larger the gift, the more we should exert diligence to ensure the charity is both credible and well aligned with our philanthropic goals. Alignment with personal goals implies we have defined our goals – so the identification of a few “Fields of Service” is a logical next step.

1. FIELD OF SERVICE

Selecting a field of service means prioritizing needs are most important to our family lest we be distracted (or feel guilty) by appeals from the organizations working in fields that others can support. One might consider selecting Fields of Service from the 33 identified by Charity Navigator¹ as shown in the Interactive Appendix.

Next, you can now assign a percentage range for your donations to the causes you have selected. An example of a distribution plan for five Fields of Service might be:

- Field “A” 30 – 50 %
- Field “B” 20 – 40 %
- Field “C” 5 – 15 %
- Field “D” 5 – 15 %
- Field “E” 0 – 10 %

If you are a family, this can be a great family exercise.

2. GEOGRAPHIC BALANCE

¹ Charity Navigator is the nation's largest and most respected rating service for non-profits. They rate 501.c.3 organizations who have been in operation at least four years, and who have public support of more than \$500,000 and total revenue more \$1,000,000 in the most recent fiscal year. A few more limitations are given on their website.

Selecting a geographic balance is another good step. While charity starts at home, there are huge numbers of important needs far way. It is interesting that local and domestic giving represents 95% of American charitable donations. This means that only 5% go to important international problems. (Foreign aid is also less than one percent of the U.S. federal budget!) Realizing this, what percent of your charitable giving do you want to allocate for local vs. international? This example shows a distinct preference for International:

- Domestic 20 – 40 %
- International 60 – 80 %

3. AVOID FUTURE MISUNDERSTANDINGS

If other family members will be involved, it may be helpful to avoid future misunderstandings by establishing now what giving level will be exempt from this system AND who makes the final funding decisions. Here are some possible choices.

- Exempt donations that are below \$50, or \$100, or \$250, or \$500.
- Decisions process - *Underline a choice below OR replace these with a plan for your family*
Family recommends, but parents decide
Both of us need to agree for any amount
We each manage \$10,000 separately; beyond that, we need to agree
Both must agree for any single donation amount above \$4,999
We each manage half of an agreed upon total family giving budget

4. HOW MUCH TO GIVE

Should your charitable giving be high, moderate, or minimal?

After considering your income, living expenses, current assets, inheritance, investment performance, and risks, one approach is to select a percentage of your income OR a percentage of your nest egg that you would like to donate each year. Some examples of donation plans are:

- (Age 35, raising a family, one wage-earner) donate 5 % of income
- (Age 55, kids out of college, house paid for, job secure) donate 10% of income
- (Age 75, retired, in good health, no debts) donate 4 % of estate value each year

Write your plan here. _____

5. IDENTIFY SPECIFIC CHARITIES

Now time to start identifying specific charities. You probably already know some organizations in your Fields of Service; however these may or may not be well rated organizations. A fast way to identify other good candidates for your consideration is to use the Interactive Appendix which lists several non-profits that serve each cause. Charity Navigator evaluates all of the non-profits listed there. You can use this to make your list of charitable organizations of interest before you begin the assessment process.

Small local charitable organizations are usually not covered by the rating services. Yet these are ones in which your gift could make a large impact. To find local candidates, you might inquire from your local community foundation² or from your local investment firm if they have a “Donor Advised Fund”.

² In Cincinnati, it is “The Greater Cincinnati Foundation” (www.gcfndn.org) or (513) 241-2880.

PART 2 – ASSESS A CHARITY’S CREDIBILITY

Becoming comfortable with a charity implies you have some favorable knowledge about their operation. One can gain knowledge by using reputable evaluation services (typically for medium and large charities) or checking their records. If you assist a charity as a volunteer, you can observe the charity’s operation first hand and can easily make a judgment of the value of your effort and their service. Nevertheless, an objective assessment of their overall operation can be very helpful to provide a good measure of their worth and credibility.

Charities intend to be vehicles to a better world. To help us know which vehicles run best, evaluation services are available to help. Two evaluation services that stand out as superior are:

The **Better Business Bureau** (<http://cincinnati.bbb.org/>) website gives free access to reports about businesses and nonprofits that are both local and national. BBB begins with twenty standards to determine credibility. If an organization is not listed, or listed but has some standards not met, it may be wise to consider another organization OR ask the charity some direct questions to determine if that organization is reputable.

If all twenty standards are met, another level of excellence is whether the organization is “Accredited”. An accredited organization agrees to several additional ethical standards of operation, making them much more worthy of consideration.

Charity Navigator (www.CharityNavigator.org) provides basic information on all 1.6 million registered U. S. registered non-profits. They evaluate over 6,000 of them (more than any other service). Their free ratings are based on several measures: Financial Health AND Accountability & Transparency.

Elements of their measurement system such as the percent of spending for projects vs. fundraising and admin are all shown. Their site also displays the ratings of charities with missions similar to the one you are studying, making it quite useful to find more effective nonprofits in the same field.

Other

(A) You can also add your own criteria such as measures of their service quantity, outcome results, cost efficiency, CEO compensation, etc. To make your assessments compatible with the other systems, you might pick a way to measure these criteria and assign a score as you gauge their operation.

(B) If a charity you like is not rated by either service, you could make an assessment yourself by studying a charity’s annual report, their website, and data from their IRS Form 990-T (available from the charity or the IRS.) This study will provide most of the assessment results that would be available from the evaluation services.

MAKING THE FINAL DECISION

Using these evaluation services and your personal research, you may want to build your own spreadsheet to guide your final plan. A charitable organization’s annual report can also give measures of their performance and sometimes their strategies to address future needs. As you make donation plans, adjust the remaining amounts in your fields of service, geographic, and gift amount ranges to provide guidance for subsequent donations.

All together, you should be confident that you are making the best possible decisions for your charitable donations. This gives a good feeling of knowing you have done your best to be a responsible steward of the resources the good Lord has placed in your hands.

Gene Gardner developed this handout to accompany talks he gives to groups interested in Donating With Confidence. If you would like him to speak to your group you can contact him at Email: GeneGard24 at aol.com

*The list that follows is an Interactive Appendix of charitable **Fields of Service** or “**Causes**” as defined by Charity Navigator. Click on the blue categories below for active links.*

Alternately, to bring up this list on-line, go to www.charitynavigator.org or directly to: <http://www.charitynavigator.org/index.cfm?bay=search.categories>,

INTERACTIVE APPENDIX

Animals

- [Animal Rights, Welfare, and Services](#)
- [Wildlife Conservation](#)
- [Zoos and Aquariums](#)

Arts, Culture, Humanities

- [Libraries, Historical Societies and Landmark Preservation](#)
- [Museums](#)
- [Performing Arts](#)
- [Public Broadcasting and Media](#)

Education

- [Universities, Graduate Schools, and Technological Institutes](#)
- [Private Elementary and Secondary Schools](#)
- [Other Education Programs and Services](#)
- [Private Liberal Arts Colleges](#)

Environment

- [Environmental Protection and Conservation Centers](#)
- [Botanical Gardens, Parks, and Nature](#)

Health

- [Diseases, Disorders, and Disciplines](#)
- [Treatment and Prevention Services](#)
- [Medical Research](#)

Human Services

- [Children's and Family Services](#)
- [Youth Development, Shelter, and Crisis Services](#)
- [Food Banks, Food Pantries, and Food Distribution](#)
- [Multipurpose Human Service Organizations](#)
- [Homeless Services](#)
- [Social Services](#)

International

- [Development and Relief Services](#)
- [International Peace, Security, and Affairs](#)
- [Humanitarian Relief Supplies](#)
- [Single Country Support Organizations](#)

Public Benefit

- [Advocacy and Civil Rights](#)
- [Fundraising Organizations](#)
- [Research and Public Policy Institutions](#)
- [Community Foundations](#)
- [Community and Housing Development](#)

Religion

- [Religious Activities](#)
- [Religious Media and Broadcasting](#)

