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Charity takes lots of clarity

Give some thought to these tips on how to find the right cause and the most effective way to help.

By Kathy M. Kristof, Los Angeles Times Staff Writer

You know the holiday season has begun when the Salvation Army kettles start appearing at malls and grocery stores. This is the busy time of the year for charities in general, when about half of all donations made by Americans are given out.

"The October-through-December corridor is the big giving time," said Bennett Weiner, chief operating officer of the Better Business Bureau's Wise Giving Alliance. "Charities want to get a donation before the year is out and when the holiday spirit is in. Donors are interested in the same thing -- and about being able to claim a tax deduction."

But giving to charity isn't just about parting with some money. You also must decide which organizations should get your money. And ideally, you'd like to know that those precious dollars will be well spent. With pressing needs all around and more than 1 million charities to choose from, how can philanthropists ensure that they're getting a decent bang for their buck? Here are some tips from the experts.

Be proactive

Do some soul-searching before you reach for your wallet, suggests Judy Belk, senior vice president of Rockefeller Philanthropy Advisors in Los Angeles.

"Step back and think through what your budget is, your geographic interests, the passions that guide your giving," Belk said. "Instead of writing a check for the first thing that comes across your desk, think about what you're trying to do and what kind of impact you can have."

Of course, this approach is harder than simply writing checks to organizations that solicit you. But it also can be more rewarding.

Belk suggests first considering the things that make you happiest and those that you find most disturbing. If you love literature, for instance, you might want to support schools or literacy programs. If wiping out hunger is your cause, a food bank could be the way to go.

There are many ways to find a charity that fits your goals, Belk said. To find a local group, potential resources include the United Way in your area or your church.

Charity Navigator's website, www.charitynavigator.org, allows you to search for a regional,

national or global organization that you might like to help. Charity Navigator, itself a nonprofit, also rates the financial health and efficiency of 5,300 large charities on a four-star scale. For example, one Southern California police charity gets no stars because it spends 85% of its money on fundraising, according to the website.

But another group, the Los Angeles Police Foundation, spends 94% of the money it raises on its charitable programs and rates three stars. Note that Charity Navigator doesn't rate groups on how effective their programs are.

Changing the Present (www.changingthepresent.org) is a website that offers clever and colorful "gift ideas" from dozens of national and international charities in a wide range of categories, including disaster relief, public broadcasting and help for young people.

Focus your support

You may be inclined to spread your money around to as many worthy organizations as you can. But experts advise limiting the number of groups you support. Of course, the more organizations that you give to, the smaller the amount that can go to each group.

One reason that's bad is that small donations increase a charity's administrative costs. The charity will spend the same amount of time and money to process your donation, no matter how much you give.

Much more of your money will benefit the actual charitable programs if you give \$500 to one organization than if you give \$5 to 100 groups.

Not only that, but giving less than \$100 or so also will sharply increase the amount of requests you get for donations. Charities commonly sell the names and addresses of their small donors to brokers who peddle lists of generous people. But charities rarely share the information on those who give, say, \$1,000. They want to keep those donors for themselves.

"If you give an organization a small amount of money, they are going to forget about you as a donor, but they are going to sell your name to a million other groups," said Trent Stamp, president of Charity Navigator. "That's why when you give \$20 to an animal group, you never hear from them again, but you will go to your mailbox and find 50 other solicitations."

In addition, by limiting donations to a few groups, you can spend more time researching the groups that you give to, Belk said. That can increase the effectiveness of your giving.

Evaluate carefully

The first step in checking out a charity is to see how it spends its money. Stamp says donors should expect that the vast majority of revenue be spent on "programs": the cause the charity purports to support. Any group that spends more than 25% of its budget on marketing and administration is not providing much bang for your buck, he said.

If it's a large charity, you can get at this information by searching for the organization on Charity Navigator's website. The result screen will say how many stars the group has earned. If you click on the name, you'll get details including the organization's mission, how much it raises each year, and what percentage of revenue is spent on salaries and administration, marketing and programs.

For smaller charities, you can ask the organization for the financial information that all public charities (except church groups) must file with the Internal Revenue Service and, in California, with the state attorney general.

The financial ratios aren't everything, cautioned Weiner of the Better Business Bureau. A good charity should be able to clearly explain its mission, how it accomplishes that mission and how you can track its effectiveness. A Better Business Bureau website (www.give.org) rates charities based on how truthful the charity is in its representations to donors, how forthcoming it is with information, how well it is governed and how well it spends its money.

The ultimate determination of a charity's effectiveness has to be made by you, the donor. That makes it imperative that you understand the charity and pay attention to its progress.

"I'm charged with being just as responsible in spending my charitable dollars as I am with any other money I spend," said Frank Hanna, an Atlanta businessman who recently received the William E. Simon Prize for Philanthropic Leadership. "Just saying, 'I'm sure it's a good cause,' and writing a check isn't good enough."

Give your time

One of the best ways to monitor a charity's effectiveness is to volunteer, Belk said.

Many charities -- particularly community organizations -- lean on a cadre of volunteers to do such tasks as answering the phones and ringing up sales in their thrift shops. And there are few better ways to determine whether a charity is doing what it says it is doing than to participate in the actual action.

Better yet, for donors of modest means, volunteering supports a cause without a lot of capital.

"It's not about how much you give; it's about how thoughtful and strategic your giving is," Belk said. "And that's not just money; it's also time."

The California Community Foundation (www.calfund.org) offers a "volunteer match" service on its website that you can use to find organizations in Los Angeles County that are looking for volunteers. (The link is near the bottom of the site's home page, under "volunteer.")

Leverage your gifts

Find out whether your employer, like many companies, will match your charitable gift with its own donation to the same charity. Also, some companies will give money to organizations at which their workers volunteer their time.

"If you volunteer at the local Boys Club and can show that you have worked there for a set number of hours, a lot of companies will make a donation in support of your volunteer service," Belk said. "That's an important benefit."

Clean your closets

If you don't have any cash you can part with, you can still make a valuable donation of good-quality used goods that you no longer need. Consider, for example, giving the old ski clothes and coats that your kids grew out of to Goodwill, St. Vincent de Paul or another charity that runs a thrift store. Furniture, quilts, working appliances and clothes are all needed.

Donations of good-quality used items are tax-deductible, but keep good records. Under the law, you deduct only the current market value -- think swap-meet value -- of the items you've given away.

Not over the phone

If you get a phone call soliciting a charitable donation, Stamp said, chances are you're talking to someone from a for-profit telemarketing company -- or to a con artist. If any of the money raised over the phone gets to an actual charity, he said, it's likely to be a fraction of your donated dollar.

"Telephone solicitations are the biggest red flag in the charitable world," Stamp said. "When these telemarketers represent real charities, which is only about half of the time, 65% to 95% of the money they raise goes to the telemarketer rather than the charity."

Pass up e-mail scams

Last month, some intrepid swindler sent thousands of e-mails that purported to be from the IRS and asked for donations for California's fire victims. A link in the e-mail sent recipients to a fake IRS website, which opened to a donation form asking for personal and financial information.

Needless to say, it wasn't the IRS. The agency later issued a warning to advise that it doesn't collect for charitable causes nor contact taxpayers by e-mail. (If you happened to fall for this scam, you should check for unauthorized credit card charges or bank account withdrawals.)

During the holiday season, many e-mail con artists who typically disguise themselves as banks or other companies decide it's a good time to impersonate charities. Unless you want to make a crook's Christmas very merry, don't donate by clicking on a link in an unsolicited e-mail.

You can donate online, but find the organization you want to give to through a Google search or from a Web address listed in the charity's literature.

Beware of gift offers

They may not be scammers, but charities that give you a poinsettia -- or a stuffed animal or a necklace -- for your \$25 donation often have higher-than-average marketing costs. That means less of your money goes to provide the help that the charity ostensibly provides.

"You don't need to be a charity expert to see if a group passes the smell test," Stamp said. "If it doesn't feel right, avoid it."

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