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Giving to charities moves beyond good intentions

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By Amy Fagan - Americans donate billions of dollars each year to charities, but experts say there are ways to give wisely and maximize each dollar.

"I think we have this temptation when we spend money charitably, to think that good intentions alone are sufficient," said Frank Hanna, an Atlanta businessman and winner of the 2007 William E. Simon Prize for Philanthropic Leadership. "I don't think that's correct. ...There's an obligation to donate wisely."

"The first thing donors need to do is to be pro-active in their giving," agreed Sandra Miniutti, spokeswoman for Charity Navigator, a group that rates charities (www.charitynavigator.org). "One of the biggest mistakes donors make is they wait for the charity to contact them."

Instead, donors should sit down and think about what they want to accomplish, she said. They should research a few organizations to find out financial health and how money is spent, and then concentrate their giving.

"Invest in one, two or three charities and stick with them over time," Ms. Miniutti said.

Mr. Hanna said it's even better when a passion grows and a donor gets even more involved with a particular charity. For him, education has become his passion, and he helped to found three Catholic schools in Atlanta, having served on the boards of each.

But each person can find a focus area, he said, by asking questions like, "Is this group engaged in something that ... I feel the world really needs" and "which of these charities really need me?" Mr. Hanna said.

The Federal Trade Commission provides a "Charity Checklist" and warns consumers that "it's wise to use just as much caution when making your charitable giving decisions as you do when making other decisions affecting your overall financial picture."

A donor should ask for written information about the charity to verify whether it's legitimate. The FTC also said donors should find out how their money will be distributed and whether it will go to the desired program, as opposed to other programs, administrative or fundraising costs.

Several groups rate charities and provide their financial information. The FTC recommends Guide Star (www.guidestar.org), the Better Business Bureau's Wise Giving Alliance (www.give.org) and the American Institute of Philanthropy (www.charitywatch.org). Charity Navigator provides ratings and financial profiles of more than 5,000 American charities.

Americans gave \$295 billion last year, up 4.2 percent from 2005, and about 76 percent came from individuals, according to Giving USA Foundation.

This year, with the mortgage crisis hitting hard, traditional charities such as food banks, shelters and utility-assistance programs are reporting more need, Ms. Miniutti said. American Institute of Philanthropy President Daniel Borochoff said donations to human services like these have actually decreased, so it's important that people who can give to such groups this year "be particularly generous."
