



Guide to Finding a Worthy Charity How to Research and Choose a Charity

You want to give to charity, but there are so many out there. How do you choose?

Your goal is to find an organization whose mission supports your personal values, and uses its donations wisely and efficiently. How can you find this charity? And how do you ensure you don't become the victim of a scam?

The reality is, there will always be people willing to take advantage of others, and even legitimate charities sometimes mismanage their money. Fortunately, by conducting a bit of research online, you can weed out the scams from the honest groups that are working toward the greater good. You will also discover which charities pay their officers exorbitant salaries, as well as what percentage of their donations actually go to the cause you support.

How to Choose Your Charity

The Internet offers users a variety of tools to research any organization, but what if you don't have an organization in mind yet? You can start with a site like [Charity Navigator](#), which offers users a variety of tools to research charitable organizations.

First, they group charities by category, making finding a charity that supports your favorite cause easier. Charity Navigator separates organizations into 11 categories, such as Animals, Education, and Human Services. Once you choose one of the main categories, the site takes you to a page dividing that main category into subcategories. For example, if you choose [Human Services](#), you see the subcategories Children and Family, Food Banks, Homeless, and more. After choosing one of those subcategories, you get to view the actual charities whose work falls under that description.

The Search Results page lists each charity purporting to support your chosen cause, and includes a rating for each one, based on a four-star rating system. By clicking on the charity name, you find a plethora of information on that charity, including its location, how it spends its money, and its mission statement.

You may also filter results by various criteria. For example, if you prefer to keep your donations local, you can use the left-hand menu to filter the search results by state. Any filters you want to remove, click on the corresponding red box at the top of the page, under Search Results.

If you'd like to compare charities offering similar services, simply check the Compare box listed next to each one. Then, click on the actual word "Compare" for one of the charities you selected. This brings you to a page offering a side-by-side comparison of how each charity scores on a variety of financial metrics.

Once you have a list of charities you think you'd like to support, you can do further research into each one via a variety of charity watchdog organizations.

How to Research Your Charity

Whether you already know which charity you want to support, or have a whole list from which to choose, researching their ratings on watchdog sites is a good idea. You learn how the charity spends its money, including how much of the donations go to paying officers of the organization and other administrative costs, how effective they are with their fundraising efforts, and what percentage of funds go to supporting the actual cause and fulfilling the charity's mission.

There are three main sites offering charity ratings. However, not every watchdog site lists every charity. For that reason, check your chosen organization on each outlet for a clear picture of its operation.

Of course, as discussed above, [Charity Navigator](#) provides detailed financial information on every charity it lists. This includes the most recent income statements, expenses, accountability and transparency measures, and compensation for leadership. In addition, the site offers a comparison of how the organization performs compared to other charities with a similar mission.

[Charity Watch](#) provides excellent information through an in-depth ratings system. The caveat with this site is that for full access to the charity's rating, users must donate to Charity Watch itself. However, even without making a donation, the site offers basic information about the organization (though not a rating). They also provide stories about scams and fraud.

Another organization providing detailed information on charities is [GuideStar](#). Their site includes information from the charities themselves, as well as IRS information.

The [Better Business Bureau](#) also provides ratings, but not with the same level of detail as the other watchdog sites. On the BBB site's homepage, visitors see an alphabetical listing of charities. Click on your chosen organization to see whether the BBB determined that it meets the standards of an accredited charity. You see a chart titled "Standards for Charity Accountability," with four main metrics:

1. Governance
2. Measuring effectiveness
3. Finances
4. Fund raising and info

Click on the subcategory for a description of that metric.

In addition to these sites, don't forget to do a Google search. If there are any scams or complaints against the group, you should find them easily.

Are Your Donations Tax Deductible?

Besides the personal satisfaction people get from donating money to charity, they may also receive a financial incentive in the form of tax deductions for their charitable contributions. However, please note that not all organizations are eligible to receive tax-deductible donations. Before giving, or attempting to claim the donation on your income tax return, check the IRS site via its [EO Select Check](#).

Toward the bottom of that web page, you will see a large blue button reading "Exempt Organizations Select Check Tool." Simply click on this button, and then choose "Are eligible to receive tax-deductible charitable contributions." From there, you enter the information you have about the charity, such as the name or EIN, and click Search.

On the results page, you will see a listing of all charities with that name. If you searched a charity with multiple offices, and you contribute directly to a local affiliate, scroll through the list until you see your organization. If the far right column, Deductibility Status, reads "PC," then the organization is a public charity and you may deduct 50 percent of all money donated.

If you do not find the organization listed on the IRS site, ask the charity whether it operates under another name, a "DBA" (Doing Business As). The IRS does not list DBA names. You may also request its EIN and enter that information into the IRS search tool to determine eligibility.

Nothing in this guide is intended to provide tax advice. If you want to know whether a charitable donation is tax-deductible, you should consult with a qualified tax adviser.

How to Detect a Charity Scam

A charity soliciting you for donations may have inspired your desire to give back to your community. Before donating, take the time to ensure that the organization is a legitimate charity. There are a number of warning signs indicating that the entity approaching you is not a genuine charity.

First, a legitimate charity readily provides information on its mission, how it plans to use your donation, whether your donation is tax-deductible, and its costs. If the person approaching you refuses to answer these questions, this is a red flag. Next, if the name provided resembles the name of a respected organization, this indicates a potential issue requiring closer scrutiny.

The organization's methods for collecting donations may also indicate fraud. For example, if the person speaking to you requests cash, or asks you to wire your donation, this is another red flag. You may be dealing with a scammer. Another indication is an offer to send a courier for your donation, or a request that you send your donation via overnight delivery. Finally, if he or she pressures you into making a donation immediately, you are likely dealing with a fraudulent organization.

If you believe you are the victim of a scam, or an attempted scam, file a complaint with the [Federal Trade Commission](#). These complaints help the FTC detect and investigate fraudulent organizations.

Your Charity Checklist for Smart Giving

The desire to give back is a good one, but doing so intelligently ensures your hard-earned money goes to organizations that use it ethically. Remember the following points:

- If a charity solicits you (and most legitimate charities perform fundraising drives), ask for the organization's name, address, and telephone number.
- Research the charity online, adding the word "scam" or "complaint" to your search string.
- Check all of the charity watchdog sites: [Charity Navigator](#), [Charity Watch](#), [GuideStar](#), and the [Better Business Bureau](#).
- Call the charity directly to ensure any fundraising solicitations are valid and authorized.
- Keep a record of your donations, and make sure all payments are via check or credit card. Never pay with cash or a wire transfer.
- Visit the [IRS](#) website to determine the organization's tax exemption status, and whether you may deduct donations from your taxes.
- Do not provide any personal or financial information to any entity until you research and verify its legitimacy.
- File a complaint with the [FTC](#) if you believe you are the victim of fraud.

By following these due diligence measures, you ensure legitimate charities receive the help they need, and help the FTC shut down scam artists.

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