giving wisely



Giving Wisely

Canada has a lot of charities and causes that need to be supported by donations; fortunately, Canada is home to a lot of generous people

By Marijke Vroomen Durning



generous: since 2000, they've been responsible for more than 40% of these charitable donations. Many organizations wouldn't be as effective or even survive without these gifts.

But with so many organizations vying for your money, how do you know who will use it best and how they will use it?

There are about 85,000 registered charities in Canada, according to Linda Bell, a certified fundraising executive and the director of donor relations with the YMCAs of Quebec Foundation. Examples include such associations



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as the Canadian Red Cross, the Heart and Stroke Foundation, and United Way/Centraide. In addition to these groups are the non-profit organizations that can solicit funds from the public.

Only registered charities—organizations registered with the Canadian government—are authorized to give tax receipts for donations. "If receiving a tax receipt for your donation is important, you need to make sure the organization can issue one," Bell says. To qualify as a registered charity, an organization must fall under one of four categories: it must provide some relief from poverty, advance education in the community, advance religion, or perform some other service that benefits the members of the community. Registered charities must follow strict rules regarding their finances—and regularly provide proof that they do so.

Non-profits, such as your local community baseball league, your city's annual Santa Claus parade, or a community co-operative preschool, can also solicit donations, but they can't provide tax receipts, and rules regarding their finances aren't as strict. Nevertheless, while non-profits aren't as strictly monitored as registered charities, they must still follow certain rules and they can be audited to ensure that funds are going where they should.

Deciding Where to Give

So, how do you decide where to send your hard-earned money? For some people, the choices are easy. They know what causes they want to support, and they donate their money whether or not the organization provides tax receipts. But if you're not sure which organizations you want to help, it's time to do some homework.

"First, look at yourself and consider what kind of impact you want to have," Bell says. "Do you want it to be local, national, provincial, international? What do you want to do on a personal level?" Once you've narrowed down your possibilities, Bell suggests, you should look at the organizations' websites. Some questions you might consider are:

Who/what is the charity helping and how is it accomplishing its mission?

Does the charity's site have videos, so you can see what it's doing?

Who are the volunteers and board members? Are the people you see people you can relate to? Does the organization seem well governed?

You should have a good feel for the organization you want to give your money to, Bell explains. If the website doesn't answer these questions, you can always call and

ask. "Any well-governed organization is open to questions," Bell says.

This is advice that Janet Shaffer, an early-childhood educator in Ottawa, follows when it comes time to make donations.

"I go to the charity's website and look to see what programs it's offering," she says. "A lot of the groups put their financials up or they're available if you request them. I look at how much of the money is going to the



salaries, the proportion of dollars given to the programs, and what the different programs are."

Shaffer also calls groups with questions, to ensure the organizations she's interested in align with her goals. "I wanted my money to go to the grassroots level instead of to research. I was looking for programs that supported breast cancer survivors," she explains. "I made some phone calls and found a program that uses the money raised to purchase or subsidize the costs of things like special bras, to help women find counselling, to help them find good-fitting wigs...those sorts of things."

The Donor Bill of Rights

Understanding charity costs is important, but so is how charities act towards their donors. In that vein, the Association of Fundraising Professionals was instrumental in creating the Donor Bill of Rights, which many charities post on their website. This bill of rights states that donors have the right to be informed of the charity's mission and the identity of board members, and to have access to financial statements. The bill also refers to the behaviours of the charities, including a level of professionalism that donors should expect.

Digging Deeper

When looking at the financial records and digging into how charities and non-profits are run, it's important to understand what goes on behind the scenes to make an informed decision. For example, a figure designated as

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"overhead" may seem high, but according to Bell, that shouldn't be the only consideration.

"Different organizations may have higher administration costs, depending on what they do," she says. "What you really need to do is look at the overall picture of the charity and understand the impact it has on the community. You can't evaluate it solely on the administration costs, as that's only part of the equation." As a rule, charities spend about 20 per cent of their budgets on administration, fundraising, and management costs. If a charity appeals to you but you have concerns about its overhead, it may be worth a phone call to find out what goes into its administration costs.

An organization's impact also differs depending on its mission and reach. Janet Shaffer wanted her money to have a direct effect on women who are living with breast cancer, but some charities are even more specific about

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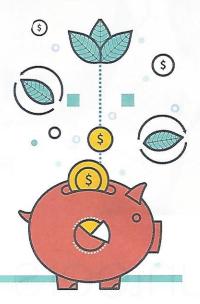
what your money will help provide. For example, a soup kitchen may say your donation helps buy 10 meals or a social agency may tell you that two children will be able to spend a week at camp if you give a certain amount.

Making Your Donation Go Further

Many companies make it a part of their mission to give back to the community, and one way to do this is by matching charitable donations made by their employees. If you or your spouse is employed, check to see if your company matches donations, Bell says. If you're not sure, you can check with your human resources department or your employee association. If the charity you would like to donate to isn't on the list of approved charities, gather as much information as you can and request that it be added. Some companies will align themselves with charities that support a specific cause, but others are open to adding new organizations if they know their employees care about them.

Small Gifts and Larger Gifts

In February, McGill University received a \$200 million donation to fund graduate scholarships, the largest single donor gift to a Canadian university. Such large gifts may make the smaller gifts seem inconsequential, but they shouldn't, because every dollar counts. "That's true for small charities, especially," Bell says. "Big or small, every donation makes a difference. Imagine if every person who could do so donated \$20 to his or her charity of choice. That would lead to a huge impact when it's all combined."



If you're trying to decide whether to give a lump sum to one organization or to share the wealth among several, it's up to you and the impact you want to have, Bell says. "On the charity side of things, we have certain fixed costs when it comes to a donation, things like bank and credit-card charges. Larger gifts and monthly

giving are two ways to make a donation more costeffective for a charity. But it comes down to, Do you want to have a small impact with several organizations or a larger impact on a single charity?"

Following Up

Following up on your chosen cause can help you decide if you want to continue supporting that charity or move on to another organization.

Shaffer says that updates from a charity aren't too important to her because "I can always go back next year and check the financial statement to see what proportion of the dollars were used, and how." Others, however, like to see more concretely what their money did.

"I've had the opportunity to introduce donors to program participants and take donors on tours so they can see the impact of their gifts, large or small," Bell says. "We strive to treat all our donors with the same respect, whether it's a \$100,000 donor or a \$20 donor. We appreciate every gift that we get."