

It can be a challenge to decide which charity should receive your hard-earned dollars. Should you support the environmental group that just knocked on your door, the police association that called to ask for your support or the children's charity that sent you a letter with a heart-wrenching picture of an orphan?

None of them, charity experts say. Instead, you should pick the charities and give money before being asked. Not only are you more likely to find groups whose missions matter to you, but your money will go further. When donors give money in response to a fund-raising appeal, only a portion of the gift goes for the charity's mission, according to the American Institute of Philanthropy. The rest will be spent on the cost of the appeal.

Here are some other tips to help make sure your money is well spent:

**1. Give to groups you know**

It's not always possible, of course, but experts say it's the best thing to do. "Be very reluctant to give to strangers," says Dan Moore, vice president of public affairs for [GuideStar](#), an online source of financial information on charities. "If you know the organization and you know their work, you will know with some degree of confidence that your gift will be put to good use."

**2. Make sure the charity is the one you think it is**

That police association may be based in another state, and do nothing for your local officers. The group that says it grants wishes for sick children may have deliberately adopted a name similar to a well-respected organization. Don't assume you know the group or what it does.

**3. Ask if your gift is tax-deductible**

Some nonprofit organizations that solicit gifts are not charities, meaning that you can't deduct your donation at tax time.

**4. Make sure you understand the group's work**

Charities tackle problems in different ways. For example, groups that try to lower the rate of teenage pregnancy may do so by teaching sex education, by promoting sexual abstinence or by offering programs that aim to build self-esteem among teen girls.

"There's no single right answer," says GuideStar's Moore. "You want to give a gift that's addressing a cause that tugs at your heartstrings, in a way that best addresses your needs."

**5. Make sure the charity is legitimate**

The Internal Revenue Service maintains a list of all [organizations registered](#) as charities. Also check with your state's attorney general or charities bureau, which is responsible for policing charities within the state and can provide a wealth of information about them. Don't know your state's charity regulator? Go to [www.nasconet.org](http://www.nasconet.org), a national association of state charity officers, to find yours.

#### **6. Don't be afraid to ask questions**

Charities are required to provide information about their programs and expenses. Start with these questions: How will my gift be spent? How many people did you help last year? In what way was the help given? If you don't get adequate answers, don't give anything.

#### **7. Find out about expenses**

Even if the charity is a good one, you might feel cheated if you later find out that most of your gift went to pay the people who called you up and asked for money, or to pay the salaries of the group's top officers. In general, efficient groups will spend at least 65 percent of their funds on the causes they support, says Laurie Styron, an analyst with the Chicago-based American Institute of Philanthropy, which rates charities for donors. The percentage may be lower for groups that support controversial causes such as abortion rights, since those groups have more trouble raising money. You can ask the charity for this information, which it is required to provide, or search the Web. The New York attorney general's office, for example, has for years published an annual report, "Pennies for Charity," that details how much money specific charities receive from various telephone appeals.

#### **8. Think twice before giving to a university or hospital**

While worthy, these institutions are also the heavyweights of the fundraising world, bringing in hundreds of millions of dollars a year. For example, Harvard University's endowment, the amount of money it has tucked away in savings, now stands at more than \$25 billion. Meanwhile, soup kitchens, homeless shelters and other groups often struggle to raise enough to keep going. Many arts organizations also have trouble balancing their budgets. Such groups may not have the resources to solicit funds from you, but that doesn't mean they won't appreciate your gift and make good use of it.

#### **9. Volunteer**

This can be a great way to get information about a charity before giving money. Hands-on experience will tell you how well-managed the organization is and how effectively it accomplishes its mission.

#### **10. Protect yourself**

Don't give out credit card or personal information in response to phone, e-mail or door-to-door appeals: They may be fraudulent. If giving online, locate the charity's Web site yourself rather than linking through an e-mail. Above all, don't give cash. Your best bet is to mail a check to the organization.

#### **Resources:**

If you'd like more information on a particular charity, a good starting point is the charity's own Web site, which should include details about programs and how gifts are spent, as well as financial information such as an annual report. Another source of free information is [Guidestar](#), which posts copies of charities' federal tax filings, or state charity regulators. The [American Institute of Philanthropy](#); [Charity Navigator](#); and the Better Business Bureau's [Wise Giving Alliance](#) also offer ratings of charities.