

LESSON
2

Evaluating Charities

OBJECTIVE

Students will:

- learn how to decide which charities are worth supporting based on the organization's mission and budget

TIME

40 minutes

MATERIALS

- Interactive whiteboard or projector with internet connection
- Devices with internet connection for student use
- Choose the Right Charity activity sheet

STANDARDS

- Council for Economic Education: Buying Goods and Services 6
- Jump\$tart Financial Literacy Standards: Financial Decision Making 4d

DIRECTIONS

- Ask students to brainstorm the names of charities and what they do. Organizations can range from local charities like animal shelters to national and international ones like disaster relief organizations.
- Explain that people support charities as a way to give back. People can help by volunteering time or donating money/goods.
- Ask how students can decide which charities to support. One way is to find a charity that promotes a cause they feel strongly about. Students can search a charity's website for its mission statement to find out if this is an organization that fits their beliefs.
- After choosing a charity that has a mission the students support, they should investigate how a charity spends its money. Explain that charities must register with the IRS and file paperwork to make sure income they report is tax deductible. Put the following information on the board:

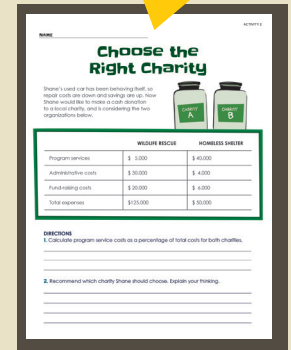
CHARITY A

Program services	\$ 90,000
Administration	\$ 7,000
Fundraising	\$ 3,000
Total expenses	\$100,000

CHARITY B

Program services	\$ 25,000
Administration	\$ 10,000
Fundraising	\$ 15,000
Total expenses	\$ 50,000

- Give students time to calculate program, administration, and fundraising expenses as a percentage of each charity's total expense (Charity A: program services 90%, administration 7%, fundraising 3%; Charity B: program services 50%, administration 20%, fundraising 30%). Incorporate the percentages into the financial profiles on the board.
- Discuss the significance of the percentages. Charity A does a better job of using its funds to deliver services rather than pay for other costs like salaries (administration) and fundraising events.
- Research online charity evaluation sites, and project one or two of them on the board. Research the site to find a charity's mission, financial performance data, and other relevant information to help them evaluate the worth of a particular charity.





Evaluating Charities

8. Hand out the Choose the Right Charity activity sheet and ask students to complete it individually or in pairs. Go over the answers as a class. Program services are 60% of the wildlife rescue organization's total budget and 80% of the homeless shelter's, so the shelter is the more efficient organization.
9. Distribute the Give Until It Helps family activity sheet for students to complete at home. Ask students to sit down with their family and discuss the ways they can find a good cause to support.

TAKE IT FURTHER

As a class, brainstorm ideas for a new charity to solve problems locally or nationally. For example, one teen created a charity as a way to provide holiday gifts for older kids. Others have created lending libraries to share books for kids in a community. What can your class do?

ASSESSMENT QUESTIONS

Ask your students to answer the following questions on a separate piece of paper:

1. Of all the charitable causes in the world, which one do you think is the most important? Explain your thinking.

Key points: Students will pick different charities based on their individual values. They should support their thinking by giving examples of the work done by the charity mentioned and by explaining why that particular cause is a priority for them.

2. How can you tell if a charity is worthy of your support?

Key points: Students can look at a charity's website and review its mission statement. They should also take steps to ensure that the charity uses funds efficiently and effectively by looking at the ratio of program expenses to total expenses and by looking for approval by charity evaluation organizations.

NAME _____

Choose the Right Charity

Shane's used car has been behaving itself, so repair costs are down and savings are up. Now Shane would like to make a cash donation to a local charity, and is considering the two organizations below.



WILDLIFE RESCUE

HOMELESS SHELTER

	WILDLIFE RESCUE	HOMELESS SHELTER
Program services	\$5,000	\$40,000
Administrative costs	\$30,000	\$4,000
Fundraising costs	\$20,000	\$6,000
Total expenses	\$125,000	\$50,000

DIRECTIONS

1. Calculate program service costs as a percentage of total costs for both charities.

2. Recommend which charity Shane should choose. Explain your thinking.

Give Until It Helps

Dear Student,

In class, you have been learning about the role charities play in helping address problems in our society. You have also discovered how to evaluate organizations based on their mission, how well they deliver their services, and how well they manage their finances. Now expand your giving by inviting your family to participate.

ACTIVITY

Talk to your family to identify a charity they support or would like to support. Why does this organization deserve your family's time, energy, and money? Then, after researching, evaluating, and approving a charity, come up with a donation plan.

NAME OF CHARITY: _____

REASONS TO SUPPORT ITS MISSION:

Tip: Consider whether the charity's values are in line with yours, if the organization champions a cause you care about, and whether the charity is local and benefits your community.

HOW WELL DOES IT DELIVER ITS SERVICES AND MANAGE ITS FUNDS?

Tip: Go to online charity evaluation sites to research details about your charity, including how it is structured and manages funds.

ONCE YOU'VE VETTED THE CHARITY, COME UP WITH A DONATION PLAN AS A FAMILY. What kind of donations (time and/or money) will you make, and when will you put the plan into action?

Tip: Aim for realistic goals that the whole family can work toward (for example, 5–10 hours of volunteer time per month or a total donation of \$100). Post a schedule on the fridge of who's doing what and when.