

Before you ask for that year-end charitable donation...

12.08.15 | Linda J. Rosenthal, JD



It's the joyous season of goodwill, good deeds and generosity. Just ahead of the December 31st deadline for tax-deductible contributions, your 501(c)(3) charity is no doubt eager to snag some of the dollars floating around to fund important projects in the new year.

While you're asking the general public for help, don't be surprised if some of them ask you for ... details, numbers, program specifics, who is on your board, what's in your 5-year strategic plan, how much your CEO is paid, and – well, you get the idea.

File this under FYI. It's not that these folks are suddenly turning feisty and impertinent. Experts are popping up everywhere warning your potential pool of supporters to dig deeply into *your* operations and activities, before digging out their checkbooks.

The attorneys general of many states are warning prospective donors to take a deep breath and think about how their charitable donations are used. For example, the California Attorney General – who has primary oversight authority for charitable organizations and funds in the Golden State – publishes the [“Attorney General’s Guide to Charitable Giving for Donors.”](#) In that pamphlet, prospective charity donors are encouraged to ask questions and educate themselves about all aspects of any organization asking for financial support. After all, “having educated donors helps to prevent fraud and abuse.” People who are informed “...tend to be less vulnerable to high-pressure solicitation tactics and more wary of unsupported claims.” This publication includes a useful [checklist](#) for people thinking about supporting a charity.

There's similar, helpful information from the [Federal Trade Commission](#).

Those pesky experts present handy lists: for example, [“5 things to consider before donating.”](#) Some charitable institutions have their own suggestions: [“8 Important Questions every donor can \(and should\) ask.”](#)

The Association of Fundraising Professionals publishes the “Donor’s Bill of Rights”; point 10 asserts that donors should “... feel free to ask questions ... and to receive prompt, truthful and forthright answers.”

Key Areas of Inquiry

While this guidance from officials and experts is geared primarily to donors with substantial amounts to give, it applies as well (although scaled down a bit) to those of lower means considering more modest charitable contributions. Distilled down to the basics, this “look-before-you-leap” advice focuses generally on three common themes:

- Checking identity and credentials;
- Checking mission and operations; and
- Checking how the donation will be used

The Identity Check

Donors are cautioned to verify certain important preliminary information. They are advised (in language something like this) to probe and consider:

- Who are these folks who want your financial support?
- Are they who they say they are?
- Are they who you, the prospective donor, think they are?
- Are they a legitimate 501(c)(3) organization in good standing, currently eligible (at both the federal and state level) to receive tax-deductible dollars?
- Is the person soliciting contributions authorized to fundraise on behalf of the organization, and will the fundraiser turn over the money to the charity?

Mission/Operations Check

In this category, your prospective supports are cautioned to check out:

- What do these folks actually do?
- What are their *current* priorities and goals – and are they compatible with your interests, passions, and causes?
- Who’s in charge?
- How effective are they?
- Can (or should) you rely on the apparent respectability of long-established charities?

Donation Destination Check

- What are the specific purposes or programs for which your gift will be used?
- How much of your donation will be spent on these programs?

(*Note:* Many donors believe, incorrectly, that a high percentage of solicited funds must be paid out directly for program activities, and not for overhead, but – well – that’s a topic we’ll tackle later in a separate blog posting.)

- (If the solicitation is made by a commercial fundraiser independent of the organization), what is the percentage of your gift that will be paid to the solicitor instead of going directly to the charity.

Conclusion

These types of inquiries shouldn't be viewed as nuisances. It's in everyone's best interests – yours as well as the donors' – to make sure that you are a good fit for the long run. That can help ensure a long and satisfactory relationship and may avoid costly and upsetting problems and misunderstandings – like [these](#), or [these](#), or [these](#) – keeping lawyers like us very busy indeed.

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