



# HOW TO SELECT A PHILANTHROPIC ORGANIZATION TO SUPPORT

Recent studies show that we are a very giving country. In 2019, the United States was estimated to have given \$449.64 billion to charitable causes, reflecting a 4.2% increase in total charitable giving over 2018. The growth in total giving was driven by an increase in giving by individuals who represent the biggest source of giving.<sup>1</sup> In addition, approximately 90% of high-net-worth households give to charity.<sup>2</sup> And despite the pandemic in 2020, while the first quarter saw a 6% year-over-year decline, giving bounced back in the second quarter by 12%.<sup>3</sup>

With all of this giving happening, it would seem selecting a charity would be easy. That may be the case if you're supporting a child's school, giving to your church, or even donating to large well-known charities, but in the United States alone, there are over 1.5 million registered nonprofits.<sup>4</sup> Looking outside the box to find new and exciting causes to support by donating time or financial resources can be incredibly rewarding for individuals.

When selecting a philanthropic organization to support, consider the following questions to help you become an informed giver:

## **Q: Does this charity support a mission that you're passionate about?**

**Answer:** Consider causes that you personally relate to. For example, if you routinely have conversations with friends about the opioid crisis, find out which charities support that cause. Some of these charities may focus on treatment or finding a cure for a disease as opposed to offering emotional support for survivors and families, prompting additional thought into where you want to make an impact.

## **Q: Are there resources to help identify and vet charitable organizations?**

**Answer:** There are several third-party organizations that help donors research charities. Some will specialize in specific areas, such as international organizations, while others may provide research on a large cross-section of charities.



In many cases, these resources will also provide ratings for individual charities as well. Here are a few to consider:

- [GiveWell](#)
- [Charity Navigator](#)
- [CharityWatch](#)
- [Universal Giving](#)

## **Q: Once a charity has been identified, what next?**

**Answer:** Prior to supporting any charity, consider asking them these questions:

1. **What is your mission?** This will help ensure they are aligned with your own personal beliefs.
2. **What are your goals and how do you measure your success?** Organizations should be able to demonstrate how their primary mission aligns with the ways in which they are making an impact. This is key to their long-term success for their mission.



3. **What progress have you made?** This question can help determine whether the organization has quantifiable results for their work or if results are more qualitative, where they provide stories or examples of how they have made an impact.
4. **How can I monitor your success?** Organizations should be transparent when asked by potential donors and easily relate how they have had success, what challenges may hinder that success, and how you as an individual can help contribute to that success.

**Q: How do I know if the charity is financially sound?**

**Answer:** The simplest approach is to consider using a third-party resource such as [GuideStar](#) or [Charity Navigator](#). These companies specialize in examining the financial well-being of thousands of charities. Not only will they look into tax filings (form 990) and compare them to their annual reports and audited financial statements, they will also dig deeper into how they're allocating their resources. Finally, they'll look for the red flags that may shed light into unhealthy conditions at the charity.

While supporting charities is a rewarding activity, it's also important to understand how it fits into your overall wealth plan. Consider reviewing your ideas with your wealth advisor to learn more about how to become an informed giver.

<sup>1</sup> [Giving USA 2020](#)

<sup>2</sup> [The 2018 U.S. Trust Study of High-Net-Worth Philanthropy](#)

<sup>3</sup> [Philanthropynewsdigest.org](#)

<sup>4</sup> [Urban Institute: National Center for Charitable Statistics](#)

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