



"Giving" Advice



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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors

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Will a Charity Put Your Donation to Good Use?

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By Jane Bennett Clark

With times hard and people hurting, you have every reason to find out whether a charity has the resources and know-how to put your money to good use. Use the following five measures to gauge its current condition.

Look at Spending Priorities

"Now, more than ever, it's critically important that you invest in only the most efficient charities," says Sandra Miniutti, of Charity Navigator, which rates the financial health of more than 5,300 of America's largest charities on its website, charitynavigator.org. Aim for organizations that spend at least 75 percent of their budget on programs and split the remaining 25 percent between fundraising and overhead.

Evaluate Accountability

Be sure the group has a well-defined mission and the organizational structure to support it, says William Hewitt of Crown Philanthropy Solutions, which helps foundations and financial-services institutions set up donor-advised funds. "A lot of smaller nonprofits go for decades and never have a significant impact. You wonder where the money is going and whether it has a real use."

Beware of Red Ink

Charities must annually file a Form 990 with the IRS (if you can't find the form on the charity's website, call and request a copy). Look for the line that indicates whether the charity has positive or negative assets. If the answer is negative, steer clear, says Laurie Styron of the American

transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

Institute of Philanthropy, which rates charities online at charitywatch.org. "Your donation may go to legal or accounting fees, or to pay past debts relating to the charity winding down, rather than to the programs you're intending to support."

Gauge the Cushion

A charity can better withstand hard times if it has six months' to a year's worth of working capital, expressed as its "working capital ratio" at Charity Navigator. "If it has less than that, I'd call up and ask how it is dealing with the current economic crisis," Miniutti says. "Is it going to be able to deliver on its programs?"

Review the Annual Report

Look for the word "unqualified" in the auditor's note, which indicates that the auditor has signed off on the charity's finances without reservation. If, on the other hand, the audit is qualified, it means that the auditor may have substantial doubt that the charity can exist for another year, Styron says. Circumstances that trigger such concerns include the loss of a major donor or an overall decline in contributions.

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