



Tips for Charitable Giving

From the Office of Minnesota Attorney General Lori Swanson

Minnesotans have historically provided strong support for the work of charitable organizations, whose programs and services support our community's prosperity and advancement. Minnesotans have made generous financial contributions to charitable organizations, totaling over \$4 billion per year. Most charities provide valuable services, adding to our quality of life and building stronger communities for us all.

This brochure is designed to provide you with information that will help make sure your charitable donations are used as you expect. I encourage you to give what you can afford to charities you care about — *after* finding the information you need. A reputable charity will appreciate your contribution as much tomorrow as it will today, so take the time you need to make your decision. By making thoughtful and informed choices about the charities you support, your financial and voluntary service contributions will indeed make a difference.

Lori Swanson, Attorney General

MAKE YOURSELF AN INFORMED CONTRIBUTOR

Before making a charitable contribution, find out what the charity will do with your gift. Ask about the types of programs your gift will support, and how the charity will use your gift to achieve its stated purposes. Minnesota law *requires* that certain specific information be provided to you *before* a request for a donation is made. A charity is *required* to (1) identify itself by name and location; (2) tell you whether or not the contribution is tax-deductible; and (3) provide a description of the charitable program for which the solicitation campaign is being carried out. If a solicitation is being conducted by a "professional fund-raiser," the professional fund-

raiser must disclose its full name as recorded on file with the Minnesota Attorney General's Office and that the solicitation is being conducted by a professional fund-raiser. Since the professional fund-raiser does not have to volunteer the percentage of your donation that it will keep, this disclosure is your cue to ask for that information.

The United States Supreme Court has instructed states that they may *not* pass laws that limit the amount of money a charity may spend on overhead or administrative expenses. As a result, there is no law that tells charities that they must spend a certain percentage of the funds they raise on program services. This means it is up to you to find out how much the charity spends on overhead and fund-raising versus program services. There are several ways you can do this.

ASK QUESTIONS

You can ask the charity or the professional fund-raiser how much of the donation will actually be used to support the charity's program as opposed to fund-raising and administrative expenses. Honest, legitimate charities and fund-raisers should give you this information when requested. If you don't ask, you may not find out that the majority of your donation may be kept by the professional fund-raiser.

CHECKING ON CHARITIES

Financial information about organizations registered to solicit charitable contributions in Minnesota may be obtained from public information on file with the Minnesota Attorney General's Office. Each charity that is registered to solicit contributions in Minnesota files its annual federal tax return—the *IRS Form 990* or *990 EZ*—with the Attorney General's Office (larger organizations with over \$750,000 per year in revenue are also required to file audited financial statements). The *IRS Form 990* has information about how much a charity has raised in contributions during its fiscal year, and how much it has paid out in salaries, overhead, fund-raising expenses, and program services. To view actual copies of a charity's

annual filings, you may visit the Attorney General's Office's public file room located on the 12th Floor of the Bremer Tower at 445 Minnesota Street in downtown Saint Paul. Certain summary information from the *IRS Form 990s* on file with the Minnesota Attorney General's Office is available through the Attorney General's Office's website at: www.ag.state.mn.us. A company called GuideStar makes actual copies of the federal tax returns filed by charities, the *IRS Form 990*, available over the Internet. You may view a charity's *IRS Form 990* at the GuideStar website at: www.guidestar.org.

RESPONDING TO SOLICITATIONS

Keep the following in mind when responding to a solicitation for a charitable donation:

- **High-Pressure Tactics:** Don't be swayed by emotional or high-pressure appeals that talk about problems but do not explain how contributions will be spent or what the programs of the organization actually are. Many charities use words such as "urgent," "critical," "immediate," and "important," either on mail/email solicitations, on the phone, or in person. Don't be pressured into making an immediate donation. Any reputable charity will welcome your contribution when *you* are ready to give. Don't let an organization claiming to solicit for law enforcement or firefighters convince you that a donation is needed to receive police or firefighting services or will give you special privileges like the ability to avoid speeding tickets. If it is important to you that your donation goes to your local police or firefighters, confirm this with the solicitor and then contact your local police or firefighters to ensure that they receive funds from the organization.
- **Don't be Swayed by an Impressive-Sounding Name:** Be careful of charities with names that sound impressive or sound similar to other organizations you have heard of. An impressive name means nothing if the organization does not actually use the donations for its charitable cause. Some organizations try to pass themselves off as other more well-known organizations to mislead donors. To be sure you have the correct organization, ask for additional information, including the organization's complete name. For example, there are numerous charities devoted to causes such as fulfilling children's wishes, fighting cancer and heart disease, and supporting veterans, so take steps to understand which charity effectively conducts the program you want to fund.
- **Know the Difference Between "Tax Exempt" and "Tax Deductible:":** "Tax exempt" refers to the organization's own tax status (i.e. whether it pays income taxes), while "tax deductible" means *you* can deduct *your* contribution on your federal income tax return. Just because an organization is "tax exempt" does not mean contributions to it are "tax deductible." Disreputable organizations sometimes try to confuse these two terms. Contributions to organizations recognized by the IRS as tax exempt under section 501(c)(3) of the Internal Revenue Code are generally tax deductible. If making a tax-deductible contribution is important to you, obtain a receipt showing the name of the organization, the amount of the contribution, and a statement that the contribution is tax deductible.
- **Beware of Sweepstakes:** Some charities use mail solicitations that contain a sweepstakes entry form, often representing the existence of a "guaranteed prize." The odds of winning such sweepstakes are extremely low, and you should read the fine print of any such sweepstakes solicitation. It is illegal for any organization to tell you that you must buy merchandise or make a payment or contribution to win a prize or to improve your chances of winning.
- **Unordered Merchandise:** Some organizations send solicitations through the mail accompanied by items such as greeting cards, address labels, tickets, coins, or other unordered merchandise. Some people who receive these types of items feel that they should "repay" the organization for the value of the gifts. You are under no obligation to pay for, nor are you required to return, merchandise that you never asked for and which is included in an appeal for a donation. These types of gifts are often mass-produced at a very low cost to the organization. The organization only sends these items in the hope that they will make you more likely to donate.

■ **In-Person Solicitations:** Sometimes charities solicit donations by going door-to-door and asking for contributions in person. Minnesota law requires a door-to-door solicitor to make the same disclosures required of telephone solicitors, namely the name and location of the charitable organization, whether or not the contribution is tax deductible, and a description of the charitable program for which the solicitation campaign is being carried out. This information must be disclosed prominently on a written document, to be exhibited to the person being solicited. Remember, you are under no obligation to provide a donation directly to the person soliciting the contribution. If you are inclined to make a donation, request written material describing the charity's program, how it uses its money, its address and telephone number. You will then be in a position to mail a contribution directly to the charity, after you have had a chance to review the information and make an informed decision instead of giving personal financial information to a stranger.

MAKING THE DONATION

If you decide to make a contribution to a charity, always pay by check or credit card, **NEVER WITH CASH.** Cash contributions can easily be lost or stolen. Make your check out to the charity, not to a company or the individual collecting the donations. In addition, **never provide your credit card number unless you know the charity and you call the charity yourself.** Giving out a credit card number, account number, or other personal information in response to an unsolicited phone call is the equivalent of giving this information to a complete stranger and can lead to identity theft. For more information on identity theft, you may obtain the Attorney General's Office's Brochure entitled *Guarding Your Privacy* by contacting the Attorney General's Office's Consumer Services Division at (651) 296-3353 or 1-800-657-3787.

After you have made a donation, keep all of your receipts and thank-you letters from the organization, as well as canceled checks and credit card statements that reflect the donation.

WHERE CAN I GET MORE INFORMATION OR FILE COMPLAINTS?

Most charities that solicit contributions in Minnesota must register with the Minnesota Attorney General's Office and file annual financial reports with it. Certain information about registered charities is available through the Attorney General's website at: www.ag.state.mn.us. Professional fund-raisers also file their contracts to solicit for charities and campaign reports that reflect the total contributions received and kept by the fund-raiser in Minnesota. If you have questions about a charitable organization or fund-raiser or if you wish to file a complaint about an organization that has solicited you for a contribution, contact the Attorney General's Office Charities Division at:

Minnesota Attorney General's Office Charities Division

1200 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2130
651-296-3353
1-800-657-3787
www.ag.state.mn.us

Several private agencies evaluate charities. The following private agencies monitor the activities of charities, establish guidelines which they believe charities should meet, and provide ratings of different charities:

Charities Review Council

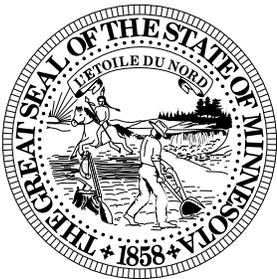
2610 University Ave. W., Suite 375
St. Paul, MN 55114
651-224-7030 or 1-800-733-4483
www.SmartGivers.org

Wise Giving Alliance Council of Better Business Bureaus

4200 Wilson Boulevard, Suite 800
Arlington, VA 22203
703-276-0100
www.give.org

TIPS FOR CHARITABLE GIVING

- Don't judge a charity solely on its impressive-sounding name;
- Ask how the charitable purpose will be accomplished;
- Ask how much of your contribution will pay fund-raising and overhead costs;
- If you are solicited by a professional fund-raiser, specifically ask how much of the donation will actually go to the charity;
- Ask whether your contribution is tax deductible;
- Don't be unduly swayed by emotional appeals;
- Don't be pressured. Ask for written information. If convinced, send a check later; and
- Contribute by check. Cash donations are impossible to trace and difficult for the charity to protect.



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