

Whom to Give Money To

Notes:

Learner Outcomes

Outcome #1: Participants will be able to name an online charity-rating organization.

Outcome #2: Participants will be able to identify what program expenses are for a charity.

Outcome #3: Participants will be able to rank charities from an online charity-rating organization.

Target Audience

Teenagers

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It website), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Evaluation #3-GI-T for each participant
6. Bank It Notes #3-GI-T for each participant
7. Optional: PowerPoint Presentation PDF #3-GI-T
8. Optional: Handout #3-GI-T for each participant

Timing

1 hour

Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at www.bankit.com.

Whom to Give Money To

Notes:

1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #3-GI-T and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for teens and parents that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on whom to give money to, and we plan on meeting three goals. One: By the end of this session, you will be able to name an online charity-rating organization. Two: You will be able to identify what program expenses are for a charity. Three: You will be able to rank charities from an online charity-rating organization.

Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.

Be aware that some individuals contend that some people shouldn't give money.¹ Individuals with low incomes.² Teenagers.³ People with a lot of expenses. Individuals who think that certain groups shouldn't give money believe that these people need to focus more on saving and spending money to meet their needs.⁴

However, people—no matter their age or socioeconomic status—are asked to give money, whether it's for a school fundraiser, their community food shelf, or a faith community.⁵ This module can help them discover if they wish to give—and when—based on their own priorities and values.

Whom to Give Money To

Notes:

Still, it's essential to be sensitive. Some of your participants may be struggling with serious money issues. Yet, giving is one of the 29 Jump\$tart national standards in K–12 personal finance education.⁶

Teaching participants about giving well, just like teaching them about budgeting well, saving well, and investing well, is another way to encourage them to make wise money choices based on what's important to them.)

2. Activity: Up or Down (15 minutes)

Explain that you're going to do a quick activity about charitable organizations. Say: *A charitable organization is a type of nonprofit that works for the common good or for a specific cause.*

Have participants raise their arms in the air if they would say yes to a statement you make or leave their arms by their sides if they would say no. (If you wish, have participants practice these two movements.)

Say: *There are no right or wrong answers. Each answer is a matter of opinion, and it doesn't reflect whether or not you give money to charity. The first statement is: It matters to give money to an organization that has a cause I care about.* (Give time for participants to raise their arms in the air or have them hang by their sides. If you wish, have participants look around to see how people are responding.)

Say other statements, one at a time, giving time for participants to raise their arms or leave them lowered after each statement. Say: *It matters how a charitable organization uses its money. It matters how long a charitable organization has been in operation.*

It matters how well a charitable organization manages its money. It matters that the charitable organization makes a difference. It matters that a charitable organization is well known. After you finish, debrief the activity if you have time.

Say: *It's important to know what matters to you before giving money to a charitable organization. It also helps to know how to find out more information about charitable organizations and be able to rate them.*

Whom to Give Money To

Notes:

On a flip chart, write the two names of the major online charity review organizations, Charity Navigator at www.charitynavigator.org and GuideStar® at www.guidestar.org.

Explain that both of these organizations give helpful information about specific charities and that online charity review organizations typically look at an organization's income statement for the year.

Say: The income statement will list revenue and expenses. Revenue is the money that's coming in. Expenses are the money that's going out. Some organizations will have large numbers in these areas. Others will have smaller.

What's most important is to compare the total revenue with the total expenses. Since charities are nonprofit organizations, you want to make sure that the total revenue and the total expenses are the same or that the total revenue is higher than the total expenses.

Ask: What does it mean if the total expenses are higher than the total revenue? (Give participants time to respond.)

Say: It means that the organization lost money. It spent more money than came in. Why is that a bad sign? (Give participants time to respond.) Say: It means that the organization is having trouble managing its money. One time is not a bad sign. Maybe the organization got hit with an emergency or crisis.

But if an organization loses money every year, it will not be long before the organization is in serious trouble. Another important aspect to look at on online rating systems is program expenses. These are listed under a category called Organizational Efficiency.

Program expenses are what the organization pays to do the work that it says it does. For example, program expenses for a homeless shelter include the expenses the organization pays to care for the homeless. The higher the program expenses, the more your money is going to help the cause that you want to support.

What are other categories your money could go to? Administrative expenses or fundraising expenses. Administrative expenses pay for the people to run the organization. This is important, but it should not be too large of a percentage.

Whom to Give Money To

Notes:

The same is true for fundraising expenses. Yes, an organization usually needs to spend some money in order to raise money, but again, most of the money should be in the program expense category—not these other two.

3. Present: Rating Charities (15 minutes)

On a flip chart, write, *Three major ways to rate a charity: 1. Compare the total revenue with the total expenses. 2. Make sure the percentage for the program expenses is high. 3. Notice if there are stars or other ratings given to each organization.*

Say: When you look at Charity Navigator’s Web site, you’ll notice that it lists organizations by cause. They’ll have lists of organizations in causes such as education, health, animals, the environment, and the arts. When you click on one of these categories, such as health, a list of organizations pops up.

The list will include the name of the organization, where it is located, what it aims to do, and shaded stars. Each organization has shading in four stars. This is Charity Navigator’s way of rating each charity according to this rating system. The more stars that are shaded, the higher the ranking.

So let’s do a quick activity. (On a flip chart, make a list of six groups of stars. Include a variety of one- to four-star groupings, but make sure you don’t put them in order by number.)

Say: Let’s assume all these organizations support a cause you care about. Does someone have an example of a category? (Let one of your participants choose a category, such as education, health, animals, or the environment.)

Write that category over the top of your groups of stars. Say: Let’s rank these organizations. Which one would you say is the best? We’ll mark that with a number 1. (Give participants time to respond. The answer is one of the groupings with four stars.)

Continue ranking until all six of your star groupings are ranked in order, with four-star organizations at the top and one-star organizations at the bottom. Ask: Could there ever be a time when you give money to an organization when you don’t know the rating?

Whom to Give Money To

Notes:

(Give participants time to respond. The answer could be yes or no. It could be yes if a friend is raising money for an organization and it's a good cause. So you give some money to support the organization and also to support your friend.)

(The answer also could be no if people want their money going only to causes where their money is being used well so they won't give to organizations that they don't know about.)

Say: This information helps us make positive choices with our money. Even if we give a little, it makes a big difference for these organizations. If you think about it, if you gave one dollar to an organization, it may not seem like much.

But if the organization receives one dollar from a thousand people—or even a million people—that's where all those dollars make a big difference.

If you plan to distribute the optional handout, use it at this time.

4. Discuss (10 minutes)

Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Explain why knowing more about online charity review organizations helps you make good choices with the money you give.

Start with the person who stayed up the latest last night. Then have each person take a turn.

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. *Ask: How can giving a little make a big difference? (Answer: When a lot of people give a little, the giving adds up.)*

Ask: What is a name of an online charity-rating organization? (Answers: 1. Charity Navigator. 2. GuideStar®.)

Ask: What are program expenses for a charity? (Answer: Program expenses are what the organization pays to do the work that it says it does.)

Ask: How are program expenses important for judging a charity? (Answer: The higher the percentage going to program expenses, the better.)

Whom to Give Money To

Notes:

Ask: *How can we interpret the ratings for an online charity-rating organization? What should we look for?* (Answers: 1. Compare the total revenue with the total expenses. 2. Make sure the percentage for the program expenses is high. 3. Notice if there are stars or other ratings given to each organization.)

Ask: *How do you rank charities from an online charity-rating system?* (Answers: You can compare stars and rank them. You can compare program expense percentages and rank them.)

At the end of the review, distribute Evaluation #3-GI-T to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

6. Close (5 minutes)

Say: *We can use our money well when we research charities that we care about. When we make informed decisions, we are more likely to make better money choices. It's a lot like comparison shopping. That's when we look at the price of the item we want to buy at one store and compare it to the price of the same item at another store.*

We want to get the best value, right? We want to get the most for our money. That's why researching charities is a good way to see how our money will be used. When we give our money to an organization, we want our money to be used well. We want to support the cause we believe in.

We want the organization to make positive choices with how it uses its money. Taking the time to find charities we care about—and that also use their money well—is a big step in making positive choices in our giving. Ask yourself: How do I want the money I give to be used?

Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Bank It Notes. Thank everyone for coming and for being involved.

Whom to Give Money To

Notes:

Optional Activities

1. **Distribute Handout #3-GI-T: Which Charity?** Give participants the handout to complete. Afterward, discuss their answers.
2. **Show the PowerPoint Presentation PDF #3-GI-T.** Use the presentation to accompany the one-hour session.
3. **Give Participants a Challenge.** Encourage participants to use the next week to visit one of the online charity review organizations and find a charity they think is worthwhile. If they don't have access to the Internet, encourage them to visit their local library. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 5 in the area of Planning and Money Management.
- *An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).

Sources

- ¹ Eugene C. Roehlkepartain, Elanah Dalyah Naftali, and Laura Musegades, *Growing Up Generous: Engaging Youth in Giving and Service* (Washington, D.C.: The Alban Institute, 2000), 53.
- ² Ibid.
- ³ Ibid.
- ⁴ Ibid., 55.
- ⁵ Center on Philanthropy, "U.S. Charitable Giving Reaches \$295 Billion in 2006," news release, June 25, 2007. This news release shows that giving by individuals is always the largest single source of donations and that individuals are most likely to give to faith communities.
- ⁶ Jump\$tart Coalition for Personal Financial Literacy, *National Standards in K–12 Personal Finance Education*, third edition (Washington, D.C.: Jump\$tart Coalition for Personal Financial Literacy, 2007), 5.