

# CHARITABLE DONATIONS

## How to Become the Perfect Donor

**B**efore making a donation to an organization, some will go through a thorough process and do their due diligence while others will base their decisions on spontaneity and emotion. However, the best approach to donating probably lies somewhere in the middle. This Guide offers some tips to help donors add new strings to their bow when it comes to charitable giving.

### **The relative importance of organizational performance indicators**

Browse the web and you will easily find them: annual rankings of charities, which supposedly assess the performance of organizations. These rankings all have one thing in common: they praise lower overhead costs. The fixation on this particular indicator reinforces the need for charities to be more conservative with their expenses. It is therefore hardly surprising that so few organizations were technologically prepared when the pandemic hit, with many of them not having updated their IT equipment and practices in years. By championing this measure of “performance,” we ask charities to cut corners and work miracles, all the while expecting them to deal with constant increases to rent, IT-related costs and salaries. Dan Pallotta, author of several books on philanthropy and the famous TED Talk *The way we think about charity is dead wrong*, sums it well: the message we send to organizations is “don’t be competitive and think small”!

### **Let's look beyond overhead once and for all**

This doesn't mean giving leeway to limitless spending. Boards of directors are responsible for assessing risks and markets, and charities should be able to explain, for instance, why their IT expenses skyrocketed in 2020 to equip their staff as they began working from home, or why they launched a big media campaign (and had to report on its impact as well). That being said, can we agree on giving a break to the overhead discussion and putting it aside (or at least, off-centre) once and for all?

We know that staff (and volunteers) who are happy and feel supported at work are usually more productive, and who would argue against an organization being more productive? So, what if we adopt a different lens and ask ourselves the following questions:

- Does this charity pay its employees well?
- Does the organization's compensation structure allow it to compete in the market to recruit and retain the best talent?
- Does the organization appropriately recognize contributions made by its volunteers?
- Do the board directors fully embrace their role and make annual donations to the charity?



Daniel H. Lanteigne

### **Be bold**

However, don't try to work around the situation by accepting higher overhead while asking for your donation to be invested “directly and entirely for the cause.” This may, of course, work for donors looking for “impact” from their dollars; however, it restricts organizational development, potential growth, and evolution. Instead, let's aim to support more than the mission or a project. Let's support boldness and allow the organizations that are dear to our hearts to increase their donor base and to boost their reputation by investing in their marketing and recruiting activities, among others.

### **Almost ready to make a donation**

Once you've adopted your new donor mindset, you may feel ready to act on it and make a donation.

However, there are additional things to consider. Did you know that, unlike registered charities, non-profits cannot issue official donation receipts offering you a deduction or tax credit with your tax return? If receiving such a receipt is important to you, check the Canada Revenue Agency website to find out whether the organization you've chosen is registered.

Next, before you hit the donate button or send your cheque, make sure you trust the organization and feel confident that your money will be put to good use.

Do you trust its leadership to use your donation to create a positive impact? Would you be willing to donate twice, five, or even ten times as much as you are about to give? If the answer is yes, go for it. If you have doubts, give it more thought, gather more information about the organization, read their annual report or reach out to them. Don't be shy! Organizations seek to cultivate transparent and sustainable donor relationships, and would be more than happy to answer your questions.

### **Trust your gut**

Last but not least, take the time to listen to your inner voice. Do you feel satisfied? Happy? Proud? If so, mission accomplished! However, if you feel pressured, forced, or unmotivated, don't ignore those red flags telling you to give it more thought.

Remember that being the perfect donor isn't about acting based on blind trust and without asking (yourself) a few questions. Rather, it may be about re-phrasing some of those questions and considering your donation as the start of a new relationship. And, as in any relationship, trust is built over time.

*Daniel H. Lantaigne  
CFRE, CRHA*

*Daniel works as a consultant in philanthropy and human resources for BNP Philanthropic Performance. He is also a lecturer for the Certificate in Philanthropy Management at the University of Montreal, and acts as President-elect for the Quebec chapter of the Association of fundraising professionals.*

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