

# HOW TO WRITE A FINANCIAL BREAKDOWN OF CHARITIES

*For example, our research shows that museums exhibit above-average administration Charities spending more than a third but less than half of their budget on .. Youth Development, Shelter, and Crisis Services, Converted Raw Score +1.*

When a charity sets aside excessive funds for possible, future needs that may or may not ever occur, this necessarily makes these funds unavailable for other charities to use to address more urgent needs. To understand whether or not the resources of a charity are being used efficiently on the whole, the finances of the two related entities must be analyzed together. Yet with charities increasingly involved in awareness campaigns, complex networks of cause marketing and often exorbitant overhead, donating to the most effective charity has never been more challenging. How to Read These Tables Grantmaking Organizations: Organizations that operate primarily as grantmaking organizations are identified as such on their rating page. In cases where CharityWatch's rating is based on multiple entities of a charity with different web addresses, generally the web address of the largest entity is listed. However, other organizations are more complex and publish combined or consolidated audited financial statements that may include a national office, local affiliates, and several related organizations. The Directory of Social Change and NCVO offer affordable guides and online training modules covering all aspects of finance, Cass Business School is running a financial leadership course, and organisations including the Charity Finance Group, the Small Charities Coalition and accountancy firms offer training. They also offer superior comparability of different charities than do other sources of information that do not separate charities' non-cash goods and services from their cash. The rest of a typical charity's budget goes to administrative costs 15 percent and fundraising 10 percent. Research any charity before you give. Although you can become immersed in nonprofit accounting arcana and employ all of the charity research services, your efforts may still not tell you if a charity is worthwhile. Wasik Nov. Rationale for Conversions and Tables At Charity Navigator, we recognize that different types of organizations work differently. But this is an average of wildly differing kinds of charities with wildly different fundraising tactics. The IRS requires that these organizations disclose the allocation on the Form For example, a charity's consolidated audit may include the financial activities of its national office, some or all of its local affiliates, foreign entities based outside the U. In cases where a charity has related entities but is not required to issue a consolidated audit, it may or may not be possible to make certain adjustments depending on whether the related organizations share the same fiscal year-end date, and other factors. However, we continue to show what a charity's efficiency rating was prior to being downgraded for those donors who do not wish to factor a charity's high assets into their giving decisions. General and Grantmaking: Notes to the accounts These contain any further information not included in the above. Specific criteria include: a. Income is split between: Donations and legacies including grants which are not performance-related Income from charitable activities: income earned from the supply of goods or services under contractual arrangements, and from performance-related grants Income from other trading activities: income earned from both trading activities and from fundraising events Investment income Expenditure is shown by activity and will likely include: Costs of raising funds e. Privacy Policy: CharityWatch reports on charity privacy policies as an informational benchmark. Also, if tax deductions are important to you, remember that donations to individuals are not tax deductible. We then assign the charity a Financial Health rating by using the table listed in our Financial Score Conversions and Tables. If a Cause area is not listed on a table, then that Cause uses the General table for that metric. For the annual Forbes list of the largest U. If your charity is a company, you must also submit your report to Companies House.