

PFL Academy

Teacher Guide: Chapter 14.2 — Checking Out Charitable Groups

OVERVIEW

TIME	MATERIALS	PREREQUISITES
45-50 Minutes	Student Activity Packet, Calculator	L-39 Charitable Giving Basics

LESSON FLOW

5 min THE CHALLENGE

- Read Maria's scenario. Discuss the two legitimate charities AND the suspicious phone call.
- Ask: "How would you know if a charity is trustworthy?"
- Note that even well-intentioned donors can be deceived without proper research.

10 min CORE CONCEPTS

- Introduce the four main charity evaluation tools and their purposes.
- Explain Form 990 and what information it contains.
- Walk through the PACED decision-making model.
- Quick check: Have students name two red flags for fraudulent charities.

25 min APPLY IT

- **Part A (5 min):** Evaluation tools matching. Review each tool's purpose.
- **Part B (12 min):** PACED decision. Emphasize there's no single right answer—values matter.
- **Part C (8 min):** Red flags identification. Share real examples of charity scams.

10 min CHECK YOUR UNDERSTANDING

- Complete in class or assign as homework.
- Review Q4—higher program expense isn't always better (research quality matters).
- Q5 reflection practices real-world protective behavior.

DIFFERENTIATION

Support

- Provide a PACED worksheet template with prompts for each step.
- Create a visual "red flags checklist" for students to reference.
- Walk through a sample charity evaluation as a class.
- Provide sentence starters for written responses.

Extension

- Research a real charity and present findings to the class.
- Compare local vs. national charity effectiveness.
- Create a consumer protection guide for charitable giving.
- Investigate a reported charity scam and analyze how it worked.

ANSWER KEY

Part A & B: Evaluation Tools and PACED

Part A matches are provided in the table.

Q1 PACED Analysis (accept either choice with reasoning):

EcoAction might be better if Maria values:

- Higher program expense ratio (82% vs. 75%)
- Local, visible impact
- Longer track record (15 years)
- Strong financial health

Green Planet Alliance might be better if Maria values:

- Detailed impact measurement
- Global systemic change
- Professional research approach
- Transparent outcome reporting

Key insight: Values and priorities determine the "best" choice.

Part C & Check Your Understanding

Q2 Red Flags: Any FOUR of: pressure for immediate donations, refuses to provide detailed information, names similar to well-known organizations, no tax ID or proof of 501(c)(3) status, no financial transparency, vague mission, unusually high administrative costs, no physical address, new/hastily created website.

CYU 1: B (The percentage of funds going directly to programs vs. overhead)

CYU 2: C (Being new is not a red flag; many legitimate charities are young. The other options ARE legitimate concerns.)

CYU 3: Form 990 contains: revenue sources, expenses/program costs, assets and liabilities, executive compensation, mission and program activities.

CYU 4: A lower program expense ratio might be justified by: better impact measurement, research-based approaches, advocacy that creates systemic change, professional staff for complex issues, or transparency about how overhead improves outcomes.

CYU 5: Good responses include: don't give credit card info immediately, ask for website and tax ID, research on Charity Navigator/GuideStar, verify 501(c)(3) status, check for name similarity to known organizations, never respond to pressure tactics, donate directly through official website if verified.

COMMON MISCONCEPTIONS

Misconception	Clarification
"The lowest overhead percentage is always the best charity."	Extremely low overhead can indicate underinvestment in staff, research, or impact measurement. What matters is results, not just efficiency ratios.
"If they called me, they must be legitimate."	Phone solicitation is a common scam tactic. Legitimate charities rarely pressure for immediate donations. Always research independently before giving.

"I can trust charities with names I recognize."

Scammers deliberately use names similar to well-known organizations (e.g., "American Cancer Fund" vs. "American Cancer Society"). Always verify the exact organization.