

Tips for donating wisely this holiday season

South Africans traditionally make year-end donations to their fellow citizens over the holiday season, and given the enormous job losses and hardships experienced by so many people this year, on the back of the pandemic and July unrest, the need is great.



Source: www.pexels.com

The country's unemployment rate rose to 34.9% in the third quarter of 2021, making it the highest jobless rate since comparable data began in 2008. In addition to festive season giving, many people who have lost loved ones to Covid-19 and other causes will want to honour their memories by making a donation in their names. Donating on a friend's behalf is also a thoughtful gift, with long-term impact.

South Africa Giving reports that cash is the most popular way to give in South Africa, with around three quarters of people using this method. Women are more likely to have donated than men (86% vs. 74%) but men are more likely to donate a larger amount (R1,884 vs R1,256). The majority of South Africans believe philanthropic organisations have a positive influence on the country as a whole, on their own local community, and internationally.

According to the fourth edition of The Giving Report (2019), which researches philanthropy among high net worth individuals (HNWIs), 83% of HNWIs gave money, time or goods in 2018.



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An online survey of 117 NPOs between May and July 2021 by corporate responsibility consultancy Trialogue showed that, in 2021, almost two-thirds of NPOs (62%) received funding from South African private individuals, accounting for 11% of their income on average.

Before making a donation of your hard-earned cash this holiday season, it is important to do your homework. This is according to Inyathelo, an NPO with a reputation for promoting, profiling and growing local giving.

Inyathelo advises potential donors to consider four factors:

Follow your passion

Choose a topic that resonates with you, and research organisations that undertake work in that sector. The most popular causes are education, health, and social and community development, but there is also a need to support social justice organisations that address the root causes such as food security and homelessness. Read websites, articles and research reports.



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Ensure the organisation is legitimate

Is the NPO's communications vague and designed to pull at your heartstrings, or does the organisation measure its impact? Some organisations are just sophisticated scams, possibly playing on the names of well-established NPOs to fool donors. Others channel comparatively little of the money they receive to the causes they promote. A bona fide organisation will provide detailed information on its mission and finances.

According to the Department of Social Development (DSD), there were 248,902 registered NPOs in South Africa at the end of September 2021, up from 228,822 in May 2020. Over half of these (58%) were non-compliant with the NPO Act in 2020. They had not submitted a narrative report and annual financial statements within nine months of their financial year-end, although the DSD conceded that many of the non-compliant NPOs were dormant.

Follow up on tax benefits

Section 18A of the Income Tax Act allows people to donate up to 10% of taxable earnings to an approved Public Benefit Organisation (PBO) on a tax-deductible basis. Check that the NPO is registered as a PBO with the South African Revenue Service (Sars) and that you will receive a Section 18A certificate. The total number of PBOs registered with Sars was 62,993 at end- September 2021.

Consider non-financial donations

If you don't have money to spare, you can still make an impact. Offer unwanted household goods, clothing and bedding that are in good condition to organisations working in under-resourced areas. Many NPOs are happy to collect goods from your home.



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You can also volunteer your time or contribute your talents. NPOs are aware of Covid-19 risks, and provide personal protective equipment and other measures to promote protection and safety on the ground. Skills such as accounting, marketing, and public relations services are also in short supply.

Good governance of NPOs is vital for their sustainability, yet many NPOs struggle to attract good board members with the appropriate skills sets. If you are interested in serving an organisation in this manner, now is a good time to do your homework. Research where there could be a good fit given your qualifications and experience, and approach an organisation to offer your services.

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