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TRANSCRIPT STARTING AT 4:40 PM ET

INTERVIEW WITH WILLIAM P. BARRETT OF FORBES

JULIE BANDERIS (anchor): All right. Well, the season of giving is here. Many of you will open your wallets and your checkbooks to give those in need. But money is a lot tighter this year, and how do you know if all those dollars that you're really going to need this holiday season are really going to the cause that you really want them to go to. Here to talk about charities is William Barrett, Senior Editor of Forbes Magazine. He joins us from Los Angeles. Hello there, so thank you for coming on, William. You know, I think a lot of people when they go to give, and these days we have a lot less to give. So when we do, we want to make sure that they go to the right place. A lot of people wonder if they don't necessarily get to the cause that we want to donate to. So you have come up with a list, 200 largest charities. I want you to sort of go over the three best charities, if you would, that we should look into.

WILLIAM P. BARRETT (Senior Editor, Forbes Magazine) (guest): Well, I think we have a list of 200 based on the amount of donations, and we look at financial efficiency ratios, three measures for each. And we don't really say any are the best or the worst because it's hard to compare different kinds of nonprofits. But you can sort of get a sense of how efficient they are and whether you want to give money to a nonprofit that ends up spending a lot of money raising the money, or one that spends more of it getting the job done.

BANDERIS: Okay. So then which does do it better in getting the job done? If I want so spend, let's say, \$100 this Christmas in donating to a charity that I know that \$100, and I mean all of it, will actually make it to that starving child, for example, that I want to donate to, which one do I choose?

BARRETT: Well, I don't know that you're ever going to get 100%, but, for instance, there's one on our list called Brother's Brother Foundation, which is in Pittsburgh, Pennsylvania. It's what is known as a gift-in-kind charity, meaning they get donated goods from big companies, medical supplies and other things, largely going overseas, but they need money to make the thing work.

BANDERIS: Of course.

BARRETT: But they still spend 99% of their budget is on the charitable mission. The top guy there gets paid all of \$114,000 a year. I've been to it. It's in a building in a beat-up part of Pittsburgh next, I think, to an ex-chicken rendering plant, and they're not spending any ...

BANDERIS: (chuckle)

BARRETT: ... money on overhead. They're very efficient.

BANDERIS: Well, that's great. You want to donate to nonprofits. You want to know that as much of the money, of course they have to run their organization, will go to the cause that you're going to donate to. MAP International? What is that?

BARRETT: Well, it's also a gift-in-kind nonprofit, in the sense that they collect goods from, generally, big companies, and ship them overseas. They're based in Brunswick, Ga. And they are, all the gift-in-kind nonprofits are pretty efficient, because they don't have a big fundraising cost, because they tend to get much bigger gifts. They don't have to solicit from Moms and Pops individually ...

BANDERIS: Right.

BARRETT: ... so they tend to be very efficient.

BANDERIS: Okay. I'm going to go forward to not very efficiently. We only have about 30 seconds here, because this is pretty disturbing. A lot of us want to donate to veterans of war. That's a very common cause. Veterans of Foreign Wars and also Paralyzed Veterans of America. You're listing them as among the most nonefficient..

BARRETT: Well, that's true. They both raise money using direct mail, which is just a very hard way to be efficient because they end up spending, oh, 30 or 35 or even more percent of the money raised in raising it. Of course, a lot of people when they give money to a nonprofit ...

BANDERIS: Uh hum

BARRETT: ... they want the nonprofit to go out and do something charitable and not just use it to raise more money.

BANDERIS: Okay. Fine. So if we do want to donate to veterans, is there one particular Web site out there that you know our money will be best spent?

BARRETT: They're all ... most of them are pretty, relatively inefficient because they do so much fundraising with the direct mail.

BANDERIS: All right. Well, thank you so much. William Barrett, editor of Forbes.com. To see the entire report, thought, we're going to go ahead and give you the address, www.forbes.com/charities, and that will list you the nation's 200 largest charities. You can go check out the rest. A very long list. We can't go through them all here. All right. Thank you so much.

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