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Gaia-Movement Living Earth's "Recycling" Program, Debunked!

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CharityWatch has been keeping an eye on Gaia-Movement Living Earth (GAIA), a charity known for its ubiquitous clothing collection boxes, for many years. This charity consistently reports low overhead and high program spending in its annual financial documents, but a closer analysis by CharityWatch reveals a different picture of how efficiently GAIA is operating.

GAIA reports spending nearly 88% of its expenses on programs in 2014. CharityWatch's analysis of GAIA's 2014 tax form shows the charity spending only 2% of its expenses on programs.

Why the difference?

In short, GAIA considers the costs associated with collecting and processing donated clothing, cardboard, electronics, and other goods to be a recycling and environmental protection program expense in support of its mission "to educate [the] public about [the] plight of [the] environment while working to protect it through reuse & recycle of clothes & shoes..." In 2014 GAIA spent over \$3.3 million to collect and process these non-cash donations, and reported these costs as Program expenses. CharityWatch disagrees with GAIA's reporting and reallocates these expenses to Fundraising. Here's why:

- The expenses a charity incurs to raise donations, whether the donations are in the form of cash or non-cash items like donated clothing, are fundraising expenses, not program expenses.
- There are many nonprofit organizations that compete with one another for clothing and other in-kind donations. If GAIA did not collect the used clothing and other goods, most of it would surely be collected by another charity, or by a for-profit company that could sell it for a profit. So it is not the case that all of these items would likely end up in a landfill or otherwise pollute the environment if GAIA did not collect them.
- The most damning evidence against GAIA's financial reporting logic is provided by the charity itself. This charity does not distribute the vast majority of the clothing and other goods it collects to needy people—it sells it. In 2014 GAIA brought in over \$3.4 million from selling these items. This proves that there is a ready market of buyers willing and able to pay large sums of money to purchase used clothing and other donated items like the kinds GAIA collects. It is ridiculous for this charity to assert that items worth millions of dollars would end up in a landfill if GAIA did not collect them.