

How to Effectively Evaluate a Nonprofit



The array of nonprofits competing for your philanthropic dollars can be both thrilling and bewildering. You'd like to make the biggest positive impact in areas where you think it counts the most, but you're not sure which organizations to select.

Here are a few pointers to help you evaluate a nonprofit to see if it's a good fit for you.

Mission

Look for a Clear, Valuable Mission that Makes an Impact

- To make substantial change, an organization must have a clear sense of **what** it is trying to do and **why**. This should be captured in its **Mission Statement**.
- Read the organization's **website**, **brochures**, and **reports**.
- Seek out any additional articles and reports you can find.

Questions to Consider

- Do they have a clear, well-defined and achievable mission?
- Does the mission have an impact that matches your values?
- Is it a mission that is well matched to the organization's size and resources?
- Who comprises the board of directors and senior leadership responsible for guiding the mission? Is the organization's leadership diverse? Does it reflect the community the organization serves?
- Are the organization's general structure and programs aligned with its mission?



Finances

Look for Finances that are Transparent, Well-Managed and Sustainable

- Financial data is a good, basic measure of an organization's health, and it is readily available as a matter of both law and common practice.
- Focus on simple, important questions—how much money is coming in versus going out, and if the money is being spent on top priorities.
- IRS 990 reports are accessible on [Candid](#),* a nonprofit database, and other websites. Many organizations publish their annual reports on their websites or can mail one to you. You can also ask the organization for their current operating budget.
- Investment practice should be risk-averse and governed by a strong conflict-of-interest policy.

Questions to Consider

- Does the organization have a consistent and reliable funding stream to carry out its work? How diversified is their revenue stream? How much does the organization have in liabilities?
- Do they spend money in a way that reflects their stated mission and values?
- Are there deficits over multiple years?
- Do they track funds in a detailed way that meets modern accounting practices?

Impact

Look for Real-World Impact You Can Measure and See

- The impacts of programs and activities should be concrete and measurable. Depending on the organization, the impact may be measured in quantitative or qualitative ways.
- The organization itself should be measuring those impacts, with clear metrics for success.
- Read the organization's strategic plan to better understand their goals and priorities, their own evaluations, and their website for stories of impacts.
- Read any outside evaluations, and see how well they compare with the organization's self-assessment.

Questions to Consider

- Is the organization making a measurable difference in the world and in people's lives?
- Does the organization exhibit a rigorous interest in self-evaluation and self-improvement?
- Does the organization collaborate with partners in its field to ensure that it does the maximum good and avoids duplication of effort? Who are they working with and how strong are these partnerships?
- Is the organization engaged in policy and advocacy efforts to bring about long-term change?

* Note: As a paying subscriber to Candid, California Community Foundation can provide donors with financial trend analysis for an organization of up to five years based on analysis of 990 information. This is an excellent way to look for broader patterns in financial management and identify whether year-to-year shifts are temporary blips or reflect more consistent practices. **Contact your Relationship Manager or the Donor Relations Team at donorrelations@calfund.org for a financial trend analysis or other resources to help analyze an organization that interests you.**

Expert Evaluations

Seek out Experts on the Organization and its Field

- California Community Foundation (CCF) has expert staff who are deeply knowledgeable about nonprofit governance and practice, and who can direct you with valuable information, advice, and connection to other experts.
- CCF has worked in the Los Angeles region for more than 100 years, with particular expertise in the fields of education, health, immigration, and housing. Its experts are also well-versed in other topics and geographic areas.
- Third-person evaluation of an organization, whether by CCF or another organization such as [Charity Navigator](#), is vital to ensuring that the organization's own self-assessment matches reality.

Questions to Consider

- Is the organization a leader in its field?
- Is it considered a reliable, trustworthy partner by both its peers and those it serves?
- Is there another organization that performs similar work at a higher level, or in a way that better reflects your values?

First-Person Research

Visit the Organization and Draw Your Own Conclusions

- Whenever possible, go in person to observe the organization's workings, talk to its staff, and see for yourself how they operate.
- Call ahead of time to arrange a site visit, and prepare in advance with research, questions, and topics of interest. Remember to be considerate of the organization's time and try to limit your visits to no more than an hour.
- If possible, seek opportunities to come observe or, even better, to volunteer—this way you can see the organization's programs in person and the impact they make.

Questions to Consider

- Does the organization seem interested in building relationships of mutual trust, with both you and its constituents, as well as among its staff?
- Is the organization pervaded by a mission-driven spirit? Do people seem passionate about the work?
- What is the morale of staff? Do they work together as a team? What is staff turnover like?
- Does this feel like a place that reflects your values?

Convenient Resources

- Review an organization's tax return (990) or financials on [Candid](#).*
- Compare nonprofits or learn more about their internal workings with [Charity Navigator](#).
- Consult the IRS for nonprofit addresses and up-to-date standings using the [IRS Charity Database](#).
- Search for tax forms and other legal filings for California nonprofits through the State of California Office of the Attorney General's [Registry of Charitable Trusts](#).

Please feel free to contact your Relationship Manager or the Donor Relations Team at donorrelations@calfund.org if you have any questions. We are here to help.

