

ACTIVITY DUE DILIGENCE CHECKLIST



= (optional) Advanced criteria (for those who wish to conduct a deeper dive)

= Red flag. Review the follow-up questions to ask and considerations for your own reflection.



0. General Transparency

Is basic information—such as about the organization’s programs, budgets, staff, and board members—publicly available?

YES

NO



If not, ask

Notes:

- » Why not?
- » Does it provide adequate contact information and, when contacted, is the organization forthcoming about its work?
- » Do you have enough information to answer essential due diligence questions?

1. Legal Compliance

Does the organization have 501(c)(3) status under the Internal Revenue Code?

YES

NO



If not, ask

Notes:

- » Why not?
- » Is it registered outside of the US? If so, where?
- » Do you require that your gift be tax deductible?

Is the organization *absent from* the OFAC list of charities affiliated with terrorism?

YES
NO

Notes:

2. Goals

Does the organization clearly define its major goals?

YES
NO

If not, ask

» Why not?

Notes:



Is the organization's work aligned with the needs of its beneficiaries?

YES
NO

Notes:

3. Strategies

Does the organization have a feasible, evidence-informed strategy or theory of change?

YES
NO

If not, ask

» Why not?

» How much confidence do you have in its strategy?

Notes:

Has the organization engaged its beneficiaries and other stakeholders in designing the theory of change?

YES
NO

If not, ask

» What barriers does the organization face in engaging its target population?

» How does the organization take the target population's perspectives into account?

Notes:

Are the organization's programs and strategies aligned with its mission and goals?

YES
NO

If not, ask

» Why not?

Notes:

Does the organization have a track record of success?

YES
NO

If not, ask

» Why not?

Notes:

Does the organization's strategy take into account both internal and external risks to success?

YES
NO

Notes:

4a. Governance, Management, and Human Resources

Do the organization's senior staff members have the experience, knowledge, and skills necessary to do their work?

YES
NO

Notes:

Is the staff capably managing its programs?

YES
NO

Notes:

Has the organization had stable leadership throughout the years?

YES
NO

If not, ask

» Why not?

Notes:

Does the board have the experience, knowledge, and skill needed to give the organization strategic direction and oversight?

YES

NO

Notes:

Do board members or major donors appear to be free of any conflicts of interest with the organization's work?

YES

NO



If not, ask

Notes:

- » How does the organization confront the conflicts?
- » Do any conflicts of interest affect the organization's alignment with your philanthropic goals?

Does the board have sufficient expertise about and (where appropriate) representation from the organization's intended beneficiaries?

YES

NO



If not, ask

Notes:

- » What barriers does the organization face in engaging these crucial players?
- » How does the board try to make up for the lack of their perspective?



Are staff members satisfied with working at the organization?

YES

NO

Notes:



Does the organization have a reasonable retention rate for staff?

YES

NO

Notes:

4b. Financials

Have the organization's finances been audited?

YES

NO



If not, ask

Notes:

- » Is the organization's budget of a size (\$1 million or more) at which best practice is to have an audit conducted?
- » Is the organization generally transparent about its finances?

Are the organization's revenue sources (e.g., individuals, foundations, corporations, government agencies) sufficiently diverse?

YES

NO



If not, ask

Notes:

- » Does the organization have a feasible strategy to diversify its revenue sources?
- » If the organization has few revenue sources, are you willing to be among them?

Are the organization's revenues greater than its expenses?

YES
NO

If not, ask

Notes:

- » Why not?
- » What is the organization doing to reduce its deficit in the next two to three years (e.g., fundraising activity, revenue generation)?
- » Are you tolerant of financial volatility in the organizations you support?



Does the organization maintain appropriate cash reserves (ideally, three to six months)?

YES
NO

Notes:



Does the nonprofit have the ability to absorb a gift of the size and duration that you have in mind?

YES
NO

Notes:

5. Diversity, Equity, and Inclusion (DEI)

Are the organization's leadership, staff, and board members diverse on the dimensions (e.g., race, national origin, disability, gender identity, or sexual orientation) relevant to its mission?

YES
NO

If not, ask

Notes:

- » Why not?
- » How might/does this lack of diversity affect the organization's mission and programs?
- » Are you willing to support an organization that does not explicitly prioritize DEI?

Does it have processes in place that encourage diversity in its programs or for its staff, leadership, or board?

YES
NO

If not, ask

Notes:

- » Do you feel comfortable funding an organization that does not have a feasible strategy for meeting DEI goals?



Does the organization have processes conducive to recruiting, supporting, and retaining a diverse staff?

YES
NO

Notes:

6. Monitoring, Evaluation, and Learning

Does the organization clearly track its work and impact?

YES

NO

Notes:

Is the organization monitoring its progress, including what didn't work?

YES

NO



If not, ask

Notes:

- » Why not?
 - » Are you comfortable supporting a program that is not monitoring its progress?
-

Does the organization have processes for learning from its failures and near failures?

YES

NO



If not, ask

Notes:

- » How does the organization seek to improve its programs and general functioning?
 - » Are you comfortable supporting an organization that does not have explicit learning measures?
-



Does the organization obtain and respond to feedback from its beneficiaries?

YES

NO

Notes:



Does the organization evaluate its impact as appropriate for its nature and size?

YES

NO

Notes:

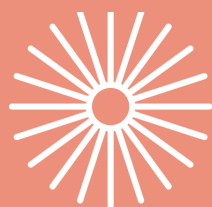
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GUIDE

TO EFFECTIVE PHILANTHROPY

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