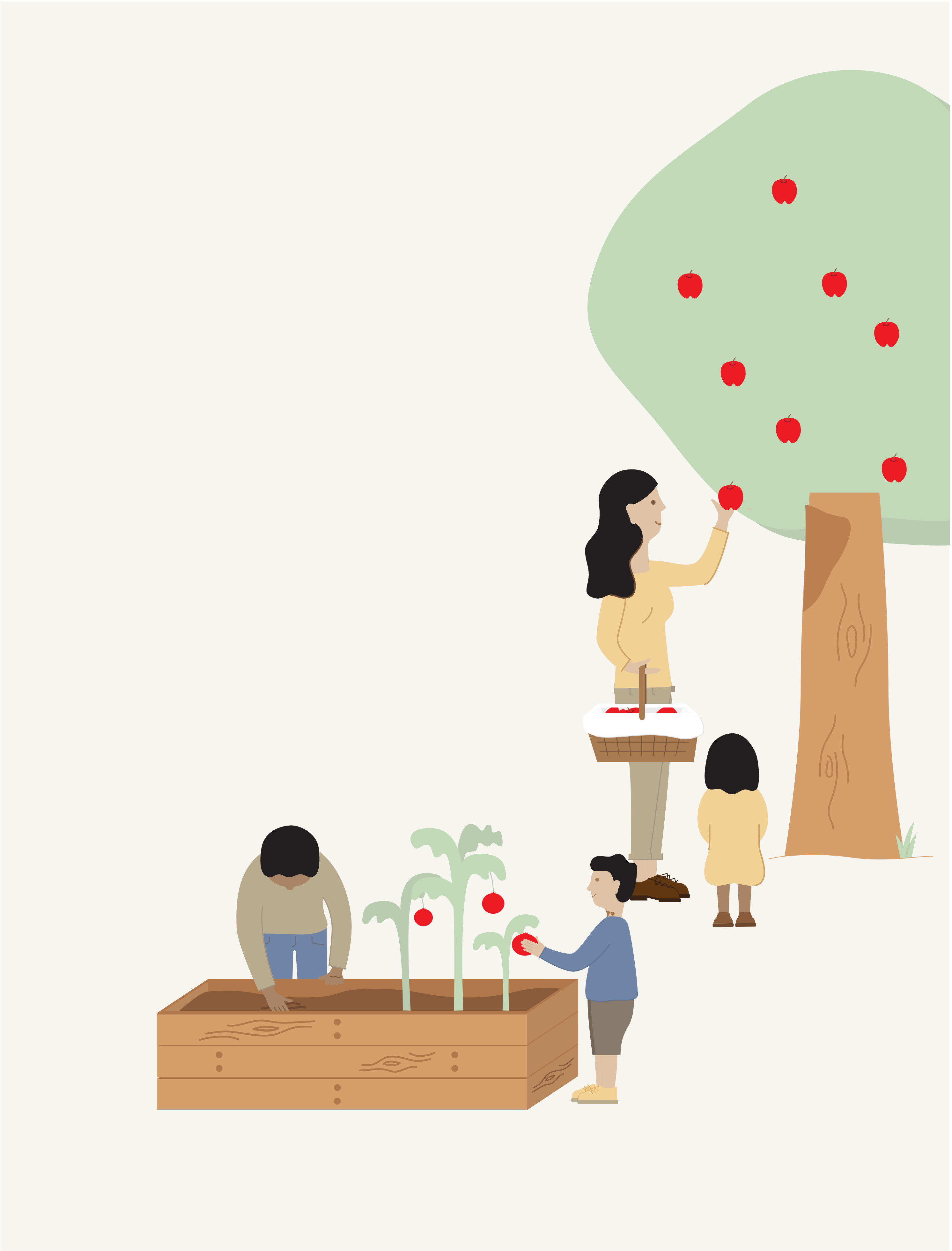
THE PHILANTHROPY TOOLKIT

An Introduction to Giving Effectively

THE STANFORD UNIVERSITY
EFFECTIVE PHILANTHROPY LEARNING INITIATIVE

SECTION 5

HOW DO YOU FIND & VET ORGANIZATIONS?



5. FINDING & VETTING

You are now ready to search for effective organizations aligned with your philanthropic goals. Even if you do not find a perfectly matching organization, your research will help you understand the landscape and learn which organizations address your broader issues as well as their method for doing so.

You may already have organizations in mind, but we nonetheless encourage you to take time to learn about other organizations working in your focus areas to ensure your giving is as effective as possible.

This section guides you through the following steps:

1 **Find organizations in your focus areas.**

2 **Understand how organizations can achieve their intended outcomes.**

3 **Vet organizations** to identify those working effectively.

5.1

FIND FOCUS-ALIGNED ORGANIZATIONS

Proactively identifying organizations to fund, rather than reactively responding to miscellaneous funding requests, makes it more likely that you will support organizations aligned with your philanthropic goals. The search process also helps you learn more about the landscape of your focus areas, making your philanthropy more effective. You will take two main steps to find organizations: **seeking recommendations** from your networks and **researching online**.

SEEK RECOMMENDATIONS FROM YOUR NETWORKS

If you have family, friends, or professional acquaintances with significant experience in your focus areas, consider asking them to recommend organizations that they know of or volunteer with. Make sure you understand the depth of their experience with their recommended organizations, why they recommend them, and what biases may affect their recommendations.

You can also seek recommendations from issue-area experts. For example, you may ask a friend who is a human rights lawyer about organizations supporting immigrant rights, or an oncologist about current cancer research. Experienced donors in your focus area are another good source of recommendations.

Professional philanthropic advisors and donor networks can also help you identify effective organizations working in your focus areas. Refer to the Philanthropist Resource Directory (PRD) database on our website for information on professional philanthropic advisors and donor networks who are familiar with your areas of interest.
pacscenter.stanford.edu/prd

If you are looking for place-based funding recommendations, community foundations often understand the local landscape of nonprofit organizations. The Council on Foundations has a publicly available tool you can use to search for community foundations by location.
cof.org/community-foundation-locator

RESEARCH ONLINE

Use the Internet to find organizations in your focus areas. The following resources will be helpful in your search.

ONLINE SEARCH ENGINES

A focused online search is the most comprehensive way to find nonprofit organizations. The more specific you are about your focus areas, the more likely your search query is to be useful.

Create targeted search queries by including your issue or focus area, the populations or groups you want to help, and (if relevant) your geographic interests. Note that you may want to change the word order of your search queries depending on your personal preferences. For example, if you are more interested in a particular population than a specific location, place the population before the location. Here are a few examples of searches that provide focused results:

- nonprofit organization education low income students in Boston
- nonprofit mental health services in Wisconsin for youth
- charities global health women organizations

ORGANIZATIONS' WEBSITES

Look on the website of each organization that is a candidate for your giving for pages with titles like "About Us" or "About [the Organization]" and "Programs and Services," and read them carefully to see how the organization aligns with your focus area. If you are interested in volunteering with the organization before making a gift, look for titles like “Get Involved” to look up ongoing volunteer activities, or see if the organization has any public events or benefits you might attend.

Note that maintaining a sophisticated website requires significant resources that an effective organization may have chosen to direct elsewhere; website design does not necessarily correlate with the organization’s effectiveness.

CURATED ONLINE LISTS OF ORGANIZATIONS

You can also use curated online lists to learn about more organizations. Here are some places you can find these lists.

Foundation grantee lists
Foundations have specialized professional staff who thoroughly vet nonprofit organizations before funding them. Many large foundations share a list of their grantees online. Search for foundations aligned with your philanthropic goals, and then look at their grantees.

If you have trouble identifying relevant foundations, consider using the Foundation Center’s fee-for-service Foundation Maps tool, which provides easy-to-read visuals of foundations and grantees that can be organized by issue area and geography. Note that in 2019, the Foundation Center and GuideStar joined forces to become Candid.
maps.foundationcenter.org

Issue funds
Issue funds can help you learn about organizations that work on a particular issue or focus area. Overseen by a fund manager with expertise in a subject, issue funds aggregate donor contributions and distribute them to relevant nonprofit organizations. For more information on issue funds and how to find them, see **Additional Resources: Section 5** at the end of this toolkit.

Lists curated for humanitarian, emergency, and disaster relief
At the time of a natural disaster or humanitarian crisis, community foundations and charitable arms of financial institutions often provide curated lists of nonprofit organizations addressing humanitarian, emergency, and disaster

relief. These lists guide donors to relief and rebuilding efforts. Each organization has its own methodology for assessing a nonprofit's effectiveness. In addition to meeting immediate needs through emergency giving, proactive gifts can sustain disaster preparedness efforts in vulnerable communities and long-term recovery in post-crisis communities. For more information on disaster philanthropy, see **Additional Resources: Section 5** at the end of this toolkit.

GiveWell

GiveWell is a nonprofit organization, primarily focused on global poverty, health, and direct aid. It recommends a short list of cost-effective, underfunded organizations based on rigorous research. Each of its recommendations explain how GiveWell assessed the organization's effectiveness.
givewell.org

NONPROFIT DATABASES

GuideStar Charity Check

GuideStar Charity Check, now under the nonprofit entity Candid, provides snapshots of more than 1.5 million IRS-registered nonprofit organizations in the United States, with information about each organization's mission, programs, outputs, outcomes, financial standing, and leadership. Although all information is self-reported, each organization is given a transparency rating based on the information it shares: Bronze for providing basic information; Silver for including financial data; Gold for providing data on organizational impact; and Platinum for providing data from the previous tiers as well as the metrics used to evaluate progress toward its mission. In other words, GuideStar Charity Check remains neutral about content, rating organizations only on the availability of self-reported information. GuideStar Charity Check also provides additional filters and affiliation searches to paid premium and professional accounts.
guidestar.org

Charity Navigator

Charity Navigator rates over 9,000 US-based nonprofit organizations that have generated at least $1 million in revenue for two consecutive years. Its rating scale of one to four stars is based on financial health, accountability

(willingness to explain actions), and transparency (willingness to provide information publicly). We do not recommend relying on Charity Navigator's financial health measure, as its algorithm penalizes organizations with high overhead costs, and some organizations—especially those providing direct services—naturally have higher overhead costs due to the nature of their work.
charitynavigator.org

Once you have a list of organizations you want to research further, you can begin looking up their financial health and leadership through Candid's GuideStar Charity Check, or through Charity Navigator.

WHEN TO STOP YOUR SEARCH

At some point, you will stop searching for organizations and begin vetting those on your list. What that point is depends on how many plausible candidates you've identified, how much time and capacity you have to devote to the process, and your own preferences for comprehensiveness. You may wish to ensure that you don't miss any organizations in the field, or you may be satisfied after finding a handful of good candidates.

LANDSCAPE ANALYSIS

A landscape analysis helps you learn about the best research, strategies, stakeholders, organizations, and funders in your focus area. If you have limited time but want to make sure you have a strong grasp of the issue, stakeholders, other donor activity, and policies affecting your interest area, it is common to engage a consultant to create a custom landscape analysis for you. A landscape analysis can take a few weeks or a few months and generally begins with desk research—internet searches and literature reviews about a field. You (or the consultant) can supplement this by talking to principal stakeholders, including your intended beneficiaries, nonprofits, other funders, scholars, government officials, business leaders, and community members. For example, the landscape analysis and online funding map about ocean conservation below provides a comprehensive study of key stakeholders and priorities:

Landscape analysis examples:

- issuelab.org/resource/launching-the-grand-challenges-for-ocean-conservation.html
- hewlett.org/library/landscape-analysis-of-youth-serving-funding-and-nonprofit-communities-in-the-san-francisco-bay-area

Funding map example:

- fundingtheocean.org

If you would like to conduct a landscape analysis on your own, please refer to Stanford PACS' *Guide to Effective Philanthropy* for a DIY Landscape Analysis Activity in Chapter 7: Finding Effective Organizations which is available in print or on our website.
pacscenter.stanford.edu/donorguide

5.2

UNDERSTAND HOW ORGANIZATIONS CAN ACHIEVE THEIR INTENDED OUTCOMES

The following comparison chart describes three different approaches to addressing social and environmental problems. The approaches are not mutually exclusive—donors, and even organizations, can use more than one approach. Use the charts to better understand the organizations you have identified so far. Then reflect on whether some approaches might be better suited than others to achieving your philanthropic goals in a focus area.

ACTIVITY

N Shortlist Organizations

5.2

Three different approaches to addressing social problems:

APPROACH	WHAT IS IT?	TIMELINE
DIRECTLY PROVIDING GOODS AND SERVICES	Engages directly with beneficiaries through programs and services *Examples: women's shelters, soup kitchens, health clinics*	Short term
SUPPORTING RESEARCH AND DEVELOPMENT OF KNOWLEDGE	Supports the generation and dissemination of research and applied knowledge, as well as educational and cultural organizations *Examples: cancer research by medical schools, policy research by think tanks*	Long term
ADVOCACY, MOVEMENT-BUILDING, AND CHANGING SOCIETAL MINDSETS / SYSTEMS	Aims to address structural and systemic causes of a problem, generally by changing policies and laws to protect rights or promote interests; or attempts to change mindsets across society *Examples: campaigns to mitigate climate change, campaigns for nutritional labels on foods, living wage campaigns, gay-rights movements, reproductive health movement*	Long term

VISIBILITY OF RESULTS	SYSTEMIC CHANGE	LIKELIHOOD OF SUCCESS
High	No	High
Seldom	Not usually	Varies depending on project scope
High	Yes	Varies depending on campaign scope

These examples show how issues can be addressed using different approaches:

ISSUE: SUICIDE PREVENTION (MENTAL HEALTH)		
PROVIDING GOODS & SERVICES	PROMOTING KNOWLEDGE	ADVOCACY & MOVEMENT-BUILDING
Crisis helplines for individual suicide prevention	Suicide prevention peer-training workshops for underserved populations	Campaigning for mental health coverage under health insurance

ISSUE: ANIMAL RESCUE (ANIMAL WELFARE)		
PROVIDING GOODS & SERVICES	PROMOTING KNOWLEDGE	ADVOCACY & MOVEMENT-BUILDING
Animal rescue services and shelters	Training and research on best practices for shelters	Advocating for more humane policies that regulate breeding

ISSUE: NATIONAL PARK CONSERVATION (NATURAL RESOURCES CONSERVATION & PROTECTION)		
PROVIDING GOODS & SERVICES	PROMOTING KNOWLEDGE	ADVOCACY & MOVEMENT-BUILDING
After-school and summer national park programs for children	Monitoring of park conservation efforts	Advocating for more federal funding for national parks

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ACTIVITY

SHORTLIST ORGANIZATIONS

INSTRUCTIONS

For each focus area, select organizations in your vetting process. Use the different approaches to help you shortlist organizations you may want to fund.

N

WORKSHEET

SHORTLIST ORGANIZATIONS

INSTRUCTIONS

For each focus area, shortlist organizations that you would like to review further.

	ORGANIZATION 1
WHO DOES THE ORGANIZATION AIM TO SERVE?	
WHERE DOES THE ORGANIZATION FOCUS ITS WORK?	
WEBSITE / NAME OF CONTACT / CONTACT INFORMATION	
HOW DOES THIS ORGANIZATION ALIGN WITH YOUR PHILANTHROPIC GOALS?	
WHEN YOU ARE SATISFIED WITH YOUR LIST, SELECT THE ORGANIZATIONS YOU WILL INCLUDE IN YOUR VETTING PROCESS.	☐ Shortlisted for due diligence ☐ Due diligence completed

N

WORKSHEET

SHORTLIST ORGANIZATIONS

ORGANIZATION 2	ORGANIZATION 3
☐ Shortlisted for due diligence ☐ Due diligence completed	☐ Shortlisted for due diligence ☐ Due diligence completed

5.3

VET ORGANIZATIONS

You can now vet the organizations you have shortlisted through the process of due diligence. Due diligence involves assessing an organization's legal status, overall health, strategic direction, and programmatic impact. Completing this process thoroughly will enable you to make confident funding decisions.

The following tables outline the vetting areas on which your due diligence process will focus.

ACTIVITY

- Conduct Due Diligence

VETTING AREAS	WHY IS THIS IMPORTANT TO CONSIDER?
LEGAL STATUS UNDER THE INTERNAL REVENUE CODE	Only contributions to an organization with 501(c)(3) are tax deductible.
ORGANIZATIONAL HISTORY	An organization's track record is indicative of its experience in the field.
STRATEGY	Effective organizations are clear about their goals and the approach they take toward meeting them.
PROGRAMS & SERVICES	Effective organizations have consistent and complementary programs and are not spread too thin.
GOVERNANCE & MANAGEMENT	Senior staff should have experience and knowledge relevant to the organization's goals. Board members should have the expertise to provide strategic direction.
FINANCIALS	Effective organizations ensure their financial health by managing their budgets efficiently, fundraising from a diversified stream of donors, tracking, and having resources in reserve.
MONITORING AND EVALUATION *(See explanation)*	Effective organizations function as *learning organizations* by tracking program outcomes and obtaining continuous feedback that informs their current and future work.

POSSIBLE RED FLAGS
• Not legally registered as a charitable organization—e.g., 501(c)(3) or 501(c)(4) registration for US organizations
• Negative press coverage (current or past)
• Repeated changes in organization's strategy and vision • Pursuit of multiple, disparate strategies with limited resources
• Programs/services are spread across multiple, disconnected issues or focus areas • No signs of meaningful engagement with the target population
• A series of major changes in leadership (e.g., in the position of executive director, chief executive officer, chief finance officer) • Board members or significant donors have conflicts of interest • Board lacks expertise about nonprofit governance or lacks representation from the organization's intended beneficiaries
• For organizations with an annual budget over $1 million, no audited financial statements (as required by the IRS) • Growing deficit or unexplained financial volatility • Reliance on a single donor or a small group of donors
• No statements or reports on recent work and results • Reports show no indication that strategies have been adapted to address challenges and lessons from past work

Your due diligence on a nonprofit organization may raise red flags related to the organization's operations, leadership, or programs. Not all red flags are necessarily deal breakers. Some may be challenges that exist for a fixed period of time (e.g., an executive director in transition, a temporary deficit in the current financial year), while others may be more pervasive or ongoing (e.g., lack of program data, lack of focus).

This table lists some common red flags encountered in due diligence. Consider the donor reflection questions related to each of the red flags to help you weigh their significance when deciding whether to support the organization. Ultimately, it is up to you to determine the weight a red flag will hold in your funding decision.

RED FLAG TABLE

Table continues on back

	TRANSPARENCY	LEGAL STATUS / ORGANIZATIONAL HISTORY		STRATEGY			
POSSIBLE RED FLAGS	Basic information is not made publicly available, including one or more of the following: the organization's approach, programs and services, or board members.	The organization is not legally registered as a charitable organization in the US—i.e., 501(c)(3) or 501(c)(4).	Research turns up negative press coverage (current or past).	It is not clear where the organization is headed in the near future.	The organization is undergoing a change in its approach/vision.	The organization does not seem to engage its target population in a meaningful way.	The organization pursues multiple, disparate strategies with limited resources.
FOLLOW-UP QUESTIONS	• Does the organization provide contact information? • When contacted, is the organization transparent about its work? Is there a particular reason it does not share its information widely?	• Is the organization registered outside of the US? If so, where? • Why is the organization unregistered?	• If there is controversy surrounding the organization, is it a positive indication that they are making an impact on a difficult issue, or is it due to a more problematic situation? • How has the organization addressed or responded to the issues in the negative press coverage?	• Is the organization in a transition phase? • Is the organization working in a dynamic field that requires flexibility? • Can the organization's staff clearly articulate the current program goals?	• What are the reasons for this change? • How was the new approach/vision determined?	• What barriers might the organization face in engaging its target population? • How does the organization take the target population's perspectives into account?	• Why does the organization employ such strategies?
DONOR REFLECTION QUESTIONS	• Do you have enough information to get a sense of the broad areas of due diligence and to feel comfortable funding the organization?	• Are you willing to support an organization not registered in the US? • Is it necessary that your gift be tax deductible?	• Do you feel that the organization has appropriately and sufficiently responded to the issues brought up by the press coverage?	• Do you feel that the organization has enough future direction that your funds can contribute to its progress?	• Are you willing to support an organization's efforts to change its approach/vision?	• Do you feel the organization sufficiently engages the target population given the focus area?	• Do you feel the organization places sufficient emphasis on the strategies that are most important to you?

RED FLAG TABLE

	PROGRAMS & SERVICES	GOVERNANCE & MANAGEMENT			MONITORING & EVALUATION		
POSSIBLE RED FLAGS	Programs/services are spread thin across multiple, incohesive issues and focus areas.	The organization has undergone a series of major leadership transitions (e.g., changes in executive director, chief executive officer, chief finance officer).	Board members or significant donors have conflicts of interest.	The board lacks expertise about and representation from the organization's intended beneficiaries.	The organization does not clearly track its work and impact.	The organization has had a series of ineffective programs and does not apply lessons learned to its future work.	The organization pursues multiple, disparate strategies with limited resources.
FOLLOW-UP QUESTIONS	• Is the organization large enough to justify such a wide focus? • Is the organization able to demonstrate past success across its focus areas?	• Is the organization transparent about these transitions and the factors that caused them? • How has the organization handled the transitions?	• Is the organization transparent about any conflicts of interest? • How does it address the conflicts? • How might the conflicts affect the organization's work?	• What barriers may the organization face in engaging these key players? • How does the board try to make up for the lack of this perspective?	• Does the organization have sufficient capacity (e.g., staff, expertise) to track its work and impact? • How does the organization know it is making progress?	• What does the organization do with the information it collects about its past programs? • How does the organization seek to improve its programs and general functioning?	• Why does the organization employ such strategies?
DONOR REFLECTION QUESTIONS	• Do you feel the organization places sufficient emphasis on the programs and services that most interest you?	• Are you willing to support an organization undergoing a leadership transition?	• Do any conflicts of interest affect the organization's alignment with your philanthropic goals?	• How does this organization's beneficiary representation compare to that of others in its field?	• Do you trust the organization's account of progress in its programs? • Are you comfortable supporting a program that has yet to collect data on its work and impact (e.g., through pilot programs or trials)?	• Do you consider ineffective programs part of the learning process? • Does the organization demonstrate interest in improving its programs?	• Do you feel the organization places sufficient emphasis on the strategies that are most important to you?

	FINANCIALS		
POSSIBLE RED FLAGS	An organization with an annual budget over $1 million does not have audited financial statements (as required by the IRS).	The organization relies on a single donor or a small group of donors.	The organization has a growing deficit or has demonstrated extreme volatility.
FOLLOW-UP QUESTIONS	• Is the organization generally transparent about its finances?	• Does the organization have a feasible strategy in place to diversify its revenue sources?	• What factors have contributed to this financial state? Is the organization working in a volatile field? • What is the organization doing to address its deficit in the next 2–3 years (e.g., fundraising activity, revenue generation)?
DONOR REFLECTION QUESTIONS	• Are you willing to support an organization that does not comply with audit requirements?	• Are you willing to be part of a smaller group of donors or to be the only donor supporting an organization?	• Do you consider a current deficit a significant risk? • Are you tolerant of some financial volatility in the organizations you choose?

MONITORING & EVALUATION

Understanding how an organization learns from experience is an essential component of effective due diligence. We separate the learning process into two categories: **monitoring** and **evaluation**.

Organizations have a wide range of measurement and evaluation reporting practices, from very basic to quite sophisticated. Sophisticated program measurement and evaluation is resource-intensive and should not necessarily be expected from every organization. If identified as a primary need by the organization's leadership, it is common for donors to support improving and expanding an organization's measurement and evaluation strategy and implementation.

MONITORING

Monitoring is the systematic, routine collection of information from an organization's programs and services, usually undertaken by the organization itself. Monitoring focuses on predetermined key indicators (qualitative or quantitative) that help organizations assess their performance, such as beneficiary engagement and feedback, program implementation, finances, and unintended harms. Highly effective organizations set targets for these indicators and measure their progress toward them. These targets should be SMART (specific, measurable, attainable, realistic, and timely). This enables organizations to learn from their work and continually refine their programs.

EVALUATION

Evaluation helps organizations understand their programs' effectiveness in achieving their intended outcomes. Evaluation can be carried out within an organization or by an external evaluator. Internal evaluation offers the benefit of deep contextual understanding, while external evaluation offers the benefit of outside expertise and credibility through a neutral third party.

Referring to the three basic approaches described in **Section 5.2** on achieving social outcomes, it is usually easiest to evaluate the outcomes of service delivery programs and can be difficult to evaluate the outcomes of advocacy, field-building, and promoting knowledge—which often have long time horizons and depend on the contributions of many actors. In these cases, evaluations may be more qualitative than quantitative.

If you are interested in learning to more deeply assess an organization's strategy and evaluation process, see **Additional Resources: Section 5** at the end of this toolkit.

ACTIVITY

CONDUCT DUE DILIGENCE

INSTRUCTIONS

Complete due diligence on your shortlisted organizations, either on your own or with an advisor.

Much of the information you need will be on an organization's website, in recent annual reports, or in the online resources listed at the back of the toolkit. If some information is not readily available, you may consider contacting the organization. In conducting your due diligence, don't let your information requests be a drain on the organization's time and resources. Ensure that the amount of information you are requesting is commensurate with the size of your intended gift.

ACTIVITY

CONDUCT DUE DILIGENCE

INSTRUCTIONS

For each organization on your shortlist, conduct due diligence to assess its effectiveness and look for red flags in order to make your funding decisions. Circle any questions you plan to review later. It may help to read the questions before you begin your research.

Caveats before your due diligence:

- **You do not have to answer every question in detail before funding an organization**—many organizations do not have all of this information available but are still extremely effective.
- On the other hand, if most of this information is difficult to find, that could raise a red flag.
- Do not rush to judgment based on an organization's website—maintaining a compelling online presence requires significant staff capacity that may be focused elsewhere.
- If any of your research raises concerns, consult the red flags table in **Section 5.3** to understand how to move forward with your decision-making.

Continued on the following page.

ACTIVITY

CONDUCT DUE DILIGENCE

LEGAL STATUS / ORGANIZATIONAL HISTORY	
Is the organization legally registered?	Legal registration signals that organizations are adhering to basic standards and accountability frameworks in the country in which they work. Some organizations, like houses of worship, are not always registered. In the United States, a nonprofit will generally be registered as a 501(c)(3) or 501(c)(4) organization. Gifts to a 501(c)(3) are tax deductible; those to a 501(c)(4) are not. International organizations can set up fiscal sponsors to provide tax benefits for their US donors.
Is media coverage (if any) of the organization positive?	Conduct a quick Internet search of your organization. A lack of media coverage is not a red flag—it can be extremely difficult for smaller organizations doing impactful work to gain media coverage. However, a series of scandals and negative public perception may present concerns about an organization's work.
STRATEGY	
Does the organization clearly define its goals and strategy for creating social change?	Reading an organization's mission statement or theory of change can help you get a sense of this. Effective organizations clearly define their goals and the approach they take to meet these goals.
PROGRAMS & SERVICES	
Are the organization's programs and services aligned with its mission and goals?	An organization's missions and goals should be consistent—or at least complementary—across its various programs and services. It is important to ensure that the organization's programs are not spread too thin across disparate areas.

GOVERNANCE & MANAGEMENT	
Does the organization's senior staff have the relevant experience, knowledge, and skills needed for their work?	A variety of factors can indicate staff members' capability; one key factor is depth of experience within their field. Other factors can include familiarity with beneficiary communities and diverse skill sets across the staff as a whole. It is also important that the staff represent an organizational commitment to diversity and inclusion. Many nonprofit organizations include staff bios on their websites; for each organization, consider whether the staff size is appropriate and the roles are well-rounded for the organization's scope of work.
Does the organization's board have the well-rounded experience, knowledge, and skill needed to provide the organization with strategic direction?	Boards can play an important role in providing legal, technical, and strategic guidance; checks and balances within organizational structure; and fundraising support. It is important to have a diverse, inclusive board with active members who do not present any conflicts of interest with the organization's work.
FINANCIALS	
Along with your other sources, Nonprofit Explorer can help you find the financial information you need for this section. This online database provides data from nonprofit tax returns and PDFs of full Form 990 documents. **projects.propublica.org/nonprofits**	
Have the organization's financial records been audited?	Nonprofits with gross annual revenues of $1 million or more may be required by the IRS to provide an audited financial statement prepared by an independent CPA. A nonprofit with gross annual revenue between $750,000 and $1 million must provide a financial review by an independent CPA. If the nonprofit is not legally required to be audited and has not been audited, this is not a red flag—audits can be expensive for smaller organizations, and may be unnecessary for their level of financial complexity.
MONITORING & EVALUATION	
Does the organization share how it tracks and measures the success of its work?	This information is often provided in annual reports or other documents. It is important for organizations to track past outcomes to inform their current and future work. A lack of a successful track record does not have to deter your gift—what is important is that the organization collects outcomes for its programs, is transparent about its failures, and intentionally applies the lessons learned to its next initiative.

WORKSHEET

CONDUCT DUE DILIGENCE

LEGAL STATUS/ORGANIZATIONAL HISTORY	YES	NO	NOT SURE
Is the organization legally registered?			
Does the organization have offices in the regions where it works? If so, where?			
Is media coverage (if any) of the organization positive?			
GOALS AND APPROACH			
Does the organization clearly define its goals and strategy for creating social change?			
PROGRAMS AND SERVICES			
Are the organization's programs and services aligned with its mission and goals?			
GOVERNANCE AND MANAGEMENT			
Does the organization's senior staff have the relevant experience, knowledge, and skills needed in their work?			
Does the organization's board have well-rounded and appropriate experience, skills, and capacity needed to provide the organization with strategic direction?			
FINANCIALS			
Have the organization's financial records been audited?			
Are the organization's revenue and funding sources diverse (e.g., from across foundations, corporations, government agencies, and individuals)?			
Is the organization's revenue greater than its expenses?			
MONITORING AND EVALUATION			
Does the organization share its outcomes and impact from past programs?			

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WORKSHEET

CONDUCT DUE DILIGENCE

INSTRUCTIONS

If you would like to dive deeper into your understanding of an organization, or if you are considering making a gift that is significant to your philanthropic budget or to the organization in question, you can use the remaining questions to learn more. Otherwise, skip ahead to the end of the worksheet.

ADVANCED DUE DILIGENCE

YES NO NOT SURE

Does the organization have offices in the regions where it works? If so, where?

This will be indicated on the organization's website, often in the "Contact Us" section. Having staff on-site is critical for building relationships with communities, carrying out effective programs, and conducting monitoring and evaluation.

Does the organization have sufficient evidence or research supporting its chosen strategy?

Ask how the organization created its strategy. This can include social science research evidence, evidence from its previous work, or feedback from beneficiary communities.

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

Ask how the organization began to understand the needs of its beneficiaries. To ensure that an organization's work is rooted in the needs, goals, and way of life of its target population, it should seek input from beneficiaries in determining its programs and services. This can take multiple forms—having beneficiary community members on the staff or board, holding community feedback sessions, etc.

Are the organization's goals and approach coherent over time?

Ask how an organization's approach may have changed over time. For older organizations, a change in strategy can demonstrate responsiveness to the needs of an ever-changing world or continuity (or lack) of values grounding the organization's work. This can often be gauged by reviewing annual reports from different periods of the organization's history.

WORKSHEET

CONDUCT DUE DILIGENCE

YES NO NOT SURE

Are the organization’s revenue and funding sources diverse (e.g., from across foundations, corporations, government agencies, and individuals)?

Look at an organization’s Form 990 or on its website for a list of funding sources—often listed as partners. A diverse revenue stream is important for a nonprofit’s stability and financial health. A concentrated revenue stream does not necessarily have to deter your donation—it could represent an urgent need and key opportunity for impact. Additionally, when looking through funding sources, consider that large foundations and other established institutions often use rigorous evaluation criteria when choosing their grantees. Having one as a funder signals a certain degree of achievement that can boost your confidence in an organization.

Does the organization incorporate what it learns into future programs?

Effective organizations expand on past successes, and do not repeat past failures.

Is the organization’s revenue greater than its expenses?

In other words, does the organization show a positive balance of funds? This is crucial for an organization’s financial sustainability. If its expenses exceed its revenue, see if the organization has a plan for fundraising or generating alternative revenue, and look into how long the organization has had a deficit.

Does the organization have a suitable plan for monitoring and evaluating its current programs?

Nonprofits should have metrics for tracking whether their initiatives are being implemented well, on time, and on budget. While a certain level of evaluation is important, also consider that rigorous third-party evaluations are prohibitively expensive for many nonprofits. Evaluations may also be done in-house.

Is the organization heading into or in the midst of any significant leadership transitions?

Leadership transitions, especially among executive directors, can often be a turning point for organizational mission and strategy. Prior to and during this period, it is important that an organization have a detailed plan for how the transition will be handled. You can also ask how the organization has handled any previous leadership transitions.

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WORKSHEET

CONDUCT DUE DILIGENCE

	YES	NO	NOT SURE
Is the organization's current budget made available? If so, is the organization's budget appropriate for its goals and strategies?	○	○	○

Organizational budgets vary tremendously across scope and sector, but an organization's budget should align with the scale of its work. You can also consider specific program budgets to determine this. We do not recommend comparing program costs and overhead costs, as an organization's overhead budget is critical for maintaining and building its organizational capacity. Note that many organizations do not disclose their budget until the financial year is over; you can look at their financial statements for past budgets.

AS YOU LEARN MORE ABOUT THE ORGANIZATION, KEEP THE FOLLOWING QUESTION IN MIND:

What is the organization's greatest funding need?

Organizations best understand their own needs, and aligning your gift with those needs can often help you maximize the impact of your philanthropy. This could include any initiatives for which they are currently actively fundraising.

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WORKSHEET

CONDUCT DUE DILIGENCE

When you are satisfied with your answers to the preceding questions, take some time to reflect on the strengths and weaknesses of this organization.

STRENGTHS	WEAKNESSES
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....	....
....	....

Do you see this organization fitting into your philanthropic vision? Why or why not?

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If you do not feel that this organization is aligned with your philanthropic goals, remove it from your shortlist of organizations and move forward with due diligence for another organization.

EPLI PHILANTHROPY PLANNER

FINDING & VETTING SUMMARY

Now that you have completed Section 5, turn to the Finding and Vetting Organizations Summary on the next page. List the organizations you would like to fund and their key strengths. Tear out the completed table to include in your Philanthropy Planner at the end of this toolkit.

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EPLI PHILANTHROPY PLANNER

FINDING & VETTING ORGANIZATIONS SUMMARY

INSTRUCTIONS

Compare the strengths and weaknesses of the organizations you have kept on your shortlist after each due diligence investigation. Identify at least one from each issue/focus area that you feel is well-aligned with your philanthropic goals and that you would like to fund.

ISSUE / FOCUS AREA

Organization 1: ....

Why this organization? ....

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Organization 2: ....

Why this organization? ....

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ISSUE / FOCUS AREA

Organization 1: ....

Why this organization? ....

....

Organization 2: ....

Why this organization? ....

....

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EPLI PHILANTHROPY PLANNER

FINDING & VETTING ORGANIZATIONS SUMMARY

ISSUE / FOCUS AREA

Organization 1: ....

Why this organization? ....

....

Organization 2: ....

Why this organization? ....

....

ISSUE / FOCUS AREA

Organization 1: ....

Why this organization? ....

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Organization 2: ....

Why this organization? ....

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