

Nonprofit Due Diligence Checklist

- Does the nonprofit have a compelling case for support? In other words, is their mission or cause something that society needs and does it resonate with you? Are they able to translate funding into programs that have positive and measurable outcomes?
- Financial Documents and practices. Does the nonprofit post its IRS Form 990 (end of year tax document) on its website? Does it observe the Golden Ratio (70% Programs, 30% Fundraising and Admin). Is Executive Director compensation excessive? It should be a function of private sector earning potential (level of education, work experience, prior earnings) and the operating budget of the nonprofit. This can be found in the 990.
- Is the organization even a nonprofit? Check for their IRS determination letter which should be posted on the website.
- Client testimonials. Does the organization have client testimonials that showcase who they serve, the impact that they make, and what they do to affect positive outcomes?
- Data. Does the organization have any data (metrics, a longitudinal study, surveys) that demonstrate a statistically significant impact on outcomes? Does what they do and the services they offer truly make an impact and address the issue they are attempting to remedy? Is the impact long-term?
- Board, Officers, and Staff. Who runs the organization? Are the bios for the board, executive director, and staff readily available. What are their backgrounds?
- What is the "value proposition" for the organization? What differentiates them from other organizations? What is unique about them? Do they engender confidence in their ability to deliver results with the resources you provide them?

