

Make the Most of Your Charitable Giving This Holiday Season

Every day, almost every American is touched by a nonprofit organization in some way, whether it's a facility that treats a loved one, or a community-based program, or a school our child attends. Nonprofits build vibrant and sustainable communities, advocate for widespread health and safety, celebrate and support arts and entertainment programs, and protect our planet for future generations.

American society relies on the nonprofit sector to meet these and other critical needs. Yet times are tougher than ever for charities, with demand for services continuing to climb. The fact of the matter is that **all nonprofits are not created equal**. Some organizations are simply better—more efficient, more transparent, more impactful—than others. In these difficult times, our best hope of creating real change is to invest in those nonprofits that are doing the best job.

In early 2010, [Hope Consulting's](#) original "[Money for Good](#)" research identified the motivations, behaviors, and preferences of 4,000 individual donors. Results indicated that **nine out of ten donors say that nonprofit performance is important** yet only three out of ten do any research before giving, and only three out of 100 do any research to find a high performing nonprofit.

"[Money for Good II](#)," a follow-up project by Hope Consulting and GuideStar, set out to research donor behavior and to identify ways of driving dollars to high-performing nonprofits. We found that many donors want information to inform their philanthropic choices, particularly on the effectiveness of nonprofits they have never before supported. But they are at a loss as to how to find it. We have three tips for donors who want to make sure that their gifts will go as far as possible this holiday season: **Reflect, Research, and Rebalance**.

1. **Reflect.** For most of us, giving is reactive rather than proactive. We pull out our checkbooks when natural disasters strike or when a friend runs a marathon for disease research. But your giving will go much further if you shift to a more strategic approach, identifying the causes you are passionate about, focusing your dollars on sustained support for them, and defining what you want to accomplish with your giving.
2. **Research.** Once you have identified a cause that you wish to support, you should deepen your knowledge of it and the nonprofits that work for it. Look up nonprofits on a third-party site such as [GuideStar](#), which has deep information on 1.8 million nonprofits. Look for information in four categories: **impact, use of funds, legitimacy, and mission**, which more than half of our respondents were interested in. Examine the charity's own web site. Ask the organization for its [Charting Impact](#) report, an innovative new initiative that allows nonprofits to explain their intended impact in their own terms. What is the organization trying to do? How are they going about it and how well are they doing? What have they achieved to date?

You can also see how others rate the nonprofit compared to its peers, through independent evaluation portals such as:

- **Philanthropedia:** A subsidiary of GuideStar, Philanthropedia provides expert reviews on verified, financially responsible charities. More than 2000 experts have reviewed hundreds of nonprofits. (www.myphilanthropedia.org);
- **BBB Wise Giving Alliance:** Organization that seeks to assist donors in making informed donation decisions, especially related to organization legitimacy and status (www.bbb.org/us/charity/);
- **Charity Navigator:** Independent charity ratings portal, evaluating more than 5000 of the largest US nonprofits on financial health and accountability and transparency (www.charitynavigator.org);
- **GiveWell:** Ratings website providing in-depth research on the 'highest impact' nonprofits; great for donors 'open' about where to give and that want to maximize impact (www.givewell.org);
- **Great Nonprofits:** Website where people review and talk about great - and perhaps not so great - nonprofits. Compiles reviews from donors, volunteers, beneficiaries, others (www.greatnonprofits.org); and
- **TakeAction:** GuideStar's TakeAction resource center provides information on more than 25 international, national, and local causes as well as expert analyses of specific organizations working in those causes. (<http://www2.guidestar.org/rxg/give-to-charity/index.aspx>)

3. **Rebalance.** As time passes you will have the opportunity to evaluate your giving strategy, learning from the results and adapting as needed to increase impact in the future. Examine annual reports as well as third-party sources, to determine how funds were used and what impact was achieved. Reflecting on these results, will you adjust your strategy for the coming year? Are there organizations whose performance didn't measure up, that you will no longer support?

In times of economic turmoil, we have a responsibility to express our generosity in ways that matter. This year, follow these three steps to convert occasional acts of charity into a consistent philanthropic strategy that creates lasting change.

We hope that you find [the new study](#) useful, and wish you all the best this holiday season! www.guidestar.org/moneyforgood