

5 Things to Consider When Vetting Nonprofits

1) Do they current have 501(c)(3) status & are they in good standing with the IRS?

*When it comes to vetting nonprofits for their standing with the IRS, we suggest going straight to the source! You can go to IRS.gov and search for the nonprofit, whether they are eligible to receive tax-deductible donations, as well as pull their prior tax filings (referred to as 990's). <https://www.irs.gov/charities-non-profits/search-for-tax-exempt-organizations> Another great website is Guidestar! You can sign up for a free account and pull similar information available on IRS.gov. You can research nonprofits that you have already heard of and want to vet. But you can also put in criteria based upon your location and cause area to find new nonprofits that may interest you! They also have a great seal of transparency system ranking nonprofits in their system. <https://www.guidestar.org/>

2) How do they allocate their budget? This is a very important question when looking at a nonprofit. First of all, do not be hesitant to ask a nonprofit budget questions when considering making donations to their organization. *However, remember that different types of nonprofits will need to allocate resources differently.* For example, a nonprofit providing literacy programs to students may have materials or books as their largest expense. While a nonprofit addressing criminal justice issues

would allocate most of their budget to administrative and personnel expenses because their largest expense would be compensating lawyers to help their clients. There is not a hard and fast rule for what percentages should be allocated to what budget line items. You should look closely at the materials available to you, ask questions, and feel comfortable with where the funding is being allocated based on the organizations needs and services provided.

“ Think about what is important to you personally. What are things you fight for? Does the organization you are considering feel the same way? ”

3) Do their missions and practices align with yours? This is one of the most important questions that donors often overlook! We think to ourselves "sure we care about issue XYZ so we give to an organization addressing XYZ". But we don't always look closely enough at their mission, and how their employment and client

service practices align with ours. For example, at Legacy Collective, we believe strongly that all nonprofits we give grants to must have clearly stated nondiscriminatory diversity and inclusion policies that align with our beliefs as an organization pertaining to hiring, employment, and client service practices. Think about what is important to you personally. What are things you fight for? Does the organization you are considering feel the same way?

4) Are there other ways for you to get engaged (if you would like to)? Many of us would like to get involved beyond just supporting an organization financially, and most nonprofits appreciate the additional support! Feel free to reach out to them and ask if there are ways you can volunteer with them, advocate for them, mentor a staff member or client, share their social media or blog postings, or even serve on a Board or Committee!

5) Other Tips and things you should consider...
*How are their executives paid?
*Do they accept in-kind gifts?
*Look at their website & social media pages as well as Google the organization & their leadership.
Make sure you are comfortable with what you see. Ask questions if you need to. And go with your gut!