Four steps to choosing a charity that supports your philanthropic goals

by Kim Laughton—President, Schwab Charitable

Choosing a charity to support is key to achieving your charitable giving goals, but with almost two million nonprofits in the U.S., many donors don't know where to start.

The following four steps, which were developed by the Effective Philanthropy Learning Initiative at the Stanford Center on Philanthropy and Civil Society in conjunction with Schwab Charitable, will help you identify your motivations and use them to guide your search for charities. Taking this strategic approach can help you give with maximum impact to the causes you are most passionate about.

1 Pinpoint your charitable giving priorities

It is difficult to choose a charity without first having a clear understanding of your priorities. Using your priorities to define distinct focus areas for your philanthropy will enable you to give strategically to issues and causes meaningful to you.

If you already have a track record of charitable giving, consider reviewing your giving history and looking for themes in past behavior. Frequently, this simple exercise helps donors uncover trends that provide insight into why and when they made certain gifts, and better understand which issues they hold most dear.

If you are newer to philanthropy or wish to start fresh with a more strategic mindset, take time to reflect on what you hope to achieve. Some questions to ask yourself include:

- Is there a particular cause or need that is especially relevant to me?
- Does a particular community of people or region have special meaning for me?
- Can I combine financial support with volunteering?
- Do I want to involve my family in my philanthropic efforts?

Addressing these questions may help you narrow your philanthropic focus areas to causes most important to you.

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2 Identify charities making the greatest impact on the causes you care about

Once you have identified which cause you want to support, it is important to familiarize yourself with the nonprofits making a difference in the area you care about before deciding on a charity to support. While this may seem like an obvious step, thoughtful research requires a bit of legwork and out-of-the-box thinking.

Tapping your personal and professional networks is a great way to start exploring charities. Consider asking family or friends with significant experience in your focus area about which organizations they support or are familiar with. For example, a friend who is a human rights lawyer may have insights about organizations that help immigrant families.

There are also professional resources available. Philanthropic advisors and donor networks can offer valuable expert advice to help you identify effective organizations working in your focus area. Likewise, if you are looking to support a specific geographic region, get to know the community foundations in the region, which tend to have a deep understanding of the local landscape. You can also seek recommendations from issue-area experts; for instance, an oncologist may be able to suggest cancer research organizations.

Last, a bit of savvy internet research can go a long way. Curated online lists can be useful for first-time donors or those with limited time to research. For example, foundations typically share an online list of their grantees, which have been thoroughly vetted by the foundation's specialized professional staff. You can also find inspiration by browsing lists of high-impact nonprofit organizations curated by established philanthropists, such as Give Lists coordinated by the Bill & Melinda Gates Foundation.

Other curated lists and resources include those for humanitarian, emergency, and disaster relief efforts from organizations such as the Center for Disaster Philanthropy. Online resources such as GuideStar, Charity Navigator and Charity Watch can help you search for up-to-date information and data on nonprofits.

Once you have an understanding of the nonprofit landscape, you will be well-positioned to create a short list of organizations aligned with your charitable giving priorities and goals.

3 Understand approaches for maximizing impact

Now that you've compiled a list of key organizations supporting the causes you care about, it is time to understand how each of these organizations advance change and measure impact.

Nonprofits typically address change in one of three ways: by providing goods and services, by promoting knowledge, or through advocacy and movement-building. Consider how your philanthropic goals and values align with these different approaches:

• **Organizations that provide goods and services:** these charities, such as women's shelters, soup kitchens, and health clinics, engage directly with beneficiaries.

• **Organizations that promote knowledge:** these nonprofits, such as think tanks, public awareness campaigns, and higher education institutions, support the generation and dissemination of research and applied knowledge.

• **Advocacy and movement-building organizations:** these groups address structural and systemic causes of a problem. For example, renewable energy campaigns seek to address climate change and campaigns for nutritional labels on foods aim to mitigate public health issues.

While many organizations promote change using a variety of tactics, this framework tends to help donors sort and categorize charities, and ultimately develop a small group of organizations to thoroughly vet.

4   Evaluate and vet your shortlist

Now that you've narrowed down a small group of charities, it's time to conduct due diligence and look for any red flags. Thoroughly vetting charities will give you confidence that your funding decisions will support your charitable goals.

To vet a charity, keep the following key considerations and questions in mind, which are also explored in more detail in this webinar with Candid and Schwab Charitable:

Consideration	What to know	Questions to ask
Legal status	U.S. nonprofits can be registered as various types of 501(c)(3) organizations.	Is the organization legally registered as a charitable organization?
Organization history	An organization's track record is indicative of its experience in the field.	Does the organization have any negative press coverage about its history or experience?
Strategy	An organization should be clear about its goals and approach.	Have there been any repeated changes in an organization's strategy and vision?
Programs and services	Programs should allow an organization to meaningfully engage with the target population.	Are programs or services spread across multiple, disconnected issues and focus areas?
Governance and management	Senior staff and board members should have experience and knowledge relevant to the organization's goals.	Have there been a series of major changes in leadership positions or any conflicts of interest with board members?
Financials	An organization must be strategic about its financial health, fundraising from a diversified stream of donors and tracking and managing its budget efficiently.	Does the nonprofit have any unexplained financial volatility?
Monitoring and evaluation	To maximize impact and efficiency, organizations should track program outcomes and obtain continuous feedback to inform their current and future work.	Is the organization intentional about assessing, learning from, and improving their work to the best of their capacities?

Some of these questions can be answered by looking at the organizations' websites, while others require deeper engagement with the nonprofits and experts in the field. Depending on what information you uncover, keep in mind that not all potential red flags are deal breakers. If something gives you pause, assess whether it is a result of a contained challenge, such an executive director in transition, or a more pervasive problem, such as a lack of program data or focus.

There is no such thing as choosing the "right" charity

With so many charities out there, it is natural to feel overwhelmed, and it may be tempting to give reactively rather than strategically. Keep in mind that you will likely identify multiple organizations whose work aligns with your charitable goals and that there is no such thing as making the "right" decision. For more information on managing the process and identifying charities to support in a systematic way to increase your impact where it matters most, visit www.schwabcharitable.org.

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