

Finding and Funding Effective Nonprofit Organizations

An Overview for Donors

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Introduction

“To give away money is an easy matter, and in any man’s power. But to decide to whom to give it, and how [much] and when, and for what purpose and how, is neither in every man’s power—nor an easy matter. Hence it is that such excellence is rare, praiseworthy, and noble.”

Aristotle

Over 2,000 years ago, Aristotle already had an answer for people who ask today: “How hard can it be to give away money?” It is indeed quite easy to just give money away; but as many philanthropists have experienced, giving money away in a thoughtful and effective manner can be quite challenging. In particular, finding and funding effective nonprofit organizations is no easy matter.

Out of 1.5 million nonprofit organizations in the U.S., there are more than one million to which donors can contribute tax-deductible donations.¹ That number is growing every day. In the midst of a rapid expansion of the nonprofit sector, there are periodic high-profile scandals and reports of financial mismanagement of nonprofit organizations and philanthropic institutions. At the same time, societal needs continue to increase while government and other resources to address those needs have decreased.

All of these external factors have resulted in greater scrutiny of nonprofit organizations and an increased emphasis on nonprofit and philanthropic effectiveness. In this environment, many individual donors are asking “How can I be sure I’m giving to an effective organization?” And “How can I be a more effective philanthropist?”

The purpose of this overview is to assist donors with the process of identifying and funding effective nonprofit organizations. In order to be successful, it is helpful to answer the following questions:

1. How do I want to be engaged in my philanthropy?
2. What kinds of organizations do I want to find and fund?
3. What is “nonprofit effectiveness”?
4. How do I find an effective nonprofit organization?
5. How do I conduct due diligence on a nonprofit organization?
6. How can I effectively fund an effective nonprofit?
7. How can I be mindful of the power I have as a donor?

The rest of this article discusses each of these questions, including potential strategies to help you find and fund effective nonprofit organizations. A recommended resources section at the end of this publication provides additional information to further your learning.

¹ NCCS Project Team. [The Nonprofit Sector in Brief 2019](#). Urban Institute. June 2020.

1. What kinds of organizations do I want to find and fund?

"Finding effective organizations is more of an art than a science. This work is a cycle of engagement and education. If you're serious about it, you're constantly learning and that learning enhances your ability to do this work with passion and compassion, and ultimately yields results."

Doug Bauer
Executive Director
Clark and Scriven Foundations

As you consider which organization(s) you might fund among the more than one million grant-seeking nonprofit organizations in the U.S. and numerous non-governmental organizations (NGOs) located around the globe, you should first ask yourself: "Where are the areas of greatest need and where do those intersect with my philanthropic interests?"

Nonprofit organizations address a plethora of issue areas, including the categories² as follows, each of which contains numerous sub-issue areas:

- Arts, Culture and Humanities
 - Humanities and Historical Societies
 - Media
 - Museums
 - Performing Arts
- Education and Research
 - College and University
 - Elementary and Secondary
 - Libraries
 - Research Institutes
 - Vocational, Technical, and Adult
- Environment and Animals
 - Animal Protection, Welfare and Services
 - Beautification and Horticulture
 - Conservation and Environmental Education
 - Health Care Facilities and Programs
 - Pollution
 - Zoos and Veterinary Services
- Health
 - Addiction and Substance Abuse
 - Diseases and Disease Research
 - Health Care Facilities and Programs
 - Medical Disciplines and Specialty Research
 - Mental Health and Crisis Services

- Human Services
 - Agriculture, Food, and Nutrition
 - Crime and Legal Related
 - Employment and Occupations
 - General Human Services
 - Housing
 - Public Safety, Disaster Preparedness, and Relief
 - Recreation and Sports
 - Youth Development
- International
 - International Development and Relief Services
 - International Human Rights
 - International Peace and Security
 - Promotion of International Understanding
- Public, Societal Benefit
 - Civil Rights and Liberties
 - Community Improvement
 - Mutual/Membership Benefit Organizations
 - Philanthropy, Voluntarism, and Public Benefit
 - Service and Other
 - Voter Education and Registration
- Religion

For every possible issue area, there are multiple strategies to address the problem, and many nonprofit organizations that are implementing their own approaches and solutions. For example, within the field of "Education: Elementary and Secondary" you could choose to fund nonprofits working on:

- Different educational components (e.g., developing curriculum, training teachers, developing leadership, improving physical plant, providing scholarships);
- Specific types of schools (e.g., public, private, parochial, charter, vocational, home schooling);
- Public policy aspects of education (e.g., increasing funding for education in low-income areas, advocating for private management of school systems);
- Various targeted interventions (e.g., early childhood education, after-school programs, magnet schools);
- Certain age groups (e.g., preschool, elementary, middle school, high school)

² Categories drawn from Candid's [GuideStar](#): Directory of Charities and Nonprofit Organizations.

There is an endless menu of options and possible interventions in the nonprofit sector. It can be overwhelming for even the most focused and well-intentioned philanthropist to know how best to proceed. Finding and funding effective organizations must begin with achieving clarity on the problem(s) you want to solve, how you want to be engaged in your philanthropy, and your desired philanthropic impact. Amir Pasic, Dean of the Lilly School of Philanthropy at Indiana University encourages donors to, “start by articulating your values and purpose for your philanthropy.” If you have not yet explored and confirmed your values and purpose for philanthropy, the Goldman Sachs Philanthropy Fund publication “Crafting Your Charitable Mission Statement” can help you articulate a succinct statement that will “reflect your values, focus your philanthropy, and define what you will and will not fund through your philanthropy.”

2. How do I want to be engaged in my philanthropy?

"Mapping out your philanthropic path—working out what social change you want to achieve and how you want to go about achieving it—is something you need to do before you can choose your grantees..."

Laura Arrillaga-Andreessen
Giving 2.0: Transform Your Giving and Our World

In order to be effective in your philanthropy, it is important to first answer basic questions about what drives your philanthropy, including why, when, where, and what you want to give. The Goldman Sachs Philanthropy Fund publication: "Getting Started With Your Philanthropy" may prove a useful resource as it discusses each of these questions in greater detail and helps you identify the areas about which you are passionate. For those donors who have already crafted their charitable mission statements and started their philanthropic journeys, "High-Impact Strategies to Help You Find a Focus for Your Philanthropy" by Goldman Sachs Philanthropy Fund can help further refine donors' deeper purposes for their philanthropy.

As you consider how you want to engage in your philanthropy, Marcus Walton, President and CEO of Grantmakers for Effective Organizations (GEO) asks donors to reflect on the question: "Are you a charitable giver or do you see yourself as a facilitator of change? What is the enduring impact you want to leave through your investment decisions?" Walton notes both approaches have value, and donors don't have to choose one or the other, but it is important to situate yourself in this work before making decisions about what types of organizations you want to fund.

For example, if you are a charitable giver, you may be most interested in funding organizations that are giving clean water to communities in need. If you are a "changemaker" giver, you want to make sure the next ten generations of a particular community never have to worry about clean water again. "The latter example is a system investment," says Walton, "not a symptom investment." Jeff Kutash, Co-Founder and Managing Partner of Boldy Go Philanthropy, a philanthropic consulting and execution firm, further argues that: "If you want to be a changemaker, you need to think about your giving not just at the level of individual

grants, but from a portfolio perspective, and about how you work with multiple partners as part of a larger campaign for change."

The Center for High Impact Philanthropy (CHIP) recommends donors consider their entry point for their philanthropy across "four philanthropic plays."³ Each play has a different timeframe for results and risk/reward profile.

Philanthropic Plays³ (Adapted from The Center for High Impact Philanthropy):

Entry Point	Approximate time frame for results	Risk/Reward
Direct Services	3 - 5 years	Lowest overall risk but doesn't change underlying conditions
System Capacity Building	5 years +	More risk, but potential for more sustainable change
Policy/ Advocacy	1 - 10 years +	More risk, but also potential for more widespread, lasting change
Research/ Innovation	5 - 10 years +	Most risk and may only learn what doesn't work, but can be game changing

According to CHIP, different organizations are effective at implementing different "plays". Katherina Rosqueta, Founding Executive Director of the Center for High Impact Philanthropy explains, "For example, in order to be effective, a nonprofit providing direct services needs staff trusted by the individual clients it serves. Contrast that to a nonprofit focused on advocacy or policy change; to be effective, that nonprofit needs strong communication capabilities, knowledge of current policies, and relationships with relevant policymakers." Donors should be clear on whether they want to meet direct needs, build the capacity of multiple organizations addressing those needs, influence policy to change the systems that create the needs, and/or invest in innovations that transform the field overall.

³ Adapted from <https://www.impact.upenn.edu/four-philanthropic-plays-how-philanthropy-can-help/>

As you answer these questions, you should also consider how you are interested in and willing to be engaged in addressing particular issues through your philanthropy. Some donors are more interested in funding a tool as opposed to an issue area. For example, some donors might want to increase the use of impact investments in philanthropy, and be fairly agnostic as to the issue areas in which those investments are made. Regardless of the tool or issue area, some important categories of questions you should ask yourself include:

- **Geographic reach:** Do you want to make an impact on a local, regional, national, or global basis?
- **Level of involvement:** Do you want to just write checks, or write checks and give some time, or write checks and give time and invest your talent and networks?
- **Risk tolerance:** Are you comfortable seeding start-up organizations with little proven track record or supporting new projects that push the boundaries of common practice? Or are you more comfortable supporting the existing interventions of more established organizations?
- **Measurability of results:** Do you prefer to fund activities that are more easily quantified and measured or are you comfortable with more ambiguity in philanthropic outcomes?
- **Length of engagement:** Over what timeframe are you interested in and able to fund an issue and/or organization(s)? One year, three years, five years, or a lifetime?

The answers to these questions will help determine which fields you might want to focus on, what types of nonprofit organizations you should look to fund, and how you can be most effective in providing that funding.

Another layer of analysis that experts suggest donors apply to their giving is around racial equity. “You cannot, nor should you ignore what has happened since 2020, especially around the equity issue which is a dynamic in just about every issue a donor could engage with,” says Bauer. “For donors to think they can ignore or de-emphasize it would be short-sighted.” Walton provides a framework for donors to look at their philanthropy through an equity lens

saying: “Donors should research the historical context within the issue area they are motivated to address and ask themselves: ‘How did the conditions I want to address become the way they are?’ And, ‘What are the policies, decisions, historical events that have contributed to these conditions being as they are?’ Once donors have identified these conditions and contributions they can then identify strategies to reverse those conditions.”

For example, if a donor wants children in low-income communities to have an economically prosperous future, the donor needs to understand where the children are living within a particular part of town; disaggregate data about the children by race, class, gender, and geography to identify those in greatest need; research what policies influence the resources available to the children (e.g. schools, programs); and then begin to develop a clear plan of action that accounts for the diverse eco-systems in which inequities exist.

3. What is “nonprofit effectiveness”?

“Understanding nonprofit effectiveness goes beyond the financial indicators. The best approach is to think holistically, taking into account all of the dimensions that influence an organization’s impact; it requires taking a deeper look beyond financials and moving beyond the myth of the overhead ratio.”⁴

Giving Compass
“How to Judge Nonprofit Effectiveness”

There is no single, consistent definition for nonprofit effectiveness. The philanthropic play you are interested in will determine which types of organizations you want to fund, and how you define the effectiveness of the organizations that are implementing that particular play.

Unfortunately, in the absence of a standard definition, donors often rely on a poor measure of nonprofit effectiveness: the spend ratio of a nonprofit organization. They mistakenly equate a nonprofit’s effectiveness with a low percentage of each grant going towards administrative or overhead for an organization. Several well-known nonprofit rating organizations historically used overhead ratios as a measure of nonprofit effectiveness, and thankfully this practice has fallen out of favor. Bob Ottenhoff, past president of GuideStar, a nonprofit organization that gathers and disseminates information about every IRS-registered nonprofit organization, compares the use of overhead ratios as a proxy for nonprofit excellence to “asking which airlines spend the least on maintenance to decide where to invest.”⁵

In June 2013, the CEOs of the three leading sources of information about charities (BBB Wise Giving Alliance, GuideStar (now Candid, formed from the merger of GuideStar and Foundation Center), and Charity Navigator) issued a joint letter to the donors of America entitled “The OVERHEAD Myth.” In this letter they stated: “The percent of charity expenses that go to administrative and fundraising costs—commonly referred to as ‘overhead’—is a poor measure of a charity’s performance. We ask you to pay attention to other factors of nonprofit performance: transparency, governance, leadership,

and results.”⁶ Strong organizations need strong infrastructures and nonprofit organizations need to invest significant resources to ensure they have the capacity to deliver on their missions.

Jehan Velji, Director of the Effective Philanthropy Group at the William and Flora Hewlett Foundation notes that “we don’t use overhead rates as a metric to determine nonprofit effectiveness.” She adds: “It’s not helpful because it depends on the activities and nature of the activities and the organizational lifecycle and there are limited benchmarks for the range of appropriate rates.” Phil Buchanan, President & CEO of The Center for Effective Philanthropy and author of “Giving Done Right: Effective Philanthropy and Making Every Dollar Count” notes: “I haven’t given up on the idea of nonprofit effectiveness. Who defines it is the question.”

Historically, in addition to incorrectly attributing low overhead rates to effectiveness, experts wrongly defined nonprofit effectiveness as the existence of strong metrics and an ability to scale. The Bridgespan Group, a leading nonprofit consulting firm, acknowledged their own biases in their previous decades of work, saying “we’ve learned how...biases perpetuate longstanding inequities that plague leaders and communities based on their race or ethnicity, gender, caste, class, religions, or other markers of identity.”⁷ They acknowledged that their “early focus on programmatic measurement and on a relatively narrow definition of ‘what works’ led us to initially overlook the potential of efforts that are hard to measure – such as movements and advocacy efforts – and of those without the means to invest in extensive impact studies.”

Alesha Washington, President and CEO of the Seattle Foundation asks donors to “check their biases on this question of what an effective organization looks like and recognize that sometimes it can be racially skewed towards white-led organizations.” She encourages donors to consider not just organizations that have big budgets and a long track record but approach their analysis through the lens of entrepreneurship – identify who is doing good work and how you can help them be better.

⁴ Giving Compass. “How to Judge Nonprofit Effectiveness.” <https://givingcompass.org/article/efficiency-beyond-financials-what-to-look-for>. May 24, 2021.

⁵ Ottenhoff, Bob. Forwarded email communication to Melinda T. Tuan. April 11, 2016.

⁶ http://overheadmyth.com/wp-content/uploads/2013/06/GS_OverheadMyth_Ltr_ONLINE.pdf

⁷ Doyle, Betsy; Sakaue, Lyell; and Lauren Shaughnessy. “Philanthropic Sourcing, Diligence, and Decision Making: An Equity-Oriented Approach.” The Bridgespan Group. January 24, 2023.

The following perspectives offer some helpful ways to think about nonprofit effectiveness:

- Buchanan says, “at the highest level, nonprofit effectiveness is about whether the organization has clear goals, coherent strategies to achieve those goals, and information they collect to suggest they are making some progress towards those goals.”
- Bauer notes: “we don’t define effectiveness. We’re far more interested in how the nonprofit itself defines it – they’re the ones who wrestle with it on a daily basis.”
- Kutash states: “nonprofit effectiveness should include what the people experiencing the issue think about the organization – the people with lived experience should be part of assessing its effectiveness.”
- Christine W. Letts, Rita E. Hauser Senior Lecturer in the Practice of Philanthropy and Nonprofit Leadership at the Kennedy School of Government at Harvard University says: “Effectiveness can be a matter of fit between the interests of the donor and the nonprofit. Perhaps a nonprofit is not particularly effective yet (due to start up, problems with scale, policy, etc.). That doesn’t mean that it is not worth funding if its mission falls in line with a particular interest of the donor.”⁸
- The Leap of Reason Ambassadors Community, a private community of nonprofit thought leaders, leader practitioners, forward-looking funders, policymakers, and instigators who believe that mission and performance are inextricably linked, talks about “high performance”, and defines it as: “the ability to deliver—over a prolonged period of time—meaningful, measurable, and financially sustainable results for the people or causes the organization is in existence to serve.” They present a framework of seven organizational disciplines to achieve it:
 1. Courageous, adaptive executive and board leadership
 2. Disciplined, people-focused management
 3. Well-designed and well-implemented programs and strategies
 4. Financial health and sustainability

5. A culture that values learning
6. Internal monitoring for continuous improvement
7. External evaluation for mission effectiveness

Buchanan notes that the Leap Ambassadors Seven Pillars of Effectiveness is a coherent system created by nonprofit leaders. And at the same time, donors should recognize that just because an organization might be struggling on one or two dimensions (pillars) does not mean they’re not doing a good job. “It’s not a binary evaluation, you’re effective or you’re not,” says Buchanan.

These varied perspectives on what defines nonprofit and philanthropic effectiveness point to the challenges donors face in looking for an effective nonprofit. The remaining sections of this overview provide recommendations and resources on how to find and fund effective organizations.

⁸ Letts, Christine W. Email communication to Melinda T. Tuan. July 9, 2013.

4. How do I find an effective nonprofit organization?

“Donors of all levels, even small-scale donors like most of us, can be strategic and impactful and create a more equitable world. This means channeling resources carefully. It also means branching out from supporting nonprofits you’re familiar with or tied to your network. All it takes is a little introspection, research, and planning.”

Melissa Stevens
Executive Vice President, Philanthropy
Milken Institute⁹

Assuming you have achieved clarity on what you want to fund, how you want to engage in your philanthropy, where the areas of greatest need are, and where those intersect with your philanthropic interests, the next challenge is to find the most effective nonprofit organizations to invest in.

Several experts suggest starting with an analysis of fiscally responsible organizations. Financial information on nonprofit organizations is readily accessible through Candid, a nonprofit organization that researches and tracks financial and other information about millions of nonprofits around the world. “Candid is the closest you get to one source for all the basics,” says Katherina Rosqueta. However, she adds, “Candid knows that the basics aren’t enough to understand the true quality of the organization or the outcomes it achieves.” For example, Candid does not currently include information about the social outcomes of the organization’s programs. Providing substantive guidance or ratings in the form of social performance measurement is either lacking or nascent from all leading charity sources today. Although, in 2020 Charity Navigator began evaluating nonprofits across four key areas including impact and results – looking at the cost per outcome for about twenty program areas, resulting in close to 1,500 charity ratings.

Buchanan describes this difficulty in identifying an effective nonprofit organization. He states, “This is one of the hardest questions to answer. I don’t think it’s by looking at some expense ratio. It’s about identifying the areas you’re interested in, the goals you have in those areas, and funding the organizations whose goals align with yours.” Bauer agrees with Buchanan’s recommendation to look beyond the ratings

organizations and describes how a donor could identify effective organizations addressing hunger in New York City among the 30,000 nonprofits in the city. For example, a donor could look at U.S. census data for New York City to identify neighborhoods that are underserved, map where the 1500 food pantries are located across the five boroughs, identify food deserts, look at city data to see where there are large concentrations of service and what groups are doing the work in the boroughs, and talk with and listen to community leaders, nonprofit leaders, and fellow donors. “You should be journalistic in your pursuit,” says Bauer, “and search for people who are doing good work and have the solutions to some of our thorniest issues.”

A few organizations are attempting to assemble social impact and effectiveness information on nonprofit organizations. The Center for High Impact Philanthropy provides information on actionable and evidence-based solutions in a wide range of areas such as decreasing hunger and childhood obesity, eradicating malaria, improving education, and providing disaster relief. GiveWell conducts in-depth research to determine how much good a given program accomplishes in terms of lives saved, lives improved, etc., per dollar spent and publishes the full details of their analyses to help donors decide where to give. While each of these entities is advancing the data available on effective nonprofit solutions, these resources are also limited – there is no single place to access information about the universe of nonprofit organizations and their relative effectiveness.

Given the large number of public charities seeking funds from donors to further their particular missions, it can be challenging for any one donor to conduct the due diligence necessary to determine which nonprofit organizations are most effective or deserving of support. In the absence of a comprehensive source of social impact information or “stock market equivalent” for nonprofit organizations, there are some efficient ways to identify effective nonprofits. These approaches include leveraging others’ due diligence, partnering with an existing foundation, joining a giving circle, or working with a philanthropic advisor.

The following section describes each of these methods for finding effective nonprofit organizations.

⁹ Melissa Stevens, “[Making the Most of Every Philanthropic Dollar](#).” Giving Compass. November 29, 2022.

Leverage Others' Due Diligence

One approach to finding the most effective nonprofit organizations in a particular issue area is to leverage the due diligence of other organizations or intermediaries in the nonprofit sector. Established foundations have already researched and evaluated organizations working across a wide variety of issue areas. Buchanan recommends donors “draft off the efforts of others.” You can ask for a proposal that was used for another donor or foundation you respect so the organization doesn’t have to do a lot of new work.

Intermediaries such as “venture philanthropy” and collaborative funds have the resources and expertise to efficiently and effectively assess the performance of nonprofit organizations. By using their due diligence rather than conducting duplicative assessments, you can reduce transaction costs for the nonprofit organization and achieve efficiencies in your own efforts. There are many venture funds and hundreds of funder collaboratives who are often very transparent in describing their criteria for selecting organizations to fund and provide a list of the organizations they support. These funds typically follow a comprehensive due diligence process and often seek co-investors. Most venture funds and funder collaboratives focus on organizations with the greatest potential for impact in a particular field (e.g., employment-focused social enterprise, youth development, or improving K-12 public education), attempting to create a “best of industry” list. We’ve included directories of funds and funder collaboratives in the recommended resources section.

Partner With a Community Foundation

Another approach to finding effective nonprofit organizations is to follow in others’ footsteps and provide funding through your local community foundation. This method ensures that nonprofit professionals will direct your contributions to where they are most needed in a particular community or field. Washington notes “the value of community foundations is we can get through the minutiae of nonprofits and figure out which ones do well and who you can partner with.” She adds, “We can also help donors learn more about particular issues, assess what progress there’s been in a field, make connections between them and community organizations, and sharpen their philanthropic approach.” There are over 900 community foundations across the country that are equipped to play this role for interested donors and a few private foundations that are exploring this practice as well.

Join a Giving Circle

A giving circle is a group of individuals who pool their dollars and decide together where to give the money. These giving decisions may also include other resources such as their time and talent. In the process, members of the giving circles learn about their community or field of interest and the practice of philanthropy. According to Philanthropy Together, a global initiative to help start new giving circles and help existing giving circles thrive, there are more than 2,500 giving circles globally focusing on a myriad of issues and methods of giving. There are many giving circle networks, such as Social Venture Partners (SVP), with affiliates in over 40 cities across the globe from Boston to Bangalore. The Partners who comprise each SVP invest money, time and skills in nonprofits that share their immediate community and represent a way for you to get involved in finding and funding effective nonprofits in your home city as well as meet other like-minded individuals.

Work With a Philanthropic Advisor

More and more individuals of wealth are realizing they can benefit from and actually need professional assistance with their philanthropy. The dearth of comprehensive information about nonprofit organizations and the challenges inherent in measuring social impact in the nonprofit sector can present immense roadblocks for even the most engaged philanthropist. Similar to how individuals rely on the expertise of lawyers and financial planners to manage their estates, you may find it useful to engage a philanthropic advisor to help you manage your philanthropy. Stephanie Fuerstner Gillis, Director, Impact-Driven Philanthropy at the Raikes Foundation, emphasizes, “If you’re giving \$500,000 or more, it would behoove you to seek guidance from someone who has direct experience in your field of interest.”

In addition to leveraging these various sources of due diligence, you may desire or need to conduct your own independent research to identify effective nonprofits. The following section discusses how you might go about conducting your own right-sized due diligence.

5. How do I conduct due diligence on a nonprofit organization?

“What is the best way to research a nonprofit organization you’re considering funding? The answer depends on a number of factors, including how much you are giving, how deep you want to go, how much capacity you have to do due diligence, among other things. And remember, nonprofits are going through due diligence with various funders all the time. Where possible, piggyback on others’ due diligence to minimize the burden on nonprofits to provide the same information to multiple funders.”

– Jehan Velji
Director of the Effective Philanthropy Group
William and Flora Hewlett Foundation

If the information you seek on a nonprofit is not publicly available and/or they are not already being funded by an established community foundation, venture fund, giving circle, or funder collaborative, you may elect to conduct your own due diligence. If you go down this route, make certain you are not creating unnecessary burden on the nonprofits in the process of doing your own due diligence.

The Giving Compass article “How to Judge Nonprofit Effectiveness” recommends donors ask the following questions¹⁰:

- Can the organization tell you why the work it is doing will lead to impact? Is the work itself based on evidence?
- If the organization is focused on helping people, does the leadership of the organization (including the board) include people from the communities it aspires to help? Does the organization have a track record of reaching and engaging those it aspires to serve?
- Does the organization have a “learning mindset?” Not every organization can or should invest in data collection and measurement strategies that can be very expensive. But at the very least, every organization should collect basic “customer satisfaction” feedback from its constituents (e.g., using a low-cost option such as the Listen4Good program developed by the Fund for Shared Insight).

- Is the organization well-managed? Does it set annual goals for itself and its employees? Does it share regular updates with key stakeholders, including its donors?

Buchanan explains that assessing nonprofit effectiveness could look really different depending on the type of organization and its mission. For example, “an art museum might have a goal about making sure that people see and appreciate art, whereas a human service organization is focused on a particular population where the goal is to change the life outcomes of individuals,” says Buchanan. “The way you’d approach evaluating the one organization versus the other would not be the same.”

“How you do due diligence is totally dependent on the size of the gift and the circumstances of the particular organization” says Buchanan. The larger the gift, the more interaction you might want with the leadership, but this isn’t something you should expect if you’re giving \$500. Keep in mind, however, that “sometimes the only organization serving that community is the most effective one – even if it doesn’t measure up against all the standard definitions of effectiveness. They may be the best option you’ve got if you care about addressing a particular issue in a particular community.”

Pasic suggests one way to do due diligence is to give a small gift and learn more about the organization this way. Another method of doing due diligence is through volunteering with the organization and learning firsthand how they deliver services and conduct their work. “Give \$500 and learn,” says Fuerstner Gillis.

“The game completely changes when you’re looking to do due diligence on an international organization. It is much harder to do,” says Kutash. In these cases, giving through a funder collaborative that focuses on a particular international geography or issue area outside of the U.S. or looking at the list of grantees of long-standing, established foundations that work in those geographies can be a wise strategy.

Overall, as Fuerstner Gillis recommends, “donors should right size their due diligence to the size of your gift.”

¹⁰ Giving Compass. “How to Judge Nonprofit Effectiveness.” <https://givingcompass.org/article/efficiency-beyond-financials-what-to-look-for>. May 24, 2021.

6. How can I effectively fund an effective nonprofit?

“Donors should provide resources beyond finances: accumulated experiences, wisdom, talents that can be employed to make a difference. Ask yourself: ‘What can I bring to the table and how?’”

Amir Pasic, Dean
Lilly Family School of Philanthropy
at Indiana University

Once you have identified an effective nonprofit grant recipient, your work has just begun. How you choose to fund an organization can contribute to or actually detract from the effectiveness of the nonprofit.

“People don’t often think about the costs associated with the organization dealing with you as a donor,” observes Pasic. He adds, “the most effective donors focus on unrestricted giving to nonprofits – letting them do good work without prescribing exactly what impact per dollar you are asking them to achieve.” In fact, specific impact requests by donors can skew things, and may not be reflective of what the beneficiary community really needs. Walton suggests: “There is a lot of learning and unlearning required for donors to effectively invest in nonprofits.”

Effective philanthropy requires thoughtful reflection and planning across three major components of giving: Strategy (why you give), Tools (what you give), and Process (how you give). Taken together, these three components should complement and reinforce each other instead of working cross purposes. In addition, your giving strategies, tools, and processes should be implemented in the context of the needs of the nonprofit sector and the individual organizations being funded.

The following is a summary of some best practices advocated by experienced grantmakers.

Implement Effective Giving Strategies

- **Look at the big picture and be willing to take risks.** Often philanthropy addresses only the symptoms of social problems. Individual donors can play a unique role in funding experimental approaches, advocacy, and research of root causes of key social problems.
- **Be clear and focused and consistent over time.** You should communicate clearly about your strategy and goals: your target issues, scope of work, timeframe, and expected results; and

maintain an ongoing commitment to your philanthropic strategy over time.

- **Align policies and operations with the strategy and goals.** Once your philanthropic goals have been established, ensure the tools, and processes you use in your giving support those goals. For example, if you have the goal of helping low-income children achieve their educational and career goals, you should align your policies and operations to include giving long-term grants, building ongoing relationships with the individual children, and providing the children with access to your networks for possible mentors, scholarships, internships, and eventually jobs.
- **Collaborate with other funders.** Nonprofits can benefit from funder collaboration, especially when it results in consistent reporting requirements and lower transaction costs. Through collaborations, you can benefit by learning from peers, avoid recreating the wheel, and leverage other funders’ infrastructure.
- **Provide long-term grants.** Most of the issues philanthropy seeks to address cannot be solved in the short-term yet many traditional foundations only provide one-to-three-year grants. Individual donors can decide at the outset to be committed for longer periods of time. By giving grants of five to ten years and longer you can reduce the transaction costs for both yourself and your grantee and match a long-term revenue source for long-term work.
- **Provide bigger grants.** Bigger grants can often have a bigger impact and be more focused. Making bigger grants also necessarily limits the number of organizations you can fund, which can help focus your giving strategy and help you gain expertise in certain issue areas. Similar to longer-term grants, larger grants also reduce the transaction costs for nonprofits and allow them to spend less of their time fundraising and more time on the mission-related work.
- **Provide general operating support.** In order to be effective, nonprofits need strong infrastructure, including competitive salaries, benefits, and professional development for staff; high functioning boards of directors; adequate facilities; and planning, fundraising, financial management, and evaluation systems. Many institutional funders (unfortunately) only like to fund programs and not “overhead”, yet funds for

infrastructure are essential to strengthen the base from which effective programs can operate. You can have the confidence that funds are being well-spent by building positive relationships with the organization(s) over the long-term. “General operating support is the best medicine,” says Bauer.

- **Provide capacity-building grants.** While general operating support (GOS) grants are gold standard, Velji suggests donors also “make specific organizational-capacity / organizational effectiveness grants in combination with GOS grants.” She notes that it can be helpful for funders to help nonprofits allocate special funds for specific one-time projects that require outside expertise; and ensure any project grants cover the true costs of the project.
- **Use program-related investments and mission-related investments (PRIs and MRIs) to achieve philanthropic goals.** There are a growing number of donors who are interested in going beyond grants in order to achieve greater philanthropic impact. These donors are using their philanthropic capital, including the endowments of their foundations and their grantmaking budgets, to provide capital to nonprofits (e.g., lines of credit, recoverable grants, loans) and for-profits for social good. The philosophy guiding these social investments is the desire to use more of your financial assets to further your social mission. The Goldman Sachs Philanthropy Fund publication “Investing for Impact” can be a helpful resource if you want to learn more about this approach.

Use Effective Giving Tools

- **Give Grants.** Grants are the primary tool most people think of in philanthropy, as they represent dollars for a nonprofit to use in accomplishing its mission. However, there are many different types of grants, and grant dollars can be deployed in many different forms. The following are just a few examples of some effective forms of grants you should consider making:
 - Large, long-term, unrestricted grants (the gold standard for nonprofits)
 - General operating support grants: essential for building strong infrastructure and strong programs
 - Capacity-building grants: Targeted grants for specific activities to improve the effectiveness

of the nonprofit’s board, fundraising, leadership, planning, financial management, or evaluation systems

- Program grants plus costs for overhead associated with the project, including proportional administrative and fundraising costs
- **Utilize Talent.** You should assess how your own talents and abilities might benefit a funded nonprofit.
- **Access Networks.** Donors typically have vast networks of people and resources that can and should be accessed to assist a nonprofit in meeting its mission. Fundraising from other high net worth individuals and foundations, identifying board members, engaging pro bono professional advisors, and recruiting for key staff positions, are just a few examples of how you can effectively activate your networks to benefit a nonprofit organization.

Practice Effective Giving Processes

- **Minimize transaction costs.** Nonprofits spend a lot of time applying for and reporting on funding from multiple donors that could instead be spent delivering the products and services to accomplish the organization’s mission. Streamlining application and reporting requirements, using a common application, and reporting system with other funders, and shortening grantmaking decision timeframes are a few ways you can help minimize transaction costs for nonprofit organizations.
- **Calibrate expectations.** Donors often expect more from nonprofits in terms of results, reports, and relationship than are warranted given the size of the grants given. A donor giving a \$15,000 grant should not reasonably expect the level of results, reports, and relationship that a donor giving a \$250,000 grant might receive from a funded nonprofit organization. Be sure your expectations for measurement of impact and reporting are reasonable and do not create an unnecessary burden on the nonprofit.
- **Maximize the quality of the relationship.** The importance of communicating clearly, consistently, and in a timely manner; being sensitive to cultural differences and seeking out feedback from grantees cannot be understated. Building a strong relationship between yourself and the nonprofit

can help further the mission and effectiveness of both parties, whereas a poor relationship can sometimes be detrimental to even the most effective nonprofit organization. All this said, Kutash points out that knowing yourself and what value you can and cannot add to a nonprofit and playing to these strengths is key to being the best partner to your grantees.

A lot of attention has been paid recently to trust-based philanthropy as an approach to alleviate power imbalances so that nonprofits can have more opportunities and agency to achieve impact. The core tenets of this approach have been articulated by the Trust-Based Philanthropy Project, which advocates funders adopt six practices¹¹ that can advance greater efficiency, equity, and impact in the sector: 1) Give multi-year, unrestricted funding, 2) Do the homework, 3) Simplify and streamline paperwork, 4) Be transparent and responsive, 5) Solicit and act on feedback, 6) Offer support beyond the check. While funders often think about whether a nonprofit is credible and well-run in order to trust the leadership to allocate their gift, a trust-based philanthropy perspective advocates for mutual trust: funders must earn the trust of nonprofits as well.

As you give, you have an opportunity to be thoughtful in the strategies you employ in your giving and should carefully consider the spectrum of tools and processes you have at your disposal.

¹¹ [Trustbasedphilanthropy.org/practices](https://trustbasedphilanthropy.org/practices).

7. How can I be mindful of the power I have as a donor?

“People and institutions that hold wealth need to be very conscious of the power dynamic and be humble and really listen – being mindful of the power dynamic between donors and the organizations they partner with is paramount.”

Alesha Washington
President and CEO
Seattle Foundation

While this publication is about finding and funding effective nonprofit organizations and we talked in the previous section about how to be an effective funder of nonprofits organizations, it is worth taking some time to address the issue of power.

Throughout conversations with the experts in philanthropy quoted in this publication, a theme about the power philanthropists hold and how to appropriately use that power continued to arise. They all urge donors to be thoughtful about the power you have as a donor and the implications of that power dynamic in how you go about finding and funding effective nonprofit organizations.

Fuerstner Gillis challenges donors to think about their giving at a higher level: “Ask yourself, ‘what are my values as I get into sourcing my giving? How do I think about how focused it should be on me?’” She believes donors need to fundamentally reckon with their beliefs about how change happens in the world and who should be in the driver’s seat.

Washington recommends donors “make space to hear about the challenges nonprofit leaders are facing, resist the urge to step in and dictate what the organizations needs to do to grow and be successful.” She adds, “Those that are proximate to the challenges in our community – they have the solutions – you can be a strong partner and ally to those leaders and listen.”

Some of the experts argue that in some ways, even the use of the term “effective” in describing nonprofits can be problematic. Bauer suggests using the phrase “high-performance,” similar to what the Leap Ambassadors use, instead of “effective” in describing nonprofit organizations that are well-equipped to carry out their missions. Fuerstner Gillis believes the “effective philanthropy” paradigm has exacerbated

inequities in philanthropy due in part to power dynamics related to who defines the outcomes that are deemed “effective” and the disparities regarding which organizations have the funding to measure these outcomes. As noted earlier, historically, more dollars have flowed to larger, white-led organizations; and more resources have been concentrated on direct service work which is easier to measure than community organizing and systems-change work that is harder to measure yet might deliver more significant outcomes in the long run.

Rosqueta sums up this dynamic well, saying: “Donors don’t have an impact except through the good work of the nonprofit. But because donors have money and money is power, there’s a power dynamic between the funder and the nonprofit that can often lead to organizations not sharing information or asking for help from the people who have the financial resources to help them.” She adds, “It’s up to the donor to make it safe for the nonprofits they fund to have more candid conversations with them. The entity that has the most power has to do the work to create a more trusting environment for the nonprofit.”

In summary, you need to listen to nonprofits and the communities at the heart of their work, and act on what they hear to be truly effective.

Conclusion

“Whether you’re an individual donor or a professional grantmaker, your impact only happens through the organizations you fund. You may provide the financial resources, but it’s the nonprofit that translates the financial resources into the good in the world you hope your philanthropy will create.”

Katherina Rosqueta,
 Founding Executive Director
 Center for High Impact Philanthropy

Many donors who want to invest in effective nonprofit organizations and practice effective philanthropy are finding that giving away money and achieving lasting social change is much harder than they thought it would be. Finding and funding effective nonprofits requires donors to thoughtfully align their desires for philanthropic impact, leverage others’ expertise in identifying nonprofits, and employ the right combination of giving strategies, tools, and processes in order to maximize the impact nonprofits can have in achieving their mission. As an individual donor, you have a significant opportunity to make a greater and deeper impact on addressing the pressing social issues of our world by making the effort to invest in the most effective nonprofits and practicing effective philanthropy.

In his book, *Giving Done Right*, Buchanan describes ten differences between ineffective Givers and effective Givers. Several of those differences address the points we’ve made in this publication and serve as a good summary of how to find and fund effective nonprofit organizations.¹²

Ineffective Givers	Effective Givers
Believe in need to find a unique goal or niche	Recognize that joining others in pursuit of shared goals is the best recipe for success
See nonprofit grantees as implementers of their vision and seek to track how grantees spend every dollar	See nonprofit grantees as essential partners in achieving shared goals and provide consistent, unrestricted support
Look for one-size-fits-all performance measures, like administrative cost ratios or “cost per life touched”	Understand that assessment in giving is uniquely complex and crucially important and tailor their approaches to goals and strategies
Hold a clear and fixed idea of what is best for those they seek to help without incorporating their views	Listen and learn from those who are most directly affected by problems and by the nonprofits working closely with them

This publication has been designed to help you contemplate how to find and fund effective nonprofit organizations. A list of recommended resources for each of the seven questions is included at the end of this publication to help you explore each of these issues more deeply. For more information on this topic or additional assistance with philanthropic topics, contact your Goldman Sachs Private Wealth Management Team.

¹² Buchanan, Phil. “Giving Done Right: Effective Philanthropy and Making Every Dollar Count.” P. 194.

Recommended Resources¹³

1. What kinds of organizations do I want to find and fund?

- Arrillaga-Andreessen, Laura. *Giving 2.0: Transform Your Giving and Our World*. San Francisco, CA: Jossey-Bass. 2012.
- Buchanan, Phil. *Giving Done Right: Effective Philanthropy and Making Every Dollar Count*. Chapter 2: So Many Ways to Give. New York: *Public Affairs*. 2019. pp. 35 – 62.
- Buchanan, Phil. *Giving Done Right: Effective Philanthropy and Making Every Dollar Count*. Chapter 3: A Tough Balance: Choosing Your Goals. New York: *Public Affairs*. 2019. pp. 63 – 82.
- Tuan, Melinda. “[Crafting Your Charitable Mission Statement: An Overview for Donors.](#)” *Goldman Sachs Philanthropy Fund*.

2. How do I want to be engaged in my philanthropy?

- Center for High Impact Philanthropy. “[Four Philanthropic Plays: How Philanthropy Can Help.](#)”
- Naylor, Nicolette and Nina Blackwell. “[Freeing Ourselves from Colonial, White Savior Models of Philanthropy.](#)” *Nonprofit Quarterly*. June 16, 2022.
- Rockefeller Philanthropy Advisors. “[Finding Your Focus in Philanthropy.](#)”
- The Bridgespan Group. [Getting Started Resource Library](#). This short guide pulls together The Bridgespan Group’s top resources, complete with summaries and links on how to make your giving more effective.
- Tuan Melinda. “[Getting Started With Your Philanthropy: An Overview for Donors.](#)” *Goldman Sachs Philanthropy Fund*.
- Tuan, Melinda. “[High-Impact Strategies to Help You Find a Focus for Your Philanthropy: An Overview for Donors.](#)” *Goldman Sachs Philanthropy Fund*.

3. What is “nonprofit effectiveness”?

- Doyle, Betsy; Sakaue, Lyell; and Lauren Shaughnessy. “[Philanthropic Sourcing, Diligence, and Decision Making: An Equity-Oriented Approach.](#)” The Bridgespan Group. January 24, 2023.
- Giving Compass. “[How To Judge Nonprofit Effectiveness.](#)” May 24, 2021.
- Gregory, Ann Goggins and Don Howard. “[The Nonprofit Starvation Cycle.](#)” *Stanford Social Innovation Review*. Fall 2009.
- Leap of Reason Ambassadors Community. “[The Performance Imperative.](#)” The Performance Imperative helps nonprofits and public agencies understand and assess performance by sharing a common definition of high performance and providing a framework of seven organizational disciplines to achieve it.
- Rosqueta, Katherina M. “[Rethinking the E Word.](#)” *Stanford Social Innovation Review*. 2014.

¹³ This material is being provided for your convenience and is not an endorsement or recommendation by Goldman Sachs of any related content, products, or services. Goldman Sachs has not prepared this material and is not responsible for its accuracy.

4. How do I find an effective nonprofit organization?

- Bugg-Levine, Antony. “‘Color-Blind’ Assessments of Grant Proposals Don’t Work. Here’s a Better Idea.” *The Chronicle of Philanthropy*. October 29, 2019.
- Doyle, Betsy; Sakaue, Lyell; and Lauren Shaughnessy. “Philanthropic Sourcing, Diligence, and Decision Making: An Equity-Oriented Approach.” The Bridgespan Group.” January 24, 2023.
- Stevens, Melissa. “Making the Most of Every Philanthropic Dollar.” *Giving Compass*. November 29, 2022.

Financial Information

- **BBB Wise Giving Alliance** – www.give.org – Is a standards-based charity evaluator that seeks to verify the trustworthiness of publicly-soliciting charities by completing rigorous evaluations based on 20 BBB Standards for Charity Accountability. These standards address four areas of charity accountability: governance, results reporting, finances, and truthful transparent communications. There is no charge to charities for the accountability assessment and the resulting reports are freely accessible on their website.
- **Candid** – www.candid.org – The leading source of information on U.S. nonprofits, encompassing IRS Forms 990 and data beyond these forms to provide details on 1.8 million IRS-recognized tax-exempt organizations. Through research, collaboration, and training, Candid connects people who want to change the world to the resources they need to do it. Candid’s data tools on nonprofits, foundations, and grants are the most comprehensive in the world. In 2019, Foundation Center and GuideStar joined forces to become Candid.
- **Charity Navigator** – www.charitynavigator.org – Since 2001, Charity Navigator has empowered millions of donors by providing free access to data, tools, and resources to guide philanthropic decision-making. With nearly 200,000 charities rated, their comprehensive ratings shine a light on the cost-effectiveness and overall health of a charity’s programs, including measures of stability, efficiency, and sustainability. The metrics inform donors of not just where their dollars are going but what their dollars are doing.

Social Impact Information/Stakeholder Assessments

- **The Center for High Impact Philanthropy (CHIP)** – www.impact.upenn.edu – Serves as an independent source of knowledge and education on how philanthropy can do more good. Founded by the School of Social Policy & Practice and alumni of the Wharton School at the University of Pennsylvania, it is the only university-based center with a singular focus on philanthropy for social impact.
- **GiveWell** – www.givewell.org – A nonprofit dedicated to finding outstanding giving opportunities and publishing the full details of their analysis to help donors decide where to give. GiveWell recommends a list of top charities to donors and also offers donors the option to give to their giving funds. GiveWell is focused on finding a small number of outstanding giving opportunities, not on reviewing as many charities – or as many causes – as possible. GiveWell does not focus solely on financials, such as assessing administrative or fundraising costs. Instead, they conduct in-depth research to determine how much good a given program accomplishes (in terms of lives saved, lives improved, etc.) per dollar spent.
- **Social Programs That Work** – www.evidencebasedprograms.org – This site seeks to identify those social programs shown in rigorous studies to produce sizable, sustained benefits to

participants and/or society, so that they can be deployed to help solve social problems. The specific purpose is to enable policy officials and other readers to distinguish credible findings of program effectiveness from the many others that claim to be. Their focus on important, sustained effects distinguishes this site from many other clearinghouses of evidence-based programs.

Leverage Others' Due Diligence/Partner with an Existing Foundation/Fund

- The Bridgespan Group. *Philanthropic Collaborations Database*. <http://www.bridgespan.org/insights/library/philanthropy/philanthropic-collaborations-database>. Since 2021, the Bill and Melinda Gates Foundation and The Bridgespan Group have partnered on landscape research about collaborative vehicles for philanthropy. This database consists of collaborative funds that have participated in their annual survey. Each fund lists its grantees whom they have screened and selected for investment.
- **Council on Foundations Community Foundations Locator** – Allows you to locate a community foundation by region (Midwest, Northeast, South, West) or zip code. <http://www.cof.org/community-foundation-locator>.
- **Giving Compass Issue Funds and Intermediaries** – www.givingcompass.org/funds -- Giving Compass maintains a searchable database of issue funds and intermediaries so donors can learn about a set of vetted organizations working on a specific cause.
- **Giving Compass Social Justice Nonprofits** – www.givingcompass.org/nonprofits -- Giving Compass maintains a directory of social justice nonprofits which is focused squarely on communities most impacted by oppressive systems in the U.S. These vetted organizations are grassroots organizations, BIPOC- and LGBTQIA-led nonprofits and social justice efforts that often receive the least amount of funding but are closest to the solutions.
- **GlobalGiving** – www.globalgiving.org – A nonprofit that connects donors, nonprofits, and companies to accelerate community-led change around the world. GlobalGiving makes it easy for corporate and individual donors to give to vetted nonprofits all over the world. Services include disaster response, disaster grantmaking advisory services, cause marketing campaigns, sourcing and vetting of nonprofits, employee giving and engagement, creation and management of collaborative funds, gift cards and international grantmaking programs in support of trusted organizations in 160+ countries. Since 2002, the GlobalGiving community has raised nearly \$1 billion for local, charitable causes in 175+ countries. Every nonprofit on GlobalGiving.org has been rigorously vetted and shares regular updates about their work.

Giving Circles

- **Philanthropy Together** – www.philanthropytogether.org – A global initiative, focused on democratizing and diversifying philanthropy through the power of collective giving and co-created by hundreds of giving circle and network leaders, to help start new giving circles and help existing giving circles thrive. Philanthropy Together maintains a global giving circle directory, provides resources to help people start a giving circle with their community, convenes communities of practice for giving circle leaders, and offers a variety of other resources for collective giving groups. Starting 2023, PhT is also working on strengthening the ecosystem of collaboratives.

Philanthropic Advisors

- **Arabella Advisors** – www.arabellaadvisors.com – Arabella works with foundations and philanthropists, helping them find better ways to achieve the changes they envision. They work

with nonprofit organizations and leaders, enabling them to focus more squarely on their missions. And with individuals, families, and businesses, empowering them to make bigger, bolder, and more meaningful impacts in the communities they care about most. The Arabella team has the breadth and depth of experience to navigate even the most complex challenges and shares a commitment to helping their clients – and the sector – operate more efficiently, effectively, and equitably.

- **The Bridgespan Group** – www.bridgespan.org – A global nonprofit that collaborates with social change organizations, philanthropists, and impact investors to make the world more equitable and just. Bridgespan’s services include strategy consulting and advising, sourcing and diligence, and leadership team support. We take what we learn from this work and build on it with original research, identifying best practices and innovative ideas to share with the social sector. We work from locations in Boston, Johannesburg, Mumbai, New York, San Francisco, and Singapore.
- **Rockefeller Philanthropy Advisors (RPA)** – www.rockpa.org – A nonprofit organization that currently advises on and manages more than \$400 million in annual giving by individuals, families, corporations, and foundations. Founded in 2002, RPA has grown into one of the world’s largest philanthropic service organizations and has facilitated more than \$3 billion in grantmaking to more than 70 countries. RPA currently serves as fiscal sponsor to more than 90 projects, providing governance, management, and operational infrastructure to support their charitable purposes.
- **Boldy Go Philanthropy** – www.boldlygophilanthropy.com – Boldy Go Philanthropy is led by former foundation CEOs, and brings innovative strategies, practical approaches, trusted advice, and world-class programmatic support to philanthropists, foundations, corporate givers, wealth advisors, and community foundations — rigorously managing execution, navigating board and family dynamics, and powering their ability to solve social issues and address inequities.

5. How do I conduct due diligence on a nonprofit organization?

- Rockefeller Philanthropy Advisors. “[Investing in Leadership: Five Questions to Ask Any Organization Before You Give.](#)”
- Stanford Center on Philanthropy and Civil Society. “Chapter 8: Due Diligence: Vetting and Evaluating Organizations.” *Stanford PACS Guide to Effective Philanthropy*. June 2020.
- Stanford Center on Philanthropy and Civil Society. “Chapter 8: Due Diligence Checklist.” *Stanford PACS Guide to Effective Philanthropy*. June 2020.
- The Bridgespan Group. “[Resource List on Philanthropic Sourcing and Diligence.](#)”

6. How can I effectively fund an effective nonprofit?

- Buchanan, Phil. *Giving Done Right: Effective Philanthropy and Making Every Dollar Count*. Chapter 5: Essential Partners: Selecting and Working with Nonprofits. New York: *Public Affairs*. 2019. Pp. 107 – 134.
- Cole, Caitlan. “[Four Key Insights For Funders Attempting to Shift Towards Unrestricted Funding.](#)” *Trust-Based Philanthropy Project*. June 23, 2022.
- Louie, Lindsay. *Seven Habits of Excellent Work with Grantees*. <http://hewlett.org/library/seven-habits-of-excellent-work-with-grantees-guide/>
- *The Center for Effective Philanthropy*. *The Giving Done Right Podcast with Phil Buchanan & Grace Nicolette*.

- *Trust-Based Philanthropy Project* – www.trustbasedphilanthropy.org – A five-year (2020 – 2024) peer-to-peer learning initiative that provides values-aligned funders with the tools, frameworks, and community spaces to deepen their work of creating a more equitable philanthropic sector.

7. How can I be mindful of the power I have as a donor?

- Behrens, Terry. “[Shifting Power in Philanthropy.](#)” *The Foundation Review*. Volume 13, Issue 2. August 10, 2021. Each article in this special issue provides a view on what it means to shift power and what it takes to do it. They define power-shifting differently, focusing on varying levels of decision-making and various aspects of the whole change-making enterprise. Fundamentally, all aspects of a foundation will need to change in order to truly share power – it has to be embedded in everything from strategy to proposal review to evaluation processes. These articles offer some insights into how to begin this journey
- Carroll, Conor P., Hanh La, Melissa Ortiz, Katherina M. Rosqueta, and Emily Seeburger. “[Choosing Change: How to Assess Grant Proposals for Their Potential to Address Structural Inequality.](#)” Center for High Impact Philanthropy. 2022.
- Nelson, Deb. “[What Does It Look Like to Truly Shift Power In Philanthropy? Here are 3 Real World Examples.](#)” Inside Philanthropy. September 29, 2022.
- Stanford Social Innovation Review. “[Power in Philanthropy Series.](#)” This series, presented in partnership with the [National Committee for Responsive Philanthropy](#) (NCRP), aims to explore popular concepts in philanthropy—such as risk, capacity building, and public leadership—through the lens of power and equitable outcomes. Contributors from NCRP and peer organizations, funders, nonprofits, and others will share their perspectives on power and the role it plays in the social sector.