



Evaluating a Ministry

Suggestions for ensuring your charitable gifts have the greatest impact

At The National Christian Foundation (NCF), before we make grants to a charity, we first perform an evaluation to make sure they meet our basic requirements. Our staff verifies the charity's tax exempt status by reviewing their IRS Form 990 for the previous tax year. We also review their mission statement and other materials to ensure they do not operate in a manner antithetical to the Christian faith. But as a charitable giver, there are additional steps you may wish to take to ensure the integrity and effectiveness of a church, ministry, or other charity.

What can you do?

1. Review the charity's mission statement. This will identify the organization's main purpose and the community it seeks to serve. Of course, a concise and well-thought-out statement shows clarity on the part of the organization. You can also review the charity's programs to see if they match the organization's mission statement. Are they on task? Does it appear they are effective?
2. Review their financial statements. Looking at the financials may help determine how much you wish to give. Consider: the charity's sources of income (where the money comes from), expenditures (where the money goes), assets (real property), and liabilities (debt). You may also wish to learn whether the charity has endowment income.
3. Inquire if the charity is a member of one of the ministry financial accreditation groups (such as the ECFA, the Evangelical Council for Financial Accountability). This will show that the organization has been reviewed, audited, and then certified by an independent group.
4. Request a copy of the charity's current budget. This document can help you predict the current financial needs and evaluate how the organization is progressing. Looking for trends from one year to the next can also be helpful.
5. Request their Letter of Determination, which they are required to give to all who request a copy. This will give further assurance that the ministry is legally organized with the federal government, because it confirms an organization's charitable status and classifies its activities according to IRS-mandated categories.

6. Review the makeup of their Board of Directors. This may provide some insight into the stability and well-being of an organization. A Board with diverse skills and a variety of professional backgrounds can be an advantage to a charity. How often does the Board meet? Does it appear that its members are actively involved in decision making?
7. Visit the charity and their program areas. Perhaps the best way to test the impact of an organization's work is to personally travel to their offices and remote sites to meet with people and see their work/resources being delivered first-hand. Spending a week with a ministry that serves AIDS victims in South Africa may reveal a positive, effective impact far beyond what you imagined in pictures or on paper.

How best to obtain this information?

1. For any nonprofit with an annual budget of \$25,000 or more, your best resource is their IRS Form 990. The Form 990 includes the organization's balance sheet, which details assets and liabilities, annual revenue and expenses, the composition of its Board, the salaries of its executives, and descriptions of its mission and programs.
2. The charity's website often has basic, helpful information.
3. Talking in-person or via phone with the charity can give you a feel for their "heart."

Websites to assist you in obtaining information on nonprofits:

- www.GuideStar.org – GuideStar operates a database of nonprofit organizations recognized by the IRS. You can obtain information regarding programs, geographic reach, assets, income and types of funding.
- www.generousgiving.org – The Generous Giving Marketplace puts hundreds of Great Commission giving opportunities at your fingertips.
- www.independentcharities.org – Independent Charities of America provides information about selected nonprofits, organized by the philanthropic sector.
- www.irs.ustreas.gov – The IRS maintains a list of all charities and nonprofits.
- www.give.org – The Better Business Bureau Wise Giving Alliance offers guidance to donors on making informed giving decisions through their charity evaluations, various "tips" and publications, and the quarterly Wise Giving Guide.
- www.charitywatch.org – Charity Watch seeks to provide information, guidelines, and materials you need to make informed and practical decisions regarding your contributions to charitable organizations.