



Score Better

Demystifying Charity Navigator

Ratings

Charity-
Navigator

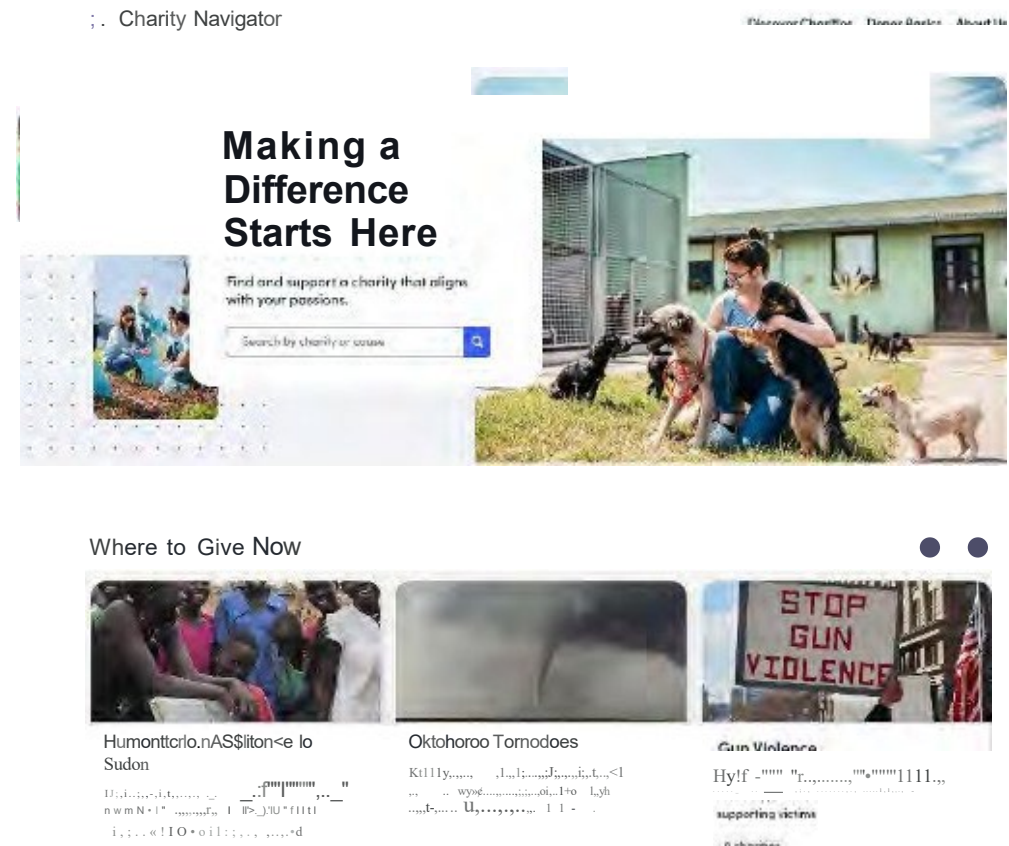
**A Special Presentation for
Armanino Clients**

arman¹no

Poll

How have you used Charity Navigator before?

- A) I use it regularly
- B) I used it occasionally
- C) I have never used it
- D) I have never heard of it.. am I at the right webinar?



About Charity Navigator

Largest Nonprofit Ratings Organization



Our mission: Make impactful giving easier for all

We help more people turn their values, passions, and beliefs into meaningful change and impact.

- We provide the data, ratings, and advice that cut through the noise
- We support donors to make informed choices that turn intent into action
- We partner with nonprofits to define strategic objectives that matter to donors

There are more ways not just to believe, but to act.

: . Charity Navigator

Who uses Charity Navigator?

Small Individual Donors

Every day donors who want to make sure they are giving to an effective, impactful & trustworthy organization

"I will not donate to a charity unless they receive a 3 or 4 star on Charity Navigator"

- Debbie who gives \$5-10K per year

Foundations and Grant Makers

Foundations of all sizes use as a in initial due diligence screen

"We use Charity Navigator as an initial screening tool when reviewing applications- if they are not a 3 or 4 star charity, they don't move on"

- Foundation Program Officer

Institutional DAFs

Use it when researching recommendations for high net worth philanthropists

"I provide giving recommendations to high net worth individuals. A lot of my research is on Charity Navigator"

- OAFadvisor

Who is rated?

- Any 501(c)(3) organization that has filed 3 consecutive years of IRS Form 990
- Must be the full 990, **not a** 990-N, or 990-PF
- -177,000 organization are rated



Poll

Is your organization scored on
Charity Navigator?

- 0 Yes
- 0 No
- 0 I need to check

Go to charitynavigator.org
and search for your
organization



What you need to know

**Charity
Navigator**

The basics of our ratings

Providing guidance through beacons

Our [Encompass Rating System](#) provides a comprehensive analysis of charity performance across four key domains, which we call "beacons."



Impact & Results

Find out how much benefit the charity's program(s) are delivering to the community.



Accountability & Finance

Find out if the charity is accountable, transparent, and financially sound and sustainable.



Leadership & Adaptability

Find out if the charity has the leadership capacity, strategic vision, and ability to adapt or respond to changing circumstances in order to better achieve its mission.



Culture & Community

Find out if the charity implements practices that strengthen its overall organizational health and is responsive to its beneficiaries.

**Our ratings are informed through close collaboration with our
Nonprofit Expert Group and Consultative Council of Nonprofit Leaders**

Understanding a Charity Rating: What does it mean?

93%
aaaa

Four-Star Charity **6**

Accountability & Finance

Leadership & Adaptability

Impact & Results

Culture & Community



This is a four-star charity with a 93% overall rating

They have earned two beacons:

Accountability & Finance
Leadership & Adaptability

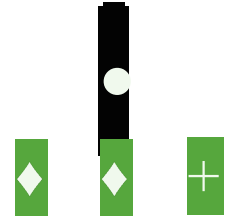
These individual beacon scores are combined* to create the aggregate score

This is a three-star charity with a 87% overall rating

They have earned four beacons:

Accountability & Finance
Leadership & Adaptability
Impact & Results
Culture & Community

These individual beacon scores are combined* to create the aggregate score



Three-Star Charity f)

Impact & Results

Accountability & Finance

Culture & Community

Leadership & Adaptability

Tip: Our donors say that they would rather donate to a "complete" rating that one with just 1 or 2 beacons, even if it is a lower overall score.

"We use a weighted average of beacon scores to create the overall numeric score."

Where do we get our data?

IRS

IRS provides data via regular data transfer



Charities

Staff at charities share information about the organizations they represent



Data partners

Partners share data that they have collected about nonprofits

CanEi

IMPACT GENOME
REGISTRY

Charities can access update their ratings and profiles by visiting charitynavigator.org/portal.

Accountability Finance (32.5%)

You can see the metrics on the nonprofit's profile page.

All metrics refer to the items on your Form 990 or website and are considered best practices in the field.

Pro Tip:

Review your 990 carefully prior to submission to make sure you are accurately representing your organizations financial information, policies and practices

You can upload your PDF 990 on our portal!

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Independent Audit or Financial Review - N/A - 0/0 pts			
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990 didn't indicate a COi document, retention policy, whistleblower policy or that they have a website.

Liability to assets score is outside acceptable range

Two Parts of the Accountability ' Finance Score

Accountability (up to 17 metrics*)

Governance

- Board independence, policies and practices

Policies

- Policies around COI, whistle blowers, CEO compensation

Transparency

- Key staff, board and financials on the website

Finance (Up to 7 metrics)

All

- Program Expense Ratio (All)
- Liabilities to Assets (all)

>\$1million and 40% funded by individual donors

- Working Capital Ratio
- Fundraising Efficiency
- Admin Expense Ratio, Fundraising Expense Ratio and Program Expense Ratio

* Note: The accountability metrics vary by size

More on Financial Metrics

Average Program Expense Percentage=

Average Program Expenses+ Average Total Expehses

(When Calculating Using Form 990) = Average of Part IX line 258 + Average of Port IX line 25A

Liabilities to Assets Ratio=

Total Liabilities.;. Total Assets

(When Calculating Using Form 990) = Port X line 26 + Part X line 16

Working Capital Ratio=

Working Capital + Average Total Expenses

(When Calculating Using Form 990) = (Part X line 27 + Part X line 28) + Average of Port IX line

25A

Average Fundraising Efficiency=

Average Fundraising Expenses + Average Total Contributions

(When Calculating Using Form 990) = Average of Port IX line 25D + Average of Port VIII line 1h

Financial Metrics are the average of 3 990s

Passing thresholds vary by cause and size

Governance

- Governance metrics are taken from
 - Part I
 - Summary
 - Part IV
 - Checklist of Required Schedules
 - Part VI
 - Section A Governing Body and Management
 - Section B Policies
 - Part XII
 - Financial Statements and Reporting
- Most common reason an organization is scored poorly:
 - Board is not majority independent
 - Didn't indicate an Audit
 - Didn't indicate a COI or a whistleblower policy

Section A. Governing Body and Management

1. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

2. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

3. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

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9. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

Section B. Policies

10. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

11. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

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15. The filer hereby certifies that the information provided in this section is true and correct to the best of the filer's knowledge and belief, and that the filer is not aware of any information that would cause the information provided to be materially false or misleading.

	Yes	No
18		
J.1		
2		X
3		X
4		X
5		X
6		X
7a		X
7b		X
8a	X	
8b	X	
9		X
	Yea	No
104		y
10b		
11		
i-1.2b		
120		
13		
15a		
15b		

Deep Dive on Leadership Adaptability (7.5%)

- Measured by a quick text and multiple choice-based survey in the Nonprofit Portal.
- Full credit for completion at this point.
- Earning this beacon can add 1-2 additional points to your score



Pro Tip:

Create a Nonprofit Portal Account at charitynavigator.org/portal to earn beacons

Metrics

○ FullCredit () PortiolCrea ○ NoCredit ○ NoApplicable

& Mission - 10/10 pis

○ Vision - 10/10 pis

0 Goals - 20/20 pts

t) Leadership Development - 15/15 pis

0 Mobilizing for Mission -15/15 pis

& Adoptability Story - J0/30 pts

Deep Dive on Culture Community (10%)

- Scored based on the completion of the **How We Listen and Equity Strategies Survey** in Candid profile
- Organizations receive full credit for completing the **How We Listen** survey
- Score for **Equity Strategies** *depends* on the the number of practices checked (more is better)
- Earning this beacon can add *1-2 additional*

points by your score

Tip:

You can navigate right to Candid from the Culture & Community tab of the nonprofit portal

www.charitynavigator.org/portal

Metm

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O CoNHunt Feedback Data Available -100/100pis

f.l EquityProdicos- Dalo A\Olobla -100/100p11

70\ of booconscore

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decisQnmoltingstallholi•onon,innO/otion.onooffocnvenos,

Candid.

More on Culture &.. Community

Equity Strategies Checklist

- Asks about 14 questions on adoption of best practices in equity
 - Data related question about capturing and analyzing data staff and beneficiaries demographic data
 - Policies related questions about board and staff diversity, inclusive leadership, & ongoing equity

Constituent Feedback

Sample questions:

- Does your organization collect feedback?
- How is your organization collecting feedback?
- How is your organization using feedback from the people you serve?
- Which of the following feedback practices does your organization routinely carry out?

Both are collected on Candid

Candid.

Deep Dive on Impact K Results (50%)

Impact & Results

- Score calculated based on nonprofit submitted data on program outcomes and program expenses
- Created measure of cost effectiveness. Possible scores are Highly Cost Effective, Cost Effective, and Not Cost effective.
- Earning this beacon can potentially dramatically affect points to your score
- Limited eligibility at this time (Program areas to the left). No deduction if you are not eligible.
- Data is submitted via our Nonprofit portal



Pro Tip:

If you are eligible for on Impact& Results score, *review the data elements and their definitions* in the questionnaire prior to submitting your information in the portal.

www.charitynavigator.org/portal

Select a program type if Applicable

Youth Mentoring

Water Purification

Veterans Disability Benefits Assistance

Trap-Neuter-Release

Shared Reading

Postsecondary Scholarships

Permanent Supportive Housing

Meal Program

Low-Cost Spay & Neuter Clinic

Grocery Program

Goods Provision

Food Bank

Financial Counseling

Financial Assistance for Medical Patients

Emergency Shelter

Cataract Surgery

Animal Shelter

Afforestation and Reforestation

Outcome

6. Time period of data

Enter a recent year-long period for which you have complete data on expenses and outcomes.

This should correspond to the time period of all the data points entered below (including service area). For instance, if you planted 10,000 meals in calendar year 2017, enter 1/01/2017-12/31/2017 here, and 10,000 in the "Hectares of land forested" box.

Start date

End date

Select date

Select date

7. Hectares of land forested

Use the total number of hectares of land forested during the time period you specified for question 6, above.

Hectares planted

8. Climate domain

Select the climate domain in which you afforest or reforest. If you plant on land in multiple climate domains, choose the option you plant on most.

Climate domain

9. Ecological zone

Select the ecological zone which best characterizes your afforested or reforested land. If you plant on land in multiple ecological zones, choose the option you plant on most.

Ecological zone

10. Counterfactual land use

Immediately prior to forestation, how would you characterize the land on which you planted land as possible.

Land use

Program Costs

Below, you will be asked to provide a breakdown of costs associated with the specific program outcome submitted above. Because the costs for this specific program might be different from what is listed in your organization's Form 990, we ask you to follow our instructions carefully, so that your score is not unfairly lowered by the inclusion of other costs.

II. Program expenses for forestation in selected time frame

Include all costs in USD directly related to tree planting, such as procuring seeds or seedlings, maintaining tree nurseries or tree farms, transporting and planting trees, pruning and watering, monitoring, and securing land rights. Include the cost of any non-volunteer labor devoted specifically to this program; or, if non-volunteer labor allocates their time across multiple programs, include the pro rata value of the time they devote to this forestation program. Exclude expenses incurred using in-kind donations, such as donated supplies and trees. Also, exclude fundraising and management expenses. Please subtract any revenue that the program earned.

Enter program expenses

Please mark below whether the cost figure provided above includes the following:

- ☒ All costs to reforest the hectares

Please mark below to confirm that the cost figure provided above excludes the following:

- ☒ Non-program expenses (fundraising, overhead)
- ☒ The cost of land use change other than the afforestation or reforestation of the of the hectares, if any
- ☒ The cost to operate other programs. For example: other carbon offsetting programs, advocacy work, or other non-forestation programs, if any
- ☒ Earned revenue from the afforestation or reforestation, if any

Submitting I&R data

Example:
Reforestation

Asks for
outcomes and
timeframes

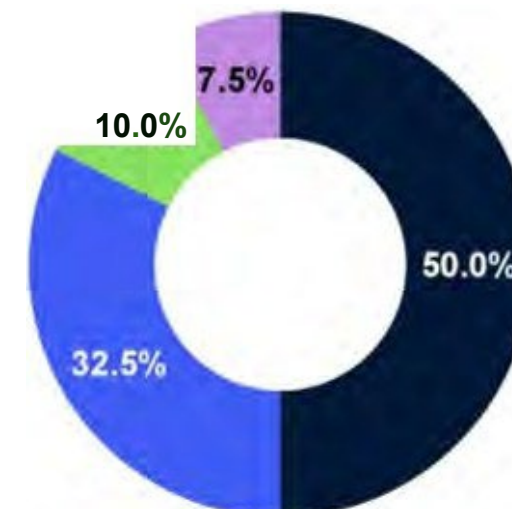
+

Program costs

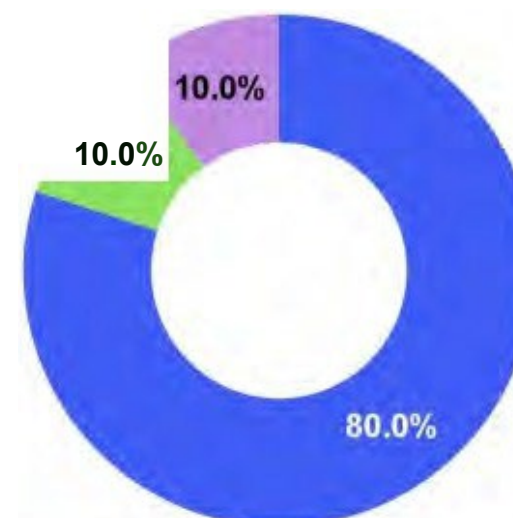
Weighting of beacons will depend on the number earned

Earning additional beacons is not mandatory at this time; however, they can bolster overall ratings in the unified system and increase visibility on our platform. Weighting of beacons depends on how many and which ones. To see all of the permutations, visit

<https://www.charitynavigator.org/encompass>



Impact & Results Finance & Accountability Culture & Community Leadership & Adaptability



Finance & Accountability Culture & Community Leadership & Adaptability

Scoring

Eligible charities receive a zero to four-star star rating - this is determined by the weighted sum of the organization's individual beacon scores (0-100).

Rating	Score	Assessment	Description
aaaa	90+	Great	Exceeds or meets bestpractices and industry standardsacross almost all areas. likely to be a highly-effective charity.
aaa	75-89	Good	Exceeds or meets bestpractices and industry standards across some areas.
aa	60-74	Needs improvement	Meets or nearly meetsindustry standards in a few areas and underperforms most charities.
a	50-59	Poor	Foils to meet industry standards in most areas and underperforms almost all charities.
	< 50	Very poor	Performs below industry standards and well underperforms nearly all charities.

How can you maximize your rating on Charity Navigator?

Step 1: Review your Accountability & Finance

If your organization is new to Charity Navigator, it is likely that the only score you have is based on your Accountability & Finance Beacon Score. Review that section of your score to find areas you can improve.

Step 2: Create a Nonprofit Portal Account & Submit additional data

You can **earn additional beacons** by submitting data via our nonprofit portal. Earn your Leadership & Adaptability Beacon & (when eligible) your Impact & Results Beacon.

- 0 Upload your 990
- 0 Complete your Leadership and Adaptability Survey
- 0 Check for Impact & Results Eligibility

Step 3: Complete your Candid Profile

Earn your Culture & Community Beacon by completing your **Candid Profile**.

Is this worth it? Yes

Charity Navigator prioritizes 3-4 stars with two or more beacons in our search and on our Curated Lists

Our internal analysis shows that:

- Organizations receive - an additional **\$25** **er yea** for every beacon they complete.
- Being on a *Where to Give Now* lists translates to as much as ,
- Being on the *Perfect Charities* list results **11 - 40** additional donations per year.



Researcher Jennifer Mayo found "an increase in a charity's rating from 3- to the highest 4-star rating is associated with a **6%rise in contributions, with larger effeds among smaller charities.**"

Source: Navigating the Notches: Charity Responses to Ratings(2021)

Get started by going to the Nonprofit Portal

www.charitynavigator.org/portal



1. Create a **Nonprofit Portal account**
2. Complete any necessary steps to earn additional beacons
3. If your organization is three or four-stars, **download your ratings toolkit**
4. **Brag** about your rating to donors on your website and on social media

Thank you!

- - Charity Navigator

Case Study: Hope for Haiti



Armanino Operates in an Alternative Practice Structure:

“Armanino” is the brand name under which Armanino LLP, Armanino CPA LLP, and Armanino Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with law, regulations, and professional standards. Armanino LLP and Armanino CPA LLP are licensed independent CPA firms that provide attest services, and Armanino Advisory LLC and its subsidiary entities provide tax, advisory, and business consulting services. Armanino Advisory LLC and its subsidiary entities are not licensed CPA firms.