

## NONPROFIT DUE DILIGENCE

Due diligence helps you discern

what a nonprofit is trying to achieve;

how it goes about its work; and

whether you and the nonprofit are a good fit for each other.

### CORE AREAS TO LOOK FOR

#### ❖ MISSION/TARGET MARKET/CORE VALUES

-What is the nonprofit's mission? What is it aiming to accomplish?

-What primary constituent groups does the nonprofit serve?

-What are the basic programs/services/strategies for meeting those aims?

-What core values underlie the nonprofit's decisions and activities?

-How diverse, equitable and inclusive are the nonprofit's programs, services, constituents and personnel?

-Does this mission & these core values resonate with your personal interests & values? Does it excite you?

#### ❖ IMPACT

-What has or hasn't the nonprofit accomplished over the years?

-How does the nonprofit discern if it is making an impact?

-Are you comfortable with this level of impact assessment?

-Do you have helpful ideas to strengthen impact evaluation efforts?

#### ❖ PERSONNEL

-What type of people are involved in the nonprofit:

Who/what is served?

What is the background of key staff? Committee Chairs? Key Board?

-Are these people exciting & interesting to you?

-Can you envision yourself eagerly meeting with these people early in the morning, or after a long day of work, for a committee meeting?

#### ❖ RESOURCES

-Are you comfortable with the nonprofit's fundraising appeals: do you find their reasons for requesting donations believable and ethical?

-Does the income mix over the years look diversified, or if not, could you help here?

-Could you envision yourself asking friends & colleagues for donations to benefit this cause?

-How do the financial trends look to you? Is the nonprofit too rich, too poor, or just right for your financial sensibilities?

#### ❖ ISSUES

-Are there any issues that turn up in your due diligence research that negatively impact your view of the nonprofit? Have they been sufficiently resolved?

### BASIC BOARD RESPONSIBILITIES

1. Ensure Legal & Ethical Integrity
2. Build a Competent Board
3. Determine Mission, Vision & Purpose  
Ensure Effective Planning  
Monitor Program & Service Quality
4. Protect Assets, Manage Resources  
Wisely & Ensure Fiscal Oversight
5. Ensure Adequate Resources
6. Enhance the Nonprofit's Public Standing
7. Hire, Support, Monitor & Evaluate  
the Chief Executive

**HOW TO GO ABOUT DUE DILIGENCE**



❖ **ON-LINE DUE DILIGENCE**

<b>Website</b>	<ul style="list-style-type: none"> <li>-Review entire website, noting questions</li> <li>-Sign up for e-newsletter</li> <li>-Make a modest on-line donation. See if the ‘pitch’ resonates with you. Determine if the on-line donation process is easy. Validate that the donation confirmation receipt process is efficient, friendly and accurate.</li> <li>-Verify that the nonprofit posts its annual report on its website; information about how to obtain its audit &amp;/or IRS 990 compliance report, and membership / accreditation affiliations.</li> <li>-Is it easy to find contact info online: address, phone, email, key staff, key board.</li> </ul>
<b>Social Media</b>  <b>Facebook – Instagram</b> <b>– Twitter - LinkedIn</b>	<ul style="list-style-type: none"> <li>-Follow/Friend the nonprofit on all social media platforms.</li> <li>-Lurk for a while, to see how frequently the nonprofit posts, and what impression they are trying to make with their postings.</li> <li>-When you are comfortable, respond to posts with “likes” and comments, and see if this makes any difference.</li> </ul>
<b>Google Search</b>	<ul style="list-style-type: none"> <li>-See what turns up. Recent issues, news stories, successes?</li> </ul>
<b>Chester County Community Foundation</b> <a href="http://www.chescocf.org">www.chescocf.org</a>	<ul style="list-style-type: none"> <li>-Does the nonprofit have an active grant proposal request on the Community Foundation’s website? Review it to learn how the nonprofit seeks funds from grantmakers. Direct link to the Community Foundation’s Active Grants Page: <a href="https://chescocf.org/receive/find-active-grants/">https://chescocf.org/receive/find-active-grants/</a></li> </ul>
<b>Candid – GuideStar Profile</b> <a href="http://www.guidestar.org">www.guidestar.org</a>	<p>GuideStar is the world’s largest source of info on 2M+ nonprofits. GuideStar advances transparency, enables donors and volunteers to make better decisions, and encourages charitable giving.</p> <p>Create a free user profile with GuideStar to get free information.</p> <p>When you want more detail, use the Community Foundation’s enhanced login: Email = <a href="mailto:info@chescocf.org">info@chescocf.org</a> Password = Lincoln28\$</p> <p>Your GetOnBoard Coach can help navigate and analyze GuideStar profiles of your nonprofits of interest. The Community Foundation also offers free on-line GuideStar Analysis roundtables.</p>

❖ **IN-PERSON DUE DILIGENCE**

<b>Walk by</b>	<ul style="list-style-type: none"> <li>-Walk by the nonprofit’s office, and see how welcoming/well-kept it looks.</li> <li>-It’s AOK to stop in and ask the Front Desk person for a general brochure or annual report. See how they treat you; but don’t take a lot of their time At This Point*.</li> </ul>
<b>Ask people</b>	<ul style="list-style-type: none"> <li>-Ask friends, colleagues and extended family what they know about the nonprofit. Look at the list of donors on the website or in the annual report. See if there is anyone you know, and call them to ask about the nonprofit.</li> </ul>
<b>Attend events</b>	<ul style="list-style-type: none"> <li>-Every nonprofit has events. Go to one. Or two. Or three! In-person or online, see how the nonprofit handles constituents and event management.</li> </ul>
<b>Site Visit*</b>	<ul style="list-style-type: none"> <li>-After you’ve done all of the above, you are ready for a site visit of the nonprofit. Let your coach know, and Community Foundation staff will schedule you and your Get On Board Coach or staff to accompany you on an official site visit. Then we can discern more in person, together.</li> </ul>