

COMMUNITY
FOUNDATION OF
GREATER
CHATTANOOGA

**EFFECTIVE
PHILANTHROPY
101**



QUALITIES OF EFFECTIVE NONPROFITS

EVALUATING POTENTIAL GIVING OPPORTUNITIES

CLEAR MISSION AND VISION

All organization programs and operations should be aligned to advance the mission. An effective nonprofit will have a clear vision for what the community would look like were they to fully achieve their mission and a plan (often referred to as a strategic plan) to get there. Asking about an organization's plan is a great way to get an in-depth look at the organization's mission and vision, what they hope to accomplish to achieve the mission, and how they plan on doing it.

Larger or established organizations likely have a formal strategic plan framework and document. Remember to ask if the board has approved this plan, and if the plan is over a year old, you can ask to see progress made toward achieving their goals so far. Smaller or newer organizations may not have a formal plan in place but should be able to connect their work to the larger mission and vision.

STRONG PRACTICES, POLICIES, AND PROCEDURES

Effective nonprofits follow good practices in three (3) functional areas:



1. Financial – In order to achieve their mission, nonprofits must ensure they have sufficient resources to support their operations and that they are acting as good stewards of those resources. When evaluating a large nonprofit's financial health, you should look to see that they have an annual audit, a board finance committee, and a diversity in funding sources and operating reserve. (We like to see at least 3 – 6 mos. operating expenses in reserve.) While smaller organizations might not have a formal audit or board finance committee, they should be able to provide a copy of their annual operating budget and internal financial statements.



2. Governance – Strong and engaged board leadership is critical to nonprofit success. When evaluating an organization, ask about their board engagement. Ask if they have leaders with diverse backgrounds and expertise, regular program and fundraising evaluations (to the extent resources allow), and written policies that promote transparency and increase efficiencies (i.e. conflicts of interest, investment policies, board term limits, personnel management, etc.).

3. Organizational Development – Continuous learning is critical to organizational success. When learning about an organization, you might ask how client feedback is solicited and used to inform program delivery, planning, and evaluation. Can staff articulate key accomplishments, lessons learned, and future directions?

Do other organizations doing similar work speak highly of the organization? Has the organization adapted and changed its strategies to respond to changing community needs and opportunities?

GOOD PEOPLE

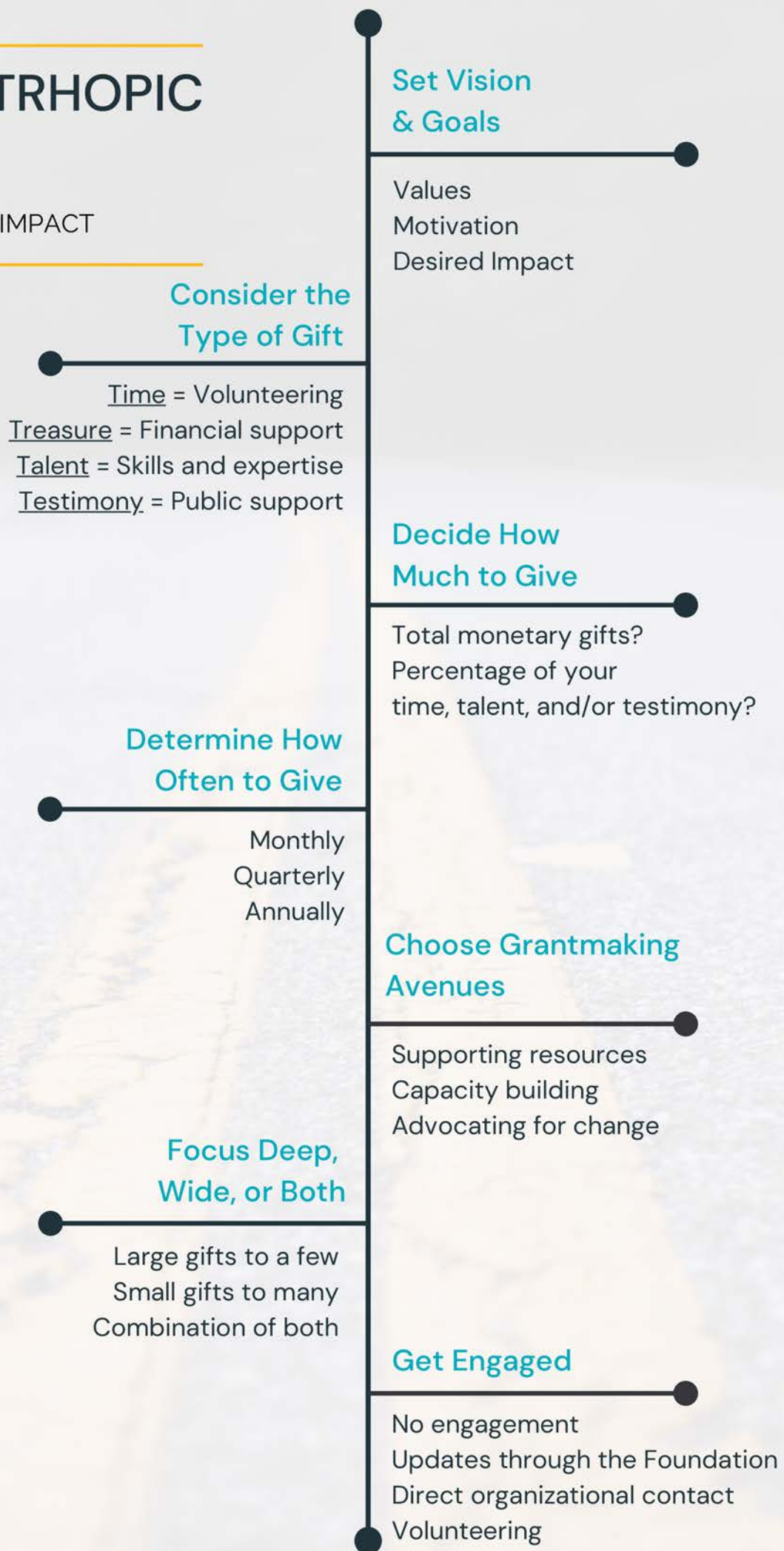
Strong leadership and talented staff members from diverse backgrounds and perspectives with the skills and expertise to advance the organization's mission and goals are essential to any organization's success. Look for nonprofits that invest in their most valuable asset – their people. Recruiting, training, and supporting board, staff, and volunteer development requires substantial investment. Therefore, recognize that the measures of nonprofit efficiency – the ratio of program/fundraising expenses to total expenses – might only tell one part of a much larger story.

ABILITY TO MOBILIZE OTHERS

The ability to engage community constituents, donors, and partners is essential for nonprofits seeking to address the root causes of problems and foster long-term, sustainable change. Building awareness and support among key audiences and bringing more people and resources to the table are essential to this work. Look at the nonprofit's willingness to collaborate with similar nonprofits, as well as their capacity to inspire, engage, and share leadership with the staff, volunteers, and clients.

A PHILANTHROPIC PATH

FROM PASSION TO IMPACT



WHEN IN DOUBT, REACH OUT

A good rule of thumb in giving effectively is always when in doubt, reach out directly to the nonprofit you are seeking to support. Often, most if not all of your questions can be answered by speaking to someone at the organization. If you are worried about compromising your anonymity, feel free to ask us for help. We can conduct the research on your behalf and are happy to do so in an effort to make your giving experience as easy as possible.

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TIPS FOR EFFECTIVE GIVING

WHEN IN DOUBT, REACH OUT

ENSURE ALIGNMENT

Prior to embarking on a new funding relationship with a nonprofit, be sure that the organization's goals and strategies align with the goals and strategies you have set for your giving. If there isn't alignment, don't try and force it. Instead, look for a closer fit.

BE MINDFUL OF POWER DYNAMICS

As a funder, know that there will always be a power dynamic between you and the grantee. As such, you might have to get creative in soliciting feedback from the organization as most grantees will focus on telling the funder what they think s/he wants to hear. Sometimes asking questions such as "Is this helpful?", "What could I do differently to support you?" or "What do you most need?" can get you the information you are looking for in a candid and authentic fashion.

Remember, funding the organization does not mean that you will set strategy for the organization. It is important that when you decide to support an organization, you recognize and trust the skill and expertise that the staff and board possess.

PROVIDE MULTI-YEAR, UNRESTRICTED SUPPORT

Often what nonprofits need most in order to effectively address long-standing community issues is access to unrestricted, multi-year, flexible support that allows them to address the community issue they are trying to solve in the most impactful way possible. These problems didn't arise overnight and therefore are not going to be resolved without intention and thoughtful investment, year after year.

YOU GET WHAT YOU MEASURE

Be careful in designing metrics for measuring progress to goals. Measuring the wrong thing can often incentivize counterproductive behavior. For example, if a Food Bank measures success by pounds of food it gives away, they could easily substitute canned soda for less nutritious food options as a way of meeting their goal.

ENGAGE OTHER STAKEHOLDERS

Take time to understand the population served by the nonprofit organization you are funding. Do your research, asking those served by the organization what they feel are the most pressing issues and promising solutions for addressing those issues.

WHEN IN DOUBT, REACH OUT

Communication is key. We always encourage relationship building, and there are so many ways to get involved. Get to know the work and the people. Especially with smaller nonprofits, seeing the work first hand or having a conversation can often answer more questions than formal documents.

ABOUT US

For over 60 years, the Community Foundation of Greater Chattanooga (CFGF) has served as the region's primary public foundation. Stewarding over \$210 million in assets, CFGF is leading with love to build a legacy that lasts, offer guidance in philanthropy to donors and people working in the field, and invest in community leaders. We transform generosity into impact by working with donors, non-profits, and the broader community to realize a Chattanooga that works for everyone.

OUR VISION

We believe in a vibrant community where everyone has the resources, opportunities, and relationships we need to achieve our full potential and thrive, regardless of place, race, or identity.

OUR MISSION

Together with our community and partners, we transform generosity into lasting change toward a prosperous and just Chattanooga where all can thrive and achieve their full potential.

