How to Evaluate a Charity

How do I research a charity that is registered with your office?

When researching a charity, you can start by reviewing their regulatory filings and financial statements. Charities in Colorado must register and file a state financial form with our office each year.

To find information about a charity on our website:

- **Search for the charity** by name, federal employer identification number (FEIN), or registration number.
- If you search by name, you will see a list of possible matches. Click on a registration number to view a record.
- The next page will be the organization's summary page. You will find recent information about revenue and expenses on this page, as well as links to view the charity's Form 990 or their filing history with our office.

Federal regulations require charities to provide copies of their IRS Form 990 and Form 1023 (their original IRS tax-exempt application) upon request.

Reputable charities will also gladly send you copies of their annual reports and annual financial statements, if they have them. Annual reports provide valuable information about an organization’s goals and accomplishments. Larger charities will have audited financial statements, in which case you can read the auditor’s opinion and notes. Use all of this information to assess an organization’s effectiveness and accomplishments.

What additional resources are available for researching a charity?

There are several resources to help you find more information about a charity.

1. There are organizations that rate charities ("charity watchdogs"). For example, the Better Business Bureau, the American Institute of Philanthropy, and Charity Navigator recommend several objective standards to use when assessing a charitable organization's efficiency.

   For evaluations or accreditation information for churches and religious groups, check the Wall Watchers' MinistryWatch and the Evangelical Council for Financial Responsibility.

2. The Internal Revenue Service lists charities qualified to accept tax-deductible contributions in its Publication 78.

3. There is an excellent article written by Peter Swords, former Executive Director of the Nonprofit Coordinating Committee, entitled "How to Read the New IRS Form 990". It is a clearly written guide based on the 2010 version of the federal "long form" for charities.

4. For information about evaluating a charity's spending, see "A Discussion About Financial Ratios".

5. Finally, you may want to read the Donor Bill of Rights, which was developed by the Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), the Council for Advancement and Support of Education (CASE), and the Giving Institute.

Go to the Charities and Fundraisers home page.