

Mission & Where We Are Headed

Up until recently, our rating system was solely focused on a financial analysis of charity’s performance. However, we are now revamping the rating system methodology (the new system is called CN 3.0) from a one to a three dimensional rating system. We recently expanded our rating criteria from our traditional one dimension - financial health (CN 1.0), to a second dimension - accountability & transparency (CN 2.0). We are now testing a third dimension - results (CN 3.0). The results dimension will count for the largest portion of the total rating score once it goes live.

There are two significant features to this enhancement of our rating methodology. First, in order to deepen our methodology and break out of the trap of self-reporting that has constrained the nonprofit sector; we are embedding “constituency voice” as a core part of the three-dimensional rating criteria. Initially, this will mean that charities that publish rigorously collected feedback from their beneficiaries will earn a significant number of rating points. Second, in order to expand our ratings beyond the 6,000 charities currently covered, we are creating a web platform through which we can train, certify, and guide an army of volunteer Charity Navigator raters. Our goal is to be able to annually evaluate the roughly 10,000 charities that garner ~70% of the revenue that comes into the nonprofit sector each year. With seed support from the Hewlett Foundation, we are piloting both of these features now with graduate students in seven universities. Provided we can secure additional funding, we plan to expand the pilot group to other volunteer pools in early 2011 and continue the development of CN 3.0. Ultimately, we intend to train individuals throughout the country to conduct the ratings and CN central staff will focus on quality control.

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DEMONSTRATION ONLY



Charity Navigator (CN)

Description:

Charity Navigator is America's largest and most influential charity rater. We serve over 3.3 million unique visitors and impact approximately \$10 billion of charitable donations each year. This makes Charity Navigator far and away the largest and most utilized charity rating service that exists anywhere. Charity Navigator is a 501 (c) (3) non-profit organization under the Internal Revenue Code and does not accept any contributions from any charities we evaluate.

Stakeholder(s):

Charity Navigator Partners :

In addition to strengthening Charity Navigator's existing rating method of applying a single set of rating questions, CN 3.0 is integrating the evaluative insights of other providers. Our two current partners are the bookends on the constituency voice spectrum – Great Nonprofits and Keystone Accountability... As these and other providers of evaluative data prove the value of their data (such as Philanthropedia and Give Well), they will be factored into the overall Charity Navigator ratings.

Great Nonprofits :

Great Nonprofits channels feedback on nonprofits performance through an open system... In addition, CN has partnered with GreatNonprofits to convert the comment section of our web site to a user review section, powered by GreatNonprofits.

Keystone Accountability :

Keystone proactively builds benchmarked feedback data sets through systematic data collection.

Hewlett Foundation

Philanthropedia

Give Well

Donors :

How quickly CN can fully implement CN 3.0 will be determined by the resources available to us. Charity Navigator is itself a charity and we do not charge a fee for our services to users, nor do we charge the charities to be rated or to use our analysis in their fundraising and marketing endeavors. Instead, CN relies on the voluntary donations of our Board members and our users, as well as advertising revenue, data sales and grants.

Charity Navigator Board of Directors

John P. Dugan :

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Marion Dugan :

Founder and Board Member, Garrison, NY

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Marie Wieck :

Board Member — GM, Application Integration Middleware & WebSphere, IBM US, Somers, NY

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Stakeholders (continued)

Cheryl Black :

Board Member — Managing Director, J.P. Morgan Private Bank, New York, NY

Charity Navigator Senior Management Team

Ken Berger :

President & Chief Executive Officer — Ken Berger joined Charity Navigator in 2008 after almost thirty years experience working in the charitable non-profit sector. He has held leadership positions at a variety of human service and health care agencies, both large and small, and has operated programs serving the homeless, the developmentally disabled, the mentally ill, substance abusers, the medically underserved, and persons with HIV/AIDS, among many others. Most recently, Ken was a Chief Operating Officer (COO) of Jawonio and earlier in his career Director of Operations at Professional Service Centers for the Handicapped, in both positions he oversaw residential, educational, employment, clinical and health care service to individuals with disabilities and special needs. Prior to Jawonio, Ken was the Executive Vice President & COO and then the President & Chief Executive Officer of The Floating Hospital, an agency that provided health care, social services and education to disadvantaged, lower income or at risk adults, children and families across New York City. Ken also held several leadership positions at Volunteers of America - Greater New York and the Morris Shelter (now called Homeless Solutions) managing a wide array of services to thousands of homeless families and individuals. Ken has a deep passion for helping donors become wise social investors (charitable givers who see their donations as a long term social investment) by learning how to identify and then support high performing nonprofits. He also has a deep interest in encouraging charitable non-profits to perform effectively and thrive even in challenging times. He is a regular presenter at conferences on both the domestic and international stage, is frequently interviewed by regional, national and international media on nonprofit issues and has published numerous articles on issues affecting the nonprofit sector's effectiveness. He is a member of the CFC-50 Commission which has been formed under the U.S. Office of Personnel Management to strengthen the integrity, operation and effectiveness of the Combined Federal Campaign (the largest workplace giving campaign in the world). He is also a member of both the Alliance for Effective Social Investing and a founding member of the Social Impact Analysts Association. He is the author of Ken's Commentary, a blog about his thoughts on the non-profit sector. Ken earned his Bachelor's degree at the University of Buffalo. He went on to obtain a Master's degree in Psychology from Antioch University and a Master's degree in Business Administration from Rutgers University.

Tim Gamory :

Chief Information Officer & HR Manager — Tim has been Charity Navigator's Chief Information Officer since its inception in 2001. He is responsible for the strategic direction, development and daily technology operations for the organization. Tim is the architect and creator of Charity Navigator's web site, proprietary database application, network infrastructure, and information workflow systems. He develops and maintains all components of charitynavigator.org and trains staff on the effective use of technology. Prior to joining Charity Navigator, Tim was the Vice President for Alumni Affairs for

the national educational advocacy organization, Teach For America. There, Tim served on the national management team and developed the organization's alumni association. He created networking opportunities for thousands of alumni by organizing dozens of local and national events, developing the alumni database and web site, and overseeing production and distribution of regular print and electronic communications. Prior to that, Tim worked as a public school teacher in Bronx, New York as a Teach For America corps member. Tim is a graduate of Marist College with a degree in communications.

Sandra Miniutti :

Vice President, Marketing & CFO — Sandra has been with Charity Navigator since the summer of 2002. Originally a program analyst, she is now responsible for all aspects of Charity Navigator's brand, all partnerships, media relations, communications, outreach, and data sales. She regularly appears on television, radio, and in print, commenting on the non-profit sector. And as CFO, she is also responsible for managing Charity Navigator's finances. After acquiring her Bachelor's of Science degree in Marine Science and Biology from the University of Miami, Ms. Miniutti started her career in the for-profit sector with Colgate-Palmolive. While earning a MBA from Rutgers University, Sandra completed internships with the Jane Voorhees Zimmerli Art Museum and the Morris Museum and then worked with a Rutgers professor to develop a business plan for the creation of a new non-profit called GlassRoots. Based in Newark, an economically depressed city in New Jersey, the mission of the charity is to provide area youth with opportunities to create glass art, and develop entrepreneurial and life skills. After completing her MBA in finance and marketing, Sandra entered the non-profit sector as a member of the development staff of the Morris Museum. Sandra currently serves as a member of the Board of Trustees for GlassRoots.

Joanne Reisser :

Vice President of Development and Operations Manager — Joanne joined Charity Navigator in 2008 after 15 years spent running programs and services as well as raising funds for several non-profit organizations in northern New Jersey. She has been affiliated with the American Red Cross of Northern New Jersey where she served first as Director of Volunteers and then Director of Programs & Services, Children's Aid and Family Services where she was the Manager of Corporate & Foundation Relations and, most recently, as Director of Development for The Interreligious Fellowship for the Homeless of Bergen County. Prior to embarking on her career path in the non-profit sector, Joanne spent 10 years in the finance industry as a municipal bond analyst and portfolio manager, working at major investment firms in Boston and New York. Joanne relishes the challenge she faces in leading Charity Navigator's fund development efforts as the organization transitions from a private foundation to public charity status. She holds a Bachelor's degree in English Literature from the University of New Hampshire and has extensive post graduate training in both management and fund development.

Charity Navigator Program Team

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Stakeholders (continued)

Leonie Giles :

Senior Program Analyst — A native of the Netherlands, Leonie has been with Charity Navigator since 2002. She has a Bachelor of Arts from Boston University in International Relations and Psychology and has nearly completed her Master's in International Studies from Fairleigh Dickinson University. A member of the BU athletic hall of fame and a former all-American field hockey player, she is the former assistant coach of field hockey for Drew University. She is responsible for charities dedicated to health, human services and public benefit.

Matthew Viola :

Senior Program Analyst — Matt has been with Charity Navigator since 2002. He has a Bachelor's degree in Finance from Binghamton University. Previously, Matthew was employed as an analyst with a Wall Street investment firm. Matthew evaluates environment, human service, and religious charities.

Vincent Bogucki :

Senior Information Officer — After over 25 years in the Information Technology field, Vince left the business world for the non-profit sector. He worked as a technical consultant and business administrator for two churches before coming to Charity Navigator in 2007. Vince has a bachelor's degree in Mathematics from Wesleyan University. Originally a program analyst, he is now responsible for assisting with the support of the database, website and technical infrastructure.

Michelle Tang :

Program Analyst — Michelle holds a Bachelor's degree in Economics from Rutgers University in New Brunswick. She has previous experience working in the healthcare and fashion industries, as well as in the nonprofit sector. She is fluent in English and Chinese.

Molly Graepel :

Program Analyst — Molly holds a Bachelor's of Arts degree in East Asian Studies from Haverford College. Before coming to Charity Navigator, she worked for the Bryn Mawr Graduate School of Social Work and Social Research as an Economic Research Assistant. She has previous experience working in microfinance both in India and the US.

Charity Navigators Volunteers**Robert M. Penna :**

Volunteer — International Coordinator and Author — Robert M. Penna has been consulting for Charity Navigator since 2009. He writes blogs, edits guest blog entries for Ken's Commentary, and has co-authored several articles with Ken Berger. Dr. Penna provides his expert knowledge of the sector to help Charity Navigator to develop grant proposals. Charity Navigator receives many requests to expand our services abroad - from Canada, to Italy and India - and Dr. Penna coordinates all those efforts. He is also the author of The Nonprofit Outcomes Toolbox, a Hewlett Foundation-sponsored outcomes workbook for the nonprofit field, which has been endorsed by Charity Navigator. From 2000 to 2008, Dr. Penna was senior consultant to The Rensselaerville Institute where he made important contributions to numerous Institute projects including the facilitation of seminars at the Institute's Center for Outcomes. He is the lead author of Outcome Frameworks, a book published in 2005 designed to teach donors and nonprofit

managers how to select and implement an outcome measurement tool. Prior to his joining the Institute, Dr. Penna was a member of the staff of the New York State Senate for 13 years where he authored several significant pieces of legislation that went on to become law. His present work centers on the application of outcomes to nonprofits, capacity assessment, nonprofit communications and reporting, and the application of corporate sector outcome-based tools and insights to the work of nonprofits. Dr. Penna holds a Ph.D. in Political Science from Boston University with a specialization in urban and municipal affairs.

Peter Miragliotta, Jr. MBA :

Volunteer — Planning Consultant — Pete joined Charity Navigator in 2011 as Planning Consultant for Charity Navigator 2.0 (CN 2.0) and Business Planning. In this capacity, Pete is providing input to Charity Navigator's strategic and business plans and is coordinating the efforts of volunteer raters who are testing and offering critical input to the CN 2.0 initiative. Pete brings his extensive senior executive experience in operations management, customer relations, and business development at both large and small (including startup) organizations. He is known for developing innovative solutions to complex business challenges. Recently Pete was a General Manager for Biomet an international orthopedics manufacturer and provider where he led the company's Insurance Services Operations group to provide seamless delivery of the company's consumer products to its patients. Pete led the efforts for the company to create a Compassionate Care Program to ensure that all patients, including those with financial challenges, would receive services regardless of their ability to pay. Pete is excited about the opportunity to improve the value that Charity Navigator brings to the community of nonprofit donors and investors as one, important resource to determine how to most effectively direct their nonprofit support to support the charity missions of greatest importance to them.

Charity Navigator Advisory Panel :

Charity Navigator is committed to expanding our rating system beyond the financial analysis we currently provide (see A Measure of Outcome). Specifically, we believe that there are three components to making a wise social investment. First, a social investor must determine whether the charity is financially healthy. Second, they should review the charity's accountability and transparency practices. Third, they need to assess the charity's ability to deliver social value (a sustained change for the better for people and communities who receive services). Of these three components, Charity Navigator currently addresses the first and second, and we are researching the third. We are calling the future rating system that includes all three components CN 3.0. The following members of our Advisory Panel will be our sounding board as we endeavor to expand and improve our system of rating charities. Together, these advisors have a vast experience and expertise in nonprofit finance, accountability and outcome measurement. They were also selected for their dedication to improving the philanthropic sector.

Tosca Bruno-van Vijfeijken - :

Advisory Panel Member — Director for Education and Practitioner Engagement, Transnational NGO Initiative, Maxwell School, Syracuse University

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Stakeholders (continued)

Laura Callanan :

Advisory Panel Member — Social Sector Office, McKinsey & Co

David Campbell :

Advisory Panel Member — Assistant Professor of Public Administration, SUNY Binghamton

Margaret M. Coady :

Advisory Panel Member — Director, Committee Encouraging Corporate Philanthropy

John Dugan :

Advisory Panel Member — Founder and Chairman of the Board, Charity Navigator

Robert Egger :

Advisory Panel Member — Founder and President, DC Central Kitchen

Caroline Fiennes :

Advisory Panel Member — Director, Giving Evidence and Author

Matthew Forti :

Advisory Panel Member — Manager, The Bridgespan Group

Sean Granahan :

Advisory Panel Member — President and General Counsel, The Floating Hospital

Chuck Harris :

Advisory Panel Member — Portfolio Manager, Director of Capital Aggregation, The Edna McConnell Clark Foundation

Joaquin Herranz :

Advisory Panel Member — Assistant Professor of Public Affairs, Evans School of Public Affairs at UW

Jay Jacobs :

Advisory Panel Member — Chief Executive Officer, Summer Search

Dr. Jeremy Kohomban :

Advisory Panel Member — President and CEO, The Children's Village

Dr. Jackson Kyle :

Advisory Panel Member — Consultant on Adult and Higher Education

Craig Newmark :

Advisory Panel Member — Founder, Craigslist

Andrew Niklaus :

Advisory Panel Member — Chief Operating Officer, First Place for Youth

Dr. Robert Penna :

Advisory Panel Member — Owner, RMPC and Author, The Nonprofit Outcomes Toolbox

Katherina Rosqueta :

Advisory Panel Member — Executive Director, Center for High Impact Philanthropy

Andrew Silverstein :

Advisory Panel Member — Partner, Dorfman Abrams Music LLC

Sean Stannard-Stockton :

Advisory Panel Member — Founder, Tactical Philanthropy Advisors

Cynthia L. Strauss :

Advisory Panel Member — Director of Research, Fidelity Investments' Charitable Gift Fund

Nicholas Torres :

Advisory Panel Member — Executive Director, Philadelphia School Partnership

Leigh Tucker :

Advisory Panel Member — CPA, Managing Director, Accounting Management Solutions, Inc.

William von Mueffling :

Advisory Panel Member — President and CIO, Cantillon Capital Management

Eric Walker - :

Advisory Panel Member — VP, Corporate Services, Path and Board Chair InsideNGO

Barbara Wallace :

Advisory Panel Member — Vice President, Membership and Standards, InterAction

Charity Navigator Financial Task Force :

Financial Measures Task Force In 2002, Charity Navigator launched a website that rated the Financial Health of charities. Over the years, we've made some enhancements to that system. For example, in response to the negative impact the recession has had on certain types of charities, we adjusted the way in which it rates those charities both for their FYE 2009 and 2010 ratings (see our Financial Health Ratings Tables for more details). But now that we've launched CN 2.0, our expanded rating system that also evaluates Accountability & Transparency, we think it is time to go back to our original rating dimension – the financial health of charities – and see if some more substantial changes are in order. We have formed a task force of financial experts from around the country to help us think through how we can make our financial analysis even more powerful. We believe that their work will lead to the development of an even deeper and more robust tool for rating the Financial Health of charities... This task force is a subcommittee of our Advisory Panel which is guiding our development of CN 3.0, a three dimensional rating system that looks at Financial Health, Accountability & Transparency as well as Results Reporting (for more details see our article Where We Are Headed). We thank all of them for volunteering their time to help us in this endeavor and look forward to implementing the results of our joint efforts.

Andrew Silverstein, CPA :

Financial Task Force Chair — Partner, Dorfman Abrams Music LLC

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Stakeholders (continued)

Larry Campbell :

Financial Task Force Member — California Attorney General's Registrar of Charitable Trusts (Retired)

Janet Gibbs :

Financial Task Force Member — Chief Financial Officer, Feeding America

Sarah A. Gillman :

Financial Task Force Member — Chief Financial Officer, Natural Resources Defense Council

James Tuite :

Financial Task Force Member — VP, Finance & Operations/ CFO, ChildFund International

Eric Wetterling, CPA :

Financial Task Force Member — Manager, Financial Reporting and Compliance, World Vision, Inc.

Vision

A more efficient and responsive philanthropic marketplace, in which givers and the charities they support work in tandem to overcome our nation's most persistent challenges... we believe that our revised rating system has the potential to completely transform the landscape of charitable giving. We foresee that, through this effort, there will be an increase in the number of social investors that use our services which will lead to a sizable increase in giving to higher performing nonprofits. Ultimately we believe this will lead to a measurable improvement in human welfare and acceleration in solutions to our world's most persistent problems.

Mission

Charity Navigator works to guide intelligent giving.

Values

Charity

Financial Health

Accountability

Transparency

Results

Donations

Help charitable givers make intelligent giving decisions.

Stakeholder(s)

Donors :

Charitable givers

We help charitable givers make intelligent giving decisions by providing information on over five thousand charities and by evaluating the financial health of each of these charities. We ensure our evaluations are widely used by making them easy to understand and available to the public free of charge. By guiding intelligent giving, we aim to advance a more efficient and responsive philanthropic marketplace, in which givers and the charities they support work in tandem to overcome our nation's most persistent challenges.

1. Finances

Evaluate the financial health of charities.

Performance Indicators

Contributions & Grants

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target	2013-12-01	2014-11-30	
	Actual	2013-12-01	2014-11-30	1,492,273
	Actual	2012-12-01	2013-11-30	1,392,363
	Actual	2011-12-01	2012-11-30	1,128,127

Program Service Revenue

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target	2013-12-01	2014-11-30	
	Actual	2013-12-01	2014-11-30	213,802
	Actual	2012-12-01	2013-11-30	188,078
	Actual	2011-12-01	2012-11-30	169,506

Investment Income

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target	2013-12-01	2014-11-30	102,351
	Actual	2013-12-01	2014-11-30	102,351
	Actual	2012-12-01	2013-11-30	40,272
	Actual	2011-12-01	2012-11-30	34,747

Salaries

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target	2013-12-01	2014-11-30	
	Actual	2013-12-01	2014-11-30	1,122,091
	Actual	2012-12-01	2013-11-30	1,071,759
	Actual	2011-12-01	2012-11-30	856,182

Fundraising Expense

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target	2013-12-01	2014-11-30	
	Actual	2013-12-01	2014-11-30	307,791
	Actual	2012-12-01	2013-11-30	204,026

Other Expenses

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target			
	Actual	2013-12-01	2014-11-30	535,283
	Actual	2012-12-01	2013-11-30	341,239
	Actual	2012-12-01	2011-11-30	333,775

Net Assets

Description	Type	Start Date	End Date	U.S. Dollars
Unspecified	Target	2013-12-01	2014-11-30	
	Actual	2013-12-01	2014-11-30	2,721,091
	Actual	2012-12-01	2013-11-30	2,570,323
	Actual	2010-12-01	2011-11-30	2,351,576

2. Accountability & Transparency

Evaluate the accountability & transparency of charities.

Performance Indicators

Description	Type	Start Date	End Date
[To be described]	Target		
	Actual		

3. Results

Evaluate the results produced by charities.

The results dimension will count for the largest portion of the total rating score once it goes live.

Performance Indicators

Description	Type	Start Date	End Date
[To be described]	Target		
	Actual		

Administrative Information

Start Date: 2013-12-01

End Date: 2014-11-30

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