



Contribute guide

rates nonprofit organizations located in the New York/New Jersey/Connecticut area. The Guide offers *CONTRIBUTE* readers a list of organizations reviewed for **financial best practices**. Each of the charities reviewed by *CONTRIBUTE*, in addition to having 501(c)(3) federal tax exemption, has represented that a **minimum of 70 percent of its budget goes to program services**. The Guide provides information on each charity's sustainability, fundraising efficiency, and financial stability, and shows **which charities have obtained independent certified audits**. All numbers have been compiled using five consecutive years of the charity's financial information, based on its public 990 federal tax returns. • Organizational information used in the Guide is verified through GuideStar, The New York Philanthropic Advisory Service of the Better Business Bureau, Charity Navigator, the New York Attorney General's office, the American Institute of Philanthropy, the Nonprofit Coordinating Committee of New York, the IRS database, and the charities, themselves. The Guide will feature a new set of charities in each issue. For details of each listing, go to **www.contributemedia.com**. For more information, please contact Rebecca Sherman, Director of Philanthropic Research, at rsherman@contributemedia.com.

Ratings Methodology

Full explanation of our Ratings Methodology can be found on page 79. Five categories are rated:

% Program Focus: *portion of the charity's spending which goes to those served.*

s Fundraising Efficiency: *returns to the charity for every dollar spent on fundraising.*

1 Sustainability: *number of years a charity can survive based on its current assets and spending.*

n Financial Stability: *charity's ability to stay in the black.*

✓ Verification: *that the charity has obtained an independent certified audit.*

Community Development and Civic

Mayor's Fund to Advance New York City

One Centre Street, 23rd Floor
 New York, NY 10007
 (212) 788-7794
www.nyc.gov/fund

Megan Sheekey
 President
fund@cityhall.nyc.gov

Raises private support for innovative public health, education, parks, and arts initiatives to improve the lives of New Yorkers.



- % Program Focus
- ▲ Fundraising Efficiency
- Sustainability (* See Ratings Methodology)
- Financial Stability
- ✓ Independent Certified Audit

Ratings Methodology

1. Program Focus (Program Spending to Total Spending)

is one ratio used to evaluate the performance of a charity. Expressed here as a numerical percentage, this figure shows what portion of the charity's spending goes directly to those served. While revenue represents the direct results of fundraising, not all funds may be used during the same fiscal year in which they were raised. Therefore, the percent of total spending used on programs, as opposed to revenue, is used as one measure of the effectiveness of a charity. For purposes of this evaluation, all revenue is considered to be the result of fundraising activity.

2. Fundraising Efficiency (Total Revenue to Fundraising Expense)

is a measure of a charity's return on its fundraising efforts. It is comparable to a for-profit company's "return on investments." Since fundraising efforts are essentially "marketing" the charity for purposes of increasing revenue, this is one key way to rank the financial performance of a nonprofit company. This ratio indicates the return to the charity for every dollar spent on fundraising.

- ▲ Good: 15 and below
- ▲▲ Better: 16–30
- ▲▲▲ Best: 31 and over

3. Sustainability (End-of-Year Fund Balances to Annual Expenses)

is one measure of a charity's ability to survive and continue servicing its community in the event of a sudden interruption of funding. The ratio shows the number of years a charity can survive based on its current assets and spending. It is important for a charity to maintain some reserves to ensure that it is able to help those it serves in the face of a financial emergency, such as a sudden decline in funds.

- Good: 0–6 months
- Better: 6 months to 1 year
- Best: 1 year to 2 years

*As this ratio grows beyond 2 years, some ratings groups suggest the charity should be expanding its reach in the community and increasing its expenditures on programs.

4. Financial Stability (based on 5 years of balance sheets)

is one measure of a charity's ability to operate in the black.

- Poor: 2 or more years of the last 5 years in the red
- ■ Fair: 1 of the last 5 years in the red
- ■ ■ Good: 5 of the last 5 years in the black