

A Reminder about Nonprofit Rating Agencies and Transparency Standards

MAY 28, 2026 | BY: THE NONPROFIT TEAM



If your organization is striving to build trust, attract donors, and expand its impact, a strong rating from a recognized nonprofit evaluator can make a significant difference. Ratings from respected agencies not only signal your credibility but also help donors identify organizations that use resources effectively, operate transparently, and deliver measurable results.

Here's what the major nonprofit rating agencies evaluate—and how you can position your organization for success:

Charity Navigator (0 to 4 Stars)

Charity Navigator evaluates nonprofits with the goal of helping donors make informed giving decisions while recognizing organizations that deliver meaningful impact. Its methodology is based on a broad set of research, data analysis, and constituent feedback, and resulting in a 0-4 rating.

Charities are assessed across four key areas, or “beacons”:

- Impact & Measurement – Evaluates how effectively a charity's programs achieve measurable results relative to the resources invested.
- Accountability & Finance – Reviews governance practices, financial health, and transparency to assess whether the organization is well-managed and sustainable.
- Leadership & Adaptability – Assesses leadership strength, strategic planning, and the organization's ability to adapt to changing conditions.
- Culture & Community – Considers organizational culture, equity practices, and engagement with the communities served.

Rather than focusing solely on traditional efficiency metrics, Charity Navigator emphasizes a more comprehensive view of performance—including impact, governance, and organizational effectiveness—to help donors identify high-performing charities.

You can claim and update your nonprofit's profile in Charity Navigator's Nonprofit Portal (including program descriptions and organizational information). However, the Encompass rating is driven primarily by a combination of IRS Form 990 data and selected self-reported inputs used across its various “beacons.”

In practice, improving your rating typically requires strengthening the underlying financial and governance data reflected in your 990 (e.g., program expense allocation, board independence, policy disclosures), while also ensuring any required or optional portal submissions—such as impact or leadership information—are complete and of high quality. Profile updates alone will not offset weak underlying metrics, but incomplete or outdated portal data can also limit your score.

GuideStar by Candid (Bronze to Platinum Transparency Seal)

Candid evaluates non-profits using “Seals of Transparency” which are upgraded based on the depth of information shared by an organization:

- Bronze: Provide basic information so donors can find you and fund your work
- Silver: Share program(s) information to guide funding decisions
- Gold: Upload financial details and leadership demographics to gain trust and support

- Platinum: Share goals, strategies, and metrics along with board demographics to highlight your impact and boost funding

To earn a higher seal, contact Candid through their website to claim your profile and ensure it is up to date with the information needed for each tier.

BBB Wise Giving Alliance / Give.org

Give.org evaluates non-profits based on the 20 Standards for Charity Accountability, which are designed to promote strong governance, effective program delivery, financial transparency, and ethical fundraising practices. These standards are grouped into key areas such as governance and oversight, effectiveness, finances, and fundraising.

Criteria include the following:

- Board oversight and independence
- Measurable program effectiveness
- Accurate financial reporting and responsible fundraising practices
- Benchmarks such as allocating at least 65% of total expenses to program activities
- Maintaining fundraising costs at or below 35% of related contributions
- Transparency in fundraising communications and disclosures

These benchmarks are considered alongside the full set of standards, and organizations are evaluated holistically rather than based on any single metric. Charities that meet all 20 BBB Charity Standards are called “BBB Accredited Charities” and are featured on Give.org. BBB Accredited Charities may choose to license the BBB Accredited Charity Seal for a fee based on organizational size.

CharityWatch (Letter Grades A+ to F)

CharityWatch evaluates nonprofits using a watchdog-style approach with a strong emphasis on financial efficiency and how effectively organizations use donor funds. Its ratings are based on detailed analysis of audited financial statements, IRS Form 990 filings, annual reports, and other public disclosures.

Key factors include:

- Program expense ratio: The percentage of total expenses spent directly on program activities
- Cost to raise \$100 – Measures fundraising efficiency by calculating how much it costs to generate each \$100 of public support
- Analysis of reported and adjusted financial data – Includes review and adjustment of financial statements to provide a more consistent and comparable view across organizations

CharityWatch’s methodology places significant weight on financial efficiency metrics, while also incorporating considerations related to governance, transparency, and overall financial reporting quality. Final ratings are expressed as letter grades, ranging from A+ to F, to help donors assess how efficiently charities convert donations into programmatic impact.

GiveWell (Top & Standout Charities)

Unlike broader rating agencies, GiveWell conducts in-depth, research-driven evaluations to identify a relatively small number of highly effective charities, primarily focused on global health and poverty alleviation. Its goal is to help donors maximize the impact of their contributions by directing funds to programs that demonstrate the greatest measurable benefit.

GiveWell’s assessments are based on several core criteria:

- Evidence of effectiveness – Prioritizes programs supported by rigorous research, such as randomized controlled trials or other strong empirical evidence
- Cost-effectiveness – Evaluates the estimated impact achieved per dollar spent (e.g., cost per life saved or improved)
- Room for more funding – Assesses whether organizations can effectively deploy additional funding to expand impact

- Transparency – Requires a high level of openness, including willingness to undergo detailed public analysis of both strengths and limitations

GiveWell only recommends a handful of ‘Top Charities’ and periodically lists standout charities based on emerging promise. Organizations that meet criteria typically demonstrate exceptional impact, strong financial discipline, and the ability to scale evidence-based programs effectively.

To achieve strong positioning across these platforms, organizations should focus on common themes evaluated by many nonprofit evaluators:

- Maximizing program impact relative to costs
- Maintaining governance best practices
- Publishing transparent, comprehensive financial and program information
- Tracking and sharing your outcomes

This list is not all-inclusive and continues to evolve. There are also several for-profit platforms that provide data and insights on nonprofits. These tools are primarily used by donors, advisors, and organizations for research, benchmarking, and due diligence purposes rather than formal regulatory reporting. For example, Cause IQ is a website that helps companies grow, maintain, and serve their nonprofit clients, and helps nonprofits find additional foundation funding. Similarly, Impala provides tools that help organizations understand how they compare to and connect with other nonprofits, which can support strategic planning and fundraising efforts. CitizenAudit.org provides access to comprehensive, searchable Form 990 data, allowing organizations to perform deeper due diligence and gain transparency into areas such as grant activity and expense allocations. While these platforms do not provide formal ratings or accreditation, they can serve as valuable supplemental tools to support due diligence, enhance transparency, and inform strategic and financial decision-making. Leveraging these resources alongside traditional rating agencies can help strengthen your organization’s ability to demonstrate accountability and credibility to donors.

We’re here to support you in navigating the rating agency landscape and its various requirements. If you’d like help preparing your materials or improving your visibility on one or more of these platforms, don’t hesitate to reach out.

To learn more about Johnson O’Connor’s Nonprofit division, visit our [website](#).

RELATED SERVICES

Business & Nonprofit Tax

RELATED INDUSTRIES

Nonprofit