

CHARITY NAVIGATOR ANNUAL REPORT 2012



CHARITY NAVIGATOR
Your Guide To Intelligent Giving



RATINGS TOP 10 LISTS HOT TOPICS TIPS FOR DONORS MY CHARITIES

2012, Charity Navigator's 10th Anniversary year, was momentous, indeed! We have come such a long way in our short yet eventful history—from 1,100 charities rated in a single dimension upon our initial launch in 2002 to 6,000 charities rated in 2 dimensions (CN 2.0) at the end of 2012.

The last several years have also seen us undertake the rigorous work of getting to a workable CN 3.0 prototype, incorporating the third dimension of results reporting into our evaluation system. With generous investments from you, our wonderful CN users and our foundation partners (most notably the Hewlett Foundation), as well as the tireless work of our staff, the results reporting prototype was sent out in November to 140 advisors for their feedback prior to its launch. Their overwhelmingly positive response to our prototype culminated in feedback from the former head of the Hewlett Foundation who concluded that, "this is the most important work going on in the nonprofit sector". We have since begun gathering results reporting information, one cause area at a time (starting with children's and family services), for all of the charities we rate. We will begin posting this information in early in 2013.

Another goal we accomplished in 2012 was to add 500 new charity ratings to the CN site, bringing the total to 6,000. We anticipate adding 1,000 annually going forward through 2016 to achieve our goal of 10,000 rated charities. Our ultimate goal is to have those 10,000 charities rated in all three dimensions (CN 3.0)—financial health, accountability and transparency and results reporting by the end of 2016.

Looking ahead to 2013, in addition to continuing to add CN 3.0 results reporting data and ratings of 1,000 new charities, we are also planning to add a page of information for all of the 1.6 million US registered nonprofits. These pages will contain basic information about a charity's mission, leadership, and financials. Also provided will be a guide to help CN users "rate" charities themselves as well as a "vote" feature to help us determine which charities are most requested by our users and thus move those organizations up in the ratings queue.

CN could not have accomplished any of this or have such ambitious plans for the coming year without you. Serving you is why CN exists. We thank you for your support, your encouragement, your honest and valuable feedback and your trust in us to provide you with the important information you need to make wise charitable giving/social investing decisions. We take that responsibility most seriously and strive every day to ensure we achieve it!

Pat Dugan
Co-Founder & Board Chair

Ken Berger
President and CEO

NOW 2012	THEN 2002
# of Site Visits 6,200,000	# of Site Visits 204,000
# of Charities Rated 6,000	# of Charities Rated 1,100
<u>Rated in 2 dimensions (CN 2.0)</u> Financial Health and Accountability Transparency	<u>Rated in 1 dimension</u> Financial Health



CELEBRATING 10 YEARS OF RATING CHARITIES

PROGRESS IN OUR 4 STRATEGIC DIRECTIONS

To create an enduring and scalable organization, we

- Completed a Business Plan, entirely grant funded, with key goals articulated and the human and financial resources required to achieve them.
- Added 3 new Board members and 2 Program Analysts to help us begin to accomplish the goals laid out in the business plan.

To further product development to better serve you, we

- Secured \$200,000 total of renewal grant funding from the Hewlett Foundation to continue development and implementation of CN 3.0.
- Received a first-time \$57,000 contribution from the home office of Bill Gates, as well as a \$25,000 first-time grant from the Bodman Foundation, both to advance work on CN 3.0.
- Organized and conducted a number of meetings with our volunteer Financial Measures Task Force to consider modifications to CN's financial metrics.

To remain a leading industry authority and donor advocate, we

- Served on a special task force of the US Combined Federal Campaign Commission (which is the largest workplace giving program in the world) to advise them on how to strengthen and improve the program.
- Were cited by Paul Brest, renowned philanthropy expert and just retired President of the Hewlett Foundation, for CN 3.0 and its representing "the most important work going on in the nonprofit sector".

To grow site utilization and donor markets, we

- Had 6.2 million visits to our website by 4.4 million unique visitors, breaking 2011's record by far.
- Conducted a wide variety of activities to celebrate and commemorate our 10th Anniversary, with a video, webinars and significant media presence including newspaper articles and radio interviews. Our friend, Craig Newmark (of craigslist), hailed this milestone with an article and a blog co-authored with Ken.

COMMUNITY OUTREACH & RESOURCES

>> 2012 CN STUDIES

In June and November, respectively, the popular Metro Market and CEO Compensation Studies were publicly released, underscoring our commitment to ensuring that donors and other key stakeholders have access to this information in a concise and easy to understand format.



CEO Compensation Comparison:
A regional analysis of charitable organizations

Overall median salary (\$132,739) | Overall median salary (\$1,521,000)

Many donors assume charity leaders work for free or minimal pay, and are shocked to see they earn six-figure salaries. However, making CEOs pay complex multi-million-dollar salaries that adds to charity's costs, it takes a lot of skill and talent to do that, and significant salaries are often necessary to attract and retain those individuals. Of course, when some salaries are out of line, donor's understandably get put off by a six-figure salary. This graphic provides some insight from around the country.

From pets to paintings: Median and maximum compensation by charity type	Animals	Arts/Culture/Humanities	Education	Environment
2010 Median	\$100,000	\$182,285	\$177,754	\$155,746
2010 Max	\$554,753	\$1.25 million	\$1.92 million	\$495,323

Health	Human Services	International	Public Benefit	Religion
\$150,864	\$117,875	\$128,187	\$135,167	\$88,015
\$745,151	\$787,300	\$870,391	\$1.3 million	\$900,150

>> CN AROUND THE WORLD

We've had inquiries from every continent (excluding Antarctica) about how various entities might start a CN-like service. The red dots are places we've visited and the green represent email and phone inquiries. There are 30 in all—nice to know folks everywhere want to engage in more informed philanthropy and would like our help in getting started!



A Win-Win Deal!

This shot tells it all. What a great way to engage new donors! In ten days in October, \$3,790 was raised; enough to fund 6 new charity ratings. Thanks, Groupon, for putting together such a great deal and all who participated!

Groupon Supporters Fund The Analysis of 6 Charities

GROUPON
Grassroots™

Thanks to the hundreds of Groupon shoppers who purchased our deal in October, we were able to raise enough funds to rate 6 additional charities.

WEBSITE ENHANCEMENTS

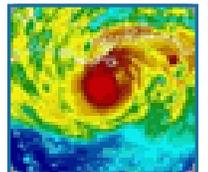
>> **CN3.0** We're almost there! With your help and that of our trusted partners and advisors, CN 3.0 is set to launch in January 2013! We invite you to stay tuned as it evolves.



>> HOT TOPICS

Several were added this year with the two most notable being:

-HURRICANE SANDY Thousands of donors used us as their go-to resource to find out which charities were assisting victims and where their philanthropic dollars would be optimally put to work to help in the effort.



-INVISIBLE CHILDREN In 3 days (March 7th, 8th & 9th), the CN web site had 536,000 visits, with donors looking for information on the charity behind what was arguably the year's most viral video, KONY 2012.



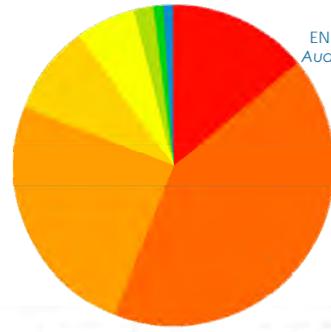
MEDIA RELATIONS

Whether it's discussing how to avoid scams, smart practices for charitable giving, or how to optimize year end giving, Charity Navigator is an often called upon and trusted resource for the likes of CNN, Fox Business News, CNBC and many others.



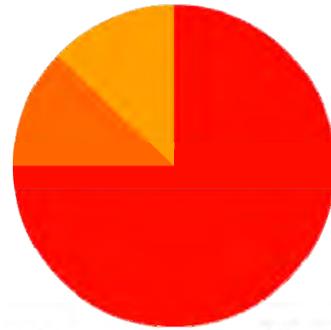
FINANCIAL REPORT

FOR THE 12 MONTHS
ENDED NOVEMBER 30, 2012
Audited Financial Statements



REVENUE

Contributions - Individuals	\$577,606	42%
Foundation Support	\$351,035	25%
Contributions - Founders & Board	\$199,486	14%
Advertising	\$124,459	9%
Investment Income	\$87,756	6%
Data Sales	\$23,747	2%
Consulting	\$11,800	1%
Other	\$9,500	1%
Total Revenue	\$1,385,389	100%

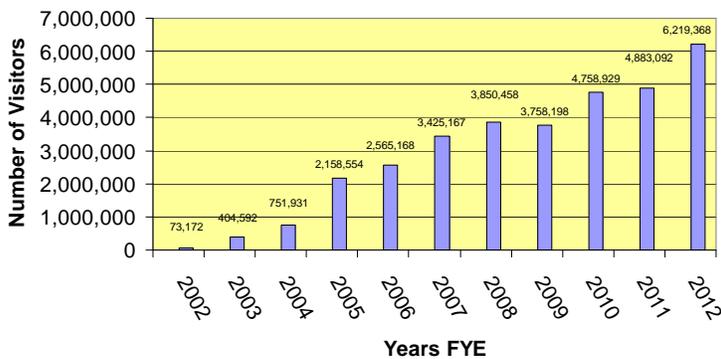


EXPENSES

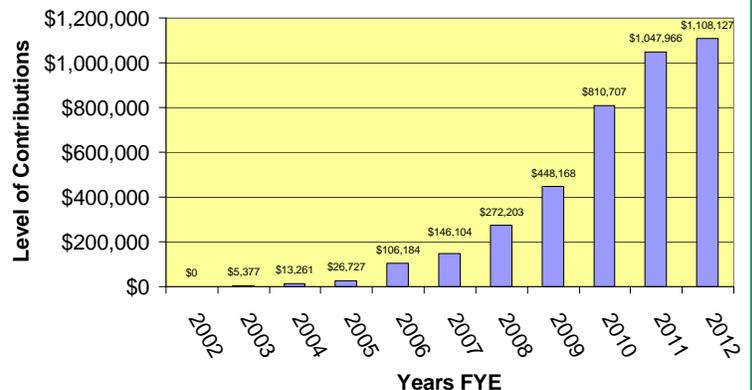
Program Services	\$897,604	75%
Development & Fundraising	\$150,065	13%
General & Administration	\$142,288	12%
Total Expenses	\$1,189,957	100%

REACH & IMPACT

GROWTH IN WEB SITE USAGE WEB TRAFFIC SURGED IN 2012!



GROWTH IN NON-FOUNDER CONTRIBUTIONS BOTH USER AND FOUNDATION SUPPORT INCREASED



SUPPORT US!

Charity Navigator owes our phenomenal growth to our Board, foundation funders and, most importantly, YOU, our users and donors who believe in our mission to create the best charity rating service to assist you with your charitable giving/social investment decisions. For all of you, we express our deepest gratitude for every single dollar of your support. You inspire us every day, as we grow and evolve to serve you better.

WE SAY A 4-STAR THANKS TO ALL OF OUR
USERS AND SUPPORTERS WHO HELPED MAKE
2012 A BANNER YEAR!



OUR PEOPLE

BOARD OF DIRECTORS

Pat Dugan, Co-Founder & Chair

Tom Murray, Vice Chair

Kenneth S. Rose, Treasurer

William von Mueffling, Secretary

Lisa Bernhard, Cheryl Black, Michael Dix, Peter Dugan,

Matt Giegerich, Jeffrey Graubard, Richard Nathan,

Dan Weiss, Marie Wieck and Ken Berger, President & CEO

STAFF PICTURED ON PAGE 1

1st Row, L to R: Steven Caron (Communications & Development Associate), Molly Graepel (Program Analyst), Ann Cannella (Program Analyst), Michelle Tang (Program Analyst)

2nd Row, L to R: Tim Gamory (Chief Information Officer & HR Manager), Vince Bogucki (Senior Information Officer), Lindsey Struck (Program Analyst), Matt Viola (Senior Program Analyst)

3rd Row, L to R: Leonie Giles (Senior Program Analyst), Ken Berger (President & CEO), Joanne Reisser (VP, Development & Operations Manager), Sandra Miniutti (VP, Marketing & CFO)

OUR CORE VALUES

1. A TEAM APPROACH that ensures respect for all who CN serves and works with, encourages their input, and underscores our value for open communications.

2. A CLIENT-CENTERED APPROACH wherein concern for our site users, other key constituents and stakeholders is considered in all decisions.

3. A CONTINUOUS IMPROVEMENT PROCESS aimed at ensuring optimization of services and operations.

THIS IS WHY WE DO WHAT WE DO HERE AT CHARITY NAVIGATOR:

AN ANNIVERSARY WISH

A longtime Charity Navigator user and supporter sent us his heartfelt thanks for our service and joined us in celebrating our 10th Anniversary in April. We say thanks to him for his kind words and investment in our work.

Dear Friends,

Many congratulations on your 10th anniversary! You have not only done a great deal of good in those ten years, but more importantly, you have enabled tens of thousands of your followers (maybe more) to do good in a more informed and helpful way. That's a huge amount to be proud of as you celebrate this anniversary and move on into a new decade.

THANKSGIVING THANKS FROM A CHARITY NAVIGATOR FAN

Our fiscal year end is November 30. We received this message of Thanksgiving just days before. We give thanks for this and every other donor who motivates us every day by telling us about the real value that Charity Navigator's service provides in their charitable giving/social investing decision making process.

"I simply want to offer my thanks to you for the wonderful work that you and the staff do for charities. Donating to charity is hugely important to my husband and me and I refuse to give to any organization until I first check them out with you. I'm convinced that the guidance you provide has enabled us to give our hard earned dollars to worthy organizations. A few years ago, my husband and I very much wanted to donate money for research for two causes and we found 4 star rated funds on your site that we did not previously know about. I assume that you all don't make that much money in your roles but you are very much appreciated! Thank you and Happy Thanksgiving!" - Charity Navigator User

MORE KIND WORDS

"Thanks so much for what you do. Charity Navigator has helped me direct my giving to the most deserving—NOT the most insistent."

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Charity Navigator has to offer!



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