About ImpactMatters

How are we different? Our ratings answer a critical question: How will a donation directly improve a life? To answer that question, we follow three simple principles [documented as goals in this StratML rendition]

Impact analysis makes for a better nonprofit sector — Social impact is the change in outcomes caused by a social program relative to cost. Some programs are more effective than others at changing outcomes. However, this data is not available to most donors, preventing them from pinpointing the impact of their own donation. Through data analysis, ImpactMatters calculates the impact of a nonprofit’s program and issues a rating. Donors can use these ratings to make more informed decisions about their giving.

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Strategic Plan

ImpactMatters (IMPCT)

Stakeholder(s):

Nonprofit Sector:
We believe strongly in the nonprofit sector as a way to improve people’s lives. Our ratings are designed to help the sector flourish by rewarding impact.

Nonprofits:
We rate “service delivery” nonprofits, i.e., nonprofits that deliver a program directly to people to achieve a specific health, anti-poverty, education or similar outcome... We only rate nonprofits that publically share the data needed to calculate impact.

ImpactMatters Team

Elijah Goldberg:
Executive Director — Elijah co-founded ImpactMatters with Dean Karlan. He previously co-founded and served as executive director of Walimu, a health nonprofit in Uganda. He received his B.A. in economics from Yale.

Michael M. Weinstein:
President — Michael holds a Ph.D. in economics from M.I.T. and previously served as chief program officer for the Robin Hood Foundation. During the 1990s, he served on the editorial board of The New York Times and as the Times’ economics columnist.

Tamsin Chen:
Ratings Director — Tamsin leads ImpactMatters process to rate nonprofits. She received her B.A. in International Studies and Economics from Vassar and led the Vassar Haiti Project.

Josh Twersky:
Dev and Ops Manager — Josh manages fundraising, finances and human resources. He previously worked as a paralegal at Ladas and Parry LLP and as an operations supervisor at SPORTLOGiQ. He received his bachelor’s degree from McGill University.

Maria Winchell:
Research Analyst — Maria gathers data and conducts analysis for impact reports. She received her B.A. in Economics and Political and Social Thought from University of Virginia.

Stan Pollak:
Controller — Stan oversees ImpactMatters financial operations. Over a thirty year career at Citigroup, he worked as C.F.O. and Finance Director for multiple business units, most recently Strategy Sourcing and Procurement Services.

ImpactMatters Board of Directors

Paul Brest:
Former Dean and Professor Emeritus (active) at Stanford Law School, Former President of the William and Flora Hewlett Foundation

Tamara Fox:
Director of Evaluation and Learning, Strategy Unit at Open Society Foundations, Former Senior Advisor for Learning and Evaluation Strategy at the Social Science Research Council

Dean Karlan:
Co-founder and Chair of the Board of ImpactMatters — Professor of Economics and Finance at Northwestern University, President and Founder of Innovations for Poverty Action

Kevin Starr:
Director of the Mulago Foundation and the Rainer Arnhold Fellows Program

Michael M. Weinstein:
President of ImpactMatters — Former Chief Program Officer for the Robin Hood Foundation

ImpactMatters Partners

GuideStar by Candid:
GuideStar by Candid and ImpactMatters collaborate to increase the amount of impact information available on nonprofits. ImpactMatters uses GuideStar Platinum data as the basis of some of its ratings. GuideStar and ImpactMatters also work together to increase the number of nonprofits reporting high quality impact data through the GuideStar Platinum program. guidestar.org

Charity Navigator:
Now in its second year of an innovative collaboration, Charity Navigator is publishing impact information prepared by charities and gathered by ImpactMatters and three other partners, GuideStar, Classy and GlobalGiving. Through this collaboration, ImpactMatters’ ratings are displayed on the charity rating pages on Charity Navigator’s site. charitynavigator.org
Vision
A better nonprofit sector

Mission
To guide donors to high-impact nonprofits by producing ratings of impact.

Values

**Effectiveness**: Impact analysis is important because it can highlight substantial differences in effectiveness.

**Passion**: Head and the heart -- We help donors choose the most effective organizations that advance the causes they’re most passionate about.

**Continuous Improvement**: Improve constantly -- Our ratings are not perfect and we strive to improve them every day. We welcome your thoughts, suggestions and corrections.

**Accountability**: Be accountable -- We believe a strong rating agency listens to people on both sides of the rating. We routinely solicit feedback and are always eager to hear what donors and nonprofits have to say.

**Impact**: Impact is the change in outcomes — e.g., lives saved or income earned — caused by a social program compared to the costs to achieve those outcomes. An example: the impact of Feeding America is one meal served for every $2 spent.

**Cost-Effectiveness**: Cost-effectiveness is a determination as to whether the benefits outweigh the costs. To determine cost-effectiveness, impact is compared to a benchmark. For example, the cost of a meal delivered by the nonprofit can be compared to the cost to buy a meal in the same area. If the nonprofit delivers for substantially less than the cost to buy a meal, we would conclude it is highly cost-effective. ImpactMatters bases its choice of benchmarks on market prices or established norms whenever possible.

**Counterfactuals**: To understand the impact of a program, we must ask the counterfactual question: What would have happened to beneficiaries if the program had not, counter to fact, been there to serve them? We then measure the difference between what actually happened and what we think would have happened if the program had not been around. That difference is the impact of the program. Just looking at what actually happened is not sufficient for understanding impact because many factors besides the program could affect how beneficiaries fare over time. For example, an economic boom affects both beneficiaries of a job training program and non-beneficiaries. An observed increase in employment among beneficiaries is insufficient evidence to conclude that the program — and not the economic boom or other factors — caused an increase in employment. Most communication about impact today inadvertently ignores the counterfactual. But ignoring the counterfactual, in effect, assumes the counterfactual to be zero. In other words, it assumes that in the absence of a program, the outcomes of beneficiaries would not have changed at all. This may well be the case for some programs in certain settings. But for many others, it would be extreme and erroneous to assume, for instance, that without a program, no children would have graduated from high school. We incorporate the counterfactual into our analysis to provide an accurate estimate of nonprofit impact.
1. Benchmarking

*Compare changes in outcomes to benchmarks.*

Reward impact — We estimate the changes in outcomes, such as lives saved or income earned, that are attributed to a nonprofit’s work. We divide these changes in outcomes by costs and compare to benchmarks to rate impact. Highly rated nonprofits are making good use of a dollar to change lives.
2. Recognition

_Identify nonprofits producing good impacts._

Don’t punish overhead — We focus on what matters: impact. Focusing on financial indicators like overhead vs. program spending punishes nonprofits that spend money to be successful — and fails to identify which nonprofits are doing good... ImpactMatters’ ratings go beyond conventional measures of nonprofit success — such as the ratio of administrative costs to total costs — to focus on what matters: how the nonprofit changes people’s lives. Our process involves five steps:

2.1. Programs

_Identify program types._

First, we identify a type of program — such as tree planting — and develop a methodology for analyzing the impact of those programs.

2.2. Methods

_Develop methodologies for analyzing the impact of each type of program._

The methodology relies on low cost, low burden data from the nonprofit, such as the number of trees planted. We combine numbers from the nonprofit with social science research to build an equation that estimates impact.

2.3. Impacts

_Calculate impacts for each type of program._

We then identify nonprofits that implement that type of program and search for the numbers we need. Data comes from tax forms, called Form 990s, annual reports, financial statements, government datasets and nonprofit websites. With the numbers in hand, we calculate impact. Our methodology describes how.

2.4. Benchmarking & Rating

_Compare impacts to benchmarks and assign stars._

We compare impact to a benchmark to assign stars. For example, we use the social cost of carbon to analyze the cost-effectiveness of tree planting programs.

2.5. Reviews & Corrections

_Invite nonprofits to review and correct our work._

Finally, we ask nonprofits to review and correct our work before we publish.
3. Tips, Tools & Resources

*Provide tips, tools and resources to enable nonprofits to share their impact with the public.*

Support nonprofits — In our experience, nonprofits want to share their impact with the public, but doing so can be a complicated and costly process. We provide tips, tools and resources to make the process easier. We believe strongly in the nonprofit sector as a way to improve people’s lives and want to see it flourish.

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**Administrative Information**

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End Date:

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