

Overview of the analysis: the purpose of this analysis is to build a deep learning model using neural networks to classify whether a charitable organization will be successful in their funding campaign. The model is trained on a dataset that has undergone preprocessing, including dropping unnecessary columns, binning categorical variables, and converting categorical data to a numeric using one-hot encoding.

Results:

Data Preprocessing:

- Target variable(s): The target variable for the model is “IS\_SUCCESSFUL”, which indicates whether a charitable organization was successful in its funding campaign (1) or not (0).
- Feature variable(s): All the remaining columns in the dataset, except for “IS\_SUCCESSFUL”, are the features for the model. These features include information about the application type, classification, and other relevant data.
- Variable(s) to be removed: The “EIN” and “NAME” columns were dropped from the input data as they are neither targets nor features.

Compiling, Training, and Evaluation the Model:

- Neurons, layers, and activation functions: The model architecture consists of three hidden layers and an output layer. The first hidden layer has 80 neurons with a ReLU activation function, the second hidden layer has 30 neurons with a ReLU activation function, and the output layer has 1 neuron with a sigmoid activation function. ReLU is commonly used for hidden layers in deep learning models as it helps introduce non-linearity, and the sigmoid activation function is suitable for binary classification tasks.
- Target model performance: The target model performance is to achieve high accuracy in predicting the success of funding campaigns for charitable organizations.
- Steps to increase model performance: In the optimization attempts, two additional models were trained with different modifications. The first optimization had 20 neurons in the first hidden layer, 10 neurons the second hidden layer, and 5 neurons in the third hidden layer, with ReLU activation functions. The second optimization added dropout layers after the first and second hidden layers to prevent overfitting, with the dropout rate of 0.5.
- Summary of results: the model initially trained achieved an accuracy of approximately 72% on the test data. The first optimization with the modified architecture did not significantly improve the model’s performance. However, the second optimization with a dropout layer resulted in improved accuracy of approximately 73%. Although the model’s performance improved slightly with the optimization, further enhancements could be explored to achieve higher accuracy.

Summary: The deep learning model successfully predicted the success of funding campaigns for charitable organizations with an accuracy of approximately 73%. However, further improvements can be made to enhance the model's performance. One recommendation for a different model approach could be to use a different type of neural network architecture, such as a convolutional neural network (CNN). These architectures are designed to capture spatial or temporal patterns in data, respectively, and could potentially uncover additional patterns or relationships in the dataset that could improve the classification accuracy. Experimenting with different architectures and hyperparameter tuning may lead to better results.