

PRINCIPLES & PRACTICES FOR NONPROFIT EXCELLENCE

A guide for nonprofit staff and board members.



NONPROFIT
AUSTIN **at ACC**

INTRODUCTION

Texans join together throughout the state to form associations and organizations of every type. These nonprofits are essential to the vitality of communities and enrich our quality of life. The volunteers, board members and employees engaged in these organizations epitomize our highest societal values as they seek to fulfill their public benefit mission.

The continued success of Texas nonprofits requires broad public support and confidence. These principles and practices for nonprofit excellence seek to educate all engaged in nonprofit leadership and management as to their fundamental roles and responsibilities.

The 11 accountability principles described here differentiate the nonprofit sector from government and business sectors. The over 190 management practices provide specific guidelines for individual organizations to evaluate and improve their operations, governance, human resources, advocacy, financial management and fundraising. These are adapted to reflect the Texas Business Organizations Code.

While not intended as a substitute for the wisdom of directors of individual organizations, these principles and practices highlight the importance of nonprofit organizations' commitment to public accountability and the processes necessary to be transparent in fulfilling their responsibility to the communities they serve.

A copy of this document is available for free.
Download your copy at
<https://bit.ly/npa-ppn>

*Nonprofit Austin is here to help you and your organization to be more effective. Do not hesitate to contact us if you need assistance.
bsilverb@austincc.edu - 512-223-7076*

UNLEASHING NONPROFIT POWER TO DO GOOD

For **25** years

Nonprofit Austin's growing community of mission-driven nonprofit professionals, volunteers, and organizations are making important connections, growing their careers, and advancing their professional and leadership skills.

We succeed by providing accessible transformative workforce development learning opportunities and promoting our inclusive CommunitySpace for nonprofit volunteer and professional collaboration.

Explore nonprofitaustin.org for a variety of information and referral services and check out our:

- [Learning Opportunities](#) - <https://bit.ly/npa-lops>
- [Certificates](#) - <https://bit.ly/npa-cert>
- [Grant Research Center](#) - <https://bit.ly/npa-grc>
- [Nonprofit Reference Library](#) - <https://bit.ly/npa-rl>
- [Organizational Development Consulting](#) - <https://bit.ly/npa-cos>
- [Online Resources](#) - <https://bit.ly/npa-res>
- [Principles and Practices for Nonprofit Excellence](#) - <https://bit.ly/npa-ppn>
- [Starting a Nonprofit in Texas](#) - <https://bit.ly/npa-sn>

Check out our  [CommunitySpace](#) initiative to learn about our co-working and office space and meeting rooms and other benefits available to CommunitySpace members.

Join us on your favorite social media platform ([@nonprofitaustin](#)) to stay connected with us on a regular and interactive basis!

SUBSCRIBE TO OUR NEWSLETTER

Our monthly newsletter, ***Nonprofit Power***, provides you with updates on our programming and services, news of other nonprofit related activity in our area, state, and nationally, and tools to expand your knowledge and effectiveness as nonprofit professionals and volunteers.

TO SUBSCRIBE:

https://bit.ly/NPA_Newsletter

We also provide a variety of information and referral services via
nonprofitaustin@austincc.edu.

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Nonprofit Austin | Center for Nonprofit Studies | CommunitySpace
@ Austin Community College

NONPROFIT AUSTIN **at ACC**

CommunitySpace

Nonprofit Austin @ ACC's CommunitySpace is a place to gather, collaborate, and energize; a hub of private and quiet areas where one can focus or mingle; a place that sparks dialogue, collaboration, and networking among and between members, the nonprofit sector, and Austin Community College. It is a place to grow nonprofit effectiveness and community.

This initiative leverages ACC's role in the community, providing a critical nonprofit need – physical meeting space – and the unique value proposition of ACC, to create an essential asset to support the area's nonprofits and to better serve the Greater Austin community. It includes

- Variable co-working options/ offices
- An array of meeting spaces
- Grant Research Center
- Nonprofit Reference Library
- 3C Development Services

Located at 5930 Middle Fiskville Road, 78752, CommunitySpace accesses ACC's former District Office space, providing meeting spaces that allow 12 to 100+ participants. All meeting rooms include multimedia PC, ceiling projector, podium, and whiteboard(s).

All revenue generated from CommunitySpace, not needed for its operations, will go to a Scholarship Fund for ACC students administered by the ACC Foundation.

**VISIT [BIT.LY/NPA-CS](https://bit.ly/npa-cs) FOR MORE
INFORMATION AND APPLICATIONS**





NOTE TO READERS: Please be aware that certain words have particular meanings in this document:

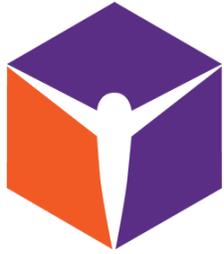
- “Must” is used to describe practices required by state or federal law, and is noted with this symbol ; the online version of the Principles and Practices (located at www.nonprofitaustin.org) will soon include direct web links to relevant federal and state statutes and reporting forms.
- “Should” is used to describe highly recommended practices.
- “Constituents” describes people with a stake in the success of the organization and may include members, neighbors, clients, volunteers and contributors.

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CERTIFICATE PROGRAMS



NONPROFIT LEADERSHIP & MANAGEMENT

To be a self aware, confident, reflective, ethical with a strong sense of professionalism, commitment and passion for the nonprofit sector.

Many nonprofit practitioners and volunteer leaders come to their work through passion more than by way of an education that has taught them how to lead and manage effectively in order to manifest that passion. Built on a strong competency model, the Certificate in Nonprofit Leadership and Management (CNLM) program offers one of the most comprehensive nonprofit professional development opportunities in Texas. Its serious course of study – requiring the commitment and investment of its participants – provides the “learning” and “experience” it takes to thrive as a committed, competent and effective leader and manager within the nonprofit community.

**VISIT [BIT.LY/NPA-CNLM](https://bit.ly/NPA-CNLM) FOR MORE
INFORMATION AND APPLICATIONS**





EFFECTIVE FUNDRAISING

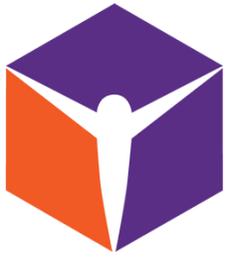
The Certificate in Effective Fundraising (CEF) offers a comprehensive and systematic exploration of the key competencies required to be a self-aware, confident, reflective, ethical fundraising professional with a strong sense of professionalism, commitment and passion for the nonprofit sector.

CEF is a comprehensive and systematic learning opportunity for:

- A professional or volunteer fundraiser seeking greater competence and career advancements;
- Someone looking to make a career change and wants a comprehensive and systematic way to acquire the competencies needed to be an ethical and effective fundraiser;
- A graduate of a nonprofit academic program and looking for a pragmatic, experience-based learning opportunity that will help advance in your career;
- A fundraising professional seeking further education and credits toward your CFRE.

**VISIT [BIT.LY/NPA-CEF](https://bit.ly/NPA-CEF) FOR MORE
INFORMATION AND APPLICATIONS**





GRANT WRITING

Join our Grant Writing Class for Nonprofit Professionals to support your 501(c)3 organization's mission. This comprehensive 40 hour course equips students with the knowledge and skills to confidently navigate the grant writing process. Participants also receive personalized guidance and support while writing an actual grant application that can be used for your nonprofit organization. Led by an experienced grant writer, you'll delve into every aspect of proposal development, from researching funding sources to constructing impactful narratives and budgets. Empower your nonprofit's mission and financial future by enrolling in this class today!

This certificate program is composed of four sessions held over five days for a total of 30 contact hours (3.0 CEUs):

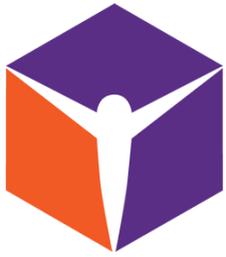
- Introduction to Grant Writing
- Hands-on Grant-Writing Workshop
- Grant Research: Targeting Funds for Nonprofits Online
- Coordinating Grant Writing with Development

The Grant Writing Certificate Program is a hands-on workshop, not just a series of lectures. Class size is intentionally small in order to provide personalized attention while you build a real, usable work product.

Want to focus on ways the Foundation Directory Online (FDO) database or Guidestar Pro can support your nonprofit work? Nonprofit Austin at ACC is ready to help you leverage Grant Research Center tools to find funding, conduct research and take your 501(c)3 work to the next level. Visit <https://bit.ly/npa-grc> to find out more.

**VISIT [BIT.LY/NPA-CGW](https://bit.ly/npa-cgw) FOR MORE
INFORMATION AND REGISTRATION**





NONPROFIT FINANCIAL MANAGEMENT

The Certificate in Nonprofit Financial Management is a comprehensive and systematic learning opportunity, covering the tools, frameworks and concepts necessary for effective nonprofit financial management.

Especially useful for:

- Current financial management staff seeking further education or a refresher;
- Aspiring professionals seeking competence and professional opportunities in this area;
- Program staff seeking understanding of this critical organizational function;
- Individuals looking to make a career change and wanting a comprehensive and systematic way to acquire the competencies needed to be an effective nonprofit financial manager;
- Volunteer leaders seeking greater understanding of the financial management function.
- This Certificate builds on the success of Center for Nonprofits' other Certificates in Nonprofit Leadership & Management, Grant Writing, Volunteer Management, and Effective Fund-raising, with their combined alumni of about 1000 individuals.

**VISIT [BIT.LY/NPA-CFM](https://bit.ly/NPA-CFM) FOR MORE
INFORMATION AND APPLICATIONS**



GOVERNANCE

A nonprofit's board of directors is responsible for developing, defining and reviewing the organization's mission and for providing overall leadership and strategic direction to the organization. Boards are not owners of the organization but are stewards of the organization's mission and resources. Each nonprofit board should actively set policy and ensure that the organization has adequate resources to carry out its mission, provide direct oversight and direction for the executive director and the organization as a whole, and evaluate its own effectiveness as a governing body, as a group of volunteers and as representatives of the community in upholding the public interest served by the organization.

BOARD CHARACTERISTICS AND QUALIFICATIONS

1. Nonprofits should strive to have board members who are representative of the organization's constituents.
2. Board members should be committed to the mission and the success of the nonprofit.
3. Board members should actively develop an understanding of the mission, ongoing activities, finances, business model and changes in the operating environment of the organization.
4. Board members should value diversity and understand the role of broad participation and the importance of including diverse groups of people in the current and future success of the organization's work.
5. To demonstrate their personal stake in the organization, board members are expected to volunteer their time, help raise external funds and make personal financial contributions to the organization.
6. Board members should receive no monetary compensation for their board duties other than reimbursement for board-related expenses.

BOARD COMPOSITION

7. Nonprofit boards should be made up of individual volunteers who are committed to representing the best interests of the organization, its mission and the community it serves.
8. To be open to new viewpoints and community members, boards should seek out new potential board members from outside the organization's traditional circles and should include board representatives from the communities the organization serves.
9. To allow for careful, thorough deliberation during decision-making and a diversity of perspectives, nonprofit boards should consist of at least seven individuals.

10. Nonprofit boards must have a president and a treasurer and should have a vice-chair and secretary. No one should serve in more than one officer position in the same organization at the same time.
11. If staff membership on the board is deemed necessary, it should be limited to the executive director. The executive director should not serve as the chair, vice-chair, secretary or treasurer.

BOARD RESPONSIBILITIES

12. Board members should gain a full understanding of their board roles and responsibilities to the organization and to the public by being provided with:
 - a clear set of expectations and responsibilities,
 - bylaws, articles and other key documents of the organization,
 - an introduction to the work of the organization, and
 - on-going opportunities to discuss and review responsibilities.
13. Board members are responsible for fully understanding their legal and fiduciary responsibilities and carrying out their duties in the following areas:
 - Strategic planning
 - Policy approval and ongoing review
 - Annual review of the executive director's performance and compensation
 - Succession planning
 - Setting of compensation structure
 - Annual budget and revenue plans
 - Financial procedures
 - Risk management
 - Regulatory filings
14. Board members are responsible for the ongoing financial health of the organization and should understand the content and significance of the organization's financial statements and audit.
15. Board members are responsible for keeping suitably informed in order to actively participate in decision-making.
16. Nonprofit board members are responsible to make decisions in the best interest of the organization and no other party, including themselves. Each board should have a conflict of interest policy that includes a disclosure form, which is signed by board members annually, and procedures for managing conflicts of interest and handling situations in which public and private interests intersect.
17. Nonprofit board members are responsible for upholding the organization's mission and using its resources wisely and in accordance with the law.

18. Board members should be willing to publicly advocate for the organization, help widen the organization's reach and develop connections with the community and its leaders.

BOARD OPERATIONS

19. Boards should have at least four meetings a year and expect regular attendance of members.

20. To ensure broad public participation, vitality and diversity, the board should establish term limits.

21. Boards should adopt policies and practices that maximize participation, including accommodating remote or electronic participation in meetings, deliberations or decision-making.

22. Boards should organize committees as needed so that they can effectively structure their roles and responsibilities in order to properly exercise their duties.

23. The board chair is responsible for presiding over board meetings. The board chair should also make sure that board members have access to key organizational documents and training. The board chair should pay particular attention to helping the board be aware of its obligations with regard to conflicts of interest, board attendance, board evaluation and compliance with board policies.

24. The board of directors, led by the board chair, should annually evaluate its own performance and review the results with an eye toward improving its practices.

NOTES:

TRANSPARENCY AND ACCOUNTABILITY

Nonprofits have a legal and ethical obligation to their constituents and the public to conduct their activities with accountability and transparency. Nonprofits should regularly and openly convey information to the public about their mission, activities, finances, accomplishments and decision-making processes. Information from a nonprofit organization should be easily accessible to the public. It should establish external visibility and build public understanding and trust in the organization.

ACCOUNTABILITY



1. A nonprofit must comply with all legally required reporting procedures, including filing the IRS Form 990 and annual reports with the Texas Secretary of State – www.sos.state.tx.us – and Texas Comptroller of Public Accounts - <http://www.window.state.tx.us/>.
2. A nonprofit has an obligation to responsibly use its resources toward its mission and to benefit the community. The organization’s board should approve its financial audits; the executive director and the principal financial manager should attest to the audit’s findings.
3. A nonprofit has a responsibility to establish clear performance measurements, compare results with other organizations when possible and share these results and methodology with its constituents.
4. Each nonprofit has a responsibility to adhere to the established industry and regulatory standards that apply to its particular activity area.

ACCESSIBILITY AND PUBLIC INPUT

5. Boards of directors should make information available to the organization’s constituents that describes the board’s decisions and decision-making processes.
6. A nonprofit should provide its constituents with ongoing opportunities to interact with the organization’s leadership about its activities and be responsive to raised concerns.

PUBLIC INFORMATION

7. A nonprofit should produce an annual report (either printed or electronic) that contains information on its activities and performance. The annual report should include:
 - an explanation of the organization’s mission, activities, results and impact;
 - information on how individuals can access its programs and services;
 - financial information, including income and expense statement, balance sheet and functional expense allocation; and
 - a list of board members, management, staff and contributors.
8. Each nonprofit organization must make certain data available to the public, including:
 - IRS Form 990 for the previous three years, including clear statements of program service accomplishments in Part III; and
 - IRS Form 1023, Application for Recognition of Exemption.
9. A nonprofit should provide multiple ways for constituents to request information or provide input.



FAIRNESS AND EQUITY PRACTICES

10. Nonprofits should ensure nondiscriminatory service to their constituents in accordance with state and federal law.
11. Nonprofits should disclose how constituent information will be used and ensure that the organization complies with an individual’s expressed confidentiality and privacy preferences.
12. Information regarding fees and services should be made readily available to the public, including available discounts and scholarships. When charging for services, nonprofits have an obligation to set fair prices and seek ways to accommodate an individual’s ability to pay, keeping in mind the need to balance the organization’s revenue and expenses.



FINANCIAL MANAGEMENT

Nonprofits have an obligation to act as responsible stewards in managing their financial resources. Nonprofits must comply with all legal and financial requirements and should adhere to sound accounting principles that produce reliable financial information, ensure fiscal responsibility and build public trust. Nonprofits should use their financial resources to accomplish their missions in effective and efficient ways and should establish clear policies and practices to regularly monitor how funds are used. Nonprofit organizations should seek to maintain or sustain a business model that will offer reliable, flexible and diverse resources to accomplish the organization's mission.

FUNCTIONS

1. The board should annually review and approve a detailed written budget of revenues and expenditures and gain a sufficient understanding of the assumptions behind the budget's development when doing so.
2. Individuals responsible for an organization's financial reporting should prepare and present to the board consistent, timely and accurate financial reports at least bimonthly, with comparisons to the organization's budget.
3. A nonprofit should ensure separation of financial duties to serve as a checks and balances system to prevent theft, fraud or inaccurate reporting to the greatest extent possible. This system of internal controls should be formally adopted by the board and appropriate to the size of the organization's financial and human resources.
4. Nonprofit organizations should adopt written financial procedures and have appropriate financial management software to record revenues and govern major expenses and use of assets, including:
 - cash and in-kind contributions
 - payroll
 - leases
 - expense reimbursements
 - travel
 - contracts
 - consultants
 - investments
 - use of debt
5. Nonprofit organizations accepting funds from government entities should be conscientious in negotiating contract terms to ensure that payment levels, conditions and reporting requirements are consistent with the mission of the organization and the interest of the people being served.

6. Nonprofits should periodically assess their risks, take appropriate actions to minimize these risks and purchase appropriate types and levels of insurance to wisely manage their liabilities.
7. A nonprofit's board should use comparable market data to set compensation for the organization's executive director and stay informed of compensation levels for other key personnel.
8. A nonprofit's board should strictly prohibit financial loans to board members, the executive director and other key personnel.
9. Board members and key staff should clearly understand how to read and interpret financial statements, including the limits on the use of restricted funds in nonprofit organizations and the role of debt.
10. The board treasurer should take a leadership role in helping the board understand its duties with regard to financial management. The treasurer also should foster board awareness of the organization's current financial condition, forecasted revenue and need to make timely adjustments in expenditures to keep the organization healthy.

COMPLIANCE

11. Nonprofit organizations must comply with all financial regulations, such as withholding and payment of federal, state and Social Security taxes, and manage donated funds according to their restrictions.
12. Nonprofit organizations must complete the relevant version of the IRS Form 990 annually. The organization's board should be provided with a copy of the completed IRS Form 990 before it is submitted. The organization should seek to meet the initial four-and-a-half-month reporting deadline to the IRS.
13. Nonprofit organizations should have systems in place, including a whistleblower policy, to protect individuals who report financial misconduct from any negative repercussions for doing so.



SUSTAINABILITY

14. A nonprofit organization must openly communicate the annual reporting information contained in its IRS Form 990 for the previous three years to make available to those who request it. The organization should make this information available on its website.
15. Nonprofit organizations should secure appropriate levels of funding to carry out their missions and activities and, when possible, diversify their revenue sources to avoid being dependent on a single funding type.



16. Nonprofit organizations should work diligently to avoid recurring deficits and aim towards building up sufficient operating reserves.
17. Nonprofits must spend funds in compliance with conditions attached to their funding. Organizations should develop a system to ensure that donor funding restrictions are maintained.
18. A nonprofit organization has a responsibility to ensure that its assets are used solely for the benefit of the organization and not for personal or other gains. To carry out this duty, an organization should have a clear conflict of interest policy that is annually signed by board members and key staff and actively enforced by the officers of the board.



NOTES:

FUNDRAISING

Nonprofit organizations provide opportunities for individuals and institutions to voluntarily contribute to causes of their choosing. By engaging the interests and relationships of individuals, nonprofits can help develop a culture of philanthropy where people feel their values can be expressed and contributions effectively used to improve their communities. To honor this trust, nonprofits should be good stewards and conduct their fundraising according to the highest ethical standards with regard to solicitation, acceptance, recording, reporting and use of funds. Nonprofits should adopt clear policies for fundraising activities to ensure responsible use of funds and open, transparent communication with contributors and other constituents.

POLICIES

1. A nonprofit's board of directors has a responsibility to adopt a fundraising plan and systems to ensure that sufficient charitable contributions are raised to meet budgeted objectives.
2. A nonprofit should have a policy that sets out conditions under which it would decline funds or in-kind donations given for purposes outside the scope of its mission or that would otherwise bring about adverse conditions for the organization or its constituents.
3. Nonprofits should ensure that a high percentage of each dollar raised goes directly to funding its programs and services. These percentages should be in accordance with practices of comparable organizations and with representations made by the organization to contributors and the public.
4. Compensation for fundraising personnel and contractors should not be based on a percentage of funds raised or other commission-based formulas.
5. A nonprofit should ensure that any outside individual or organization that solicits funds on its behalf should be closely monitored to ensure they follow accountable fundraising practices, make required disclosures, and work as responsible stewards of the organization's goodwill.

ACCOUNTABILITY TO DONORS

6. Nonprofits must comply with all federal, state and local laws concerning fundraising practices. This includes registration and annual reporting with any state in which the organization is soliciting charitable contributions that requires such reporting.



7. Nonprofit organizations are responsible for conducting their fundraising activities in a manner that upholds the public's trust in stewardship of contributed funds.
8. Nonprofits must use funds consistent with donor intent and comply with specific conditions placed upon donations.
9. Nonprofits should strive for a balance between publicly recognizing charitable contributions and maintaining donor confidentiality when requested.
10. Nonprofits should respect donor preferences in the handling of their information and should implement systems and policies that secure this information, effectively use it to communicate with donors and prevent its use for improper purposes. Nonprofits are allowed to share but they must not trade or sell contact information for any donor without prior permission from the donor.



COMMUNICATIONS WITH DONORS

11. Organizational communications, including fundraising appeals, must include clear, accurate and honest information about the organization, its activities, and when, where and for whom the funds will be used in addition to the tax treatment of a contribution.
12. Nonprofits must send a written acknowledgment to all donors who make a “quid pro quo” donation (that is, a payment made partly as a contribution and partly for goods and/or services) in excess of \$75 and must also send a written acknowledgment to all donors who made contributions of \$250 or more in cash or property in the previous calendar year. For donors who have not given more than \$250 in the previous calendar year, nonprofits should send an annual statement of giving.
13. When developing a fundraising campaign, nonprofits should honor donor preferences regarding how often donors are contacted and how they receive that communication.
14. Nonprofits should regularly communicate with constituents regarding their activities and should make such information available through free and paid media.
15. A nonprofit should plan its communications to tell the story of the organization and maintain consistent, mission-focused and timely communication with donors.
16. Nonprofits should establish a thorough understanding of their key audiences and regularly assess the effectiveness of communication strategies and tools used to reach those audiences. A nonprofit should adjust its strategies over time to best match technologies to its audiences' communication preferences.



EVALUATION

Evaluation is a distinct process, different from reporting to funders and other stakeholders. While reporting is largely an administrative task focused on accountability, evaluation is a strategic process focused on improvement. The evaluation process allows nonprofits to increase the effectiveness and efficiency of delivery of services. Each nonprofit should use evaluation to measure the impact of its actions, assess how those actions align with its mission, and act upon this information. The public also has a stake in nonprofit performance and is entitled to information regarding organizational results. Nonprofits should share evaluation results with their constituents and the public as well as use them to continually improve the quality of their processes, programs and activities.

COMPONENTS OF EVALUATION

1. Nonprofits should have a defined, ongoing, systematic and sustainable process for improving their services, programs and internal processes, using methods appropriate to the size of the organization.
2. Nonprofit programs should take into account and respond to the experience, needs and satisfaction of the constituents they serve.
3. Nonprofits should conduct program evaluations in ways that are culturally sensitive and appropriate for the community served.
4. An organization's measurement systems should be practical and useful to improve ongoing processes, activities and results.
5. Performance measures should be realistic and appropriate to the size and scope of the organization and those it serves.
6. Measurement should include information on outputs, outcomes, impact and satisfaction with activities and services provided.
7. Performance measures should be specific and based on evidence gathered before, during and after program development and implementation.
8. Measurements may include both qualitative and quantitative data.
9. Measurements should include data on efficiency and effectiveness.
10. Nonprofit organizations should strive to improve the evaluation skills of staff while contracting with other organizations or consultants to serve as external evaluators when appropriate and feasible.
11. Nonprofits should include realistic evaluation expenses in all project budgets.

12. Personal information collected from individuals through the evaluation process must be kept confidential unless they give consent for its release.

USES OF EVALUATION

13. Nonprofits should use evaluation results to gauge organizational effectiveness, improve programs and activities, and inform strategic and annual workplans.

14. Nonprofits should share evaluation results with a broad range of constituents to demonstrate the organization's impact, the community's ongoing need and the lessons learned.

15. Nonprofit evaluation should be ongoing for continuous improvement and should include input from a wide variety of stakeholders.

16. Nonprofits should be open to receiving feedback from members of the public who are interested in the organization's effectiveness.

PLANNING

The process of organizational planning sets the overall direction, activities and strategies a non-profit uses to fulfill its mission and ties planned activities to a sustainable business model and the annual budgeting process. Organizations should adopt clear strategic priorities that can be acted upon, guide the organization's decision-making and are revisited regularly. Planning benefits from participation from the breadth of the organization, including stakeholder input (with particular attention to the people served by the organization), assessments of operational and competitive environments, and performance information on the organization's work.

MISSION, VISION AND VALUES

1. Nonprofits should establish and regularly review mission, vision and values statements that are specific enough to effectively guide the overall goals and activities of the organization.
2. The mission statement should be linked to the values of the organization and its vision for the future.
3. The mission, vision and values should be evaluated regularly by the board to determine if they still meet the evolving needs of the organization's constituents and the public.

COMPONENTS OF PLANNING

4. Plans should align with the organization's mission, vision and values.
5. Organizations should actively make adjustments to plans to ensure that assumptions and activities adapt to changing organizational and environmental realities.
6. Plans should be based on a careful assessment of the multiple resources necessary for implementation, including human resources, financial, relational, and organizational commitment.
7. Organizations should create plans with evaluation in mind, assessing what processes and goals they intend to use and how they will measure their successful completion.
8. Plans should be informed by a review of the external factors that affect the organization's operating environment, taking into account the opportunities for action or collaboration and threats to success or sustainability.
9. Nonprofit organizations should be responsive to community needs and actively engage and gather input from a variety of sources, such as the board, staff and community members, and other constituents.

10. Nonprofits should confer with their counterparts to determine the need for services, the best practices in delivering them and the effective use of community resources.
11. Nonprofit organizations should provide timely notice of significant changes to partner organizations or constituents who depend on or are making plans reliant on the organization's availability of services.

STRATEGIC PLANS

12. The board of directors should establish a rigorous process of setting clearly defined, long-term goals and objectives to accomplish the organization's mission.
13. Strategic planning should articulate how the strategies chosen are expected to accomplish the organization's stated goals.
14. Goals and objectives should be reasonably attainable given staffing, resources, constituents and the number of people being served.
15. Nonprofit organizations should continually scan the environment for external factors that may impact the success of the organization's strategies, including changes in the political, economic, demographic, legal or competitive environments, and make necessary adjustments to respond to these changes.

OPERATIONAL/ANNUAL WORKPLAN

16. A nonprofit organization should annually create a written operational plan that specifies how its activities will be implemented.
17. Operational plans should support the nonprofit's strategic goals and objectives in order to advance the mission of the organization.
18. The operational plan should clearly define specific program, financial, personnel and evaluation activities; establish timelines; assign specific responsibility for implementation; and be tied to an approved budget.
19. The operational plan should be used as a management tool for tracking and evaluating activities and outcomes.

CONTINGENCY PLANS

20. Nonprofit organizations should develop contingency plans for appropriate areas of the organization, weighing the likelihood, impact on resources, opportunity and ease of planning as they create these plans.
21. Plans should include instructions for overcoming potential challenges in their implementation.

22. Nonprofit organizations should have a plan for how to communicate with key stakeholders in the event of unforeseen events.
23. Nonprofit organizations should purchase insurance policies appropriate to entities of their size and activities to cover property and liability risks, directors and officers, employment practices and other specialized needs.

NOTES:

CIVIC ENGAGEMENT & PUBLIC POLICY

Influencing public decision-making is a critical and legal means for nonprofit organizations to accomplish their missions. Open communication between policymakers and constituents contributes to well-informed policies and their effective implementation. To the highest extent possible, nonprofit organizations should educate their community, provide opportunities to deliberate on public policies, engage their constituents in advocacy activities, and promote community interests. Because participation in government decision-making is a highly regulated and sometimes contentious area, nonprofit leaders need to be familiar with the regulations and requirements for nonprofit organizations to participate in policy making. They also need to know the reporting requirements and restrictions on partisan political campaign activity.

PROMOTING PARTICIPATION

1. Nonprofits should help their clients, members, volunteers and donors learn how relevant policies affect them, develop their skills and knowledge in public policy making, and help them take advantage of opportunities to participate in the public policy process.
2. Nonprofits should promote nonpartisan efforts to encourage voting and other participation in federal, state, county and city policy making.
3. 501(c)(3) organizations should consider promoting awareness of elections and issues, including sponsoring nonpartisan candidate forums and legislative score cards.

ADVOCACY AND PUBLIC POLICY

4. Nonprofit boards should consider taking organizational positions on policy issues that impact the mission of the organization, its constituents or the nonprofit sector as a whole.
5. Nonprofits should maintain a sound understanding of the current public policy environment in their activity area and how that impacts the communities they serve.
6. If engaged in public policy and advocacy activities, nonprofits should adopt a written policy that clarifies the scope of the work as well as the time and resources to be dedicated to those activities.
7. Nonprofits should join together in strategic alliances around policy issues to strengthen their impact on public policy.

8. In situations where an organization’s mission is directly affected by a public policy, nonprofits should lead advocacy efforts regarding the policy, which may involve a variety of advocacy activities including direct lobbying.

LOBBYING

9. Lobbying by nonprofit organizations and using funds (within limits) to influence legislation is specifically authorized by federal law with mandatory reporting on IRS Form 990.
10. Nonprofits that engage in lobbying activities are subject to state and federal lobbyist registration and reporting requirements and must file accurate and timely reports on their lobbying activities.
11. Nonprofits that are engaged in lobbying activities must be aware of their funding sources’ limitations on the use of funds and must organize their legislative work so that only funds not restricted in this way are used for lobbying.



POLITICAL CAMPAIGN ACTIVITY

12. 501(c)(3) organizations must not take positions or spend funds to support or oppose a candidate for political office or coordinate their activities with a candidate, political party or other organization supporting or opposing political candidates.
13. Nonprofit representatives, including board or staff members, should distinguish between their personal positions or endorsements and the nonpartisan stance of their organization. They should refrain from situations that create the appearance of any organizational endorsement for candidates or political parties.



STRATEGIC ALLIANCES

Sustaining a variety of nonprofit organizations is positive and healthy for a community as it provides for a wide-array of approaches, leadership opportunities, individual choices and customization at the local level. However, the effectiveness of a community's nonprofit organizations also depends on successful relationships with one another as well as with businesses and government. Regardless of form, these strategic alliances can serve a variety of purposes, including resource sharing, policy influence and improved operational efficiency. While nonprofits operate in both cooperative and competitive environments, strong relationships between nonprofits can strengthen both the capacity of individual organizations and the sector as a whole.

STRATEGY FOR CREATING CONNECTIONS

1. Nonprofits should be aware of ongoing developments and changes in their field, including opportunities for coordination or joint action with other organizations.
2. Nonprofits should seek appropriate strategic partnerships and alliances to achieve organizational goals, increase impact and strengthen connections with constituents and others in the communities they serve.
3. Decisions regarding strategic alliances should be consistent with the strategic goals and advance the missions of the participating organizations.

ASSESSMENT / DECISION-MAKING

4. Organizations should determine what resources would be required in a potential alliance, the availability of those resources and the estimated cost in comparison to the anticipated benefit to accomplishing the organization's mission.
5. Alliance agreements should establish clear roles and responsibilities. They should also include ways to ensure accountability and rules that allow for changing the alliance agreement or ending it.
6. Organizations should assess on an ongoing basis whether resources are being used wisely and participating organizations are fulfilling their agreed-upon roles.
7. A charitable organization that participates in a business venture with a taxable entity (i.e., a for-profit business) must ensure that its assets do not improperly benefit the taxable entity.



COORDINATION

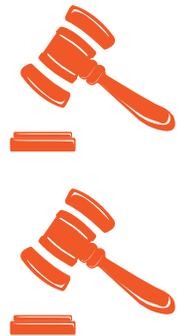
8. Nonprofits should coordinate their activities with other organizations providing similar or complementary services in their communities.
9. Nonprofits should work to establish communication channels, mutual understanding and beneficial alliances among government, nonprofit and for-profit sectors to take advantage of the total resources and interests of the community.
10. When possible and appropriate, nonprofits should assist other nonprofits in the community through alliances and sharing of resources, connections and expertise.

HUMAN RESOURCES

The ability of an organization to make the best use of the energy, time and talents of its employees is essential to accomplish the organization's mission. Nonprofit organizations should place a high priority on exercising fair and equitable practices that attract, retain and actively engage qualified employees. Nonprofits have an obligation to comply with and stay current on all applicable employment laws and to provide a safe and productive work environment. Each nonprofit organization should establish specific policies and practices that promote cooperation and open and effective communication among employees so that they can productively work together to advance the organization's mission.

EMPLOYEE POLICIES

1. Nonprofits must comply with all federal, state and local employment laws when hiring, employing and dismissing personnel.
2. Nonprofits must comply with employment mandates, including:
 - payroll taxes,
 - workers' compensation,
 - unemployment compensation,
 - accurate designation of employees and contractors, and
 - wage and hour laws.
3. Nonprofit organizations should adopt a set of board-approved policies and procedures for managing employees. Organizations should review and update these regularly.
4. Nonprofits should provide a safe and healthy work environment for their employees.
5. Nonprofits should establish a clear conflict of interest policy for employees. It should include disclosure of relationships and interested party transactions.
6. Nonprofits should adopt procedures that allow employees the opportunity to rectify their grievances.
7. Nonprofits should adopt a whistleblower policy to protect personnel when they report violations of organizational policy or applicable laws.
8. A charitable organization that participates in a business venture with a taxable entity (i.e., a for-profit business) must ensure that its assets do not improperly benefit the taxable entity.



RECRUITMENT AND RETENTION

9. Nonprofits should employ skilled individuals who are suitable for the positions they occupy and are committed to the goals, values, and objectives of the organization.
10. Nonprofits should conduct background checks on employees, particularly if their positions involve working with children or vulnerable adults, performing financial duties or serving in other sensitive areas.
11. Background checks should be conducted in a uniform and consistent way, and nonprofits must follow applicable laws with respect to background checks of prospective employees.
12. Nonprofit organizations should provide personnel with clear, current job descriptions, a comprehensive orientation, and the resources they need to produce quality work.
13. Nonprofit organizations should define their compensation philosophy, balancing internal equity with market-based and livable compensation for all employees.
14. To the extent of their ability, nonprofits should provide employees with adequate benefits, including health insurance, and the opportunity to financially contribute to retirement plans.
15. Nonprofit organizations should create a culture of transparency and open communication where internal information is shared as appropriate. This also includes being open to input from personnel regarding the organization's activities and results on a continual basis.
16. Nonprofits should develop a plan for how vacancies in senior leadership positions will be filled, including in the event of voluntary and unexpected departures.
17. When employees depart, nonprofit organizations should conduct exit interviews to learn from the employee's employment experience.
18. When employees are terminated, nonprofits should provide adequate notice and information about benefit continuation, unemployment compensation, references and job placement assistance when possible.



DIVERSITY AND INCLUSION

19. Nonprofits should strive toward creating a workplace that welcomes and supports employees who reflect the diversity of their community.
20. Nonprofits must establish and abide by a broad and encompassing equal opportunity employment policy.



PROFESSIONAL DEVELOPMENT

21. Nonprofits should promote staff education and development and provide opportunities for growth and advancement of personnel.
22. Nonprofit boards should budget for the professional development of their staff.
23. Nonprofit personnel should receive ongoing performance-related feedback and a formal performance evaluation at least annually.

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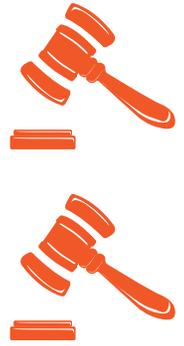
VOLUNTEER ENGAGEMENT

Volunteers' ideas, energy and ability to connect with others are crucial resources for nonprofit organizations to perform their role in society. Engaging volunteers is an essential part of the early stages of the life cycle of many nonprofits and also builds the capacity of nonprofits at any stage of the organization cycle. Volunteers provide a critical connection between nonprofits and their communities. They bring needed skills, connections, insights and resources. They also serve as valuable advocates and public relations ambassadors. Nonprofits have an obligation to act as responsible stewards of the skills, energy and time that volunteers bring to the organization. Nonprofits should create thoughtful structures and processes to manage volunteer time and abilities and direct volunteer energies to effectively advance the organization's mission.

VOLUNTEER ENGAGEMENT

1. Nonprofits should assess the capacity of their organization to engage, supervise and support volunteers with the necessary level of attention, priority and resources before recruiting volunteers.
2. Nonprofits should develop a volunteer plan that states how volunteers advance the organization's mission.
3. Nonprofits should allocate resources (including staff) to recruit, engage, supervise, recognize and retain volunteers.
4. Nonprofits should put risk management procedures in place to assess, manage or lessen potential risks to volunteers, the organization and its clients, members and participants that may result from the delivery of a volunteer-led program or service. This should include obtaining adequate levels of insurance for volunteers and the use of liability waivers where appropriate.
5. Board members should make an intentional distinction between their governance role as volunteer board members and any activities they conduct as program-based volunteers.
6. While volunteers and employees work closely together in many organizations, nonprofits must abide by the distinctions between the legally allowed activities of volunteers and employees:

- a. Employees of an organization may volunteer for the organization as long as the volunteer duties are outside of regular employee assignments, outside of normal working hours, predominantly for the employee's benefit and without any penalty to the employee for not volunteering.
- b. Financial and in-kind benefits to volunteers should be limited to reimbursement for business-related expenses, minor fringe benefits and/or nominal fees for services. Volunteer stipends should not be tied to the amount of hours engaged in volunteer activities and must be recorded as taxable income where appropriate.



RECRUITMENT AND SCREENING

7. Before recruiting volunteers, organizations should develop a clear description of the scope of the work, necessary skills, expected time commitment and the impact and benefits of the volunteer's service.
8. Where appropriate, nonprofits should seek to match volunteer opportunities to the potential volunteer's needs and interests.
9. Nonprofit organizations must conduct background checks if the volunteer will be working directly with vulnerable people.
10. Volunteer recruitment should incorporate a broad range of internal and external strategies to reach out to diverse sources of volunteers.



ENGAGEMENT AND SUPERVISION

11. Volunteers should be welcomed and treated as valued and integral members of the organization's human resources.
12. Volunteers should be provided with an orientation appropriate to their role. Orientation programs should include a clear written position description, a manual addressing relevant organization policies, information on disciplinary practices and other essential organization or position-related information.
13. Nonprofits should structure their volunteer program so that each volunteer has a direct connection with an identified supervisor and receives a level of support and supervision appropriate for their role.
14. Nonprofit organizations should have clearly articulated and documented accountability and discipline procedures for volunteers that address lack of performance or policy violations as well as grounds for termination when necessary.
15. Nonprofits should provide formal and informal opportunities to recognize the impact and value of volunteers in advancing the organization's mission.

16. Volunteers should receive ongoing performance-related feedback and a formal performance evaluation at a level appropriate to their involvement in the organization. They also should have the opportunity to provide feedback to the organization.
17. The volunteer program should be evaluated periodically to assess the impact of the program, as well as the cost and benefits involved in recruiting, engaging and supervising volunteers.

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LEADERSHIP AND ORGANIZATIONAL CULTURE

Nonprofit organizations benefit from broad participation in important discussions and decision-making. By engaging diverse groups of people who care about the organization's work and the people it serves, from perspectives inside and outside the organization, nonprofits are able to mobilize support, learn from peers and respond to community concerns. Nonprofit leaders have a complex task, carrying out challenging missions with limited resources and sometimes conflicting demands, in the midst of constantly evolving networks of organizational and personal relationships. Open and interactive leadership practices and organizational cultures strengthen the ability of nonprofits to interpret and adapt to opportunities in this shifting environment and to make the most effective use of the ideas and resources available in their organizations, networks and communities.

DECISION-MAKING

1. Nonprofit leaders should make clear the decision making structures and processes of the organization and its governing body.
2. Nonprofit leaders should devote time and attention to analyze the changing environment and steer the organization through those changes.
3. Nonprofit leaders should actively seek to understand underlying causes of mission-related issues and use this awareness to focus organization activities.
4. Nonprofit leaders should prioritize organizational goals and negotiate external relationships to buffer against excessive control of the organization by funding sources, government regulators or other external influences.
5. Nonprofit leaders should recognize and navigate the organization's response to the sometimes competing interests of funders, clients, constituents, the board, the public and volunteers.
6. Nonprofit leaders should discern a sustainable business model for the organization that takes into account the organization's size, focus, funding sources and activities.

COMMUNICATIONS

7. Nonprofit leaders should help the organization cope with multiple demands by focusing the organization's attention on timely mission-relevant issues and opportunities.
8. Leaders should advocate for their organization and its mission, championing the cause in and outside of the organization.

9. Leaders should actively communicate how the organization's activities produce the intended change in the community and inspire others to affect that change through fund-raising, advocacy and programming.
10. Nonprofit leaders should ensure that sufficient time and energy is invested in the organization's communication capacity.

CULTURE

11. Nonprofit leaders should continually develop the skills, knowledge and abilities of others at all levels of the organization to take on greater responsibility for carrying out the organization's mission and engaging community members.
12. Nonprofit leaders should create and sustain an organizational culture that best advances the nonprofit's mission and goals.
13. Nonprofit leaders should push the organization to make difficult and timely decisions, challenge others in the organization when necessary, and permit conflicting views to be expressed on the way to reaching resolution.
14. Nonprofit leaders should foster a culture of information sharing and interaction between the board and others in the organization so that innovation and creativity can come from diverse parts of the organization.
15. Nonprofit leaders should identify and implement opportunities that enhance a positive working environment.
16. Nonprofit leaders should demonstrate the behaviors they expect of their colleagues.
17. Nonprofit leaders should encourage their organization's staff and board to seek out, recognize and leverage the shared and different values of diverse cultures.
18. Nonprofit leaders should pay attention to and attend to their need for professional and personal renewal and encourage the same in others.
19. Nonprofit leaders should allow for and encourage questions and reflections on the organization's strategies, effectiveness and ability to change.

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