



We used the Guiding Principles and Practices for Nonprofit Excellence in Maine to self-assess and that has shown us how we can continue to strengthen our organization and increase its effectiveness.

—Jane Morse, Nancy Nellis,
Organization Committee
Co-Chairs, MANP Member
Organization



Guiding Principles + Practices for
Nonprofit Excellence in Maine:
**Organizational
Self-Assessment
Workbook**

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Purpose

This worksheet is a companion guide to *Guiding Principles and Practices for Nonprofit Excellence in Maine* and the *Basic Infrastructure Checklist*. **It is intended as a tool for nonprofits to use for self-assessment and planning as they strive to build the foundation for true mission achievement.** We hope that it will help your organization evaluate where your management practices (basic policies, processes and practices) are in line with legal requirements and sector best practices and where there are areas for growth.

Suggestions for How to Use This Worksheet

- 1) **Establish a work group to complete this self-assessment.** It may be appropriate to include board members, staff and volunteers or other key stakeholders.
- 2) With this group, **identify which practices your organization has in place** and which it doesn't. You may need to complete the guide in more than one sitting to accommodate research into certain policies or practices at your nonprofit. You may also need to reference the *Basic Infrastructure Checklist*, so have a copy on hand.
- 3) For all practices marked as not in place, **discuss the priority-level** of moving towards adopting the practice: high, medium, low, or perhaps not-applicable, in certain cases. Note that legally required practices have been pre-defined as high priority, unless they only apply to certain organizations.
- 4) For practices marked as "high" or "medium" priority, use the "Notes/Next Steps" space to **indicate how you will move forward.**
- 5) **Report your findings/recommendations** to your nonprofit's Board of Directors to raise awareness for areas of growth and establish consensus about priorities and next steps. Adjust the document as necessary to reflect decisions.
- 6) Build **regular review and updates** of the document into your nonprofit's governance.

Sponsor

Our sincere thanks to Healey & Associates for their generous sponsorship of this worksheet, a companion tool of the fourth edition of *Guiding Principles + Practices for Nonprofit Excellence in Maine*.



Public Benefit + Accountability

Nonprofits have a special ability to organize the energy and ideas of a community in order to achieve together what individuals cannot achieve alone. By tapping into the values, interests and relationships of individuals, nonprofits can mobilize their supporters and the larger community to realize their vision, while also building trust between communities and bridging relationships among diverse constituencies. Nonprofits are most effective when they are flexible and responsive to change, and actively engaging constituents as thought partners. Unlike government entities, nonprofits can focus on very local, specific or new matters and need not wait for community-wide consensus to begin their work.

Nonprofits have an ethical obligation to understand their role as entities that engage and inspire individuals and communities for public benefit, and to conduct their activities with transparency, integrity and accountability. Nonprofits should engage in ongoing efforts to openly convey information to the public about their missions, activities and decision-making processes. This information should be easily accessible to the public and should create external visibility, public understanding and trust in the organization, while protecting sensitive or confidential information.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must meet all federal and state requirements for public disclosure. Federal law requires a 501(c)(3) nonprofit to provide the IRS Form 1023 and the last three years' information returns (IRS Form 990 or its variants, redacted to maintain donor confidentiality). Disclosure requirements under state law vary according to whether the organization has members. *ME/US		High	
2) A nonprofit must meet all federal and state requirements for public disclosure. Federal law requires a 501(c)(3) nonprofit to provide the IRS Form 1023 and the last three years' information returns (IRS Form 990 or its variants, redacted to maintain donor confidentiality). Disclosure requirements under state law vary according to whether the organization has members. *ME/US		High	
3) A nonprofit must preserve certain records pertaining to federal or state investigations or pending or current lawsuits, and destruction of such records may be a violation of federal criminal and civil law. See related Practice of Excellence concerning document retention policy. *US		High	
4) A nonprofit must be aware of and comply with any licensure requirements that govern services it provides. *US/ME		High	
Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should have a written document retention and destruction policy, which includes guidelines for handling electronic files and voicemail, back-up procedures, archiving of documents, and regular check-ups of the reliability of the system. The policy should list all categories of documents and the specific retention period for each. Although a document retention and destruction policy is not a state or federal legal requirement, the IRS now asks whether an organization has such a policy on the Form 990, and a negative answer is a potential trigger for closer scrutiny.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
2) A nonprofit should use its resources responsibly for the purpose of serving the public interest.			
3) Nonprofits have a responsibility to establish and regularly measure clearly defined levels of performance in their activities and to share those results with the public. A nonprofit should provide multiple means for the public to contact the organization to request information or provide input.			
<p>4) A nonprofit should produce annually a publically-available report that contains information regarding activities and performance as an exercise in organizational reflection and transparent communication. The format and formality of this annual report (different from the Annual Report filed with the Maine Secretary of State) should be consistent with available resources and may vary significantly among organizations of different sizes. Items to include:</p> <ul style="list-style-type: none"> • an explanation of the organization’s mission, activities, and results; • an explanation of how individuals can access programs/services; • overall financial information, including income and expense statements, balance sheet, and functional expense allocation; and • a list of board members, management staff, supporters and donors. 			
5) A nonprofit should ensure that information regarding fees and services is readily available to the public. When charging for services, nonprofits should price equitably and take into account the consequences of denial of services due to an individual's inability to pay.			
6) A nonprofit should ensure confidentiality and nondiscriminatory service to its volunteers, constituents, and donors.			
7) A nonprofit should adhere to the established industry standards for its sector, subsector and particular activity area(s). Nonprofits should review and consider “Codes of Ethics” for their industry, and consider formal adoption of a particular code or the development of a hybrid code unique to their organization.			
8) A nonprofit should conduct its activities with procedural fairness when making decisions that impact constituents and the community.			
9) A nonprofit should encourage the development of emerging leaders and provide opportunities for individuals and the community as a whole to sharpen and strengthen leadership skills.			

Governance + Leadership

Nonprofit boards of directors are responsible for defining the organization's mission, vision and values and for providing overall leadership and strategic direction to the organization. They are responsible for maintaining the ethical and legal integrity of the organization. Nonprofit boards actively set policy and ensure that the organization has adequate resources to carry out its mission, and that its activities and expenses align with mission focus. Nonprofit boards have a responsibility to evaluate their own effectiveness, as governing bodies, in upholding the public interest(s) served by the organization.

The effectiveness of a nonprofit depends in large part on the board's ability to recruit a talented and visionary professional to fill the role of chief executive, and on a collaborative relationship between the board of directors and this chief executive. Mission-achievement requires strong communication and a balance of power and authority between the board of directors and the chief executive. The Board requires the power and independence to carry out its legal and fiduciary responsibilities and to oversee and evaluate the performance of the chief executive. The chief executive needs sufficient authority to manage the organization and exercise leadership in the broader community.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit corporation must have a governing board of at least three directors, including a president (or chairperson), a secretary, and a treasurer. *ME		High	
2) A nonprofit's board of directors must ensure compliance with all legal and other required reporting procedures and should periodically review this compliance. *ME/US		High	
3) A nonprofit's board of directors or its designees must review and approve the overall salary structure for the organization. All compensation must be deemed as reasonable within industry standards. See related Practice of Excellence #25. *US		High	
4) A nonprofit that annually compensates any director or officer more than \$250,000 and receives more than 25% of its budget through public funding must publically publish such compensation. *ME		High, if applicable	
5) No more than 49% of the individuals on the board of directors of a public benefit corporation may be financially interested persons, as defined in the Maine Nonprofit Corporation Act. *ME		High	
6) A nonprofit board must abide by its Bylaws (and in the absence of an applicable Bylaws provision, the Maine Nonprofit Corporation Act) regarding meetings and decision making procedures, such as what constitutes a quorum and when and how voting without a meeting is acceptable. *ME		High	
7) A nonprofit with members must hold a member meeting at least annually and comply with all laws regarding what constitutes a quorum and when and how votes can be cast. *ME		High, if applicable	
8) A nonprofit must not make any loans to directors or officers. *ME		High	

Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should hold board meetings at least on a quarterly basis and regular attendance should be expected.			
2) A nonprofit's board should at a minimum of every three to five years review the organization's Articles of Incorporation, bylaws, corporate policies, and mission, vision and values statements and amend as needed to reflect organizational growth and development.			
3) Although Maine law allows for fewer members, a nonprofit's board should be made up of at least five persons unrelated to each other or to staff, to ensure appropriate deliberation and diversity. Furthermore, a substantial majority (at least two-thirds) of a nonprofit's board members should be independent – that is, neither they themselves, nor anyone related to them (as a spouse, sibling, parent or child), nor anyone they reside with should be compensated by the organization as an employee or independent contractor; have their compensation determined by individuals who are compensated by the organization; or receive, directly or indirectly, material financial benefits from the organization, except as a member of the nonprofit class served by the organization.			
4) If staff membership on a nonprofit's board is deemed necessary, inclusion should be limited to the chief executive, who should not serve as the Chair, Vice-Chair, Secretary or Treasurer. Staff members who serve on boards are typically ex-officio members without official voting status.			
5) A nonprofit's board should be comprised of individual volunteers who are committed to representing the best interests of the organization and its mission, and who have the diverse skills, background and experience to meet the nonprofit's needs. The board should include at least one individual with financial expertise (not necessarily a CPA). Periodically the board should review its size, composition, and operational structure to ensure it is best able to support the organization's goals and objectives.			
6) A nonprofit's board should establish a process for selecting new board members that will ensure it has the necessary skills and abilities and an adequate infusion of new ideas and community perspectives, while preserving institutional memory. Board recruitment should align with and support achievement of the organization's strategic plan. Term limits for board members and officers should be considered.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
7) A nonprofit organization should strive for board representation that reflects the organization's constituents and the community it serves. In addition, board members should value cultural competency, diversity, and inclusiveness as essential to improving the organization, and should endeavor to build their capacity for culturally competent responsiveness and equity.			
8) A nonprofit should provide board members with a job description with clearly stated expectations, orientation to the history and the current programs and issues affecting the organization, governing and planning documents, policies, and an overview of board responsibilities. Board members are responsible for fully understanding their legal and fiduciary responsibilities to the organization and to the public.			
9) A nonprofit's board members should carry out their responsibilities in the areas of: strategic planning; policy approval; hiring of, supervising of, and annual performance review of the chief executive or equivalent; setting of compensation structure; fundraising; and financial oversight. Larger boards should organize committees or task forces as needed to effectively structure their roles and responsibilities. Each committee should have a charter or other clear statement of its authority and purpose.			
10) A nonprofit's board should establish an effective, systematic process for educating board members to ensure that each member is equipped with the information needed to carry out oversight functions, act on all legal, ethical and fiduciary responsibilities, and be knowledgeable of all programs and activities of the board.			
11) A nonprofit's board should engage in substantive dialogue about mission impact in order to strengthen the organization's programs and services, including determining which programs are consistent with the organization's mission and monitoring their effectiveness.			
12) A nonprofit's board should review and approve new or revised fiscal and governance policies.			
13) A nonprofit's board assumes overall responsibility for ensuring sufficient funds are raised to carry out the organization's mission, meet budgets and maintain adequate reserves.			
14) A nonprofit should outline clear expectations and/or a policy for board member giving, as well as personal solicitations and relationship-building to support fund development. To demonstrate personal stake in the organization, a nonprofit's board members should volunteer their time, assist in raising external funds, and make financial contributions to the nonprofit. One hundred percent of board members should give financially to the organization to the best of their ability.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
15) A nonprofit's board should annually review and approve an annual budget for the organization, ensuring that expenditures are in alignment with mission focus. While each board must determine the appropriate budget needed to achieve its mission, various industry benchmarks provide target ranges of 65-80% of expenditures for programs, and 20-35% for administration, fundraising and evaluation.			
16) A nonprofit's board should review and approve financial reports at least quarterly, review and approve year-end financial statements, and review and approve federal and state filings. The board should also review and approve significant financial transactions, contracts and leases, and ensure that appropriate financial controls are in place. Although board review of the Form 990 prior to its submission is not a federal legal requirement, the IRS asks on the Form 990 whether such a review has occurred, and a negative answer is a potential trigger for closer scrutiny.			
17) A nonprofit should strive to maximize operational efficiencies in order to reduce environmental impact and increase cost-savings.			
18) A nonprofit's board should have documented rationale for the chief executive's total compensation and stay informed of compensation levels of other key personnel. A nonprofit board's process for determining compensation of top management should include comparability data and substantiation of the process, and as salaries rise, nonprofits should consider an independent review. Although an executive compensation policy is not a state or federal legal requirement, the IRS now asks whether an organization has such a policy on the Form 990, and a negative answer is a potential trigger for closer scrutiny.			
19) A nonprofit's board should annually conduct a formal performance review of the chief executive, and a summary of the results of the review should be communicated to the entire board. The chief executive's performance should be assessed in light of organizational accomplishments. The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.			
20) A nonprofit's board should establish an organizational transition or succession plan to maintain daily operations in the event of a change in executive or board leadership.			
21) A nonprofit's board should ensure effective organizational planning, actively participating in and approving strategic planning efforts of the organization, and monitoring the plan's goals.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
22) A nonprofit's board should conduct a regular risk assessment and establish appropriate risk management strategies, including the purchase of appropriate levels of insurance, to prudently manage organizational liabilities. Funding agencies sometimes require various insurance policies. If an organization has one or more employees, a Directors and Officers policy that includes Employment Practices Litigation coverage is especially useful.			
23) A nonprofit's board members' responsibilities should extend outside the board room. Board members should act as liaisons between their organization and the community on a regular basis to enhance the organization's public standing by sharing information about the mission and program outcomes, garnering support from the community, and soliciting input from community constituents about needs and expectations of the organization.			
24) A nonprofit's board members (who are not employees) should receive no monetary compensation from the organization, except reimbursement for reasonable out-of-pocket expenses. If compensation is paid, it must be reasonable in amount (see Legally Required Practices section above). Board member compensation may void applicability of federal and state statutes providing immunity for board members' personal liability.			
25) A nonprofit should document meetings and actions of the governing body and any committee with authority to act on behalf of the governing body and, as appropriate and required by law, provide information to the public that describes any decisions and decision-making processes.			
26) To institutionalize legal compliance, a nonprofit should establish a clear conflict-of-interest policy that requires disclosure of relationships, nepotism, and interested-party transactions. The policy should include a disclosure form, which is signed annually by board members and staff or volunteers with decision-making authority, and procedures for managing conflicts of interest and handling situations in which public and private interest intersect. The policies should include an obligation of each individual to disclose all material facts and relationships and refrain from voting on any matter when there is a conflict of interest. Although a conflict of interest policy is not a state or federal legal requirement, the IRS now asks whether an organization has such a policy on the Form 990, and a negative answer is a potential trigger for closer scrutiny.			
27) A nonprofit's board should regularly evaluate itself with an eye toward ensuring the effectiveness of the board while also improving governing practices.			
28) A nonprofit's board and chief executive should create clear expectations and shared understandings of mutually supportive and complementary roles.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
29) A nonprofit's chief executive should provide an organization and staff with vision and leadership, which should stem from a strong commitment to mission.			
30) A nonprofit's chief executive should develop future leadership, both on the staff and board, and also cultivate external relationships, serving as an organizational representative and advocate.			
31) A nonprofit's chief executive should exercise responsible financial stewardship, providing leadership to and management of fundraising, following the highest ethical standards, ensuring accountability and compliance with the law, managing operations, overseeing staff and ensuring the quality and effectiveness of programs.			
32) A nonprofit's chief executive should support board members in fulfilling their responsibilities, engage the board in planning, and take the lead on implementation.			

Public Policy + Advocacy

Nonprofit organizations play a central role in the democratic process by providing a means for public participation and promotion of the common good. To the extent possible, nonprofits should engage in public policy and advocacy activities to promote community interests. In addition, nonprofits should encourage and support constituent participation in these efforts. Open communication and consultation between policy makers and constituents of nonprofit organizations contribute to the creation and effective implementation of well-informed policies.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must not engage in more than insubstantial lobbying activities. A nonprofit must know and understand the tax law limits on the amount of permissible lobbying. Organizations that engage in lobbying activities should be aware of the IRC 501(h) election. *US		High	
2) Nonprofits that engage in lobbying activities may be subject to state and federal reporting requirements. If so, the nonprofit must file accurate and timely reports on their lobbying activities and comply with all laws governing politics and elections. *ME/US		High, if applicable	
3) Federally funded nonprofits that engage in lobbying activities must organize their legislative work so that no federal funds are used for this purpose. *US		High, if applicable	
4) A nonprofit receiving funds from the state must abide by any contractual restrictions on lobbying or advocacy activity. *ME		High, if applicable	

Legally Required Practices - Continued	In place?	Priority	Notes/Next Steps
5) A nonprofit must not make a contribution or expenditure in connection with a candidate, a political committee that supports or opposes a candidate, or a political party and must not engage in any activity that promotes or discourages a vote on behalf of any individual candidate. *US		High	
Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) Nonprofits should assist their staff and constituencies in developing skills and learning about opportunities for public and civic engagement.			
2) Nonprofits should promote nonpartisan efforts to encourage voting and other participation in federal, state and local policy making.			
3) Nonprofits whose constituencies are affected by government actions should provide nonpartisan resources, information and public forums for discussion about the effects of various policy choices.			
4) Nonprofits should ensure board, staff and volunteers who act on behalf of the organization are well aware of the federal, state and local laws governing lobbying, advocacy, and electioneering.			
5) A nonprofit should encourage board members, staff, volunteers, and friends to act as advocates and ambassadors for the organization and the entire charitable nonprofit sector. A nonprofit should ensure that individuals authorized to act as ambassadors have appropriate knowledge about the programs and activities of the organization and are prepared to speak on its behalf when appropriate.			
6) Nonprofits should maintain a sound understanding of the current public policy environment in their activity area and the resulting impacts on the communities they serve.			
7) To the extent allowed by tax law and funding restrictions, a nonprofit should participate in and support the formation and amendment of public policy consistent with the organization's mission. Nonprofit organizations should take appropriate public positions on relevant issues while working and communicating with other organizations to inform the public about these issues.			
8) If engaged in public policy and advocacy activities, nonprofits should adopt a written policy to guide the scope and focus of the work and the time and resources to be allocated to those activities.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
9) A nonprofit should build relationships with elected officials, community leaders, and other nonprofits in order to strengthen their ability to effect community change and impact public policy. However, these relationships should be carefully scrutinized to ensure there is no expressed or implied endorsement of a candidate for public office or the attempt to influence legislation outside the permissible limit.			
10) A nonprofit should ensure that board and staff distinguish between personal opinion and organizational positions. This is especially important when publishing information online or in print. A nonprofit may be held accountable for statements made by a board or staff member.			
11) Information provided to policy makers, the media and the general public becomes a matter of public record. Therefore, a nonprofit should ensure that the information is timely and accurate, and that the social and political context of the information is clear in order to avoid misunderstanding or manipulation of the message.			
12) Nonprofits should join together around policy issues to strengthen their impact on public policy.			

Evaluation

As entities that serve the public, nonprofit organizations have an obligation to demonstrate their value to the public good. The public has a stake in nonprofit performance and is entitled to information regarding organizational results. Nonprofits should regularly measure their performance both in terms of effectiveness, such as outcomes and results of services, and efficiency, such as service delivery systems, and should share such information with their constituents and the general public. Nonprofit evaluation should be appropriate to the size and activities of the organization, and evaluation data should be used to continually improve the quality of processes, programs and activities.

Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should always strive to improve processes, programs and results to increase its impact relative to its mission, and should have defined, ongoing and sustainable procedures in place for evaluating its programs, procedures, and outcomes in order to best serve its constituents.			
2) Evaluation should be used to inform planning processes, including strategic planning, and to justify expenditures as appropriate.			
3) A nonprofit should develop a thorough understanding of the community in which it operates, and consider the value of a periodic formal community needs and assets evaluation to achieve this aim.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
4) A nonprofit should conduct evaluations in ways that are culturally sensitive and appropriate to the communities they serve.			
5) A nonprofit should take into account and respond to the experience, needs and satisfaction of stakeholders, such as clients, community members, board, staff, and funders. The input should be inclusive of a broad range of views and perspectives and should play an integral role in the organization’s decision-making process. A nonprofit should have a grievance procedure to address complaints.			
6) A nonprofit should determine performance measurements in advance to allow for adequate infrastructure and involvement to create an environment for successful review. A nonprofit’s performance measures should be realistic, specific, measurable and appropriate to the mission, size and scope of the organization’s activities as well as reflect the interests of its constituents.			
7) When possible, a nonprofit’s evaluation measures should reflect those generally accepted within the field, allowing for local comparisons against benchmarks established from rigorous studies.			
8) A nonprofit’s performance measures should be appropriate to the activity being assessed, and tracked over time to inform and assist in continuous improvement efforts. Measurement should include: <ul style="list-style-type: none"> • information on effectiveness, i.e. the impact(s) on identified community (constituent) needs; • information on the fidelity of the delivered programming (was the programming delivered as planned; and, if not, why not?); • information on the efficiency of the program; and • both qualitative and quantitative data, when possible. 			
9) A nonprofit’s data collection practices should protect individuals and the information collected from individuals, so as to never cause harm to those individuals.			
10) A nonprofit should appropriate adequate resources to ensure that evaluation is ongoing.			
11) A nonprofit should seek guidance and assistance from independent, external evaluators when appropriate and feasible. These evaluators should follow the national Guiding Principles for Evaluators set forth by the American Evaluation Association.			
12) A nonprofit should train its personnel in evaluation methods to improve their understanding and encourage their utilization of data developed from evaluation activities.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
13) Evaluation results should be communicated to a broad range of constituents and stakeholders (staff, board, clients, foundations, public, etc.) in promotional or information materials at least annually.			
14) A nonprofit should share relevant lessons learned with other nonprofits and funding sources.			
15) A nonprofit should assess the usefulness and accuracy of current evaluation practices and change them as needed in order to establish more successful processes to improve program effectiveness.			

Strategic + Operational Planning

Strategic planning is a cyclical process that defines a nonprofit's overall direction, and the activities and strategies to be employed in fulfilling its mission. Operational planning is a process that details measurable objectives, specific activities and budget. Nonprofits lay the groundwork for mission sustainability when they have a clear vision and goals for the future, include input from constituents, and form specific strategies for reaching these goals.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must report any material changes to its organizational purpose and activities to the IRS (via the Form 990, if applicable). Additionally, a nonprofit must report changes to its Articles of Incorporation to the Maine Secretary of State. *ME/US		High	
Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should have a clearly defined, written mission statement that guides the overall aims and activities of the organization. A nonprofit may also consider a vision statement and a value statement. <ul style="list-style-type: none"> • A mission statement is a succinct expression of an organization's core purpose: what you do and why. • A vision statement is a brief, motivating expression of an organization's aspirations and the impact it will make. • A value statement affirms the principles that underlie all organizational activities. 			
2) Originally defined by its incorporators or its initial board, a nonprofit's mission, vision, and value statements should guide the work of the board and of the organization. They should be periodically reviewed by the board to consider societal and community changes. This review should determine whether these statements are still relevant, and/or whether they should be adapted to address evolving needs of its target constituents and the world at large.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
3) A nonprofit’s board of directors and staff should be able to articulate a shared vision and goals for the organization that can guide the establishment of objectives and strategies.			
4) In planning for and evaluating its activities, a nonprofit should solicit input from a variety of sources such as participants, volunteers, donors, board members, staff and other stakeholders, and should welcome new ways of thinking about solutions.			
5) A nonprofit should consider issues within the context of larger communities and systems.			
6) A nonprofit’s planning should address the organization’s challenges and opportunities and reflect on: the needs of constituents; changing demographics; community issues, trends and conditions; the funding environment; the political and regulatory climate; best practices; and emerging technology.			
<p>7) A nonprofit should periodically create a mission-driven, written strategic plan to guide organizational growth and implementation of activities.</p> <ul style="list-style-type: none"> • The plan should include overarching, measurable objectives that are reasonably attainable given staffing, resources (financial, facility, etc.) and the scope of the plan and it is the board’s responsibility to ensure that the necessary resources are in place to achieve them. • The plan should be flexible enough to allow the board of directors and staff to adapt to unforeseen changes and take advantage of unanticipated opportunities. • The plan should provide a framework for regular progress reports and should be reviewed annually and updated at least every three to five years. 			
8) A nonprofit should write an annual operating plan, which aligns with the strategic plan and is tied to the annual budget. The plan should clearly identify goals and performance measures, define specific activities and responsibilities, and provide a framework for regular progress reports and updates.			
9) A nonprofit should create written plans for specific areas of work such as fund development, communications, technology, succession planning, risk management and disaster planning, or ensure these topics are addressed in strategic and operation plans. See the relevant sections of this document for further details on best practices related to these types of plans.			

Strategic Alliances

Strategic alliances can take many forms, including both informal arrangements for sharing information and resources, strengthening policy initiatives, and increasing operational efficiency, as well as more formal arrangements such as joint ventures, partnerships, consolidations, or mergers with nonprofit and for-profit entities. Informal and formal alliances can help to strengthen individual nonprofit capacity and the capacity of the sector as a whole. Nonprofits should seriously assess strategic alliances with public, private, and charitable organizations for viability and risk prior to engaging in an alliance. Nonprofits should initiate and promote cooperation and coordination whenever feasible to maximize the resources available to the communities they serve.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) If serving as a fiscal sponsor of another entity, a nonprofit must carefully establish and manage the relationship (preferably with a written agreement) so that it has full discretion and control over the funds and does not serve as a conduit. *US		High, if applicable	
Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
2) A nonprofit should pursue strategic alliances as a means to help achieve goals, improve effectiveness and efficiency, maximize the impact of charitable resources, strengthen community connections with constituents and others, and improve services. Strategic alliances should only be made between competent and functioning organizations.			
3) A nonprofit should stay aware of and coordinate with other organizations providing similar or complementary services in their communities, and a nonprofit's board should regularly conduct an environmental scan of similar-service organizations to assess relationships and discuss possible strategic alliances. To promote overall accountability within the sector, a nonprofit should openly communicate with other nonprofits to share and gather information on lessons learned and best practices to avoid duplication of services.			
4) When appropriate, a nonprofit should foster relationships with state, regional, and national associations, government entities, and businesses to support the advancement of its mission. A nonprofit should work to establish communication channels, mutual understanding and natural alliances among the government, nonprofit and for-profit sectors to take advantage of the total resources of the community.			
5) Nonprofits should be open to consolidating and/or merging their organizations when it is in the best interest of the constituents, community or service area to avoid unproductive duplication of services and to maximize available resources.			
6) A nonprofit should only undertake responsibility of fiscal sponsorship for another organization with board approval and full knowledge of its legal obligations and liabilities.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
7) Nonprofits should carefully consider whether a potential alliance is in line with the strategic goals of the organization; the impact on the brand and image should be positive. A nonprofit should be sure it has the internal capacity to perform its agreed upon role prior to entering into a strategic alliance. Strategic alliances should never be made purely to meet funding challenges.			
8) Nonprofits that have local chapters, branches, or affiliates should have written policies and procedures governing the activities of these strategic allies to ensure operations are consistent with the umbrella organization’s mission, policies and procedures. Although this kind of policy is not a state or federal legal requirement, the IRS now asks whether an organization has such a policy on the Form 990, and a negative answer is a potential trigger for closer scrutiny.			
9) A nonprofit entering into a partnership or strategic alliance should ensure that agreements are consistent with its policies, especially around constituent and donor confidentiality.			
10) Nonprofits should carefully consider all potential legal and financial risks that may result from collaborative endeavors, such as challenges to exemption and incorporation status, risks such as exposure to anti-trust laws and anti-kickback laws, and implications for contractual relationships, patient choice requirements, licensing requirements, employment laws, and unrelated business income tax (UBIT).			
11) If applicable, a nonprofit should implement a written policy or procedure that requires the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization’s exempt status.			
12) Nonprofits entering into a collaborative arrangement should strongly consider whether legal counsel would be beneficial to educate and protect all entities involved.			

Financial Management

Nonprofits have an obligation to act as responsible stewards in managing their financial resources and must always comply with all legal financial requirements. They 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 an effective, efficient manner and establish clear policies and practices to regularly monitor how funds are used.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must comply with all legal financial obligations. *ME/US Review the Basic Infrastructure Checklist to learn about required and recommended policies, procedures and reporting mechanisms.		High	

Legally Required Practices - Continued	In place?	Priority	Notes/Next Steps
2) If the nonprofit is a public charity by virtue of the public support test, the organization must ensure that it meets the requirements of this test from year to year. *US		High, if applicable	
3) A nonprofit must ensure that its assets are used solely for the benefit of the organization, and not for personal or other gains. *ME/US		High	
4) A nonprofit must have a system in place that allows individuals to report financial misconduct, without harmful consequence for doing so. See Financial Management Practice of Excellence #4 for further recommendations. *US		High	
5) A nonprofit must strictly prohibit financial loans to members of the board or to organization personnel. *ME		High	
6) A nonprofit must not allow personal use of its funds or business credit cards as any such transaction may constitute private inurement or an excess benefit transaction under the intermediate sanctions rules. *ME/US		High	
7) Nonprofits that solicit, accept, or obtain contributions from the public for any charitable purpose in the State of Maine must be licensed with the State Department of Professional and Financial Regulation as either a charitable organization or an exempt charitable organization and must update that license annually. A fundraising report is required with the annual filing for charitable organizations. Nonprofits that solicit in other states may face additional licensing requirements. *ME		High, if applicable	
8) A nonprofit has a legal and ethical obligation to expend grant and donor funds responsibly and to ensure that funds are dispensed according to the funders' wishes and requirements, in accordance with the Maine Uniform Prudent Management of Institutional Funds Act, as applicable. The nonprofit's financial system must support a segregation of funds in order to track grants and donations with the corresponding expenses. *ME/US		High	
9) A nonprofit must comply with all financial reporting and tax laws, including withholding and payment of federal and state income taxes and Social Security payroll taxes. *ME/US		High	
10) A nonprofit's board and/or the person responsible for fiscal oversight within the organization should be familiar with and meet the filing requirements of the IRS Form 990 (or 990-EZ, 990-PF or 990-N). Note: Although board review of the Form 990 prior to its submission is not a federal legal requirement, the IRS asks on the Form 990 whether such a review has occurred and a negative answer is a potential trigger for closer scrutiny. *US		High	
11) A nonprofit organization must manage and invest funds prudently and in compliance with conditions attached to funding. *ME		High	
12) A nonprofit that receives Federal dollars, whether directly or passed through another agency, must comply with the Office of Management and Budget (OMB) Circulars A-133, A-110 and A-122. If a nonprofit expends more than \$500,000 in Federal funds for its operations, it must have a Single Audit. *US		High, if applicable	

Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should follow U.S. generally accepted accounting practices (known as GAAP), especially those codified by the Financial Accounting Standards Board (FASB) and/or the Governmental Accounting Standards Board (GASB) for nonprofit entities.			
2) A nonprofit should have written policies and procedures governing internal controls that 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 should be appropriate to the size of the organization's financial and human resources.			
3) A nonprofit should have procedures to monitor, record, and report on assets received, held and expended.			
4) In order to institutionalize legal compliance, a nonprofit should have written "whistleblower" policies and procedures to establish procedures for 1) submission of concerns regarding questionable accounting matters, 2) receipt, retention, and treatment of complaints received, and 3) protection from retaliation of those reporting concerns. This policy is intended to encourage and enable employees, board members, officers, and volunteers to raise concerns for investigation and appropriate action. Although a written policy is not a state or federal legal requirement, the IRS now asks whether an organization has such a policy on the Form 990, and a negative answer is a potential trigger for closer scrutiny.			
5) A nonprofit should generate accurate, timely and relevant financial reports which include the comparison of actual to budgeted revenue and expense, and which identify and explain any significant variances. The reports should include a narrative and clear, bulleted essential findings. These reports should be provided to the board of directors for regular review and discussion, on a quarterly basis at a minimum.			
6) A nonprofit's board members should receive appropriate training on how to read and interpret financial statements, enabling board members to be actively engaged in reviewing financial statements, and providing fiscal oversight.			
7) A nonprofit should have a written conflict-of-interest policy. See Governance & Leadership Practice #26.			
8) A nonprofit's board of directors should review and approve an annual budget for the organization prior to the beginning of each fiscal year. While each board should determine the appropriate budget needed to achieve its mission, consideration should be given to applicable industry benchmarks for expenditures on programs, administration and fundraising.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
9) A nonprofit should spend the majority of its annual budget on programs in pursuance of its mission. An organization should also provide sufficient resources for effective administration of the organization, including evaluation and technology costs (funding technology depreciation), and, if the organization solicits contributions, for appropriate fundraising activities.			
10) A nonprofit should normally plan for a balanced budget. In the event that a budget deficit occurs, the board should be aware of this expected outcome and should participate fully in determining a plan to identify resources to restore the budget to a balanced state or meet cash flow demands.			
11) A nonprofit should plan, establish and maintain a financial reserve at a level determined by the organization’s management and board to adequately support its operations, and should have a feasible plan for dealing with sudden withdrawals of major funding sources. A recommended target for reserves is three to six months of operating expenses.			
12) A nonprofit should consider bequests, planned gifts and non-written pledges when determining the annual budget, but should not include these dollars in budgeting for program expenditures until the gift is realized.			
13) A nonprofit should fully understand “temporarily restricted” funds under Financial Accounting Standards Board (FASB) nonprofit accounting, and know when funds are appropriate to be released for use in the budget to offset expenses.			
14) A nonprofit should work towards diversifying its funding sources as much as possible in an effort to strengthen the organization’s sustainability and public support ratio, and to lessen the impact that would be caused by losing a significant amount of its funding from any one source.			
15) A nonprofit should monitor cash flow regularly to avoid bank overdrafts and acquiring a reputation for improper management of funds.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
<p>16) A nonprofit with annual total revenues in excess of \$1,000,000 should subject its financial reports to an annual audit by a Certified Public Accountant (CPA) with nonprofit experience. A nonprofit with total revenues in excess of \$250,000 but below \$1,000,000 should have a CPA provide at least an annual review of its finances. The actual trigger for an audit is the Board’s decision and should be based on the internal controls in place, the nature of the types of funding sources received, technical abilities of the accounting staff and level of board oversight.</p> <ul style="list-style-type: none"> • The board should meet in executive session with the auditor and should accept or make a motion to approve the final audit report. Larger nonprofit organizations should establish an audit committee of the board that does not share members with and works independently of the finance committee. This committee should meet with the auditor separately from management staff and should accept the final audit report. • Financial audits and reviews should be approved by the organization’s board and accepted formally by the executive director and CFO of the organization. The chief executive and the organization’s board are ultimately responsible for financial statements. • The State of Maine and the federal government have their own audit requirements that organizations should be aware of when they receive funding. • Organizations should also be aware of any requirements from donors. 			
<p>17) Larger nonprofits should establish contract management policies and procedures, including bidding systems and evaluation and monitoring tools.</p>			
<p>18) A nonprofit should establish and implement a policy that provides clear guidance on the appropriate use of business credit cards. The policy should also provide consequences for unsubstantiated expenses incurred and personal use of the credit card. Procedures should be implemented that give management oversight of staff credit card expenditures and board oversight of expenditures by the chief executive.</p>			
<p>19) A nonprofit should establish and implement policies that meet IRS “Accountable Plan” standards and that provide clear guidance on its rules for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation required. Such policies should require that travel and other expenditures on behalf of the organization be undertaken in a cost-effective manner. Although an expense reimbursement policy is not a state or federal legal requirement, the IRS now asks whether an organization has such a policy on the Form 990, and a negative answer is a potential trigger for closer scrutiny.</p>			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
20) A nonprofit that accepts credit cards should comply with PCI DSS (Payment Card Industry Data Security Standards). The types of transactions and methods used by the nonprofit will determine the level at which they need to comply.			
21) A nonprofit should determine if it is exempt from Maine Sales and Use Tax.			
22) A nonprofit with investments should adopt and periodically review a sound investment policy.			

Staff + Volunteer Management

Effective management of human resources is essential for creating successful organizational results. Consistent, fair, human resources management enhances staff morale and promotes cooperation. Nonprofit organizations should exercise fair and equitable human resource and volunteer management practices that attract and retain qualified individuals – paid and unpaid – capable of implementing its programs and services. Compensation should reflect internal equity and external competitiveness within the organization’s financial means. Nonprofits have an obligation to adhere to ethical, legal employment practices and to provide a safe work environment. Nonprofit organizations should establish specific policies and practices that promote accountability, collaboration and results that lead the organization to the achievement of its mission.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must comply with all local, state and federal employment laws in hiring, promotion, compensation and discipline practices. This includes having a definitive equal opportunity statement and Workers Compensation Insurance, among other steps. See the Basic Infrastructure Checklist for further details. *ME/US		High	
2) A nonprofit must take steps to ensure that its environment is safe from preventable hazards that might result from working conditions, the operation of public facilities or practice with potentially dangerous clients. *ME/US		High	
3) A nonprofit must comply with Maine and federal anti-harassment laws. Organizations with 15 or more employees must (and smaller organizations should) establish and operate consistent with a written harassment prevention policy that defines harassment, provides examples, notes how investigations are conducted and explains how employees can report suspected harassment. *ME/US		High	
4) A nonprofit must maintain certain personnel records for each employee (and in some cases briefer volunteer-specific records) and comply with rules regarding their confidentiality in storage and access and which outlines the terms under which employees may review or add to their contents. See Basic Infrastructure Checklist for further details. *ME/US		High, if applicable	

Legally Required Practices - Continued	In place?	Priority	Notes/Next Steps
5) A nonprofit must accurately classify each worker as an employee or independent contractor for the purpose of Maine unemployment tax, Maine workers compensation law, federal payroll taxes and Maine and federal income tax withholding requirements. For nonprofits that offer stipends to workers, such as clients receiving a stipend as a part of a work program, classifications may vary and organizations should seek the opinion of the Maine Department of Labor in classifying these workers. *ME/US		High, if applicable	
6) Every employer, including nonprofits, must ensure that if employees report an apparently illegal or prohibited act, the complaint will be entertained on its merit and that no retaliation will arise out of reporting such an act. To institutionalize this compliance, a nonprofit should have a written whistleblower policy. See Financial Management Legally Required Practice #4 for more detail. *ME/US		High, if applicable	
7) Nonprofits must ensure that background checks on new hires are completed according to state and federal regulations and any applicable funder contracts, to protect vulnerable populations such as minor children, the disabled or elderly service recipients. *ME/US		High, if applicable	
Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should have a written conflict-of-interest policy that governs staff and volunteers with decision-making authority, as well as board members. See Governance & Leadership Practice #26.			
2) A nonprofit should have a staffing structure that clearly defines the positions and the relationships necessary to implement the nonprofit's goals, objectives and mission.			
3) A nonprofit should employ competent individuals who are suitable for the positions they occupy (paid or unpaid) and committed to the mission, vision and values of the organization.			
4) A nonprofit should strive toward employing personnel and engaging volunteers who reflect the diversity of the community that they serve, as appropriate for program effectiveness. Nonprofits should strive to include diverse voices and opinions in decision-making and at all levels of the organization.			
5) The board should establish policies on employee benefits, which may include: <ul style="list-style-type: none"> • Medical and dental insurance; • Life and disability insurance; • Retirement plans; • Group membership benefits; • Paid leaves: sick leave, vacation time, personal time, and other paid time off; • Unpaid leaves: Family Medical Leave, maternity, legislative service and jury duty. 			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
6) A nonprofit should adopt a set of specific, but separate, policies and procedures for personnel and volunteers that are within legal guidelines, address effective practices of risk management, and are approved by the Board. The Basic Infrastructure Checklist contains a list of recommended policies and procedures.			
7) A nonprofit's personnel policies should reflect the goals of the organization and the needs of employees. Nonprofits should have a clear process through which policies are reviewed annually and approved by the board. These policies serve to provide guidance to staff on the carrying out of their assigned duties and help the chief executive to ensure organizational activities are consistent with the best practice as articulated by the board.			
8) A nonprofit should have a formal orientation program for new employees and volunteers which includes, among other things, the history and mission of the organization, personnel policies and procedures, criteria for standards of performance and all state and federally mandated employee training programs.			
9) A nonprofit should provide staff and volunteers with clear, current job descriptions and the tools they need to produce quality work. They should also set measurable objectives with realistic expectations, as well as clear and consistently applied procedures for evaluating performance. Nonprofits should have procedures in place to fairly and legally address performance concerns to ensure employee conduct is competent and respectful of both fellow employees and persons served. A record of an employee's evaluations, along with employee's signature and comment, should be kept in the employee's personnel records.			
10) A nonprofit should support and encourage the education and development of paid and unpaid personnel and should provide them with opportunities for personal growth, skill development and advancement to the extent possible with respect to budget limitations.			
11) A nonprofit should have a system in place for the succession of employees and volunteers to support consistency over time and organizational sustainability.			
12) A nonprofit should solicit and use input from paid and volunteer personnel regarding the organization's activities and results on a continual basis.			

Resource + Fund Development

Nonprofit organizations play an important societal role in serving as the vehicle by which philanthropy occurs. They act as the intermediary between donors and beneficiaries and have an ethical obligation to ensure proper handling of funds to carry out their missions. Nonprofit fundraising should be conducted 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 for designated purposes, and open, transparent communication with donors and other constituents.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must comply with charitable solicitation laws in each state where it raises funds, including those raised online. In Maine a nonprofit must file an annual charitable solicitation registration (or annual exemption paperwork) and an annual fundraising activity report with the Maine Department of Professional and Financial Regulation. *ME		High	
2) A nonprofit that seeks to raise money through gaming, auctioneering or raffle activities must comply with state and IRS rules and laws related to these activities. *ME/US		High, if applicable	
3) A nonprofit's fundraising communications must include clear, accurate, and honest information about the organization, its activities and the intended use of funds, and should clearly identify the organization. *ME		High	
4) A nonprofit must comply with written substantiation and disclosure requirements as outlined in IRS Publication 1771. *US		High	
5) A nonprofit must use funds according to donor intent. Donated funds must be clearly categorized as unrestricted, temporarily restricted or permanently restricted in the organization's financial statements and communications in accordance with the donor or grantor wishes/stipulations. If an organization is unable or unwilling to agree to the specific conditions set by the donor, it must respectfully decline the gift. *ME/US		High	
6) A nonprofit must ensure that any professional fundraisers that work on its behalf (employees of the nonprofit excepted) are licensed with the Maine Department of Professional and Financial Regulation, and are classified appropriately as employees or independent contractors. See Legally Required Practice # 5 in the Staffing & Volunteer Management section. *ME/US		High, if applicable	
7) A nonprofit that collaborates with a for-profit business to raise over \$10,000 in funds in a calendar year must ensure that it and the business complies with the commercial co-venture provisions of the Maine Charitable Solicitations Act. *ME		High, if applicable	

Practices of Excellence – Recommended Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit should promptly acknowledge and thank donors for every gift, regardless of amount, including in-kind donations.			
2) A nonprofit should have policies in place that govern the receipt, acknowledgement, use and management of charitable gifts, grants and in-kind donations, and should stay current on any revisions made to reporting standards and forms. Nonprofit organizations should implement clear policies, based on the organization’s exempt purpose, to determine whether accepting a gift would compromise the ethics, financial circumstances, mission focus, or other interests of the organization, and should decline funds that do so. Nonprofits should consider an additional policy regarding acceptance of personal gifts from any constituent to staff members, board members, and volunteers.			
3) A nonprofit board and executive should be familiar with professional standards, such as the Association of Fundraising Professionals’ <i>Code of Ethical Principles and Standards of Professional Practice</i> and <i>A Donor Bill of Rights</i> and the ePhilanthropy <i>Code of Ethical Online Philanthropic Practices</i> , and ensure that all fundraising professionals acting on behalf of the organization behave ethically.			
4) A nonprofit should prepare an annual Resource Development Plan that involves research and consideration of all potential sources of support (grants, donations, sponsorships, earned income, in-kind donations, etc.) and includes fund development techniques appropriate to various programs, projects, services and fund types. The plan should include measureable goals, appropriate staffing and resources to achieve these goals, and a process for monitoring progress toward goals throughout the year.			
5) A nonprofit should establish appropriate systems to collect and manage current, historical and potential donor data, and consider maintaining a formal donor database.			
6) A nonprofit should diversify its funding sources to reduce the risk associated with the loss or reduction of particular funding streams.			
7) A nonprofit should regularly communicate with donors regarding its activities and should make such information available through multiple outlets, and in response to requests.			
8) A nonprofit should balance publicly recognizing donors with maintaining donor confidentiality. Sharing or trading donor names with others without permission is unethical. Personal information about potential donors collected in prospect research should remain confidential.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
9) A nonprofit should support the professional development of its resource development staff and volunteers to ensure knowledge of traditional and innovative practices in fundraising, philanthropy, and earned income development.			
10) A nonprofit should not compensate fundraising personnel and consultants based on a percentage of funds or on other commission based formulas.			
11) A nonprofit that uses online fundraising strategies should exercise due diligence in vetting and selecting any third party vendors or processors to ensure their capabilities can support other fundraising best practices, as well as to assess the stability of the provider, and its ability to ensure the security of donor data. A nonprofit should also evaluate the impact of outside vendors' presence on their brand.			

Marketing + Communications

Effective marketing and communications is central to the success of an organization's mission, goals and activities. Internal communication is essential to motivate, inform, and counsel employees and volunteers and to set the stage for excellent external communications. External communication is necessary to attract and retain constituents and to raise public consciousness, understanding, response to, and funding of the organization.

Legally Required Practices	In place? (Y/N)	Priority (High, Medium, Low)	Notes/Next Steps
1) A nonprofit must comply with the CAN-SPAM Act. *US		High	
Practices of Excellence – Recommended Practices	In place?	Priority	Notes/Next Steps
1) A nonprofit's organizational marketing and communications should adhere to the highest ethical and professional standards, as well as any industry specific standards that may exist, and should include transparency, fairness and honesty, especially in an age of social media in which users inside and outside organizations generate content together. These standards should be clearly stated in writing and should be part of the orientation of all employees and volunteers.			
2) A nonprofit should establish and promote a clear brand. An organization's brand reflects its reputation, character and actions, and an organization's brand identify includes its logo, graphic standards, messaging, and tone. A nonprofit should establish policies and procedures governing the use of its brand identity elements to ensure consistency.			

Practices of Excellence – Recommended Practices	In place?	Priority	Notes/Next Steps
<p>3) A nonprofit should have plans for achieving its marketing goals that support the organization’s strategic plan. Marketing and communication should be integrated with all organizational planning, and should demonstrate accountability to constituents and the public.</p> <ul style="list-style-type: none"> • A nonprofit should have clearly defined, written marketing goals. These goals should define measurable outcomes for response to the organization’s programs, services, volunteer engagement, and fund development efforts. • A marketing and communications plan should include target audiences, key messages, pricing, distribution, customer service, communications tools and techniques, and a means to evaluate results. • Communications tools and techniques should take into consideration target audiences’ preferred methods of communication. • The plan should establish regular formal and informal strategies for gathering input from target audiences, community members and key groups/organizations, and identify how this input will be considered and incorporated as appropriate. • The plan should also ensure that an organization is making the appropriate information available to the public and communicating in a clear and timely manner with those who request information. (See “Public Benefit and Accountability” for more information) • The plan should be shared and regularly reviewed with staff, board and key volunteers of the organization. • It should be updated regularly to ensure the plan stays current with the organization’s priorities, communication trends, and technological capabilities. 			
<p>4) A nonprofit should encourage internal communication that welcomes alternative perspectives, invites and encourages participation at all levels, minimizes defensiveness, and builds and maintains camaraderie. Management should solicit actively, listen carefully, and respond respectfully to the views of internal constituents, including staff and volunteers.</p>			
<p>5) A nonprofit’s internal communications should include regularly scheduled and attended meetings, regular printed and electronic informational updates, an understood forum for suggestions, reports on meetings of the board of directors and its committees, recognition and social events. Written policies and procedures are useful for creating consistency and accountability for internal communication standards.</p>			
<p>6) Nonprofits should have in place a social media use policy that balances personal freedoms with recognition that staff members’ online presence impacts perception of the organization.</p>			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
7) A nonprofit should clearly define the line of communication between staff and the board of directors, as well as appropriate methods for conveying information, processes, concerns, and accomplishments, and orient staff and board members about this topic.			
8) A nonprofit should have a clear process for developing public statements and positions on issues. A nonprofit should ensure all staff, board members and other volunteers are aware of the nonprofit’s public statements, positions and media coverage, and encourage them to build awareness through word-of-mouth when appropriate.			
9) A nonprofit should have a policy outlining expectations for how board and staff distinguish between personal opinion and organizational positions, especially when publishing information online or in print. A nonprofit may be held accountable for statements made by a board or staff member.			
10) As a risk management strategy, a nonprofit should have a written policy and procedure to guide external and internal communications in crisis or emergency situations. All internal constituents should be aware of the policy and procedures.			
11) A nonprofit should identify key spokespersons that are authorized to make official public statements on behalf of the organization, and ensure processes to provide appropriate, accurate and timely information for those individuals to use for internal and external communications. All internal constituents should be aware of who the spokesperson(s) is/are.			
12) A nonprofit should encourage board members, staff, volunteers and friends to act as ambassadors and advocates for the entire organization and its position on issues, and should provide ambassadors with concise messaging (an elevator speech) to facilitate their promotion of the organization.			
13) A nonprofit should consult copyright or trademark requirements restricting use of others’ work and should copyright or trademark organizational materials as appropriate, including considering copyright commons.			
14) A nonprofit should seek technology solutions that allow the greatest segmentation and personalization of messaging to the organization’s range of target audiences.			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
<p>15) A nonprofit should make all non-confidential information regarding its mission, program activities and finances available to the public.</p> <ul style="list-style-type: none"> • All basic information about the organization, including the Form 990, annual reports, information regarding services and fees, contact information and financial statements should be easily available on the organization’s website and by request. • Individuals should be provided with clear channels for contacting the organization to request information or provide input. • Constituents of nonprofits should be provided with ongoing opportunities to interact with the board and management regarding the organization’s activities. 			
<p>16) A nonprofit should respond promptly and respectfully to grievances or complaints from stakeholders. A written policy should be considered to support this practice.</p>			
<p>17) Nonprofits should establish and implement clear policies regarding confidentiality of certain communications, images, and personal information. Sensitive, private, or confidential information should not be shared without express consent.</p>			

Technology

A nonprofit manages information with regard for confidentiality/openness, safety, accuracy, integrity, reliability, cost-effectiveness, and legal compliance. A nonprofit should invest in appropriate technology to enhance capacity and improve its efficiency, efficacy, and accuracy in the achievement of its mission. A nonprofit should also ensure the security of sensitive or confidential information, and ensure its document retention and destruction policy adequately protects information.

Practices of Excellence – Recommended Practices	In place?	Priority	Notes/Next Steps
<p>1) A nonprofit should have information systems in place that provide timely, accurate, and relevant information to facilitate workflow.</p>			
<p>2) In order to ensure cost-effective and appropriate use of relevant technology, a nonprofit should integrate technology planning into its short and long-term strategic and operational plans and consider the value of a separate more detailed technology plan. This planning should include an assessment of what systems are needed to effectively meet the organization’s mission, as well as funds to make necessary, ongoing, technology upgrades. A nonprofit should fund technology depreciation.</p>			
<p>3) A nonprofit should have a resourced and intentional website and social media presence.</p>			

Practices of Excellence – Recommended Practices Continued	In place?	Priority	Notes/Next Steps
4) As appropriate to its technology resources, a nonprofit should have a policy that addresses personal use of the organization’s information and technology, and a social media use policy that balances personal freedoms with recognition that staff members’ online presence impacts perception of the organization.			
5) A nonprofit should ensure that secure or confidential information is appropriately protected and not taken from the organization in any manner unless expressly authorized. To safeguard against these risks, a nonprofit should strongly consider written security policies that prescribe how critical organizational information is gathered and stored, how accuracy is maintained, how and what information is backed up, and who is authorized to view or manipulate that data. Written policies should address remote access, if applicable.			
6) A nonprofit should designate responsibility for maintaining the organization’s information systems to more than one staff person, volunteer, or board member. One person should be primary and at least one should be back-up.			
7) A nonprofit’s staff, volunteers and board members should all have current training to use those technology and information systems that are relevant to their work and should know to whom to report problems and ideas. Sufficient resources should be allocated for this purpose.			
8) A nonprofit that accepts credit cards should comply with PCI DSS (Payment Card Industry Data Security Standards). The types of transactions and methods used by the nonprofit will determine the level at which they need to comply.			
9) A nonprofit should publish on its website its security and privacy policies related to information gathered on its website.			
10) A nonprofit should have off-site back-up of key data and software information and should allow for remote and/or alternative access in the event of an emergency. This back-up should be checked periodically to ensure it is functioning properly.			
11) A nonprofit should create a catastrophic recovery plan that includes whom to call, hardware/software vendor account numbers and contact information, insurance company information, and hardware serial numbers, and should ensure that all information technology support agreements are up-to-date and include disaster recovery protections.			
12) A nonprofit should invest in appropriate telecommunications equipment (such as fixed and mobile communication devices), compatible computer hardware and software, Internet access, website and email hosting and any other technology infrastructure deemed appropriate to enhance and streamline its ability to achieve its mission.			
13) A nonprofit organization should develop computer networking and remote access strategies that are appropriate to the size of the organization.			
14) In addition to those items listed above, minimum technology recommendations include: virus protection (updated regularly); firewall; and anti-spyware.			