



STANDARDS FOR EXCELLENCE:

An Ethics and Accountability Code for the Nonprofit Sector

MISSION AND PROGRAM

Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

A. Mission

1. The organization's purpose, as defined and approved by the board of directors, should be formally and specifically stated. The organization's activities should be consistent with its stated purpose.

B. Organizational Planning and Evaluation

1. A nonprofit should revisit its mission every three to five years to determine if the need for its programs continues to exist. The organization should evaluate whether the mission needs to be modified to reflect societal changes, its current programs should be revised or discontinued, or new programs need to be developed.
2. A nonprofit should engage in organizational planning to review critical strategic issues, priorities for programs and services, and financial resources. The process should include key stakeholders and result in a plan that guides program development, fundraising, and resource allocation.
3. As part of its organizational planning, a nonprofit should review its investment in infrastructure and internal systems, including technology, which increase an organization's capacity to carry out its mission.

C. Program Evaluation

1. A nonprofit should have defined, cost-effective procedures for evaluating, both qualitatively and quantitatively, its programs and projects in relation to its mission. These procedures should address programmatic efficiency and effectiveness and the outcomes for program participants.
2. Evaluations should be candid and accurate, be used to strengthen the effectiveness of the organization and, when necessary, be used to make programmatic changes.

D. Program Service

1. In rendering its programs or services, a nonprofit should act with the utmost professionalism and treat persons served with respect. Where appropriate, a nonprofit should have policies in place to protect the confidentiality of personal information and should provide a grievance procedure to address complaints. Nonprofits should regularly monitor the satisfaction of program participants.

GOVERNING BODY

Nonprofits are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the organization. An effective nonprofit board should determine the mission of the organization, establish policies, assure that adequate human resources (volunteer or paid staff) and financial resources (earned income, government contracts and grants, and charitable contributions) are available, and regularly monitor the organization's strategic and financial performance.

A. Board Responsibilities

1. The board, in partnership with staff, should engage in ongoing planning activities as necessary to determine the mission of the organization, to define specific goals and objectives related to the mission, and to evaluate the success of the organization in achieving the mission.
2. The board, in partnership with staff, should establish policies for the effective management of the organization, including financial and, where applicable, personnel policies.
3. The board annually should approve the organization's budget and periodically should assess the organization's financial performance in relation to the budget, diversity and stability of revenue sources, and level of unrestricted net assets. As part of the annual budget process, the board should review the percentages of the organization's resources spent on program, administration, and fundraising
4. The board should hire the chief executive, set the executive's compensation, and evaluate the executive's performance.
5. The board should periodically review the appropriateness of the overall salary structure of the organization.
6. As part of the board orientation process, board members should receive a copy of these Standards.

B. Board Composition

1. The board should be composed of individuals who are personally committed to the mission of the organization and who possess specific skills needed to increase the effectiveness of the board of directors in accomplishing the mission.
2. Where an employee of the organization is a voting member of the board, the circumstances must ensure that the employee will not be in a position to exercise undue influence.
3. The board should have no fewer than five (5) unrelated directors. Seven (7) or more directors are preferable.
4. The organization's bylaws should define specific terms of service for board members.
5. A board should have a rigorous board development process that outlines clear performance expectations for board members and ensures accountability for performance. To ensure adequate rotation of officers and board membership, an organization should limit the number of consecutive terms a board member can serve or establish other mechanisms for succession planning.
6. Board membership should reflect the diversity of the community.
7. Board members should serve without compensation. Board members may be reimbursed for expenses directly related to their board service.

C. Conduct of the Board

1. The board is responsible for its own operations, including the education, training and development of board members, ongoing evaluation of its own performance, and where appropriate, the selection of new board members.
2. The board should establish stated expectations for board members, including expectations for participation in fundraising activities, committee service, and program activities.
3. The board should meet as frequently as is needed to fully and adequately conduct the business of the organization. At a minimum, the board should meet four times a year. Board meetings may be conducted by telephone, video, or online conferencing as allowed by Ohio law.
4. The organization should have written policies that address attendance and participation of board members at board meetings and include a process to address noncompliance.
5. Written meeting minutes reflecting the actions of the board should be maintained and distributed to board members. Board committees should act on behalf of the board only in unusual or extenuating circumstances and if such actions are consistent with the organization's bylaws. All board members should receive written minutes and reports of committee actions taken on behalf of the board.

CONFLICT OF INTEREST

Nonprofit board and staff members should act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest.

A. Conflict-of-Interest Policy

1. Nonprofits should have a written conflict-of-interest policy. The policy should be applicable to board members and staff, and volunteers who have significant independent decision-making authority regarding the resources and programs of the organization. The policy should identify the types of conduct or transactions that raise conflict-of-interest concerns, should set forth procedures for disclosure of actual or potential conflicts, and should provide for review of individual transactions by the uninvolved members of the board of directors.

B. Conflict-of-Interest Statements

1. Nonprofits should provide board members, staff and volunteers with a conflict-of-interest statement that summarizes the key elements of the organization's conflict-of-interest policy. The conflict-of-interest statement should provide space for the board member, employee or volunteer to disclose any known interest that the individual, or a member of the individual's immediate family, has in any entity that transacts business with the organization. The statement should be provided to and signed by board members, staff, and volunteers, both at the time of the individual's initial affiliation with the organization and at least annually thereafter.



HUMAN RESOURCES

A nonprofit's relationship to its employees and volunteers is fundamental to its ability to achieve its mission. Volunteers occupy a special place in nonprofit organizations, serving in governance, administrative and programmatic capacities. An organization's human resource policies should address both paid employees and volunteers, and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

A. Personnel Policies

1. A nonprofit should have written personnel policies, approved by the board of directors, governing the work and actions of all employees and volunteers of the organization. In addition to covering basic elements of the employment relationship (e.g., working conditions, employee benefits, vacation and sick leave), the policies should address employee evaluation, grievance procedures, confidentiality of employee, client and organization records and information, and employee growth and development.
2. The organization's human resources policies and procedures should also address initial assessment or screening of employees and key volunteers, assignment to and training for appropriate work responsibilities, ongoing supervision and evaluation, and opportunities for advancement.

B. Employee Performance Evaluation

1. Organizations should have a system in place for regular written evaluation of employees by their respective supervisors, which should take place at least annually.

C. Employee Orientation

1. New employees of the organization should receive an orientation, which includes review of the organization's personnel policies and procedures and an introduction to the Standards for Excellence. Employees should be provided with a copy of the personnel policies and these Standards, and should acknowledge receipt in writing.

FINANCIAL AND LEGAL

Nonprofits must practice sound financial management and comply with a diverse array of legal and regulatory requirements. A nonprofit's financial system should assure that accurate financial records are kept and that the organization's financial resources are used in furtherance of the organization's charitable purposes. Organizations should conduct periodic reviews to address regulatory and liability concerns.

A. Financial Accountability

1. A nonprofit should operate in accordance with an annual budget that has been approved by the board of directors.
2. A nonprofit should create and maintain financial reports on a timely basis that accurately reflect the financial activity of the organization.
3. For nonprofits with annual revenue in excess of \$300,000, the accuracy of the financial reports should be subject to audit by a Certified Public Accountant.



4. Internal financial statements should be prepared no less frequently than monthly, should be provided to the board of directors at least quarterly, and should identify and explain any material variation between actual and budgeted revenues and expenses.
5. Organizations should provide employees a confidential means to report suspected financial impropriety or misuse of organization resources.
6. Organizations should have written financial policies governing: (a) investment of the assets of the organization (b) internal control procedures, (c) purchasing practices, and (d) unrestricted current net assets.

B. Legal Compliance and Accountability

1. Nonprofits must be aware of and comply with all applicable federal, state, and local laws. This may include, but is not limited to, the following activities: complying with laws and regulations related to fundraising, licensing, financial accountability, human resources, lobbying and political advocacy, and taxation.
2. Organizations should annually assess the need for insurance coverage in light of the nature and extent of the organization's activities and its financial capacity. A decision to forego general liability insurance coverage or Directors and Officers liability insurance coverage shall only be made by the board of directors and shall be reflected in the minutes for the meeting at which the decision was made.
3. Nonprofits should periodically review the organization's compliance with known existing legal, regulatory and financial reporting requirements and should provide a summary of the results of the review to members of the board of directors.

PUBLIC ACCOUNTABILITY

Nonprofits are private corporations that operate for public purposes with public support. As such, they should provide the public with information about their mission, program activities, and finances. A nonprofit should also be accessible and responsive to members of the public who express interest in the affairs of the organization.

A. Annual Report

1. Nonprofits should prepare, and make available annually to the public, information about the organization's mission, program activities, and basic financial data. The report should also identify the names of the organization's board of directors and management staff. The annual report need not be professionally designed and printed.

B. Public Access

1. Nonprofits should provide members of the public who express an interest in the affairs of the organization with a meaningful opportunity to communicate with an appropriate representative of the organization. Nonprofits should have at least one designated staff member or volunteer who is responsible for ensuring that the organization complies with both the letter and the spirit of federal and state laws requiring disclosure of information, such as the IRS Form 990, to members of the public.



FUNDRAISING

Charitable fundraising provides an important source of financial support for the work of most nonprofit organizations. An organization's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising practices should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

A. Fundraising Activities

1. A nonprofit's fundraising costs should be reasonable over time. On average, over a five year period, a nonprofit should realize charitable contributions from fundraising activities that are at least three times the amount spent on fundraising. Organizations whose fundraising ratio is less than 3:1 should demonstrate that they are making steady progress toward achieving this goal, or should be able to justify why a 3:1 ratio is not appropriate for the individual organization.
2. Solicitation and promotional materials should be accurate and truthful and should correctly identify the organization, its mission, and the intended use of the solicited funds.
3. All statements made by the nonprofit in its fundraising appeals about the use of a contribution should be honored.
4. Nonprofits should honor the known intentions of a donor regarding the use of donated funds.

B. Donor Relationships and Privacy

1. Nonprofits should respect the privacy of donors and safeguard the confidentiality of information that a donor reasonably would expect to be private.
2. Nonprofits should provide donors an opportunity to state that they prefer to remain anonymous and that their name, the amount of their gift, or other information not be publicly released.
3. Nonprofits should provide donors an opportunity to have their names removed from any mailing lists that are sold, rented, or exchanged.
4. Nonprofits should honor requests by a donor to curtail repeated mailings or telephone solicitations from in-house lists.
5. Solicitations should be free from undue influence or excessive pressure, and should be respectful of the needs and interests of the donor or potential donor.

C. Acceptance of Gifts

1. An organization should have policies in place to govern the acceptance and disposition of charitable gifts that are received in the course of its regular fundraising activities. These policies should include procedures to determine any limits on individuals or entities from which the organization will accept a gift, the purposes for which donations will be accepted, the type of property that will be accepted, and whether to accept an unusual or unanticipated gift in light of the organization's mission and organizational capacity.

D. Employment of Fundraising Personnel

1. Fundraising personnel, including both employees and independent consultants, should not be compensated based on a percentage of the amount raised or other commission formula.
2. When using the services of paid professional solicitors, organizations should use only the services of professional solicitors who are registered with the Ohio Attorney General.



3. Organizations should exercise control over any staff, volunteers, consultants, contractors, other organizations, or businesses that are known to be soliciting contributions on behalf of the organization.

PUBLIC AFFAIRS AND PUBLIC POLICY

Nonprofits provide an important vehicle through which individuals organize and work together to improve their communities. When consistent with its mission and purpose, a nonprofit should represent the interests of the people it serves through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers and constituents to participate in the public affairs of the community.

A. Public Policy Advocacy

1. Nonprofits that engage in advocacy should have a written policy defining the process by which the organization determines positions on specific issues.

B. Public Education

1. Nonprofits should assure that any educational information provided to the media or distributed to the public is factually accurate and provides sufficient contextual information to be understood.

C. Promoting Public Participation

1. Nonprofits engaged in promoting public participation in community affairs shall be diligent in assuring that the activities of the organization are strictly nonpartisan.