



PRINCIPLES & STANDARDS

FOR NONPROFIT & PHILANTHROPY EXCELLENCE[®]

A New Path for Collaborative Excellence



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The Alliance provides leadership and organizational development support to nonprofit and philanthropic organizations to help them address a broad range of challenges, including support and training on organizational and staff capacity, executive management, and evaluation and reporting. The Alliance connects nonprofit and philanthropic organizations in ways that transform their approach to addressing the problems they seek to solve and ensures these organizations have the resources, tools, training, and networks they need to have a meaningful and measurable impact on the communities they serve.

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Dear Friends & Colleagues,

Welcome to The Mississippi Alliance's Principles and Standards for Nonprofit and Philanthropy Excellence.®

As Executive Director of The MS Alliance of Nonprofits and Philanthropy, I invite you to explore a new way to achieve excellence on topics such as legal compliance, national standards and best practices. These topics are relevant for both nonprofits and grantmakers, and they encourage collaboration, which is essential to improving the lives of children, families, and communities in Mississippi.

During the process of merging the former MS Association of Grantmakers and the MS Center for Nonprofits to create The Alliance, we realized that we were charting a new course for the way philanthropy and nonprofits communicate and work. Our aspiration is to change the existing paradigm, and frankly there are few existing roadmaps to guide us. And the same is true for the creation of a new, single set of principles, practices, and standards for both funders and nonprofits. It's groundbreaking work and we believe it will be useful not only to Mississippi philanthropic and nonprofit organizations, but to the field at large.

At its core, this Guide is a declaration of what The Alliance considers to be founding principles for ethical and effective leadership for our sector. It becomes a tool for individuals and organizations to use to demonstrate that the public trust placed in our organizations is well founded. That trust is earned through the implementation of the highest national standards and best practices.

I invite you to use this Guide on your path to excellence, and I wish you success in your journey. Please reach out to The Alliance at any time as we are ready to assist you as you go forward.

Sammy Moon, Executive Director
The Mississippi Alliance of Nonprofits and Philanthropy
connect@alliancems.org
601.968.0061

Introduction & Framework

A New Path for Collaborative Excellence

The Mississippi Alliance of Nonprofits and Philanthropy (The Alliance) is taking innovative and transformative approaches to support learning, growth, development, and collaboration between nonprofit and philanthropic organizations in Mississippi that are working to achieve better results for the state's children, families, and communities. By providing tools and training for mission-based organizations to increase their capacity and effectiveness, The Alliance attracts investment to the state, supports the development of replicable and sustainable models, and promotes practical policy and programmatic solutions to some of the state's most challenging and persistent issues. Alliance members are able to quickly move from conversation to collaboration to action through affinity groups, online communication tools, and other opportunities to connect, thereby enhancing and magnifying the impact of both philanthropy and nonprofits.

In April 2019, The Alliance became a national leader by creating a single, statewide membership organization of nonprofits and grantmakers. It is important to note that all charitable endeavors in Mississippi are governed by state laws that apply to both nonprofits and philanthropies both of which are considered by the Mississippi Secretary of State collectively as **Charities**. Additionally, both nonprofit and philanthropic organizations receive the same IRS 501c3 designation. Therefore, it is important that The Alliance produce and offer a single guidebook detailing a new pathway for achieving charitable excellence on legal compliance, national standards and best practices that is relevant for both nonprofits and grantmakers so they can work collaboratively to improve the lives of children, families, and communities in Mississippi.

The MS Alliance Principles and Standards for Nonprofit & Philanthropy Excellence® are based on fundamental values of quality, responsibility and accountability and they should foster an environment that recognizes, affirms, and values diversity, racial equity, and inclusion in all endeavors. These principles, practices, and standards distinguish the nonprofit & philanthropic sectors from the government and business sector and provide specific guidelines for organizations to evaluate and improve operations, governance, human resources, advocacy, financial management, fundraising and more.

The MS Alliance Principles and Standards for Nonprofit & Philanthropy Excellence® invite nonprofit and philanthropic leaders, board members, managers, volunteers and staff to explore roles and responsibilities for charitable organizations that go well beyond traditional ways of achieving their missions by transforming:

- customary forms of governance to advocacy and civic engagement;
- basic human resource tools to create leadership and organizational culture;
- occasional partnering to intentional synergistic collaboration;
- passive acknowledgment of the need for diversity, racial equity, and inclusion to challenge ourselves and foster an environment that recognizes, affirms, and values diversity, racial equity, and inclusion in all endeavors as embedded across all **MS Alliance Principles and Standards for Nonprofit & Philanthropy Excellence®**.

The Alliance expects this document will be useful to all organizations as they form, rethink, and innovate. It provides guidelines, standards, a framework for making a difference, and a set of reference tools that can be adapted to meet individual and collective needs and circumstances.

Code Definitions & Note to Readers

FS : First Steps; **MS** : Mississippi Secretary of State requirement or other State agency requirement; **IRS** : Internal Revenue Service or other Federal Agency requirement.

THE STANDARDS OF NONPROFIT & PHILANTHROPY EXCELLENCE

Civic Engagement, Advocacy, and Public Policy

Nonprofit and philanthropic organizations play a central role in the democratic process by providing a means for individuals to deliberate on public policies and decisions that affect them. To the extent possible, nonprofits and philanthropies should educate their communities, provide opportunities to deliberate on public policies, and engage diverse constituents in advocacy activities as a means to fulfilling missions and promoting community interests. Open communication and consultation between policy makers and constituents of nonprofits and philanthropies contribute to well-informed policies and the effective implementation of them. Nonprofits and philanthropic organizations need to know the reporting requirements and restrictions on political campaign activity.

Evaluation

Evaluation is a distinct process, different from reporting to all stakeholders. While reporting is largely an administrative task focused on accountability, evaluation is a strategic process focused on improvement. The evaluation process allows nonprofits and philanthropies to increase the effectiveness and efficiency of their mission achievement. Each organization should use evaluation to measure the impact of actions, assess how those actions align with missions, and act upon this information. As entities that serve the public, nonprofits and philanthropies have an obligation to demonstrate their value to the public good. The public has a stake in charitable performance and is entitled to information regarding an organization's results. Nonprofits and philanthropies should regularly measure their performance against a clear set of desired outcomes and should share such information with their diverse constituents.

Financial Management

Nonprofit and philanthropic organizations have an obligation to act as responsible stewards in managing their financial resources. Nonprofits and philanthropies must 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. They should use their financial resources to accomplish their missions in effective and efficient ways and should establish clear policies and practices to regularly monitor how funds are used.

Fundraising

Nonprofit and philanthropic organizations provide the opportunities for individuals and institutions to voluntarily contribute to a cause of their choosing. By engaging the interests and relationships of individuals, nonprofits and philanthropies can help develop a culture of philanthropy where people feel their values can be expressed and contributions effectively used to improve their communities. To honor this trust, nonprofits and philanthropies should be good stewards and conduct their fundraising according to the highest ethical standards with regard to solicitation, acceptance, recording, reporting and use of funds. Nonprofits and philanthropies 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.

Governance

The boards of directors for all nonprofits and philanthropic organizations are responsible for developing, defining, and reviewing the organization's mission and for providing overall leadership and strategic direction to the organization. Boards are not owners of the organization but are stewards of the missions and resources. Each board should actively set policy and ensure that the organization has adequate resources to carry out its mission, provide direct oversight and direction for the executive director/CEO and the organization as a whole. Charitable boards have a responsibility to evaluate their own effectiveness as governing bodies in upholding the public interest served by the organization.

Human Resources & Professional Development

The ability of an organization to make the best use of the energy, time and talents of its employees is essential for creating successful organizational results. Nonprofits and philanthropies should place a high priority on exercising fair and equitable human resource and volunteer practices that attract, retain, and highly engage qualified employees and volunteers. These practices should foster an environment that recognizes, affirms, and values diversity, racial equity, and inclusion in all endeavors. Staff development and training provides staff and volunteers with opportunities for growth and advancement and is crucial for institutional knowledge throughout the organization. Nonprofits and philanthropies have an obligation to adhere to all legal employment practices and to provide a safe work environment. They should establish specific policies and practices that promote cooperation and open and effective communication in the organization to fulfill the mission.

Leadership & Organizational Culture

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

Legal Accountability & Transparency

As entities that serve the public, nonprofits and philanthropies have an ethical obligation to their constituents and the public to conduct their activities with legal accountability and transparency. Nonprofits and philanthropies should regularly and openly convey information to the public about their missions, activities, finances, accomplishments and impact, and decision-making processes. Information should be easily accessible to the public and should create external visibility, public understanding and trust in the organization.

Planning and Operations

The process of organizational planning is a critical process that defines the overall direction, activities and strategies to be employed to fulfill missions and tie planned activities to the annual budgeting process and a sustainable future. Planning should include input from constituents and all stakeholders and should be intentional and ongoing to position organizations to achieve their outcomes. The operational plan should be developed annually by the staff, based on the board-approved strategic plan, and used as a management tool for tracking and evaluating activities and outcomes. At every level of planning, nonprofits and philanthropies should affirm and value diversity, racial equity, and inclusion. Nonprofits and philanthropies are obligated 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.

Public/Private Foundation Standards

The persistent scrutiny of charitable governance has prompted leaders at many types of organizations to take steps to assure that their own organizations are in good legal and financial order. Additionally, adherence to national standards provide guidance on how nonprofits and philanthropies should operate, distribute funds, and determine impact on communities served. Nonprofits and philanthropies that have been awarded national standard seals demonstrate that they will serve as responsible stewards of contributions, community partners and leaders.

Strategic Directions & Alliances

Strategic planning is an integral process for boards, staff, volunteers, constituents and all stakeholders to plan for future programming, outcomes, direction, and sustainability. All aspects of the organization should be considered in creating a strategic plan and adopting clear strategic priorities that can be acted upon, guide the organization's decision-making and are revisited regularly. Strategic plans contribute to strategic partnerships and alliances. The effectiveness of nonprofit and philanthropic organizations depends on successful relationships with other community institutions. Regardless of form – partnership, collaboration, cooperation or coordination – these relationships, or strategic alliances, can serve a variety of purposes, including resource sharing, policy influence and improved operational efficiency. Nonprofits and philanthropies should be open to strategic alliances and, when appropriate, should partner with other organizations to strengthen their capability to achieve desired outcomes. Nonprofits and philanthropies should initiate and promote cooperation and coordination between a variety of entities to avoid unnecessary duplication of services to maximize the resources available to the communities they serve.

Volunteer Management

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

CIVIC ENGAGEMENT, ADVOCACY, & PUBLIC POLICY

Nonprofit and philanthropic organizations play a central role in the democratic process by providing a means for individuals to deliberate on public policies and decisions that affect them. To the extent possible, nonprofits and philanthropies should educate their communities, provide opportunities to deliberate on public policies, and engage diverse constituents in advocacy activities as a means to fulfilling missions and promoting community interests. Open communication and consultation between policy makers and constituents of nonprofits and philanthropies contribute to well-informed policies and the effective implementation of them. Nonprofits and philanthropic organizations need to know the reporting requirements and restrictions on political campaign activity.






Advocacy and Public Policy

1. Nonprofits and philanthropies should advocate publicly on behalf of their missions and organizational values. **FS**
2. Nonprofits and philanthropies should advocate for the sector with regard to tax exemption and nonprofits and philanthropies status. **FS**
3. Nonprofits and philanthropies should participate in public policy formation. **FS**
4. Nonprofits and philanthropies should continuously maintain a sound understanding of the current policy environment and the resulting consequences for the public.
5. Nonprofits and philanthropies should have a written public policy and advocacy plan that defines how decisions are made, as well as the scope of activity, time, and resources to be allocated to advocacy and public policy work.
6. Nonprofits and philanthropies should develop advocacy and lobbying strategies to address key public policy issues facing the sector and their constituents. Diverse constituent input, involvement and needs should inform how these strategies are shaped.




Civic Engagement

7. Nonprofits and philanthropies should encourage the civic engagement of their members, allies and constituents by supporting voter registration efforts, sponsorship of candidate and/or issue forums and citizen input into shaping public policy through advocacy and lobbying. Nonprofits and philanthropies must be aware of certain restrictions on lobbying imposed by the IRS. (For further clarification, see www.clpi.org). **FS IRS**
8. Information provided to policy makers, the media and the general public becomes a matter of public record. Therefore, nonprofits and philanthropies must 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.
9. Nonprofits and philanthropies should make an effort to join together with other nonprofits and philanthropies around policy issues to strengthen their impact on public policy.

Lobbying

10. Nonprofits and philanthropies that engage in lobbying activities that are subject to state and federal reporting requirements must file accurate and timely reports on lobbying activities with the IRS and Mississippi Secretary of State.   
11. The boards of directors for nonprofit and philanthropic organizations should consider both the 501(h) election (IRS Form 1087) and the “insubstantial part” rule related to financial expenditures for lobbying to determine which reporting mechanism is most appropriate for the organization.  

Political Campaign Activity

12. Nonprofit and philanthropic organizations engaged in promoting public participation must understand that all 501(c)(3) organizations are prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Nonprofits and philanthropies should understand that certain voter education activities (including presenting public forums and publishing voter education guides) and voter registration drives are permissible as long as they are conducted in a non-partisan manner and do not endorse a candidate or political party.  
13. Representatives of nonprofits and philanthropies, including board or staff members, should distinguish between their personal positions or endorsements and the nonpartisan stance of their organizations. They should refrain from situations that create the appearance of any organizational endorsement for candidates or political parties. 

EVALUATION

Evaluation is a distinct process, different from reporting to all stakeholders. While reporting is largely an administrative task focused on accountability, evaluation is a strategic process focused on improvement. The evaluation process allows nonprofits and philanthropies to increase the effectiveness and efficiency of their mission achievement. Each organization should use evaluation to measure the impact of actions, assess how those actions align with missions, and act upon this information. As entities that serve the public, nonprofits and philanthropies have an obligation to demonstrate their value to the public good. The public has a stake in charitable performance and is entitled to information regarding an organization's results. Nonprofits and philanthropies should regularly measure their performance against a clear set of desired outcomes and should share such information with their diverse constituents.

Components and Uses of Evaluation

1. Nonprofits and philanthropies should have defined, ongoing and sustainable procedures in place for gathering information and evaluating programs, procedures, and outcomes in relation to mission.
2. Nonprofits and philanthropies should take into account and respond to the experience, needs, and satisfaction of the constituents they serve in their programming and service endeavors and provide a grievance procedure to address complaints.
3. Nonprofits and philanthropies should conduct program evaluations in ways that are culturally sensitive and appropriate for the community served. **FS**
4. Outcomes measurement strategies should inform the operational plan and should be used to evaluate organizational effectiveness and continuous improvement. **FS**
5. Evaluation results should be used to strengthen and improve programs and activities by incorporating evaluation findings into strategic planning processes.
6. Performance measures should be realistic, specific, measurable and appropriate to the size and scope of the organization and its diverse constituents. **FS**
 - a. Measurement should include information on outputs, outcomes, results, and satisfaction thus, evaluations should be comprehensive enough to account for both program process and program impact. **FS**
 - b. Measurements may include both qualitative and quantitative data. **FS**
 - c. Measurement should include data on efficiency and effectiveness. **FS**
 - d. Evaluations should be conducted on a regular enough and appropriate basis to gauge progress toward program and organizational performance benchmarks. **FS**
7. Information that is collected from persons served must be kept confidential unless permission is given for release. **FS**
8. Evaluation should be ongoing and should include input from a wide variety of diverse stakeholders including staff, board, funders, community members, etc.
9. Evaluation results should be communicated to a broad range of diverse constituents including staff, board, clients, foundations, public, etc.
10. Nonprofits and philanthropies should share relevant lessons learned with other nonprofits and philanthropies and funding sources.

11. Organizations should strive to improve the evaluation skills of staff while utilizing external evaluators when appropriate and feasible. These evaluators should follow the National Guiding Principles for Evaluators set forth by the American Evaluation Association. (<http://www.eval.org/publications/guidingprinciples.asp>)
12. Organizations should include realistic evaluation expenses in all project budgets.

FINANCIAL MANAGEMENT

Nonprofit and philanthropic organizations have an obligation to act as responsible stewards in managing their financial resources. Nonprofits and philanthropies must 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. They should use their financial resources to accomplish their missions in effective and efficient ways and should establish clear policies and practices to regularly monitor how funds are used.

Functions

1. Annually, the board should review and approve a detailed written budget of revenues and expenditures, identifying and explaining any significant variance and gain a sufficient understanding of the assumptions behind the budget's development when doing so. **FS**
2. Individuals responsible for an organization's financial reporting should prepare and present to the board consistent, timely and accurate financial reports at least bimonthly, with comparisons to the organization's budget. Nonprofits and philanthropies should provide financial literacy training to its board of directors at least annually.
3. Board members and key staff should clearly understand how to read and interpret financial statements, including the limits on the use of restricted funds in nonprofit organizations and the role of debt.
4. The board treasurer should take a leadership role in helping the board understand its duties with regard to financial management. The treasurer also should foster board awareness of the organization's current financial condition, forecasted revenue and need to make timely adjustments in expenditures to keep the organization healthy.
5. Nonprofits and philanthropies should ensure separation of financial duties to serve as a checks and balances system to prevent theft, fraud or inaccurate reporting to the greatest extent possible. This system of internal controls should be formally adopted by the board and appropriate to the size of the organization's financial and human resources. **FS**
6. Nonprofits and philanthropies should adopt written financial procedures and have appropriate financial management software to record revenues and govern major expenses and use of assets, including:
 - cash and in-kind contributions,
 - payroll,
 - leases,
 - expense reimbursements,
 - travel,
 - contracts,
 - consultants,
 - investments, and
 - use of debt. **FS**
7. Nonprofits and philanthropies accepting funds from government entities should be conscientious in negotiating contract terms to ensure that payment levels, conditions and reporting requirements are consistent with the mission of the organization and the interest of the people being served.
8. Boards of directors of charitable organizations should strictly prohibit financial loans to board members, the executive director, and other staff. **FS**

9. Nonprofits and philanthropies should plan for a balanced budget. In the event that a budget deficit occurs, the board should be made aware of this expected outcome and should participate fully in determining a plan to restore the budget to a balanced state.
10. Nonprofits and philanthropies, with board approval and full knowledge of its legal obligations and liabilities, may undertake responsibility of fiscal sponsorship for another organization.

Compliance

11. Nonprofits and philanthropies must comply with all financial regulations, such as withholding and payment of federal, state, and Social Security taxes, and the management and use of restricted funds. FS MS IRS
12. Nonprofits and philanthropies should complete the annual IRS reports (Form 990, 990EZ, 990N and appropriate schedules) per IRS requirements in a timely, accurate manner and include specific information about the relevant year's activities and outcomes. The organization's board should be provided with a copy of the completed IRS Form 990. FS IRS
13. If an organization's contributed income for the previous fiscal year exceeds the Mississippi Secretary of State's revenue threshold, it must ensure that its financial statements are audited, certified, and prepared in accordance with sound accounting practices by a certified public accountant. MS
14. Nonprofits and philanthropies should complete the annual Unified Registration Statement (URS) and Financial Statement (FS) as required by the Mississippi Secretary of State in a timely, accurate manner. FS MS
15. Nonprofits and philanthropies should have a system in place, including a whistleblower policy, that allows individuals to report financial misconduct, without consequence for doing so.
16. Nonprofits and philanthropies have a responsibility to ensure that assets are used solely for the benefit of the organization and not for personal or other gains. They should have a clear conflict of interest policy that is annually signed by board members and actively enforced by the officers of the board. FS IRS
17. Boards should use comparable market data to set compensation for the organization's executive director and stay informed of compensation levels for other key personnel. The IRS rulings on excessive compensation should be adhered to in all compensations.
18. Nonprofits and philanthropies have a legal and ethical obligation to expend funds responsibly and to ensure that funds are dispensed according to the donors' wishes, requirements, and restrictions are maintained. MS IRS
19. Nonprofit and charitable organizations must openly communicate the annual reporting information contained in its IRS Form 990 for the previous three years to make available to those who request it. Organizations should make this information available on its website. IRS

Sustainability

20. Nonprofits and philanthropies should periodically assess their risks, take appropriate actions to minimize these risks and purchase appropriate types and levels of insurance to wisely manage their liabilities.
21. Nonprofit and philanthropic organizations should secure appropriate levels of funding to carry out their missions and activities and, when possible, diversify their revenue sources to avoid being dependent on a single funding type.
22. Nonprofits and philanthropies should work diligently to avoid recurring deficits and aim towards building up sufficient operating reserves.







FUNDRAISING

Effective management of human resources is essential for creating successful organization results. The board of directors is responsible for oversight of the executive director and he/she is responsible for oversight of other staff (paid or unpaid). Nonprofit organizations should exercise fair and equitable human resource and volunteer (including board members) management practices that attract and retain qualified individuals. Staff development and training provides staff and volunteers with opportunities for growth and advancement and is crucial for institutional knowledge throughout the organization. Nonprofits have an obligation to adhere to all legal employment practices and to provide a safe work environment. Nonprofit organizations should establish specific policies and practices that promote mutual cooperation to advance the organization's mission.






Policies and Practices

1. The board of directors of nonprofit & philanthropic organizations have a responsibility to adopt a fund development plan and systems to ensure that sufficient charitable contributions are raised to meet budgeted objectives. All types of fundraising should be considered including planned giving, capital campaigns, annual appeals, and more. When appropriate, endowment and reserve funds should be established to advance the organization's mission.
2. The fund development plan should be incorporated into the strategic plan and operational plan of the organization.
3. Nonprofits and philanthropies should have a policy that sets out conditions under which it would decline funds or in-kind donations given for purposes outside the scope of its mission or that would otherwise bring about adverse conditions for the organization or its constituents.
4. Nonprofits and philanthropies should ensure that a high percentage of each dollar raised goes directly to funding its programs and services. These percentages should be in accordance with practices of comparable organizations and with representations made by the organization to contributors and the public.
5. To avoid "mission drift," nonprofits and philanthropies should raise funds for programs related to its mission and not develop programs simply to meet funder's guidelines or seek non-mission related funds. **FS**
6. Compensation for fundraising personnel and contractors should not be based on a percentage of funds raised or other commission-based formulas. **IRS**
7. Nonprofits and philanthropies should ensure that any outside individual or organization that solicits funds on its behalf meets the Mississippi Secretary of State's registration requirements and all other regulations governing the activities of professional fundraisers. Fundraisers should be closely monitored to ensure they follow accountable fundraising practices, make required disclosures, and work as responsible stewards of the organization's goodwill. **FS MS**
8. The board and executive director should be familiar with the Association of Fundraising Professionals' Code of Ethical Principles and Standards of Professional Conduct. (<http://www.afpnet.org>).
9. The board of directors should assume overall responsibility for raising sufficient funds to meet the organization's budgeted objectives. **FS**

Accountability to Donors

10. Nonprofits and philanthropies must comply with all federal, state, and local laws concerning fundraising practices.   
11. Organizations are responsible for conducting their fundraising activities in a manner that upholds the public's trust in stewardship of contributed funds. 
12. Nonprofits and philanthropies must use funds consistent with donor intent and comply with specific conditions placed upon donations. Endowed or permanently restricted funds must be used for the purpose(s) the donor intended.  
13. Nonprofits and philanthropies should work toward achieving a balance between publicly recognizing charitable contributions and maintaining donor confidentiality when needed. Nonprofits and philanthropies must not trade, share, or sell donor names with others unless given permission by the donor.
14. Nonprofits and philanthropies should respect donor preferences in the handling of their information and should implement systems and policies that secure this information, effectively use it to communicate with donors and prevent its use for improper purposes. Organizations are allowed to share but they must not trade or sell contact information for any donor without prior permission from the donor.

Communications with Donors

15. Fundraising communications, including fundraising appeals, must include clear, accurate, honest information about the organization, its activities, and when, where and for whom the funds will be used in addition to the tax treatment of a contribution.  
16. When developing a fundraising campaign, charitable organizations should honor donor preferences regarding how often donors are contacted and how they receive that communication.
17. Charitable organizations must send a written acknowledgment to all donors who make a "quid pro quo" donation (that is, a payment made partly as a contribution and partly for goods and/or services) in excess of \$75 and must also send a written acknowledgment to all donors who made contributions of \$250 or more in cash or property in the previous calendar year. For donors who have not given more than \$250 in the previous calendar year, nonprofits should send an annual statement of giving.  
18. Nonprofits and philanthropies should regularly communicate with donors regarding activities and should make such information available through multiple outlets (Websites, emails, newsletters, press releases, and advertising). 

GOVERNANCE

The boards of directors for all nonprofit and philanthropic organizations are responsible for developing, defining, and reviewing the organization's mission and for providing overall leadership and strategic direction to the organization. Boards are not owners of the organization but are stewards of the missions and resources. Each board should actively set policy and ensure that the organization has adequate resources to carry out its mission, provide direct oversight and direction for the executive director/CEO and the organization as a whole. Charitable boards have a responsibility to evaluate their own effectiveness as governing bodies in upholding the public interest served by the organization.

Board Characteristics and Qualifications

1. Board members are responsible for fully understanding their legal and fiduciary obligations. This includes upholding the organization's mission and using its resources wisely and in accordance with the law. Additionally, board members should actively develop an understanding of ongoing activities, finances, business model and changes in the operating environment of the organization. **FS**
2. Board members should value diversity and understand the role of board participation and the importance of including diverse groups of people in the current and future success of the organization's work. The board should be diverse in its makeup to be reflective of its community and have a written plan to maintain diversity. **FS**

Board Composition

3. Charitable boards should be made up of individual volunteers who are committed to representing the best interests of the organization, its mission and the community it serves. **FS**
4. The board should consist of members who represent the organization's constituents, including business and public leaders who: influence decisions and resources, provide effective governance, generate needed resources and are actively involved in meeting the organization's needs. The board should build strong relationships with local, state and federal officials where possible. **FS**
5. To be open to new viewpoints and community members, boards should seek out new potential board members from outside the organization's traditional circles and should include board representatives from the communities the organization serves.
6. To allow for sufficient deliberation and diversity of perspectives, boards should consist of no fewer than five individuals all of whom are unrelated to each other or to staff. **FS**
7. Boards must have a chair and a treasurer (with financial knowledge), and should have a vice-chair and secretary, all chosen by and from the board of directors. No one should occupy more than one officer position in the same organization at the same time. **FS IRS**
8. If staff membership on the board is deemed necessary, it should be limited to the executive director, who should not serve as the chair, vice-chair, secretary, or treasurer. If a staff member serves on the board, he/she should not vote on issues regarding his/her compensation, benefits or other decisions pertaining to their own personal gain.

Board Responsibilities

9. Charitable board members are responsible for upholding the organization's mission and using its resources wisely and in accordance with the law. **FS**
10. The board should establish a process, including the committee or persons responsible for implementing the process, for selecting new board members that will ensure adequate infusion of new ideas and community perspectives, while preserving institutional memory. **FS**
11. All new board members should participate in a board orientation and new member training prior to and separate from their first regularly scheduled board meeting. Board members should gain a full understanding of their board roles and responsibilities to the organization and to the public by being provided with:
 - a clear set of expectations and responsibilities,
 - bylaws, articles and other key documents of the organization, and
 - ongoing opportunities to discuss and review responsibilities. **FS**
12. Board members are responsible for keeping suitably informed in order to actively participate in decision-making and in carrying out their duties in the following areas:
 - Strategic planning
 - Policy approval and ongoing review
 - Annual review of the executive director's performance and compensation
 - Succession planning
 - Setting of compensation structure
 - Annual budget and revenue plans
 - Financial procedures
 - Risk management
 - Regulatory filings **FS**
13. Board members are responsible for the ongoing financial health of the organization and should understand the content and significance of the organization's financial statements and audit.
14. To demonstrate personal stake in the organization, board members are expected to volunteer their time, make personal financial contributions to the nonprofits and philanthropies as well as to raise funds from external sources. **FS**
15. Board members should receive no monetary compensation for their board duties other than reimbursement for board-related expenses. **FS**
16. Board members are responsible for making decisions in the interest of the organization and not in the interest of another entity, including themselves. The board should establish and adopt conflict of interest policies regarding board members, staff, volunteers, consultants and other contractors, and adhere to these policies in all dealings. The policies should include an obligation of each board member to disclose all material facts and relationships and refrain from voting on any matter when there is a perceived conflict of interest. **FS**
17. The board should establish and sign a written code of ethics regarding board members, staff, volunteers, consultants and other contractors and adhere to the code in all dealings.
18. Board members should be willing to publicly advocate for the organization to help widen the organization's reach and develop connections with the community and its leaders.

Board Operations

19. Board meetings should be held at least on a quarterly basis and regular attendance should be expected. These meetings should have a printed agenda, and meeting minutes should be recorded and distributed to the board prior to the next meeting. **FS**
20. Boards should adopt practices that maximize participation, including accommodating remote or electronic participation in meetings, deliberations or decision-making.
21. The board chair is responsible for presiding over the board meetings. The board chair should also make sure that board members have access to key organizational documents and training. The board chair should pay particular attention to helping the board be aware of its obligations with regard to conflicts of interest, board attendance, board evaluation and compliance with board policies.
22. Boards should organize committees as needed to effectively carry out their roles and responsibilities. An audit and finance committee, or a similar functioning committee, should be established to oversee compliance and ensure that appropriate financial controls are in place. **FS**
23. Every two to three years, the board should review the organization's bylaws and mission statement. If deemed necessary, these should be amended to reflect organizational growth and development and the ability to respond to changing community needs. Changes to by-laws and mission statement should be submitted to proper federal and state regulatory agencies. Boards should ensure that by-laws and policies address term limits on the board (how long a board member can serve before mandatory rotation off the board), number of terms that a board member can serve and expected attendance requirements at board meetings (including the ability to remove board members who fail to meet attendance requirements) and the organization's sponsored events. **FS**
24. The board should ensure that the organization has a strategic plan that includes clear benchmarks and outcomes; It should be reviewed annually to include an evaluation of effectiveness and updated when needed.
25. Every year, the board should review and approve an annual budget for the organization. **FS**
26. Annually, the board should conduct a performance review of the executive director. The executive director's performance should be assessed in light of organizational accomplishments and the total compensation package should reflect his/her performance as well as comparable industry standards. **FS**
27. The board should establish an organizational succession plan to maintain daily operation during the time of a change in executive or board leadership.
28. The board of directors, led by the board chair, should annually evaluate itself through a survey to the board members and a subsequent discussion of the results with intention of improving governance practices.

HUMAN RESOURCES & PROFESSIONAL DEVELOPMENT

The ability of an organization to make the best use of the energy, time and talents of its employees is essential for creating successful organizational results. Nonprofits and philanthropies should place a high priority on exercising fair and equitable human resource and volunteer practices that attract, retain, and highly engage qualified employees and volunteers. These practices should foster an environment that recognizes, affirms, and values diversity, racial equity, and inclusion in all endeavors. Staff development and training provides staff and volunteers with opportunities for growth and advancement and is crucial for institutional knowledge throughout the organization. Nonprofits and philanthropies have an obligation to adhere to all legal employment practices and to provide a safe work environment. They should establish specific policies and practices that promote cooperation and open and effective communication in the organization to fulfill the mission.

Employee Policies

1. Nonprofits and philanthropies must comply with all local, state and federal employment laws in hiring and employing staff. **FS MS IRS**
2. Nonprofits and philanthropies must comply with employment mandates, including:
 - payroll taxes,
 - workers' compensation,
 - unemployment compensation,
 - accurate designation of employees and contractors, and
 - wage and hour laws. **FS MS IRS**
3. Nonprofits and philanthropies should adopt a set of board-approved policies and procedures for managing employees. The board should annually review and document its overall compensation structure, using industry-based surveys of salaries and benefits and input from the executive director. The board should establish policies on employee benefits, which may include medical insurance; retirement plans; sick leave, maternity/paternity leave, vacation, and other paid time off; and other benefits as may be appropriate.
4. Nonprofits and philanthropies should provide a safe and healthy work environment for their employees. **FS IRS**
5. Nonprofits and philanthropies should establish a clear conflict of interest policy for employees. It should include disclosure of relationships and interested party transactions. **FS IRS**
6. Nonprofits and philanthropies should adopt procedures that allow employees the opportunity to rectify their grievances.
7. Nonprofits and philanthropies should adopt a whistleblower policy to protect personnel when they report violations of organizational policy or applicable laws. **FS IRS**
8. Nonprofits and philanthropies should establish confidentiality policies with accompanying forms signed by staff and volunteers.

9. Nonprofits and philanthropies should establish a code of ethics for staff and volunteers to sign and adhere to in all dealings.
10. Nonprofits and philanthropies should establish both employee and volunteer records retention policies and procedures that are consistent with applicable laws and best industry practices. **FS** **IRS**

Recruitment and Retention

11. Nonprofits and philanthropies should employ (paid or unpaid) skilled individuals who are suitable for the positions they occupy and committed to the goals, values and objectives of the organization.
12. Nonprofits and philanthropies should conduct background checks and, when appropriate, drug tests on employees and volunteers (including individual board members) performed at time of hire and throughout employment or service as necessary. **MS** **IRS**
13. Nonprofits and philanthropies should create a culture of transparency and open communication where internal information is shared as appropriate. This also includes being open to input from personnel regarding the organization's activities and results on a continual basis. **FS**
14. Organizations should provide staff and volunteers with clear, current job descriptions and the tools they need to produce quality work.
15. Organizations should define their compensation philosophy, balancing internal equity with market-based and livable compensation for all employees.
16. Nonprofits and philanthropies should have a system in place for the succession of employees and volunteers, most notably for the executive director and key board leadership.
17. Nonprofits and philanthropies should establish a new employee orientation and training as appropriate to the position.
18. When employees depart, organizations should conduct exit interviews to learn from the employee's employment experience.
19. When employees are terminated, nonprofits and philanthropies should provide adequate notice and information about benefit continuation, unemployment compensation, references and job placement assistance when possible.

Diversity and Inclusion

20. Nonprofits and philanthropies should establish and abide by a broad and encompassing equal opportunity employment policy. **FS** **IRS**
21. Nonprofits and philanthropies should strive toward employing personnel and volunteers who reflect the diversity of the community, as appropriate for program effectiveness.

Training and Development

22. The staff of a charitable organization should receive written annual performance evaluations and ongoing performance-related feedback. **FS**
23. Nonprofits and philanthropies should support the education and development of personnel and should provide them with opportunities for growth and advancement through adequate ongoing training related to their position. **FS**

LEADERSHIP & ORGANIZATIONAL CULTURE

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

Decision-making

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

Communications

7. Leaders should help the organization cope with multiple demands by focusing the organization's attention on timely mission-relevant issues and opportunities.
8. Leaders should advocate for their organization and its mission, championing the cause in and outside of the organization.
9. Leaders should actively communicate how the organization's activities produce the intended change in the community and inspire others to affect that change through fundraising, advocacy and programming.
10. Leaders should ensure that sufficient time and energy is invested in the organization's communication capacity.

Culture

11. Leaders of charitable organizations should continually develop the skills, knowledge and abilities of others at all levels of the organization to take on greater responsibility for carrying out the organization's mission and engaging community members. **FS**
12. Leaders of charitable organizations should create and sustain an organizational culture that best advances the nonprofit's mission and goals.
13. Leaders of charitable organizations should push the organization to make difficult and timely decisions, challenge others in the organization when necessary, and permit conflicting views to be expressed on the way to reaching resolution.
14. Leaders of charitable organizations should foster a culture of information sharing and interaction between the board and others in the organization so that innovation and creativity can come from diverse parts of the organization.
15. Leaders of charitable organizations should identify and implement opportunities that enhance a positive working environment.
16. Leaders of charitable organizations should demonstrate the behaviors they expect of their colleagues. **FS**

Community Leadership, Inclusiveness, and Diversity

17. Nonprofits and philanthropies should provide opportunities for individuals to extend networking opportunities to expand its ability to serve greater populations and connect community resources.
18. Nonprofits and philanthropies should provide opportunities for individuals and the community as a whole to sharpen and strengthen leadership skills to encourage the development of emerging leaders. **FS**
19. Nonprofits and philanthropies should work to build trust between communities and to bridge relationships among diverse constituencies. **FS**
20. Nonprofits and philanthropies should be inclusive in its activities by remaining open to new ideas, participants, and external input. It should conduct itself in a way that is transparent, flexible, and responsive to change. **FS**
21. Nonprofits and philanthropies should identify its constituents and stakeholders – the people who benefit from, are affected by, are keys to the success of, and/or share the values implicit in its work.
22. Nonprofits and philanthropies should conduct its activities with procedural fairness to ensure inclusiveness in decision making for constituents and the community. **FS**
23. Nonprofits and philanthropies should provide opportunities for people from the community to hold other public and private institutions, such as government agencies, accountable to its constituents and/or the general public.

LEGAL ACCOUNTABILITY & TRANSPARENCY

As entities that serve the public, nonprofits and philanthropies have an ethical obligation to their constituents and the public to conduct their activities with accountability and transparency. Nonprofits and philanthropies should regularly and openly convey information to the public about their missions, activities, finances, accomplishments and impact, and decision-making processes. Information should be easily accessible to the public and should create external visibility, public understanding and trust in the organization.

Accountability

1. A charitable organization must comply with all legal and other required reporting procedures, of the IRS and the Mississippi Secretary of State Nonprofits and philanthropies Division, regarding its performance. **FS** **MS** **IRS**
2. A charitable organization has a financial obligation to use its resources responsibly for the purpose of serving the public interest. The organization's board should approve its financial audits, while the executive director and treasurer should confirm the accuracy and completeness of the audit, required IRS Form 990 and Mississippi Secretary of State's URS with their signatures. **FS** **MS** **IRS**
3. A charitable organization has a responsibility to establish and regularly determine clear performance measurements and to share those results with the public.
4. A charitable organization has a responsibility to adhere to its sector's established, professional standards. **FS**

Accessibility, Public Input, and Public Information

5. Constituents of nonprofits and philanthropies should be provided with ongoing opportunities to interact with the board and management regarding the organization's activities.
6. In serving the public trust, nonprofits and philanthropies should publish information regarding activities and performance. The information should include:
 - a. An explanation of the organization's mission, activities, and results;
 - b. An explanation of how individuals can access programs/services;
 - c. Overview of financial information including actual statements, graphics or specific numbers from the Statement of Activities, Statement of Financial Position, and function expense allocation; and
 - d. A list of board members, management staff, supporters and donors (donor list is optional).
7. A charitable organization is encouraged to hold public meetings to gather and distribute information about approaches, goals and effectiveness in carrying out its mission.
8. To promote overall accountability within the sector, a charitable organization should openly communicate with other nonprofits and philanthropies to share and gather information on lessons learned and best practices and to discuss possible collaborative efforts.

9. A charitable organization should meet all federal requirements for public disclosure. These state that a nonprofits and philanthropies must provide the last three years' information returns (Form 990 or its variants, 990-T and the original Form 1023), as follows:
- a. Public access must be provided immediately on request by allowing inspection of the required IRS documents at the organization's office or offices; **FS** **IRS**
 - b. Copies of the documents must be provided within 30 days upon written request; **FS** **IRS**
 - c. Nonprofits and philanthropies that make their materials widely available through publication on the Internet do not have to provide copies and can refer inquiries to the appropriate website; **FS** **IRS**
 - d. If the IRS determines that the organization is being subjected to a harassment campaign, copies do not have to be provided; **FS** **IRS**
 - e. 501(c)(3) organizations are not required to publicly disclose the list of names and addresses of individual contributors and may block out that section of Form 990 and on other materials for public viewing; **FS** **IRS**
 - f. Any fees associated with printing costs or information gathering to provide the required IRS forms can be charged and should be disclosed at the time of the request. **FS** **IRS**
10. A charitable organization must have a written, mandatory document retention and periodic destruction policy, which includes guidelines for handling electronic files, back-up procedures, archiving of documents and regular checkups of the reliability of the system. **FS** **IRS**
11. Information regarding fees and services should be readily available to the public. These fees should be determined fairly, and the organization should consider the consequences of denial of services due to an individual's inability to pay.

Fairness and Equity Practices

12. A charitable organization should affirm values of quality, responsibility and accountability and should foster an environment that recognizes and values diversity, racial equity, and inclusion in all endeavors. **FS**
13. A charitable organization should establish written policies that ensure confidentiality and non-discriminatory service to its constituents. **FS** **MS** **IRS**
14. A charitable organization should disclose how constituent information will be used and ensure that the organizations complies with an individual expressed confidentiality and privacy preferences.

For current Mississippi Charitable Organization laws please visit

<https://www.sos.ms.gov/Charities/Pages/MS-Charity-Laws.aspx>

PLANNING & OPERATIONS

The process of organizational planning is a critical process that defines the overall direction, activities and strategies to be employed to fulfill missions and tie planned activities to the annual budgeting process and a sustainable future. Planning should include input from constituents and all stakeholders and should be intentional and ongoing to position organizations to achieve their outcomes. The operational plan should be developed annually by the staff, based on the board-approved strategic plan, and used as a management tool for tracking and evaluating activities and outcomes. At every level of planning, nonprofits and philanthropies should affirm and value diversity, racial equity, and inclusion. Nonprofits and philanthropies are obligated 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.

Mission, Vision, and Values

1. A charitable organization should have a written, clearly defined mission statement that guides the overall aims and activities of the organization. The mission statement should be linked to the values of the organization and its vision for the future. **FS**
2. Originally defined by its founders, a charitable organization's mission should be reviewed by the board periodically (every two to three years) to consider societal and community changes. This review should determine whether the mission is still relevant, and/or whether it should be adapted to address evolving needs of its target constituents and the community at large.

Components of Planning


3. Plans should align with the organization's mission, vision and values. **FS**
4. Organizations should actively make adjustments to plans to ensure that assumptions and activities adapt to changing organizational and environmental realities.
5. Plans should be based on a careful assessment of the multiple resources necessary for implementation, including human resources, financial, relational, and organizational commitment. **FS**
6. Organizations should create plans with evaluation in mind, assessing what processes and goals they intend to use and how they will measure their successful completion.
7. Plans should be informed by a review of the external factors that affect the organization's operating environment, taking into account the opportunities for action or collaboration and threats to success or sustainability.
8. In planning for its activities, a charitable organization should be responsive to community needs and should solicit input from a variety of sources such as staff, board members, clients and other constituents.
9. A charitable organization should emerge from expressed community needs and periodically confirm that it is addressing changing community needs.
10. A charitable organization should consult with other organizations in its field to determine the need for service and the best use of community resources and potential partnerships.

Plan Types

Operational Plans

11. A charitable organization should establish an annual operational plan that identifies goals, objectives, actions and responsibility for implementation.
12. Operational plans should support the nonprofit's strategic goals and objectives in order to advance the mission of the organization.
13. The operational plan should clearly define specific program, financial, personnel and evaluation activities; establish timelines; assign specific responsibility for implementation; and be tied to an approved budget.
14. The operational plan should be used as a management tool for tracking and evaluating activities and outcomes.
15. A charitable organization should have a written technology plan that is integrated into its short and long term strategic and operational plans and should include sufficient resources to train its board staff, and volunteers in its use.
16. A charitable organization should have technology use and security policies that address staff use, and that describe how all organizational information is gathered and stored, how accuracy is maintained, how and what information is backed up, and to whom information is made available.
17. In the organization's Policy and Procedure Manual, a charitable organization should include information regarding the use of organizational technology and its equipment, including a lending policy, a "private use" policy, and other topics.
18. A charitable organization should maintain and implement a disaster recovery plan that includes hardware and software inventory for insurance purposes. Off-site recovery should include back-up copies of key data and information and should allow for remote and/or alternative access in the event of an emergency.
19. A charitable organization should understand and abide by all Internet, computer and electronic communications laws as they apply to the organization.

Contingency Plans

20. Charitable organizations should develop contingency plans for appropriate areas of the organization, weighing the likelihood, impact on resources, opportunity and ease of planning as they create these plans.
21. Plans should include instructions for overcoming potential challenges in their implementation.
22. Charitable organizations should have a plan for how to communicate with key stakeholders in the event of unforeseen events.
23. Charitable organizations should purchase insurance policies appropriate to entities of their size and activities to cover property and liability risks, directors and officers, employment practices and other specialized needs. 

Strategic Plans—See Strategic Directions & Alliances

PUBLIC/PRIVATE FOUNDATION STANDARDS

The persistent scrutiny of charitable governance has prompted leaders at many types of organizations to take steps to assure that their own organizations are in good legal and financial order. Additionally, adherence to national standards provide guidance on how nonprofits and philanthropies should operate, distribute funds, and determine impact on communities served. Nonprofits and philanthropies that have been awarded national standard seals demonstrate that they will serve as responsible stewards of contributions, community partners and leaders.

NATIONAL STANDARDS FOR U.S. COMMUNITY FOUNDATIONS SUMMARY

Mission, Structure, & Governance

1. Meeting the Definition of a Community Foundation

A community foundation is a tax-exempt, nonprofit, autonomous, nonsectarian philanthropic institution supported by the public with the long-term goals of:

- Building permanent, component funds established by many separate donors to carry out their charitable interests
- Supporting the broad-based charitable interests and benefitting the residents of a defined geographic area, typically no larger than a state
- Serving in leadership roles on important community issues

2. An Independent Board that Reflects the Community

A community foundation has an independent governing body that ensures that the community foundation reflects and serves the breadth and diversity of the community.

3. Foundation Control Over Component Funds

A community foundation's governing body retains variance power by which it may modify any restriction or condition on the distribution of assets, if circumstances warrant.

4. Advance the Foundation's Mission, Strategy, and Policies

A community foundation's governing body is responsible for the mission, strategic direction, and policies of a foundation.

5. A Board and Staff that is Responsible for Operational Health

A community foundation's governing body ensures the financial health and sustainability of the foundation.

6. A Board that Monitors Policies and Grants

A community foundation's governing body approves and monitors policies regulating the ethical operations of the community foundation, ensures that the community foundation meets all legal requirements, and approves all grants.

7. A Board that is Independent

A community foundation's governing body is not controlled by any other nonprofit foundation.

8. Board and CEO Compensation

A community foundation's governing body oversees a clearly articulated process for board governance and serves without compensation (exclusive of the chief executive officer).

9. Oversight and Control of Geographic Affiliates

A community foundation's governing body maintains oversight and control over geographic affiliates.

Resource Development

10. A Board and Staff Actively Developing Broad Support

A community foundation has, or is actively working to develop, broad support.

11. The Board Secures Discretionary Resources

A community foundation has a long-term goal of securing discretionary resources to address the changing needs of the community it serves.

12. The Board Demonstrates Legal and Fiduciary Control

A community foundation's governing body has legal and fiduciary control over all contributions received, adopts appropriate gift and fund acceptance policies, and makes these policies available upon request.

Stewardship & Accountability

13. Fund Management and Financial Records

A community foundation is a steward of charitable funds, which invests and prudently manages funds and maintains accurate financial records.

14. Accountable and Transparent Programs and Finances

A community foundation is accountable to the community it serves.

15. The Foundation Maintains Fund Records

A community foundation maintains a written record of the terms and conditions of each component fund and all applicable records must reference the variance power.

16. Honoring Donor Intent and the Law

A community foundation honors the charitable intentions of its donors.

17. The Board Has and Makes Public the Annual Audit

A community foundation has an annual audit.

Grantmaking

18. Diverse Grantmaking

A community foundation operates a broad grant program.

19. Discretionary Grants Respond to Community Needs

A community foundation awards some grants from its discretionary resources.

20. Oversight of Grantmaking Due Diligence

A community foundation performs due diligence to ensure that grants will be used for charitable purposes and assesses the impact of its grantmaking.

Donor Relations

21. Donor Education and Engagement

A community foundation educates and engages donors in identifying and addressing community issues and grantmaking opportunities.

22. Gift Acknowledgement and Fund Statement for Donors

A community foundation promptly and accurately acknowledges gifts and provides fund statements.

23. Privacy & Confidentiality

A community foundation keeps all private information obtained with respect to donors and prospective donors confidential to the fullest extent possible.

24. Community Leadership

A community foundation identifies and addresses community issues and opportunities.

25. Social Media and Communications

The community foundation communicates openly and transparently on a regular basis.

26. Advocacy and Lobbying Activities

When involved in advocacy or lobbying activities, the community foundation ensures it is in compliance with applicable federal and state regulations.

For more information on these standards, click:

<https://www.cof.org/national-standards-us-community-foundations>

PRIVATE FOUNDATION LEGAL COMPLIANCE ITEMS

1. Organizational and Operational Documents

- A. Articles of Incorporation or Declaration of Trust
- B. Bylaws

2. Documents Relating to Federal Tax Exemption

- A. Form 1023
- B. Form SS-4
- C. The IRS's Favorable Determination Letter
- D. Any IRS Letters Approving Your Foundation's Grantmaking Procedures
- E. Any Other Official Correspondence from the IRS.

3. Documents Relating to Sales Tax Exemption—Special Private Foundation Rules

- A. IRS Code (IRC) 4940 on Excise Tax on Net Investment Income
- B. IRC 4941 on Self-Dealing
- C. IRC 4942 on Minimum Payout Requirement
- D. IRC 4943 on Excess Business Holdings
- E. IRC 4944 on Jeopardy Investment
- F. IRC 4945 on Taxable Expenditures

4. Administrative Reporting and Public Accounting

- A. Notice and Filing Requirements
- B. Reporting Obligations

5. Public Disclosure Requirements

- A. IRS Form 990-PF
- B. IRS Form 1023
- C. IRS Form 990-T
- D. Any state law disclosure requirements

6. Grant Programs and Policies

- A. Self-dealing Rules
- B. Determination Status of Recipient Organizations
- C. Grant Letters
- D. Expenditure Responsibility Rules
- E. Limitations on Types of Grants

7. Other Issues

- A. Insurance
- B. Contracts
- C. Real Estate and Other Property
- D. Employment
- E. Pension
- F. Permits and Licenses
- G. Copyright and Trademark
- H. Sales Tax
- I. Minutes

For Complete Compliance Checklist click this link:

<https://www.cof.org/sites/default/files/documents/files/Check-This--A-Compliance-Checklist-for-Private-Foundations.pdf>

STRATEGIC DIRECTIONS & ALLIANCES

Strategic planning is an integral process for boards, staff, volunteers, constituents and all stakeholders to plan for future programming, outcomes, direction, and sustainability. All aspects of the organization should be considered in creating a strategic plan and adopting clear strategic priorities that can be acted upon, guide the organization's decision-making and are revisited regularly. Strategic plans contribute to strategic partnerships and alliances. The effectiveness of nonprofits and philanthropies depends on successful relationships with other community institutions. Regardless of form – partnership, collaboration, cooperation or coordination – these relationships, or strategic alliances, can serve a variety of purposes, including resource sharing, policy influence and improved operational efficiency. Nonprofits and philanthropies should be open to strategic alliances and, when appropriate, should partner with other organizations to strengthen their capability to achieve desired outcomes. Nonprofits and philanthropies should initiate and promote cooperation and coordination between a variety of entities to avoid unnecessary duplication of services to maximize the resources available to the communities they serve.

Strategic Directions

1. The board of directors should establish a rigorous process of setting clearly defined, long-term goals and objectives to accomplish the organization's mission. **FS**
2. Strategic planning should articulate how the strategies chosen are expected to accomplish the organization's stated goals.
3. Goals and objectives should be reasonably attainable given staffing, resources, constituents and the number of people being served. **FS**
4. A charitable organization should create a written three to five year strategic plan for implementation of its activities:
 - a. The plan should reflect the results of an environmental scan that includes information on internal strengths and weaknesses as well as external opportunities for, and perceived threats to achieving its organizational mission. **FS**
 - b. The plan should include clearly defined goals and objectives that are set by the organization to benefit individuals in society. **FS**
 - c. The plan should clearly define specific actions and identify the person(s) responsible for their implementation. **FS**
 - d. The plan should be a useful management tool for measuring activities and outcomes and should be tied to a solid budget. **FS**
 - e. The plan should provide a framework for regular progress reports and should be reviewed and/or updated regularly. **FS**

Strategy for Creating Connections

5. Nonprofits and philanthropies should be aware of ongoing developments and changes in their field, including opportunities for coordination or joint action with other organizations.
6. Nonprofits and philanthropies should seek appropriate strategic partnerships and alliances to achieve organizational goals, increase impact and strengthen connections with constituents and others in the communities they serve. **FS**
7. Decisions regarding strategic alliances should be consistent with the strategic goals and advance the missions of the participating organizations.
8. Nonprofits and philanthropies should work to establish mutual understanding among government, nonprofits and philanthropies and for-profit sectors. **FS**

Assessment/Decision Making

9. Organizations should determine what resources would be required in a potential alliance, the availability of those resources and the estimated cost in comparison to the anticipated benefit to accomplishing the organization's mission.
10. Alliance agreements should establish clear roles and responsibilities. They should also include ways to ensure accountability and rules that allow for changing the alliance agreement or ending it.
11. Organizations should assess on an ongoing basis whether resources are being used wisely and participating organizations are fulfilling their agreed-upon roles.

Coordination

12. Nonprofits and philanthropies should stay aware of and coordinate with other organizations providing similar or complementary services in their communities. **FS**
13. Nonprofits and philanthropies should work to establish communication channels, mutual understanding and beneficial alliances among government, nonprofit and for-profit sectors to take advantage of the total resources and interests of the community.
14. When possible and appropriate, nonprofits and philanthropies should assist others in the community through alliances and sharing of resources.

VOLUNTEER MANAGEMENT

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

Volunteer Engagement with permission from MS Commission for Volunteer Service

1. Nonprofits should assess the capacity of their organization to engage, supervise and support volunteers with the necessary level of attention, priority and resources before recruiting volunteers. **FS**
2. Nonprofits should put risk management procedures in place to assess, manage or lessen potential risks to volunteers, the organization and its clients, members and participants that may result from the delivery of a volunteer-led program or service. This should include obtaining adequate levels of insurance for volunteers and the use of liability waivers where appropriate. **FS**

Recruitment and Screening

3. Before recruiting volunteers, organizations should develop a clear description of the scope of the work, necessary skills, expected time commitment and the impact and benefits of the volunteer's service. **FS**
4. Nonprofit organizations must conduct background checks if the volunteer will be working directly with vulnerable people. **MS**
5. Volunteer recruitment should incorporate a broad range of internal and external strategies to reach out to diverse sources of volunteers.

Engagement and Supervision

6. Volunteers should be provided with an orientation appropriate to their role. Orientation programs should include a clear written position description, a manual addressing relevant organization policies, information on disciplinary practices and other essential organization or position-related information.
7. Nonprofits should structure their volunteer program so that each volunteer has a direct connection with an identified supervisor and receives a level of support and supervision appropriate for their role.

8. Volunteers should receive ongoing performance-related feedback and a formal performance evaluation at a level appropriate to their involvement in the organization. They also should have the opportunity to provide feedback to the organization.
9. Nonprofits should provide formal and informal opportunities to recognize the impact and value of volunteers in advancing the organization's mission.
10. The volunteer program should be evaluated periodically to assess the impact of the program, as well as the cost and benefits involved in recruiting, engaging and supervising volunteers.

APPENDIX

Glossary of Terms

- **501(c)(3):** Designation by the Internal Revenue Service that recognizes nonprofit and philanthropic organizations as exempt from federal income taxes and eligible to receive tax-deductible contributions. Tax-exempt organizations must comply with specific federal regulations in order to retain their status. This 501(c)(3) designation allows contributors (individuals and corporate entities) to claim a tax deduction on donations of cash, goods and services to the exempt organization. A tax-exempt organization is not required to pay income tax except on income unrelated to the organization's exempt purpose.
- **Advocacy:** Publicly supporting or recommending a particular cause or policy (not a candidate or political party) that impacts your constituents.
- **Board/Board of Directors:** The elected, governing body of a nonprofit organization. The board of directors of a nonprofit has fiduciary responsibility for the mission, vision, monies and programs of a nonprofit organization. (Trustees is another term for board of directors)
- **CEO:** The Chief Executive Officer is the administrative head of the organization, hired by the board to manage the resources and programs of a nonprofit. This position is most frequently called executive director, but sometimes called president (when there is a designated "board chair" position)
- **Code of Ethics:** A general outline of broad ethical principles, unique to an individual or organization that usually includes values, behavior and overall standards of conduct.
- **Conflict of Interest:** A situation when someone has competing professional or personal interests that make it difficult to fulfill his/her duties fairly and objectively on behalf of an organization.
- **Diversity:** Having a wide range of characteristics of either individuals or groups within your organization including, but not limited to ethnicity, race, age, physical and cognitive abilities, family status, lifestyle preferences, socioeconomic status, religious and spiritual values and geographic location.
- **Electioneering:** To actively work for or publicly endorse a specific candidate or a political party. (501(c)(3) nonprofits are prohibited from endorsing political candidates or parties.)
- **Executive Director:** The highest level paid staff person who has over-all responsibility for managing the programs, personnel, and finances of a tax-exempt organization.
- **Director:** This term is most often used to title an individual member on the board of directors. It is sometimes used interchangeably for the term executive director.
- **Fiduciary:** The responsibility of holding something of value in trust for another. The board of directors of a nonprofit has fiduciary responsibility for the mission, vision, monies and programs of a nonprofit organization and to maintain the public trust
- **IRS:** This is the acronym for the Internal Revenue Service, the taxing body of the federal government.
- **Lobbying:** An attempt to influence government action or decision-making through written or oral communications. Nonprofits are allowed to lobby within certain legal and regulatory guidelines.
- **Mission:** A single, enduring, compelling statement that clearly suggests, in succinct terms the purpose, values, priorities and reason a nonprofit was founded and why it exists today.
- **Nonprofit/philanthropy (or nonprofit agency):** common term for organizations established to serve the public good. Usually they secure the 501(c)(3) tax-exempt status from the Internal Revenue Service and incorporate as a nonprofit/charity corporation with the Mississippi Secretary of State.

- **Operational Plan:** The short term (one to two years) goals, objectives and tasks that describe the strategies a nonprofit will use to fulfill its strategic plan.
- **Risk:** Essentially, risk is the chance of something going wrong and the danger that injury, damage or loss will occur as a result of a decision or activity. (Example: The risk of fire or an auto accident.)
- **Risk Management:** This is putting into place policies, practices and procedures to reduce the level of risk or the likelihood that injury, damage or loss will occur.
- **Secretary of State (Charities Division):** This is the official State regulatory body for charities and nonprofit in the state of Mississippi. Charity registrations and compliance issues are supervised by this office.
- **Strategic Plan:** A long term (three to five years) plan that identifies and attempts to answer three questions using information gathered from stakeholders both internally and externally to the organization: Where are we now? Where do we want to be? How will we get there?
- **Tax-Exempt:** Nonprofits are considered exempt from paying federal (and state) income taxes on year-end surpluses, except for unrelated business income. Nonprofits in Mississippi are not exempt from paying sales tax on certain purchases unless specifically given the exemption by the state tax commission.
- **Trustees:** The board of directors is also called “trustees” of the organization, meaning that both the public trust and financial trust are the responsibility of the board.