

Principles and Practices

for Nonprofit Excellence in Connecticut



CONNECTICUT
ASSOCIATION
of **NONPROFITS**

*...to serve, strengthen
and support Connecticut's
nonprofit community.*

About This Publication

How to Use This Publication:

Coinciding with our 30th anniversary, we at Connecticut Association of Nonprofits (CT Nonprofits) publish this *Principles and Practices for Nonprofit Excellence in Connecticut* as a resource to nonprofits in our state.

Recognizing that our sector is diverse with different missions, organizational needs and opportunities, we have specifically designed this publication so you can adopt and adapt these principles as your own, so they will be relevant to your work and strengthen your organization.

The first part is dedicated to *The Six Principles*, defining what they are and the recommended practices for each one. The second part includes a *Basic Infrastructure Checklist* to assist you in reviewing your organizational records, policies and procedures and how they match with the recommended practices for each of the principles.

We have created this publication with wide margins so you have plenty of room to make notes, jot down your ideas and record your organization's efforts as it strives for nonprofit excellence.

Please be aware that this document—the byproduct of more than two years of deliberate and methodical work—uses certain words that have particular meanings:

- “Must” is used to describe practices required by state or federal law, and is noted with this symbol: ☑.
- “Should” is used to describe highly recommended practices.
- “Constituents” describes people with a stake in the success of the organization, and may include members, neighbors, clients, volunteers and contributors.

Acknowledgements:

This publication is made possible by the ongoing effort of our Board of Directors at CT Nonprofits, our staff, our supporters and our partners in the nonprofit community here in Connecticut and throughout the country.

Specifically, we extend our thanks to the original Drafting Committee: **Michael Burns**, Partner at Brody Weiser Burns of Branford; **Cynthia Carr**, Esq., Vice President and General Counsel, Human Resources Legal at Save the Children of Westport; **Ron Cretaro**, Executive Director at CT Nonprofits; **Anne Giliberto**, former Chief Operating Officer at CT Nonprofits; and **John M. Horak**, Esq., Chairman of the Nonprofit Organization Group at Reid & Riege PC of Hartford. We also express our gratitude to **Cathy Zeiner** and **Dennis Keenan**, members of our Board of Directors; **Karen Maciorowski**, our current Chief Operating Officer; and **Gladys Alcedo**, our Communications and Website Coordinator.

In the spirit of collaboration, the **Michigan Nonprofit Association** and **Minnesota Council of Nonprofits**, our counterparts in those two states, generously provided their own statements of nonprofit principles and practices to complement this publication and our efforts. **BoardSource**, which strives to build effective nonprofit boards, also kindly allowed us to reprint with permission the legal and basic responsibilities of nonprofit boards.

Introduction

Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.

— Jim Collins, *Good to Great and the Social Sectors*

P*inciples and Practices for Nonprofit Excellence in Connecticut* is based on the fundamental values of quality, responsibility and accountability. The six characteristic accountability principles distinguish the nonprofit sector from government and the business sector. The recommended practices provide specific guidelines for individual organizations to evaluate and improve their operations, governance, human resources, advocacy, financial management and fundraising.

This Statement was prepared against the backdrop of the upheaval within the nonprofit sector generally—in all 50 states—manifest in major legislative reform proposals under consideration by the U.S. House and Senate, media reports of fraud and abuse within the sector, and increased regulatory scrutiny by the Internal Revenue Service and State Attorneys General. It was also prepared with the benefit of statements of nonprofit principles and practices prepared by nonprofit associations in other states: *Principles and Practices for Nonprofit Excellence in Michigan* by the Michigan Nonprofit Association; and *Principles and Practices for Nonprofit Excellence* by the Minnesota Council of Nonprofits.

This document has three intended purposes. The first is to provide individual organizations striving for excellence with a tool for strategic planning and operational evaluation relative to the rest of the nonprofit sector. The second is to support the growth and quality of the sector. The third is to increase public understanding of the role and contributions of the nonprofit sector.

Principles and Practices for Nonprofit Excellence in Connecticut is not meant for use by funders or government to evaluate nonprofit organizations, nor is it intended as a substitute for the wisdom of directors or trustees of individual organizations. Given the blurring of the lines between the three sectors of the economy and the enormous growth of the nonprofit sector, this document is designed to support the effective functioning of our sector by recommending specific best practices.

Nonprofit organizations are essential to the vitality of communities. They enrich quality of life, epitomize the highest societal values and strengthen democracy. Volunteers, board members and employees become involved with a nonprofit because of the organization's public benefit mission. Therefore, the continued success of Connecticut's nonprofit organizations requires broad public support and confidence. This document publicly testifies to the nonprofit sector's commitment to excellence—always for the benefit of society.

The critical role of nonprofits in democratic societies underscores the importance of knowing how to form, govern and manage these organizations. The growth and progress of the nonprofit sector depend on developing and improving this body of knowledge. *Principles and Practices for Nonprofit Excellence in Connecticut* will form an ongoing framework for Connecticut Association of Nonprofits' trainings, publications and other educational materials.

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PART ONE:

The Six Principles

ETHICS
MISSION
RESPECT
GOVERNANCE
FINANCES
FUNDRAISING

The Six Principles

Nonprofit organizations are essential to the vitality of communities. They enrich quality of life, epitomize the highest societal values and strengthen democracy.

• • •

Therefore, the continued success of Connecticut's nonprofit organizations requires broad public support and confidence.

Principle 1: Ethics

Integrity is the bedrock upon which all nonprofit organizations depend for their viability. Ethical precepts should be adopted and woven into the culture of the organization and be manifest and applied uniformly and fairly at all levels, and in all matters internal and external to the organization. Nonprofit organizations will conduct their affairs in compliance with applicable federal, state and local laws and regulations.

Principle 2: Mission

Nonprofit organizations do not have private owners, and exist for the purpose of fulfilling the charitable mission articulated in their documents of organization and governance. Nonprofit organizations should strive continuously to improve the quality of their work, and should develop measurements with which to evaluate their performance.

Principle 3: Respect

Nonprofit organizations have a responsibility to recognize the inherent dignity of all persons. All persons within the organization or receiving resources or services from the organization should be treated fairly and with “unconditional” respect regardless of their station.

The Six Principles

Principle 4: Governance

A nonprofit's board of directors is responsible for defining the organization's mission and for providing overall leadership and strategic direction to the organization. Each nonprofit board should: 1) actively set policy and ensure that the organization has adequate resources to carry out its mission; 2) provide direct oversight and direction for the executive director and be responsible for evaluating his/her performance; and 3) evaluate its own effectiveness as a governing body, as a group of volunteers, and as representatives of the community in upholding the public interest served by the organization.

Principle 5: Finances

Nonprofits have an obligation to act as responsible stewards in managing their financial resources. Nonprofits must comply with all legal financial requirements and should adhere to sound accounting principles that produce reliable financial information, ensure fiscal responsibility and build public trust. Nonprofits should use their financial resources to accomplish their missions in an effective and efficient manner and should establish clear policies and practices to regularly monitor how funds are used.

Principle 6: Fundraising

Nonprofit organizations play an important societal role in serving as the vehicle by which philanthropy occurs. Nonprofits act as the intermediary between donors and beneficiaries and have an ethical obligation to ensure proper handling of funds to carry out their missions. Nonprofit fundraising should be conducted according to the highest ethical standards with regard to solicitation, acceptance, recording, reporting and use of funds. Nonprofits should adopt clear policies for fundraising activities to ensure responsible use of funds for designated purposes and open, transparent communication with donors and other constituents.

NOTE TO READERS:

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

- “Must” is used to describe practices required by state or federal law, and is noted with this symbol: ☑.
- “Should” is used to describe highly recommended practices.
- “Constituents” describes people with a stake in the success of the organization, and may include members, neighbors, clients, volunteers and contributors.

Principle 1: Ethics

Recommended Practices:

1. A nonprofit must comply with all legal and other required reporting procedures regarding its performance. ☑
2. A nonprofit must meet all federal and state requirements for public disclosure. These state that a nonprofit must provide the last three years' information returns (Form 990 or its variants), as follows¹: ☑
 - a. Public access must be provided immediately on request by allowing inspection of the documents at the organization's office or offices. ☑
 - b. Copies of the documents must be provided within 30 days upon written request. ☑
3. A nonprofit has a financial obligation to use its resources responsibly for the purpose of serving the public interest. Financial audits must be approved by the organization's board and certified by the executive director and the chief financial officer of the organization.
4. A nonprofit has a responsibility to establish, achieve and regularly measure clearly defined levels of performance in its activities and to share those results with the public.
5. A nonprofit has a responsibility to adhere to its sector's established, professional standards.
6. Constituents of nonprofits should be provided with ongoing opportunities to interact with the board and management regarding the organization's activities.

¹ Organizations that make their materials widely available through publication on the Internet do not have to provide copies; if the Internal Revenue Service determines that the organization is being subjected to a harassment campaign, copies do not have to be provided; and 501(c)(3) organizations not classified as private foundations 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 other materials for public viewing.

Principle 1: Ethics

7. In serving the public trust, a nonprofit should produce an annual report that contains information regarding activities and performance. The annual report should include:
 - a. an explanation of the organization's mission, activities, and results;
 - b. an explanation of how individuals can access programs/services;
 - c. overall financial information, including income and expense statements, balance sheet, and functional expense allocation; and
 - d. a list of board members, management staff, supporters and donors.
8. A nonprofit is encouraged to hold public meetings to gather and distribute information about approaches, goals and effectiveness in carrying out its mission.
9. To promote overall accountability within the sector, a nonprofit should openly communicate with other nonprofits to share and gather information on lessons learned and best practices.
10. Information regarding fees and services should be clear, complete and readily available to the public.
11. A nonprofit should have and use a system that allows individuals to report financial misconduct, without consequence to those individuals for doing so (commonly referred to as a "whistleblower policy").
12. A nonprofit should ensure confidentiality and non-discriminatory service to its constituents.
13. A nonprofit organization should have and implement a written, mandatory document retention and periodic destruction policy, which includes guidelines for handling electronic files and voice mail, back-up procedures, archiving of documents, and regular check-ups of the reliability of the system.

Principle 2: Mission

Recommended Practices:

1. A nonprofit should have a clearly defined, written mission statement that guides the overall aims and activities of the organization.
2. Originally defined by its incorporators, a nonprofit's mission should be reviewed by the board periodically to consider societal, community and organizational changes. This review should determine whether the mission is still relevant, and/or whether it should be adapted to address evolving needs of the organization's constituents and the community at large.
3. In planning for its activities, a nonprofit should be responsive to community needs and should solicit input from a variety of sources such as staff, board members and other constituents.
4. A nonprofit should create both an operational and a strategic plan for implementation of its activities:
 - a. The plan should reflect the results of an environmental scan that includes information on strengths and weaknesses/challenges facing the organization, as well as opportunities for, and perceived threats to, mission achievement.
 - b. The plan should include clearly defined goals and objectives that are set by the organization to benefit individuals in society.
 - c. The plan should clearly define specific activities and responsibility for their implementation.
 - d. The plan should be a useful management tool for measuring activities and outcomes and should be tied to a budget.
 - e. The plan should provide a framework for regular progress reports and should be reviewed and/or updated regularly.
5. A nonprofit should have defined, ongoing and sustainable procedures in place for evaluating its programs, procedures and outcomes in relation to its mission.
6. A nonprofit should regularly monitor the satisfaction of service participants and constituents and provide a grievance procedure to address complaints.

Principle 2: Mission

7. Performance measures should be realistic, specific, measurable and appropriate to the size and scope of the organization and its constituents.
8. Measurement should include information on satisfaction, activities, results and community input.
9. Nonprofit evaluation should be ongoing and should include input from a wide variety of stakeholders including staff, board, funders, community members, etc.
10. A nonprofit organization should utilize external evaluators when appropriate and feasible. These evaluators should follow the national Guiding Principles for Evaluators set forth by the American Evaluation Association².

² Visit www.eval.org

Principle 3: Respect

Recommended Practices:

1. A nonprofit must comply with all local, state and federal employment laws in hiring and employing personnel. ☑
2. If the organization employs staff, the board should annually review its overall compensation structure, using industry-based surveys of salaries and benefits. The board should establish policies on employee benefits, which may include:
 - a. medical insurance;
 - b. retirement plans;
 - c. sick leave, maternity/paternity leave, vacation, and other paid time off; and
 - d. other benefits as may be appropriate.
3. A nonprofit should adopt a set of specific, but separate, policies and procedures for personnel and volunteers.
4. A nonprofit should employ individuals who are suitable for the positions they occupy (paid or unpaid) and committed to the goals, values and objectives of the organization.
5. A nonprofit and its board should establish and abide by a broad and encompassing equal opportunity employment policy.
6. A nonprofit should strive to employ personnel and volunteers who reflect the diversity of the community, as appropriate for program effectiveness.
7. A nonprofit should support the education and development of personnel and should provide them with opportunities for growth and advancement.
8. A nonprofit organization should provide staff and volunteers with clear, current job descriptions and the tools they need to produce quality work.
9. A nonprofit should have a system in place for the succession of management and board members, most notably for the executive director and key board leadership.
10. A nonprofit should establish both employee and volunteer records retention policies and procedures that are consistent with applicable laws and best industry practices.

Principle 4: Governance

NOTE TO READERS:

*The following two sections are reprinted with permission from BoardSource. For more information about BoardSource, please visit www.boardsource.org or call 800.883.6262.**

Legal Responsibilities of Nonprofit Boards (BoardSource)*

Duty of Care: The duty of care describes the level of competence that is expected of a board member, and is commonly expressed as the duty of “care that an ordinarily prudent person would exercise in a like position and under similar circumstances.” This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

Duty of Loyalty: The duty of loyalty is a standard of faithfulness; a board member should give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but should act in the best interests of the organization.

Duty of Obedience: The duty of obedience requires board members to be faithful to the organization’s mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public’s trust that the organization will manage donated funds to fulfill the organization’s mission.

Ten Basic Responsibilities of Nonprofit Boards (BoardSource)*

1. Determine the organization’s mission and purpose: It is the board’s responsibility to create and review a statement of mission and purpose that articulates the organization’s goals, means and primary constituents served.
2. Select the chief executive: Boards should reach consensus on the chief executive’s responsibilities and undertake a careful search to find the most qualified individual for the position.
3. Provide proper financial oversight: The board should ensure that proper financial controls are in place.

** BoardSource © 2002. Text may not be reproduced without written permission from BoardSource.*

Principle 4: Governance

4. Ensure adequate resources: One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission.
5. Ensure legal and ethical integrity and maintain accountability: The board is ultimately responsible for ensuring adherence to legal standards and ethical norms.
6. Ensure effective organizational planning: Boards should actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
7. Recruit and orient new board members and assess board performance: All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate its own performance.
8. Enhance the organization's public standing: The board should clearly articulate the organization's mission, accomplishments and goals to the public, and garner support from the community.
9. Determine, monitor, and strengthen the organization's programs and services: The board's responsibility is to determine which programs are consistent with the organization's mission and to monitor their effectiveness.
10. Support the chief executive and assess his or her performance: The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.

Recommended Practices:

1. No more than one employee of the organization (typically the chief executive) should serve as a voting member of the board and he/she should not serve as chair or treasurer of the board.
2. Although Connecticut law allows for fewer members, the board should be made up of at least five persons unrelated to each other or to staff, to ensure appropriate deliberation and diversity.
3. A nonprofit board should be comprised of individuals who represent the best interests of the organization.

Principle 4: Governance

4. The board should establish a process for selecting new board members that will ensure infusion of new ideas and community perspectives, while preserving institutional memory.
5. To demonstrate personal stake in the organization, board members are expected to make personal financial contributions to the nonprofit, as well as to raise funds from external sources.
6. Board members (who are not employees) should receive no monetary compensation.
7. Board meetings should be held at least on a quarterly basis and regular attendance should be expected.
8. At a minimum of every two years, the board should review the organization's bylaws and mission statement and amend as needed to reflect organizational growth and development.
9. Annually, the board should review and approve an annual budget for the organization.
10. Annually, the board should conduct a performance review of the chief executive. The chief executive's performance should be assessed in light of organizational accomplishments, and the total compensation package (salary, raises, bonuses and other benefits) should reflect his/her performance, as well as industry standards.
11. The board should establish a succession organizational transition plan to maintain daily operation during the time of a change in executive or board leadership.
12. Nonprofit 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 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 conflict of interest.
13. Nonprofits should establish a formal risk management plan, which is monitored by a dedicated committee of the board (e.g. audit committee or executive committee).

Principle 5: Finances

Recommended Practices:

1. A nonprofit should review *Connecticut's Basic Infrastructure Checklist* (see Part Two of this document) to verify the existence of appropriate policies, procedures and reporting mechanisms, and should demonstrate compliance with all legal financial obligations.
2. A nonprofit board member should clearly understand how to read and interpret financial statements.
3. Annually, the board should review and approve an annual budget for the organization. While each board should determine the appropriate budget needed to achieve its mission, various industry benchmarks provide target ranges of 65 percent to 80 percent of expenditures for programs, and no more than 20 percent to 35 percent for administration, fundraising and evaluation.
4. In the event that a budget deficit occurs, the board must be aware of this outcome and must participate fully in determining a plan to restore the budget to a balanced state. ☑
5. A nonprofit should generate accurate and relevant financial reports that include the comparison of actual to budgeted revenue and expense totals, and that identify and explain any significant variances. These reports should be provided to the board of directors for regular review and discussion, preferably on a quarterly basis.
6. A nonprofit with annual total state revenues in excess of \$100,000³ or gross revenue in excess of \$200,000⁴ must subject its financial reports to an annual audit by a Certified Public Accountant. A nonprofit under this threshold, or exempt by law, should have a CPA provide a review of its finances to the board annually. Financial audits must be approved by the organization's board and certified by the executive director and chief financial officer of the organization. ☑

Principle 5: Finances

7. The auditor should meet with the organization's board separately from management staff, and the board audit committee should approve the financial report.
8. To the extent possible given the size of the organization, a nonprofit should ensure separation of specific financial duties within a check and balance system. It is recommended that a nonprofit board of directors have an audit committee that does not share members with and works independently of the finance committee.
9. A nonprofit executive director and chief financial officer should verify and certify the Form 990 or 990-PF before it is submitted to ensure that it is accurate and complete.
10. A nonprofit board should strictly prohibit financial loans to members of the board or to organization personnel.
11. A nonprofit board should establish and maintain a financial reserve which is equal to three to six months of operating expenses.
12. A nonprofit has a legal and ethical obligation to expend funds responsibly and to ensure that funds are dispensed according to the funders' requirements.
13. A nonprofit board with full knowledge of its legal obligations and liabilities, may undertake responsibility of fiscal sponsorship for another organization.

³ *Connecticut State Single Audit: Pursuant to Sections 4-230 through 4-236 of the Connecticut General Statutes, each municipality, audited agency, tourism district and not-for-profit organization that expends state financial assistance equal to or in excess of \$100,000 in any fiscal year of the entity, shall have a single audit made for such fiscal year in accordance with the provisions of the above-referenced General Statutes. If total state financial assistance expended for the fiscal year is for a single state program, a program-specific audit may be conducted in lieu of a single audit.*

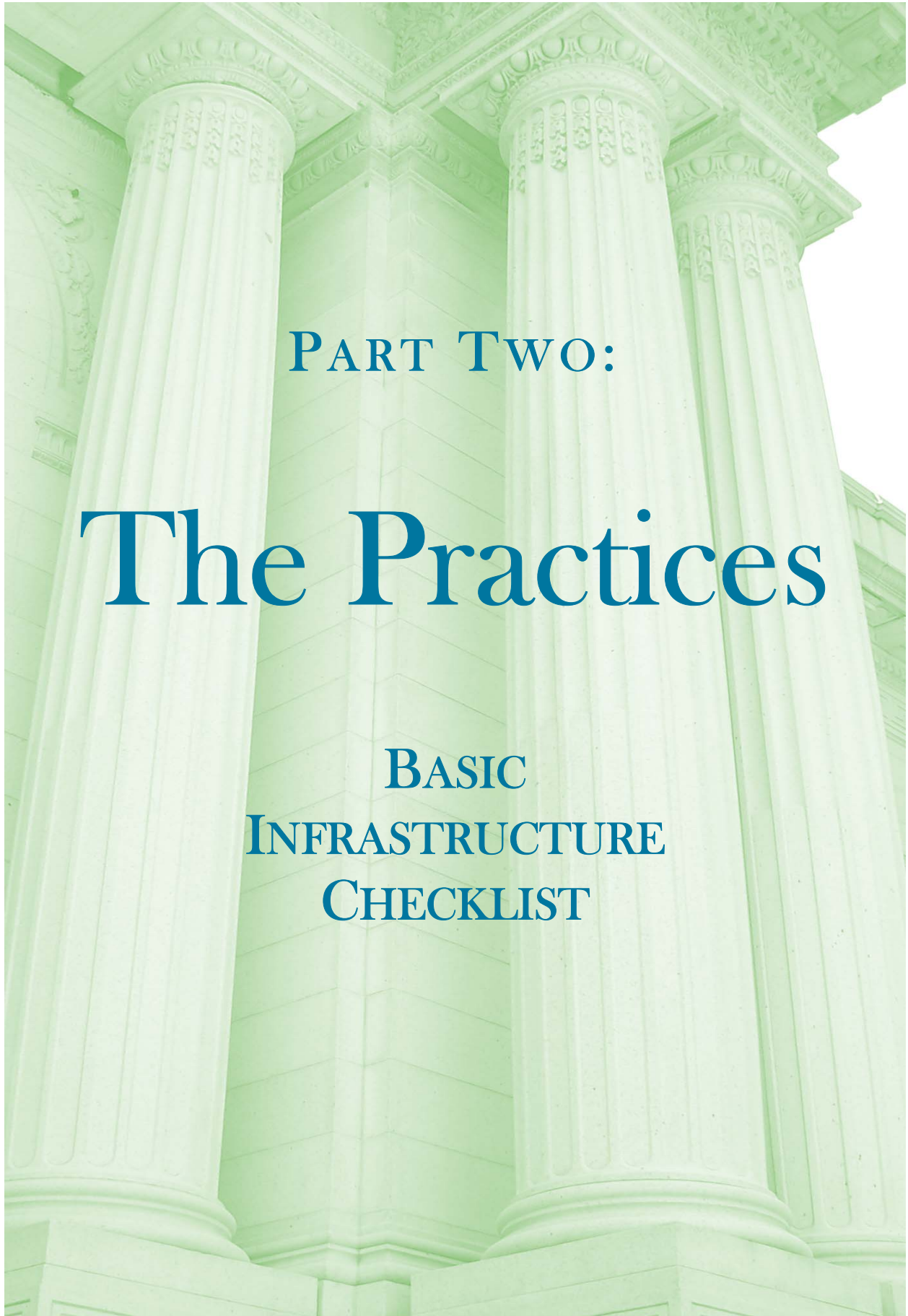
⁴ *State of Connecticut Office of the Attorney General Form Annual Charity Registration Application and Instructions–Form PCUREG-01–Audit: The financial report of an organization which received more than \$200,000 in gross revenue (before any deductions) in the year covered by this report, not including grants and fees from government agencies and revenue from trusts held by a trustee (usually a bank) for the benefit of the organization, must be accompanied by an opinion of any independent licensed public accountant or certified public accountant. This requirement may be satisfied in either of two ways: (1) the opinion may refer directly to the Internal Revenue Service form or (2) the opinion may refer to a set of financial statements. If the latter is chosen, the financial statements to which the audit opinion refers must be filed in addition to the IRS form. All audit reports must be on the accountant's letterhead and be signed. Compiled or reviewed financial statements do not fulfill the audit requirement.*

Principle 6: Fundraising

Recommended Practices:

1. A nonprofit must comply with all local, state and federal laws and regulations concerning fundraising practices. ☑
2. A nonprofit board and executive should be familiar with the Association of Fundraising Professionals' Code of Ethical Principles and Standards of Professional Practice⁵, and ensure that all fundraising professionals acting on behalf of the organization adhere to these principles and standards.
3. A nonprofit board assumes overall responsibility for raising sufficient funds to meet the organization's budgeted objectives.
4. Fundraising communications should include clear, accurate, honest information about the organization (including charitable solicitation license number), its activities and the intended use of funds.
5. A nonprofit has an obligation to use funds according to donor intent and to comply with specific conditions for donations.
6. A nonprofit should not share or trade donor names with others unless given permission by the donor.
7. A nonprofit should regularly communicate through multiple outlets with donors regarding its activities.
8. To maintain the public's trust, a nonprofit should seek only the funds it needs to reasonably work toward achieving its mission over the foreseeable future. When appropriate, endowment and reserve funds can be established to advance the organization's mission.
9. A nonprofit should have policies in place that govern the receipt, disposal and management of charitable gifts and grants.
10. A nonprofit should manage and supervise fundraising activity conducted by contractual service providers.

⁵ Available at www.afpnet.org



PART TWO:

The Practices

BASIC
INFRASTRUCTURE
CHECKLIST

The Practices

Focusing solely on what you can potentially do better than any other organization is the only path to greatness. ... The only way to remain great is to keep applying the fundamental principles that made you great.

— Jim Collins, *Good to Great: Why Some Companies Make the Leap and Others Don't*

The following section includes a *Basic Infrastructure Checklist* for your organization that will help you identify which of *The Six Principles* of nonprofit excellence you are now practicing in your day-to-day operation. The checklist will also help you identify which practices are missing and what needs improvement. Generally, the following recommended practices can be applicable to all nonprofit organizations, no matter the size and mission. Thoroughly and regularly examine your organization—your documents, your policies and your processes—and make sure your foundation for nonprofit excellence is complete.

We believe the effort you invest in the following pages will be a productive and worthwhile exercise for your organization because of the three following reasons:

- You will need much of the identified information to apply and receive grant funding and show your community—the public, your various stakeholders and prospective donors—that your organization is committed to nonprofit business excellence.
- Some of the information are now required by state and federal agencies. Failure to comply with these state and federal regulations could severely impair your organization's ability to perform or even force you to permanently shut your doors.
- At a time when the nonprofit sector faces increased public scrutiny and demands for more accountability, the following checklist will help your organization to efficiently and effectively answer questions about your operations.

As indicated in the introduction of this publication, the continued success of Connecticut's nonprofit organizations requires broad public support and confidence. Adherence to the following checklist will help in that effort.

NOTE TO READERS:

The *Basic Infrastructure Checklist* was derived from a document developed by the Michigan Nonprofit Association and has been used, with some adaptations, in the following pages with that association's permission.

Basic Infrastructure Checklist

PRINCIPLE 1: ETHICS	
Yes	No
<input type="checkbox"/>	<input type="checkbox"/> IRS Determination Letter and Forms 1023, 990 and Variants (publicly available)
<input type="checkbox"/>	<input type="checkbox"/> Annual Report (publicly available)
<input type="checkbox"/>	<input type="checkbox"/> Whistleblower Policy (confidential reporting of suspected financial misconduct)
<input type="checkbox"/>	<input type="checkbox"/> Code of Ethics
<input type="checkbox"/>	<input type="checkbox"/> Conflict of Interest Policy and Procedures
<input type="checkbox"/>	<input type="checkbox"/> Document Retention and Destruction Policy
<input type="checkbox"/>	<input type="checkbox"/> Disaster Recovery Plan
<input type="checkbox"/>	<input type="checkbox"/> Confidentiality Policies and Procedures (all constituents)

PRINCIPLE 2: MISSION	
Yes	No
	A. Planning
<input type="checkbox"/>	<input type="checkbox"/> Mission Statement
<input type="checkbox"/>	<input type="checkbox"/> Vision Statement
<input type="checkbox"/>	<input type="checkbox"/> Operational/Strategic Plan (including system to monitor progress)
	B. Evaluation
<input type="checkbox"/>	<input type="checkbox"/> Accountability and Monitoring Systems
<input type="checkbox"/>	<input type="checkbox"/> Community Needs/Assets Assessment
<input type="checkbox"/>	<input type="checkbox"/> Environmental Scan
<input type="checkbox"/>	<input type="checkbox"/> Formative Evaluation (opportunities to reflect on ways to improve organization and programs)
<input type="checkbox"/>	<input type="checkbox"/> Outcome Evaluation (documentation of how the organization is making a difference)

Basic Infrastructure Checklist

PRINCIPLE 3: RESPECT	
YES	NO
	A. Human Resources
<input type="checkbox"/>	<input type="checkbox"/> Compliance with State and Federal Laws
<input type="checkbox"/>	<input type="checkbox"/> Fair Labor Standards Act
<input type="checkbox"/>	<input type="checkbox"/> Connecticut/Federal Required Postings (OSHA)
<input type="checkbox"/>	<input type="checkbox"/> Benefits Documentation
<input type="checkbox"/>	<input type="checkbox"/> Criminal and Driving Records (for employees and volunteers)
<input type="checkbox"/>	<input type="checkbox"/> Human Resources Records Retention Policy
<input type="checkbox"/>	<input type="checkbox"/> Organizational Chart
	B. Personnel Policies and Procedures Manuals— individual signatures of understanding and acceptance—recommended content includes:
<input type="checkbox"/>	<input type="checkbox"/> Equal Employment Opportunity/ Affirmative Action Policy
<input type="checkbox"/>	<input type="checkbox"/> Eligibility and Classifications Policy
<input type="checkbox"/>	<input type="checkbox"/> Code of Ethics/Employee Conduct Policy
<input type="checkbox"/>	<input type="checkbox"/> Conflict of Interest Policy (including disclosure of relationships)
<input type="checkbox"/>	<input type="checkbox"/> Confidentiality Policies and Procedures
<input type="checkbox"/>	<input type="checkbox"/> Nondiscrimination, Diversity and Harassment Policy
<input type="checkbox"/>	<input type="checkbox"/> Grievance Procedures
<input type="checkbox"/>	<input type="checkbox"/> Workers' Compensation Insurance Program
<input type="checkbox"/>	<input type="checkbox"/> Orientation, Training and Evaluation Policy (staff and volunteers)
<input type="checkbox"/>	<input type="checkbox"/> Attendance/Leave Policy
<input type="checkbox"/>	<input type="checkbox"/> Expense Reimbursement Policy
<input type="checkbox"/>	<input type="checkbox"/> Management Information Systems (MIS) Policies and Procedures (including Internet, e-mail, technology/equipment access and use policies)

Basic Infrastructure Checklist

PRINCIPLE 3: RESPECT (continued)	
YES	NO
	C. Personnel File —for each employee and volunteer
<input type="checkbox"/>	<input type="checkbox"/> Application with Original Employee Signature
<input type="checkbox"/>	<input type="checkbox"/> INS Documentation (Immigration and Naturalization Services: <i>Note changes due to Patriot Act and Homeland Security</i>)
<input type="checkbox"/>	<input type="checkbox"/> Tax Forms (I-9 and W-4 and copies of required documentation)
<input type="checkbox"/>	<input type="checkbox"/> Salary Reduction/Direct Deposit Agreements
<input type="checkbox"/>	<input type="checkbox"/> Resume
<input type="checkbox"/>	<input type="checkbox"/> Reference Check Documentation
<input type="checkbox"/>	<input type="checkbox"/> Other Conditions for Employment (drug test results, certifications, etc.)
<input type="checkbox"/>	<input type="checkbox"/> Position Descriptions (written for staff and volunteers)
<input type="checkbox"/>	<input type="checkbox"/> Standards and Policies for Working with Contractual Employees and Consultants (guidelines for selection, hiring and monitoring)
<input type="checkbox"/>	<input type="checkbox"/> Performance Evaluations
<input type="checkbox"/>	<input type="checkbox"/> Documentation of Disciplinary Action
<input type="checkbox"/>	<input type="checkbox"/> Separate File Maintained for Medical Information in Accordance with the Law

Basic Infrastructure Checklist

PRINCIPLE 4: GOVERNANCE	
YES	No
	A. Organizational Structure
<input type="checkbox"/>	<input type="checkbox"/> Articles of Incorporation
<input type="checkbox"/>	<input type="checkbox"/> Bylaws (include board liability and indemnification language)
<input type="checkbox"/>	<input type="checkbox"/> Accreditation Information (as applicable)
<input type="checkbox"/>	<input type="checkbox"/> Liability Insurances (Director and Officer, General, Volunteer, etc.)
<input type="checkbox"/>	<input type="checkbox"/> Committee Descriptions (purpose, structure, goals and activities)
<input type="checkbox"/>	<input type="checkbox"/> Orientation, Training and Evaluation Plans (board members)
<input type="checkbox"/>	<input type="checkbox"/> Board and Committee Policy Handbooks
<input type="checkbox"/>	<input type="checkbox"/> Board Resolutions/Minutes Book
<input type="checkbox"/>	<input type="checkbox"/> Audit Committee Policies and Procedures
<input type="checkbox"/>	<input type="checkbox"/> Risk Evaluation and Management Systems
<input type="checkbox"/>	<input type="checkbox"/> Compensation Documentation (executive and other staff)
<input type="checkbox"/>	<input type="checkbox"/> Executive Evaluation Plan
<input type="checkbox"/>	<input type="checkbox"/> Leadership Succession and Transition Plan (volunteer leadership and staff executive)
	B. Public Policy and Advocacy
<input type="checkbox"/>	<input type="checkbox"/> Advocacy Policy/Plan
<input type="checkbox"/>	<input type="checkbox"/> 501(h) Election
<input type="checkbox"/>	<input type="checkbox"/> Connecticut Lobbyist/Lobbyist Agent Registration
<input type="checkbox"/>	<input type="checkbox"/> Connecticut Lobbyist/Lobbyist Agent Financial Reports

Basic Infrastructure Checklist

PRINCIPLE 5: FINANCES	
YES	NO
<input type="checkbox"/>	<input type="checkbox"/> IRS Form 990 or IRS 990-EZ (to be filed by the 15 th day of the fifth month after the end of your fiscal year)
<input type="checkbox"/>	<input type="checkbox"/> Unrelated Business Income Tax Reporting
<input type="checkbox"/>	<input type="checkbox"/> Connecticut Annual Report Filed with Secretary of the State (publicly available)
<input type="checkbox"/>	<input type="checkbox"/> Payroll (federal, state and local quarterly withholdings/filings)
<input type="checkbox"/>	<input type="checkbox"/> Connecticut Sales and Excise Tax Exemption
<input type="checkbox"/>	<input type="checkbox"/> Internal Control Procedures
<input type="checkbox"/>	<input type="checkbox"/> Documentation of Accounting Policies and Systems (meet FASB and/or GASB requirements)
<input type="checkbox"/>	<input type="checkbox"/> Chart of Accounts
<input type="checkbox"/>	<input type="checkbox"/> Spending Limits Policy and Signature Authority
<input type="checkbox"/>	<input type="checkbox"/> Asset and Cash Management Policies and Procedures
<input type="checkbox"/>	<input type="checkbox"/> Financial Records Retention Policy
<input type="checkbox"/>	<input type="checkbox"/> Audit Committee Policies and Procedures
<input type="checkbox"/>	<input type="checkbox"/> Audited Financial Statements/Management Letters
<input type="checkbox"/>	<input type="checkbox"/> Budgets (revenue/expenses)
<input type="checkbox"/>	<input type="checkbox"/> Investment Policy Statement
<input type="checkbox"/>	<input type="checkbox"/> Contract Management Policies and Procedures (bidding system, contracts, evaluation and monitoring tools)
<input type="checkbox"/>	<input type="checkbox"/> Memo of Agreement/Understanding for Each Collaborative Commitment
<input type="checkbox"/>	<input type="checkbox"/> Bulk-Rate Postage Permit
<input type="checkbox"/>	<input type="checkbox"/> Sufficient Accounting System Appropriate for Contract/Grant Compliance
<input type="checkbox"/>	<input type="checkbox"/> Documentation of Restrictions on Income and Net Assets Should Be Retained

Basic Infrastructure Checklist

PRINCIPLE 6: FUNDRAISING	
Yes	No
<input type="checkbox"/>	<input type="checkbox"/> Connecticut Charitable Solicitation License
<input type="checkbox"/>	<input type="checkbox"/> Registration (documentation) for Each Contractual Fund Development Professional (submit to state with contracts)
<input type="checkbox"/>	<input type="checkbox"/> Connecticut Regulations for Applicable Fundraising Events (Bingo, Raffles, etc.)
<input type="checkbox"/>	<input type="checkbox"/> Reporting Requirements, Due Dates
<input type="checkbox"/>	<input type="checkbox"/> Case Statement
<input type="checkbox"/>	<input type="checkbox"/> Fund Development Plan
<input type="checkbox"/>	<input type="checkbox"/> Donor Recognition Plan (include provisions for privacy)
<input type="checkbox"/>	<input type="checkbox"/> Gift Acceptance and Recognition Policy (include in-kind donations, address fair market value and disposal of assets)
<input type="checkbox"/>	<input type="checkbox"/> Individual Donor Requirements
<input type="checkbox"/>	<input type="checkbox"/> Donor Database (contributions/restrictions)
<input type="checkbox"/>	<input type="checkbox"/> Grants Management System
<input type="checkbox"/>	<input type="checkbox"/> Communications and Public Relations Plan
<input type="checkbox"/>	<input type="checkbox"/> Marketing Plan

Connecticut Association of Nonprofits

... to serve, strengthen and support
Connecticut's nonprofit community.

Connecticut Association of Nonprofits—the largest membership organization in the state dedicated exclusively to nonprofits in Connecticut—strives to serve, support and strengthen nonprofit organizations in building and sustaining healthy communities. Within the spirit of that mission and vision of providing access to high quality assistance and information on effective nonprofit management and practices, Connecticut Association of Nonprofits has published this *Principles and Practices for Nonprofit Excellence in Connecticut* to strengthen all of Connecticut's nonprofits.

Connecticut Association of Nonprofits (CT Nonprofits) gives members access to networking opportunities, up-to-date information, cost-saving group purchasing programs, education and training, legislative advocacy, insurance programs and publications targeting Connecticut's nonprofit sector.

Since it was founded in 1977 as Connecticut Association of Residential Facilities (CARF), CT Nonprofits has grown to include a diverse membership of 500 nonprofit organizations statewide, covering all sectors of the nonprofit community. That growth has been marked with a name change to Connecticut Association of Nonprofits seven years ago and, in 2007, a new logo that is more representative of its membership and mission. We are a collaborative of 500 organizations, supporting your needs so you may serve your communities to achieve your mission.

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NOTE TO READERS: Organizations are listed for identification purposes only.



CONNECTICUT
ASSOCIATION
of NONPROFITS

*...to serve, strengthen
and support Connecticut's
nonprofit community.*

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