



ABOUT THE CHECKLIST OF BEST PRACTICES FOR NONPROFITS

WHAT: A resource for our nonprofit organizations.

WHY: The Foundation and United Way of the Valley and Greater Utica Area partnered to **develop this checklist as a tool to assess your organization's best practices.**

HOW TO USE THIS DOCUMENT: We suggest appointing a staff member to use this checklist to gauge how your organization fares in best practices. You might bring the checklist to your board to show where you are strong and where your organization can improve.

PARTNERSHIP FOR COLLECTIVE IMPACT: **At The Foundation, we know we're** as strong as our partners. Our goal is to support our partners in creating meaningful and lasting impact **where it's most needed** as shown by the community indicators site (hocindicators.org).

Please check the best practices your nonprofit has in place. Questions you may want to ask about those **that aren't checked: What would it take to implement this practice? What steps can we take as an organization to make this happen? What support is available?** You may also want to rate the degree of importance and difficulty of implementing these practices.

GOVERNANCE

- Board annually reviews the organization's mission, vision and bylaws.**
- Bylaws include term limits for board members.
- The executive director is not a member of the board and does not vote on board issues.
- Board membership provides the skills required by the organization and reflects the interests of the community served. A grid showing trustee attributes is maintained and reviewed when recruiting new board members.
- During each fiscal year, a minimum of four board meetings are held with a quorum present.
- Detailed minutes are kept for each board meeting and approved and/or amended/corrected, if need be, by the board at their next meeting.
- Board members participate in an annual self-evaluation, which is shared with the entire board for review and actions.
- Newly elected board members complete an orientation process that includes their responsibilities, legal requirements and conflicts of interest.
- The board enters into executive session from time to time with no staff members present.
- The organization has a current strategic plan. The plan is reviewed at least annually to track progress.
- The organization is in compliance with all of the items mandated by the recent New York State Nonprofit Revitalization Act.
- Board, staff and committee job descriptions and the personnel manual are reviewed at least annually and updated as needed.
- The board assures that the organization has current policies in place including, but not limited to, the following:
 - Acceptance of gifts.
 - Conflicts of interest.
 - Whistleblower policy.
 - Prohibition of unlawful harassment.
 - Prohibition of unlawful discrimination that meets NYS guidelines.
 - A written confidentiality agreement signed by all board members.



FISCAL

- Organization is current on all payroll and other tax payments.
- Organization has an annual budget and gives a budget vs. actual report showing both income and expenses to board members at all board meetings.
- Board reviews accurate, easy to understand and timely financial reports at all board meetings.
- Organization submits 990 (or required information) within nine months of the close of the fiscal year. If the 990 is mailed, organization receives a Return Receipt from the United States Postal Service confirming that the IRS received the document.
- Board annually reviews the organization's 990 prior to submitting to the IRS.**
- If required by NYS, organization has an audit completed within nine months of the close of the fiscal year by an independent, certified public accountant who has been approved by the board.
- If an audit is required, it contains an unqualified opinion based on the audited financial statements.
- Supporting services expenses (management & general and fundraising) are under 25 percent of total revenue.
- Organization possesses a letter of exemption from federal taxes under Section 501(c)(3) Internal Revenue Code and maintains its tax exemption status.
- Organization is current with filing all documents required by the IRS and NYS.
- Organization has an effective policy or written procedure governing financial transactions including writing and depositing checks (manually or by electronic means), handling petty cash and overseeing the use of credit cards. Written procedural redundancies of said oversight are recommended.
- Two original signatures are required on written checks or electronic disbursement summaries over a certain amount or in situations where oversight is lacking.
- The board approves the opening and closing of corporate credit cards, and savings, checking and investment accounts.
- Organization reconciles its bank accounts and credit cards on a monthly basis.
- Board has a finance committee and, if the budget is larger than \$1 million, board has an independent audit committee or functional equivalents.
- Responsibilities for recordkeeping and authorization for each transaction are performed by separate people.
- If the organization contracts with fundraising consultants, there is documentation on file showing they are registered with the NYS Charities Bureau.

PROGRAMS

- Programs are consistent with the organization's mission, vision and strategic plan.**
- Measureable outcomes are tracked for all programs. Results are shared with staff and board members twice per year or more to determine if program changes need to be made.

REVIEW

- This checklist is reviewed annually and gaps closed, if needed.