



The Arc[™]

Introduction to the Standards for Excellence

May 23, 2013 at 2pm EST.

Presented by: Kate Hull, Chapter Specialist

America's Nonprofit Sector

Who are we?

We are churches, hospitals and schools. We are environmental activists, developers and preservationists, and social service agencies. Wherever there is a need for services, America's nonprofit sector is there to meet that need.

In 1983 there were 300,000 nonprofit organizations

In 1993 there were 750,000 nonprofit organizations

In 2010 there were over 1.5 million registered nonprofit organizations in the United States.

Nonprofits Depend upon the Public and the Public Trust

- Tax exemption
- Tax deductible dollars through contributions
- Ability to receive foundation grants
- Recruitment of volunteers, including board members
- Public trust is a very important asset

Competition Among Nonprofits

- Funding from all sources
- Volunteers
- Staff
- Board members



Public Becoming More Sophisticated

Many donors and the public are concerned about more than simply program administration and fundraising ratios

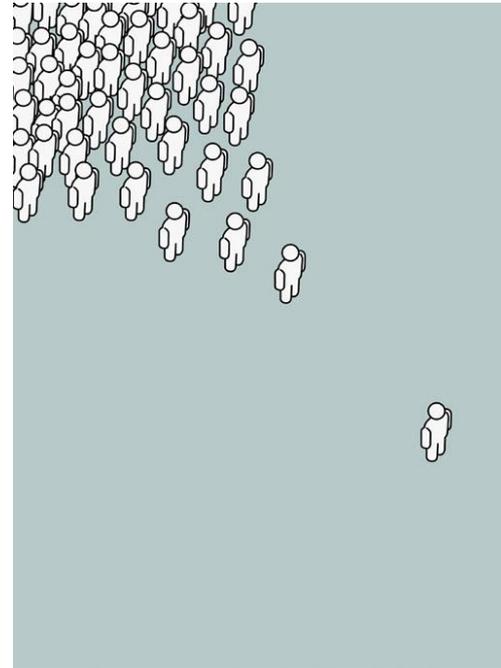
Greater Scrutiny

- Vicious cycle of lapses and increased regulatory/legal scrutiny
- Increased consumer expectations and sophistication



Frank Renile/Stock Illustration RF/Getty Images

How to differentiate from the pack?



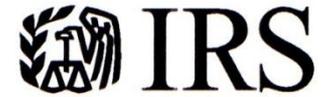
David Fairfield/Photodisc Green/Getty Images

How to differentiate from the pack?

The value of standards for best practices

- Awareness
- Communication
- Measurement
- Adjustment

IRS Emphasis on Best Practices



Department of the Treasury
Internal Revenue Service

“...the highest ethical standards and principles are essential to maintaining the public’s trust during these times of economic duress when so many people will come to depend on your services. . .”

“We will continue to insist that the sector be squeaky clean, and that the high idea of public benefit that underlies tax exemption is honored.”

“Indeed . . . I believe all of us must follow best practices in organizational leadership and management.”

Douglas Shulman, Commissioner of
Internal Revenue

IRS 990 Calls on Each Nonprofit to Embrace Best Practices

- Conflicts of interest
- Document Retention and Disclosure
- Whistleblower Policy/Confidential means to report impropriety
- Reimbursement Policy
- Joint Venture Policy
- Compensation Policy

IRS 990 Calls on Each Nonprofit to Embrace Best Practices

- Gift acceptance
- Solicitation Policy (federal and state laws, accurate, truthful, candid)
- Auditor Independence
- Methods to uncover family and business relationships

This is why...

We need to pay attention to all of the organizational issues that make nonprofit organizations tick.

Once you are aware of these organizational best practices, your organization can focus increased energy on achieving your mission and running your programs. Stay competitive and stay in business.

Introducing the Standards for Excellence Institute

- A national initiative launched to promote the highest standards of ethics and accountability in nonprofit governance, management and operations.
- Uses as a foundation the *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector*

Standards for Excellence® Replication Partners 2012



Standards
for
excellence
Replication Partner



National Leadership Roundtable
on Church Management

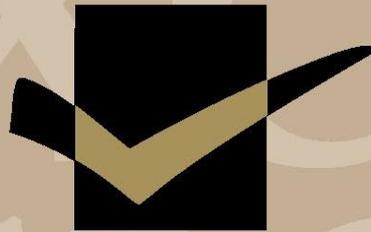


Standards for Excellence

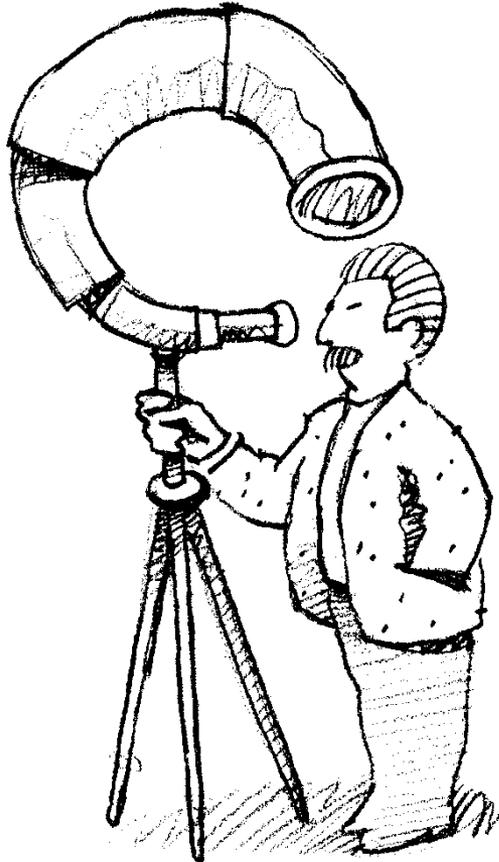
What are they?

- 8 Guiding Principles and 55 Benchmarks
 - Mission and Program
 - Governing Body
 - Conflict of Interest
 - Financial and Legal
 - Human Resources
 - Openness
 - Fundraising
 - Public Affairs and Public Policy

STANDARDS FOR EXCELLENCE:
AN ETHICS AND ACCOUNTABILITY CODE FOR
THE NONPROFIT SECTOR

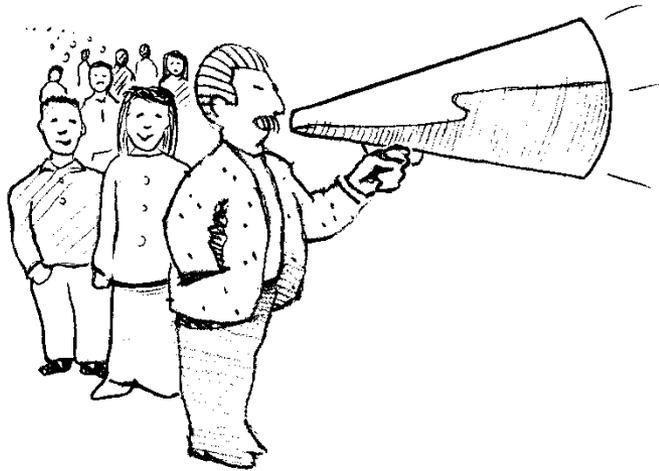


Mission and Program



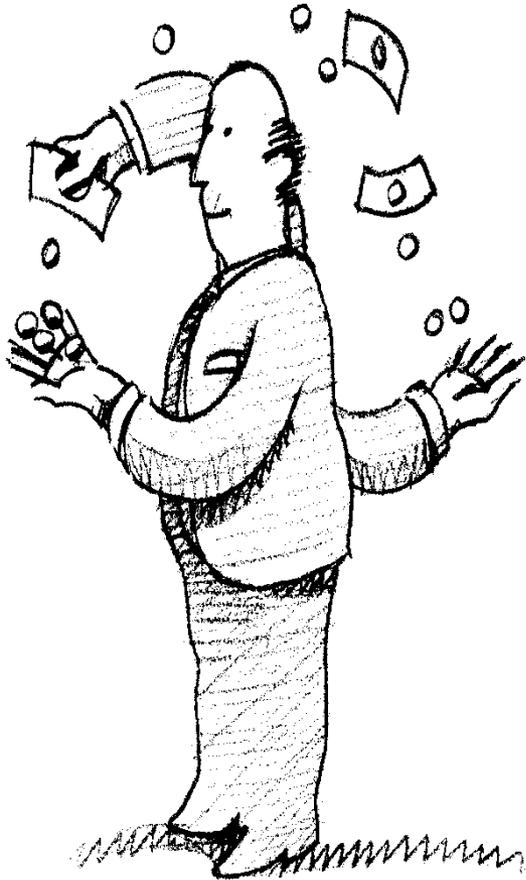
- Defined Mission Statement
- Evaluation
- Program Service Standards

Governing Body



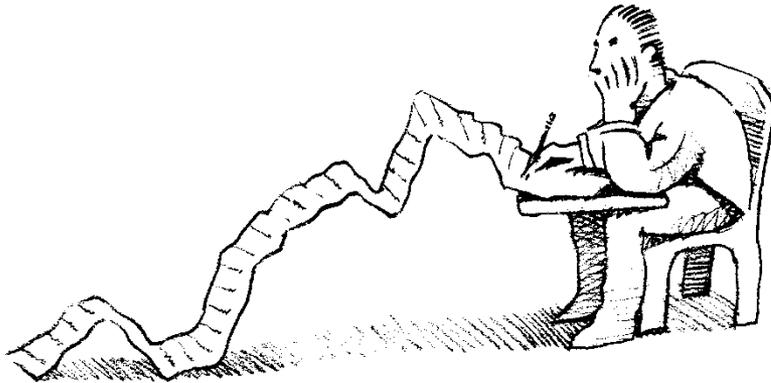
- Roles and Responsibilities
- Board Composition
- Board Conduct

Conflict of Interest



- Disclose Everything
- Define Interested Parties
- How Decisions Are Made?
 - Conflict of Interest Policy
 - Conflict of Interest Statement
 - Disclosure Forms

Human Resources



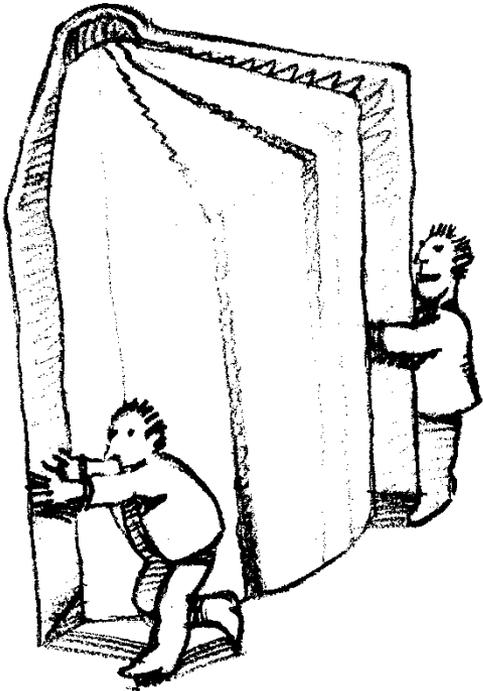
- Personnel Policies
- Volunteer Policies
- Employee Evaluation
- Employee Orientation

Financial and Legal

- Budgets
- Audits
- Financial Reports
- Financial Impropriety
- Written Financial Policies
- Legal Compliance



Openness

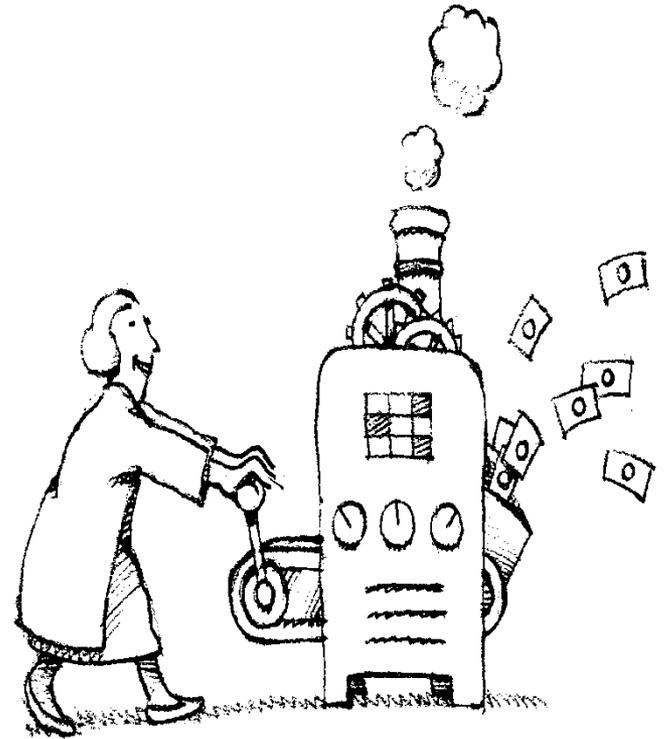


Annual Report:

- Mission
- Program Report
- Basic financial data
- List of board members
- List of key staff

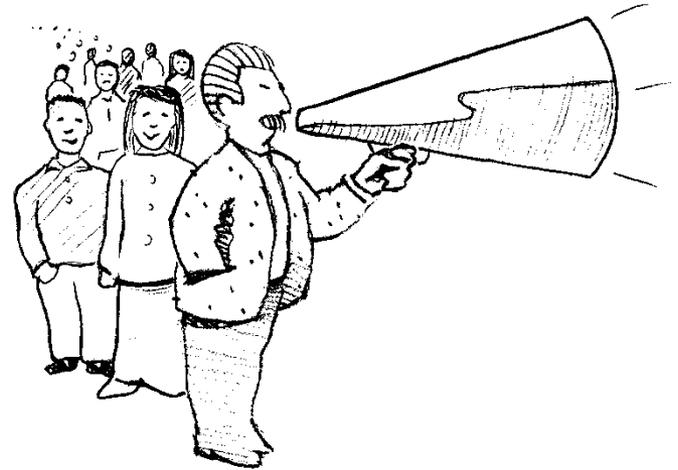
Fundraising

- Fundraising Activities
- Donor Relations/Privacy
- Acceptance of Gifts
- Fundraising Personnel



Public Affairs and Public Policy

- Public Policy Advocacy
- Public Education
- Promoting Public Participation



Case Study



What do YOU think?

The founder and president of your board has just announced that she is running for State Senate. She is well known because of her long-standing association with the organization and the contacts she has made on its behalf over the years. How would you respond if you found that:

- Her campaign chair wants you to place one of her campaign signs in the window of the organization's office or in front of its office building?
- That she plans to give the organization's board list to her campaign manager so that the board members may be asked to be "block leaders" for her campaign?
- Her campaign chair has asked to borrow a copy of the organization's major donor list that is periodically distributed to board members in order to solicit contributions for the campaign?
- The president of the board is planning to announce her candidacy on the front steps of the organization's headquarters?
- She plans to remain on the board during your campaign?

Standards for Excellence

An Organizational Tool

- A model for nonprofit organizations to implement accountability in their management & governance practices
- A framework with a clear statement of the organization's commitment to best practices
- A self-regulatory tool to ensure public confidence and public support
- A demonstration of the organization's commitment to public service

Most Challenging Standards

- Conflict of Interest Policy/Statements (61%)
- Program Evaluation (55%)
- Advocacy Policy (51%)
- Confidential Means to Report Impropriety (47%)
- Financial Policies (46%)
- Gift Acceptance Policy (43%)
- Board Development (39%)
- Employee Orientation (39%)
- Internal Review of Legal, Regulatory Requirements (36%)

Providing the Help Chapters of The Arc Need

- Educational Materials Specifically supporting the Standards for Excellence Guidelines
- Direct Organizational Assistance/Support
- Training Courses through our E-Learning Series – Pass to Excellence Training this fall
- Opportunity to Earn Seal of Excellence voluntary accreditation program

Other Resources for Chapter Leaders

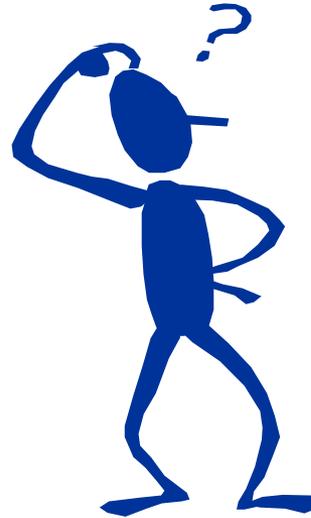
- National Conference of Executives of The Arc (NCE)
- University or college based nonprofit academic centers
- State Nonprofit Association
- Corporation for National and Community Service
 - State Offices of Service and Volunteerism

What can I do tomorrow?

- Share this information with others in your chapter
- Decide what changes can be made first
- Consider tackling the easy things first!
- Think about what changes can be added to your organization's work plan
- Get your board and staff involved in embracing best practices



QUESTIONS



For More Information

Kate Hull
Chapter Specialist
hull@thearc.org
202-534-3707