



# National Non-Profit Tool Kit



# Table of Contents

I. INTRODUCTION.....	1
II. THE MISSION STATEMENT .....	2
III. INCORPORATING THE NON-PROFIT .....	3
IV. APPLYING FOR TAX EXEMPTION .....	26
V. BOARD OF DIRECTORS .....	29
VI. STRATEGIC PLANNING .....	32
VII. MANAGING THE NON-PROFIT .....	35
VIII. PROJECT DEVELOPMENT .....	61
IX. PROPOSAL WRITING.....	82
X. FINANCIAL MANAGEMENT .....	108
XI. DEVELOPING A STRATEGIC PLAN .....	143
XII. EFFECTIVE BOARDS FOR NON-PROFITS .....	183
ATTACHMENTS.....	207
CASE STUDY: PA'A TAOTAO TANO' .....	208

# I. INTRODUCTION

A non-profit corporation is an organization that has a mission to serve the public interest and has filed incorporation papers with the state. The mission driven nature of non-profits sets them apart from traditional private businesses. Non-profits occupy a unique position between the public and private sector and share characteristics of both.

A non-profit corporation is a special type of corporation that has been organized to meet specific tax-exempt purposes. To qualify for non-profit status, your corporation must be formed to benefit (1) the public, (2) a specific group of individuals or (3) the membership of the non-profit.

Examples of non-profits include: religious organizations, charitable organizations, political organizations, credit unions and membership clubs.

The basics steps to forming a non-profit corporation include:

1. Identify your directors and incorporators
2. Name your organization and develop the mission of the organization
3. Develop your Articles of Incorporation and bylaws
4. Incorporate with the state or territory
5. Prepare and submit your federal application and state application (if applicable) for tax exemption
6. Develop the organization's strategic plan
7. Develop the organization's budget
8. Develop the human resource and financial infrastructure for the organization
9. Plan mission based projects
10. Secure funding

## II. THE MISSION STATEMENT

The mission statement is a description of the reason the non-profit exists. The mission statement should state the non-profit's purpose, how the purpose will be achieved, and who will benefit from the non-profit's activities.

The purpose of the mission statement is to provide focus for the non-profit when determining what activities or projects to undertake, inform the community of the goals of the organization, and attract people and resources to the non-profit.

When writing the mission statement it is important to remember that the mission statement will be something that you want all staff, volunteers, and the community to know when they think of your non-profit. It will be used to quickly explain what the non-profit does.

The mission statement should explain the following:

1. The non-profit's values
2. The non-profit's long term goal
3. The population the non-profit serves
4. General method for accomplishing the goal

Below are examples of good mission statements:

- Pa'a Taotao Tano's mission statement "Perpetuate, memorialize, and educate the history, language, and traditions of the Chamorro people and its culture."
- Alu Like, Inc. "Our mission is to Kōkua Hawaiian Natives who are committed to achieving their potential for themselves, their families and communities."

When writing the mission statement and before finalizing the mission statement have a number of people review the statement to ensure the message represents what the community perception of the non-profit is and what supporters of the non-profit believe.

Mission statements can be changed over time. Mission statements can be expanded or narrowed depending upon the development of the non-profit. It is a good practice to review the mission statement every two years to ensure that the mission statement represents the current state of the non-profit.

### **III. INCORPORATING THE NON-PROFIT**

#### **1. Forming a Non-profit Corporation**

The first decision that an organization will have to make is whether to incorporate or not. When the organization incorporates it creates a corporation that has legal standing. The corporation is established by the individuals (incorporators) under the laws of the state or territory where it is formed.

The second decision is who will be the incorporators. Incorporators are the individuals legally responsible for forming the corporation. The incorporators make agreements on behalf of the corporation during the time it is in the process of legal formation. The agreements have no legal effect until they are approved by the corporation's board of directors once legal incorporation is completed. All states require at least one and frequently three incorporators.

The third decision is to decide what the name of the corporation will be. The selection of a name is an important decision as it should imply the types of programs and services the organization provides. After you have decided on the name it will be necessary to check with your state or territory to determine if another organization has the same name or if there are specific name requirements.

An organization may also want to do a national name search and register their names with the United States Patent and Trademark Office. This can be done only for those non-profit's that will be marketing goods and services interstate.

If you are planning to have a website for your non-profit you may want to check domain availability as well.

#### **2. The Articles of Incorporation**

The Articles of Incorporation is a legal document that creates a corporation; it is filed with a state or territory by the incorporators of the non-profit corporation and is governed by the laws of the state or territory. The state or territory may have specific requirements and it is important to check what the requirements are. The Articles of Incorporation typically include the following:

- Article I – Name of the corporation
- Article II – A statement that the corporation will exist in perpetuity unless dissolved. It is important to include in the articles a dissolution clause. An example would be "Upon the dissolution of this non-profit, assets shall be distributed for one or more

exempt purposes within the meaning of section 501(c) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a local government, for a public purpose.”

- Article III – Purpose of the non-profit. It is important to remember that to secure IRS 501(c) recognition your purpose must be for charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals. An example would be “The non-profit is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c) of the Internal Revenue Code, or corresponding section of any future federal tax code.”
- Article IV – Name and address of the registered agent
- Article V – Name and address of the directors
- Article VI – Name and address of the incorporator(s)
- Article VII – Qualifications for membership if the corporation is going to have members

Each state or territory has their own set of rules for incorporation. It is important to review the individual state or territory rules and requirements for incorporation of a non-profit corporation.

**Note:** While each state listed provides a template (boilerplate) form for incorporation, be aware that the template does NOT meet Internal Revenue Service requirements for obtaining 501(c) status.

### **ALABAMA**

Form Name: Articles of Incorporation

Filing Fee: \$20.00 filing fee with the SOS; minimum Probate judge fee \$25.00

Additional Information:

<http://www.sos.state.al.us/BusinessServices/DomesticCorps.aspx>

### **ALASKA**

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: <http://www.commerce.state.ak.us/occ>

<http://www.commerce.state.ak.us/dca/pub/NonProfit.pdf>

Note: While the state of Alaska provides a template (boilerplate) form for incorporation, be aware that the Alaska template does NOT meet Internal Revenue Service requirements for obtaining 501(c) status.

### **AMERICAN SAMOA**

The American Samoa Government allows any three (3) or more persons of full age, a majority of whom are nationals of the United States, may incorporate for the establishment of churches, colleges, seminaries, lyceums, libraries, fraternal lodges or societies, temperance societies, trade unions or other labor granges, or organizations of a benevolent, charitable, scientific, political, athletic, military, or religious character.

The Articles of Incorporation at a minimum requires the following information:

- Name of the corporation
- Location of corporation principal office or place of business
- Business or purpose
- Number of trustees, directors, managers or other officers for the first year
- Time of its annual meeting and annual meetings of its trustees or directors
- Manner in which the articles may be amended

The Articles of Incorporation must be filed with the American Samoa Treasurer. American Samoa does require that upon dissolution of an eleemosynary corporation after payment of all obligations the remaining assets shall be divided among the members. If there are not members the High Court of American Samoa will determine disposition.

It is important to note that the information required by the American Samoa Government does not meet Internal Revenue Service requirements for obtaining 501(c) status.

The Treasurer for the American Samoa Government receives the Articles of Incorporation and upon the Treasurer's approval moves the forward to the Territorial Registrar.

Filing Fee: \$5.00

Additional Information: Office of the Territorial Registrar (684) 633-4868

## **ARIZONA**

Form Name: Articles of Incorporation

Filing Fee: \$40.00 Regular filing; \$75.00 expedited filing

Additional Information:

<http://www.azcc.gov/Divisions/Corporations/filings/forms/index.asp>

## **ARKANSAS**

Form Name: Articles of Incorporation

Filing Fee: \$45.00 online filing/\$50.00 paper filing

Additional Information:

[http://www.sosweb.state.ar.us/business\\_entity\\_fees\\_forms\\_pro.html#dnpc](http://www.sosweb.state.ar.us/business_entity_fees_forms_pro.html#dnpc)

## **CALIFORNIA**

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: [http://www.sos.ca.gov/business/bpd\\_forms.htm#be](http://www.sos.ca.gov/business/bpd_forms.htm#be)

## **COLORADO**

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: <http://www.sos.state.co.us/biz/FileDoc.do>

## **COMMONWEALTH OF THE NORTHERN MARIANAS**

The Registrar of Corporations for the Commonwealth of the Northern Marianas receives all incorporating documents. The Registrar of Corporations requires a petition for charter that includes the following information:

- Name of the corporation
- Location of the propose corporation and the street address of its initial office
- Purpose or purposes for which the corporation is organized
- Period of duration
- Number, names, citizenship, and residence addresses of the initial officers and directors
- Any provision, not inconsistent with law
- Corporation is not organized for profit
- Petition for a Charter for Articles of Incorporation

- Bylaws

The Registrar of Corporations does provide a template for use in developing the Articles of Incorporation and the bylaws.

Filing Fee: \$10.00

Additional Information: Send an email to [registrar.corp@commerce.gov.mp](mailto:registrar.corp@commerce.gov.mp)

### **CONNECTICUT**

Form Name: Certificate of Incorporation

Filing Fee: \$40.00

Additional Information: <http://www.concord-sots.ct.gov/CONCORD/index.jsp>

### **DELAWARE**

Form Name: Articles of Incorporation

Filing Fee: \$89.00

Additional Information: <http://www.corp.delaware.gov/corpforms.shtml>

### **DISTRICT OF COLUMBIA**

Form Name: Articles of Incorporation

Filing Fee: \$70.00

Additional Information: <http://brc.dc.gov/index.asp>

### **FLORIDA**

Form Name: Articles of Incorporation

Filing Fee: \$35.00-also, \$35 fee for the designation of a Registered Agent, \$8.75 for a Certified Copy (optional) plus \$1 per page for each page over 8, which cannot exceed \$52.50, and Certificate of Status (optional) \$8.75

Additional Information: [http://form.sunbiz.org/cor\\_form.html](http://form.sunbiz.org/cor_form.html)

### **GEORGIA**

Form Name: Articles of Incorporation

Filing Fee: \$100.00

Additional Information: [http://sos.georgia.gov/corporations/filing\\_procedures.htm](http://sos.georgia.gov/corporations/filing_procedures.htm)

### **GUAM**

Prior to submitting the Articles of Incorporation to the Guam Department of Revenue and Taxation a Certificate of Approval of the Governor of Guam must be secured.

The Government of Guam Department of Revenue and Taxation requires the following information:

- Name of the Corporation

- Purpose for which it is formed
- Location of the principle office of the corporation
- Name and residences of the incorporators
- Terms of existence. Must not exceed fifty (50) years. It is important to include in the articles a dissolution clause. An example would be *“Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a local government, for a public purpose.”*
- Directors must not be less than three (3)
- Directors must sign the articles
- Statement of Treasurer; That the Treasurer is a resident of Guam

Filing Fee: \$50.00 for Filing of Articles and \$10.00 for Filing of Bylaws

Additional Information: <http://www.govguamdocs.com/revtax/docs/BLBDOC7.pdf>

## **HAWAII**

The State of Hawaii Department of Commerce at a minimum requires the following information:

- Article I – Name of the corporation
- Article II – Mailing address of the corporation
- Article III – Name and address of the register agent
- Article IV – Name and address of the incorporators
- Article V – Identifying if the corporation will have members or not
- Article VI – Certification of the Articles of Incorporation

It is important to note that the state of Hawaii provides a template form for incorporation. The Hawaii template does not meet Internal Revenue Service requirements for obtaining 501(c) status.

Filing Fee: \$25.00

Additional Information: <http://hawaii.gov/dcca/breg/registration/dnc/>

### **IDAHO**

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://www.sos.idaho.gov/corp/corindex.htm>

### **ILLINOIS**

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: <http://www.cyberdriveillinois.com>

### **INDIANA**

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://www.in.gov/sos/3573.htm>

### **IOWA**

Form Name: No official form, organization submits Articles of Incorporation

Filing Fee: \$20.00

Additional Information: <http://www.sos.state.ia.us/business/nonprofits/index.html>

### **KANSAS**

Form Name: Not for Profit Articles of Incorporation

Filing Fee: \$20.00

Additional Information: [http://www.kssos.org/forms/forms\\_results.asp?division=BS](http://www.kssos.org/forms/forms_results.asp?division=BS)

### **KENTUCKY**

Form Name: Articles of Incorporation

Filing Fee: \$8.00

Additional Information: <http://sos.ky.gov/business/filings/forms/>

### **LOUISIANA**

Form Name: Articles of Incorporation

Filing Fee: \$60.00

Additional Information: <http://www.sos.louisiana.gov/tabid/813/Default.aspx>

### **MAINE**

Form Name: Articles of Incorporation

Filing Fee: \$40.00

Additional Information: <http://www.state.me.us/sos/cec/corp/nonprofit.html>

**MARYLAND**

Form Name: Articles of Incorporation

Filing Fee: \$170.00

Additional Information: <http://www.dat.state.md.us/sdatweb/sdatforms.html#entity>  
<http://www.dat.state.md.us/sdatweb/fees.html>

**MASSACHUSETTS**

Form Name: Articles of Incorporation

Filing Fee: \$35.00

Additional Information: <http://www.sec.state.ma.us/cor/coridx.htm>  
<http://www.sec.state.ma.us/cor/corpweb/corpn/npfrm.htm>

**MICHIGAN**

Form Name: Articles of Incorporation

Filing Fee: \$20.00

Additional Information: [http://www.michigan.gov/documents/dleg/BCS\\_CD\\_269\\_281961\\_7.pdf](http://www.michigan.gov/documents/dleg/BCS_CD_269_281961_7.pdf)

**MINNESOTA**

Form Name: Articles of Incorporation

Filing Fee: \$70.00

Additional Information: [http://www.sos.ms.gov/business\\_services\\_nonprofit5.aspx?](http://www.sos.ms.gov/business_services_nonprofit5.aspx?)

**MISSISSIPPI**

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: [https://www.sos.ms.gov/business\\_services\\_nonprofit.aspx](https://www.sos.ms.gov/business_services_nonprofit.aspx)

**MISSOURI**

Form Name: Articles of Incorporation of a Non Profit Corporation

Filing Fee: \$25.00

Additional Information: <http://www.sos.mo.gov/business/corporations/forms.asp>

**MONTANA**

Form Name: Articles of Incorporation

Filing Fee: \$20.00

Additional Information: <http://sos.mt.gov/Business/Forms>

**NEBRASKA**

Form Name: No forms, must create Articles of Incorporation

Filing Fee: \$10.00

Additional Information: [http://www.sos.state.ne.us/business/corp\\_serv/corp\\_form.html](http://www.sos.state.ne.us/business/corp_serv/corp_form.html)

**NEVADA**

Form Name: Nonprofit Cooperative Corporation without Stock

Filing Fee: \$50.00

Additional Information:

<http://nvsos.gov/Modules/ShowDocument.aspx?documentid=899>

**NEW HAMPSHIRE**

Form Name: Articles of Agreement

Filing Fee: \$25.00

Additional Information: <http://www.sos.nh.gov/corporate/Nonprofitforms.html>

**NEW JERSEY**

Form Name: Certificate of Incorporation

\*Religious organizations may want to contact your county clerk's office with regards to filing.

Filing Fee: \$75.00

Additional Information:

<http://www.state.nj.us/treasury/revenue/dcr/geninfo/corpman.shtml>

**NEW MEXICO**

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information: <http://www.nmprc.state.nm.us/cf.htm>

**NEW YORK**

Form Name: Articles of Incorporation

\*Religious organizations are required to file at the County Clerk's office. Filing fees vary according to the county. Contact your county clerks' office

Filing Fee: \$85.00

Additional Information: <http://www.dos.state.ny.us/corps/nfpcorp.html#certinc>

**NORTH CAROLINA**

Form Name: Articles of Incorporation

Filing Fee: \$60.00

Additional Information: <http://www.secretary.state.nc.us/Corporations/>

**NORTH DAKOTA**

Form Name: Articles of Incorporation

Filing Fee: \$40.00

Additional Information:

<http://www.nd.gov/sos/nonprofit/registration/corporation/index.html>

**OHIO**

Form Name: Initial Articles of Incorporation

Filing Fee: \$125.00

Additional Information: <http://www.sos.state.oh.us>

**OKLAHOMA**

Form Name: Certification of Incorporation

Filing Fee: \$25.00

Additional Information: <http://www.sos.ok.gov>

**ORGEON**

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: <http://www.filinginoregon.com/forms/business.htm>

**PENNSYLVANIA**

Form Name: Articles of Incorporation

Filing Fee: \$125.00

Additional Information:

<http://www.dos.state.pa.us/corps/cwp/view.asp?a=1093&Q=431210&corpsNav=l>

**RHODE ISLAND**

Form Name: Articles of Incorporation

Filing Fee: \$35.00

Additional Information: <http://www.sos.ri.gov/business>

**SOUTH CAROLINA**

Filing Fee: \$25.00

Additional Information:

<http://www.scsos.com/Library%20of%20Forms%20and%20Fees#Corporation%20-%20Domestic>

**SOUTH DAKOTA**

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information:

[http://www.sdsos.gov/busineservices/corporations\\_forms.shtm#nonprofitforms](http://www.sdsos.gov/busineservices/corporations_forms.shtm#nonprofitforms)

**TENNESEE**

Form Name: Charter (Nonprofit Corporation)

Filing Fee: \$100.00

Additional Information: [http://www.state.tn.us/sos/bus\\_svc/forms.htm#nonprofit](http://www.state.tn.us/sos/bus_svc/forms.htm#nonprofit)

**TEXAS**

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information: <http://www.sos.state.tx.us>

**UTAH**

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://corporations.utah.gov/business/dnp.html>

**VERMONT**

Form Name: Articles of Incorporation

Filing Fee: \$75.00

Additional Information: <http://www.sec.state.vt.us/corps/dobiz/npo.htm>

**VIRGINIA**

Form Name: Articles of Incorporation

Filing Fee: \$75.00

Additional Information: [http://www.scc.virginia.gov/clk/vanon\\_corp.aspx](http://www.scc.virginia.gov/clk/vanon_corp.aspx)

**WASHINGTON**

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: [http://www.secstate.wa.gov/corps/registration\\_forms.aspx](http://www.secstate.wa.gov/corps/registration_forms.aspx)

**WEST VIRGINIA**

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information: <http://www.sos.wv.gov/business-licensing/Pages/FormIndexforBusinessFilings.aspx>

**WISCONSIN**

Form Name: Articles of Incorporation-Nonstock Corporation

Filing Fee: \$35.00

Additional Information: <http://www.wdfi.org/corporations/forms>

**WYOMING**

Form Name: Articles of Incorporation-(Incorporation Articles)

Filing Fee: \$25.00

Additional Information:

<http://soswy.state.wy.us/Forms/FormsFiling.aspx?startwith=Business>

Attachment B provides an example of Articles of Incorporation

### 3. Bylaws

The Articles of Incorporation legally creates the non-profit organization and the bylaws give the rules for the non-profit's internal operations. The bylaws contain information central to the non-profit and operation of the non-profit, restate legal and tax provisions that are applicable, and provide a set of rules for the operation of the corporation. The bylaws are structured similarly to the Articles of Incorporation except within each article there will be subsections. As with the Articles of Incorporation the state or territory may have different requirements for the bylaws.

The bylaws typically include the following;

- Article 1 - Offices
  - Section 1 – Address of the corporate offices where the bylaws, records of meetings, and other formal corporate records are maintained
- Article 2 – Non-profit Purposes
  - Section 1 – The standard statement of 501(c) tax-exempt purposes
  - Section 2 – The specific objectives and purposes of the non-profit corporation
- Article 3 - Directors
  - Section 1 – Number of directors that will serve on the corporation's board of directors
  - Section 2 – Powers of the board of directors
  - Section 3 – Duties of the directors
  - Section 4 – Term of office each director will have before a new election is held
  - Section 5 – Compensation of directors
  - Section 6 – Place of meetings
  - Section 7 – When regular meetings will be held
  - Section 8 – The circumstances when special meetings can be called and who has authority to call a special meeting of the board of directors

- Section 9 – How vacancies will be filled
- Section 10 – Non-liability of directors
- Section 11 – Indemnification by the corporation of directors and officers
- Article 4 – Officers
  - Section 1 – Designation of Officers
  - Section 2 – Qualifications
  - Section 3 – Election and term of office
  - Section 4 – Removal and resignation
  - Section 5 – Vacancies
  - Section 6 – Duties of president or chairman
  - Section 7 – Duties of vice president or vice chairman
  - Section 8 – Duties of secretary
  - Section 9 – Duties of treasurer
  - Section 10 – Compensation of directors
- Article 5 – Committees
  - Section 1 – Executive committee
  - Section 2 – Other committees
  - Section 3 – Meetings and action of committees
- Article 6 – Amendment of Bylaws
  - Section 1 – Amendment

Depending upon the non-profit and the directors other articles that might be considered for inclusion in the bylaws include:

- Execution of Instruments – The bylaws could identify who is authorized to enter into grant agreements, contracts, or other legal documents for the corporation

- Corporation Report – If a specific report on the corporation is required, content, and distribution of the report
- Compensation Approval Policy – The article would state how compensation is determined for directors, if applicable, and corporation staff
- Conflict of Interest – The article would define what is considered a conflict of interest by the corporation
- Distribution of Assets – The article would specify how corporation assets would be distributed if the corporation is dissolved
- Records of Board and Committee Meetings – The article would specify specific information that must be included in the minutes of all board and committee meetings

Attachment C provides an example of Bylaws

#### 4. Employer Identification Number

Once the non-profit is incorporated you must apply for an Internal Revenue Service (IRS) employer identification number (EIN). The EIN is to non-profit corporations what a social security number is for individuals. It is required for an application for 501(c) status and state and federal reports.

To get an EIN you will have to complete the IRS for SS-4. There are four ways to get the EIN number.

- **Online.** Go to the IRS website at <http://www.irs.gov/businesses> and click on Employer ID Numbers.
- **Telephone.** Applicants would call the IRS. The hours of operation are 7:00 a.m. to 10:00 p.m. Pacific Time. The individual making the call must be authorized to sign the form. If applying by telephone you should complete the Form SS-4 before calling the IRS.

Applicants	Telephone Number
American Samoa, Guam and CNMI	(215) 516-6999
AZ, AK, AL, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, ND, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY, WI	(800) 829-4933

Table 1: IRS phone numbers by applicant location

- **Mail.** Download the form from the IRS website [www.irs.gov](http://www.irs.gov). Complete the form and mail to the IRS. The form is mailed to the IRS service center address for your state. The IRS estimates that you will receive your EIN in four to five weeks.

Applicant Location	Contact	Address
American Samoa	EIN Operation	N/A
AZ, AK, AL, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, ND, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY, WI	EIN Operation	Cincinnati, OH 45999
Guam, CNMI	EIN Operation	Philadelphia, PA 19255

Table 2: IRS address by applicant location

**Fax.** Complete and fax Form SS-4 to the IRS. The Fax-TIN is available 24 hours a day, 7 days a week. There is a long distance charge to callers.

Applicant Location	Fax Number
American Samoa	(215) 516-1040
AZ, AK, AL, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, ND, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY, WI	(859) 669-5760
Guam, CNMI	N/A

Table 3: IRS fax number by applicant location

A copy of the Form SS-4 and instructions is located in Attachment D.

## 5. Other

Most states require a non-profit organization to register with its Department of Charitable Solicitations, typically administered by the Attorney General's office.

### **ALABAMA**

Form Name: Charitable Organization Registration Statement

Form Number: AAGCharityForm1.docx

Filing Fee: \$25.00

Additional Information: <http://www.ago.state.al.us>

### **ALASKA**

Form Name: Alaska Charitable Organization Registration Form

Form Number: N/A

Filing Fee: \$40.00

Additional Information:

[http://www.law.state.ak.us/departments/civil/consumer/cp\\_charities.html#c\\_regs](http://www.law.state.ak.us/departments/civil/consumer/cp_charities.html#c_regs)

### **ARIZONA**

Form Name: Charitable Organization Registration Form (non-religious)

Form Name: Religious Organization Registration Form

Form Number: N/A

Filing Fee: N/A Additional Information:

[http://www.azsos.gov/business\\_services/Charities/Default.htm](http://www.azsos.gov/business_services/Charities/Default.htm)

### **ARKANSAS**

Form Name: Charitable Organization Application for Registration

Form Number: N/A

Filing Fee: No Fee

Additional Information:

[http://www.ag.state.ar.us/consumers\\_protection\\_charitable\\_registration.html](http://www.ag.state.ar.us/consumers_protection_charitable_registration.html)

### **CALIFORNIA**

Form Name: Initial Registration Form

Form Number: CT-1

Filing Fee: \$25.00; must register within 30 days of initially receiving assets

Additional Information: <http://ag.ca.gov/charities/forms.php>

### **COLORADO**

Form Name: New User Registration

Form Number: N/A must be filed online with the Secretary of State

Filing Fee: \$10.00

Additional Information: <http://www.sos.state.co.us>

## **CONNECTICUT**

Form Name: Charitable Organization Registration Application

Form Number: N/A

Filing Fee: \$50.00

Additional Information: <http://www.ct.gov/dcp/cwp/view.asp?a=1654&q=459952>

## **DELAWARE**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://attorneygeneral.delaware.gov>

## **DISTRICT OF COLUMBIA**

Form Name: Basic Business License Application

Form Number: N/A

Filing Fee: \$30.00

Additional Information: <http://dcra.dc.gov/DC/DCRA>

## **FLORIDA**

Form Name: Charitable Organizations/Sponsors Registration Application

Form Number: DACS-10100

Filing Fee: \$10.00

Additional Information: <http://www.doacs.state.fl.us/onestop/forms/10100.pdf>

## **GEORGIA**

Form Name: Georgia Charitable Solicitations Act Charitable Organization Registration

Form Number: C-100

Filing Fee: \$35.00

Additional Information: [http://sos.georgia.gov/securities/charities\\_forms.htm](http://sos.georgia.gov/securities/charities_forms.htm)

## **IDAHO**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information:

<http://www2.state.id.us/ag/consumer/tips/charitablesolicitationsact.htm>

## **ILLINOIS**

Form Name: Charitable Organization Registration Statement

Form Number: CO-1

Filing Fee: \$15.00

Additional Information: <http://www.cyberdriveillinois.com/publications/home.html>

**INDIANA**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information:

[http://www.indianaconsumer.com/consumer\\_guide/charitable\\_info.asp](http://www.indianaconsumer.com/consumer_guide/charitable_info.asp)

**IOWA**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information:

<http://www.state.ia.us/government/ag/images/pdfs/pfrregistrationformweb.pdf>

**KANSAS**

Form Name: Registration Statement for Solicitation

Form Number: SC/53-10

Filing Fee: \$35.00

Additional Information:

[http://www.kssos.org/forms/forms\\_results.asp?division=BS#Charitable%20Organizations](http://www.kssos.org/forms/forms_results.asp?division=BS#Charitable%20Organizations)

**KENTUCKY**

Form Name: Unified Registration Statement

Form Number: URS

Filing Fee: No Fee

Additional Information:

<http://www.ag.ky.gov/civil/consumerprotection/charity/registration.htm>

**LOUISIANA**

Form Name: Unified Registration Statement

Form Number: URS

Filing Fee: \$25.00

Additional Information: <http://www.ag.louisiana.gov/Article.aspx?articleID=291&catID=0>

**MAINE**

Form Name: Charitable Solicitations Application

Form Number: N/A

Filing Fee: \$50.00

Additional Information:

<http://www.maine.gov/pfr/professionallicensing/professions/charitable/organization.htm>

## **MARYLAND**

Form Name: Registration Statement for Charitable Organizations

Form Number: COR-92

Filing Fee: Varies

Additional Information: <http://www.sos.state.md.us/Charity/RegisterCharity.aspx>  
<http://www.sos.state.md.us/Charity/Instructions.aspx>

## **MASSACHUSETTS**

Form Name: No form but required paperwork

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://www.mass.gov/ago/doing-business-in-massachusetts/public-charities-or-not-for-profits/registering-a-public-charity/>

## **MICHIGAN**

Form Name: Initial Solicitation Application/Registration

Form Number: N/A

Filing Fee: No Fee

Additional Information: [http://www.michigan.gov/ag/0,1607,7-164-17334\\_18095-45037-,00.html](http://www.michigan.gov/ag/0,1607,7-164-17334_18095-45037-,00.html)

## **MINNESOTA**

Form Name: Charitable Organization Initial Registration and Annual Report Form

Form Number: N/A

Filing Fee: \$25.00

Additional Information: <http://www.ag.state.mn.us/Charities>

## **MISSISSIPPI**

Form Name: Unified Registration Statement

Form Number: URS

Filing Fee: \$50.00

Additional Information:

[http://www.sos.ms.gov/securities\\_and\\_charities\\_charities.aspx?section=5&subsection1=3&subsection2=1&subsection3=1](http://www.sos.ms.gov/securities_and_charities_charities.aspx?section=5&subsection1=3&subsection2=1&subsection3=1)

## **MISSOURI**

Form Name: Charitable Organization Initial Registration Statement

Form Number: N/A

Filing Fee: \$15.00

Additional Information: <http://ago.mo.gov/checkacharity/charityregistration.htm>

**MONTANA**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://www.doj.mt.gov>

**NEBRASKA**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://www.ago.ne.gov/your/office/public/nonprofit.htm>

**NEVADA**

Form Name: Limited and Specific – Nonprofit Corporation Registration Form

Form Number: EL403 NRS 294A.375

Filing Fee: N/A

Additional Information:

<http://nvsos.gov/Modules/ShowDocument.aspx?documentid=377>

**NEW HAMPSHIRE**

Form Name: Application for Registration

Form Number: NHCT-1

Filing Fee: \$25.00

Additional Information: <http://doj.nh.gov/charitable-trusts/charities.htm>

**NEW JERSEY**

Form Name: Registration Statement

Form Number: CRI-200 or CRI-150I depends on gross revenue

Filing Fee: Fee depends on gross revenue

Additional Information: <http://www.state.nj.us/oag/ca/charity/charfrm.htm>

**NEW MEXICO**

Form Name: New Mexico Charitable Organization Form

Form Number: N/A

Filing Fee: N/A

Additional Information: [http://www.nmag.gov/the\\_office/consumer-protection/charities](http://www.nmag.gov/the_office/consumer-protection/charities)

**NEW YORK**

Form Name: Registration Statement for Charitable Organizations

Form Number: Form CHAR410

Filing Fee: \$25.00 if registering to solicit contributions; otherwise there is no fee

Additional Information: <http://www.charitiesnys.com>

**NORTH CAROLINA**

Form Name: Unified Registration Statement for Charitable Organizations

Form Number: URS

Filing Fee: Varies

Additional Information: <http://www.multistatefiling.org>

**NORTH DAKOTA**

Form Name: Chartable Organization Registration Statement

Form Number: 11300

Filing Fee: \$25.00

Additional Information: <http://www.nd.gov/eforms/Doc/sfn11300.pdf>

**OHIO**

Form Name: Charitable Organization Registration Statement

Form Number: CORS

Filing Fee: Varies according to gross revenue

Additional Information: <http://www.ohioattorneygeneral.gov/Charities>

**OKLAHOMA**

Form Name: Registration Statement of Charitable Organizations

Form Number: SOS Form 101

Filing Fee: \$15.00

Additional Information: <https://www.sos.ok.gov/business/forms.aspx>

**ORGEON**

Form Name: Registration for Corporation

Form Number: RF-C

Filing Fee: N/A

Additional Information: <http://www.doj.state.or.us/charigroup/howto.shtml>

**PENNSYLVANIA**

Form Name: Charitable Organization Registration Statement

Form Number: BCO-10

Filing Fee: Depends on gross revenue

Additional Information:

[http://www.dos.state.pa.us/portal/server.pt/community/department\\_of\\_state/12405](http://www.dos.state.pa.us/portal/server.pt/community/department_of_state/12405)

**RHODE ISLAND**

Form Name: Charitable Organizations Application

Form Number: N/A

Filing Fee: \$90.00

Additional Information: <http://www.dbr.ri.gov/divisions/securities/charitable.php>

**SOUTH CAROLINA**

Form Name: Registration Statement for a Charitable Organization

Form Number: N/A

Filing Fee: \$50.00

Additional Information:

[http://www.scsos.com/Library\\_of\\_Forms\\_and\\_Fees#Charitable%20Organizations](http://www.scsos.com/Library_of_Forms_and_Fees#Charitable%20Organizations)

**SOUTH DAKOTA**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: N/A

**TENNESSEE**

Form Name: Application for the Registration of a Charitable Organization

Form Number: SS-6001

Filing Fee: \$50.00

Additional Information: <http://state.tn.us/sos/charity/index.htm>

**TEXAS**

Form Name: No for most, exceptions exist

Form Number: Registration Statement

Filing Fee: \$50.00

Additional Information: <http://www.oag.state.tx.us/consumer/nonprofits.shtml>

**UTAH**

Form Name: Charitable Organization Permit Application Form

Form Number: N/A

Filing Fee: \$100.00

Additional Information: <http://consumerprotection.utah.gov/registrations/charities.html>

**VERMONT**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://www.atg.state.vt.us/>

**VIRGINIA**

Form Name: Registration Statement for A Charitable Organization

Form Number: 102

Filing Fee: \$100.00

Additional Information: <http://www.vdacs.virginia.gov/consumers/registrations.shtml>

**WASHINGTON**

Form Name: Charitable Solicitations

Form Number: N/A

Filing Fee: \$20.00

Additional Information: <http://www.secstate.wa.gov/charities>

**WEST VIRGINIA**

Form Name: Registration Statement of Charitable Organizations

Form Number: CHR-1

Filing Fee: Varies according to revenue

Additional Information: <http://www.wvsos.com/charity/charityregistration.htm>

**WISCONSIN**

Form Name: Charitable Organization Registration Statement

Form Number: 296

Filing Fee: \$30.00

Additional Information:

<http://ww2.wisconsin.gov/state/license/app?COMMAND=gov.wi.state.cpp.license.command.ShowPermitTypes&selectedLicense=200110160909412872058>

**WYOMING**

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://attorneygeneral.state.wy.us>

## IV. Applying for Tax Exemption

To apply for recognition of non-profit status under 501(c) of the Internal Revenue Code (IRS) you must complete Form 1023. Non-profits organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals are eligible to file. The two key requirements for a non-profit to be exempt from federal income tax under section 501(c) are that the non-profit must be organized and operated exclusively for one or more exempt purposes. IRS publication 557 provides valuable information on tax exempt status for the non-profit organization.

The Form 1023 contains eleven (11) parts and eight (8) schedules that may or may not be applicable.

**Part I - Identification of Applicant:** The information requested in this part is the full name of the non-profit, mailing address, employer identification number, month the annual accounting period ends, primary contact, authorized representative (if applicable), non-profit's website, and non-profit's email.

**Part II - Organizational Structure:** The information requested includes the type of corporation and either the Articles of Incorporation, Articles of Organization, Articles of Association, or trust agreement; also if the non-profit has bylaws.

**Part III - Required Provisions in Organizing Document:** There are two required provisions to meet the organizational test under section 501(c) and the location of the information is required. The two provisions are that the organizing document states your exempt purpose(s) and that upon dissolution of the organization the remaining assets must be used exclusively for exempt purposes.

**Part IV - Narrative Description of Activities:** The narrative must include your past, present, and planned activities. The narrative must answer the following questions.

- What is the activity?
- Who conducts the activity?
- When is the activity conducted?
- Where is the activity conducted
- How does the activity further your exempt purposes?

- What percentage of your total time is allocated to the activity?
- How is the activity funded?

**Part V - Compensation and Other Financial Arrangements With Officers, Directors, Trustees, Employees, and Independent Contractors:** The information required is the compensation which would include salary, deferred compensation, retirement benefits, other fringe benefits, and other compensation paid to board members and the five highest compensated employees receiving more than \$50,000 per year in compensation. Additional information requested is any relationship between board members and highest compensated employees and independent contractors and how compensation is determined.

**Part VI - Members and Other Individuals, and Organizations That Receive Benefits From You:** The information to be provided in this part includes goods, services or funds that are provided by programs to organizations. If the organization has programs for members only a copy of the membership application and dues are required. Also any business or family relationships between individuals who receive goods, services, or funds through the programs must be disclosed.

**Part VII - History:** If an organization is a successor to another organization the information about the other organization must be provided.

**Part VIII - Specific Activities:** This part requires information on involvement with political campaigns, influencing of legislation, operating gaming activities and any agreements with individuals or organizations that conduct gaming for the organization. Information is also required on the organization's fundraising activities, your affiliation with a governmental unit, economic development activities, development and management of facilities, joint ventures or other business relationships. For organizations that provide childcare information is requested. Information must be provided on the development of materials that will be copyrighted, patented, or trademarked.

The part also requests information on the types of contributions accepted and work with foreign organizations. The final information required involves type of exemption, main function, and provides guidance on the appropriate schedules that need to be completed.

**Part IX - Financial Data:** The financial data consists of providing a statement of revenues and expenses for the current tax year and the three (3) prior tax years or two (2) succeeding tax years. If the organization has been in existence for four or more years complete the three prior tax years. If the organization has existed more

than one year and less than four years provide financial information for each completed year and projections for other years. If the organization is less than one year old provide projections. The second piece of financial data is the balance sheet. The information should be for the most recently completed fiscal year and if the organization is less than one year old use the most current information available.

**Part X - Public Charity Status:** The information required is determination of your status as a private foundation or a private operating foundation. The other information requested is if you are requesting an advance ruling or a definitive ruling.

**Part XI - User Fee Information:** The user fee payment that must be included with the application is \$300 for organizations that have annual gross receipts of not more than \$10,000 and \$750 if the annual gross receipts are more than \$10,000.

**Schedules:** Dependent upon the activities of the organization one or more of the schedules might apply and have to be completed.

- Schedule A – Churches
- Schedule B – Schools, Colleges, and Universities
- Schedule C – Hospitals and Medical Research Organizations
- Schedule D – Section 509(a)(3) Supporting Organizations
- Schedule E – Organizations Not Filing Form 1023 within 27 Months of Formation
- Schedule F – Homes for the Elderly or Handicapped and Low-Income Housing
- Schedule G – Successors to Other Organizations
- Schedule H – Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

## V. Board of Directors

The board of directors is a group of people who agree to accept responsibility for a non-profit organization. A board is responsible for ensuring that the non-profit organization is fulfilling its mission and makes decision about the organization, sets policy for the staff or volunteers to implement, and oversees the non-profit's activities. Raising money for the non-profit is also an important responsibility that many but not all boards assume. Board members almost always serve without compensation; they're volunteers who have no financial interest in the non-profit's business.

A non-profit organization doesn't have owners like a for-profit business does, but a board of directors guides and oversees the organization like an owner might. No one owns city, state, and federal government, so citizens hand over the responsibility of running the government to elected officials. We expect those officials to govern the affairs of our city, state and nation. The job of a non-profit board is similar; in fact, it's referred to as non-profit governance.

In addition to the legal and fiduciary responsibilities, a non-profit board performs other roles too:

### **1. Providing a guiding strategy**

A board guides the overall planning and strategy of a non-profit organization. At the most basic level, this job means reviewing the organization's mission statement and goals on a regular basis. Every non-profit should have an organizational plan.

### **2. Hiring and working with the executive director**

One role of a non-profit board is to hire the executive director. Of course, many non-profit organizations operate without paid staff, but if your non-profit does have employees, finding the right executive director is one of the board's most important tasks.

A board works with its executive director to set goals and objectives for the year. However a board should have a good idea of the executive director's work plan and guarantee that her efforts are in line with the agency's purpose.

### **3. Overseeing the organization's finances**

A board must see that the organization has the resources to carry out its goals. As part of this duty, many boards are active in fundraising. But a board also is

responsible for reviewing the organization's budget and staying within the budget.

Board officers are usually elected to one, two or three year terms. Most non-profit boards have a president, vice president, secretary, and treasurer. Sometimes the positions of secretary and treasurer are combined into one office.

<b>Officer Title</b>	<b>Description of Duties</b>
<b>President</b>	Presides at board meetings, appoints committee chairpersons, works closely with the executive director to guide the organization, and acts as public spokesperson for the organization (but also may assign this responsibility to the executive director)
<b>Vice President</b>	Presides at board meetings in the president's absence and serves as a committee chairperson as appointed by the president
<b>Secretary</b>	Maintains the organization's records, takes board-meeting minutes, and distributes minutes and announcements of upcoming meetings to board members
<b>Treasurer</b>	Oversees the organization's financial aspects, makes regular financial reports to the board, and serves a chairperson of the board finance committee

Table 4: Duties and responsibilities of board officers

If the board has standing (permanent) committees, the board president appoints committee chairpersons. Typical standing committees are finance, development or fundraising and program committees.

<b>Committee Name</b>	<b>Description of Responsibilities</b>
<b>Development</b>	Sets revenue goals and supports the generation of revenue by staff and volunteers
<b>Finance</b>	Assists the treasurer in overseeing financial reports and making budgets
<b>Program</b>	Oversees the program activities of the organization

Table 5: Responsibilities of standing committees

Board committees make regular reports to the full board about the organization's activities in their particular areas. Board officer terms and the number and type of standing committees are written into the organization's bylaws.

If the organization is large enough to conduct an annual financial audit, the board may need to appoint an audit committee. Be sure to check the laws.

Executive committees are standard groups on some larger boards of directors. Usually the members of the executive committee are the officers of the board. The executive committee may hold regular meetings to set the agenda for the meetings of the full board and to advise the board president, or it may come together on an as-needed basis. Sometimes an organization's bylaws empower the executive committee to make decisions on behalf of the full board in an emergency or other special circumstance.

It is important that all board members understand their role and responsibilities. The following information is useful in orienting new board members:

- Organization's mission statement
- Bylaws
- Description of board member responsibilities and expectations
- Board job descriptions
- Board minutes for the last two or three meetings
- Financial audit or financial statement
- Names, addresses, and phone numbers of other board members
- Organizational plan (if one is available)
- Description of programs
- Calendar of the organization's events and scheduled board meetings

Attachment E provides job descriptions for the officers of the board of directors and board members.

## VI. Strategic Planning

Strategic planning is a formalized process by which a non-profit makes a study of its vision for the future, typically for three years or more from the present. A strategic plan is an important management tool that can help agency leaders consider the effects of advances in technology, changing markets for its services, the effects of government funding cutbacks, or the emergence of other organizations (both for-profits and non-profits) that provide similar, competing services.

The four main reasons non-profits do strategic planning include:

1. To coordinate their activities
2. To ensure that the future is taken into account
3. To be rational, and
4. To control

Strategic planning is designed to suggest remedies for non-profit problems before they blow up. Deep cuts in government grants, changes in markets, advances in technology, competition from for-profit businesses, and changes in demographics in a non-profit service area all crystallize the need to change the basic way a non-profit does business.

The benefits of strategic planning include:

1. **It permits discussion of issues in a proactive rather than reactive mode.**  
Usually developed in an atmosphere that encourages creativity and brainstorming, the strategic plan may not only include concrete directions, but also provides a set of core values.
2. **It requires an action plan to solve real problems faced by the non-profit.**  
The action plan is a template that the staff can use to implement the policies and direction of the board. A strategic plan explicitly includes those core values, and assists the executive director in creative strategies for solving current problems and anticipating future ones.
3. It provides a formal mandate for the reallocation of resources to respond to changing conditions, and the means to obtain additional resources if required. A successful strategic planning process that develops an aggressive plan to move the non-profit forward.
4. It builds inter-board relationships that might not otherwise exist, and creates a partnership among the board chairperson, board members, staff, funders, and

other stakeholders. Each has a role that is defined in the plan and the added responsibilities increase the available resources of the non-profit.

5. It provides a mechanism for the board, staff and non-profit stakeholders to become more informed about the activities and problems faced by the non-profit.

## **Developing the Strategic Plan**

It is important to establish the infrastructure to write the strategic plan. The board of directors should appoint a planning committee to oversee and participate in the planning process. Several decisions will have to be made.

1. How many years the plan will cover
2. The timetable and process for development of the plan

This includes the steps that are required and who is responsible for accomplishing each task. Among the tasks are:

- Appointing the committee
- Hiring a consultant or facilitator
- Leading the orientating of the planning committee
- Choosing the meeting site
- Scheduling the meetings
- Writing the first draft of the plan
- Providing the procedures to review and revise the draft
- Writing the final plan
- Developing the process for the planning committee to approve the final plan
- Formulating the review and the process for the full board's approval of the final plan

In managing a non-profit organization, Thomas Wolff outlines six levels in the linear model of strategic planning. In the linear model, the planning committee considers one level before proceeding to the next. This contrasts with the integrated planning model, which provides for many of these levels to be considered simultaneously, recognizing that the end result is interdependent upon each of the earlier levels.

**Level 1:** The planners consider the mission statement, which describes the purpose the organization is trying to achieve.

**Level 2:** Non-profit goals are developed, providing the general direction in which the non-profit intends to go.

**Level 3:** Objectives and targets are set, indicating the outcomes the organization hopes to achieve.

**Level 4:** Strategies are formulated to meet the objectives and targets. These are the methods and ways the organization plans to achieve those outcomes.

**Level 5:** An action plan is developed to implement the strategies.

**Level 6:** An evaluation is performed after implementation, to review whether the outcomes were achieved and whether the strategies were successful.

Some additional components of a strategic plan may be:

- A five-year projection of staffing patterns
- A five-year projected budget
- Sources of revenue to implement changes stipulated by the plan
- A marketing strategy
- A schedule for periodically updating the strategic plan
- A schedule for evaluating whether the plan is being implemented effectively and whether the strategies provided in the plan are successful
- A facility/equipment plan
- Yearly updates to the plan

Attachment H provides a template that can be used for development of the strategic plan.

## VII. Managing the Non-profit

### A. Personnel Policies

Non-profit corporations with staff should have a written personnel policy. There are a number of state and federal laws that apply to all employers and many standard forms that must be filed to comply with the laws.

Personnel policies and procedures outline how a non-profit relates to its employees. They're essential for both supervisors and employees because they provide guidelines about what's expected in the workplace and on the job. They ensure that all employees receive equal treatment, provide the steps necessary for disciplinary action if it's needed, and lay out expectations for employees.

Document all intended policies and procedures and collect them in a policies and procedures manual. Having all policies and procedures in a manual facilitates training about them to all employees. All employees should have read the manual to understand and accept its contents. They should sign a form indicating so, and provide the signed form to the non-profit's administrator. All supervisors should be trained about the policies and procedures.

Some of the issues to consider for inclusion in the personnel policy are the following:

1. Hiring policies - How should job vacancies be advertised? Will there be affirmative action to recruit minorities? Should the search be national, statewide, regional, or local? Should current employees be given preference in hiring for vacant positions?
2. Firing policies - What are the conditions that permit dismissal without appeal, such as "for cause"? Will there be severance pay? Will placement services be provided? Will notice be given for unsatisfactory job performance before dismissal?
3. Probationary periods of employment - Should there be a period of probation during which an employee can be terminated without access to any grievance procedure or without receiving benefits, including leave?
4. Sick leave and vacation - How many days will be allowed? Can they be accumulated, and if so, how? Will a doctor's note verifying a sickness be required?
5. Holidays – Which holidays are paid holidays and which are optional? What is the policy with respect to the observance of religious holidays?

6. Personal days – How many personal days will be permitted, and will they be accumulated? If not taken, will they carry over? Can they be “cashed in” upon retirement?
7. Overtime policies – Which classes of employees are eligible for overtime pay? Is overtime mandatory if requested by the non-profit? Will overtime be compensated in salary or compensatory time?
8. Compensatory (“Comp”) time – Should comp time be granted in lieu of overtime pay? Should surplus comp time be required to be used for routine doctor and dentist appointments rather than sick leave?
9. Full-time vs. part-time status – How many hours per week qualify the employee for benefits?
10. Health Insurance – Is there a group plan? Will gross salary be increased if an employee is covered by the health insurance policy of a spouse and desires not to be covered by the non-profit?
11. Pension – How long does it take for an employee to be vested? What is the employer and employee contribution requirement?
12. Life insurance, disability insurance, long term care insurance, and other insurance benefits – Is there a menu from which to choose?
13. Employee evaluation – Who performs the evaluation? How often will the evaluation be performed? Under what conditions may employees exercise their legal rights to examine their files? Who has access to personnel files?
14. Merit salary increases; cost-of-living increases – What are the criteria used for salary increases, and how often and by whom are salaries reviewed?
15. Continuing education benefits – Are they offered? Who has authority to approve requests? What are the time and cost limitations? When do employees become eligible?
16. Staff training/orientation – Is a pre-or post employment physical or other examination required? Is there a formal review for new employees concerning staff personnel policies? What type of training will be provided and who will provide it?
17. Maternity leave – What documentation is required? What is the maximum leave the employee may take without losing her job?
18. Bereavement leave – How long will such leave be, and which relatives will be included in the policy?

19. Family and medical leave – For what purposes will this leave be granted? What documentation is required to accompany a leave request? Will the leave be paid or unpaid, and what will the effect be on unused sick leave and vacation?
20. Pay for jury duty, military leave – What is the non-profit's policy?
21. Sabbatical leave – After how many years will employees qualify, for how long, and will this be paid or unpaid leave?
22. Expense reimbursement documentation – How will expenses be filed and what expenses are eligible? Is there a flat per diem rate for out-of-town travel or reimbursement? What amount will be reimbursed for mileage?
23. Notice required for resignation – What is the minimum notice required, and what are the sanctions for not complying?
24. System for resolution of employee grievances – May employees appeal to the board of directors? Is there a committee for this purpose?
25. Disciplinary sanctions for rule-breaking – Is there provision for suspension with or without pay?
26. Prohibition against secondary employment – What types of outside earned income are prohibited or permitted?
27. Telephone policy – What is the organization's policy with respect to personal calls at work, including reimbursement by the employee for toll calls?
28. Payroll – Will salary be provided weekly, every other week, or monthly?
29. Use of the Internet – What is the organizations policy for using the non-profit's internet account for personal use, during working hours, and after working hours?
30. Use of organization cell phone – What is the policy with respect to using the cell phone issued by the non-profit for personal use?

While the issues may seem overwhelming, a small non-profit may only need basic policies such as hours of operation, vacation and sick leave policy, benefits provided, and holidays. The rest can be determined on an ad hoc basis by the executive director, in consultation with the board's chairperson and/or the personnel committee, if there is one.

## **B. Financial Management**

One of the most critical functions of a non-profit organization is the financial management. All non-profit corporations must keep certain financial records and create reports of their financial condition. Because of the importance of financial management in non-profit organizations, all non-profits must institute financial

management systems to assure they will operate efficiently and effectively to minimize waste, fraud and abuse.

Among the activities encompassed by financial management are sequences of related activities, including planning, programming, budgeting, and financing, controlling, and evaluating (McKinney, 2004).

1. Planning involves assessing the non-profit's current and likely future situation, surveying its strengths and weaknesses, setting out its goals and objectives, and developing a roadmap to achieve them. There are financial implications to changes in market conditions, new competitors, new laws and regulations, additional paperwork requirements (such as might be required by a new government or foundation funder), and an increase in the demand for services – both an increase in the number of clients and an increase in the level of services required by each client – resulting from changing social, economic, or political conditions.
2. Programming is the scheduling of the activities the non-profit needs to engage in to make its goals become a reality. In this phase, the non-profit creates distinct programs. A program is defined as “a collection of organizational resources that is geared to accomplish a certain major goal or set of goals” (McNamara, 2003). Prudent financial management requires that financial data be segregated by program, so that the performance of each program can be independently evaluated. This is particularly important to non-profit organizations, as funders want their grants and donations used for a particular purpose that may be only one small part of the overall operation of the non-profit.
3. Budgeting is the process for allocating expenditures to each program. A budget is defined as an itemized summary of estimated or intended expenditures for a given period, often for a given fiscal year. A “fiscal year” is a one-year period at the end of which all accounts are reconciled, and for which the one-year budget applies. It does not necessarily coincide with a calendar year.
4. Financing includes the activities necessary to obtain the resources needed in the budget.
5. Controlling includes the development of a system that assures that the program envisioned in the plan is being carried out appropriately. It also provides for feedback to warn when a program does not measure up to its expectations so that mid-course corrections can be implemented to get it back on track. Included in this phase of operations are policies to assure that the non-profit's assets – such as equipment and supplies, inventory of goods, and cash are protected for inappropriate use or distribution. Most importantly, this includes systems that are designed to ensure whether the implementation of programs is consistent with

budget plans and projections, and to have procedures in place to expand, contract, or otherwise modify program operations when their performance differs from what was anticipated by the budget and planning documents.

The components of an internal control system include:

- a. Written financial procedures – The written policies and procedures for how financial activities will be handled.
  - b. Segregation of Duties – this involves breaking up work duties so that one person does not have total control over a portion of the financial system.
  - c. Record-keeping – This relates to documentation and recording of all financial transactions. Among ways non-profits try to minimize their vulnerability to internal fraud and abuse is by using a reliable payroll service, contracting out accounts receivable, and taking advantage of those financial institutions willing to do cash management for non-profits.
  - d. Budgets – The budget is perhaps the best strategy to control behavior, since if there are no funds in the budget, it is difficult for spending to occur that has not been preauthorized and planned for.
  - e. Reporting. The three financial reports to control the average non-profit corporation are: The balance sheet, revenue and expenses, and cash flow projections and utilization reporting.
6. Evaluation provides data on whether the programs are accomplishing what they set out to do. It involves validating the efforts on what is working and providing enough information to eliminate components of programs, or entire programs.

## **Basic Financial Statements**

There are three basic financial statements that are prepared by the organization's accountant:

1. Balance Sheet (Statement of Financial Position). The purpose of the balance sheet is to demonstrate the financial position of the organization at a certain point. By comparing its assets (what the non-profit owns) to liabilities (what the non-profit owes). Current assets consist of the monetary value of what is owned by the non-profit and other long-term assets, including the cash in the checking account and cash equivalents, such as certificates of deposit; accounts receivable (minus the value of those receivables that are not likely to be collected, called "bad-debts"); pledges receivable; grants receivable; the current value of investments (stocks, bonds and other marketable financial assets); inventories of goods; and prepaid expenses and other deferred charges (such as, for example, a fully-paid life insurance policy that covers more than one fiscal

year). Fixed assets (including the value of land, buildings, and equipment owned by the organization that has a life of more than a year) are those that are not likely to be converted into cash at any time in the near future, such as stocks and bonds or real property owned by the non-profit.

2. Income Statement. Income statements consist of three parts, showing revenues, expenses, and the net differences between these two (positive if there is a profit, negative if there is a loss).
3. Statement of Changes in Financial Position. This statement typically includes the amount of cash from revenues; the amount of cash expenditures and the differences between the two as net revenue or net loss. The “bottom line” on this statement shows the net profit or loss and the cash balance.

Attachment I provides examples of financial statements

## **Budgeting**

The annual budget document is the blueprint for both spending and income.

Line-item and program budgets are the two major types of budgeting used by non-profit corporations. Each has its advantages and disadvantages.

### **Line Item Budget**

The line item budget is a list of various categories and the amount the non-profit expects to spend for each category. Non-profits have some of the same categories in a line-item budget. Among the most common are:

- Salaries
- Consulting services
- Professional services
- Taxes
- Fringe benefits
- Telephone
- Postage
- Printing and photocopying
- Travel

- Workshops and conferences
- Bank fees
- Dues
- Subscriptions and publications
- Data processing
- Equipment
- Equipment maintenance and repair
- Legal services
- Insurance
- Rent
- Office supplies
- Maintenance and repairs
- Security services
- Utilities
- Bookkeeping and payroll services

### **Program Budget**

The second type of budget is called a program budget. The program budget also contains various line-items, but the difference is that each program of the non-profit is specific for that program.

Due to the mix of funding of many non-profits most combine the two types of budgeting – to have a general line item budget, but to allocate some spending in all categories to certain programs.

### **Steps to Budgeting**

**Step 1:** Begin the budgeting process at least three months before the start of the non-profit's fiscal year, allowing enough time for the board to approve the final budget after having the opportunity to provide feedback.

**Step 2:** Review all programs and management achievements. Compile a comparison of estimated costs to actual costs, which is called a “variance.”

**Step 3:** Make estimates of expenses for commitments made for the upcoming year (in salaries, new programs, capital expenses) that did not require funding for the current year, such as new programs and the expansion of existing programs approved in the non-profit’s strategic plan.

**Step 4:** Make estimates of expenditure increases resulting from predictable budget items, such as salary inflation adjustments and merit increases, rent, utilities, insurance, and other categories that grow as a result of inflation rather than expansion of services or programs.

**Step 5:** Make estimates of income – including estimated contributions, grants, fees, the sale of goods and services, and investment income.

**Step 6:** Adjust spending and income based on the non-profit’s ability to build surpluses or incur deficits, but avoid making adjustments in income based on the need to balance a budget. The reason is that spending is more likely to be controllable compared to income.

**Step 7:** Submit the budget to the board for approval.

**Step 8:** Periodically adjust the organization’s budget and resubmit changes to the board as new information is received.

Attachment J provides a sample budget and Attachment I is a template that can be used for budget development.

## **C. Insurance for Non-profits**

There are a number of types of coverage that non-profits need to consider when evaluating insurable risks. The most commonly purchased coverage’s are:

- Commercial general liability insurance. Commercial general liability policies cover liability exposures common to all organizations. The policy includes a combination of three separate coverage’s; general liability, personal injury and advertising injury, and medical payments.
- Commercial property insurance. Property insurance covers loss to buildings or personal property.
- Crime coverage. Crime coverage protects the organization against intentional theft by insiders as well as theft of assets by third parties.

- Directors' and officers liability insurance. Directors and officers insurance is coverage against wrongful acts which might include actual or alleged errors, omissions, misleading statements, and neglect or breach of duty on the part of the board of directors.
- Professional liability insurance. Professional liability insurance protects against claims alleging negligence in the deliver of professional services.
- Workers' compensation insurance. Workers compensation covers expenses employers are mandated to pay by state or territory statute to cover specific benefits for employee injuries.

The Non-profit Risk Management Center has published a comprehensive guide on insurance for non-profits and provides detailed information on a wide range of coverage's available to and purchased by non-profits. The Guide, Coverage, Claims and Consequences: An Insurance Handbook for Non-profits is available at: <http://www.nonprofitrisk.org>.

## D. Ongoing Compliance

Once a non-profit organization has been created and has obtained tax exemption and other qualifications the statuses must be maintained. Below is a list of some of the ongoing compliance filing requirements. It is important that each organization check with their state or territory to identify all filing requirements and develop internal procedures that all reports are submitted to the appropriate government agency.

### Federal IRS Form 990

IRS Form 990 is an annual informational return that must be filed by all 501(c) organizations. Form 990 is the annual report of income and expense activity, the prior year's activities and accomplishments, details about operations and information about large donors. No taxes are due on net income from tax exempt activities.

**Form Name:** Return of Organization Exempt from Income Tax

Filing Fee: \$0

**Form Number:** Form 990 or 990EZ or 990-N or 990PF or 990-T. The specific form to be filed is dependent upon several factors the most significant being revenue.

**Due Date:** 15<sup>th</sup> day of the 5<sup>th</sup> month after fiscal year ends

**Late Filing Fees:** \$20 per day up to the lesser of \$10,000 or 5% of the non-profit's gross revenue.

### **ALASKA**

The state requires a biennial report.

Form Name: Biennial Report

Form Number: N/A

Filing Fee: \$15.00

Due Date: July 2 every two years from incorporation

Late Filing Penalties: \$37.50

Additional Information:

[http://www.commerce.state.ak.us/occ/home\\_corporations.htm](http://www.commerce.state.ak.us/occ/home_corporations.htm)

### **ALABAMA**

The state does not require an annual report

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Due Date: N/A

Late Filing Penalties: N/A

Additional Information: N/A

### **AMERICAN SAMOA**

The territory does not require an annual corporate report.

### **ARIZONA**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00 regular fee; \$35 expedited

Due Date: Found on the annual report form

Late Filing Penalties: N/A

Additional Information: <http://starpas.azcc.gov/InsEFileAR.shtm>

### **ARKANSAS**

The state requires an annual report

Form Name: Annual Report for Nonprofit Corporations

Form Number: NP-AR

Filing Fee: N/A

Due Date: August 1

Late Filing Penalties: N/A

Additional Information:

[http://www.sos.arkansas.gov/business\\_entity\\_fees\\_forms\\_pro.html](http://www.sos.arkansas.gov/business_entity_fees_forms_pro.html)

### **CALIFORNIA**

The state requires an annual report initially and biennially thereafter

Form Name: Statement of Information

Form Number: Form SI-100

Filing Fee: \$20.00

Due Date: First filing must be within 90 days of its initial filing of the original Articles of Incorporation and biennially thereafter

Late Filing Penalties: \$50.00

Additional Information: [http://www.sos.ca.gov/business/bpd\\_forms.htm#be](http://www.sos.ca.gov/business/bpd_forms.htm#be)

### **COLORADO:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00 fee online; \$100.00 for paper filing

Due Date: Can be found by searching for the entity under the Business Database in the Business Center of the Secretary of State's website.

Late Filing Penalties: N/A

Additional Information:

<http://www.sos.state.co.us/biz/FileDocSearchCriteria.do?transTyp=REPORT>

### **COMMONWEALTH OF THE NORTHERN MARIANAS:**

The territory requires an annual corporate report.

Form Name: CNMI Annual Report

Form Number: RPCNMI

Filing Fee: \$10.00

Due Date: New organizations must file an initial annual report within 60 days of their incorporation.

Additional Information: Subsequent annual reports follow between January 1<sup>st</sup> and March 1<sup>st</sup> of the following year.

### **CONNECTICUT:**

The state requires an annual report

Form Name: Organization and First Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: Varies

Late Filing Penalties: N/A

Additional Information:

[http://www.sots.ct.gov/sots/cwp/view.asp?a=3177&g=392124&SOTSNav\\_GID=1844#ctnonstockcorp](http://www.sots.ct.gov/sots/cwp/view.asp?a=3177&g=392124&SOTSNav_GID=1844#ctnonstockcorp)

**DELAWARE:**

The state requires an annual report

Form Name: Corporate Annual Report

Form Number: N/A

Filing Fee: \$25.00 plus tax

Due Date: March 1

Late Filing Penalties: \$100.00

Additional Information: <http://www.corp.delaware.gov/paytaxes.shtml>

**DISTRICT OF COLUMBIA:**

The state requires a corporate report

Form Name: Two-Year Report for Foreign and Domestic Corporations

Form Number: BRA-25 Nonprofit

Filing Fee: \$75.00

Due Date: January 15<sup>th</sup>

Late Filing Penalties: \$40.00 penalty fee if filed after the due date

Additional Information: <http://dcra.dc.gov/DC/DCRA>

**FLORIDA:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$61.25

Due Date: Between January 1 and May 1

Late Filing Penalties: N/A

Additional Information: <http://www.sunbiz.org/ARFormCreate.html>

**GEORGIA:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$30.00

Due Date: April 1 of the ensuing year

Late Filing Penalties: \$25.00

Additional Information: <http://www.gacorporations.org>

**GUAM:**

The territory requires an annual corporate report.

Form Name: Sample report provided by GovGuam

Form Number: Not Applicable

Filing Fee: \$100.00

Due Date: July 1<sup>st</sup> through September 1<sup>st</sup>

Additional Information:

<http://www.govguamdocs.com/revtax/docs/GuamAnnualReport.pdf>

**HAWAII:**

The state requires an annual corporate report.

Form Name: Domestic Non-profit Corporation Annual Report

Form Number: D2

Filing Fee: \$5.00

Due Date: Dependent on incorporation date

Additional Information: <http://hawaii.gov/dcca/areas/breg/registration/dnc/forms>

**IDAHO:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: N/A

Due Date:

Late Filing Penalties: Organization may be dissolved

Additional Information: <http://www.sos.idaho.gov/corp/corindex.htm>

**ILLINOIS:**

The state requires an annual report

Form Name: Domestic/Foreign Corporation Annual Report

Form Number: C-54

Filing Fee: \$10.00

Due Date: First filing must be within 90 days of its initial filing of the original Articles of Incorporation and biennially thereafter.

Late Filing Penalties: \$3.00

Additional Information:

[http://www.cyberdriveillinois.com/departments/business\\_services/publications\\_and\\_forms/nfp.html](http://www.cyberdriveillinois.com/departments/business_services/publications_and_forms/nfp.html)

**INDIANA:**

The state requires an annual report

Form Name: Business Entity Report

Form Number: N/A

Filing Fee: Varies

Due Date: By the end of the anniversary month of formation

Late Filing Penalties: There is no fee, but the corporation does run the risk of being

dissolved.

Additional Information: <http://www.in.gov/ai/appfiles/sos-berf/>

**IOWA:**

The state requires a biennial report

Form Name: Biennial Report

Form Number: N/A

Filing Fee: N/A

Due Date: January 1-March 3 of each odd numbered year

Late Filing Penalties: Corporation may be dissolved

Additional Information:

<http://www.sos.state.ia.us/business/Nonprofits/NonProfFAQs.html> - biennialreport

**KANSAS:**

The state requires an annual report

Form Name: NP Not for Profit Corporation Annual Report

Form Number: 17-7504

Filing Fee: \$40.00

Due Date: 15<sup>th</sup> day of the 6<sup>th</sup> month following the end of the fiscal year

Late Filing Penalties: If the organization does not file by its due date, it will be forfeited in Kansas

Additional Information: [http://www.kssos.org/forms/forms\\_results.asp?division=BS](http://www.kssos.org/forms/forms_results.asp?division=BS)

**KENTUCKY:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$4.00

Due Date: On or before June 30<sup>th</sup>

Late Filing Penalties: The State will mail a notice after the June 30<sup>th</sup> due date that gives the corporation until October 31<sup>st</sup> to file, but if the corporation has not filed by the Oct. 31<sup>st</sup> due date, it is subject to dissolution.

Additional Information: <http://sos.ky.gov/business/filings>

<http://www.sos.ky.gov/business/annualreports.htm>

**LOUISIANA:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$5.00

Due Date: on or before the anniversary of incorporation

Late Filing Penalties: Corporations that miss three consecutive filings are subject to

revocation

Additional Information:

<http://www.sos.louisiana.gov/Search/tabid/569/Default.aspx?xsg=corporate+annual+report>

**MAINE:**

The state requires an annual report

Form Name: Annual Report

Form Number: MNPCA-13

Filing Fee: \$35.00

Due Date: June 1

Late Filing Penalties: Varies

Additional Information: <http://www.maine.gov/sos/cec/corp/nonprofit.html>

**MARYLAND:**

The state requires an annual report

Form Name: Personal Property Return

Form Number: Form 1

Filing Fee: N/A

Due Date: April 15<sup>th</sup>

Late Filing Penalties: Varies

Additional Information: <http://www.dat.state.md.us/sdatweb/sdatforms.html>

**MASSACHUSETTS:**

The state requires an annual report

Form Name: Annual Report

Form Number: 180NPCAR

Filing Fee: \$15.00

Due Date: November 1

Late Filing Penalties: Varies

Additional Information: <http://www.sec.state.ma.us/cor/coridx.htm>

**MICHIGAN:**

The state requires an annual report

Form Name: Annual Report

Form Number: BCS/CD-2000 will be mailed to the registered agent of the organization

Filing Fee: \$20.00

Due Date: October 1 every year following incorporation

Late Filing Penalties: If annual report is not filed for two consecutive years, the organization is automatically dissolved.

Additional Information:

[http://www.michigan.gov/documents/dleg/BCS\\_CD\\_269\\_281961\\_7.pdf](http://www.michigan.gov/documents/dleg/BCS_CD_269_281961_7.pdf)

**MINNESOTA:**

The state requires an annual report

Form Name: MN Nonprofit Corporation Annual Renewal

Form Number: N/A

Filing Fee: Varies

Due Date: December 31

Late Filing Penalties: Penalties vary leading up to dissolution

Additional Information: <http://www.sos.state.mn.us/index.aspx?page=1086>

**MISSISSIPPI:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00 Due Date: April 1<sup>st</sup>

Late Filing Penalties: N/A

Additional Information:

[http://www.sos.ms.gov/business\\_services\\_business\\_formation3.aspx](http://www.sos.ms.gov/business_services_business_formation3.aspx)

**MISSOURI:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$15.00 paper filing; \$10.00 online filing

Due Date: Month of original incorporation

Late Filing Penalties: \$5.00

Additional Information: <http://www.sos.mo.gov/business/corporations>

**MONTANA:**

The state requires an annual report

Form Name: Montana Corporation Annual Report

Form Number: N/A

Filing Fee: \$15.00

Due Date: April 1

Late Filing Penalties: After April 15<sup>th</sup>, \$30.00

Additional Information: <http://sos.mt.gov/Business/Forms>

**NEBRASKA:**

The state requires a biennial report

Form Name: Biennial Report

Form Number: N/A

Filing Fee: \$20.00

Due Date: April 1

Late Filing Penalties: Failing to file the report and pay the fee by the deadline, will be dissolved by operation of law.

Additional Information:

[http://www.sos.state.ne.us/business/corp\\_serv/corps\\_faq.html](http://www.sos.state.ne.us/business/corp_serv/corps_faq.html)

#### **NEVADA:**

The state requires an annual report

Form Name: Initial List and Registered Agent Form

Form Number: N/A

Filing Fee: \$25.00

Due Date: Annually on the last day of the first month following incorporation month

Late Filing Penalties: \$50.00

Additional Information:

<http://nvsos.gov/Modules/ShowDocument.aspx?documentid=640>

#### **NEW HAMPSHIRE:**

The state requires a corporate report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: December 31<sup>st</sup>, Reports are due every five years

Late Filing Penalties: N/A

Additional Information: <http://www.sos.nh.gov>

#### **NEW JERSEY:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: One year from initial formation

Late Filing Penalties: Corporations that do not file for 2 consecutive years will be revoked.

Additional Information: [https://www1.state.nj.us/TYTR\\_COARS/JSP/page1.jsp](https://www1.state.nj.us/TYTR_COARS/JSP/page1.jsp)

#### **NEW MEXICO:**

The state requires an annual report

Form Name: Domestic Nonprofit Corporation Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: On or before the 15<sup>th</sup> day of the 5<sup>th</sup> month following the fiscal year end

Late Filing Penalties: \$10.00

Additional Information: <http://www.nmprc.state.nm.us/cf.htm>

**NEW YORK:**

This state does not require an annual report

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Due Date: N/A

Late Filing Penalties: N/A

Additional Information: <http://www.dos.state.ny.us/corps>

**NORTH CAROLINA:**

The state requires an annual report

Form Name: Corporate Annual Report

Form Number: N/A

Filing Fee: \$20.00

Due Date: 15<sup>th</sup> day of the 3<sup>rd</sup> month after fiscal year end

Late Filing Penalties: Dissolution of corporation

Additional Information: <http://www.secretary.state.nc.us/corporations/arfaq.aspx>

**NORTH DAKOTA:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: February 1

Late Filing Penalties: Varies

Additional Information:

<http://www.nd.gov/sos/nonprofit/registration/corporation/annual-report.html>

**OHIO:**

The state requires a corporate report

Form Name: Continued Existence of Nonprofit Corporation

Form Number: 522

Filing Fee: \$25.00

Due Date: 4 months before the fifth year anniversary of its incorporation

Late Filing Penalties: Cancellation of registration

Additional Information: <http://www.sos.state.oh.us/SOS/>

**OKLAHOMA:**

The state does not require an annual report

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Due Date: N/A

Late Filing Penalties: N/A

Additional Information: <https://www.sos.ok.gov/Default.aspx>

**OREGON:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$50.00

Due Date: Anniversary date of incorporation

Late Filing Penalties: If the corporation has not filed a report for five years, it can be dissolved

Additional Information: [http://www.filinginoregon.com/business/annual\\_reports.htm](http://www.filinginoregon.com/business/annual_reports.htm)

**PENNSYLVANIA:**

The state requires an annual report

Form Name: Annual Statement Nonprofit Corporation

Form Number: N/A

Filing Fee: N/A

Due Date: On or before April 30

Late Filing Penalties: N/A

Additional Information:

<http://www.dos.state.pa.us/corps/cwp/view.asp?a=1093&Q=431210&corpsNav=1>

**RHODE ISLAND:**

The state requires an annual report

Form Name: Annual Report

Form Number: Form 631

Filing Fee: \$20.00

Due Date: Between June 1 and June 30

Late Filing Penalties: \$25.00

Additional Information:

<http://www.sec.state.ri.us/corps/fee%20schedule/newfee.html6/>

**SOUTH CAROLINA:**

The state does require an annual report

Form Name: Annual Report

Form Number: N/A  
Filing Fee: N/A  
Due Date: 4 1/2 months after the close of the fiscal year  
Late Filing Penalties: N/A  
Additional Information: [http://www.scsos.com/Public\\_Charities](http://www.scsos.com/Public_Charities)

**SOUTH DAKOTA:**

The state does require an annual report  
Form Name: Annual Report Domestic Nonprofit  
Form Number: N/A  
Filing Fee: \$10.00  
Due Date: Annually before the last day of the month following the month of incorporation  
Late Filing Penalties: N/A  
Additional Information:  
[http://www.sdsos.gov/businesservices/corporations\\_forms.shtml#nonprofitforms](http://www.sdsos.gov/businesservices/corporations_forms.shtml#nonprofitforms)

**TENNESSEE:**

The state does require an annual report  
Form Name: Annual Report Submissions  
Form Number: N/A  
Filing Fee: \$20.00, There is an additional \$20 fee if any changes are made to the Registered Agent and/or Registered Office  
Due Date: First day of the fourth month after fiscal year end

Late Filing Penalties: 60 days after the due date, if the report is not filed, a determination letter will be sent to the registered agent as a reminder. If by two months after the determination letter is sent the group has not filed the annual report, the entity will be dissolved. The State of Tennessee will mail an administrative dissolution/revocation document to the registered agent. To reinstate the annual report must be filed along with an application of reinstatement. The filing fee for reinstatement is \$70.

Additional Information: [http://tn.gov/sos/bus\\_svc/annual\\_reports.htm](http://tn.gov/sos/bus_svc/annual_reports.htm)

**TEXAS:**

The state requires a corporate report  
Form Name: Periodic Report – Nonprofit Corporation  
Form Number: Form 802  
Filing Fee: \$5.00

Due Date: Every four years within thirty (30) days of the first notice from the State of Texas

Late Filing Penalties: Late fee of \$1 per month or part of a month for one hundred twenty (120) days following the forfeiture, but not less than \$5 nor more than \$25

Additional Information: [http://www.sos.state.tx.us/corp/forms\\_option.shtml](http://www.sos.state.tx.us/corp/forms_option.shtml)

**UTAH:**

The state requires an annual report

Form Name: Annual Report/Renewal Notice

Form Number: N/A

Filing Fee: \$10.00

Due Date: Anniversary date of the entity

Late Filing Penalties: \$10.00

Additional Information: <http://corporations.utah.gov/onlinechangeforms.html>

<http://corporations.utah.gov/pdf/postcardexample.pdf>

**VERMONT:**

The state requires a biennial report

Form Name: Nonprofit Biennial Report

Form Number: N/A

Filing Fee: \$15.00 for most, exceptions apply

Due Date: Within 60 days of the year following incorporation and every two years after that.

Late Filing Penalties: \$25.00

Additional Information: <http://www.sec.state.vt.us/corps/dobiz/npo/npbirep.htm>

**VIRGINIA:**

The state requires an annual report

Form Name: Annual Corporation

Form Number: N/A

Filing Fee: \$25.00

Due Date: By the last day of the month that it was incorporated

Late Filing Penalties: N/A

Additional Information: [http://www.scc.virginia.gov/clk/vanon\\_corp.aspx](http://www.scc.virginia.gov/clk/vanon_corp.aspx)

**WASHINGTON:**

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: Annually by the last day of the anniversary month of incorporation  
Late Filing Penalties: After a 90 day grace period, the company may be dissolved  
Additional Information: <http://access.wa.gov/home.aspx>

#### **WEST VIRGINIA:**

The state requires an annual report  
Form Name: Annual Report  
Form Number: N/A  
Filing Fee: \$25.00  
Due Date: July 1  
Late Filing Penalties: Possibly penalties, dissolved or revoked  
Additional Information: <http://www.wvsos.com/business/filing/annualreport.htm>

#### **WISCONSIN:**

The state requires an annual report  
Form Name: Corporate Annual Report  
Form Number: DFI Form 17  
Filing Fee: \$10.00  
Due Date: Notice is sent to organization  
Late Filing Penalties: N/A  
Additional Information: <http://www.wdfi.org/corporations/>

#### **WYOMING:**

The state requires an annual report  
Form Name: Annual Report  
Form Number: N/A  
Filing Fee: \$25.00  
Due Date: Due the first day of the anniversary month of incorporation  
Late Filing Penalties: Late fees may vary  
Additional Information: <https://wyobiz.wy.gov/Default.aspx>

## **E. Partnerships**

### **1. Introduction**

Sustainable community development is characterized by a collection of strategies, tools, methods, and processes, all of which require collaboration. One of the key components of collaboration is the development and management of partnerships. Primary partners provide the majority of the resources necessary to sustain the organization. They can include federal, state, and local governments, corporations, foundations, and other organizations. Partners include those entities that organizations work with on a daily, weekly, monthly, or yearly basis.

## 2. The Eight Steps for Creating Partnerships

The following is a template to forming partnerships. While working through these steps it is critical to remember that friends give friends support (money, resources, technical support, and so forth). Make every attempt to personally connect with potential partners. Contact them via telephone, visit their office, invite them on site visits, and introduce them to staff, project participants, and community members. When you work with potential partners on projects, they become invested in the projects' success and sustainability. The eight steps for identifying and developing partnerships are listed below:

**Step One:** Identify needed resources for your project. These may include:

- Financial support
- Office space and supplies
- Equipment and supplies
- Administrative support
- Environmental services
- Public relations
- Educational support
- Vehicles
- Project partners
- Technical assistance

**Step Two:** Identify sources that can provide these resources. These may include:

- Federal agencies
- States
- Counties
- Municipalities
- Non-profit agencies

- Foundations
- Corporations
- Trade Associations
- Schools

**Step Three:** Identify potential benefits your project can offer potential partners. These may include:

- Community development
- Public relations
- Project support
- Future employees
- Services
- Exposure to specific markets
- Improved or sustained community image

**Step Four:** Research identified resource providers. Ensure that your project is consistent with the mission of the potential partner. If the potential partner provides grants, become familiar with the guidelines, areas of interest, and areas of operation. Determine deadlines and funding cycles to prioritize fundraising efforts. Typical research tools include:

- Internet
- Local business groups/associations
- Foundation Center
- Libraries
- Chronicle of Philanthropy
- Local newspapers
- Congressional delegation

- Networking

**Step Five:** Contact identified potential partners. Determine the appropriate person to approach. Confirm a meeting with the individual. Request assistance and explain the benefits a partnership with your project can provide. Ask the person to identify additional benefits your project can provide.

**Step Six:** Determine the proper protocol for initiating the partnership. For example, if the potential partner is a non-profit organization, do you need to approach the Board of Directors, board committees, or staff? Is a written proposal required? If so, what is the correct format? Is a letter of inquiry required? What additional documents are required?

**Step Seven:** Develop a formal proposal to the potential partner. Detail the services the project is requesting and the benefits the project will provide to the partner. Be prepared to negotiate proposed terms of the partnership following the resource provider's review of the proposal. Determine the proper vehicle to formalize the partnership. Is it a Participatory Agreement, Memorandum of Understanding or Agreement (MOU or MOA), Resolution, contract, grant agreement, or something else? Determine which party is responsible for creating such a document.

**Step Eight:** Sign a formal document if all parties approve.

### 3. Maintaining Partnerships

- **Communication.** Clear and consistent communication is critical to properly maintain partnerships. This can best be facilitated by the designation of a staff member from each partner to serve as a liaison. It is important that the liaison be someone within the project, organization, or government agency who is knowledgeable about the project and the project activities. Liaisons should determine a communication protocol designating preferred methods of communication, a meeting schedule, and a protocol for emergency situations. Frequently the communication methods are detailed in the document that formalizes the partnership.
- **Reporting.** Providing partners with regular reports demonstrates the commitment of the project to the partnership, supports communication among partners, and provides partners additional opportunities to contribute to the project. The content and frequency of reports will be determined by the partners. The reports could include progress reports, financial reports, or other specialized reports. It may be necessary to prepare customized reports for individual partners based on the mission or goal of the partner.

- **Conflicts.** The opportunity for conflict increases as the number of partners grows. It is very important that projects know the history, culture, goals, rules, regulations, and objectives of their primary partners. It may not be appropriate to partner with entities that conflict with or do not respect the mission of a project's primary partner(s). Conflict is a reality of partnership. A partnership without conflict usually involves partners who are not attentive to their relationship. Partnerships with established and implemented communication protocols are most likely to productively solve conflict as it occurs and cooperatively achieve shared goals.

The development of partnerships to support projects facilitates the collaboration among entities with a common goal of community development. The benefit to the project through the establishment and management of fully functional partnerships includes:

- A collaborative, fully integrated, level of involvement and participation.
- Active relationships among diverse stakeholders.
- A complex partnership structure that includes multiple partners and multiple partnership levels.
- A strong emphasis on the community as the change agent, with particular focus on the project as a main component, or asset, contributing to community development.

Partnerships serve to strengthen and increase development capital by forming strong networks, developing active participation, and fostering a sense of trust and community. They also increase the ability and capacity of a community to produce meaningful and sustainable development.

Attachment L provides a work exercise to assist you in identifying potential partners and attachment M provides samples of partnership agreements.

## **VIII. Project Development**

Project planning involves a series of steps that determine how to achieve a particular community or organizational goal or set of related goals. This goal can be identified in a community plan or a strategic plan. Project plans can also be based on community goals or action strategies developed through community meetings and gatherings, board meetings, or other planning processes. The planning process occurs before you write your application and submit it for funding.

### **Project Planning:**

- Identifies specific community problems that stand in the way of meeting community goals
- Creates a work plan for addressing those problems and attaining the goals
- Describes measurable beneficial impacts to the community that result from the project's implementation
- Determines the level of resources or funding to implement the project

### **Why is Project Planning Important?**

The success and sustainability of a project is very closely tied to its planning process. Projects often fail due to poor planning, many times because they do not define the problems well or take important factors into consideration such as the needs and views of everyone involved in and affected by the project. Effective planning provides detail and structure to the project work plans and establishes a way to continue the project after the grant funding ends, meaning it is sustainable.

### **Project Planning Helps Us To:**

- Think ahead and prepare for the future
- Clarify goals and develop a vision
- Identify issues that will need to be addressed
- Choose between options
- Consider whether a project is possible
- Make the best use of resources

- Motivate staff and the community
- Assign resources and responsibilities
- Achieve the best results

Additional information can be found in the Administration for Native Americans Project Development Manual at:

<http://transition.acf.hhs.gov/programs/ana/assistance>

### **Project Development Steps:**

When planning for and designing a new project, it is suggested that the following 11 steps of project development:

1. Identify the vision
2. Conduct a needs assessment to identify the problem(s)
3. Assess available resources
4. Determine the project goal
5. Select a project approach/strategy
6. Develop project objectives and activities
7. Identify potential challenges and develop a contingency plan
8. Develop a project evaluation plan
9. Develop a sustainability strategy
10. Prepare the budget and budget justification
11. Write the project summary/abstract

#### **1. Identify the Vision**

Begin by creating a statement of the “perfect community and conditions in that community;” this statement serves as a vision statement for the group and community. Sometimes “the community” engaged in project planning is a subset of the overall community. The community subset might be the community elders, local school student population, or any of the definable sub-populations found in your community. A school’s parent association, for example, may develop a vision

statement that describes a community where all children graduate from high school, where a large percentage of graduates go on to some form of higher education, and where funding is sufficient to provide assistance so that students can attend their post secondary school of choice. There may be many other characteristics that could define the desired situation for this “student community”.

The point is to envision an overall community, or subset of the community, living in an ideal situation. If you could snap your fingers and create the perfect community what would it look like? What are its characteristics? What kinds of opportunities for achieving stability and self- sufficiency are available? What resources are available for the members of the community?

This activity provides a framework for constructing long-range community goals that point in the right direction. You envision a place where the people’s problems and needs are met – they are healthy, happy and fulfilled. Then design a plan that moves in the direction of that “perfect” place. The road to that vision may be rocky and challenging, but you must know the destination. You may have heard the old saying, “If you don’t know where you’re going, any road will get you there.” You want a clearly defined route for getting from where you currently stand to a place where things are better for everyone. First, start with a vision. Picture that place your community believes could exist, and then plan your route to get there.

Below find a sample vision statement:

The Ka Pono o Ka’ Aina Organization

We work with the community, families and individuals to define problems that prevent achieving long-range goals, design strategies for measurably reducing or eliminating those problems and then take action to secure resources for implementing those strategies.

Attachment N provides a worksheet that can be used to develop your vision.

## **2. Conduct a Needs Assessment to Identify the Problem**

A successful project is one that was designed based on a good understanding of the community conditions and identifies the problems preventing the community from achieving its vision. Community conditions include aspects of the community such as its geographic location, demographics, ecosystem, and history. A needs assessment can be conducted to identify the problem(s) and determine which need a project will address. A needs assessment can also be used to gather information once a specific problem has been identified, in order to design a project that will effectively address the problem.

There are several methods of conducting a needs assessment and different methods are appropriate for different situations. The method used should be selected based on the information you are collecting in order to produce a useful result. You can also use more than one method, and are encouraged to do so, as this will produce more comprehensive results and better describe current conditions in your community.

Before beginning a needs assessment, it can be helpful to make a list of the pieces of information you are trying to find, the source of each piece of information, and the means of gathering each piece of information.

All of the information you gather during a needs assessment is valuable and can be used as a basis for defining a problem and determining the goal, objectives, and activities for your project.

Some questions to keep in mind when planning and conducting a needs assessment:

- Whose needs are being assessed? By whom? For whom? Why?
- Whose needs do the findings reflect?

Problems are those things that would have to change – or be overcome – in order to achieve the vision of a socially and economically healthy community. Problems can be internal as well as external and identifying the specific problems is critically in designing a successful project.

Once you have completed your needs assessment, you can define and describe problems in your community. The next step is to select the problem or problems you wish to address with your project through a community-based planning process. A project is generally more successful if it focuses on either one large problem or a small amount of specific problems, as this will help keep the scope of your project within achievable boundaries.

Once any problems to be addressed have been identified, the community can design solutions to reduce or eliminate the identified problems. It is better to generate as many ideas as possible through focus groups and/or other community brainstorming methods, assisted by your project planning committee.

List as many ideas as you can think of; these could become the basis for your project. The ideas will directly address the list of problems to be overcome and will become the basis for your problem statement.

A problem statement describes a current critical condition or set of conditions affecting a defined group of people in a specific place at a specific time. The problem statement should include a clear, concise and precise description of the nature, scope, and severity of the problem or problems the project will address. Typically, the statement identifies the specific physical, economic, social, financial, governmental, institutional, behavioral, native language, or cultural challenges of the community. The statement will include the information gathered from your needs assessment.

Preparing the problem statement is a critical part of the project planning process. The design and purpose of your project must also directly relate to your problem statement.

Below, find a sample problem statement:

The number of Pacific Island youth not completing high school has risen 1% each year for the past ten years. Also increasing is the rate of juvenile delinquency among Pacific Island youth. The community assessment also found that the Pacific Island youth are not identifying with their native culture and language and the number of Hawaiian language speakers are declining by 6% each year.

In developing your problem statement, there are some things to keep in mind:

- The problem to be addressed should have a clear relationship to your organization's mission, purpose, and long-term goals.
- Including accompanying information such as statistical facts, testimonials, interviews, and survey results provides additional support for your efforts to address the problem.
- The problem you identify should be within your organization's capacity to address using available resources.
- Be sure to include documentation of community involvement
- Additional tips for writing a statement of need:
- Accompanying information should be well-documented and should not include assumptions.
- Focus your explanation of need on the geographic area your organization serves.

- Give a clear sense of the urgency of your request.

Attachment O provides a worksheet that can be used to develop your needs assessment.

### **3. Assess Available Resources**

Assessing your available resources will help you determine the best strategy for implementing your project. Begin this analysis with the resources that exist within the community. Every project and every strategy is different and requires a different set of resources, but a few hard-and-fast rules exist to assist in the assessment of available resources. The answers to these five questions work well for project development.

Who always refers to people? Asking “Who?” helps to identify the human resources within the community with the knowledge, experience, credentials and enthusiasm to implement the project strategy successfully. Consider all existing staff and volunteer positions.

What refers to supplies, equipment and materials required for the project? Are the resources available in the community to provide needed material, supplies and equipment? If not, what external resources can be utilized?

Where refers to the location and facilities where most of the project activities will take place. Based on model projects elsewhere—or the community’s own vision of the project needed—where is it most likely to work? Does the project need an office, a garage, a library, a computer lab, a classroom, a gymnasium, or outdoor areas? Other questions arise from these basic questions: Will it be necessary to rent, refurbish or remodel space? Will construction of a building or outdoor facility be required?

When will the resources be needed? This particular question sometimes speaks more to scheduling than to assessment of available resources, but it is an important nonetheless.

“When” is an important planning consideration if the proposed project involves the following:

- Rehabilitation or remodeling of a structure, as this is a process requiring strict timeframes,
- Acquisition of equipment, which will depend on the order of your activities
- Agricultural activities, as these revolve around the planting season, weather, etc.

- Subsistence communities
- Projects involving academic institutions which are only in session during the academic year
- Receiving approval from Tribal Council

Why are the resources needed? This question is an important double check to confirm that the identified resource requirements relate directly to the project plan. The purpose is not to create a wish list, but rather to determine what resources are absolutely essential to the activities in the plan—and then to determine whether they currently exist within the community.

The next step in this analysis looks beyond the immediate community for assistance. Who and where are potential partners with a shared interest in your community and its challenges? What mutual benefit collaborations can be developed with partners? What expertise and resources do they possess? What opportunities exist in the greater community to move you closer to your vision? It is important to note here that by showing a large number of partners, you are also showing that your project has credibility outside of your organization. Projects that utilize and develop partners are generally more successful.

Partnerships are “agreements between two or more parties that will support the development and implementation of a proposed project. Partnerships include other community-based organizations or association, federal and state agencies, and private or non-profit organizations.” Partnerships can be internal (with departments or programs within your organization) or external (with other organizations).

In designing new projects and programs, strong partnerships and the leveraged resources that usually are associated with those partnerships are two indicators that a project has resulted from a credible internal and external community-based planning process. Committed partnerships and commitment of leveraged funds are often critical components in determining project sustainability. Applications for projects that focus on issues such as drafting environmental codes often indicate the project will be completed at the end of funding and will not need to be sustained. Funded applications that describe how those codes will be used through ongoing tribal court and natural resources staff operations (a long-term commitment of internal partners and leveraged resources) generally result in projects that benefit the community.

In addition to human resources, equipment, supplies, materials, and facility needs, the following questions should be answered:

- Who is addressing some identified problems or problem components now? How well are they doing? They might be potential partners in your project.
- What aspects of the problems remain to be addressed? This question identifies unmet needs, or gaps in the situation so that you can formulate a strategy for addressing unmet problem areas without duplicating existing services.
- What resources can be leveraged so that the project expands capabilities by adding resources that improve the chances for success?
- Attachment P provides a worksheet for assessing available resources

#### **4. Determine the Project goal**

The project goal is a basic description of the purpose of the project, in other words, the solution to the problem or problems you identified earlier. The project goal should reflect a set of conditions desired by the community after the problem is addressed. The goal statement represents the result of the successful completion of the project. It is important to show the relationship between the project goal and the long-range community goals.

The project goal statement, should clearly describe how the project relates to one or more of the community's long-range goals. The statement should be brief and to the point, as well as realistic. Your goal determines the scope of your project, so do not state your project will accomplish more than it possibly can.

It is sometimes difficult to distinguish between goals, objectives, and activities. The exercises and information for development steps 4, 5, and 6 should clarify these three project components.

Attachment Q provides a worksheet for developing a project goal.

#### **5. Select a Project Approach/Strategy**

Once you have determined your project goal, you are ready to develop your project approach or strategy. Based on the information gathered in the previous steps, develop a list of possible strategies for addressing your problem and achieving your goal and then select a strategy that represents the best method of implementing your project. This strategy will be the basis for developing your objectives and activities.

Very few rules exist for ultimately selecting the most promising project approach in terms of both the problem to be solved and the opportunity to secure funding, because your approach will be unique to your community.

In selecting the most promising project approach for solving the problem identified by the community and achieving the project goal, consider the following issues:

- Use your organization's experience with past similar programs—what strategy worked then?
- Research similar projects that other organizations have completed and build off of them. Use their best practices to guide you in selecting an approach.
- Ensure your approach is in line with the resources you have available, including what you are asking for in your budget.
- Design the strategy so that its activities, tasks, and phases build incrementally to establish a clear path to achieving your goal.

Attachment R provides a worksheet for developing the project approach/strategy

## **6. Develop Project Objectives and Activities**

Once you have determined how you are going to implement your project, you can begin developing your objectives. Objectives are specific accomplishments designed to address the stated problems and attain your project goal. An objective is an endpoint, not a process, to be achieved within the proposed project period. Completion of objectives must result in specific, measurable outcomes that benefit the community and directly contribute to the achievement of the stated project goal.

The community will want a clear picture of what will be accomplished by the project, how it will be accomplished and how you will know when you have accomplished it. A project may only have one goal, but there can be several objectives to achieve that goal.

The clearer, more concise, and more specific your objectives are, the easier it will be to implement your project and the easier it will be for a funder to understand your project approach. A good test for this is the S.M.A.R.T. Objective strategy, outlined below:

**S.M.A.R.T.** objective have the following characteristics:

**Specific** — Start with an action verb (strengthens, train, develop, teach, implement) and specify the outcome; state what you will do to achieve your goal and meet your identified need.

**Measurable** — The objective must include measurable targets and describe measurable changes in community conditions (including social, cultural, environmental, economic and governance conditions)

**Achievable** — The objective must be realistic and attainable, something you can expect to achieve given your available resources and project strategy.

**Relevant and Results-oriented** — Your objective should address your project goal, and therefore the long-term goals of your organization

**Time-bound** — The objective should reflect a time period in which it will be accomplished.

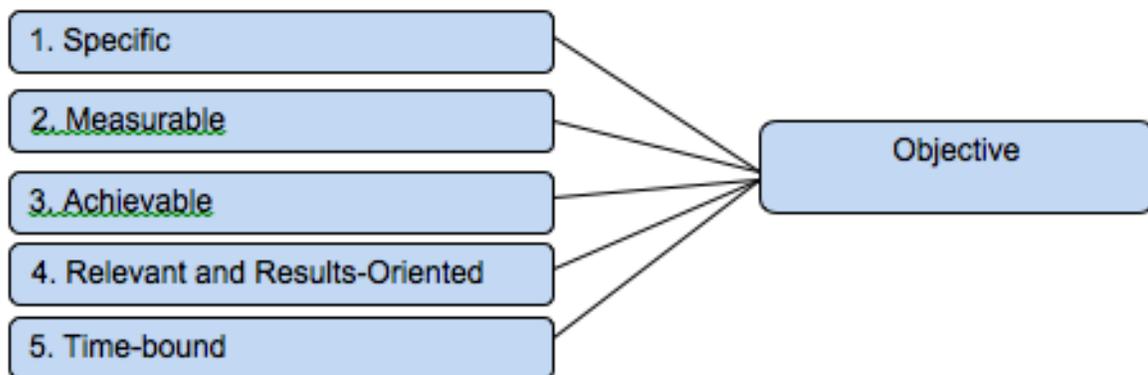


Figure 1: SMART Goals Achieve Objectives

When you develop your objectives, in order to keep them S.M.A.R.T., here are some questions you can ask yourself:

- What is/are the key areas your organization is seeking to change?
- What segment of the population will be involved in the change?
- What is the direction of the change (increase/improvement or decrease/reduction)?
- What is the degree or amount of change you want to obtain?
- What is the deadline for reaching that change within the project period?

Here is an example of a S.M.A.R.T. objective:

By the 12th month of the project period, the project coordinator will conduct a community assessment to determine the status of the native language. This will be

done through focus group meetings and one-on-one surveys with adults within a 50-mile radius, and through mailed surveys to people living out of the area. The assessment will involve at least 65% of the Hawaiian population on the Island of Loiihi.

Once the objectives have been developed, **activities** are written to provide a logical sequence of measurable milestones that move the project closer to attaining the objective. The activities are both building blocks that will lead to accomplishing an objective and yard sticks used to determine how efficiently and effectively the project is completing its objectives and achieving its goal.

Every project team must break down each specific objective into activities that will be performed in a logical progression, in a satisfactory time frame, and with the resources available. Activities describe the major tasks to be completed for each objective, but not every day work tasks. Your project planning should provide detail of the major activities in the logical sequence that will lead to achieving each of your objectives. Your activities must also include benchmarks, referring to each quarter's results.

Attachment S provides a worksheet to assist you in developing project objectives and activities.

## **7. Identify Potential Challenges and Develop a Contingency Plan**

Every project can run into bumps along the way that impede a smooth implementation process and can potentially prevent a project from reaching a successful completion. By developing a **contingency plan** as a fall-back position, or a "plan B", you can better prepare for these challenges. When you plan ahead for a potential problem, you are more likely to handle it with minimal disruption and cost.

The contingency plan should be reviewed by a team including all the project stakeholders.

### ***Risks and Assumptions***

The first step in preparing a contingency plan is to develop a list of possible **risks and assumptions**. When working out the details of your project strategy, factor in any risks you might face due to assumptions you have made regarding timing of project activities, partnerships, leveraged resources, internal requirements, licensures, etc. This section of project strategy planning requires you are prepared for any issues that may cause your project to be late in starting up or to fall behind schedule.

Being able to attract and maintain qualified staff, securing key project materials and completing tasks in a designated time frame are examples of those assumptions. For instance, a partner who has pledged a facility for the project suddenly determines the facility will not be available to provide services. The project strategy is based on the assumption that the facility would be available and its usage is critical to the success of the project. The risk is that the project would not be completed in a timely fashion or that it will fail completely.

The most common challenges faced by organizations during project implementation are included in the list below. Review the challenges and determine whether you are making any assumptions in your project strategy related to these challenges. If yes, be sure to include a contingency plan addressing the potential obstacle.

Challenges:

- Staff turnover
- Late start
- Scope too ambitious
- Geographic isolation/travel
- Lack of expertise
- Underestimated project cost
- Underestimated personnel needs
- Partnership fell through
- Lack of community support (during implementation)
- Hiring delays.

Attachment T is a worksheet than can be used to identify the potential challenges and develop a contingency plan.

## **8. Develop a Project Evaluation Plan**

A project **evaluation** measures the effectiveness and efficiency of a project, and determines the level of achievement of the project objectives. Findings from an evaluation will also help an organization plan for the future, as it can identify additional or persistent problems that need to be solved.

## **Outcomes and Impacts**

There are different components involved in project evaluation. **Outcomes** are the measurable changes that can be observed as a result of the project's successful completion. They are the measurable **results and benefits** that will be observable within the targeted population once the project is complete, determining the extent to which the identified problems were reduced, resolved, or eliminated. **The results and benefits measure the progress made towards achieving project objectives.** Outcomes are the short-term and medium-term effects of the project. Examples of outcomes include new knowledge, increased skills, increased understanding, and increased participation in after school activities.

**Impacts** differ from outcomes in that they are the lasting effects of the project, as seen years down the road from the project's completion. Impacts measure the change that can be specifically associated to a project's implementation. In other words, they measure the extent to which the project achieved its goal. Examples of impacts include increased quality of life, decreased incidence of disease or infection, and higher numbers of students completing post-secondary education. The relationship of outcomes and impacts to the project is:

**Goals → Objectives → Activities → Outcomes → Impacts**

Figure 2: Relationship of Outcomes and Impacts

An **evaluation plan** is the next key element for the successful implementation and management of a project. An evaluation plan describes the process and provides the tools to measure progress in implementing the project; it also assesses how effectively the project addressed problems and achieved its objectives.

It is important to develop an **evaluation plan** during the project planning process prior to implementing your project. This will provide a system to measure the level to which the project addresses the identified problems, ultimately determining its cost-effectiveness.

There is no perfect or minimum number of measurements that must occur in order to properly and fully evaluate a project's success. Instead, each project component must be analyzed, and decisions must be made based upon the findings. The evaluation should be designed to track progress on each objective, completion of activities, and dates of completion.

In designing the evaluation plan, include the following three components.

### ***Impact Indicators***

The objectives and project goal provide the framework for project evaluation. Achievement of each objective is measured by its accompanying results and benefits (outcomes). Achievement of the project goal is measured by impact indicators. The evaluation of these indicators will measure the extent to which the desired change has occurred. The indicators must be quantifiable and documented, and should include target numbers and tracking system.

### ***Methods/Procedures***

What methods will be used to measure the results and benefits? What records will be maintained? An evaluation plan must include the method(s) used to determine whether the objective was accomplished, and whether the desired change actually occurred. The project is likely to have several objectives to evaluate, and several different methods of evaluation might be needed.

Some methods of evaluation include:

- Pre- and post-tests
- Surveys
- Interviews
- Sign-in sheets
- Analysis of records

### ***Reporting***

How many total measurements will be taken? How frequently will the data be collected and by what means? What will be done with the data? How will the data be analyzed, and what form will the report take? What is the dissemination plan for the report (i.e., to whom will it be distributed)? Reporting methods are a crucial part of your evaluation plan, and the frequency and responsible parties must be specified.

In addition to evaluating the final project results, you also should regularly monitor and evaluate the project's progress in carrying out work plan activities, completing project objectives and staying within the approved project budget. This "process evaluation" determines whether the project was conducted in a manner consistent with the plan and whether the project activities contributed to the success of the project. In other words, was the plan followed, and was the plan effective in achieving the objectives? This part of the evaluation plan is used to effectively

manage the day-to-day and week-to week activities and is the basis of regular progress reports.

Attachment U provides a worksheet for development of a project evaluation plan.

## 9. Develop a Sustainability Strategy

A sustainable project is one that can and will continue and will therefore contribute to long-term success and impacts within an organization. However, sustainability is not simply about generating new grant dollars; it also involves outlining a specific strategy and action plan for continuing your project. Some projects lend themselves more to sustainability strategies, however all projects benefits to the community that can be continued after implementation is complete.

A ***sustainability plan*** is a narrative description of how you plan to maintain your project. Perhaps the first question to ask is:

How can we use available, existing resources to implement and continue our project and achieve our long-term vision?

Consider if you already have a network of supporters and potential funders in your area.

Be sure to be specific in your sustainability plan. Your plan should indicate you have conducted research and have specific ideas in mind. The sustainability plan should also provide information on how your organization will incorporate the new project into their funding or fundraising plan and who will be responsible for its continuation.

Below are some examples of areas for future funding:

- **Organization funds:** Your organization may wish or be able to provide continuation funding for your project. Be sure to discuss this possibility during your project planning process. Provide a letter of support or commitment from your governing body in your application.
- **Continuation grants from private foundations:** Funding from private foundations can be used to support ongoing projects and programs. Provide information on how your project fits into their grant programs.
- **Federal funds:** There are numerous other federal agencies that provide continuation funding for community-initiated community development projects. Provide information on how your project fits into their grant programs.

- **State funds:** There are also state agencies that provide continuation funding. Provide information on how your project fits into their grant programs.
- **Unrestricted revenue:** If your project will generate revenue, either through sales of goods, fees for service, or some other means, you can use the revenue generated after the grant ends to sustain your project. Include a revenue plan or fee scale in your application outlining your methods.
- **Colleges/Universities:** Many colleges or universities provide funds for ongoing projects and programs, or will supply project staff in the form of degree candidates or research assistants. Include a description of the institution and other projects it has funded similar to yours, or if possible provide a letter of support or commitment in your application.

Attachment V is a worksheet that can be used to develop a sustainability strategy

## 10. Prepare the Line Item Budget, Budget Justification, and Cost Effectiveness

The project budget is a program and fiscal document. The budget reflects the costs necessary to perform the activities of the project. The **line item budget** provides the dollar cost of the project and the **budget justification** provides the narrative of the basis for the cost, such as historical information and cost quotations. The **cost effectiveness** section provides information on relationship between the cost of the project and its outcomes.

### *Line Item Budget*

The budget is the dollar expression of the project being proposed and must be **reasonable and tied to the project objectives and work plan**. It is an estimate of anticipated project expenses. When planning the budget, answer the following questions:

- What is the staff time required to complete the project?
- Will consultants be needed for the project?
- What travel is necessary to perform all activities?
- What equipment will be needed to perform the scope of work?
- What supplies will be needed by the project?
- What other costs will be incurred to complete all activities of the project?

### ***Personnel***

In this section, list all full- and part-time staff in the proposed project, the number of hours they will work on the project, and the hourly rate. Identify each position working on the project as a percentage of Full Time Equivalent (FTE). 2080 hours is the standard equivalent of one FTE, however if the organization uses a different definition, it would be identified in the budget justification section.

### ***Fringe Benefits***

In this section, list each of the fringe benefits the staff will receive and the dollar cost of each benefit. The fringe benefit category will include both mandatory payroll taxes and organizational employee benefits. Examples of mandatory payroll taxes include FICA or OASDI and Medicare. Examples of employee benefits include health and life insurance and retirement plans.

### ***Travel***

Only out-of-area travel is calculated in this budget category as local travel will typically be included in the “other” category (see below). In the budget identify each of the out-of-area trips planned and the cost of airfare, ground transportation, lodging, and meals for each planned trip.

### ***Equipment***

List all of the equipment to be purchased.

### ***Supplies***

List all supplies such as paper clips, paper, pens, and pencils. Do not simply use one line item, written as “Office Supplies: pens, paper, pencils, etc.” If there are unusual needs for project supplies such as training supplies use a separate line item for each category of supply and the amount.

### ***Contractual***

If the project plans to contract with a company or individual to perform work for the project, the cost of the contract should be included under the “contractual” category. It is important to include cost of the contract. The scope of work should be included as an attachment to the application.

### ***Other:***

Additional costs of the project should be included in the “other” category. Examples of other costs include:

- **Facilities used:** In this section list all of the facilities that will be used during the project. Rent must be comparable to prevailing rents in the geographic area in

which the facility is located. In addition to the actual rent, include the cost of utilities, maintenance services, and minor renovations if they are absolutely essential to your project.

- **Telephone:** Telephone should include the cost of basic services, if not provided through indirect costs (see explanation below), and all planned long distance usage.
- **Postage:** Include the projected mailing, purpose, and cost.
- **Copying and Printing:** Provide information on the materials to be copied and/or printed and the projected cost by product.
- **Professional services:** List the professional services (consultants) that are anticipated during the project. It is important to include the projected number of days of use and the cost per day. Include a scope of work as an attachment to the application.
- **Local travel:** Provide information on the planned local travel, purpose of the travel, and cost. All travel that does not require per diem is considered local travel. The organization's finance department can provide information on what travel qualified for per diem.
- Any other items that do not logically fit elsewhere in the budget.

### ***Indirect Costs***

**Indirect costs** are costs an organization incurs for common or joint objectives that cannot be readily and specifically identified with a particular grant project or other institutional activity. Indirect costs must be negotiated with the Federal cognizant agency.

Again, the budget is the financial expression of the project's scope of work. It is important that all costs be associated with the activities required to meet the project objectives.

### ***Budget Justification***

The budget justification is a narrative that provides information validating the necessity and reasonableness of each expense. The budget justification will explain how the cost was calculated and additional information about each expense.

For Example:

### **Personnel**

Project Director: The Project Director will be a new hire and will be responsible for oversight of all project activities, supervision of project staff and volunteers, development of the curriculum, training of trainers, and assessment of project impact. The salary established for the position is based on the organization's salary schedule which was adopted by the Board of Directors in July 2008.

### **Fringe Benefits**

The fringe benefits includes FICA at 7.65% Federal Unemployment Insurance at 0.8%, State Unemployment Insurance at 2.7%, workers compensation at 0.63%, health and life insurance at \$389.00 per month, and retirement at 4% of gross salary.

### **Other**

**Telephone:** The basis for cost of telephone is monthly fee of \$39.00 and projected use of long distance service. The long distance service includes outreach to families in Pima and Coconino Counties, communication with the program specialist, and communication with other native family preservation projects. The estimated usage is 400 minutes per month at 5 cents per minute for a total of \$20 per month of long distance telephone.

**Xerox:** The cost was calculated at 10 cents per copy for the following:

- Routine Correspondence: 1,800 copies
- Reporting: 6,000 copies
- Curriculum development: 22,200 copies

### **Cost Effectiveness**

The cost effectiveness narrative will provide information on the relationship between the project objectives and activities and the cost analysis which supports the project plan.

### **For Example:**

The project design includes the project director and an independent consultant to develop the core curriculum. An independent consultant is being used based on the cost analysis performed. The cost to employ a second staff member to assist in the development of the curriculum is \$35,000 salary and \$7,000 for fringe benefits for a total of \$42,000. Cost quotations from independent consultants to perform the work ranged from \$20,000 to \$30,000. The decision was made by the organization to use the skills of an independent consultant to support the curriculum development.

Attachment W is a worksheet for the development of a budget and budget justification.

### **11. Write the Project Summary/Abstract**

The project summary/abstract is the last component written but will be the first thing read. The project abstract is the introduction to the project and should not exceed two pages.

The summary section should include the following:

- Two or three pertinent facts about the community and the population to be served.
- A brief discussion of the problem that exists in the community, relating it to the facts you presented in the first paragraph about your community. This can include your problem statement.
- The project goal
- The project objectives
- The impact indicators
- The number of people to be served or impacted by the project.

Attachment X is a worksheet for the development of a project summary.

## Summary

The process of project development involves eleven development steps, the first being identification of the long-term vision for the desired condition of the community. The second step involves assessment of the current conditions of the community, resulting in identification the problem or problems. Once the problems are identified, the project planning team assesses available resources during step three, and then chooses a goal for the project in step four. Step five involves choosing a strategy to achieve the goal using the previously identified resources. The project plan begins to take shape during step six when the project objectives are established. Also a part of step six, the project activities are designed to accomplish the project objectives. In step seven, the planning team then studies the objectives and activities, identifies any potential challenges to the project's successful completion, and develops a corresponding contingency plan. Step eight then calls for the developers to select a method to evaluate progress towards achievement of the project objectives and goal. After creating an evaluation plan, step nine is to develop a sustainability plan that ensures the project's benefits to the community will continue after the end of project funding. Finally, during step ten, the financial resources required to perform, evaluate, and report on the project will be estimated and a budget established. The final step involves summarizing the project in creating the project abstract.

The formal project development process is both simple and complex. Conceptually, the process is very simple—a progressive narrowing of strategic choices—although it may involve many activities and require an extended period of time. Operationally, the project planning process is far more complex than the project goals, objectives, and activities. Project development is one component of an overall strategic plan designed by a community working toward positive change through a community-based planning process.

## IX. PROPOSAL WRITING

"We must recognize that donors need us as much as we need them if their giving is to be of high caliber. We have too often traded our rights to be accepted and sought to be adopted rather than respected."

—Pablo Eisenberg

### Foreword

This part of the Non-profit Tool Kit is the Proposal Writing Manual. The Proposal Writing Manual is meant to help non-profits obtain the resources to meet the needs of their clients. We have tried to keep it simple and give direction to actually write and submit a proposal. Proposal writing is like proposing marriage. The government, foundations, corporations, churches - all want to give away money or other resources to meet their purposes. Organizations which submit proposals help them do this and need the resources. An important part of a successful marriage and of a successful proposal is a match of purposes and needs.

Proposals should be organic and grow naturally from the mission, vision, values, needs and capabilities of your organization. An outside consultant can be hired to write a proposal but the more organization staff are involved, the better the chance the proposal will be funded, and, more importantly, reach its objectives if funded.

We have broken the Manual into 18 steps. We give a generic outline which you can use to develop a proposal. You can then revise the proposal when you find a source. The parts of the outline correspond to what most funders ask for in a proposal:

- Summary/Abstract
- Introduction (Organizational Profile/Environment)
- Problem/Need
- Goals/Objectives/Outcomes
- Methods (Activities/Management Plan)
- Evaluation
- Budget
- Future Funding/Sustainability

- Organizational Capability/Adequacy of Resources
- Quality of Key Personnel

Each government agency and foundation has a little different set of criteria, but the information in the outline above should be in almost every proposal in some form or other. We hope to remove the fear of writing proposals and to encourage people to try putting proposals together. You can hire a consultant to do the final writing and editing but you can do a lot on your own. Proposals have to have a writer but all stakeholders are important in getting the funding e.g. audits must be done, reports filed, statistics kept, and activities undertaken. The most important thing is to get the proposal submitted; otherwise there is no chance for success. If you are rejected, find out why and try again if it looks like there is still a possibility of getting funded. Proposal writers will tell you that some of the best proposals do not get funded and some that they were not proud of got funded. It is not personal. Using this Manual should help increase your chance of success. So read through it and keep it handy as you develop your own proposal. Good Luck.

The federal government is funding very competitive proposals so you need to read the Announcement, Request for Funding, etc. very carefully and follows the directions. If the directions are unclear, e-mail or call the contact for help. One suggestion is to read this whole Manual before you start. Good luck.

## Step 1: Know yourself

**Organizational Information File/CASE Statement** - In order to write a proposal you need to know what your organization is all about and have the background information for your **Introduction** and **Organization Capability**.

You can put together an organizational information file or profile which is sometimes called a CASE Statement. We suggest keeping it on your computer and updating as things change. Items to be included in the organizational information file include:

- **History** - Describe the history of your organization.
- **Environment** - Tell about the town, region, and geographic area you serve.
- **Mission, Vision, Goals & Values** - List these from your strategic plan.
- **Clients** - Describe who you serve using data, demographics, and anecdotes. Talk about clients' needs.

**Programs/Accomplishments** - List your programs and services and what you have accomplished. If your organization is new tell what your staff and board members have accomplished in previous positions or with different organizations.

**Governance and Administration** - Tell how you are chartered, how the Board is selected, etc. Give a list of Board Members and their qualifications and experience; list top administrators e.g. Executive Director, Business Manager, etc. and their qualifications and experience. Describe your organization's capabilities in terms of personnel, fiscal and procurement, and facilities capacity and management. List previous grants you have had and how successful you have been in meeting objectives, reporting requirements, etc.

**Organization Budget** - Do a budget summary for the previous, current and next year by revenue and major expense categories e.g. personnel, fringe, travel or by program for the whole organization.

**Audited Financial Statement** - Most foundations want a full audit. The federal government does not usually ask for an audit with the proposal but they will require an audit after the grant is funded if the organization's federal expenditures are over \$500,000 per year.

**Funding Priorities** - Make a list of what you need money for with the type of need and amount. Make sure that what you are asking for in the proposal is in these priorities.

**IRS 501 (c) (3) Letter** - This is a letter that shows your non-profit status. It is not a state sales tax-exempt letter.

**Decide on whether you need or want the grant** - Before you start to write ask yourself the following questions: Does the project meet a need identified by Board, staff, or clients? Does the project fit the mission and purposes of our organization? Does the project fit with the organization's strategic plan? Do we have the capacity to carry out the project?

## **Step 2: Introduction**

**Introduce yourself and establish your credibility** - In the organization profile above you should keep ongoing files that document the capability and uniqueness of your organization including accomplishments, statistics, continuing history, individual client success stories, evaluation results, external study results, media articles, quotes from clients, respected community members or others, and results of surveys.

In the **Introduction** you will tell briefly about the geographical area (put a 1/2 page map if you have room), history of your organization, mission, purposes, goals, vision, values, clients, and accomplishments. There is usually no **Introduction** called for in a federal proposal so the information is spread through the **Need** and **Adequacy of Resources/Organization Capability** sections.

### **Step 3: Know what you are talking about**

The government and foundations use readers who are familiar with the subject area, so you need to know about the subject area of your proposal. You can do this by reading successful proposals in your subject area, consulting experts, reading research reports, reading books and magazines in the field, attending workshops and talking to practitioners. Nowadays Googling the subject can provide a wealth of information. Government agencies often have summaries of research and effective practices on their web sites. Be careful to get citations for statistics and quotes you actually use in the proposals. Make sure the information on the Internet is correct e.g. Wikipedia can be opinion and not fact.

### **Step 4: Get input from stakeholders**

Talk to people who have a stake in the project including Board members, fellow workers, elected officials, business manager, community members, and especially the clients who the proposal is intended to help. Clients are the most important. There is a story of the proposal writer that had the great idea to have elementary school students eat with elders at the senior citizens center for lunch. The writer went to the center and the elders said we love children but please do not bring them here since we usually babysit or live with them and lunch is the only time we get to visit with our peers and friends. This might be different in other situations but it illustrates the point to check with specific clients or as the government calls them “targeted populations.”

### **Step 5: Problem/Needs Statement**

**Define and document the problem/need** - You define the problem or need that the proposal will address or solve. Your statistics documenting the problem should go from national to regional to local. Make sure the scope of the problem is something you can do something about. Ways of documenting include statistics from research and the government, the US Census, testimony of experts and the media, quotes from local leaders, anecdotal information about your area, and your own needs assessment survey results. Data should be up-to-date and have citations of where it came from.

Places to do research include <http://www.census.gov> (demographics), <http://www.drugabuse.gov> (alcohol & drug abuse); <http://www.ncjrs.gov> (crime), <http://www.HUDuser.org> (housing); <http://www.childwelfare.gov/> (child welfare), <http://www.kidscount.org> (children), <http://www.omhrc.gov> (minority health).

When writing the Problem/Need Statement define the problem or need in terms of what the project will do or solve, show the need is unmet in your area, talk about the need in terms of clients, relate it to your mission, relate it to the funder's purposes and programs, and match the need into the objectives. The Problem/Need Statement answers the questions:

- Who?
- Where?
- When?
- What?
- Why?

One important point on needs is that a need is not a lack of something e.g. no playground. The need is what the lack of a playground causes or what building a playground will remedy or provide. Children need a safe place to play to prevent injuries from playing in the street or the old trash lot. It is important to show a need but also show that your organization can do something about the need. Be pitiful but cool.

## **Step 6: Look for funders**

Key classifications of funders are the federal government, state government, local government, independent foundations, corporate foundations (who usually give in geographic areas where they have facilities), corporate giving programs (who usually give in geographic areas where they have facilities or stores), churches, individuals, and local community groups e.g. United Way.

Research funders all the time and keep records. Recording funders who will not fund you will save time in the future. Don't feel it is a waste of time. Keep a list of "Not

Good Prospects" so you do not have to keep looking over sources that are not promising. You can Google (<http://www.google.com>) under funding for whatever area you are looking for but this takes time.

In terms of federal funding check the Federal Register each day at [http://www.access.gpo.gov/su\\_docs/fedreg/frcont11.html](http://www.access.gpo.gov/su_docs/fedreg/frcont11.html) (in 2012 the number after **frcont** will go to 12). There is a lot of useless information but learn to go to agencies that might fund what you are trying to do and look under “NOTICES” for “Applications for New Awards,” or similar titles.

You can also go to grants.gov “Find Grant Opportunities” or “New Opportunities This Week.” These will usually give you only 30 to 45 days to submit the grant so you should spend some time researching funding opportunities in your interest area on the actual agency website e.g. hud.gov, hhs.gov, etc. On grants.gov you can go from the “Synopsis” to “Full Announcement” and then usually have to download the application and instructions from grants.gov. We will cover the process of applying in the logistics section. You can also check the Catalog of Federal Domestic Assistance (<http://www.cfda.gov>) for all government programs.

You can spend a lot of time and money looking for foundation funds but here are some simple tips. Go to <http://www.fdncenter.org> and you can get basic info on foundations and then go to the foundation’s web site. Large foundations usually fund national or regional projects. You want to look for foundations in your area especially a community foundation. Another good web site is <http://www.foundations.org/grantmakers.html> .

Each of the Administration for Native Americans Training and Technical Assistance Regional Centers has the Client Application Information Development (CAID) on their websites which provides information about potential funding sources. The websites for the ANA Training and Technical Assistance Regional Centers is below:

- Eastern Region: <http://www.anaeastern.org>
- Western Region: <http://www.anawestern.org>
- Alaska Region: <http://www.anaalaska.org>
- Pacific Region: <http://www.anapacificbasin.org>

The key questions you ask for all funders are: do they fund your type of organization i.e.

Are you eligible? (You must be non-profit for most funders and have an IRS 501(c)(3) letter for foundations). Do they fund in your geographical area? Do they fund the amount of money you need? Does your project fit their purposes and funding programs?

## Step 7: Know your funder

"If you wish to persuade me, you must think my thoughts, feel my feelings, and speak my words."

—Cicero

If the funder looks good you should do follow-up. Most of the information will be on the Internet. For federal programs download the "Synopsis" on grants.gov and the "Announcement" usually in the Federal Register. The actual applications and instructions will be on grants.gov. Go to "Apply for Grants" and put the 5 digit CFDA # (no letter e.g. 14.888) or the Funding Opportunity Number from the "Announcement" or "Synopsis." Make sure to download Adobe Reader (it is free). Anyone can download information from grants.gov and prepare the application but to submit a proposal you will need to be registered with a User Name and Password. This will be covered later in this manual.

Do a proposal log with key information that includes: CFDA #, Funding Opportunity Number, due date and time (usually Eastern Time), contact person and phone number, submission information (whether paper or electronic), checklist or table of contents, and funding criteria. For federal proposals look for budget limits, funding period, whether there is a non-federal match required, special budget requirements such as travel to grantee meetings, competitive priorities that give extra points, and reporting requirements. Look for how many awards will be made since this shows how competitive the grant will be.

Sometimes announcements give a checklist. Either way, make a table of contents and use it as your method of keeping track of what you have to do. Here is a sample of a table of contents but each federal proposal is a little different:

Document Name	Website or Document Name
Application for Federal Assistance (Form SF 424)	<a href="http://www.grants.gov">http://www.grants.gov</a>
Standard Budget Sheet (ED Form 524)	<a href="http://www.grants.gov">http://www.grants.gov</a>
SF424B – Assurances Non-Construction Programs	<a href="http://www.grants.gov">http://www.grants.gov</a>
Disclosure of Lobbying Activities	<a href="http://www.grants.gov">http://www.grants.gov</a>
427 GEPA	<a href="http://www.grants.gov">http://www.grants.gov</a>
Budget Narrative Justification	budnar.pdf

Project Abstract Form	abs.pdf
Project Narrative	narr.pdf
Resumes for Project Directors & Key Personnel	res.pdf
IRS Letter	irs.pdf
Signed Consortium Agreements	agree.pdf

Table 6: Sample Table of Contents

### Project Narrative, narr.pdf

- a. Need for project (5) points.
- b. Significance (10) points
- c. Quality of the project design (15) points.
- d. Quality of project services (15) points.
- e. Quality of project personnel (15) points.
- f. Adequacy of resources (10) points
- g. Quality of the management plan (15) points
- h. Quality of the project evaluation (15) points.

For foundations go to their website and look for “Grants” or something similar. They will usually describe their programs and “How To Apply.” One of the best ways to see if a foundation fits is to look at the actual grants they have funded. For smaller foundations a phone call is not a bad idea after you have looked at their information. Most foundations want a “Letter of Intent” first and then will ask for a full proposal if they want one.

## Step 8: Goals/Objectives/Outcomes

**Set the objectives** - Objectives are what you are trying to do with the grant. They can be 1 year or the duration of the grant. Some people’s objectives are other people’s goals. The distinction is usually shorter time frames and more specificity as follows: Mission-Purposes-Goals-Objectives-Activities-Tasks. The qualities of a good objective are usually called by the acronym SMART: specific (a piece of a larger whole), measurable (you can prove it has been done), attainable (you can actually do it with the money), results-oriented (an outcome, not a process), and time limited.

For Example:

- Increase the sales of iPods by 5% by 12/12

- Have 50 General Equivalency Diploma graduates by 6/13
- Get 100 families signed up for CHIP by 9/14

An example of the differences between Goals and Objectives is in the Proposal Sample at the end of this Manual. Many federal and foundation requests for proposals mix up goals and objectives and activities.

## Step 9: Methods/Work Plan

**Flesh out methodology** - Once you have the objectives you go to the next step which is **Methods**. This part of a proposal is the hardest and hurts the brain. You have to think in a way different than what you do in your everyday job. You have to go from need to objectives to methods to evaluation to budget and make it all fit together. You do not have to do it in order. Some people have an idea and then do the budget first and then work through objectives etc. based on what the money can really do.

Some hints to this process include: jot down ideas and let them rumble in your mind; do a rough summary that you can edit at the end; think about these things as you go about other tasks; look at other proposals both yours and other people's; keep the selection criteria in front of you since the readers will have them; and start writing.

**Methods**, also called "Approach" or "Plan of Operation." "Management Plan"

"Project Design" or "Project Services." The Methodology will include a timetable of activities, personnel list and roles and responsibilities, staff time allocations, explanation of why you chose the strategy, pitfalls and alternatives.

Each agency and foundation asks for the methodology in a little different way. The methodology should flow naturally from the problem and objectives, clearly describe the activities and rationale for choosing them, present a sequence and timeline of activities, describe staffing and duties, and describe clients and client selection.

## Step 10: Evaluation

### Show how you will prove you did it

**Evaluation** is nothing more than proving you did what you said you would through observations, hard data, pre and post tests and/or surveys, case histories, testimonials, and even pictures if the grant is for construction. The evaluation is a plan that will tell what is going to be evaluated, the methods that will be used, how data will be collected and analyzed, who will do the evaluation and what the evaluation report will look like.

There are many terms used in evaluation and here are simple definitions.

- Formative (Process) is done during the course of the grant to monitor progress and make corrections.
- Summative (Outcome) is done at the end of the project to show overall results and outcomes.
- An internal evaluation is done by organization staff and external by an outside consultant.

A format for evaluation report *might* include:

- I. Cover Sheet
- II. Table of Contents
  - a. Executive Summary with Strengths and Key Recommendations
  - b. Introduction
  - c. Evaluation Methodology
  - d. Findings
    - i. Accomplishments by Objectives
    - ii. Outcomes
    - iii. Coordination
    - iv. Significance
    - v. Attachments e.g. survey forms, pre and post test forms.

Evaluation Plan: What questions will evaluation answer? What are specific plans and timeframes? What kinds of data will be collected? When? By whom? Using what instruments? Using what baseline or control group? Who will analyze data? How? If you use a sample how will it be constructed? What procedures will be used to determine whether the program was implemented as planned? Who will do the evaluation? Who will receive the reports?

Some federal agencies and foundations are utilizing a logic model format for evaluation.

We will not attempt to explain the logic model since each federal agency and each foundation uses slightly different definitions. Some elements in most logic models are the following:

- Inputs: resources assembled before program begins e.g. clients, staff, facilities
- Throughputs: methods that employ resources e.g. workshops
- Outputs: immediate results for client from throughputs e.g. number of referrals
- Outcomes: effects on clients' life or societal need e.g. number of seniors staying longer in their homes
- Impacts: longer term benefits to client and/or society e.g. increased quality of life for seniors, reduced costs by not caring in nursing homes

## **Step 11: Budget**

### **Show how you will spend the money**

The **Budget** should be realistic (adequate to meet objectives), consistent (with the methods and activities), and justified (based on prevailing costs). Usually you do a line item budget and then do a budget narrative explaining it.

**Budget:** standard line items for government proposals but can be used for any proposal

- a. Personnel: salaries and wages of employees
- b. Fringe Benefits: percentage of salaries for social security, insurance, etc.
- c. Travel     airfare and per diem for longer trips
- d. Equipment: purchase of items with long useful life and costing over a certain amount per item e.g. \$5000 for most federal agencies
- e. Supplies: office supplies, library materials, software etc.
- f. Contractual: major contracts for goods or services e.g. audit
- g. Construction: construction of buildings or major renovation
- h. Other: utilities, telephone, postage, individual consultants, insurance, local travel and mileage, etc.
- i. Total Direct Costs: all of the above
- j. Indirect Costs: this is overhead based on an approved government indirect cost rate negotiated with a government agency. Most foundations do not give indirect costs so overhead must be put in direct costs

## **Non-Federal Share or Match**

Non-federal costs or matching is the amount the organization must contribute to some grants. It can be a percentage of the total grant (usually) or a percentage of only the federal funds. Depending on the agency or foundation match can be cash or in-kind. Cash is money you actually put in including staff time, rent, etc. In-kind would be supplies, etc. you contribute.

## **Step 12: Future Funding/Sustainability**

### **Show how you will continue the project**

All funders want to fund successful projects, but usually do not want to keep funding them over a long period of time. The continuation of a project depends on the type of project.

Many times the funder will ask how the project will be institutionalized and what resources will be available to keep the project going. In the case of construction projects, funders want to know the effect of the building on the utilities, maintenance and personnel budgets and where the money will come from to pay for these increased costs. Sometimes proof or letters of commitment are required.

Examples of projects and how they might be continued include:

- Construction (maintenance endowment, savings from discontinued use of other buildings).
- Development of a degree (existing staff can teach courses once they are developed, increased tuition from increased enrollment).

## **Step 13: Organizational Capacity/Adequacy of Resources**

### **Prove you are capable**

Show that you can perform the project. Some items to discuss are: facilities, fiscal stability, commitment, systems- fiscal, personnel, property management, experience in dealing with the type of project you are proposing, experience with community, quality of Board, and cultural competence (knowledge of the local culture).

## **Step 14: Key Personnel**

### **Impress with the quality of your people**

Put in resumes if people are already hired, job descriptions/advertisements if not. Many funders limit the resumes to 1 or 2 pages. Resume usually includes education,

experience, honors, and publications. The job description includes Title, Salary Level, Duties and Qualifications.

In the narrative list the names, titles, duties and qualifications of personnel already hired. List the duties and qualifications of staff to be hired. Make sure to align the experience of the staff with the project itself.

## **Step 15: Summary/Abstract**

### **Sum it up**

The Summary or Abstract appears at the beginning of the proposal even though it is written last. It usually includes the name of the organization, address, etc. and the contact information for the proposal. It is then a one or two sentence summary of each piece of the proposal with problem, objectives, methodology, budget, capability, key personnel, and evaluation.

The Summary is brief, clear and, if possible, catches the attention of the reader. It is important to tell what you are asking for since many people do not want to ask and many federal and especially foundation staff say sometimes they read the whole proposal and are not sure what is being asked for. We suggest you put the organization name, amount requested and main goals or objectives of the proposal in the first sentence.

## **Step 16: Send it**

Make sure you check everything before you send. This includes spell check and editing the narratives, adding up the budgets and making sure page numbers correspond to the Table of Contents. Check that the information on the forms is correct e.g. that the DUNS number on the SF424 is correct since if not the proposal will be rejected. Make sure the .pdf version of the Program Narrative has the right number of pages. We have stories and examples of proposals being rejected for too many pages, for being one dollar over the budget limit, and for using the wrong font.

Most government and even foundation grants are electronic now. You can get a waiver of the electronic requirement for the government but must have a good reason and get the request in early.

### **Submitting through <http://www.grants.gov>**

All government agencies are required to use this site to submit applications. The registration information is discussed earlier.

The downloaded application can be viewed with Adobe Reader as a .pdf file. The forms are in the Application and there are spaces for attachments.

The top of the application has:

“Save and Submit” “Save” “Print” “Cancel” “Check Package for Errors”

After you have filled in the forms and attached the attachments you click on “Check Package for Errors.” A box will show what is missing and once everything is present it will say:

“Validation Passed.” You then press “Save and Submit” and a request for your grants.gov User Name and Password will come up. You fill these in and then a page will come up and you hit “Sign and Submit.” It usually takes 5 to 10 minutes to get a confirmation. Make sure to save a copy of the Confirmation and the Grant Tracking Number in it.

The Authorized Organization Representative to whom the User Name and Password belongs will then get 4 e-mails. A report that it has been received by grants.gov, a report that it has been validated, a report that the agency has retrieved it and a report that the agency has reviewed it and assigned a tracking number. You can use the tracking number to see what is happening to your proposal by going to grants.gov and hit “Track My Application.” If you use another AOR’s User Name and Password they will get the e-mails but anyone with the Grant Tracking Number can check the status.

### **Submitting hard copy**

Make sure you get the Chief Executive to sign it. The original means the one with the original signature. Some people sign in blue to identify the original. No matter how many copies are asked for you usually only need one with original signatures.

Make sure to check if the due date is Received By or Postmarked By. Get a Receipt from the Post Office or Fedex to prove the date sent. Make sure to keep a copy for yourself. Agencies often recommend FEDEX or other private carrier for paper.

### **Step 17: Follow up**

For government proposals once you are sure the Agency has received or retrieved your application you will usually have to wait a number of months. Make sure to keep copies of the proposal until you are sure it has been rejected. Even then you should keep a copy of the key pieces such as narrative, budget etc. to help write the next year.

Think about where you will cut the budget if the government wants to negotiate. Begin looking for personnel but do not make commitments. Check the Agency website after a few months to see if awards have been made. After a few months if you have not received a rejection letter or award letter call the Agency contact to ask if awards have been made. Agency personnel will not tell you who has been funded until it is officially announced.

With foundations and other funders call or e-mail a week or so after a Letter of Intent and a couple of months after submission of a full proposal to inquire about the status if you have not heard anything.

## **Step 18: Do the project or try again**

### **If you are funded**

If you are funded, implement the project as well as you can. Follow good grants management policies especially financial management. Keep good records and file timely reports. If matching funds or in-kind were required in the proposal make sure they are documented. Make sure to read the General Conditions and Special Conditions on your Grant Award. For federal proposals you will usually have two contacts, the Program Specialist and the Grants Management Specialist. Keep their phone numbers and e-mails on file and consult as needed. Many federal agencies are going to online reporting with special systems where you have to register, get usernames and passwords, etc. Make sure to do this and that someone is responsible for managing all this.

Emphasize the positive in your reports. Very few projects accomplish everything the proposal promised, but there should be a positive balance for what you did and it should conform as much as possible to the proposal.

### **If you are not funded**

If you are not funded by a foundation or other entity call and ask why. Many times foundations and local funders will send a generic letter that says your proposal was good but they do not have enough funds. The main thing you want to find out is whether it is worth submitting again and what needs to be revised. If there is a chance, revise and submit again. It often takes two or three tries to get funded.

In terms of federal proposals, the government will usually have panels of three readers score your proposal according to the criteria. The rejection letter will give you a process to obtain the readers' scores and comments. Go through these and analyze them. This will give you a starting point to revise and resubmit. You must decide whether it is worthwhile to resubmit. If you decide to, then start right away to work on how to gain the points you lost. Reader's comments can hurt, but be tough

and submit again. There are numerous stories of proposals scoring badly, being revised to fit the comments and being scored lower. There are also numerous stories of proposals being revised and funded the second or third time they were submitted.

"Because writing an original proposal is such a large investment and offers such a valuable learning experience, probably the single most important thing a grant applicant can do is profit from an unsuccessful application."

—Trengo, 1982

## **SIMPLIFIED CRITERIA**

If you are writing a proposal without specific criteria, the following will give you an example of how to evaluate your proposal. You can also use this as a checklist and guide as you write if you do not have an actual Announcement and Criteria to go by:

### **1. Summary/Abstract , 5 Points**

- Includes contact information.
- Tells who you are, what you want and how much money you need.
- Describes the problem and need.
- Describes what you will do about the problem/need: objectives, methods and outcomes.

### **2. Introduction, 10 Points**

- States organization mission, purposes, goals, programs, activities, clients.
- Describes geographical location and environment.
- Provides accomplishments including anecdotes, statistics, quotes, etc.
- Leads to the problem statement.

### **3. Problem or Needs Statement, 15 Points**

- Relates to the purposes of the applicant organization.
- Relates to the purposes of the funder.
- Documents the needs of the client group from a national, state and local perspective with statistics, anecdotes, statement of experts, media articles, etc.
- Leads to the objectives.

### **4. Objectives , 10 Points**

- States outcomes, and not methods or activities.
- Describes the population that will benefit.

- Have objectives that are Specific Measurable Achievable Realistic & Time limited.

#### **5. Method or Approach, 15 Points**

- Describes how you will accomplish objective (s).
- Describes the program activities and rationale for choosing.
- Describes sequence and timeline of activities.
- Describes staffing and duties.
- Describes clients and client selection.

#### **6. Evaluation, 10 points**

- Presents a plan for proving accomplishment of objectives with measures.
- Presents a plan for evaluation and modifying methods during the project.
- Tells who will be doing the evaluation, why and how.
- Describes what data will be collected, how it will be collected and how analyzed.

#### **7. Future Funding, 10 points**

- Presents specific plans to continue the project.
- Describes how project will be funded in the future including fundraising.
- Is accompanied by letters of commitment if necessary.

#### **8. Budget , 10 points**

- Tells the same story as the rest of the proposal.
- Is detailed and clear and contains no unexplained amounts or miscellaneous.
- Follows standard or funder budget line items: personnel, fringe, travel, equipment, supplies, contractual, construction, and other.

#### **9. Organizational Capability, 10 points**

- Shows evidence of a management, personnel, fiscal and property systems.

- Shows adequate facilities' for the project.
- Gives affiliation and experience of the board.

### **10. Quality of Key Personnel, 5 points**

- For people already hired use summary of resume: education and experience.
- For positions to be hired use duties and qualifications (education & experience)

### **TOM'S TOP TIPS**

- Follow directions and write to the funder's criteria.
- Know who you are, be legal, and continuously update organizational profile.
- Know what you want and need; do funding priorities list with fund estimates.
- Gather data all the time and keep good records.
- Recycle proposals both yours and others.
- Look for funders all the time and everywhere.
- Set aside time to write or contract someone well in advance if you want to use a consultant. Make sure to check the consultant's capability and experience.
- Put staff to work gathering statistics, getting letters, etc.
- Do "to do list and calendar" working backward from the proposal due date.
- Keep an annual and 3 year calendar of estimated due dates for proposals especially for current grants that are ending.
- If you are funded, do the work and report on it.
- If you are not funded, get readers' comments or find out why and try again if it looks possible to get funded with another try.

### **REFERENCES**

*Non-Profit Tool Kit Pacific Basin Region:* <http://www.ackco.com>; especially Section VIII Project Development

Grantsmanship Center : <http://www.tgci.com>

Indiana University Center on Philanthropy : <http://www.philanthropy.iupui.edu/>

Seliger and Associates Grantwriting firm : <http://www.seliger.com>

Go to Sample Proposals :

<http://www.umpqua.edu/search?searchword=Proposals&ordering=&searchphrase=a>  
[ll](#)

Foundation Center: <http://www.foundationcenter.org>

"I have never begged a dollar in my life but I have given a lot of people great opportunities to be useful." William Rainey Harper, former President, University of Chicago

"The cause is what I am there for; therefore, I forget myself." Henry Rosso, Fundraising School

## **Sample Proposal (Just something to get you started)**

### **Summary/Abstract:**

The Utopia Youth Club, 400 Main Street, Utopia City, Utopia 99999-9999 Contact: Jose Marti', Executive Director, 34-222-222-2222 [jm@uyc.org](mailto:jm@uyc.org). The Utopia Youth Club (UYC) is requesting \$140,000 for one year from the Nice Foundation to fund a youth program. Our partners are Utopia Chamber of Commerce, Utopia School District #1, and US Navy.

The goal of Project Utopian Living is to provide classes in the traditional flora, fauna, farming, hunting and fishing techniques while using the Utopian language. We also will assist youth to learn to utilize these skills to engage in entrepreneurial activities. The Objective is: 1. Teach at least 100 Utopian youth traditional Utopian hunting, fishing and farming techniques by 12/31/14.

### **Introduction:**

The Utopia Youth Club (UYC) is a 501c3 nonprofit incorporated in 1977 to serve the over 21,000 Utopian people inhabiting the 1,400 square mile island US Territory of Utopia in the southern Pacific Ocean 1,500 miles from Honolulu. The original inhabitants of Utopia were Polynesians who canoed here from further south. The current inhabitants are a mix of the original people intermarried with Portuguese and Japanese who migrated to Utopia in the late 1800s and early 1900s. The main industries of Utopia are farming, fishing and maintenance of a US Army Base. Recently there have been two green tourist hotels built on the island.

The mission of the Utopian Youth Club is to serve youth from 7 to 21 by providing educational, health and wellness, and cultural activities in the Utopian Islands. The vision is happy and health Utopian youth prepared for life with a high school diploma and college degree, a healthy lifestyle and a solid grounding in Utopian culture and language.

UIYC operates a youth center in Celebration, the main settlement of the island, which provides educational counseling and tutoring, wellness and recreation activities including a fitness room, gym and outdoor activities such as hiking and canoeing, and Utopian language and culture classes facilitated by Utopian elders.

UYC has 2,100 members which is 80% of the youth living on Utopia. We have assisted with 77 General Equivalency Diplomas and 140 high school diplomas over the past 10 years. We have had 150 members get postsecondary certificates, AA's or Bachelors. UYC sponsors an annual trip to Honolulu for our culture and dance group to perform at the Polynesian Cultural Center.

**Need:**

The people of the Utopian islands are economically poor but culturally rich. We have a delicate balance of subsistence living and modern economic income. The 2010 US Census shows that 35% of Utopians live below the poverty level. There is a high rate of obesity and diabetes among our adults (63% according to the 2009 US Center for Disease Control Health Statistics Report). Among Utopians over 40 there are 30% who have high school diplomas and 10% who have a postsecondary certificate or degree. Our one high school has a graduation rate of 52% over the past 4 years (Dept. of Education Statistical Report).

Our people have a high rate of substance abuse with over 80% of our families affected by alcoholism. There are only 100 Utopians who are fluent in the language. Our youth are losing the old knowledge of island flora and fauna and agricultural, hunting and fishing techniques.

**Goal and Objectives:**

The goal of Project Utopian Living is to provide classes in the traditional flora, fauna, farming, hunting and fishing techniques while using the Utopian language. We also hope to assist youth to learn to utilize these skills to engage in some entrepreneurial activities. The Objective is: 1. Teach at least 100 Utopian youth traditional Utopian hunting, fishing and farming techniques by 12/31/14. The outcomes will be an increase in the self-concept of Utopian youth through knowledge of their culture and possible sources of subsistence and income.

**Methods/Activities:**

We propose to achieve the objective through the following activities: Hire Coordinator by 1/31/12; Research and identify knowledge sources both media and human in Utopian culture by 2/29/12; Develop outcomes, curriculum and lesson plans by 3/31/12; Hire and train 2 male and 2 female Cultural Mentors by 4/30/12; Set up a schedule and protocol for presenting the sessions by 4/30/12; Select 100 students from UHS by 5/30/12; Hold orientations sessions for students by 6/15/12; Present sessions for 100 students from 6/16 to 8/15/12; Do report and request for continuation to Utopia HS by 10/15/12; Do report to the Nice Foundation by 12/31/12.

**Evaluation:**

The following gives the evaluation by activity. The Evaluation Report will do an analysis and compilation of data to show accomplishment of the objective.

- Hire Coordinator by 1/31/12. Evaluation: Records of hiring, job descriptions, resume, etc.
- Research and identify knowledge sources both media and human in Utopian culture by 2/29/12. Evaluation: Resource list of media and human resources.
- Develop outcomes, curriculum and lesson plans by 3/31/12. Evaluation: Copy of workshops intended outcomes, curriculum and syllabi.
- Hire and train 2 male and 2 female Cultural Mentors by 4/30/12. Evaluation: Hiring records, job description, resumes, and participant training evaluations.
- Set up a schedule and protocol for presenting the sessions by 4/30/12. Evaluation: Copy of schedule and protocol.
- Recruit and select 100 students from UHS by 5/30/12. Evaluation: Copy of recruitment materials; selection criteria; List of students with background demographics.

Hold orientations sessions for students by 6/15/12. Evaluation: Copy of orientation agenda and materials; participant evaluations of orientation.

- Present sessions for 100 students from 6/16 to 8/15/12. Evaluation: Participant evaluation of sessions; Cultural Mentor evaluation of sessions; Participant pre and post tests including demonstrations.
- Do report and request for continuation to Utopia High School by 10/15/12. Evaluation: Copy of report; response of Utopia School Board.
- Do report to the Nice Foundation by 12/31/12. Evaluation: Copy of report; acceptance by Nice Foundation.

## Budget

### A. Personnel, \$93,521

Regular Employees, \$47,521

The Director will be hired at 10% for 26 pay periods. It will take us a month to hire the Coordinator even though we have 3 possible people in mind. This person will work 24 pay periods at 100%.

Title	Salary	%	Pay Periods	Person	Amount
Exec. Dir.	\$53,374	10%	26pp	J. Marti	5,337
Coordinator	\$42,184	100%	24pp	TBD	42,184

Table 7: Regular Employee Costs

Special Employees, \$46,000

We will hire 2 male and 2 female Cultural Mentors from April through September.

The CM's will work from April through September for 10 pay periods.

Title	Number	Salary	%	Pay Periods	Person	Amount
CM	4	\$29,900	100%	10pp	TBD	46,000

Table 8: Special Employee Labor Cost

### B. FRINGE, \$15,471

Regular

UYC has a fringe benefit rate of 30% times salary which includes Social Security, life, health and annuity.

$$\$37,233 \times .30 = \$11,170$$

Special

The IRS considers the CM's employees not consultants so we will pay social security, etc. which comes to .935%.

$$\$46,000 \times .0935 = \$4,301$$

**C. TRAVEL, \$2,000**

Conference, \$2,000

We have put one trip to a directors' conference as required by the Nice Foundation.

We are assuming the conference is in San Francisco, CA.

Airfare: \$750, Per Diem: 5 days x \$250 = 1250

**D. SUPPLIES, \$15,071**

Gas for buses to transport students, \$2,000

Office Supplies for recruitment fliers, etc., \$2,324

Instructional Supplies, \$10,747

UYC has the boats and farm equipment needed. The supply money will be for hand farm implements, fishing equipment, etc. that will be bought from local craftspeople who manufacture them. We will also buy jump drives to put all the instructional materials on. Utopia High School is letting us use their computer lab so students can do the class work there.

**E. OTHER, \$3,600**

Utilities

We will pay \$300 a month for electricity, heat , phone, and internet.

$\$300 \times 12 = \$3,600$

**F. TOTAL DIRECT COSTS, \$121,739**

**G. INDIRECT COSTS (15%), \$18,260**

UYC Indirect Cost rate is 15 %. The agreement was negotiated with the Office of Inspector General of the Department of Health and Human Services in 2010. We figured Indirect Cost on: Direct Costs  $\$121,739 \times .15 = \$18,260$

**TOTAL COSTS, \$140,000**

### **Future Funding/Sustainability:**

The Utopia High School has made a commitment to continue the program through their regular course offerings using the material and protocols developed if the program proves successful. UYC will look for funding from a number of programs to continue the summer workshops.

### **Organizational Capability/Adequacy of Resources:**

UYC has provided services for Utopian youth for the past 34 years. UYC handles over \$1 million dollars in income from enterprises, foundations and the federal government each year. We have a financial, personnel, and procurement system certified by the Department of Defense for grants and contracts. UYC has an annual audit and the 2010 audit found no material findings. UYC has two top administrators and a staff of 12 full time and 20 part time people. UYC has their main administration, wellness center, etc. in a 5,000 square foot build built in 2009 with ARRA funds through an agreement with the Department of Defense.

### **Quality of Key Personnel:**

Staff who will be involved with the project are:

- Jose Marti', UYC Executive Director for the past 7 years.
  - MA in Government, Public Administration emphasis, University Hawaii, Hilo
  - USMC Retired, served for 20 years including the Gulf War.
  - Graduate of Utopia High School 1987
- Anna Magnani, UYC Business Manager for the past 5 years.
  - BS in Accounting, University of San Francisco, CA, 2001
  - Graduate of Utopia High School 1994

### **New positions include:**

<b>Title</b>	<b>Duties</b>	<b>Qualifications</b>
Coordinator		
Cultural Mentors		

Table 9: New Positions

# X. FINANCIAL MANAGEMENT

## I. OVERVIEW

Finance can be defined as the art and science of managing money. Finance is concerned with the processes, institutions, markets and instruments involved in transfer of money among and between individuals, businesses and governments. Organizations benefit when they have a financially knowledgeable staff involved in direct support of the organization's goals. For those who work with federal funds, an understanding of federal financial regulations is a big part of being financially knowledgeable. Knowledge of federal financial regulations, the big picture, allows financial staff to make better financial decisions. In financial administration, "it's not just *how* we do the job, but also *why* we do things that is important.

Organizational success is often measured by the accomplishment of the organization's goals. Successfully managing the financial resources of the organization maximizes the amount and availability of funds to accomplish these goals. Success in the management of the organization's finances is a critical component in the overall success of the organization.

A total financial management system is comprised of three major elements or functions.

- First is the budget process. Budgeting is the appropriating of fiscal resources to accomplish program goals within a single year.
- Second is the accounting of the resources. The purpose for accounting is to identify and report all revenues and expenditures that occur during the current year and to report this information to all interested parties.
- Third is auditing. An audit examines the year's activities to ensure compliance to the regulations regarding how money was expended and if there were proper controls in operation to safeguard these assets.

The Finance Department, as it is called in most organizations, is responsible for the accounting process, or the identification of all monies received and expended during the organization's fiscal year. These receipts and expenditures are compared to the budget, and reported to department directors and administrators in order for them to make corrective decisions on the delivery of services to meet department goals. The monthly revenue and expenditure reports must be accurate and timely in order to provide department decision makers with the information they need. Likewise,

granting agencies also require financial reports to evaluate the progress on meeting the outcome expectations of the grant. Therefore, one of the most important outcomes from financial management is the providing of accurate and timely information for decision-making. This is a critical function.

A knowledgeable and effective finance department will take every opportunity to financially benefit its organization. Since financial administration is the science of managing money – there are many concepts that apply to all organizations that result in accomplishing this goal. Concepts such as cash management, or maximizing the return on slack or idle cash, investing, and competitive bidding to receive the desired service/product at the lowest price are touched upon during this training.

Accountability for fiscal resources is a critical concern for all organizations. Both private and public organizations have audits. They install internal controls and checks and balances to protect their organization's money. All assets whether the asset is cash, materials, fixed or movable must be accounted for and protected. The auditing process includes the evaluation of internal controls as well as stating the financial position of the organization. The auditor's report also displays a listing of any findings the auditor noted during the audit. The audit document is an important source of information to the organization's strategic partners such as granting agencies, banking and financial communities, and potential funders.

## **II. BUDGETING**

Planning is, or should be, a more or less continuous process. This is true of budgeting, particularly in the development of background cost and expenditure data.

### **A. Three Phases of Budgeting**

- Preparation of the budget. The budget should not be prepared until the agency's policies, priorities, and plans have been established. Without clearly stated goals and objectives, financial projections cannot be made nor should budgeting substitute for planning. Approval of the budget should be regarded as a commitment on the part of the governing body and the administration to carry out the policies, respect the priorities, and support the plans that have been translated into dollars through the budget.
- Comparison of the budget to actual results. The second step in budgeting is comparing planned expenditures to actual expenditures. This comparison must be done at regularly scheduled intervals in order for the budgeting process to serve its function as a control tool.

- Reaction to differences between budgeted outcomes and actual outcomes. There are two basic actions that can be taken to variances in actual expenditures from planned; one is to not change anything and the other is to make a change in procedures or approaches.

## **B. Factors in Budgeting**

Budgeting is the method by which an agency translates agency and/or program goals and objectives into the resources necessary to accomplish the goals and objectives. Budgeting is not a hit-or-miss approach. Rather, it involves serious consideration of many factors. These factors include:

- Available Resources - Analysis of available resources involves an identification of what is available in terms of dollars, materials and people. This includes an assessment of human resources, capital resources, and financial resources. If the budgeting process does not assess the three areas of resources available it lessens its ability to achieve the goals and objectives.
- Regulations - The regulations govern programs. The budgeting process must assess the impact that these regulations will have on the allocation of resources to the various line items. If this is not done, the agency will spend unnecessary time forcing expenditures into cost categories or losing payment.
- Scope and Quality of Service and Methods in which services will be provided - One of the most important factors in determining expenditures is the range and quality of services to be provided. This must also include the methods which will be used to provide the service. Rather than just basing the budget on past expenditures, the agency should look at alternative ways of providing the services as part of the budgeting process.
- Volume of Activity - The volume of activity must be analyzed to determine fixed costs and those that are impacted by an increase or decrease in the funding. The agency must establish a base level at which the program can be operated. If this level of revenue is not secured, then the agency will have to generate additional revenue, combine the program with another with similar goals, or refuse the program.
- Cost Elements - The agency will need to determine the types of labor, materials, equipment, and other cost elements required to perform the services and the cost for each.

## C. Types of Budgets

There are four types of budgets which must be developed by an agency. Although most agencies see themselves as having two budgets, individual program budgets and an overall agency budget these two budgets incorporate whether planned or unplanned the four budgets detailed below.

- **Revenue Budgets.** The revenue budget is a summary of the expected revenues to be received by the agency and is often based on previous revenues. Usually budgeting of revenues is the starting point in the budgeting process for many organizations. It is important to consider changes that might occur such as government programs being reduced or expanded, new programs, or the elimination of programs.
- **Cash Budgets.** Cash budgeting is a projection of required cash receipts and cash disbursements for a given period of time.

The cash budget is to ensure that the agency has enough cash on hand. This is not as easy as it sounds because the agency must not violate government cash management regulations, should not have idle amounts in checking accounts, and must also have the internal control procedures in place to safeguard cash. A systematic analysis of the uses of cash for a cash budget always begins with an analysis of the operating budget. The capital budgets must also be reviewed to ensure cash is available for major purchases. This is typically done through conducting cash flow analysis. The cash flow analysis simply reviews the projected expenditures and the timing of the expenditures.

Cash budgets can be prepared for any period of time that fits the needs of the agency. Typically cash budgets are prepared annually with reconciliation monthly or weekly. To make the analysis even more complex it is also necessary to factor in the timeframe of each funding source between request for funds and receipt of funds. Documentation of cash needs over a period of time will assist in preparation of future cash flow projections.

For cash budgets to be successful cash receipts and disbursements must be projected systematically and accurately.

- **Capital Budgets.** Capital budgets are resources set aside for equipment, land, or buildings. If government funds are to be used it is necessary to plan operating expenses in such a manner as to "free up" the resources for the purchase.

If non-restricted funds are to be used, long-term planning decisions are necessary to ensure financing of the purchase. Also, agencies will want to begin

analyzing the "payback" on a capital purchase to ensure that the investment is recovered.

It is important that if the capital purchase is required to perform on-going activities that the agency has done the necessary planning to ensure that resources are available.

- **Expense Budgets.** Expense budgets show where the money should go by focusing on operating, administrative, and other expenses. In preparing the expense budget there are five categories of expenses.  
Variable expenses. A variable expense is one that if the activities increase the expense will increase. Participant training materials are a good example of this.
  1. **Non-variable expenses.** These are the agency's fixed expenses which will not change during a budget period. Rent is a good example of this.
  2. **Semi-variable expenses.** These are expenses that are a combination of both variable and non-variable expenses. Utilities are a good example of this.
  3. **Step expenses.** These are non-variable costs that can be changed by management. One example of this is to hire an outside consultant.
  4. **Other expenses.** There are several costs that do not fit into any of the above categories and have a variety of behaviors. Federal payroll tax and state unemployment tax are good examples of these.

#### **D. Management of Budgets**

Good management requires that funds are used efficiently and effectively, which is simply getting the most for the resources invested. One tool to do this is through proper management of the budgets. In order to do this the agency must compare the planned expenditures with the actual expenditures frequently. As differences between planned and actual expenditures are identified questions should be raised as to what caused the variance. This could be attributed to a number of things:

- **Limited planning information.** Frequently the cost to do a project is inaccurately projected because it is a new activity and the agency does not have historical data to refer to.
- **External factors.** There has been a major cost fluctuation in materials or equipment that was not known at the time the budget was being prepared. New laws or regulations require additional person hours to complete a particular activity.

- Internal factors. There is a position vacancy for a number of months which was not anticipated.
- If there is a variance between planned and actual revenue and/or expenditures the agency should take action to revise the revenue and/or expenditures.

There are basically two ways in which a budget can be monitored.

1. **Line Item Review.** On a periodic basis, preferably monthly, administration and program staff can review the expenditures for each of the line items. In order for this to accurately project progress toward meeting program goals the program level of activity must be factored in to the analysis.

In order to conduct this type of review it is important that a projection of expenditures be done. Many agencies take the total budget and divide by twelve to determine the planned expenditures for each month. Although this will work for fixed costs, for other costs that are impacted by the level of activity it does not work. To accurately project expenditures, the planned level of activity must be taken into account when preparing the projection.

2. **Performance vs. Expenditures Review** – The analysis of the projected costs to perform specific activities of the project vs. the actual costs. In order to conduct this type of review it is important that a projection of the cost to perform specific objectives and/or activities be done. An analysis of the actual cost for the objective and/or activity will then identify if the projections were accurate or if modifications will be necessary to complete the entire scope of work of the project. This will allow the organization to make appropriate adjustments to future activities if there is a variance.

Before the budget can be used as an effective management tool, time and commitment must be given to the preparation, comparison, and monitoring phases of budgeting. Also, administration and program staff must support the budget and adjustments made when necessary.

### III. ACCOUNTING

As previously stated the purpose for accounting is to identify and report all revenues and expenditures that occur during the current year and to report this information to all interested parties. There are four key components for all accounting that are necessary to the financial success of an organization.

## A. Financial Procedures

Financial procedures are documents that form part of an organization's system of financial communications. They instruct people on what to do and how to do it. There are three types: written, prescribed, and standing instructions.

- **Written** means that the know-how contained in procedures is not only in the heads of some knowledgeable people, but is made accessible to all who may have a need to know it or to check their memories; to be sure they know what the agency expects of them.
- **Prescribed** means that what is written is the way the program has decided the work is to be done, how requests are to be presented, how decisions are to be made. Prescription implies official approval and sanction, based on deliberate review and choice.
- **Standing** means that the instruction is to be observed indefinitely into the future—or until the procedure is changed or withdrawn. Whenever the document may be looked at, it is meant to be followed.

Procedure documents can be thought of as being both frontline and end-of-the-line communications. They are frontline when they are used at the point at which service is given, materials are purchased, and reports are compiled; they govern the doing of work. They are end-of-the-line when they include the products of a great deal of planning and decision making. They convert funding source regulations and organization's policies into concrete instructions.

In most positive terms, usable procedures can improve the organization's efficiency and effectiveness. This happens because they help to assure that:

- Staff know what is *expected of them*;
- Staff know what to *expect of others*, in performing the work;
- Programs and staff can, therefore, *interact properly*, reducing the time supervisors must spend on directly coordinating the work;
- *Policies can be complied with*, once they are translated into concrete instructions;
- Agency practices are *uniform and fair*, less dependent on individual whim and prejudice;
- Operating *errors are reduced*, insofar as they stem from staff uncertainties;

- Reliance on *oral instructions is minimized*, as is the time required to give them and the ambiguities they may convey;
- *Standards for evaluation* of work performance-by individuals and sections are available.
- *Know how does not leave* with knowledgeable personnel;
- *Training of new employees* can be more efficient, as oral instruction can be supplemented or replaced by study of written instructions; and
- *Disputes can be settled* by reference to documents.

These are benefits of procedure documents as products. In addition, there can be substantial benefits from a well-managed process of producing them. Such a process of preparation, review, and clearance can help to assure that:

- *work methods are analyzed* periodically for possible improvements and updates;
- changes in methods are well-considered; and
- *staff becomes involved* by contributing their know-how to procedures development and management improvement; they have a chance to display their potential for advancement to higher positions.

If policy/procedure documents are to be effective guides to performing the right work correctly, they must meet certain criteria. Good procedures are:

- *understandable* to all those who are to use them, written in the simplest possible language;
- *unambiguous* in their content, in stating who does what, when;
- *unequivocal* in stating actions and choices;
- *uncluttered* with excess verbiage and subject matter that does not directly instruct people in what to do;
- *detailed* just enough to ensure proper work performance;
- *logically structured*, presenting a straightforward sequence of actions and necessary cross-reference and connections;
- consistent with workers' responsibilities and capabilities;

- consistent with policies, objectives, and capabilities;
- consistent with one another.

One method of writing financial procedures is explained below:

- Staff is listed in the left column; actions are listed in the right.
- A single numerical sequence is used from the start to the end of a procedure. The numbers appear before the action statements (right column).
- The wording is kept terse and direct and the content is limited to the least information needed to instruct the staff.

Additional needed information is provided outside of the procedure itself. The *policy statements* may form a discrete section preceding the procedure. Technical and administrative details may form a discrete section that follows the procedure (or may be handled by reference to other documents).

- If one staff person performs a series of steps, it is not necessary to identify the staff at each step in the left column.
- Each step successively performed by the same staff member may be stated in a separate numbered statement, or several steps may be grouped in a single statement with each action set off by semicolons.
- When alternative actions need to be taken, one first determines which the main action is and which the alternative action is. Determination of the mainline action may be on the basis of:
  - what is the most frequent situation
  - what applies to the cases of primary concerns

Mainline actions are presented in numbered statements in the procedure, while alternative actions are presented in sub statements, indented under the numbered step to which they apply.

In developing procedures there are four components which should be incorporated into each procedure.

- **Purpose.** The purpose explains why the procedures have been developed and when they will be used. The purpose gives a description to staff and to the public

as to why a specific activity is being performed in a specific manner (may be part of the regulations statement)

- **Departmental Responsibilities.** The departmental responsibilities identify the department within the organization and its responsibilities as it is related to specific procedures. This is designed to ensure proper segregation of department duties.
- **Specific Procedure.** This identifies the duties of each individual in relation to the procedures. The written statement should be very specific and logical.
- **Mandated Forms.** This includes required forms used to accomplish the work described in the particular procedure. The use of standardized forms allows for the documentation of activities in a consistent manner. In addition, standard forms will eliminate duplicate work and "reinventing the wheel" each time a particular activity is to be performed.

Procedures express concretely *how* actions are to be carried out, by whom, and in what sequence, so as to make policy operational. Attachment Y provides a Sample Financial Policies and Procedures Manual.

## **B. Cash Management**

Poor cash management is probably the most frequent stumbling block for organizations. Understanding the basic concepts of cash flow will help you plan for the unforeseen eventualities that nearly every organization faces.

Cash is ready money in the bank. It is not inventory, it is not accounts receivable (what you are owed), and it is not property. These can potentially be converted to cash, but cannot be used to pay suppliers, rent, or employees. Cash is what you must have on hand to keep your organization running.

Cash flow refers to the movement of cash into and out of an organization. Watching the cash inflows and outflows is one of the most pressing management tasks for any organization. The outflow of cash includes those checks you write each month to pay salaries, suppliers, and creditors. The inflow includes the cash you receive from funders, donations, and/or social enterprises.

If the organization's cash inflow exceeds the outflow, an organization has a positive cash flow. A positive cash flow is a good sign of financial health, but is by no means the only one.

A "Cash Flow Statement" shows the sources and uses of cash. Operating cash flow, often referred to as working capital, is the cash flow generated from internal operations. It comes from the revenues of the organization and because it is generated internally, it is under your control.

Good cash management is simple. It involves:

1. Knowing when, where, and how your cash needs will occur
2. Knowing the best sources for meeting additional cash needs
3. Being prepared to meet these needs when they occur, by keeping good relationships with funders and donors.

The starting point for good cash flow management is developing a cash flow projection. Smart organizations know how to develop both short-term (weekly, monthly) cash flow projections to help them manage daily cash, and long-term (annual, 3-5 year) cash flow projections to help them develop the necessary capital strategy to meet their organization's needs. They also prepare and use historical cash flow statements to understand how they used money in the past.

Listed below are the ten rules of cash management

1. **Never Run Out of Cash.** Running out of cash is the definition of failure in financial management of your organization. A good financial manager will do what it takes so it does not happen.
2. **Cash Is King.** It is important to recognize that cash is what keeps your organization alive. Manage it with the care and attention that it deserves.
3. **Know the Cash Balance Right Now.** What is the organization's cash balance right now? It is absolutely critical that you know exactly what the organization's cash balance is. Even the most experienced organization will fail if they are making decisions using inaccurate or incomplete cash balances.
4. **Do Today's Work Today.** The key to keeping accurate cash balance in your accounting system is to keep the organization's accounting records current. When you do this, you will have the numbers you need - when you need them.
5. **Either You Do the Work or Have Someone Else Do It.** Here is a simple rule to follow to make sure you have an accurate cash balance on your books. You do the work or have someone else do it. Those are the only two choices you have. The work must be done.
6. **Do Not Manage From the Bank Balance.** The bank balance and the cash balance are two different numbers. Rarely will the two ever be the same. It is incorrect to attempt to manage the organization's cash flow using the bank

balance. It is a prescription for failure. You reconcile the organization's bank balance. You do not manage from it.

7. Know What You Expect the Cash Balance to be Six Months from Now. What do you expect your cash balance to be six months from now? This one question will transform the way you manage your organization. This question really gets to the heart of whether you are managing the organization or whether the cash is managing the organization.
8. Cash Flow Problems Do Not "Just Happen." Many non-profit organizations fail because the organization did not see a cash flow problem in time to do something about it. The key is to always be able to answer the question - what do I expect the cash balance to be six months from now?
9. The Organization Must Have Cash Flow Projections. Cash flow projections are the key to making good financial decisions. It is impossible to manage the organization properly without them.
10. Eliminate The Cash Flow Worries So The Organization Is Free to Do What It Does Best – Provide Services To The Community. The reason you have to make sure you have the cash flow of the organization under control is so that the staff is free to focus on the mission of the organization.

A cash flow projection is just planning the timing of the receipt of cash and the disbursement of cash. It will help you to plan when to make cash draws if you receive government funds and when you will have to secure donations for expenses. Attachment Z provides an example of a cash flow projection.

### **C. Internal Controls**

In accounting and auditing, internal control is defined as a process effected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives. It is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's assets.

Internal Controls are an integral part of any organization's financial policies and procedures. Internal controls consists of all the measures taken by the organization for the following purposes: (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the organization.

Everyone within an organization has some role in internal controls. The roles vary depending upon the level of responsibility and the nature of involvement by the individual. The Board of Directors, Executive Director and Program Directors establish the presence of integrity, ethics, competence and a positive control environment. The Executive Director and Program Directors have oversight responsibility for internal controls within their programs and are responsible for executing control policies and procedures at the detail level within their specific program. Each individual within a program is to be knowledgeable of proper internal control procedures associated with their specific job responsibilities.

Internal controls within the financial system rely on the principle of adequate separation of duties in the workplace. Adequate separation of duties means there are at least two individuals involved with every transaction that has significant financial implications to ensure the transaction is accurate and proper. Ideally, there should be at least two individuals involved with every financial transaction before it occurs to ensure adequate review for accuracy and reduce the risk of impropriety. Separation of duties is considered a preventive control because it prevents an event from occurring rather than discovering the error after-the-fact. The organization's financial system policy and procedures should be designed to allow for this separation of duties by enabling Program Managers to separate the key activities for a transaction between more than one individual.

The key activities for the major types of transactions are:

- Input/Creation, and Approval, for journals, purchase orders, and requisitions in the Finance system
- Input/Creation and Approval for job data and time reporting for the system.

If these key activities for a transaction are split or separated between two or more individuals, you have a strong control environment. However, if these activities are given to one individual who can perform all the key activities of a transaction, then that person is said to be able to perform incompatible duties. In that case, the control environment is compromised and compensating controls must be incorporated to ensure transactions are being monitored for accuracy and propriety.

## **Compensating Controls**

Compensating Controls are less desirable than separation of duties because they generally occur after the transaction is complete (post audit). Relying completely on compensating controls is less desirable than separation of duties because it takes more resources to investigate and correct errors, and recover losses, than it does to prevent them. However, in some circumstances, departments do not have the staff

resources to establish adequate separation of duties, so they have no choice in the matter. In these instances it is important for management to implement controls that compensate for the increased risk. Following is a list of the types of compensating controls a department can implement to address not having adequate separation of duties.

Internal control procedures reduce process variation, leading to more predictable outcomes.

Examples of internal controls:

- Use of purchase orders
- Designated individuals authorized to approve purchase orders
- Two signatures required for checks
- Blank checks kept in a locked restricted area
- Inventory tags for equipment
- Annual reconciliation of inventory
- Petty cash maintained in a locked restricted area
- Segregation of responsibilities for all financial transactions

Internal control will also be evaluated by the external auditors. External auditors assess the effectiveness of internal control within an organization to plan the financial statement audit. External auditors focus primarily on controls that affect financial reporting. External auditors have a responsibility to report internal control weaknesses to the board of directors.

## **D. Accounting for Grant Funds**

While there are many similarities between the private and public sectors, there are also some unique differences. One major difference is when a governmental organization provides grant funds to an organization. The grant funds must be tracked in the accounting system to identify the source and use of the specific grant. If an organization has ten grants each of the grants would have to be tracked separately. This is called fund accounting.

Fund accounting is an accounting system emphasizing *accountability* rather than *profitability*, used by non-profit organizations and governments. In this system, a

fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

Non-profit organizations and government agencies have special requirements to show, in financial statements and reports, how money is spent, rather than how much profit was earned. Unlike profit oriented businesses, which use a single set of self-balancing accounts (or general ledger). Non-profits can have more than one general ledger (or fund), depending on their financial reporting requirements. The organization must be able to produce reports detailing the expenditures and revenues for each of the organization's individual funds, and reports that summarize the organization's financial activities across all of its funds.

Organization's can buy accounting software that is designed for fund accounting or an organization can track each grant award separately through the design and use of the chart of accounts. If the organization chooses to track the revenues and expenditures for each funding source separately through the account designations predetermined in the chart of accounts it requires simply to establish a two, three, or four digit identifier for each grant.

The primary goal of the accounting system is to provide accurate, current, and complete disclosure of all financial transactions by funding source.

## **Financial Reports**

It is important that non-profit Board of Directors members and the organization's key personnel learn the fundamentals of financial statements. Here's a primer to help you interpret the numbers.

Every non-profit organization's financial statements produced for external use should include four parts:

1. A balance sheet (sometimes called a statement of financial position),
2. An income statement (sometimes called support, revenue, expenses and changes in net assets),
3. A cash flow statement, and
4. Explanatory footnotes.

## **The Balance Sheet**

The balance sheet is a snapshot of the organization's financial situation at a moment in time, such as at your year end. The balance sheet shows:

- What you own,

- What you owe — in the form of loans and accounts due to others and sometimes grant or contract money that you have received but not yet fully earned, and
- Your equity or net assets.

The balance sheet lists assets and liabilities in order of liquidity. That is, how quickly they can be turned into cash or will require cash. Net assets consist of the difference between what you own and what you owe, and are broken down into donor-restricted amounts. Donor restrictions can be either temporary or permanent.

## **The Income Statement**

The income statement shows support, revenue and expenses for a set period, such as the most recent month or year. It reports all income the organization received during the year and identifies amounts temporarily or permanently restricted by funders. It also reports income by function as well as your major programs and supporting services, including an important reconciliation of net assets.

You can design the income statement to report your regular operating activities separately from non operating activities, such as investment results.

And comparing the monthly activities statement with your budget can be useful in explaining changes from your original expectations.

## **The Cash Flow Statement**

The cash flow statement reconciles the surplus or deficit to the change in cash balance. For instance, depreciation is an expense in your activities statement but does not require cash. Unpaid revenue you earned and have not yet collected is included in income — but does not increase cash.

The cash flow statement groups cash flows into these types of activities:

- Normal operating activities,
- Investment activities, and
- Financing activities, including loans and repayments.

## **Explanatory Footnotes**

Footnotes are valuable for understanding how the financial statements were prepared. They explain whether the organization follows the cash or accrual basis of accounting. Footnotes provide additional information about:

- Equipment depreciation,
- Loan terms,
- Lease commitments,
- Other potential liabilities, and
- Volunteer services and other contributions.

There are some key things to look for when reviewing a financial statement.

1. The surplus or deficit. Non-profit organizations can have either in any year, but repeated deficits or results that differ greatly from budgets are cause for concern.
2. Timeliness. The date financial information is available depends on your non-profit's complexity and need for outside information, such as invoices from suppliers and reports from investment managers. But in general, information the organization prepares should be available within two to four weeks after the balance sheet date.
3. Program or functional expenses. Expenses should be reported by the function they accomplish. Each major program can be a function. Together these are referred to as program expenses. Operating costs should be classified as management and general. Costs to bring in contributions and donations should be classified as fundraising costs.
4. Ratios. Important ratios that will help you understand financial statements include:
  - Current ratio. Obtain this ratio by dividing current assets by current liabilities. This ratio shows the non-profit's ability to pay its current bills and should generally be not less than 1 to 1.
  - Program services percentage. Dividing program services by total expenses shows what portion of your expenditures you use to provide direct service. Dividing program services by total support and revenue gives insight into how much of your total budget you spend on program services.

The need to be able to read and understand the balance sheet, income statement, cash flow statement, explanatory footnotes, and perform ratio analysis cannot be overemphasized. They are the key to understanding the financial statements.

## Audits

A financial audit, or more accurately, an audit of financial statements, is the verification of the financial statements of a legal entity, with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements.

If a non-profit organization receives federal funds they might have to conduct the Single Audit, also known as the OMB A-133 audit. The Single Audit is an organization-wide audit or examination of an organization that expends \$500,000 or more of Federal funds for its operations. The Single Audit is usually performed annually and the objective is to provide assurance to the US federal government as to the management and use of such funds by recipients such as states, cities, universities, and non-profit organizations. The audit is typically performed by an independent certified public accountant (CPA) and encompasses both financial and compliance components. The Single Audits must be submitted to the Federal Audit Clearinghouse along with a data collection form.

The Single Audit is divided into two areas: Compliance and Financial. The compliance component of a Single Audit covers the study and understanding (planning stage) as well as the testing and evaluation (exam stage) of the recipient with respect to federal assistance usage, operations and compliance with laws and regulations. The financial component is exactly like a financial audit of a non-federal entity which includes the audit of the financial statements and accompanying notes. Depending on the recipient, the Single Audit can be simple and straightforward, or it could be complex and troublesome. This is because there are millions of federal grants awarded each year to thousands of recipients, each with its own independent way of operating. Therefore, the Single Audit differs from recipient to recipient and from federal program to program.

For these reasons, the federal government requires auditors to perform the compliance audit of a recipient with a planning stage and an exam stage. During the first stage, or planning stage, the auditor must study the recipient, determine whether there is a high or low risk that the recipient does not comply with laws and regulations, identify federal programs, and evaluate such programs. The second stage, or exam or audit stage, is where the auditor actually audits the federal assistance and programs.

As part of the Single Audit, the auditor must prepare and submit three individual reports to the organization and to the federal government. The first report is an opinion, or a disclaimer thereof, on whether the organization's financial statements are presented in conformity with US Generally Accepted Accounting Principles, identical to a financial audit's report on a non recipient entity. The second report is about the status of internal controls relative to the financial statements and major programs. The third report is an opinion, or a disclaimer thereof, on the degree to which the recipient has complied with laws, regulations, and the terms and conditions of the federal assistance awards. Following the last two reports, if the Single Audit produced audit findings, the auditor must prepare the Schedule of Findings and Questioned Costs discussed earlier.

#### **IV. FEDERAL GOVERNMENT FINANCIAL REGULATIONS**

The purpose of the Federal financial management regulations is to ensure that government funds are used by governments and organizations efficiently and effectively to provide the services and/or goods authorized by the Federal agency that awarded the funds. They also ensure that the governments and organizations financial management systems provide accurate, reliable, and timely financial information to the Federal government.

The information below is a summary of the federal financial management requirements.

##### **A. Financial Assistance Rules**

- Subpart A – General
- Subpart B – Pre-Award Requirements
- Subpart C – Post-Award Requirements
- Subpart D – After the Grant Requirements

##### **B. Special Restrictive Conditions of Awards**

Defines under what circumstances a grantee or subgrantee will be considered high-risk: history of unsatisfactory performance, financially unstable, management system that does not meet standards, nonconformance in prior awards, or not otherwise responsible.

Awarding agency will provide a written explanation of conditions and corrective action.

## **C. Financial Management Standards**

Financial management systems must meet the following minimum standards:

- Provide for accurate, current, and complete disclosure of all financial activities.
- Maintain records that identify the source and application of funds.
- Maintain effective control and accountability for all grant cash, property, and other assets.
- Compare actual expenditures with budgeted amounts on a periodic basis.
- Determine allowable costs by OMB cost principles, program regulations, and grant agreement.
- Have accounting records supported by source documentation.

Have procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the subgrantee.

## **D. Payment**

The methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee. The methods that can be used are:

- Advances (for grantees and sub grantees that meet standards)
- Reimbursements (when requirements are not met or for construction contracts); and
- Working capital advances (if a grantee or sub grantee does not meet the criteria for advance payments).

Payments cannot be withheld from a grantee unless:

- Grantee has failed to comply with the grant award conditions; or
- Grantee is indebted to the United States Government.

Grantees are encouraged to use minority owned banks. For governmental grantees they may keep up to \$100 of interest earned on advance funds and the additional interest must be repaid to the Federal government. For non-profit organizations they shall maintain advances in interest bearing accounts unless the grantee receives

less than \$120,000 in federal awards per year, the interest is not expected to exceed \$250, and/or the depository requires an average or minimum balance so high that it would not be feasible.

## **E. Allowable Costs**

Allowable costs are detailed in the Office of Management and Budget (OMB) circulars:

- OMB Circular A-87: Cost Principles for State, Local and Tribal Governments
- OMB Circular A-122: Cost Principles for Non-profit Organizations
- OMB Circular A-21: Cost Principles for Institutions of Higher Educations

While many of the OMB circular cost principles are the same in governments and for non-profit organizations, there are some differences:

- The cost principles for non-profit organizations do not address cost allocation plans;
- The cost principles do not address the exact same cost categories; and
- The circular for non-profit organizations addresses the treatment of bid and proposal costs and independent research and development costs, whereas the circular for governments does not.

The OMB Circulars have also been codified in 2 Code of Federal Regulations:

- 2 CFR Part 225: Cost Principles for State, Local and Tribal Governments
- 2 CFR Part 230: Cost Principles for Non-profit Organizations
- 2 CFR Part 220: Cost Principles for Institutions of Higher Educations

## **F. Period of Availability of Funds**

Where Budget Period is specified, a grantee may charge to the award only costs resulting from obligations during the funding period.

## **G. Matching or Sharing Costs**

All contributions, including cash and in-kind, shall be accepted as part of recipient's cost sharing or matching if they:

- are verifiable through records,
- are not counted for other federal programs,
- are necessary for the completion of the project,
- are allowable under the cost principles,
- are not paid by other federal funds (unless approved by statute),
- are provided for in the approved budget, and
- conform to other provisions of the financial management circulars

## **H. Program Income**

Program income is gross income generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.

The methods for treatment of program income include:

- **Addition.** Added to funds committed to the project or program and used to further eligible project or program objectives.
- **Deductive.** Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based.
- **Matching.** Used to satisfy all or part of the non Federal share of a project or program.

Unless authorized by Federal regulations or the grant agreement, program income will be treated as gross program income. Unless authorized, program income shall be deducted from the total allowable costs.

There are no Federal requirements governing the disposition of program income earned after the end of the award period unless the regulation or agreement states differently.

## **I. Audit**

Tribal governments and non-profit organizations are subject to the audit requirements in OMB Circular A-133: Audits of State, Local and Tribal Governments and Non-profit Organizations.

## **J. Revision of Budget and Program Plans**

The grantee is required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions for the following:

- Change in the scope or the objective of the project or program,
- Change in the project director or principal investigator or other key persons,
- The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator,
- There is a need for additional Federal funding,
- Approval required by the cost principles,
- Transfer of funds allotted for training allowances (direct payment to trainees),
- If the award is more than \$100,000 transfer of funds between line items of more than 10 percent cumulatively,
- Extension of time to complete the project, and/or
- Carry forward of unobligated balances to subsequent funding periods.

## **K. Real Property and Equipment**

- Equipment Definition
- Title to Equipment
- Use of Equipment
- Replacement Equipment

The property management requirements include the following:

- Property records must include a description, serial number, source, title, cost, acquisition date, and percent of Federal participation, location, use, condition, and ultimate disposition.
- Physical inventory must be done at least every two years.
- A control system to ensure safeguards against loss, damage, or theft.

- Adequate maintenance procedures.
- Proper sales procedures.

## **L. Supplies**

Title to supplies acquired under an award will vest with the recipient. If the fair market value of the supplies is \$5,000 or higher the grantee must receive disposition instruction from the funding source.

## **M. Procurement**

Grantees must meet the following standards:

- There must be a contract administration system.
- There must be a written code of standards of conduct governing the grantee or subgrantee's employees.
- Procedures that avoid the purchase of unnecessary or duplicative items.
- Grantees are encouraged to enter into State and local inter-governmental agreements for purchasing common goods and services.
- Grantees are encouraged to use Federal excess and surplus property.
- Procedures to ensure awards are only given to responsible contractors.
- Records that detail the significant history of procurement.
- Grantees must settle all contractual and administrative issues arising out of procurement.
- Grantees will have protest procedures.

All procurement transactions must be conducted in a manner providing full and open competition. There must be written selection procedures. The solicitation must also include a clear and accurate description of the service or material being procured. Approved methods of procurement are:

- Small purchase procedures.
- Sealed bids (formal advertising).
- Competitive proposals.

- Non-competitive proposals

Grantees are encouraged to give preference to minority firms, women business enterprises, and labor surplus area firms. There must be a cost or price analysis in connection with every procurement action. Grantees must make proposed procurement technical specifications available upon request by the funding source. The bonding requirements of a grantee will be accepted if the funding source interest is adequately protected.

## **N. Program Reporting**

The grantee must periodically report progress in meeting program objectives. This must include a comparison of accomplishments with planned objectives, explanations of why goals have not been met, and other pertinent information. Performance reports shall not be required more frequently than quarterly or less frequently than annually. Quarterly and semi-annual reports are due 30 days after the completion of the reporting period. Annual and final reports are due 90 days after the end of the project period.

## **O. Financial Reporting**

The financial reports are required as stated the terms and conditions of the award. Financial reports shall not be required more frequently than quarterly or less frequently than annually. Quarterly and semi-annual reports are due 30 days after the completion of the reporting period. Annual and final reports are due 90 days after the end of the project period.

## **P. Records Retention**

Grantees must retain records for three years after submission of the final expenditure report. Records must be retained until action is completed on all litigation, claims, negotiations, or audits. For property and equipment, the retention period starts upon disposition.

## **Q. Close Out**

All federal agencies require a final program and financial reports. The final program and financial reports are due 90 days after the completion of the project. If applicable, the grantee should submit an invention disclosure, and a federally-owned property report. As appropriate, the grantee must make cost and cash adjustments.

## **V. OMB Cost Principles**

45 CFR part 92 and 74 requires grant recipients to follow the OMB cost principles contained in OMB A-87 for governments, OMB A-122 for non-profit organizations

and OMB A-21 for institutions of higher education, which set forth the principles for determining the allowable costs of programs under grants, contracts, and cooperative agreements with the federal government.

The cost principles address four major areas:

- Basic Guidelines for Costs
- Cost Allocation Plan
- Indirect Costs
- Allowability for Selected Costs

### **A. Basic Guidelines for Costs**

Costs are allowable if they are necessary and reasonable, not prohibited under state, local, or tribal laws, conform to laws and regulations, given consistent treatment, comply with generally accepted accounting principles and are not included as a cost under other federal programs.

Allocable costs assigned must be in proportion to the benefits received, cannot be shifted to overcome deficiencies in other programs, and must be supported by a cost allocation plan.

Applicable credits are to be used to reduce expenditures applicable to a given grant.

The total cost of a grant program is comprised of the allowable direct and allowable indirect costs less applicable credits.

### **B. Cost Allocation Plan**

Cost allocation plans are addressed in OMB A-87 and, although not specifically addressed, the same basic principle is discussed under direct costing of indirect costs in OMB A-122.

Costs incurred by an agency in connection with programs are eligible charges against grants and contracts, whether incurred by the program itself or another program which provided supportive services to the program, provided the costs are necessary for the efficient conduct of the grant or contract.

The costs principles are the federal regulations which must be followed to ensure that federally assisted programs incur costs in a manner in which each program

pays its fair share of costs recognized under these principles, except where restricted by law.

Costs can be shared within the same funding source as well as between funding sources depending on the specific requirements of each funding source.

A cost allocation plan documents the methods and procedures used to identify, accumulate, and distribute allowable costs in a consistent and equitable manner to services provided. The cost allocation plan should be approved by the designated representative of the agency or the governing body. All costs allocated by the plan must be supported by formal accounting records that substantiate their propriety. The cost allocation plan links the accounting records and the reported expenses of the tribe or native organizations.

The cost allocation plan should contain, but not necessarily be limited to, the following:

- The nature and extent of the activities provided and their relevance to the contract service.
- A list of the expense items to be charged to the service.
- The methods to be used in distributing the costs.

### **Development of Cost Allocation Plan**

The complexity or simplicity of a cost allocation plan depends on the type, size, and number of programs and activities of the tribe or native organization. The steps in preparing a cost allocation plan include:

- Identify the service and costs for each service to be allocated.
- Determine the method (unit) for allocating the costs of each service to user programs.
- Allocate costs to user programs mathematically.

The following supporting information would be a part of a cost allocation plan.

- List of grants, contract and agreements.
- Agency organizational chart.
- Job description – for each general and administrative staff person.

- Work sheet for each individual showing personnel and non-personnel costs, chargeable hours and calculation of that employee's billing rate.
- Summary of non-personnel general administrative costs and allocation to each general and administrative position.
- Copy of the previous audit report supporting the total general and administrative costs used in these calculations.
- Copy of the time sheet form, which will be used by general and administrative staff.
- Copy of the monthly billings summary form that will be used to invoice each program.
- Space cost allocation for each property.

### **Indirect Costs**

Indirect costs are those incurred for a common purpose benefiting more than one program and not readily assignable to the program specifically benefited. All indirect costs must be negotiated with a cognizant agency. The cognizant agency is the federal agency responsible for negotiating and approving indirect cost rates on behalf of all federal agencies.

An indirect cost rate is the rate between total indirect expenses of the agency and some direct cost base. This includes either direct salaries and wages or total direct costs exclusive of capital expenditures. The rules for indirect costs are delineated below.

- Indirect costs are shared costs, to be distributed by an indirect cost rate, which must be grouped into one or more equitable cost pools to determine appropriate rate(s);
- A formal indirect cost proposal must be submitted and approved. Once approval is granted, charges can then be distributed by means of an indirect cost rate;
- Application of indirect cost rates must be supported by formal accounting records available for auditing;
- Indirect costs (or administrative costs) are no different than direct costs in that they have to be allowable under the federal government cost principles.

### **Types of indirect cost rates:**

- Predetermined rate – negotiated, usually for one year and not subject to adjustment.
- Fixed rate with carry forward – adjusted in future period.
- Final rate – not subject to adjustment.
- Provisional rate – temporarily subject to adjustment.

### **Cognizant Agency**

The indirect cost rate must be negotiated with the appropriate agency. If negotiating with a federal agency then the various federal funding agencies have agreed among themselves that one of them will act as a representative of all of them in dealing with a given grantee. That agency will then become the cognizant agency for the grantee.

The cognizant agency approves a grantee organization's indirect cost rate proposal on behalf of all federal agencies. Once the cognizant agency approves the rate, it is also to be accepted by all the other agencies. However, the federal agencies are not required to accept the rate.

### **Allowability of Selected Costs**

The charts on the following pages are a quick reference to specific items of cost and identify if the cost is allowable or allowable with approval of the grantor agency.

It is important to review the complete OMB A-87, A-122, or A-21 for specific costs. The OMB Circulars are available at:

[http://www.whitehouse.gov/omb/rewrite/circulars/a087/a97\\_2004.html](http://www.whitehouse.gov/omb/rewrite/circulars/a087/a97_2004.html)

[http://www.whitehouse.gov/omb/circulars\\_a122\\_2004](http://www.whitehouse.gov/omb/circulars_a122_2004)

The chart identifies if the specific item of cost is addressed in OMB A-87 or OMB-A122 and if the cost is allowable, allowable with approval, or not allowable.

Example: Advisory Councils: Advisory Council costs are addressed in OMB A-87 and not in OMB A-122. The costs are allowed for Tribal Governments.

If a cost is not discussed in the circular that pertains to the ANA project please talk to the ANA program specialist or OGM grants specialist about the allowability of the cost.

Cost Category	A-87 State & Local Governments	A-122 Nonprofit Organization	A-21 Educational Institutions	Allowable	Allowable with Approval	Not Allowable
Accounting	X			X		
Advertising – Read Allowability	X	X	X			
Advisory Council	X			X		
Alcoholic Beverages	X	X	X			X
Alumni Activities			X			X
Audit Services	X			X		
Automatic Data Processing	X				X	
Bad Debts	X	X	X			X
Bid and Proposal Costs (reserved)		X				
Bonding Costs	X	X		X		
Budgeting	X			X		
Building Lease and Management	X			X		
Civil Defense Costs – Read Allowability			X			
Commencement and Convocation Costs – Read Allowability			X			
Communication Costs	X	X	X	X		
Compensation for Personal Services	X	X	X	X		
Contingency Provisions	X	X	X			X

Contributions	X	X				X
Deans of Faculty/Graduate Schools			X	X		
Defense and Prosecution Read Allowability	X	X				
Depreciation of Use Allowance	X	X	X	X		
Disbursing Services	X			X		
Donations		X	X			X
Employee Morale, Health and Welfare Costs and Credits	X	X	X	X		
Entertainment Costs	X	X	X			X

Table 10: OMB Cost Principles – Selected Items of Cost

Cost Category	A-87 State & Local Governments	A-122 Nonprofit Organization	A-21 Educational Institutions	Allowable	Allowable with Approval	Not Allowable
Equipment and other Capital Expenditures	X	X	X		X	
Executive Lobbying Costs			X			X
Fines and Penalties	X	X	X			
Fringe Benefits	X	X	X	X		
General Government Expenses	X					X
Goods/Services for Personal use		X	X			X
Housing and Personal Living Expenses		X	X			X

Lobbying	X	X	X			X
Idle Facilities and Idle Capacity	X	X			X	
Independent Research and Development (reserved)		X				
Insurance and Indemnification	X	X	X	X		
Interest, Fund-Raising, and Investment Management Costs – Read the Regulations	X	X	X			X
Labor Relations Costs		X	X	X		
Legal Expenses	X	X		X		
Losses on Other Awards	X	X	X			X
Maintenance and Repair Costs	X	X	X	X		
Materials and Supplies	X	X	X	X		
Meetings, Conferences	X	X		X		
Memberships, Subscriptions and Professional Activity Costs	X	X	X	X		
Motor Pools	X			X		
Organization Costs		X			X	
Overtime, Extra Pay, Shift and Multi-Shift Premiums	X	X		A-87	A-122	

Page Charges in Professional Journals		X		X		
Participant Support Costs		X			X	
Patent Costs		X	X	X		
Payroll Preparation	X			X		
Pension Plans	X	X		X		

Table 11: OMB Cost Principles – Selected Items of Cost

Cost Category	A-87 State & Local Governments	A-122 Nonprofit Organization	A-21 Educational Institutions	Allowable	Allowable with Approval	Not Allowable
Personnel Administration	X			X		
Plant Security Costs		X		X		
Preagreement Costs			X			X
Pre-award Costs	X	X			X	
Professional Costs	X	X	X	X		
Profit and Losses on Disposition of Depreciable Property or Other Capital Assets	X	X	X	X		
Proposal Costs	X		X		X	
Publication and Printing Costs	X	X		A-87	A-122	
Rearrangement and Alteration Costs	X	X	X		X	
Reconversion Costs	X	X		X		
Recruiting Costs – Read Allowability		X	X			
Relocation Costs – Subject to Limitations		X		X		
Rental Costs	X	X	X	X		
Royalties and other costs for use of patents and copyrights		X		X		
Scholarships and Student Aid Costs			X	X		X
Selling and Marketing			X			X
Severance Pay	X	X	X	X		

Specialized Service Facilities		X	X	X		
Student Activity Costs			X			X
Taxes	X	X	X	X		
Termination Costs		X	X	X		
Training and Education Costs	X	X		X		
Transportation Costs	X	X		X		
Travel Costs	X	X	X	X		
Trustee Travel and Subsistence		X		X		
Under Recovery	X					X

Table 12: OMB Cost Principles – Selected Items of Cost

Financial management is an important part of every successful organization. Proper financial management increases the success of every organization. While financial management may focus upon numbers, its outcome results in better services to individual community members.

# **XI. DEVELOPING A STRATEGIC PLAN**

## **I. INTRODUCTION**

Planning is a powerful tool. Planning should be a motivator. Planning should lift our vision from the everyday problems to the expected outcomes. Planning is a way of assuring teamwork by indicating the job required from each team member in support of the whole. A plan is a map that makes the organization more efficient and more effective by focusing the organization's energy and resources on the organization's goals and outcomes.

Planning should not be a reason for inaction, e.g., "Wait until the strategic plan is done and then we can do that." Planning should not take so much time to do that when the plan is done it is already obsolete. Plans should not belong to a consultant with a process or formula that doesn't fit the organization. Plans should not be allowed to become a collection of nice words with no effective measurements.

Planning enables us to keep in mind that we cannot do everything. Planning helps us make decisions about what we have to do, should do, want to do and should let go of. Planning also helps us take seemingly unreachable aims and break them into doable chunks. Planning helps us do what we can and helps us avoid letting what we cannot do stop us.

One idea to keep in mind for planning is that it is sometimes practical to develop plans for multiple time frames at the same time. You can work back and forth between a mission statement, a ninety day plan, a one year plan, and a five or ten year plan. Each plan is strengthened by the discussion and content of the others and the organization's overall plan can become stronger than the sum of its parts.

This manual is designed to help you choose the right planning process and format for your organization. The manual provides guidance and suggestions to enable you to develop plans from the strategic level, the organization's mission, to the operational level, what each staff and board member does each day.

There are many names for pieces of plans and this manual defines these pieces. This manual also defines the differences between goals and objectives and activities even though one person's goals may be another's objectives.

Many federal agencies and foundations are now talking about logic models which add the words input, output, outcome, etc. Federal agencies are also governed by the Government Performance and Results Act which set global goals for the agencies that are often difficult to translate into local goals. Thus when writing

proposals or plans or reporting using logic models you need to decide what makes the most sense for your organization.

The goal of this manual is to assist you to do a plan that works for your organization. Good luck.

The organization of the manual uses the following outline that goes from general to specific:

- *Strategic: Mission and Purposes/Vision/Core Values-Philosophy/Outcomes for Clients/Strategic Goals/ Performance Indicators Strategic Objectives/Strategies/Annual Objectives.*
- *Organic Implementation of the Plan: Communication/Action Planning /Work Expectation Forms /Monitoring & Evaluation/Reporting/ Celebration*

## A. Why Plan?

**We plan to:**

- **Meet external requirements.** Many organizations only plan to meet external requirements imposed by funders or accrediting groups. If you are required to do a plan you should make the best of it and have the plan be real and effective for your organization. Sometimes you need to translate the plan done for a funder into an organic plan that makes sense for your organization to implement.
- **Give ways for Board, stakeholders, clients, and staff to keep score and monitor progress.** The plan should be utilized in everyday work as well as reported on regularly to the Board and public.
- **Maintain strengths/address concerns.** The plan not only helps address problems and needs of the community but also helps address issues of organizational health. It is important when planning to not only look at the negative but plan to maintain the strengths of both the community and the organization.
- **Balance top down and bottom up decisions.** Planning is a way to involve everyone in decisions and make sure all angles are considered. It keeps the organization based in reality from many perspectives.
- **Focus vision, priorities and resources to deal with uncertain future.** The plan sets high standards and stretching goals but helps to focus time, human resources, funds, and facilities to reach them.

- **Motivate all stakeholders to commit and work toward same goals.**  
Organizations are teams and plans help board, staff and clients to work together for common purposes. The plan, especially the organic implementation component should help stakeholders know their roles and tasks and why they are doing them.

**Plans:**

- Give a sound understanding of current capacity.
- Incorporate uses of technology.
- Update demographics.
- Foster innovation and change.
- Incorporate history and heritage.
- Identify resources including financial, human and facilities.
- Lead to financial development.
- Set up ongoing improvement processes.
- Allow for evaluation based on evidence and data.

**B. Strategic Plan Outline**

- I. Strategic Plan
  - a. Executive Summary
    - i. Introduce organization
    - ii. Explain process used to develop the plan.
    - iii. Summarize the plan.
  - b. Needs Assessment
  - c. Mission and Purposes
  - d. Vision
  - e. Core Values
  - f. Philosophy/Guiding Principles
  - g. Outcomes for Clients

- h. Strategic Goals
  - i. Performance Indicators
  - j. Strategic Objectives
  - k. Strategies
  - l. Annual Objectives
- II. Organic Implementation of the Plan
- a. Communication
  - b. Action Plans
  - c. Work Expectation Forms
  - d. Monitoring and Evaluation
  - e. Reporting
    - i. Monthly Reports
    - ii. Quarterly, Semi-annual, or Annual Reports to funders, the Board and the community.
    - iii. Annual Review of Progress/Annual Objectives for Following Year
  - f. Celebration (getting the news of success out to everyone)

### **C. Process**

The process depends somewhat on whether you are developing a plan for the first time or revising or redoing a plan.

#### **Doing the Plan**

1. Have direction set by Board and top administration
2. Develop or review mission, purposes, vision and values
3. Do an internal and external scan and needs assessment
4. Have top administration and Board set preliminary goals and strategic objectives
5. Involve staff in developing 3-5 year goals, strategic objectives, strategies performance indicators and annual objectives (for the first year).
6. Have Board approve the plan
7. Do action plans as needed

### ***Consultants/Facilitators***

When using consultants or facilitators to help develop and then write the plan make sure that the Board and top administration maintain control of the process. Dealing with a planning consultant is like dealing with an architect. The architect might want to build the Taj Mahal, either to get a larger fee or to do something great, when you only need an effective, functional office building.

### ***Role of Board***

The Board should be the prime mover behind planning and should support it in their meetings. The Board should set the overall direction, be involved in some planning sessions with staff, approve the actual plan, and monitor the implementation.

### ***Chief Executive Officer***

The CEO should be the main facilitator of the plan. The CEO with the management team can set up a Planning Committee and other committees but the CEO needs to oversee every part of the planning to show that it is important. The CEO can assign a staff member to coordinate but must work closely with that person.

## **D. Needs Assessment**

Needs Assessment (NA) can be detailed or simple. The NA is similar to the gathering and analysis of data for the Need or Problem Statement of a proposal. Needs Assessments can be divided into External and Internal Scans.

### **External Scan (Environment)**

Gather and analyze the following information on your service area:

- Demographics on population, education levels, race, gender, education level, socioeconomic levels, housing, health, crime, etc. in your service area. Good sources for these are the US Census (<http://www.census.gov/>); Kids Count ([www.kidscount.org](http://www.kidscount.org));
- State or Local government plans.
- Catalog of all services and community resources whether governmental, church, etc.
- Geographic data including such as distance between population centers.
- Local school data such as education levels, high school completion rates, reduced price and free lunch numbers

- Information on infrastructure such as transportation systems, sewer and water, etc.
- Review old surveys, studies, news articles, etc.
- Read histories of your area.
- Review the federal policies that affect your area and your services.
- Do community surveys. The surveys should be no more than 2 pages with maybe 30 questions. Resist the tendency to ask too many irrelevant questions since people will want to put things you do not need on the survey. Make sure to get it out to a wide cross section of people through mail, e-mail, door to door interviews, telephone interview, internet, etc. Don't depend only on snail mail to be returned. One way to get returns is to do at a meeting or event where people will already be.
- Review the requirements of current and possible funders and your current grants.
- Google the latest trends or effective practices in your fields of endeavor.

### **Internal Scan (Organization)**

- Grant/contract objectives for current grants.
- Annual Reports to the community and funders.
- Charter and Bylaws.
- Surveys of staff.
- Statistics on accomplishments.
- Financial audit.
- Catalog of Resources:
  - Space both rental and owned.
  - People number and qualifications of staff, salary levels, workloads, attendance, professional development needed, etc.
  - Budget including income and expenses.

- Technology including hardware, software, and staff expertise.
- Staff meetings or focus groups on interpersonal relations, etc.
- Review of Board minutes.
- Have administration do review of actual organizational culture e.g. timeliness, cleanliness of facilities, willingness of staff to do extra, etc.
- Do a review of policies.

Some organizations like to do a SWOT (SPOT) Matrix. It is suggested to use an external facilitator for this process. It consists of bringing staff, board and representative clients together to discuss and list the following:

- Strengths: current organizational capabilities, skills, resources, reputation, and recent successes
- Weaknesses: current organizational weaknesses, difficulties, gaps, shortcomings, issues or anything that seems to be getting in the way success or continuous improvement
- Opportunities: specific activities, initiatives, and projects that could benefit the organization by building on strengths, by solving problems or by creating new services and/or products in the near future
- Threats: possible future developments that could impede undermine or end the organization. Focus on potentially disastrous developments since these need to be dealt with while still small.

Do not attempt to solve the problems during this activity, just brainstorm, identify, discuss, define and list. Then you can use a system of dot voting to prioritize where you give everyone 10 votes (usually use colored sticker dots) and they can put the number of dots they want to show priority of the item. Do the dot voting for each of the 4 Areas.

The following methodology can be used in the needs assessment phase and also in evaluation of the Plan progress. It is the basis for many of the logic models that the government and foundations are using for planning and evaluation. If you think it is too detailed or does not fit your organization that is fine.

Carter-Richmond Methodology<sup>©</sup> Nine Key Questions for Measuring Performance

1. How many clients are you serving?
2. Who are they?
3. What services do you give them?
4. What does it cost?
5. What does it cost per service delivered?
6. What happens to the clients as a result of the service?
7. What does it cost per outcome?
8. What is the value of a successful outcome?
9. What is the rate of return on the investment?

## **E. Strategic Plan Definitions and Suggestions**

These are definitions and suggestions of each part of the Strategic Plan. A sample of each piece is in the Sample Plan at the end of the manual.

### **Mission**

This is the basic reason the organization exists. It is usually a rewording of the Purposes from the Charter or Constitution. A good rule of thumb is that the mission not be more than 25 words. Mission statements should be motivating but should also limit or focus the organization. The mission statement should name the organization and state its major areas of interest, clients and service area.

### ***Suggestions***

If you already have a mission, a group of Board representatives, administrators, and client representatives can meet to discuss and define every word of the mission. Some people say this is just semantics, which is true, but the organization needs to understand each word of the mission. The best way to do this is to use a facilitator, whether from inside the organization or outside the organization, project the mission on a screen and go through every word making changes and notes as you go.

If you do not have a mission you can follow the same process but start with the Purposes from the Charter or Constitution.

### **Purposes**

Purposes are a further way of defining the mission. Sometimes they are called ongoing goals.

### ***Suggestions***

Take each outcome of the mission and make it into an ongoing goal e.g. assure all Utopian youth finish high school.

### **Vision**

This is a statement of what your organization will look like at the end of the Plan. Some organizations make this a slogan and other flesh out what the outcomes will be. The vision is what is sometimes referred to as the compelling message. The Vision can be a short motivating statement of one sentence or a longer statement showing what you want the organization to look like at the end of the five years.

### ***Suggestions***

Go through the vision and try to sum up what you want at the end of the plan period or how you want the organization and your clients to be at the end of the plan period. If you already have a Vision the same group that worked on the Mission can review the vision projecting it on a screen, discussing and defining each word.

### **Values**

These are statements of basic principles the organization will run by. Many indigenous organizations use their traditional values. It is a good idea to include a short definition of the value and relate the value to the present day and the organization.

### ***Suggestions***

Keep the values to seven at the most.

### **Philosophy/Guiding Principles**

These are related to values but some organizations use this for rules of operation. This is sometimes called Guiding Principles and shows how values will be implemented.

### ***Suggestions***

Take each value and give an example of what your organization will do or how you will act to follow the value.

### **Client Outcomes**

Many organizations fail to do client outcomes and therefore are at the whim of outside agencies. The Outcomes should come from what the community wants. These can also be called results or benefits.

### ***Suggestions:***

Look at your mission and purposes and state what will happen for your clients as a result of what you do e.g. Utopian youth will be fluent in the language by the age of 21.

### **Goals**

These are overall outcomes to be achieved by the end of the plan.

### ***Suggestions***

Goals can be any length but three to five years makes sense in the fast changing world.

### **Strategic Objectives**

These are the objectives for the duration of the plan under each goal.

### ***Suggestions***

Strategic objectives do not have to have numbers but they need to be as specific as you feel comfortable making them.

### **Performance Indicators**

These are specific ways to measure achievements. They usually are done for Strategic Objectives.

### ***Suggestions***

This is where you put actual numbers. If you feel comfortable you can put these in the Strategic Objectives themselves.

### **Strategies**

These are ways that Strategic Objectives can be attained and are used to develop Annual Objectives throughout the life of the plan.

### ***Suggestions***

List possible courses of action to achieve each Strategic Objective. Pick which strategies you will do in a single year and these become Annual Objectives.

### **Annual Objectives**

We suggest Annual Objectives be done each year the month before your program year ends. Some organizations use their fiscal year which can be the calendar year or another time frame.

## **Suggestions**

Annual Objectives should be able to be measured at the end of the year.

## **F. Organic Implementation of the Plan**

### **Communication**

Many plans are done and put on a shelf. It is important to communicate the plan to all stakeholders and to work to keep it alive

### **Keep the Plan Alive**

1. Provide the plan to all employees and Board members and make it available to clients and community. Make available in a number of media e.g. paper, disk, jump drive, internet, etc.
2. Remind everyone about the history and purpose of the plan and their involvement in the development. New Board and staff need to be brought up to speed as soon as possible and have ways of interacting with the plan e.g. Work Expectations Form.
3. Put the plan or pieces of it on every meeting agenda e.g. weekly supervisors, all staff, departments, board, etc. Discuss and argue to make it real.
4. Use the plan to do work products such as Work Expectation Forms, action plans, proposals, etc.
5. Report on the plan e.g. monthly to staff, at board meetings, annually to the community. Agree on what is to be reported and how it is to be reported. Assure the reports are understandable not just pretty brochures.
6. Keep track of the history of the plan including accomplishments and failures in a planning and reporting file.
7. Do annual calendars of planning depending on your program or fiscal year e.g. December give annual report to the Board and do preliminary annual plan, January Board approves annual plan, etc.

### **Ways to Make the Plan Become Real for Everyone**

The following are based on *Made To Stick Why Some Ideas Survive and Others Die* Chip and Dan Heath 2007

- **Be simple**  
Find the core of the idea. Weed out even important ideas to get to the most important.
- **Be unexpected**  
Surprise gets attention. Make people want to find answers and resolve questions of why we are surprised. Break through quick fixes and clichéd responses.
- **Be concrete**  
Concrete language is like life; State things that can be visualized.
- **Be credible**  
Have plan flow from research, data, and trusted experts. Be careful how statistics are used.
- **Be emotional**  
"If I look at the mass I will never act. If I look at one I will." Mother Teresa. Turn beliefs into care to take action. Feelings inspire action. "I'm not just in charge of food service; I am in charge of morale..." Military Chef.
- **Tell stories**  
Stories are told and retold because they contain wisdom. Stories ask people to participate. Anecdotes of how clients' lives were changed can be used in evaluation.

### **Action Plans**

Depending on the complexity of Annual Objectives, Action Plans can be done by departments or components. These include Annual Objective, Activity or Task, Responsibility, and Timelines. These should be done after the Annual Objectives are approved by the Board.

### **Work Expectations Forms**

Each staff member develops Job Objectives, Professionalism/Values Objectives and Professional Development Objectives in terms of their Job Description and the Annual Objectives/Action Plans of their area or work group. The employee negotiates these with the supervisor. The Work Expectations Form is used to let the employee know what is expected. The Work Expectation Form is used for staff support and evaluation by the supervisor.

## Monitoring and Evaluation

### Keep Score

“What gets measured gets done. If you do not measure results you cannot tell success from failure. If you cannot see success you cannot reward it. If you cannot recognize failure you cannot correct it or learn from it” *Reinventing Organizations*

One of the major purposes of a plan is to allow an organization to keep score both of formative elements for monitoring progress and summative elements for monitoring outcomes. Many organizations do more work than they get credit for because they do not keep track and report out data. Good scorekeeping following a plan helps make work enjoyable since staff has a way to win and feel good. Good scorekeeping allows increased feedback which increases quality and quantity of performance. Set performance standards, monitor, and report.

Process and problem solve failures and reward people strategically. Team rewards seem to work better than individual rewards; although it is always a good idea to praise good performance individually.

Methods of keeping score include individual journals (can be on computer) kept by staff members on what they do each day, an institutional data system and discussions of accomplishments at weekly staff/work group meetings with minutes to document

## Reporting

### Monthly Reports

One of the most powerful incentives to get things done is for each staff member to do a short (mostly one page) report each month. The report should include Accomplishment of Plans, Other Accomplishments and Plans for the Coming Month. The key is to tie the Plans for the Coming Month to the staff member's Work Expectations Form and the organization's annual objectives. If the report just says Accomplishments then staff tends to put many activities that are not really pertinent.

### Quarterly, Semi-annual, or Annual Reports to funders, the Board and the community

Each organization can set up a reporting schedule that responds funder requirements and Board directives. These reports should be based on a review and analysis of monthly staff reports and data collection. Reports should be clear, concise and correct. Complicated charts and fancy Powerpoints without explanation are not very effective.

Many federal agencies have complicated forms for reporting. Sometimes these reports do not align very well with what you are actually doing. If this is the case you need to translate the federal reports to terms and formats that make sense to your Board, staff and clients.

### **Annual Review of Progress/Annual Objectives for Following Year**

#### **Celebration**

##### **Internal Newsletter**

Put progress on plan out either by hard copy or on website or both.

##### **Rewards for Staff**

Give staff a half day off, trip, cookout, or other reward when major progress on the plan is made. One suggestion on rewards is to do them for all staff or work groups. Individual awards often have the opposite effect from helping morale and cause jealousy and dissension. If you have a good way of doing individual awards you can keep doing.

##### **Press Releases/Articles/News Conferences**

You can do press releases; request your radio or television station or newspaper to do a story or schedule a news conference for major accomplishments on the plan or to give progress reports to the community.

#### **G. SAMPLE STRATEGIC PLAN**

A copy of the strategic plan template can be found on the following page. This template includes the information you will need to gather to complete your plan. To view a completed template and the strategic plan developed from the template please go to Attachment B and C in the case study.

# Sustainability Strategic Plan

-Template-

Element	Description
Mission	
Vision	

Table 13: Complete Mission and Vision Statements

Value Number	Description
1	
2	
3	
4	
5	

Table 14: List Core Values

History

--

Table 15: Complete an Organizational History

Environmental Element	Description
Internal Environment:	
Strengths	
Weaknesses	
External Environment	
Opportunities	
Threats	

Table 16: Complete an Environmental Analysis

Plan Goals

--

Table 17: Complete Plan Goals

Objective Number	Description
1	
2	
3	
4	

Table 18: Complete Long Term Objectives

Objective Number	Description
1	
2	
3	
4	

Table 19: Complete Short Term Objectives

## Operational Strategies

Complete the following tables to define your Operational Strategies, and the components that are required for success.

Define Objective 1	
--------------------	--

Table 20: Objective 1

Strategic Component	Description
Strategy 1.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 21: Strategy Guid

Strategic Component	Description
Strategy 1.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 22: Strategy Guide

Strategic Component	Description
Strategy 1.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 23: Strategy Guide

Strategic Component	Description
Strategy 1.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 24: Strategy Guide

Strategic Component	Description
Strategy 1.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 25: Strategy guide

Strategic Component	Description
Strategy 1.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 26: Strategy Guide

Define Objective 2	
--------------------	--

Table 27: Objective 1

Strategic Component	Description
Strategy 2.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 28: Strategy Guide

Strategic Component	Description
Strategy 2.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 29: Strategy Guide

Strategic Component	Description
Strategy 2.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 30: Strategy Guide

Strategic Component	Description
Strategy 2.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 31: Strategy Guide

Strategic Component	Description
Strategy 2.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 32: Strategy guide

Strategic Component	Description
Strategy 2.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 33: Strategy Guide

Define Objective 3	
--------------------	--

Table 34: Objective 1

Strategic Component	Description
Strategy 3.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 35: Strategy Guide

Strategic Component	Description
Strategy 3.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 36: Strategy Guide

Strategic Component	Description
Strategy 3.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 37: Strategy Guide

Strategic Component	Description
Strategy 3.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 38: Strategy Guide

Strategic Component	Description
Strategy 3.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 39: Strategy guide

Strategic Component	Description
Strategy 3.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 40: Strategy Guide

Define Objective 4	
--------------------	--

Table 41: Objective 1

Strategic Component	Description
Strategy 4.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 42: Strategy Guid

Strategic Component	Description
Strategy 4.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 43: Strategy Guide

Strategic Component	Description
Strategy 4.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 44: Strategy Guide

Strategic Component	Description
Strategy 4.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 45: Strategy Guide

Strategic Component	Description
Strategy 4.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 46: Strategy guide

Strategic Component	Description
Strategy 4.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 47: Strategy Guide

Category	Description
Recommendations	
Next Steps	

Table 48: The top recommendations for the upcoming year

### Case Study(s)

List and describe successful organizations that resemble your organization, operate in a similar environment, or are accomplishing goals similar to yours. Include organization title, current projects, baselines and benchmarks, success rates, and any other relevant information. Analyze one or several as needed.

Table 49: Peer Study Analysis

## Work Expectation Form

Name: Joe Gamolo

Education Level: BS in Business

Title: CEO

Expectations: From 1/1/12

Years with UYC: 10

To: 12/31/12

**JOB RESPONSIBILITIES/OBJECTIVES** (directly related to the position and plans.

These should be written as specific, achievable, and measurable).

1. Implement Strategic Plan and report to Board quarterly.
2. Schedule audit and schedule meeting for auditor to present audit report to Board.
3. Supervise all employees and do Work Expectations Forms with them by 1/12.
4. Do employee evaluations based on Work Expectations in 12/12.
5. Schedule a review of the UYC Policy Manual and present revised policies to Board in 11/12.
6. Hold monthly all staff meetings to communicate and build morale.
7. Submit at least 5 proposals for funding during 2012.

**PROFESSIONALISM/VALUES OBJECTIVES** (include attendance, attitude, committees, communication, and relations with other employees or constituents, practicing organizational values).

1. Get all trips approved by the Board.
2. Attend Anger Management Seminar.
- 3.

**PROFESSIONAL DEVELOPMENT** (books to read, tapes to view, skills to upgrade, workshops to attend etc.)

1. Attend at least one Proposal Writing Workshop.
- 2.

This form should be filled out and signed only after discussion between employee and supervisor.

Employee Signature:

Supervisor Signature:

Date:

Date:

## References

- Non-Profit Toolkit Pacific Basin Region ACKCO, Inc.
- Page 16-18 Strategic Planning
- Attachment H Strategic Planning Template
- Case Study PTT Strategic Plan
- **Achieving Goals:** <http://www.goalenforcer.com/>
- Problem –Solving: [http://www.managementhelp.org/prsn\\_prd/prb\\_bsc.htm](http://www.managementhelp.org/prsn_prd/prb_bsc.htm)
- *The Game Of Work*, Chuck Coonradt 1984
- *Manager As Warrior*, Tom Allen, SGU Press, 1993
- **Logic Models:** <http://www.wkkf.org/>  
Logic Models are a big deal with some government agencies and some foundations. Logic Models are a way of planning and evaluating. The government is using logic models to keep track of their progress under the Government Performance and Accountability Act (GPRA). The key pieces of the logic model give new names to objectives, etc. some definitions include:
  - Need/Situation/Priorities/Goals/Policies/Objectives: These are the background for the logic model.
  - Inputs: What we invest: staff, volunteers, time, money, research base, materials, equipment, technology, partners
  - Outputs  
Activities: What we do: conduct workshops, meetings, deliver services, develop products, curriculum, resources, and train, provide counseling, assess, facilitate, and work with media  
  
Participation: participants, clients, agencies, decision-makers, customers
  - Outcomes-Impact  
Short term results: learning: awareness, knowledge, attitudes, skills, opinions, aspirations, motivations  
  
Medium term results: action: behavior, practice, decision-making, policies, and

social action

Long term results/ultimate impacts: conditions: social, economic, civic,  
environmental

## **XII. EFFECTIVE BOARDS FOR NON-PROFITS**

### **I. INTRODUCTION**

This Board Manual seeks to assist non-profits with the nuts and bolts of effective board operation. The Board has many key roles but we have summarized them into seven. They are not in a specific order of importance and how you use this manual depends a lot on where your board is in its development. The seven roles are:

1. Develop and implement a strategic plan including determining the mission, vision, values, and client outcomes;
2. Select, support, and review performance of chief executive;
3. Approve and monitor programs and services;
4. Obtain sufficient resources and ensure effective resource management;
5. Develop structure and policies to support attaining of mission and goals;
6. Enhance organization's public image and involve the community;
7. Organize it so board operates efficiently and legally.

These roles have been culled and summarized from over 30 years of working with non-profit boards and from many articles and books on the subject of non-profit management.

#### **1. Develop and implement a strategic plan including determining mission, vision, values, and client outcomes**

Complete instructions for doing a strategic plan are in the Strategic Planning Manual but in this manual we will give suggestions on the Board's role in developing, implementing and monitoring the strategic plan as well as operational and organic plans. The Strategic Plan should focus on client outcomes.

##### **Strategic Plan Outline**

- Introduction/Executive Summary
- Needs Assessment
- Mission and Purposes
- Vision
- Core Values/Philosophy

- Outcomes for Clients
- Strategic Goals 3 to 7 years
- Strategic Objectives 3 to 7 years
- Strategies
- Performance Indicators: ways of measuring progress and outcomes
- Annual Objectives (It is suggested that these only be done for the first year of the plan.)

### **Organic Implementation of the Plan**

- Communication
- Action planning by work groups as needed.
- Work Expectation Forms for each employee (job, professional behavior/values, professional development objectives)
- Monitoring and Evaluation
  - Information Technology System
  - Feedback & Surveys
- Reporting
  - Monthly and Quarterly
  - Annual Review of Progress
  - Set Annual Objectives for Following Year
- Celebration

### **Process**

The process depends somewhat on whether you are developing a plan for the first time or revising or redoing a plan.

### **Doing the Plan**

1. Have direction set by Board and top administration

2. Develop or review mission, vision, and purposes
3. Do an internal and external scan and needs assessment
4. Have top administration and Board set preliminary goals and strategic objectives
5. Involve staff in developing 3-5 year goals, strategic objectives, strategies performance indicators and annual objectives (for the first year).
6. Have Board approve the plan
7. Do action plans as needed

### **Consultants/Facilitators**

When using consultants or facilitators to help develop and then write the plan make sure that the Board and top administration maintain control of the process. Dealing with a planning consultant is like dealing with an architect. The architect might want to build the Taj Mahal, either to get a larger fee or to do something great, when you only need an effective, functional office building.

### **Role of Board**

The Board should be the prime mover behind planning and should support it in their meetings. The Board should set the overall direction, be involved in some planning sessions with staff, approve the actual plan, and monitor the implementation.

### **Chief Executive Officer**

The CEO should be the main facilitator of the plan. The CEO with the management team can set up a Planning Committee and other committees but the CEO needs to oversee every part of the planning to show that it is important. The CEO can assign a staff member to coordinate but must work closely with that person.

## **2. Select, support, and review performance of chief executive.**

### **Select an excellent CEO**

The Chief Executive Officer is often called the Executive Director. This is the person the Board hires to manage and administer the organization. The CEO can put together a management or leadership team but the CEO should be the person responsible to the Board.

There are many books and pamphlets on what makes good leaders and managers. You can pick a set of these and tailor to your organization. One example of a set of skills of a good leader includes:

1. Trustworthy

2. Competent
3. Compelled by the future
4. Enthusiastic
5. Learner
6. Systematically monitor their core score; and
7. Clarify their actions.

If you need someone to clean out a lot of dead wood employees then hire someone tough but realize that very few administrators can clean house and then remain on the job.

Don't just advertise but headhunt. Look for good people within and without your organization. Posting and advertisement is like flying a paper airplane into space and hoping to hit a planet. Ask around about other organizations with good people. If you are looking at someone within your organization be very careful to think about whether you are promoting the person to failure. They may be very competent as a Business Manager or Program Director but may not have the skills to manage the overall organization.

Screen thoroughly. Review applications and resumes. Call references, especially previous employers. Ask for samples of proposals or plans or other items they have written or collaborated on. Once you have narrowed your choices down it is a good idea to have a couple of Board members and maybe another administrator go to where they worked before and talk to a number of people about them. Always remember people do not want to talk bad about people so you need to read between the lines of responses.

When the CEO position becomes open ask why the previous CEO left and review the job description to see if it is still realistic. Review the duties, qualifications and salary level and make changes as needed to the job advertisement. Ask what qualities you want in the new CEO. Talk frankly about what your organization needs at the present time.

The selection of the Chief Executive Officer or Executive Director is one of the most important decisions the Board will make.

### **Support the CEO**

Work at building an effective Board and CEO team by clarifying what the roles of each are and setting up ways of working together. Decide with CEO how Board agendas will be put together. Most Boards have the CEO do it with review by the

Board Chair and input from through the Board Chair. Set up communication methods for Board Members with the CEO. It is important that Board Members and the CEO at Board Meetings structure Board meetings to accomplish specific items of business. Board Members should call the CEO when they hear things that are important enough for the CEO to know or if they have a question on activities of the organization. Some CEO's put out a weekly Board update memo but this takes time. The Board should ask for the CEO's input on important issues before making decisions. The Board should let the CEO do their job. The Board should ask the CEO for a review of Board performance regularly. Some Boards go into executive session one or two times a year to clear the air and talk about Board/CEO relations.

### **Agree on Expectations of Each Other**

Set expectations of key administrators when hired and each year based on the Job Description and Plan through a Work Expectations Form and evaluate using the Work Expectations Form and Job Description. This setting of expectations is very important especially when the CEO is first hired. The Work Expectations Form is basically just a listing of Job Objectives based on key elements of the job description and key objectives for the year, Professionalism/Values Objectives e.g. don't yell at employees, and Professional Development Objectives e.g. complete Business degree.

### **Board Expectations of CEO**

Attend meetings of the Board. Execute policies conscientiously and consistently and give Board input on suggested policy revisions. Assemble and manage staff to accomplish goals and objectives. Supply budget and program reports. Ensure funds are spent within guidelines of budget and according to the organization and regulations of the funder. Assess progress on the plan and report to the Board. Obtain resources. Assist with needs assessment and planning. Solve problems. Keep the Board apprised of important issues between meetings. Assure federal, state and local laws are followed. Use judgment in referring matters not covered by policy. Give complete and clearly understood information in reports. Share in work, blame and credit on difficult issues and conduct official business with Board as a whole, not individual or cliques of Board members. Support Board actions once taken.

### **CEO Expectations of the Board**

Set and live by policies. Give full support of the CEO while they are employed. Refer all employee and personnel issues to the CEO. Refer all client grievances to the CEO. Protect him/her from unfair demands or criticism. Listen to all sides or get enough information before making decisions. Refer problems to the right person.

## **Board /CEO Teaming**

Set clear expectations of each other once a year and give regular updates. Commit to the mission and vision of the organization. Agree on institutional values and model them in action. Share constructive criticism and positive and negative feedback; Process complaints appropriately. Don't surprise each other at Board meetings. Develop trust and dispel fear. Minimize politics. Listen actively, ask questions and keep an open mind. Focus on outcomes and continuous improvement. Tell the truth "This is what I feel or think." Learn together at meetings, retreats, workshops and planning sessions. Realize mistakes are a part of life, forgive and go on. Resolve grievances in a win-win way; Appoint a mediator if necessary.

## **Review Performance of the CEO**

In doing the actual performance review the Board should set time aside to go through the Work Expectations Form of the CEO at a Board meeting at least once a year and then do the expectations for the following year. The meeting before the end of the program year makes the most sense as a time to do this. If the Board holds an annual retreat this can be part of the retreat. The CEO's monthly report to the Board will contain information on the overall performance of the organization but should also include key items from the CEO Work Expectations Form.

Most organizations don't bring in an external evaluator unless there are major problems with the CEO. There is nothing wrong with bringing in an external evaluator every three to five years if the Board thinks it is necessary, but if the CEO is doing a good job it should be evident from the regular reviews. If an external evaluator is brought in make sure the evaluator talks to a majority of staff and not just a few.

Some organizations and external evaluators utilize standard leadership checklists or surveys. These are fine but actual performance of expectations should be the main evaluation material for a CEO's performance.

### **3. Approve and monitor programs and services.**

#### **Make sure the Board understands the different programs and approves changes.**

The Board should understand each program the organization provides and should have a copy of a short abstract giving the program goals, objectives and activities. When major changes to a program are planned the Board should approve them.

### **Approve plans and proposals.**

The Board should approve new programs before they are implemented. If the program is based on a grant proposal the Board should review at least the outline of the proposal and rough budget. Boards should not set up elaborate proposal review systems that inhibit the submission of proposals. The Board and CEO can work out procedures.

### **Review reports to program funders and program evaluations.**

The Board should assure that the performance and financial reports to funders are being submitted as required. The Board can request copies of these reports or just review them as part of the review of the Annual Objectives which should contain grant objectives. If an annual or final evaluation of a program is required by the funder the Board should get a copy of at least the Executive Summary of the evaluation.

### **Have periodic reports from program directors.**

If the organization is large enough to have a number of programs and program directors the Board should get at least quarterly reports on each program. The Board can request directors to be present at Board meetings when they wish. It is usually not necessary for all program directors to attend every Board meeting. Make sure to also get reports on key systems such as fiscal, procurement and personnel.

### **Ask for data in a readable and understandable format.**

Board members need to be brave and speak up if they do not understand data being presented in written reports or Powerpoints. Some staff do beautiful Powerpoints and charts that are not explained or very clear and many people are afraid to ask for clarification since they feel they are the only one not understanding the information.

### **Do periodic client, staff and community surveys.**

Board members tend to hear the negative thoughts of clients and staff members. It is important to do surveys either annually or every few years depending on the situation. The important part about surveys is to keep them to one or two pages (30 questions or so) and make sure the majority of staff and a representative group of clients complete them. If a Board wishes to do community-wide survey, again make sure to get a representative group of responses. Mailing out surveys is the least effective method of getting responses.

#### 4. Obtain sufficient resources and ensure effective resource management.

##### Fiscal Resources

We are not advocating the old non-profit saying about Board, “Give, get or get off,” but Board members can always be on the lookout for resources and assure the organization has an effective development plan. The *Proposal Writing Manual* and the Non-profit Tool Kit go into detail in how to prepare for and develop proposals (see References). The Board should approve the overall concept of proposals but do not set such a cumbersome procedure that proposals do not get submitted.

Depending on the organization CEO’s and program directors write proposals or hire a consultant. This is dependent on the skills and workloads of the organization. If you hire a consultant be careful to check references and track record. Many small non-profits are strapped for cash and ask consultants to write on a contingency basis for a percentage. This is usually not a good idea since you cannot pay them from the grant if it is funded. If your staff cannot write proposals and you don’t have the funds to hire someone then you can ask for pro bono help. If you get a volunteer make sure to check their track record and experience also.

##### Boards need to:

- Be advocates with federal, state and local funders.
- Assure administration keeps on the lookout for funds. Have them do a calendar and schedule of regular funding sources.
- Adopt an annual budget with input from CEO, who should get input from staff that is an income and spending plan for the year.
- Have an annual audit by a Certified Public Accountant and meet with the CPA to go over the Audit Report. You might not understand everything but ask questions especially about findings, questioned or disallowed costs, and compliance issues. Officially accept the audit in Board minutes.
- Set up a Development Plan including:
  1. **The Organizational Information File/CASE Statement** includes background information useful in any fundraising process or proposal development including History; Environment; Mission, Vision, Goals & Values; Clients; Programs and Accomplishments; Governance and Administration; Organization Budget; Audited Financial Statement, Funding Priorities and IRS 501(c) (3) Letter.

In terms of Funding Priorities the Board should spend time on developing and prioritizing what the organization needs. There should be a description and a

budget estimate. The IRS 501 (c) (3) Letter, this is a one or two page letter from the Internal Revenue Service that says you are tax exempt. It is not your local city or state or other government sales tax exemption certificate. All foundations and the federal government require this for grantees.

2. **Funding sources research processes.** At least one staff member should do research on funding sources including grant.gov, the Federal Register, and foundationcenter.org.

Once you know what your Funding Priorities are you can do a more specific search for funds. Do not forget to look locally e.g. community foundations, United Way, military branches, etc.

The process of looking for funds produces more dead ends than results but it is important to keep looking and keep records of the research so you don't reinvent the wheel. The key questions you ask for all funders are: do they fund your type of organization i.e. are you eligible? (You must be non-profit for most funders and have an IRS 501(c)(3) letter for foundations). Do they fund in your geographical area? Do they fund the amount of money you need? Does your project fit their purposes and funding programs?

3. **Proposal development and writing processes.** Whether you do proposals internally or hire a consultant to write all staff should be thinking all the time in terms of developing proposals based on your plan. The key parts to all proposals, although they might be called by different names by different funders include: Summary/Abstract, Introduction, Problem/Need, Goals/Objectives/Outcomes, Methods/Work Plan, Evaluation, Budget, Future Funding/Sustainability, Organizational Capacity, and Quality of Key Personnel.

### **Human Resources**

Develop and follow good personnel policies especially in terms of staff evaluation.

The *Non-profit Tool Kit Pacific Basin* has a sample Employee Handbook with personnel policies. A key is to do and monitor a professional development plan for all staff that focuses on achieving the plan.

### **Facilities and Technology**

A facilities and technology plan includes acquisition, maintenance and staff training. New construction funding is very hard to get. Many times an organization will have to take out a loan and then pay for the building as rent for programs. It is important to use an Architect/Engineer but make sure the Board keeps control. Many architects want to build the Taj Mahal when all the organization needs is a community building.

## 5. Develop structure and policies to support attaining of mission and goals.

### Structure

Set up a system that focuses on client outcomes with quality and equity. The structure is basically set up in the Policy Manual. The structure includes the Board, personnel, financial, operations, organization chart, etc. Use research and effective practice to upgrade structure. Many of our organizational policies are based on copying older structures. This is fine but Boards always need to ask the question “Is this structure and the way we do things still relevant and effective?” This does not mean to just change for the sake of change or to blindly follow someone who says “This organization should be run more like a business.” Non-profits can learn some things from business but the reality is that 75% of businesses fail and that many businesses have enough capital to take care of waste. The Board should definitely look at the concept of social entrepreneurship that helps with change for the better and more responsiveness.

### Policies

Boards are often told that their most important role is to make policy. Policy is a key role but not the only one. Boards also help to interpret policies and deal with situations that no policy covers in concert with the CEO.

Policies are guidelines adopted by a Board to chart a course of action that is broad enough for discretion but specific enough for clear guidance. Policies can be further defined by regulations/procedures and exhibits e.g.

Policy	Regulation/Procedure	Exhibit
Board Statement	Specific Actions	Sample or Form

Table 50: Policy Definition

### Policy Manual

In this day and age it makes sense to use technology to develop and disseminate the Policy Manual. Suggestions for this include putting the Policy Manual on a CD disk or on a jump drive and putting it on the organization’s web site.

### Sample Policy Manual Table of Contents

- I. Board and Governance
  - a. Articles of Incorporation and Bylaws
  - b. Roles

- c. Meetings
- d. Annual Retreat
- e. Policy Making

## II. Operations and Planning

- a. Organizational Calendar
- b. Needs Assessment and Information System
- c. Strategic and Operational Planning Process
- d. Annual Report to the Community
- e. Public Relations

## III. Financial Management and Resource Development

- a. Budget Preparation
- b. Audit
- c. Travel Policies
- d. Fiscal Management System
- e. Proposal Development Process
- f. Monthly Fiscal Reports
- g. Facilities Management

## IV. Human Resource Management

- a. Hiring
- b. Compensation
- c. Orientation
- d. Code of Ethics
- e. Professional Development

- f. Employee Grievance
- g. Job Descriptions and Work Expectations Forms
- h. Evaluation
- i. Work Expectation Forms

## **6. Enhance organization's public image and involve the community**

- Do an Annual Report to the Community based on progress toward the plan
- Provide for Public Comment at beginning of Board meetings
- Publish summary of Board Meetings immediately after meeting
- Use your website
- Assure offices and buildings are clean, safe , healthy and presentable
- Practice your values. (The following is a template that can be used to flesh out the kind of organization you want based on your indigenous values.)

### **The Warrior Organization (*Based on Manager As Warrior, mitom, inc. 1/00*)**

#### ***Wisdom***

- be digital/use e-mail/Google
- recognize chaos theory & connectedness/get out of linear
- look at best practice/learn
- gather and analyze data when appropriate: hourly to annually

#### ***Respect for others***

- make information transparent for all
- build trust/heal hurts
- balance organization and individual needs
- develop people professionally/assure people have means to accomplish job
- give feedback and recognition/define criteria for successful completion

- focus on customers/clients

### ***Fortitude***

- live cultural values/show in behavior
- realize the mission/assure goals are clear to all
- plan strategically and organically
- set clear goals for everyone e.g. Work Expectations Forms
- have a vision but don't be blinded

### ***Bravery***

- act slowly or speedily as needed
- keep score
- spread the news
- reduce written policies
- challenge respectfully

### ***Timeliness***

- know history: build on it and/or fix it
- enjoy the present/improve climate
- act for the future
- do things at the right time
- set up meaningful rituals and keep doing

### ***Generosity***

- think win-win in alliances
- share stuff
- compensate fairly

### ***Respect for the earth***

- use resources wisely
- create a positive environment
- nurture wellness in the individual and organization
- partner with nature

## **7. Organize itself so board operates efficiently and legally.**

### **Board Charter and Bylaws**

Put the Charter or Articles of Incorporation and Bylaws up front in the Board section of the Policy Manual and make sure you follow them or revise them if they are obsolete.

### **Legitimacy**

Follow the Charter and Bylaws especially in terms of eligible members, terms of office and elections. Boards sometimes become inbred and keep the same people on over and over. This may not become an issue until someone gets angry at the Board.

- Make sure elections are legal and recruit good members to run.
- Set up an annual Policy review process for staff and public input and pass new Policy
- Issue Policy Manual each year whether there are changes or not. This will save a lot of confusion trying to figure out which policies are in effect.
- Develop and follow an effective Board Meeting Agenda and use problem solving.
- Use motivational theory to motivate Board, staff and clients to achieve vision.
- Demonstrate a professional code of ethics and values.

### **Duties of Officers**

Most Boards have their officer's roles stated in the Bylaws. Some common roles of officers include:

## **President**

Presides at board meetings, appoints committee chairpersons, works closely with the executive director to guide the organization, and acts as public spokesperson for the organization (but also may assign this responsibility to the executive director), works with the CEO to make meeting agenda and keep the Board on the agenda during meetings.

## **Vice-President**

Presides at board meetings in the president's absence and serves as committee chairperson as appointed by the president. Another role of the VP may be to be a Gatekeeper to assure all Board members get to speak and no one monopolizes the meeting. This is a role that takes tact and respect. Presidents do this sometimes, but it is good to spread the work

## **Secretary**

Maintains the organization's records, takes board-meeting minutes, and distributes minutes and announcements of upcoming meetings to board members. The Secretary on most Boards assigns this to the CEO or Assistant to the CEO. No matter who actually does the work the Secretary should monitor that these things are getting done.

## **Treasurer**

Oversees the organization's financial aspects, makes regular financial reports to the board, and serves as chairperson of the board finance committee. If the board has standing (permanent) committees, the board president appoints committee chairpersons.

## **Committees**

Larger Boards often have committees. Boards can often appoint ad hoc committees to do special tasks e.g. building committee. Committees sometimes include a mix of Board members, staff and stakeholders. Committees' main role is to prepare information for presentation to the full Board. Depending on the work of the organization standing committees can include:

### **Executive Committees**

These are standard groups on some larger boards of directors. Usually the members of the executive committee are the officers of the board. The executive committee may hold regular meetings to set the agenda for the meetings of the full board and to advise the board president, or it may come together on an as-needed basis.

Sometimes an organization's bylaws empower the executive committee to make decisions on behalf of the full board in an emergency or other special meeting.

### **Finance and Development**

Sets revenue goals and supports the generation of revenue by staff and volunteers/Assists the treasurer in overseeing financial reports, making budgets, assuring audit is done. If the organization is doing a capital or large campaign this can be split into two committees.

### **Program and Policy**

Oversees the program activities of the organization. Board committees make regular reports to the full board about the organization's activities in their particular areas. Board officer terms and the number and type of standing committees are written into the organization's bylaws.

### **Orientation of New Members**

Orient new Board members before they attend the first meeting. As soon as they are elected a current member of the Board should meet with them and go over general Board operations. Materials should be given to the new member (either hard copy or electronically. If some of the information is on the organization's web site then refer to that). Materials: Articles of Incorporation and Bylaws, Policy Manual, last 6 months of Board minutes, Organization Chart and Staff List, CEO Job Description and Expectations for the Year, Budget, latest Audit Report, Board Meeting Schedule and Organizational Calendar, Strategic Plan and Annual Plan. The CEO should also meet with the new Board member to welcome them.

## **Meeting Agenda and Minutes**

### **Parliamentary Procedure**

Many Boards state in their Bylaws that they will use Robert's Rules of Order or Modified Robert's Rules of Order to conduct meetings. The full Robert's and even modified Robert's are sometimes complicated and cumbersome. Most Boards develop their own ways of implementing them.

The purposes of Parliamentary Procedure are to: enable the assembly to transact business with speed and efficiency, protect the rights of each individual, and preserve a spirit of harmony within the group. Basic principles are:

1. Only one subject can claim the attention of the assembly at one time.
2. Each proposition presented for consideration is entitled to full and free debate.

3. Every member has equal rights to every other member.
4. The will of the majority must be carried out and the rights of the minority must be preserved.
5. The personality and desires of each member should be merged into the larger unit of the organization.

**Suggestions for effective Board meetings:**

- Prepare an agenda a few days before the meeting. Usually the Board Chair and CEO prepare the Agenda.
- Distribute needed information to the Board members with enough time so they can read them.
- Set time limits on reports.
- Do not accept anything you cannot see or touch.
- Limit Board meetings to 12-14 a year/Some Boards only need to meet Quarterly.
- Define when to go into Executive Session which should only be for sensitive personal material.
- Refer items appropriately to the CEO.
- Make sure motions are read to the group and clearly understood before voting.
- Respect each other by participating, asking questions, listening and considering others' ideas. Do not remain silent in the meeting and then discuss with a clique after the meeting or on break.
- Document the meeting with good minutes. These are the only official record of the Board.

**Minutes**

Minutes only need to contain: Name of Organization, Date and Time, Board

Members Present, Excused and Unexcused, Other Present, Call to Order and Quorum, Reading of Previous Minutes, Financial Report, CEO Report, Other Reports, Old Business, New Business. Minutes do not have to be word for word except for motions made and passed. A sentence or two on items discussed is usually sufficient.

## Board Evaluation

Circle the number that shows your feelings about the Board.

Number	Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	The Board assures the organization has strategic plan based on needs assessment.	5	4	3	2	1
2	The Board has developed appropriate mission, purpose values and goals.	5	4	3	2	1
3	The Board has approved an operational and organic planning calendar and process to assure the plan is owned and implemented by all.	5	4	3	2	1
4	The Board takes the mission and goals into consideration on all policy and budget decisions.	5	4	3	2	1
5	The Board sets clear expectations for the CEO.	5	4	3	2	1
6	The Board assesses the CEO annually based on the agreed expectations.	5	4	3	2	1
7	The Board monitors progress on the Plan through reviewing reports and data.	5	4	3	2	1
8	The Board assures all necessary legal, grant and other reports are filed.	5	4	3	2	1
9	The Board reviews the annual audit with the auditor.	5	4	3	2	1
10	The board receives and reviews timely, accurate and understandable budget reports.	5	4	3	2	1
11	The Board has set a fundraising strategy and plan.	5	4	3	2	1
12	The Board reviews and approved the annual budget.	5	4	3	2	1
13	The Board focuses on long-term policy issues.	5	4	3	2	1
14	The Board recruits members who can strengthen the organization.	5	4	3	2	1
15	The Board orients new members.	5	4	3	2	1

Number	Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
16	The Board clearly defines board and staff roles.	5	4	3	2	1
17	The Board has developed a climate of trust and respect.	5	4	3	2	1
18	The Board has adopted adequate human resources and financial management policies.	5	4	3	2	1
19	The Board has approved and effective marketing and public relations plan.	5	4	3	2	1
20	The Board promotes a positive image of the organization.	5	4	3	2	1
21	The Board models the behavior it wishes from staff and clients.	5	4	3	2	1
22	The Board has succinct meeting agendas focuses on appropriate matters.	5	4	3	2	1
23	The Board has adequate opportunities to discuss issues and ask questions.	5	4	3	2	1
24	The Board assures that policies are followed.	5	4	3	2	1
25	The Board has adopted and follows a Code of Ethics	5	4	3	2	1
26	The Board adopts polices to manage and reduce risks to a manageable level.	5	4	3	2	1
27	The Board has an adequate amount of liability insurance for the organization, Board and staff.	5	4	3	2	1
28	The Board assures it is legal by following its Charter and Bylaws especially in terms of membership and elections or appointments.	5	4	3	2	1

Table 51: Board Evaluation Form

(Based on *Stewards of the Sacred*, published by the Association of Community and Tribal School Boards, 3<sup>rd</sup> Edition, July 2002)

## Individual Board Member Self-Evaluation

Number	Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	Support the Organization Mission.	5	4	3	2	1
2	Understand the Strategic Plan.	5	4	3	2	1
3	Have a good working relationship with other Board members.	5	4	3	2	1
4	Have a good working relationship with the CEO.	5	4	3	2	1
5	Am knowledgeable about organization programs.	5	4	3	2	1
6	Read and understand the financial reports.	5	4	3	2	1
7	Make responsible decisions on the budget.	5	4	3	2	1
8	Focus on long-term and significant policy issues rather than administrative matters.	5	4	3	2	1
9	Attend Board meetings regularly.	5	4	3	2	1
10	Use my skills to further the organization's mission.	5	4	3	2	1
11	Enhance the organization's image whenever I can.	5	4	3	2	1
12	Respect the confidentiality of executive sessions.	5	4	3	2	1
13	Speak for the organization only when authorized.	5	4	3	2	1
14	Suggest items for future Board meetings.	5	4	3	2	1
15	Contribute to discussions at Board meetings and do not sandbag.	5	4	3	2	1
16	Avoid burdening the staff with requests for favors.	5	4	3	2	1
17	Support the CEO to staff.	5	4	3	2	1
18	Make appropriate referrals of staff or client issues.	5	4	3	2	1
19	Find serving on the Board satisfying.	5	4	3	2	1

Table 52: Board Member Self Evaluation Form

(Based on *Stewards of the Sacred*, published by the Association of Community and Tribal School Boards, 3<sup>rd</sup> Edition, July 2002)

## References

### Non-profit Tool Kit Pacific Basin

This Tool Kit contains samples and copies pertaining to many of the areas in this Effective Boards Manual. The companion three Manuals also give directions and samples. The Tool Kit and three Manuals are available from ACKCO. The following tries to give a listing by the topics in this Manual for easy reference:

#### **1. Develop and implement a strategic plan including determining mission, vision, values, and client outcomes.**

##### ***Non-profit Tool Kit Pacific Basin***

- II. Mission Statement , page 2
- VI. Strategic Planning, page 16
- Attachment H. Strategic Planning Template
- Attachment N. Vision Statement Activity
- Attachment O. Needs Assessment Activity
- Attachment P. Assessment of Available Resources Activity
- Case Study: Pa'a Taotao Tano' Strategic Plan

##### ***Strategic and Organic Planning Manual***

#### **4. Obtain sufficient resources and ensure effective resource management.**

##### ***Non-profit Tool Kit Pacific Basin***

- VII. Managing the Non-profit Personnel Policies, page 19-22
- VII. Managing the Non-profit Financial Management, page 23-26
- VII. Managing the Non-profit Partnerships, page 27-30
- VIII. Project Development, page 31
- Attachment J. Sample Budget
- Attachment K. Budget Template
- Attachment L. Identifying potential partners

- Attachment M. Partnership agreements
- Attachment Q. Project Goal Activity
- Attachment S. Project Objectives and Activities Activity
- Attachment U. Project Evaluation Activity
- Attachment V. Sustainability Strategy Activity
- Attachment W. Budget and Budget Justification Activity
- Attachment X. Project Summary Activity
- Case Study C Pa'a Taotao Tano' Employee Handbook
- Case Study D Pa'a Taotao Tano' Financial Procedures Manual

***Proposal Writing Manual***

***Financial Procedures Manual***

**7. Organize itself so board operates efficiently and legally.**

***Non-profit Tool Kit Pacific Basin***

- III. Incorporating the Non-profit, page 3
- IV. Apply for Tax Exemption, page 10
- Board of Directors, page 13
- Attachment B. Sample Article of Incorporation
- Attachment C. Sample Bylaws
- Attachment E. Duties of Board Officers
- Attachment F. Sample Board Minutes
- Attachment G. Sample Resolution
- Case Study A Pa'a Taotao Tano' Application for Federal Exemption
- Case Study E Pa'a Taotao Tano' Articles of Incorporation
- Case Study F Pa'a Taotao Tano' Bylaws

<http://www.boardsource.org>

This website has materials for purchase but also has free information.

*Stewards of the Sacred*, published by the Association of Community and Tribal School Boards, 3<sup>rd</sup> Edition, July 2002).

*Manager As Warrior*, Tom Allen, (Sinte Gleska University Press: Mission, SD)

## ATTACHMENTS

- A. Master Checklist
- B. Sample Articles of Incorporation
- C. Sample Bylaws
- D. Internal Revenue Service Form SS-4
- E. Duties of Board Officers
- F. Sample Board Minutes
- G. Sample Tribal Resolution
- H. Strategic Plan Template
- I. Sample balance sheet, revenue and expense, and changes in cash position
- J. Budget Template
- K. Identifying potential partners
- L. Partnership agreements
- M. Vision Statement Activity
- N. Needs Assessment Activity
- O. Assessment of Available Resources Activity
- P. Project Goal Activity
- Q. Project Approach/Strategy Activity
- R. Project Objectives and Activities Activity
- S. Potential Challenges and Contingency Plan Activity
- T. Project Evaluation Activity
- U. Sustainability Strategy Activity
- V. Budget and Budget Justification Activity
- W. Project Summary Activity
- X. Sample Financial Policy and Procedural Manual
- Y. Cash Flow Projection

## **CASE STUDY: PA'A TAOTAO TANO'**

- A. Pa'a Taotao Tano' Application for Federal Exemption
- B. Pa'a Taotao Tano' Strategic Plan Template
- C. Pa'a Taotao Tano' Strategic Plan
- D. Pa'a Taotao Tano' Employee Handbook
- E. Pa'a Taotao Tano' Financial Procedures Manual
- F. Pa'a Articles of Incorporation
- G. Pa'a Bylaws