
Tools for Running an Effective Nonprofit



**Nonprofit Association
of Washington**



WASHINGTON
Secretary of State

Corporations & Charities Division

Nonprofit Association of Washington

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Tools for Running an Effective Nonprofit

Resources for leaders of small, all or mostly volunteer organizations wanting to learn the basics on how to deliver on your mission

Your organization exists to make a difference. A group of people got together—maybe including you—and founded a nonprofit corporation to tackle an important issue. That corporation is like a car. It has a shape and size, it needs to be registered, and the people in the car matter. You need fuel to propel it forward.

During Tools for Running an Effective Nonprofit, we will cover the basics of running a nonprofit. We will draw on tested tips and tools, including Nonprofit Association of Washington’s four learning toolkits on boards, finance, law, and planning. You will leave with concrete next steps on how to strengthen your organization to better achieve your mission. Join us on this road trip to a strong nonprofit!



1. Where are you going?

- What you are hoping to achieve
- Right-sizing your organization to your purpose



2. What are the rules of the road?

- Legal rules: State and Federal
- Financial rules: Giving and oversight



3. What road should you take?

- Determining community need
- Connecting programs to need
- Budgeting
- Evaluating success



4. Who is driving with you?

- Building a volunteer program
- Strengthening your board



5. How will you fuel your organization forward?

- Fundraising
- Grant readiness
- Sponsorship

This workbook builds off resources available on www.nonprofitwa.org/learn

- Boards
- Finance
- Legal
- Planning
- + much more....

It also is supported by regular workshops & webinars: www.nonprofitwa.org/learn/

We invite you to learn about our partner organizations:

501 Commons:
www.501commons.org

Communities Rise:
www.communities-rise.org

Office of the Secretary of State:
www.sos.wa.gov



Chapter 1: Where are you going?

- What difference are you trying to make?
- What is the right size for your organization?

Key questions

- What does success look like to you?
- Are you in balance?

Know

- A nonprofit exists to make a difference.
- It has a life cycle just like any living thing.
- Ultimately we need to see the impact that it makes for it to be sustainable.

Key tools

- Nonprofit life cycle
- Nonprofit tightrope (community – business)
- Strategic triangle
- Nonprofit Snapshot

Activities

- Draw what success within 12-24 months looks like.
- Write down key elements of your organization's Strategic Triangle. Circle your area of strength. Put a square around an area of concern.

Resources

- Boards in Gear Chapter 1: Connection to Cause
- SPiN Chapter 3: Envision

How this connects with my organization:

Headline News

Picture

Headline

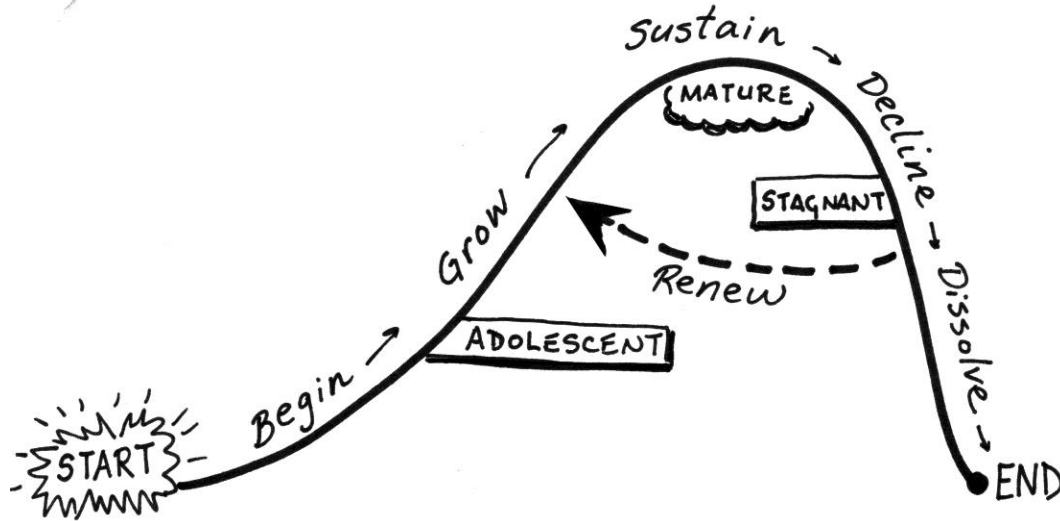
1.

2.

3.

From SPiN: Strategic Planning in Nonprofits, the Nonprofit Association of Washington toolkit designed to help nonprofits plan.
www.wanoprofitinsitute.org/planning.

Nonprofit Life Cycle: Where are you?



Where is your organization in its life cycle?

What's coming next?

Nonprofit Tightrope

Community

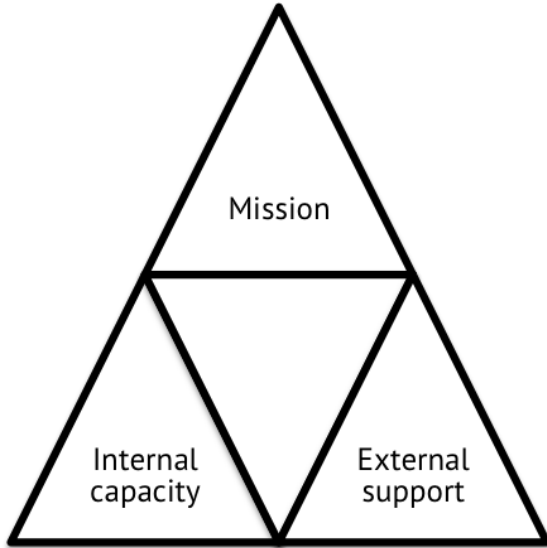
People coming together

Business

Deliverables: Focus on impact

Strategic Triangle: What shape are you?

Draw your triangle here:



What one thing could you do to balance your organization?

If your organization were a car, what kind would it be?



Nonprofit Snapshot (Note: "staff" or "executive director" = paid or volunteer)

Governance	Yes	No
Do you have a clear mission statement that guides your leadership?		
Do you have an organizational chart that includes the board of directors? If no paid staff, you can include key volunteer roles such for a volunteer ED, program manager, etc.		
Are board members and key volunteers aware of the organization's mission and programs?		
Does the board hold regularly schedule board meetings and/or committee meetings?		
Are there written expectations and responsibilities for board members?		
Are board members recruited through a transparent process?		
Do board members contribute to the health of the organization?		
Do you have a conflict of interest policy signed by board members?		
Do board members represent the different demographic groups related to your mission and its implementation?		
Human Resources. This includes both paid and volunteer help.		
	Yes	No
Is there an organization chart that describes the roles of staff members, paid or volunteer?		
Are staff members aware of the organization's mission and programs?		
Are there written job descriptions for each staff position?		
Does the staff hold regularly scheduled meetings?		
Do staff members receive orientation at the start of their engagement?		
Do staff members receive regular professional development?		
Are staff members evaluated?		
Is there a plan for recruiting new volunteers and opportunities for them to move into greater positions of responsibility?		
Do you track how many people volunteer, and the hours they give each year?		
Are volunteers oriented and supported?		
Communication		
	Yes	No
Is there a simple communication plan in place?		
Does your communication include information about impact and finances?		
Do you have an annual report or simple 1-page flyer about what your group does, how and why?		
Do you have a system that includes tracking potential donors, actual donors, and your stewardship of that donation (thank you, reporting)?		
Does your group use social media? If so, do you have social media guidelines?		
Is more than one person an active administrator on such accounts?		
Do you change the password when people retire from that responsibility?		
Can every board member and key volunteers speak in a compelling way about your mission?		
Planning		
	Yes	No
Does the organization have a strategic plan or other organizational work plan?		
Did board members contribute to this plan?		
Did key volunteers contribute to this plan?		
Do you have a way to regularly assess community needs related to your mission?		
Does the organization have a technology plan?		
Do you have guidelines on how documents and financial information is stored and shared?		
Is there a master file and backup?		

Evaluation	Yes	No
Do you know how many people your organization serves? Has served since its founding?		
Are program participants tracked electronically (spreadsheet, database)?		
Do your programs have short- or long-term goals?		
Are people aligned around the importance of the goals you are working toward?		
Do you review goals annually with the board and key volunteers?		
Do you track indicators that would prove achievement of the organization's mission?		
Are these indicators reviewed annually/regularly?		
Is information gathered through evaluation used in communications with donors and extended community?		

Money (finance & fundraising)	Yes	No
Does the organization have an annual budget?		
Does the organization review the budget at board meetings?		
Does the organization prepare a bank reconciliation on a monthly basis?		
Does a qualified bookkeeper manage the organization's money day to day?		
Does a different person from the bookkeeper sign checks?		
Does the organization have at least two signatories on the bank account?		
Does someone with accounting experience serve as the organization's treasurer?		
Does the executive director/ board chair review expenditures on a monthly basis?		
Does the organization have a printed organization receipt book?		
Are payments made by check?		
Does the organization have a written procedure for managing cash?		
Is the bookkeeping function computerized (Excel, Quicken, QuickBooks)?		
Is funding relatively stable?		
Is funding from a diversity of sources?		
Do you have a list of month-to-month subscriptions (services for email, website, surveys, graphics, etc.) including account password and method of payment being used?		

Risk Management	Yes	No
Do you maintain minutes of all board meetings?		
Do you file all of the necessary tax documents (local, state, federal)?		
Do you maintain necessary records at necessary levels of government to show nonprofit status?		
Do you have Directors & Officers Insurance?		
Do you maintain general liability insurance appropriate for the group's activities and to protect the organization's assets?		
Do you maintain employment records?		
Do you pay all necessary employment taxes?		
Do you maintain technology safeguards, including backing up systems and virus control?		
Is there a master file of all documents and financials on an external hard drive kept at a second location/backed up to the cloud or on computers at different locations?		
Do you maintain a central listing of organization passwords, including those used by volunteers?		
Do you track grants to ensure proper handling of funds?		
Are all formal partnerships clearly outlined in signed agreements?		
Are you protected against patent/copyright infringement?		
Is all documentation related to property up to date?		
Are you clear who owns key tools or equipment used by your organization?		

Chapter 2: What are the rules of the road?

- **Nonprofit law: state and federal requirements**
- **Nonprofit finance: protecting assets**

Key questions

- Is your organization compliant?
- Is your organization following the four duties?
- Are your resources protected?

Know

- A nonprofit is *defined* by 2 jurisdictions: state and federal.
- A nonprofit board member is guided by 4 duties: care, loyalty, and obedience as well as the duty to share relevant information.
- There are 4 main finance ideas for nonprofit people to think about: internal controls, access, reporting, and risk.

Key tools

- Nonprofit Legal Checklist
- IRS Form 990
- Boards in Gear Pathway Worksheet (Chapter 2: Responsibilities)
- Finance Unlocked Oversight Worksheet (Chapter 5: Oversight)

Activities

- Review the cover page of the Nonprofit Legal Checklist. Is your organization up to date?
- Complete page 6 of the IRS Form 990. Discuss.
- Discuss the 4 Duties and how they relate to your organization.

Resources

- Let's Go Legal Chapters 1-3
- Nonprofit Legal Checklist
- Finance Unlocked for Nonprofits Chapters 3-5 (990, Giving, & Oversight)
- Washington Nonprofit Handbook
- Washington Nonprofit Corporation Act (Chapter 24.03A RCW)

How this connects with my organization:

Nonprofit Legal Checklist

CORPORATE RECORDS

Our Organization maintains (in secured electronic or hard copy form) a corporate record book with current, legible copies of the following:

Date of last document	No	Records
CORE DOCUMENTS		
		Certificate of Incorporation from the Washington Secretary of State
		Articles of Incorporation, with all amendments
		Current Bylaws*
		501(c)(3) determination letter from the IRS
		Application to IRS (Form 1023) for tax-exempt status
UPDATE ANNUALLY		
		IRS Form 990/990-EZ/990-N (Keep for the 3 most recent tax years)
		Annual report (nonprofit corporation) to the Washington Secretary of State
		Annual renewal (charitable corporation) to the Washington Secretary of State
		(For a membership organization), list of our current members and their addresses.
		Insurance policies
UPDATE REGULARLY		
		Names, addresses, and terms of office of all members, officers, and directors
		Minutes of all meetings of the members, board, and committees of the board
		List of contributors
		Contracts or leases

*BYLAWS

Check that you know the rules of the road guiding *your* organization forward. What is in *your* bylaws?

Members: Do you have any?

Board of directors: How are board members chosen? How long do they serve?

Meetings: When are you required to have them? Do you have an annual meeting?

Committees: Do you have any required committees? How are committees formed?

Officers: How are officers chosen? How long do they serve?

Amendments: Do your bylaws have any amendments? In a revision, should they be incorporated into the document?

The Nonprofit Legal Checklist was created by Communities Rise (communities-rise.org). The complete Checklist is featured in "Let's Go Legal," a toolkit developed by Nonprofit Association of Washington and Communities Rise. www.wanonprofitinsitute.org/legal.



IRS Form 990 – page 6

Form 990 (2021)

Page **6**

Part VI Governance, Management, and Disclosure. For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
1b	Enter the number of voting members included on line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?		
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		
6	Did the organization have members or stockholders?		
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	a The governing body?		
8b	b Each committee with authority to act on behalf of the governing body?		
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O		

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		
11b	Describe on Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13		
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
12c	c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done.		
13	Did the organization have a written whistleblower policy?		
14	Did the organization have a written document retention and destruction policy?		
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	a The organization's CEO, Executive Director, or top management official		
15b	b Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		
16b	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ▶
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain on Schedule O)
- 19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ▶



For more on IRS Form 990, get to know our nonprofit finance toolkit, "Finance Unlocked for Nonprofits." It reviews what you need to know about key reports, IRS Form 990, Giving, and Oversight. www.wanonprofitinsitute.org/finance.

Boards in Gear Pathways Worksheet: Responsibilities

A. Individual responsibilities

<i>EXCELLENT – Recognize and celebrate!</i>	<i>FUNCTIONAL – It works!</i>	<i>ROOM FOR GROWTH – Keep going!</i>	<i>CREATES RISK – Take action!</i>
Board members can articulate the mission and vision as well as tie the mission/vision to their own experiences.	Board members can articulate the mission and vision of the organization.	Board members can articulate the mission and vision in a general or vague sense.	Board members cannot articulate the mission or vision.
Board members go between working as a board and volunteering as individuals with a high level of trust with the executive director and staff.	Board members know they make decisions as a board (govern) and volunteer as individuals (support). Individual board members do not make decisions on behalf of the board.	Board members know that they “wear different hats” when operating in unison versus as individuals but sometimes cross boundaries.	Board members do not demonstrate an understanding that there is a difference between the board acting as a unit versus board members acting as individuals.
Board members bring key resources and connections to the development, implementation and evaluation of programs and services. Board members look externally for possible collaborations and partnerships to strengthen programs and services.	Board members add knowledge, resources, and connections to the development, implementation, and evaluation of key programs and services.	Board members are aware of programs or services and do not routinely contribute knowledge, resources, or connections.	Board members are not aware of the programs or services of the organization.
The role of the board chair is defined and integrated into succession planning. The board ensures there is a written position description for all board officers.	The role of the board chair is defined, and training is available.	The role of the board chair functions in practice, though not well defined.	The role of the board chair is undefined.

B. Legal and fiduciary responsibilities

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<p>The board reflects on their duties regularly to strengthen commitment and operationalize these duties within the organization.</p>	<p>Board members understand their duties are to care for the organization and to work in the best interests of the organization. (Duties include: Duty of Care, Duty of Loyalty, and Duty of Obedience)**</p> <p>REQUIRED</p>	<p>Board members understand that they have unique duties but not the details of the duties in relation to the organization.</p>	<p>Board members do not understand the duties they hold with respect to the organization.</p>
<p>Federal: Board members support the organization in the development and implementation of a written annual calendar shared by multiple people to track and monitor annual reporting deadlines.</p>	<p>Federal: Board members know federal requirements and organization is compliant with all requirements.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Form 1023 (Application for Recognition of Exemption) & IRS Determination Letter <input type="checkbox"/> IRS Form 990 (annual filing) <input type="checkbox"/> Worker related requirements (e.g., wages, leave, health and safety, etc.) <p>REQUIRED</p>	<p>Federal: Board members are aware of federal requirements and acknowledge the organization is compliant with some requirements but not all.</p>	<p>Federal: Board members are not aware of current federal compliance requirements.</p>
<p>State: Board members are aware of other state regulations that may affect the organization (e.g., gambling, liquor, etc.).</p>	<p>State: Board members know state requirements and organization is compliant with all requirements.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Nonprofit corporation <input type="checkbox"/> Charity (solicit public funds) 	<p>State: Board members are aware of current state compliance requirements and the organization is compliant with some state requirements but not all.</p>	<p>State: Board members are not aware of current state compliance requirements.</p>

EXCELLENT – Recognize and celebrate!	FUNCTIONAL – It works!	ROOM FOR GROWTH – Keep going!	CREATES RISK – Take action!
	<ul style="list-style-type: none"> <input type="checkbox"/> Charitable trust (>\$250K assets) <input type="checkbox"/> Business license <input type="checkbox"/> Business & occupation tax <input type="checkbox"/> Sales Tax <input type="checkbox"/> Worker related requirements (e.g., wages, leave, health and safety, etc.) <p>REQUIRED</p>		
<p>Local: Board members actively monitor local requirements and support the organization in staying current when changes occur.</p>	<p>Local: Board members know local requirements and organization is compliant with all requirements.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Business license <input type="checkbox"/> Business & occupation tax <input type="checkbox"/> Sales Tax <input type="checkbox"/> Worker related requirements (e.g., wages, leave, health and safety, etc.) <p>REQUIRED</p>	<p>Local: Board members are aware of current local requirements and the organization is compliant with some local requirements but not all.</p>	<p>Local: Board members are not aware of current local compliance requirements.</p>
<p>Board members use the IRS Form 990 to improve systems and communicate program accomplishments.</p>	<p>Board members review and approve the IRS Form 990 annually.</p>	<p>Board members are aware annual filing is required but do not review or approve the IRS Form 990.</p> <p>REQUIRED</p>	<p>Organization does not file with the IRS.</p>
<p>The board provides the executive director a thorough and useful annual review, ongoing support, and partnership,</p>	<p>The board hires and annually reviews the organization’s executive director.</p>	<p>The board hires but does not regularly review the executive director.</p>	<p>The board has no systemic way to provide feedback to the executive director.</p>

EXCELLENT – Recognize and celebrate!	FUNCTIONAL – It works!	ROOM FOR GROWTH – Keep going!	CREATES RISK – Take action!
and invests in their professional development.			

Note: Taxes and licenses vary by jurisdiction. City, county, and state requirements may apply differently depending on where you are located.

***Board member legal duties are referred to as:*

Duty of Care: Board members must take reasonable care when making decisions, using diligence and independent judgment. Board members are expected to have a level of competence described as exercising the “care of an ordinarily prudent person in the like position” under similar circumstances.

Duty of Loyalty: Board members should act in the best interest of the organization, putting the organization before self-interest. This is particularly important when the potential for personal gain exists and often arises when there is a conflict of interest.

Duty of Obedience: Board members must make sure the organization is in compliance with local, state, and federal laws. Board members stay true to the organization’s mission and governing documents.

Duty to Share Relevant Information: As of January 1, 2022, with the new Washington Nonprofit Corporation Act, there is an additional duty for board members and officers to share information to the board if a board member or officer has information that is important to the operations or relates to a violation or probable violation of law involving the organization.

C. Financial management

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The board treasurer is a CPA and has received nonprofit finance training.	The board treasurer has a finance background and is qualified to serve in this role.	The board treasurer has some prior finance knowledge or experience.	The board treasurer has no finance knowledge or experience.
Board members integrate the budget process into the larger strategic planning and goal-setting process.	The board contributes to the development of the budget, understands the budget, and approves the budget.	The board approves the budget formally but does not necessarily understand the budget information as presented.	Organization does not have a budget.
The board uses financial statements to guide strategic decisions and provide the executive director support.	The board regularly reviews the balance sheet and income statement as well as a cash flow statement, if possible.	The board occasionally reviews the balance sheet, income and cash flow statements, or some combination of these.	The board rarely or does not review financial statements.
The board has written policies in place on internal controls and conducts occasional mini-audits to check that safeguards are in place and effective.	The board verifies annually that the separation of duties divides bookkeeping functions, bank reconciliation and review, and check writing and signing across at least two people. The board ensures no one person can initiate, approve, record, and reconcile a transaction. More than one signer is on the bank account.	The board is mindful of separation of duties but does not have specific policies and procedures in place to enforce separation.	The board is not aware or practicing separation of duties within its financial functions and tasks.
The board builds procedures and policies for consistent internal and external communications related to fundraising and financial management that includes a gift acceptance policy.	The board supports clear communication between fundraising and financial management to ensure funds with restrictions are spent as directed.	The board is aware of the funds with restrictions but does not track the funds separately from funds without restrictions.	There is no connection between fundraising and financial management. The board does not differentiate between funds with and without restrictions.

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The board is proactively implementing strategies to further diversify income streams and overall financial stability.	The board ensures that the organization has a sustainable financial plan that includes the right balance of income streams, earned income, and grant support.	The board has reviewed income streams to ensure that the streams are diverse and balanced, but there is not a documented financial plan.	The board has not reviewed income streams or discussed a financial plan.
The board builds systems for ongoing financial learning opportunities.	The board provides for financial training and facilitates regular conversations related to financial literacy.	The board provides for some financial training of board members.	The board does not provide training on how to read and interpret financial statements.

D. Risk management

<i>EXCELLENT – Recognize and celebrate!</i>	<i>FUNCTIONAL – It works!</i>	<i>ROOM FOR GROWTH – Keep going!</i>	<i>CREATES RISK – Take action!</i>
The board annually reviews the Directors and Officers Insurance to ensure appropriate and adequate coverage.	The board holds Directors and Officers Insurance.	The board has discussed the need for Directors and Officers Insurance but has not acted.	The board does not hold Directors and Officers Insurance and/or does not recognize this is needed.
The board participates in regular review, revision, and implementation of regulatory policies ensuring these are living documents that guide daily practice.	The board is aware of and understands the organization’s Document Destruction Policy & Whistleblower Policy. The organization is compliant with Sarbanes-Oxley legislation and follows best practices for governance, policies, and disclosure outlined in the IRS Form 990.	The board/organization has either a Document Destruction Policy or a Whistleblower Policy and may not be in compliance.	The board/organization does not have a Document Destruction Policy or Whistleblower Policy and is not in compliance.
As the board conducts regular business, there is an expectation that board members readily disclose any personal conflict of interest and voluntarily recuse themselves from the decision-making process if recommended by the board or if personal comfort dictates. When creating, reviewing, and revising the policy, the board directs attention to other areas of the organization where conflict of interest might occur and then plans accordingly.	The board has a Conflict of Interest Policy and procedure that is reviewed annually. The procedure includes signed conflict of interest forms that are completed and collected from board members and key employees annually.	The board has discussed conflict of interest but does not have a written policy to guide board member decision-making.	The board does not have a Conflict of Interest Policy and is not aware of the importance.

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The board proactively identifies and reviews risk factors across all possible types, weighs likelihood, and develops and oversees implementation of plans to mitigate real or potential damage.	The board reviews and plans for risk factors, including legal, financial, regulatory, HR, technology, and property. The board supports the executive director in taking action.	The board occasionally reviews risk factors, though not systematically and may or may not develop a follow up action plan.	The board does not review or discuss risk factors.
The board maintains and periodically reviews both emergency and long-term succession plans. The board ensures that training opportunities and key organizational documents are up to date to reduce operational disruption during times of succession.	The board maintains an emergency succession plan for the executive director or key organization members, including the board chair.	The board has discussed emergency succession but has not documented a plan.	The board has not discussed or developed any emergency succession plans.
The board performs drills or scenarios related to the emergency plan on a regular basis to ensure readiness. The board determines a frequency for drills related to the emergency plan and conducts or supports implementation of these drills.	The board maintains a general emergency plan for disruption in delivery of programs or services (e.g., weather, strike, pandemic, etc.) The plan includes procedures for mitigating loss of physical/financial assets and providing for health and safety of workers. The plan is reviewed annually and guided by local and state laws.	The board has discussed what to do in a general emergency to protect organizational assets (physical/financial and human) but has not documented a plan.	The board has not discussed or developed any general emergency plan.

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The board performs drills or scenarios related to the emergency communication plan on a regular basis to ensure readiness.	The board maintains an emergency communication plan in the case of negative press related to the organization or the cause in which the organization is working. Board members and staff have received instruction regarding this plan and their role in activating or complying with the plan.	The board has discussed what to do in a case of bad press related to the organization or cause but has not documented a plan.	The board has not discussed or developed an emergency communication plan.



The Boards in Gear Pathways Worksheet is one resource from the “Boards in Gear” toolkit developed by Nonprofit Association of Washington. Visit www.wanonprofitinsitute.org/boards for the full Pathways Worksheet and links to videos and our very popular “key document” vault.

Nonprofit Finance: Oversight

Oversight Steps	Have you done this?	Notes & Next Steps
<p>Internal Controls</p> <p>Does the organization have basic, written accounting procedures that highlight key internal controls?</p> <ul style="list-style-type: none"> • Regular communication about the importance of ethics and controls occurs • Procedures about the handling of money are documented and communicated • Bank reconciliation is done regularly by someone other than the bookkeeper, or if not possible, bank statements are reviewed by a person that is not the bookkeeper • Expenditure limit policy defines the spending limits for each position within the organization • Disbursements are made by check, except for limited petty cash • Incoming checks receive a “restricted” endorsement or “for deposit only” • Outgoing checks are supported by invoice, receipt, or voucher • Whistleblower policy is in place • Conflict of interest policy is in place 	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>Access</p> <p>Given the organization’s size, is access limited as much as possible? In terms of finances, has the organization clearly defined and documented who is doing what and when?</p> <ul style="list-style-type: none"> • Separation of duties divides bookkeeping functions, bank reconciliation and review, and check writing and signing across at least two people (bookkeepers do not sign checks) 	<input type="checkbox"/> Yes <input type="checkbox"/> No	

<ul style="list-style-type: none"> • Physical access is limited to assets (i.e., to cash, receipts, blank checks, or other assets that could be taken) • Bank account access is reviewed annually, and signers limited to as few people as needed • Credit card statements are reviewed by a person other than the cardholder and receipts are required for all charges • Cash access is controlled by at least two people counting cash together 		
<p>Reporting</p> <p>Is the board receiving the right financial reports? Is the organization submitting the right reports?</p> <ul style="list-style-type: none"> • Board regularly receives balance sheets and income statements • Donors receive acknowledgement with records kept on file • Form 990 is reviewed by board and submitted annually 	<input type="checkbox"/> Yes <input type="checkbox"/> No	



Oversight is covered in more depth in Chapter 5 of the *Finance Unlocked for Nonprofits guide*.



Chapter 3: What road should you take?

- **Determining community need**
- **Connecting programs to need**
- **Budgeting**
- **Evaluating success**

Key questions

- How do you know there is a need?
- What programs will you deliver to satisfy that need?
- What will your financial plan – budget – be to achieve that need?
- How will you know what difference you made?

Know

- Making a difference starts with a deep understanding of the people that you are serving.
- There are different ways to make a difference. You can use a logic model to determine which programs your organization should implement.
- Success is measured through key indicators, often using a dashboard.

Tools

- Community outreach plan
- Program Development Cycle
- Logic Model / “So That” Chain
- Budget
- Dual Bottom-Line Matrix
- Dashboard

Activities

- Review the cover page of the Nonprofit Legal Checklist. Is your organization following this?
- Complete page 6 of the IRS Form 990. Discuss.
- Discuss the 4 Duties and how they relate to your organization.

How this connects with my organization:

Program Development Cycle

MISSION
Is the original problem being addressed?

CONTEXT
Are other organizations effectively addressing the problem? Could they through partnership?

ACTIVITIES
Do they realize the organizational goals?
Are they financially reasonable?

VALUES
Do our activities represent our organization's values?

EXPENSE
Is it worth the cost?

1. Start

- Recognize problem or possibilities.
- Conduct preliminary assessment of the situation.
- Envision the problem solved or possibility realized.
- Adjust the scope of the problem and solution to appropriate level.

2. Study

- Explore context of problem in light of other organizations doing similar work.
- Obtain feedback from actual or potential stakeholders in organization or outcome.
- Determine mission and goals.
- Identify potential courses of action.

3. Select

- Search for or generate all possible programs that meet mission and goals.
- Evaluate alternatives against mission and goals.
- Determine income/expenditure budget for program and alternatives and compare with budget realities.
- Determine set of activities to meet goals.

4. Design

- Plan activities.
- Design evaluation of activities' effectiveness.
- Pilot activities.

5. Implement

- Train staff and/or volunteers.
- Implement activities.
- Conduct mid-program evaluation using both qualitative and quantitative data.

6. Evaluate

- Conduct a final evaluation of all activities.
- Review actual income/expenditure figures of activities in comparison with budget.
- Determine each activity's merit for continuation.
- Integrate evaluation results into future planning.

Circle where you could spend more time. Name one thing you can do to strengthen this area.

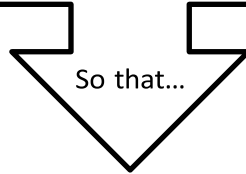
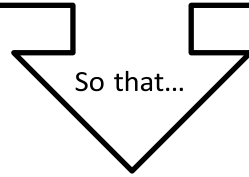
Community Outreach Plan

Stakeholder	How many to target?	Name	Organization	Assigned to contact	Phone	Email	Status	Notes
Staff								
Board								
Clients								
Volunteers								
Donors								
Former donors								
Former board members								

What is one step you can take to hear from someone new in your community?

“So That” Chain

We do this activity...



Logic Model

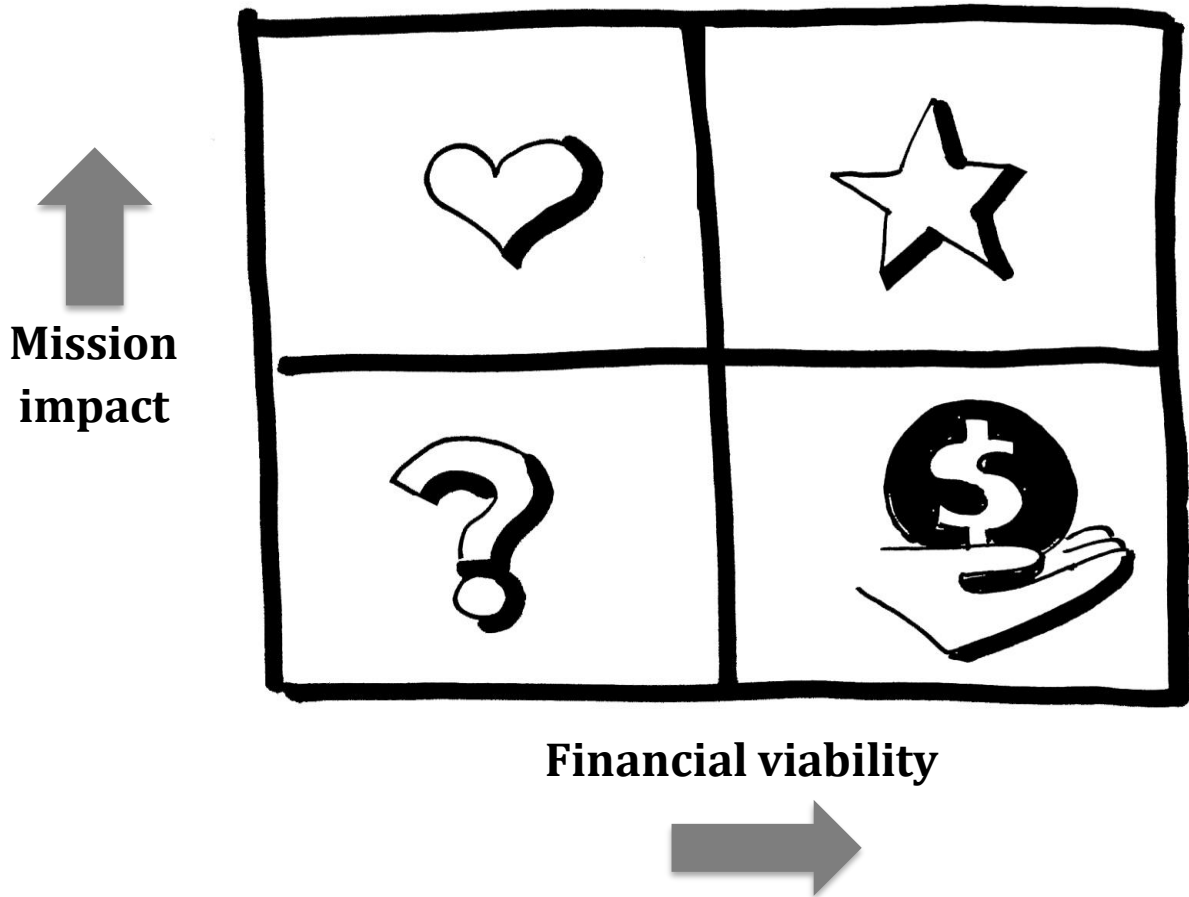
MISSION (a statement about your organization’s purpose):

NAME OF PROGRAM:

GOAL OF PROGRAM:

Resources	Activities	Outputs	Outcomes	Indicators
Ingredients: Money, facilities, equipment, supplies, ideas/approval of specific people	Events, things your do, processes	Tangible results Usually #	Hopes for impact Often %	How you will know, what tool you will use to measure

Dual Bottom-Line Matrix



Heart: Keep but contain costs

Question mark: Discontinue or give away

Money maker (hand): Enhance impact

Star: Invest in continuance and growth

Think about a program your organization operates. Which quadrant does it fit into? Name one action you can take by thinking about this program in this way.

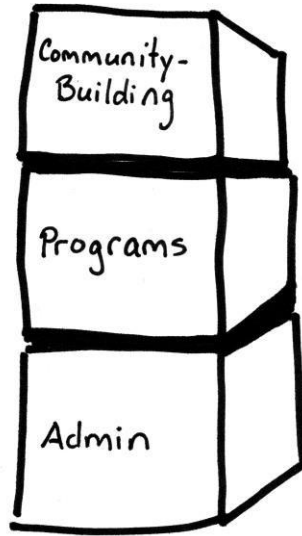
Budgeting: Getting Started

Organization:

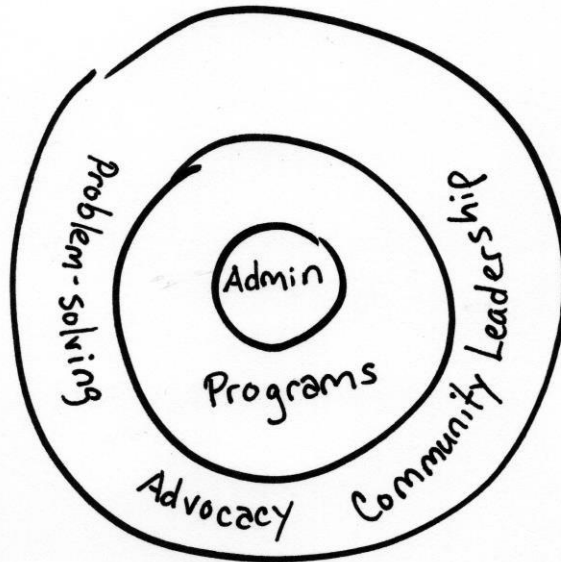
BUDGET	Amount		
	Last Year	This Year	In-Kind
Support			
Contributions			
Foundation grants			
Government grants or contracts			
Sponsorships			
Events			
Other:			
Total support:			
Revenue			
Admissions/ Registration			
Membership fees			
Interest income			
Sales of items			
Other:			
Total revenue:			
Total support and revenue:			
Expenses			
Salaries, benefits, and taxes			
Occupancy (rent, utilities)			
Program expenses			
Professional fees (CPA, attorney, web design, etc.)			
Supplies			
Printing			
Insurance			
Fundraising (event costs, expenses related to raising money)			
Other:			
Total expenses:			
Excess (deficit)			

Explaining Your Budget

Method 1: Stacked Cubes



Method 2: Concentric Circles



See how you can "projectize" your budget to better account for indirect costs.

Dashboard

Indicator	Target	3 months into year	6 months into year	9 months into year
Volunteers: #	10 new 5 retained			
Finance: Months of operating budget	3			
Programs: # people engaged	100			
Fundraising: # retained donors (last year to this year)	10			

What 5 indicators would you look for to know that you are making a difference? Track them over time.

Indicator	Target	Date	Date	Date

See https://www.compasspoint.org/sites/default/files/documents/560_libraryofindicatorsjune09.pdf for a very complete list of possibilities.



Chapter 4: Who is driving with you?

- **Building a volunteer program**
- **Strengthening your board**

Key questions

- Do your key people know their job?
- Do your key people have what they need to do their job well?

Know

- The people closest to your organization—board members and volunteers—really matter.
- If you have an articulated strategy with clear roles and purpose, these people will better serve your organization.
- Engaging people often happens in a cycle: recruitment, orientation, engagement, evaluation, and feedback.
- Building good habits contributes to a strong culture of generosity and service.

Tools

- Board matrix
- Job description
- Engagement cycle
- Habit checklist

Activities

Discuss these ideas:

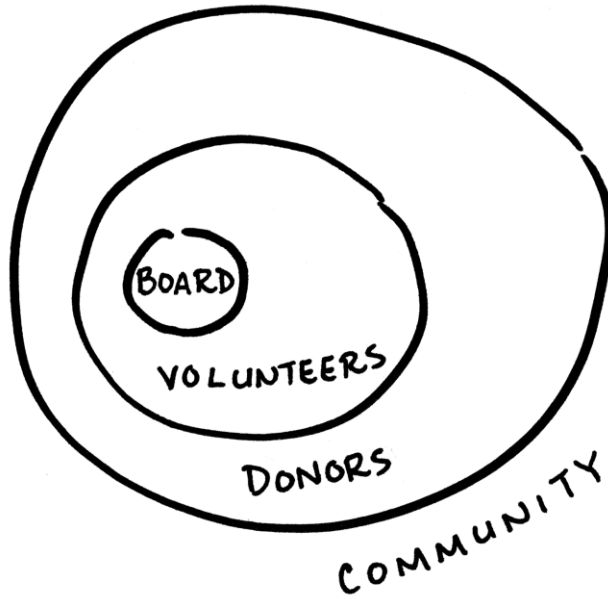
- What people do you need as board members or volunteers to move your organization where you want to go?
- Of these people, who is passionate about your mission to step into a volunteer or board role?
- What 2 or 3 elements must be in their job description?

Resources

- Boards in Gear Chapter 2: Board Responsibilities
- Boards in Gear Chapter 3: Composition & Development

How this connects with my organization:

Important People



Board Matrix

BOARD MATRIX - SAMPLE	TERM		ROLE THIS YR	AREAS OF EXPERTISE							GENDER				AGE					RACE				GEO AREA															
	First	Second	Officers & Leadership Other Committee	Fundraising	Finance	Marketing / PR	Board Development	Construction	Community Relations	Exhibitions/Gallery	Technology	Visual Arts	Male	Female	Transgender	Non-binary	under 18	18+	30+	40+	50+	60+	African American	Asian	Caucasian	Hispanic / Latinx	Native American	Multiracial	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5						
Board Member #1																																							
Board Member #2																																							
Board Member #3																																							
Board Member #4																																							
Board Member #5																																							
Board Member #6																																							
Board Member #7																																							
Board Member #8																																							
Board Member #9																																							
Board Member #10																																							
Board Member #11																																							
Board Member #12																																							
Board Member #13																																							
Grand Totals																																							

Sample Job Description

Board Member Position Description

Title: Member, ORGANIZATION Board of Directors

Purpose: To serve as an active voting member of the legally constituted volunteer group which has authority and responsibility for the development of policies and continuing review of the conduct of the business of ORGANIZATION. To raise funds in support of the organization's conduct of the programs of ORGANIZATION.

Term: Election to a [# OF YEARS] year term (except when filling an unexpired term), subject to re-election.

Criteria

- Willing to accept and promote the mission, goals and objectives of ORGANIZATION.
- Possesses professional expertise and influence needed by ORGANIZATION and/or represents one or more constituencies needed to provide balance to the Board's membership.
- Has demonstrated significant leadership capability in the community and is willing to provide that expertise to the operation of the Board and its committees.
- Willing to make a personal financial contribution at a level that demonstrates commitment and sets a standard for others and is willing to ask others to give.
- Able and willing to serve effectively as a public representative of the organization and involve others in the work of ORGANIZATION.

General Responsibilities

To serve as an active voting member of the legally constituted volunteer group which has authority and responsibility for the development of policies and continuing review of the conduct of the business of ORGANIZATION. To raise funds to support the organization's programs offered at ORGANIZATION

Specific Tasks

- Participate regularly by attending scheduled board meetings, committee or task force meetings as assigned, orientation sessions and special meetings as appropriate.
- Commit to serve on at least one standing committee or task force and to accept special assignments.
- Spend time studying and evaluating issues to become informed and prepared to discuss and vote on issues facing ORGANIZATION. Each board member is expected to vote their position after careful consideration of the issue. Tasks which will require preparation and a vote by Board members include:
 - Decisions on issues, policies, priorities, goals and objectives;
 - Participation with other Board members and staff in the formulation, updating, and approval of long range strategies and objectives;
 - Nomination and election of members and officers of the Board;
 - Monitoring and evaluation of the effectiveness of the projects and programs and assure these projects and programs are progressing toward achieving stated objectives; and,
- Support the resolutions and actions of the Board of Directors irrespective of personal opinion as to any such resolution or action.
- Assure a process is in place to select, employ, and periodically evaluate the performance of the President.
- Make a personal and/or business contribution to ORGANIZATION's current support campaign and/or capital development needs, as well as solicit funds from others in annual support and capital development campaigns.
- Promote the mission, goals, and objectives of ORGANIZATION to increase public awareness, understanding and support of the organization.
- If necessary, seek assistance from other Board members to enable each member to successfully fulfill the above level of commitment.

Time Demands

Regular Meetings Estimated Time Demands

Bi-Monthly board meetings (1 hour/ month)

Committee and task force meetings (2 hours every other month)

Other

Dues for the Board of Directors are \$500 per year and can be paid on a semi-annual or annual basis. Dues cover the cost of Board and committee meetings meals and materials. Invoices will be mailed.

Your Position Description

Title: What is the position title? Is this a position description for a general board member or for a board officer role?

Purpose: What is the purpose of the position as it relates to the board and organization?

Term Length & Time Commitment: What is/are the term length(s) for the position? What is the anticipated time commitment for the position (i.e., 5 hours a month plus attendance at occasional events)?

Skills, Expertise, & Experiences: Thinking about your board and organization's current stage of development and where you want to go, are there any specific skills, expertise, and experiences board members need or must be open to learning?

General Responsibilities: What are the general responsibilities and expectations for the position?

Specific Tasks: Are there specific tasks the position may be responsible for completing or overseeing?

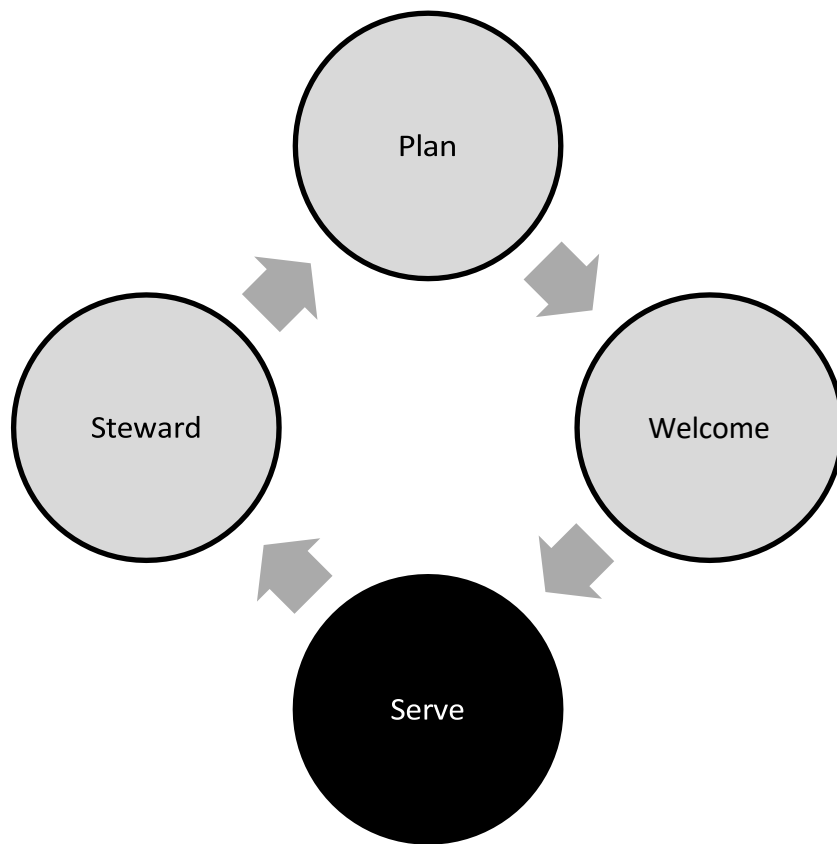
Other: For the position, are there other duties, important pieces of information, or guidance that should be included?

The Engagement Cycle

What does each term mean?

What actions do we see at each step?

What one thing could your organization do to use the momentum of the engagement cycle?



Meeting Agenda

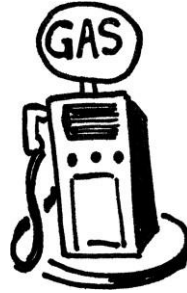
Mission		
What progress will be made at this meeting:		
Another way to think about this... what will you:		
<p style="text-align: center;">Discuss</p> <p style="text-align: center;">Topic introduced for the first time, or re-introduced for future deliberation</p>	<p style="text-align: center;">Deliberate</p> <p style="text-align: center;">Topic for which data or information has been provided with enough time to read and think about it</p>	<p style="text-align: center;">Decide</p> <p style="text-align: center;">Topic ready for a decision or vote</p>
Consent Agenda (topics for a singular vote)		
Topic 1 _____ Facilitator _____		<input style="width: 40px; height: 40px; border: 1px solid gray;" type="checkbox"/>
Topic 2 _____ Facilitator _____		<input style="width: 40px; height: 40px; border: 1px solid gray;" type="checkbox"/>
Topic 3 _____ Facilitator _____		<input style="width: 40px; height: 40px; border: 1px solid gray;" type="checkbox"/>
Closure (Review progress, assign tasks, celebrate achievements)		

Meeting checklist:

- Social time for connection
- Food/drink for connection and sustenance
- Small group/pair conversation to engage more voices

Rank this activity:
 3= High brain power needed
 2= Medium brain power
 1= Little to no brain power

Make sure your "3" activities come first.



Chapter 5: How will you fuel your organization forward?

- **Fundraising**
- **Grant readiness**
- **Sponsorship**

Key questions

- How does your fundraising plan tie together all of the elements we have talked about so far: purpose, right-sizing expectations, and people ready to join in?
- How do you create a cycle that builds momentum?
- How do you shape a culture of generosity?

Know

- Fundraising involves everyone in the organization: staff, board, volunteers, and community.
- Fundraising happens within a cycle: cultivation, solicitation, and stewardship.
- Effective fundraising relies on putting compelling words to your work, including a Case for Support and storytelling.
- While most nonprofit funds come from individuals, grantwriting, and sponsors can round out that support for an organization.

Tools

- Fundraising cycle
- Case for Support
- Storytelling outline

Activities

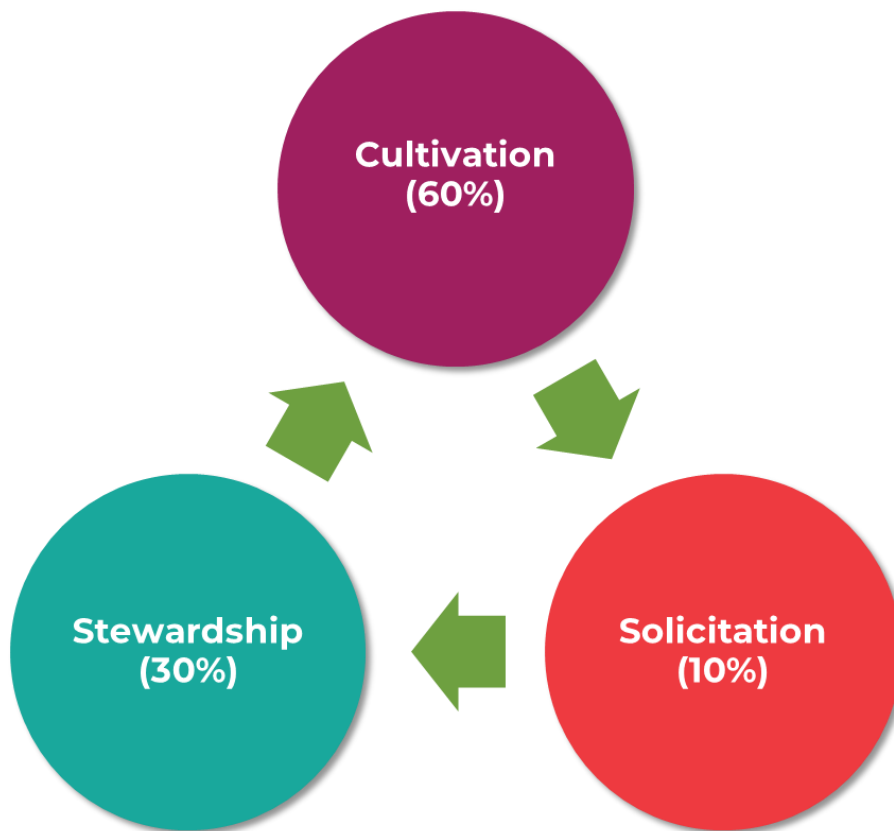
- Define the activities that happen at each stage in the fundraising cycle.
- Complete the Case for Support.
- Craft a story that you can tell about the organization.

Resources

- Boards in Gear Chapter 5: Fundraising

How this connects with my organization

Fundraising Cycle



Case for Support

Key case components common to all successful campaigns: Our goal with the strategic communications work is to build as strong of a case as possible. Successful organizations can clearly articulate the qualitative and quantitative difference donor dollars will make.

Emotional Opening

- We are addressing this need in the community: _____
- The need has grown by _____ amount affecting _____ more people
- Tell the story of a beneficiary of your mission. Success story.

Mission and Vision

- Our vision for the future is _____ (be bold!)
- Our mission is _____.

History of the Organization

- Our history/success in addressing this need has been _____.
- We are the group to do this because _____ (include unique niche, impact, financial strength, professional programs, etc.).

Your Programs

- The need for our programs has grown by _____ amount (must show proof that need exists)
- Meeting community needs calls for expanded programs such as _____
- Our current programs are limited by _____

Outcomes and Impact

- This project will enable us to reach our goals and work towards our vision by _____
- Achieving the campaign initiatives will expand our ability to:
Serve _____ more people (be specific) every year
Reach new audiences, such as _____

Financial Needs

- Why are we a good investment?
- Our organization will be able to _____ (summarize impact from above)
- Why do you need to raise the money now?
- This project is well-defined, cost-estimates are secure, it is the right decision for our needs (Explain in detail to reassure donors this is the right solution)
- The budget leverages resources (name them) and reduced our philanthropic goal by _____
- Long-term sustainability: business plan and rationale to meet increased program/operations needs

Means of Support

- What are the different ways to give?
- This is a solid plan meeting an urgent community need
- Philanthropy will leverage _____ dollars to complete this project
- Your gift will be impacting _____ members every year

Community Benefit

- At the completion of this project, the community will have _____ that they don't have now
- Most importantly, we will be impacting lives. For example, one member's story (out of the X number) more members we will be serving each year: _____

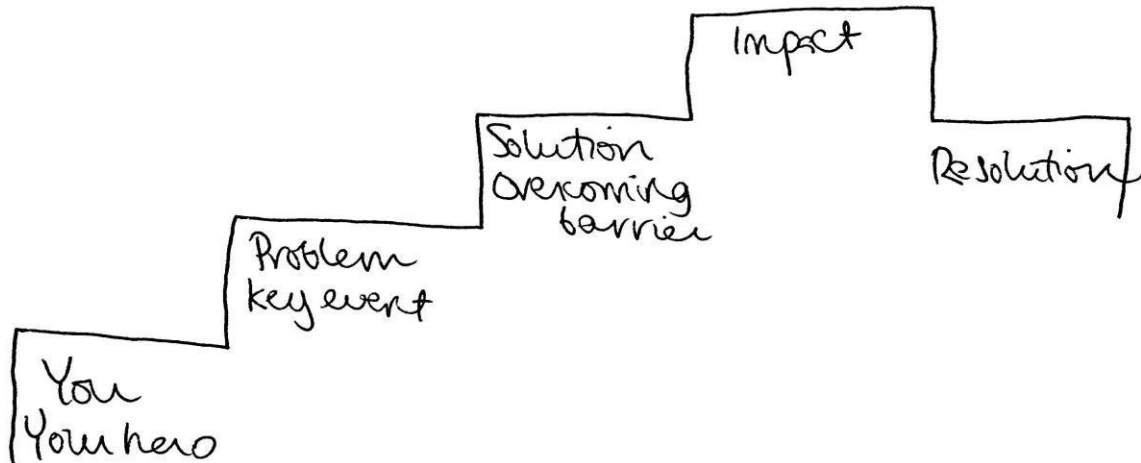
With gratitude to Rebecca Zanatta, Ostara Group, for use of this Case Statement.

Storytelling

From *Nonprofit Storytelling for Board Members* by Christopher Davenport

Your involvement story	An impact story	A Thank You Story
<i>Why YOU got involved</i>	<i>The need and how your organization is meeting it</i>	<i>The story you tell when you thank someone</i>

Crafting a story



Grant Readiness

It takes considerable planning and preparation to write and get grants. Here are some questions to consider before you write a grant. You don't need to say "yes" to everything to be grant ready. Hopefully these ideas promote conversation within your organization.

Question	Yes +	No, action...
What is your mission statement?		
Who do you serve and where?		
Do you have IRS 501(c)(3) designation as a public charity (NOT as a private foundation)?		
Have you submitted a 501(c)(3) application or do you plan to in the next 12 months?		
Do you have a fiscal sponsor?		
Why do you want to pursue grants?		
What are your top grant funding priorities, and when do you need the funds?		
Do you have a diversified fundraising plan?		
What are your other sources of revenue for this project?		
Have you already raised funds for this project?		
How long have you been providing services, and what is your track record of success?		
Do you have an operating budget?		
Do you submit a Form 990, 990-EZ, or 990-N (e-postcard) each year?		
Do you have a financial statement?		
Has it undergone a financial review?		
Do you or your board have grants management expertise?		
Have you written grants before?		
Have you won grants before?		
Who is on your board?		
Do you have paid employees?		

With gratitude to Katie Howard of KH Consulting (thinkwritegrow.com).

Healthy Nonprofit Habits

Our habits shape our actions and therefore our impact. People who form healthy habits are able to get more done to greater effect. This is particularly important within nonprofits, where your success matters greatly.

Here are a few habits to think about. See how many of these habits you currently have in place. Choose at least one additional habit you will put in place in the next 30 days.

A. Clear jobs and systems

- Define jobs through job descriptions
- Have a system for recruiting board members
- Manage external conflicts through a clear conflict of interest policy
- State mission at the start of meetings and gatherings to ensure focus on mission

B. Learning culture

- Tell an impact story at the start or end of a board meeting.
- Be able to name who else is working in the same space as you, both topic and geography.
- Be a member of Nonprofit Association of Washington, a local nonprofit network, or any local coalition connected to the work that you will be doing.
- Include at least 15 minutes of learning time into board agendas.
- Schedule board reflection time (i.e. retreat) at least once a year.

C. Stay organized

- Use an online tool or a board binder to keep key documents safe and available.
- Create an organizational calendar so you don't miss key compliance deadlines and schedule annual events like budgeting.

What habits would strengthen our organization

Reflections

	Where are you going?
	Rules of the road
	Taking the right road
	People in the car
	Your fuel