



Building nonprofit and donor strength with the
Accountability Standards®

NARC&DC Conference – September 24, 2018

SMART Giving...



...is a partnership
between donors and causes.

It is an art and a science.



It is a blend of
heart and head.





Transforming philanthropy

*Building donor and nonprofit relationships
for strong, vibrant and just communities.*



Program Services

Nonprofit Services

- 25 Accountability Standards®
- Accountability Wizard®
- Meets Standards® Seal
- Diversity, Equity & Inclusion Toolkit

Donor Services

- The Smart Giver Newsletter
- Online list of Meets Standards® Nonprofits
- Giving tips & resources

Donor Nonprofit Relations

- FORUM events
- Online resources for connecting donors and nonprofits



ACCOUNTABILITY STANDARDS®

Co-created benchmarks of nonprofit strength

Charities Review Council (the Council) works to mobilize engaged, informed donors and strong, accountable nonprofits for the greater good.

Accountability Standards

Approved April 1, 2014

The Accountability Standards® serve as a framework for building trusting, productive relationships between nonprofits, donors, and the general public, who deliver the greater good in partnership.



ACCOUNTABILITY STANDARDS®

Where do they come from?



Nonprofit Sector Practices



Legal & Regulatory Adherence



Donor & Public Expectations



IRS Form 990

4 Categories

Name of Standard

GOVERNANCE, CONTINUED

Chief Executive Assessment and Compensation



Philosophy

An important duty of a nonprofit's board includes regular discussion of chief executive goals and setting the annual compensation of the chief executive. Annual goal setting and year-end assessments against the goals establishes trust and understanding and identifies strengths and areas of opportunity in leadership development. Likewise, it builds public trust to assure that compensation decisions are carefully considered and that pay is reasonable.

Standard

The Board of Directors annually sets performance goals with the chief executive or management company and assesses the individual or management company against those goals and other relevant criteria. The board, or a committee to which it has delegated compensation authority, obtains and reviews compensation data for comparable positions and considers whether the compensation is reasonable. Only individuals free of a conflict of interest in the compensation decision may participate. The compensation deliberations are documented in meeting minutes.

Accountability Standards[®]

How are they used?

- As a contract of expectation between donors & nonprofits.
- The basis of our online nonprofit review process, aka The Accountability Wizard[®]
- To support donors/funders with making informed giving decisions

Public Disclosure

Public trust is vitally important for a nonprofit organization.

The Council believes that in order to build trust a nonprofit should make an effort to communicate clearly, to its constituency and donors, its activities, accomplishments and costs of operations.

- Annual Report and Communication
- Impact on the Community
- Financial Transparency
- Legal Compliance

Governance

As is evidenced in the new IRS Form 990, nonprofit governance is of increasing interest and importance. The following standards are intended to help ensure that a nonprofit has a strong system of governance, good management practices and policies, and regularly assesses its mission against its programmatic accomplishments.

- Monitoring Mission & Strategy
- Governing Document Review
- Diversity, Equity & Inclusion
- Board Orientation & Assessment
- Board Length of Service
- Board Meetings
- Separation of Roles
- Voluntary Board Service
- Chief Executive Assessment and Compensation
- Federal Tax Filing Review
- Conflict of Interest Policy
- Whistleblower Policy

Financial Activity

Donors want to know that when they give a donation to a nonprofit their dollars will be used effectively and efficiently, but also that the nonprofit is stable in the long run. The following standards reflect this by acknowledging the need of a nonprofit to invest in its infrastructure while maintaining a healthy financial picture for the future.

- Board Fiduciary Oversight
- Use of Funds
- Financial Health Management

Balanced Reserves

Travel and Entertainment
Reimbursement Policy

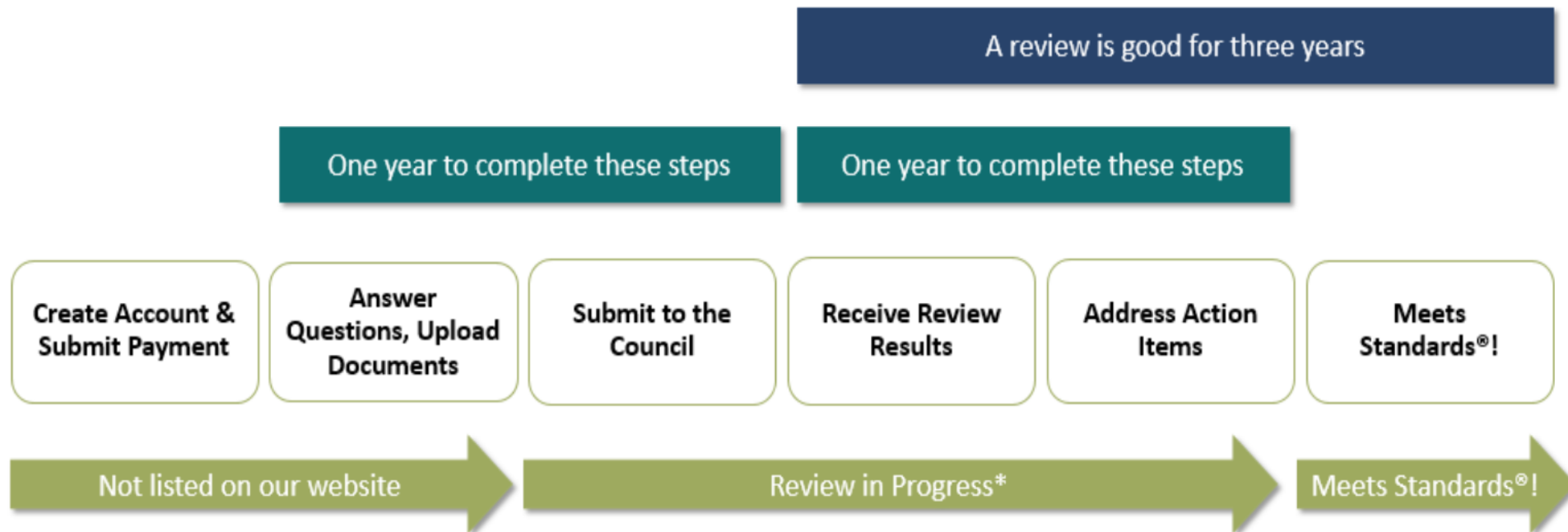
Fundraising Standards

Fundraising is an essential part of any nonprofit organization.

The Council believes that a nonprofit should strive to proactively seek funds, while also following ethical practices that will ensure the upkeep of trust for the organization, and respect for the sector as a whole among donors.

- Fundraising Disclosures
- Donor Financial Information Security
- Donor Privacy
- Soliciting Practices

Accountability Wizard® - *Review Process & Timeline*



*Review in Progress status only good for 1 year

The Benefits

- Build stronger relationships between board & staff
- Ensure strong internal policies, practices and procedures are in place
- Earn the Meets Standards® Seal, a visual marker of nonprofit strength
- Gain additional exposure through Council communications & promotions
 - Promoted on Social Media
 - Listed in the Smart Giver Newsletter
 - Listed on the Council's Website



Let's have a conversation...

With a partner, take turns responding to common donor questions.

Scenario 1 – *A donor wants to know how much of your total expenses are going towards programming, versus administrative and fundraising expenses. **How do you respond? How do you move beyond the overhead conversation?***

Things you might mention:

- We currently fall in the range identified by Charities Review Council, however, **that's just 1 of 25 Standards** that we meet with them.
- We **also** meet high standards of transparency, governance, leadership, and results. We believe this provides a fuller picture of our performance.
 - **BONUS POINTS** - *Add details about what you accomplished last year and your goals for this year. Talk about a few long-range goals you're working on.*
- **Overhead costs include important investments to improve our work:** investments in training, planning, evaluation, and internal systems. These expenses allow us to remain sustainable (*the way a family has to pay the electric bill*) or to improve itself (*the way a family might invest in college tuition*).

Let's have a conversation...

With a partner, take turns responding to common donor questions.

Scenario 2 – *A donor contacts your office with a concern over how much the CEO/ED is making, stating the CEO/ED's salary is taking away from the mission of the organization. **How do you respond?***

Things you might mention:

- The board reviews the CEO/ED's performance **and** compensation **every year** to ensure it's reasonable.
- The board **uses comparable compensation data** for *“like size and type”* organizations to ensure pay is in line with industry standards.
- A healthy nonprofit with strong leadership will be able to help more people in a more effective and bigger way, for a much longer time. They achieve their missions faster.

Diversity, Equity and Inclusion

Nonprofits are stewards of our collective resources. A majority of support for nonprofits comes directly or indirectly from the public. Therefore, being representative and inclusive of the population identified by a nonprofit's mission and goals is key to: maintaining public trust, supporting organizational sustainability, and fostering effectiveness.



Diversity, Equity & Inclusion Toolkit

What is it?

Affordable, organization-focused, self-administered assessment for organizations that wish to build a more effective and reflective organization from the inside out.



Diversity Equity & Inclusion Toolkit

How Does it work?

- Understand internal diversity
- Set internal and external equity and inclusion goals
- Clarify responsibilities and roles to create momentum toward goals
- Commit to organizational priorities that maintain and advance diversity, equity and inclusion

Questions?



Next Steps

- Learn more about the [Accountability Wizard[®]](#) or start the review process
- Sign up to receive our [E-newsletter](#), which includes Council updates, smart giving tips, sector news and more!
- Follow us on social media
 - [Facebook](#)
 - [Twitter](#)
 - [LinkedIn](#)
 - [Instagram](#)

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REVIEW
Council®