



C4
Innovations

Community & Behavioral Health | Recovery | Social Change

Building Infrastructure and Sustainability: A Guide for Peer-run/ Recovery Community Organizations



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Please share your thoughts, feedback, and questions about this publication by emailing info@c4innovates.com. Your feedback will help SAMHSA develop future products.

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About This Manual

By providing easy-to-read information and handy resources, this manual can help PO/RCOs be ready, willing, and able to compete in the emerging health care marketplace. The manual covers these aspects of management common to any nonprofit organization:

- Mission, values, and vision
- Organizational self-assessment
- Strategic planning
- Business planning
- Nonprofit status and tax exemption
- Human resources management
- Financial management
- Fundraising and development
- Governing board development
- Data management and technology needs
- Staff development and training
- Outcome development and tracking
- Telling our story
- Communications and public relations
- Collaboration with other organizations

Each section features information that nonprofit organizations such as PO/RCOs need to survive and flourish, and you will find online links to more information, interesting articles, samples of tools, and practical templates that can shape and enhance your organization's operation and effectiveness.

Reaching Your Organization's Highest Potential

PO/RCOs have new and promising opportunities to play a central role in the evolving health care system. We encourage you to use this manual to help you compete in the emerging marketplace by developing an agile organization, poised to seize opportunities that enable you to fulfill your mission. We hope that this wealth of resources helps you to create an organization staffed by peers who are learning and growing, guided by a responsive governing board, led by an informed and inspirational executive, and bolstered by policies and procedures that support recovery.

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1 Who Are We?

We human beings are naturally self-aware. This unique capacity for introspection helps us understand who we are and how and why we do things. In organizations, self-awareness is essential for effective planning, decision making, action, and learning. This self-knowing may not always come easily, however, so organizations must build and cultivate it. Understanding our organization's special identity, motivations, decision-making processes, strengths and limitations, and place in the world helps us be alert and function capably within our environment.

This chapter focuses on organizational identity: how we see ourselves, and the image that we project to the world. It introduces three fundamental must-haves for any nonprofit organization: vision statement, mission statement, and values statement. These are powerful, simple tools that PO/RCOs can use to improve their performance. In the following chapter, we will learn how to examine our organization's strengths and limitations and analyze outside threats and opportunities.

Vision, Mission, and Values

An organization's stated vision statement, mission statement, and values statement communicate to staff and others the organization's identity. Collectively, they express the organization's intent and purpose. These three statements are the simplest, most effective governance tools you can use.

Vision and Mission Statements

Vision is the ability to see the invisible. An expression of optimism about what is possible, a vision statement is a clear sentence that captures the organization's image of a preferred future or desired end-state. This inspiring statement describes what the organization would like to achieve or accomplish, and expresses the long-term desired change that will result from the organization's work. For example, Habitat for Humanity, an organization that uses volunteers to build affordable homes, has a simple, 10-word vision statement:

"A world where everyone has a decent place to live."

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The mission statement will turn your vision into practice, and it is the one of the most important aspects of your organization's message to outsiders. The mission statement tells the world why your organization exists and describes what you do. This written declaration of your organization's core purpose remains constant over time and guides decisions about the organization's actions, responsibilities, and priorities. Well-written mission statements are brief, simple, clear, and memorable. Good mission statements:

- serve as filters to separate what is important from what is not;
- state who your organization will serve and how; and
- communicate a sense of intended direction to the entire organization.




For example, the mission statement for the organization Mothers Against Drunk Driving is

“To stop drunk driving, support the victims of this violent crime and prevent underage drinking.”

Here is another, very different example, from the Cottonwood Foundation:

“Cottonwood Foundation, a charitable, tax-exempt, 501(c)(3) organization, is dedicated to promoting empowerment of people, protection of the environment, and respect for cultural diversity. The foundation focuses its funding on committed, grassroots organizations that rely strongly on volunteer efforts and where foundation support will make a significant difference. At least 90 percent of Cottonwood Foundation's expenditures will be for grants to other organizations.”

Get Started!

-  Top Nonprofits has a helpful guide to creating vision and mission statements and provides examples for inspiration. Go to <http://topnonprofits.com/examples/vision-statements>
-  For outstanding examples of mission statements, visit <http://topnonprofits.com/examples/nonprofit-mission-statements>
-  Check out this four-minute video: *How to Write a Mission Statement That Inspires* at <http://onstrategyhq.com/resources/how-to-write-a-mission-statement-that-inspires>

Words to Live by: Organizational Values

Value statements spell out the core principles that guide an organization's work. They provide the focus, energy, and importance for how you will do your work. Whether or not they are in writing, values are an important part of organizational culture, supporting the integrity of the organization and the people who work there. Value statements clearly define how people will behave with each other in the organization, what is right and wrong, and the behaviors and perspectives that are meaningful within the organization. They can help resolve conflicts or negotiate ethical dilemmas. Community members can also look to these statements to learn more about an organization. Not all organizations have value statements, but all organizations have values!

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Examples of value statements:

“We believe in the potential of every person to grow and develop his/her gifts.”

“We are committed to equitable treatment and elimination of discrimination in all its forms at all organizational levels and throughout all programs.”

“We recognize the rights of all individuals to mutual respect; acceptance of others without biases based on differences of any kind.”

Putting Vision, Mission, and Values to Work

Most PO/RCOs have a mission statement that expresses their commitment to supporting and empowering people who are living with behavioral health conditions and their families. *Peer-based recovery support* is the process of giving and receiving nonprofessional, nonclinical assistance to achieve long-term recovery from mental health, alcohol, and other drug-related problems. Peer support services are those provided by an individual who is on their own recovery journey and has received training in how to be helpful to others who participate in behavioral health services. PO/RCOs offer a range of strengths-based services and supports that offer hope; examples include:

- providing individualized, one-on-one peer support;
- maintaining a resource center of information about community services and supports;
- providing health and wellness education;
- running mutual support groups; and
- advocating for service improvement and other issues that are relevant to people and their families.

Often, PO/RCOs contract to provide peer support services with government agencies, managed care organizations, hospitals, or behavioral health companies. What would you do if another agency offered you a contract to provide a service—transportation, for example—that is outside your agency’s core services? This is a chance to use the organization’s vision, mission, and values to make decisions about which services to provide.

Worth Reading

- *Three Statements That Can Change the World: Mission / Vision / Values* by Hildy Gottlieb. This article on the Creating the Future website is full of tips, examples, and exercises to help you create and put these essential governance tools to good use! Go to http://www.help4nonprofits.com/NP_Bd_MissionVisionValues_Art.htm
- While on the Creating the Future website, browse the Nonprofit Articles Library for more valuable, practical information that will help you bring out the best in your organization. Visit <http://www.help4nonprofits.com/H4NP.htm>

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Checklist: Four Tips for Success

- ✓ Periodically take a step back to reflect and look at your organization from all angles. See what is working and what could be different.
- ✓ Keep your eye on the ball. Revisit your vision, mission, and value statements to help you stay focused on what matters most. For example, begin staff and board meetings with all three statements and keep them on hand. As the staff or board makes decisions, it can be helpful to refer to the statements and put decisions into perspective.
- ✓ Let your mission and values guide the organization as it determines which services and supports to offer. Always ask, “How does this fit our mission and our vision for the community?”
- ✓ Ask for help when you think your organization needs guidance in developing its identity. Are there organizations in your community that you could reach out to? Is there a statewide network of organizations similar to yours that may have resources to help you? If you are unsure if there are organizations similar to yours in your region, these national organizations may be able to help:
 - Faces and Voices of Recovery at <http://www.facesandvoicesofrecovery.org>
 - National Empower Center at <http://www.power2u.org>
 - National Federation of Families for Children’s Mental Health at <http://www.ffcmh.org>

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2 Where Are We?

Nonprofit organizations that survive the constantly changing political and fiscal environment demonstrate an ability and willingness to change. Regardless of how your organization started, it has gone through change in order to survive. For example, many PO/RCOs were launched under the umbrella of a parent organization before seeking their own independent 501(c)(3) status. Many began with federal or state funding. To strengthen their financial health and future sustainability, PO/RCOs and other nonprofits must diversify their funding sources and not be dependent on a limited number of sources.

This chapter introduces you to the process of looking at your organization using two tried-and-true tools, the *Organizational Capacity Assessment Tool* and *SWOT Analysis*. These assessments will prepare you to make sustained, positive change and to grow in your capability to deliver peer support services. In the following chapter, we will learn how to prepare for the future by creating strategic and business plans.

Organizational Self-assessment

Healthy organizations periodically evaluate or rate their capacity as a way to improve their performance in an ever-changing, competitive environment. Capacity is an abstract term that sums up a range of capabilities, knowledge, and resources that organizations need in order to be effective. Organizational capacity assessment tools can help PO/RCOs measure their operational capacity, identify areas needing improvement, and guide the development of plans to build their capacity. Assessment results can also help track the growth of your organization's capacity over time. Typically, several staff members and a board member each complete the assessment independently, and then meet to compare responses and compile a single set of ratings.

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? How to Create Your Organizational Self-assessment

- Download a free Organizational Capacity Assessment Tool from the Marguerite Casey Foundation at <http://caseygrants.org/resources/org-capacity-assessment/>
- The National Council of Nonprofits website provides links to free organizational assessments. Go to <https://www.councilofnonprofits.org/tools-resources/organizational-self-assessments>

Get Ready-Willing-and-Able to Thrive in an Ever-changing World

When organizations have leaders and members who recognize the need for change, are committed to seeing the change through, feel confident that the organization can accomplish the change, and has access to needed resources, the organization is likely to be ready to change.

The following factors contribute to an organization's readiness, willingness, and ability to make needed change:

- **Need for change.** Leaders, members, employees, and volunteers recognize the need to make changes in the organization.
- **Commitment.** Leaders, members, employees, and volunteers feel a commitment to making actions that produce change or stimulate growth and development in the organization.
- **Confidence.** Leaders, members, employees, and volunteers have faith that together they can create the change that the organization needs.
- **Access to adequate resources.** To make change, organizations must depend on additional resources. Resources may be people or assets or things that are a source of support, supply, or help, such as talent drawn on when necessary, or natural, economic, or organizational assets. For example, human resources include consultants, auditors, trainers, and volunteers; assets include money, computers, telephones, and office furniture.

📄 Worth Reading

- This is a great article about making sustained, positive change in organizations: *Making Organizational Change That Stays, Even When People Don't* by Emily Anthony and Julie Edsforth. The piece features a simple framework for sustaining improvements over time, practical strategies, a case study, and links to more useful resources. Go to <http://www.socialventurepartners.org/seattle/2013/07/17/making-organizational-change-that-stays-even-when-people-don2019t>. The article offers these words of advice:
 - Most organizational improvements require a change in the organization's culture, meaning that members must change or reframe their underlying beliefs and assumptions.
 - In the middle of organizational change, everything can look like failure, so it is essential to stay committed and engaged during the inevitable peaks and valleys of the change process.

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What Do We Need to Change?

We know we need to change, but how do we determine exactly what change is needed? There are many tools that organizations can use to conduct this type of analysis, and one commonly used method is *SWOT Analysis*. *SWOT* stands for Strengths, Weaknesses, Opportunities, and Threats. A *SWOT* analysis helps the organization to recognize and understand significant internal factors (i.e., strengths and weaknesses) and external factors (i.e., opportunities and threats) it faces. The analysis tells you how your organization is doing today, and it provides an opportunity to review these areas and create an action plan to overcome challenges or take advantage of opportunities. The resulting action plan can show you how to create positive outcomes for your organization. That's what makes this fun!

Developing Your SWOT Analysis

Relevant areas to address in your internal analysis include resources and experiences; for example:

- **Human resources.** Staff, volunteers, board members, target population
- **Physical resources.** Your location, building, equipment. For example, is your building in a prime location? Does it need renovations? Do you have the technology you need?
- **Financial.** Grants, contracts, funding agencies such as foundations, other income sources
- **Activities and processes.** Programs you run, systems you operate
- **Past experiences.** Building blocks for learning and success; your reputation in the community

Relevant areas to address in your external analysis include opportunities and threats; for example:

- **Strategic alliances.** Are there groups, agencies, or programs that you can collaborate with that will be mutually beneficial?
- **Changing markets demands.** What services and supports do you offer that a managed care organization, for instance, might be seeking?
- **Competition.** Are others preparing to deliver the services that you already provide because now they can be reimbursed?
- **New technologies, services, ideas.** What technologies or best practices might benefit your organization?
- **Legislation.** Is there new legislation that helps or hinders your organization?

The *SWOT* analysis is an essential part of your organization's strategic plan, which we cover in Chapter 3 "[3 Where Are We Going?](#)" on page 13.

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Checklist: Nine Tips for Performing a SWOT Analysis

- ✓ Engage at least one expert in SWOT analysis to take part or moderate the process.
- ✓ Invite those who are interested to participate in the analysis, including staff, board members, members, people served by the organization, and representatives from a variety of stakeholder groups.
- ✓ Send an agenda in advance of the meeting to stimulate thinking about the topics of conversation.
- ✓ Set guidelines for conduct at the meeting: participants need to know that there will be no personal attacks, no complaining, no interrupting.
- ✓ Have one person facilitate the meeting and keep it on track. The facilitator should assure that no one person dominates the proceedings and that all have opportunities to contribute.
- ✓ Begin the meeting by reviewing the agenda and establishing a clear goal for what you plan to accomplish.
- ✓ When listing organizational strengths, do not be too modest. If it is hard to name your strengths, start by listing your characteristics (e.g., we are small; we are connected to the neighborhood). Many of these characteristics may be strengths.
- ✓ While the strengths and weakness of your organization are internal qualities, do not overlook the perspective of people outside your group. Identify strengths and weaknesses from both your viewpoint and that of others, including those you serve or deal with.
- ✓ SWOT analysis templates make it easy to do a SWOT analysis! Free templates are available (see below) so that you only have to fill in the details to create a professional SWOT diagram in minutes.



Smart Advice!

- Watch a whiteboard session that teaches a process for performing a SWOT analysis. Go to <http://onstrategyhq.com/resources/video-how-to-perform-a-swot-analysis-a-whiteboard-video>
- Take advantage of the professionally designed SWOT analysis templates available at <http://creately.com/blog/examples/swot-analysis-templates-creately/#SwotTemplatePrinting>
- Read the short article "Use SWOT Analysis to get a Quick Snapshot of Your Nonprofit" from the Legal Center for Nonprofits at <http://www.legalcenterfornonprofits.org/2013/02/15/use-swot-analysis-to-get-a-quick-snapshot-of-your-nonprofit>

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3 Where Are We Going?

It is important for PO/RCOs not to become mired in day-to-day operations and lose sight of long-term goals. In this chapter, we get down to the nitty-gritty of planning. We introduce the concepts and procedures for strategic and business planning, and why these processes are fundamental. It's critical not to regard strategic and business plans as ends in themselves. Planning documents are most helpful they are living, breathing documents instead of sitting on a shelf unused. To get the most from your planning efforts, track progress in meeting your goals so there is a sense of momentum, and let accountability and empowerment drive change. The nuts and bolts of nonprofit administration and planning for growth are important, so hang in there with us!

In this chapter, we also examine nonprofit status and tax-exemption status and explain the difference between the two. Most PO/RCOs are nonprofit tax-exempt organizations. Look to Chapter 5 "[5 Frank Talk About Finances](#)" on page 37 for more information about being tax-exempt and steps you will need to take to protect this status.

Strategic Planning

The strategic plan is your organization's action plan for the future, usually a year or longer. It outlines the major tasks, milestones, and steps needed to keep your organization moving forward. It involves your organizational vision, creativity, values, and culture. Think of the strategic plan as a blueprint for the organization's growth. These three components make up the planning framework:

- **Where are we today?** Review and clarify your vision, mission, and values. Revisit your organizational capacity assessment and SWOT analysis.
- **Where do we want to be in the future?** See where your organization is heading and establish your competitive advantage.
- **How will we get there?** What are the key activities that will get you where you want to be? Connect the dots: link where you are now to where you want to be. Set strategic objectives, goals and action items, and decide how to make it happen.

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A strategic plan makes it clear to everyone what the organization is trying to accomplish and how. This common understanding builds motivation, buy-in, and commitment. Why? Because people are more willing to do what they understand and have helped create. Strategic planning should include the staff and governing board. By staff, we mean *all* staff. Whether it is secretaries, bookkeepers, or building maintenance personnel, everyone should understand the organization's strategic plan. This inclusive process nurtures team building and helps staff see how their work ties into the greater goal for the organization. Everyone will feel more a part of the team, less isolated, and more motivated.

Quick Tip

- All About Strategic Planning at <http://managementhelp.org/strategicplanning/index.htm> is your one-stop site for a comprehensive guide to strategic planning

Why Do Strategic Planning?

Perhaps the key benefit of strategic planning is that it can be a tool to change your mode of operating from being reactive to active. It means that you will anticipate, plan, and create the future. By creating a clear direction for your PO/RCO, you maximize options for influencing your environment. Planning is not optional: it is part of the leadership team's job.

Worth Reading

- Download the two-page *Strategic Planning Cheat Sheet* that outlines the major parts of the plan, pitfalls to avoid, and guidelines for what makes up a good plan; go to <http://onstrategyhq.com/resources/topic/strategic-planning-process> and click the download button; and while you're there, look into other resources that explain the strategic planning process.
- For a good overview of strategic planning, check out *Sustaining Grassroots Community-Based Programs: A Manual for Community- and Faith-Based Service Providers* at <https://sites.ed.gov/aapi/files/2014/03/SAMHSA-Toolkit.pdf>
- *Strategic and Business Planning for Nonprofits*. This brief article includes basic information plus numerous links to in-depth planning resources; visit <http://www.councilofnonprofits.org/strategic-business-planning-for-nonprofits>
- *Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders*. This 12-page briefing paper can help drive away jaded disillusionment with the planning process while helping your organization anticipate and respond to change. Go to http://www.tccgrp.com/pdfs/per_brief_tenkeys.pdf

Checklist: Five Tips for Successful Strategic Planning

- ✓ Take advantage of free, online training to learn more about strategic planning before you get started. It's easy to listen to a podcast or webinar. OnStrategy, for example, has free courses; some are live webinars that you register for in advance and some are "on demand" so you can watch them when you have an extra hour or so. Go to <http://onstrategyhq.com/resources/section/webinars>

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- ✓ Strategic planning is a specialized skill, so bring in external talent to facilitate the process.
- ✓ Do not engage in strategic planning unless key stakeholders are willing to commit the time, money, and effort to the process, otherwise, it is a waste of time.
- ✓ If you need help with strategic planning, look to your state association of nonprofits. To find yours, go to <http://www.councilofnonprofits.org/find-your-state-association>
- ✓ A computerized spreadsheet application, such as Microsoft Excel, is a convenient, user-friendly tool for laying out the work plan with actions, personnel, completion dates, resources, and costs.

Developing a Business Plan

Your organization needs both a strategic and a business plan. While the strategic plan lays out the direction forward, the business plan typically describes the market you serve, how the organization is structured to carry out its work, how your services benefit your clients, your marketing plan, and your funding and financial projections. The business plan outlines who needs to run the organization and what they bring to the table that adds value to your services. It describes your “customer,” your competition, and what makes your organization uniquely qualified to do the work you do.

Get Started! How to Create Your Business Plan

 The US Small Business Administration (SBA) website has most of the information that PO/RCOs need to create a business plan; go to <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/how-write-business-plan>. This webpage describes the 10 parts of a business plan. Here are brief descriptions with links to each specific article:

- **Executive Summary:** A snapshot of your business plan as a whole that includes your organization’s profile and goals; <http://www.sba.gov/content/business-plan-executive-summary>
- **Company Description:** What your organization does, what differentiates it from others, and the markets you serve; <http://www.sba.gov/content/company-description>
- **Market Analysis:** Research on your industry, market, and competitors; <http://www.sba.gov/content/market-analysis>
- **Organization & Management:** Tips on organizational structure and governing boards; <http://www.sba.gov/content/organization-management>
- **Service or Product Line:** What services do you offer? How do they benefit your clients, their families, and the community? Get tips on how to tell a compelling story of peer support services; <http://www.sba.gov/content/service-or-product-line>
- **Marketing & Sales:** How you plan to promote peer support services; <http://www.sba.gov/content/marketing-sales-management>
- **Funding Request:** What to include in a funding request; <http://www.sba.gov/content/funding-request>

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- **Financial Projections:** If you need funding, you will need to provide financial projections to back up your request; <http://www.sba.gov/content/financial-projections>
- **Appendix:** An appendix is an optional, but useful, place to provide information such as resumes, permits, and leases; <http://www.sba.gov/content/appendix>
- **How to Make Your Business Plan Stand Out:** What makes your organization unique, putting you above the competition; <http://www.sba.gov/content/how-make-your-business-plan-stand-out>

Understanding Nonprofit Status and Tax Exemption

Most peer-operated organizations are nonprofit and tax-exempt. What does this mean, and is there a difference? Being *nonprofit* means that those who own or operate the organization do not earn a profit. The organization may make a profit from the goods and services that it provides, but all of the money made must go back into the organization. In other words, it is *not-for-profit*: it may make a profit that enables it to continue delivering and growing its services, but it does not exist to make money. State governments grant organizations their official nonprofit status.

In contrast, the organization must apply to the federal government—specifically, the Internal Revenue Service (IRS)—for a tax-exempt designation. The best-known type of tax-exemption is 501(c)(3), which is usually the most appropriate designation for community organizations such as PO/RCOs. There are advantages of federal tax-exemption: this designation allows the nonprofit organization exemption from federal corporate and income taxes for most types of revenue. 501(c)(3) is also known as the *charitable tax-exemption* because it allows the organization to solicit tax-deductible contributions. The organization must have its nonprofit status before it is eligible to apply for federal tax exemption.

Maintaining a tax-exempt status is an ongoing process. The nonprofit must maintain financial records documenting all expenses. For example, costs for business meals and other expenses such as travel must be within set limits. If the organization's annual revenue is above \$25,000, a certified public accountant must audit your financial records yearly and write a letter to your governing board providing the audit results. Look for more information about nonprofit audits and money matters in Chapter 5 “[5 Frank Talk About Finances](#)” on page 37.

Smart Advice!

- Before deciding to become 501(c)(3), meet with an expert to study your options and determine which type of exemption best meets the needs of your PO/RCO
- When applying for nonprofit or tax-exempt status, get help from an accountant or a lawyer. Look for professionals who will either donate their time or perform the work at a reduced rate. The American Bar Association has links to inexpensive or free legal help in your area; visit <http://apps.americanbar.org/legalservices/findlegalhelp/home.cfm>

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Risky Business: Lobbying and Political Organizing

Because many PO/RCOs conduct advocacy in addition to providing services and supports, we need to talk about lobbying, as it is one form of advocacy.

According to IRS regulation, an organization may not qualify for 501(c)(3) status if a substantial part of its activities is attempting to influence legislation, commonly known as *lobbying*. While a 501(c)(3) may engage in “some” lobbying, “too much” lobbying activity risks loss of tax-exempt status (more about this below).



Get Started!

-  Learn more about maintaining your tax-exempt status and avoiding taxes and heavy fines; go to <http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Life-Cycle-of-a-Public-Charity>

Note that lobbying is different from *political organizing*, which the IRS strictly forbids. Here is how the IRS defines political organizing:

“...all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Contributions to political campaign funds or public statements of position (verbal or written) made on behalf of the organization in favor of or in opposition to any candidate for public office clearly violate the prohibition against political campaign activity. Violating this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes.”


Worth Reading

-  [Tax Information for Charitable Organizations at http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations)
-  [Understanding Nonprofit Status and Tax Exemption](http://ctb.ku.edu/en/table-of-contents/finances/managing-finances/nonprofit-status-tax-exemption/main) is a practical guide developed by the Community Tool Box; for this and more resources specific to nonprofit management, go to <http://ctb.ku.edu/en/table-of-contents/finances/managing-finances/nonprofit-status-tax-exemption/main>

What Is Advocacy?

Advocacy is the process of educating the public and legislators about the needs of your organization and the people you serve. Instead of endorsing or opposing specific legislation, the intent of advocacy is to increase understanding how public policy decisions affect your constituency. Those who have a direct interest in an issue have valuable knowledge to share and can help policymakers find solutions to persistent problems. Get to know your elected officials and their staff members, tell positive stories about how your work affects people’s lives, and be a resource to policymakers by sharing your expertise with them.

Examples of advocacy include

-  **making** nonpartisan studies, research, or analysis available;

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- **inviting** legislators to visit your organization so they can see how public funding or a particular policy affects day-to-day operations and the difference it makes; and
- **telling** your legislators how a federal grant your organization received has helped your constituents.

Quick Tip

- **Make your voice heard.** The Nonprofit Advocacy Reference Materials webpage has links to research, publications, and practical resources such as advocacy manuals. Visit <https://www.councilofnonprofits.org/everyday-advocacy-resources>

Measuring Lobbying: The Substantial Part Test

Federal tax rules make it prohibitive for nonprofit organizations to engage in lobbying, and there are no clear descriptions of when a nonprofit organization is in violation. Much of the funding of peer-run organizations is government or public money, which grantees cannot spend on lobbying in any way. Foundation grants typically have requirements that grantees use the money only for the designated project and not for lobbying.

Whether an organization's attempts to influence legislation (i.e., lobbying) constitute a *substantial part* of its overall activities is determined based on the relevant facts and circumstances in each case. When determining whether the lobbying activity is substantial or extensive, the IRS considers a variety of factors, such as the amount of time devoted—by both paid and volunteer workers—and the money spent on the activity.

Under the substantial part test, a nonprofit that conducts excessive lobbying may lose its tax-exempt status, resulting in its income being subject to tax. 501(c)(3) organizations that lose their tax-exempt status are subject to an excise tax equal to 5 percent of their lobbying expenditures for the year in which they cease to qualify for exemption. In addition, a tax equal to 5 percent of the lobbying expenses for the year may be levied against organization managers who agree to the making of such expenses knowing that these costs would likely result in the loss of tax-exempt status.

Checklist: How to Avoid Trouble with the IRS

- ✓ Learn more about lobbying and the IRS substantial part test; go to <https://www.irs.gov/charities-non-profits/measuring-lobbying-substantial-part-test>
- ✓ Be sure that you understand the ongoing requirements for reporting and renewal of your exemption status
- ✓ Too much lobbying activity risks loss of tax-exempt status and federal funding; learn more at <http://www.irs.gov/Charities-&-Non-Profits/Lobbying>
- ✓ All employees must be aware of rules related to lobbying and political activity so they act accordingly and avoid jeopardizing the organization's tax-exempt status
- ✓ Any kind of agreement—including a verbal agreement or time off with the stipulation or condition that an employee lobby to influence legislation—is illegal

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- ✓ It is also illegal to pay an employee a bonus with any stipulation that the employee gives the bonus to a political candidate: even a verbal demand of this kind can constitute IRS fraud
- ✓ Your IRS tax-exempt status is valuable to your organization, so do not endanger it; learn more at <http://www.irs.gov/pub/irs-pdf/f990.pdf>
- ✓ Each year tax-exempt organizations must file Form 990, the main IRS reporting form for nonprofits. The form and instructions are online at <https://www.irs.gov/charities-non-profits/exempt-organization-annual-filing-requirements-overview>

Expect the Unexpected: Buy Insurance

Many nonprofits operate on a shoestring budget, and a large, unexpected expense could lead to financial ruin. Having the right insurance to guard against this risk is a good move.

If your organization has a physical location, you cannot do business in some states without at least general liability insurance. *General liability insurance* can protect your organization's assets and pays for obligations—medical costs, for instance—incurred if someone gets hurt on your property or property you rent. It also covers the cost of your legal defense and any damages should someone file and win a claim against you. If your nonprofit has employees, both state and federal insurance requirements apply. Typically, the government mandates that employers pay for workers' compensation, which is for job-related injuries, *unemployment insurance*, and possibly *disability insurance*. Even in businesses where risk is low and you think the organization is unlikely to face a claim, someone may slip and fall, so insurance is essential.

Another common insurance for nonprofit organizations is *directors and officers insurance*, which covers the board of directors since they have ultimate fiduciary and personal liability responsibilities for the organization. Recruiting board members can be a problem if you cannot assure them that they will have insurance coverage. Other types of insurance to consider include property, auto, product liability, and professional liability. Given that we live in a litigious society, insurance can be a wise investment.

Smart Advice!

- Read a helpful overview of the types of insurance a nonprofit should consider: *What Types of Insurance Should a Nonprofit Buy?* Go to <http://www.nolo.com/legal-encyclopedia/insurance-types-for-nonprofits-32393.html>
- The SBA website is a reliable source for insurance information; visit <https://www.sba.gov/business-guide/launch-your-business/get-business-insurance>
- The SBA has centers nationwide that can offer accurate, free advice; to find local assistance go to <http://www.sba.gov/tools/local-assistance>
- For information on evaluating your insurance needs and finding the right policies for your organization, read *Starting & Building a Nonprofit: A Practical Guide* by Peri Pakroo. You may order online at <http://www.nolo.com/products/starting-and-building-a-nonprofit-snon.html>

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4 What Should We Build into Our Program?

Organizations are only as effective as their people are. To achieve their mission, PO/RCOs need the perfect mix of passionate people, potent leadership, and best practices working together. In Section 1 of this chapter, we focus on human resources and how to strengthen your organization's greatest asset: its employees and volunteers. We will look at the hiring process from creating a job application to conducting an exit interview. Section 2 looks at volunteer recruitment and management.

While the people who work in your organization are your greatest asset, they can also be a huge risk. In Section 3, we examine a number of laws and regulations related to employment as well as other personnel issues, including recordkeeping, sexual harassment, violence in the workplace, confidentiality, and workplace drug testing.

Get Started!

-  *Human Resources Guide for Small Nonprofits* is available online from the Centerpoint for Leaders; go to http://centerpointforleaders.org/manual_hr_home2.html
-  The Free Management Library provides a checklist of informative, thought-provoking indicators to help assess and manage your organization's human resources; visit <http://managementhelp.org/organizationalperformance/nonprofits/human-resources.htm>

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Section 1: Your Hiring Process

It is important to have the right people working for you and for them to have the right skillset that matches their job responsibilities. A human resources person can guide you in creating the right atmosphere for staff and volunteers to work, grow, and provide the best possible services.

Taking great care in selecting, orienting, and supervising employees can be one of the best ways to fulfill your mission. PO/RCOs should have a hiring policy that outlines the hiring process from recruiting through exit interviews. Training on how to interview and check references for a good hire is also essential. Given that nonprofits are often facing time and money constraints, a well-crafted hiring process should help the process go as efficiently as possible.



Quick Tip

- The Bridgespan Group has a *Nonprofit Hiring Manual* that can guide PO/RCOs in an eight-step hiring process that leads to making a great hiring decision; visit <http://www.bridgespan.org/Publications-and-Tools/Hiring-Nonprofit-Leaders/Nonprofit-Hiring-Manual.aspx#Ugp9QpKTjVs>

Job Application

The job application should gather general information about the job candidate as well as document his/her qualifications. The candidate must sign and date the job application. If your organization plans to check references, get reference information and permission to contact the references in writing from the candidate.

It is wise to ask if the candidate has been convicted of a crime and, if yes, to explain the nature of the crime. A number of states and funders require background checks, criminal checks, or fingerprinting of employees. Be sure to learn your state and funders' requirements so that your organization is in compliance.

While you may inquire about an applicant's criminal history as it relates to an open position, there are times when using criminal history may violate the prohibition against employment discrimination under Title VII of the Civil Rights Act of 1964. For advice on this matter, refer to *Highlights of EEOC's New Criminal Record Guidance* from the National Employment Law Project at <https://www.nelp.org/publication/highlights-of-eeocs-new-criminal-record-guidance>.



Quick Tip

- See a sample nonprofit *Employment Application* that can be used for many staff positions at <https://www.missioncapital.org>

Job Description

A clear, comprehensive job description is important to attracting candidates who best fit the open position. The job description should begin with a brief statement of the position followed by the position's responsibilities, the reporting structure, and position qualifications.

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Get Started!

- Download *Writing the Job Description* created by The Bridgespan Group; go to <http://www.bridgespan.org/Publications-and-Tools/Hiring-Nonprofit-Leaders/HiringTools/Writing-the-Job-Description.aspx>
- Find examples of nonprofit job descriptions and more in the Foundation Center's GrantSpace Knowledge Base at <http://www.grantspace.org/Tools/Knowledge-Base/Nonprofit-Management/Employment-Volunteering/nonprofit-job-descriptions>

Interviewing Candidates: Ask the Right Questions

When interviewing prospective employees, it is essential to know what you may and may not ask. Interview questions should reflect the job content, job level, and organizational priorities for the position. Federal law prohibits job discrimination based on gender, race, religion, ethnicity, disability, or marital status. This means the interviewer may not ask about these personal matters during a job interview. An attorney can advise managers about state or local laws that may affect the interviewing or hiring process, such as those protecting job candidates' privacy on matters like political affiliation, or those banning discrimination based on sexual orientation. There are resources to help you navigate these waters in Section 3, *Compliance with Workplace Laws*.

An interviewer should not ask pre-employment questions about a candidate's disability or the nature of a disclosed disability. You may ask, however, questions about the candidate's ability to perform job functions essential to the position. For positions that require the employee to have a lived experience or to be in recovery in order to successfully perform the job, an interviewer may explore these areas with certain limitations.

Checklist: Three Tips for Success when Interviewing Prospective Employees

- ✓ When filling a position that requires a lived experience or history in recovery, seek advice from a human resources person or attorney as you draft the position advertisement and interview questions
- ✓ Focus interview questions on the applicant's professional experience and history; read *The Nonprofit Times* piece "Eight Sample Interview Questions" at <https://www.thenonprofitimes.com>
- ✓ The Free Management Library has recommendations on interviewing; read *How to Screen Job Candidates (Interviewing, Background Checks)* at <http://managementhelp.org/staffing/screening.htm>

Reference Checking

A reference check can obtain important information about how the candidate performed in previous job positions. This information can inform the decision to hire, and if all goes well, help you think about how to best manage the new employee's transition to their new work situation.

What a reference check tells a prospective employer may have legal implications for both the new and former employer. Since employees who terminate with your organization may list their supervisors or coworkers as references for future positions, contact a human resources person or attorney to establish a policy on what information your organization will share with prospective employers. This

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information may range from simply confirming that the employee worked at the organization and the dates of employment, to descriptions of the individual's work ethic or skillset. A clear policy can protect both your organization and the individual.

Get Started!


-  Read *The Reference Check: More Than a Formality* at http://www.bridgespan.org/Publications-and-Tools/Hiring-Nonprofit-Leaders/HiringTools/Reference-Check-More-Than-Formality.aspx?gclid=Cmbwu_OU-7gCFcqe4AodyFUAaw-.UgqJ5JKTjVs
-  *Reference Checks: Questions to Ask* by Laura Gassner Otting can help you make a smarter hire; go to <https://static1.squarespace.com/static/59527e7fbe6594f32475eae4/t/59e9605651a58480ba0e517d/1508466774874/Reference+Checks+-+Questions+to+Ask.pdf>

Background Check

A background check can be key in helping prevent your organization from being a victim of theft or fraud, and from being held liable for a wrong committed by an employee or volunteer. A background check can mean different things, from performing screenings—such as criminal history, credit, and reference checks—to verifying previous employment and higher education. Federal law allows employers to perform criminal background checks. Be sure to ask about any specific requirements for fingerprinting and background checks from both your funders and state behavioral health or health authority. Note that some states have a single department of behavioral health, while others have separate departments of mental health and substance use services. These departments are charged with providing treatment and support services to people with behavioral health issues.

The law also allows any organization that provides services for children, the elderly, or people with disabilities to request fingerprint-based criminal background checks of volunteers and employees.

Quick Tip

-  Learn about running background checks and get tips for screening applicants; go to <https://www.missioncapital.org>

Hire Letter: Extending an Offer

Job candidates are often anxiously waiting to learn if the organization will offer a position, and they may be considering other job prospects and offers. It is important—and common courtesy—to notify all interviewed candidates as soon as possible after making a hiring decision. Although not required, it is good practice to inform those candidates not chosen for the position. Tell the candidate that while they are no longer in the running for that position, the organization will keep their resume on file for future positions that may be a better match.

You may notify the chosen candidate by telephone, email, or letter. The hire letter should contain confirmation of the position offered, salary, start date, reporting requirements, and any conditions of the offer. For instance, if there is a requirement for fingerprinting, background check, or drug/alcohol testing,

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state that the offer is pending positive results of the screening. The organization's executive director (or designee) must sign the letter, which the applicant must also sign and return.

Quick Tip

- Download an offer letter template at [https://www.bridgespan.org/insights/library/hiring/nonprofit-hiring-toolkit/extending-an-offer-\(1\)](https://www.bridgespan.org/insights/library/hiring/nonprofit-hiring-toolkit/extending-an-offer-(1))

Employee Orientation

A good orientation helps the new hire settle into their new position. The orientation should include an introduction to the organization as well as to the job itself. Employees perform better when they see their duties as being part of the larger mission and when they see how they fit into the organization. A lack of understanding between the employee and supervisor of expectations can be a common cause of job problems, so make expectations clear upfront during the new employee orientation.

Worth Reading

- *Orienting New Employees* by Carter McNamara; visit <http://managementhelp.org/training/employee-orientation.htm>

One of the best ways to design an employee orientation is to develop a new employee checklist that the supervisor and new employee can sign off on as they review required topics.

How to Create a Checklist for New Employee Orientation

- Refer to the *New Employee Orientation Checklist* developed by Greenlights for Nonprofit Success; go to <https://www.missioncapital.org>
- Also look at the *Supervisor's Checklist for New Employee Orientation*; go to <http://hrweb.berkeley.edu/guides/managing-hr/recruiting-staff/new-employee/checklist>
- Another good example is the *Basic Checklist to Orient Employees* available from the Free Management Library; go to <http://managementhelp.org/training/employee-orientation.htm#checklist>

Job Performance Evaluation

Performance reviews provide feedback to the employee on their strengths and any areas needing improvement. Annual performance reviews are a key component to employee development and can help cultivate an open relationship between supervisor and employee. This relationship yields better employee performance, morale, and job satisfaction. While nonprofit managers may feel they do not have time for ongoing employee supervision or an annual performance evaluation, the time spent on these tasks generally results in more effective and efficient program operations. Performance evaluations should be fair and unbiased, and the organization should assure that it treats all employees in a similar way and holds them to similar standards.

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Worth Reading

- *Performance Evaluations Can Help Workers Improve—and Help Charities Reach Their Goals* at <http://philanthropy.com/article/Performance-Evaluations-Can/52524/>
- *Guidelines to Conduct Employee Performance Appraisals* at <http://managementhelp.org/employeeperformance/performance-appraisals.htm>
- *Field Guide to Leadership and Supervision for Nonprofit Staff* by Carter McNamara (2003), published by Authenticity Consulting, LLC

With ongoing and effective supervision, feedback from the annual performance review should not be a surprise to the employee. Hold the first review six months after the employee's start date and review the job description. Has the job description changed? How is the employee doing with the tasks they are undertaking? Are there areas where the employee needs help, such as training or resources? How is the employee adjusting to the organization's culture?

This first performance review should further clarify the position's responsibilities and document how the employee is performing them. Note any areas needing improvement along with strategies for addressing them. At this meeting, the supervisor should clearly state the employee's goals for the remainder of the year.

PO/RCOs should have performance review policies that plainly state why the organization reviews employee performance, how often reviews occur, which reviews generate a formal written report for the employee's personnel file, and which, if any, reviews will be oral only. The policy should state what the review is based on (i.e., outcomes, performance of duties, job description, observation of agency policies and practices, punctuality, independent motivation). If the organization ties performance review results to a monetary reward, set guidelines for reviewers so that reviews are fair and reliable across reviewers.

Get Started!

- For help in documenting staff performance evaluations, tips on managing employee review sessions, and sample evaluation forms, go to <https://www.missioncapital.org>
- See *Conducting Performance Evaluations* at <https://www.minnesotanonprofits.org/resources-tools>
- For an example of a *Performance Management Policy* go to <https://hr.unc.edu/employees/policies/shra-policies/performance-management>
- For a basic performance appraisal form template, go to <http://www.businessballs.com/performanceappraisals.htm>
- Download the PDF *Performance Appraisal Plan Examples: Simple, Easy Guidance and Sample Format* at <http://www.dm.usda.gov/employ/employeerelations/docs/Guide-ExPerfPlans.pdf>. The document includes a checklist for performance plans, sample employee plan, and sample supervisory plan.

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Progressive Discipline

Good hiring processes, a solid orientation, and ongoing supervision result in productive and effective employees. At times, however, employees may fall outside of what the organization expects of them. Taking disciplinary action or terminating an employee is never easy. An established and enforced system of progressive discipline provides a path for correction and if necessary, termination. *Progressive discipline* is a process of employee discipline that provides a graduated range of responses to job-related behavior that does not meet expected and communicated performance standards. In this process, increasingly stiffer penalties are imposed, ranging from mild to severe, depending on the nature and frequency of the problem.

The progressive discipline policy should be clear and the organization should document interactions with the employee, whether written or oral. Both the employee and supervisor should sign the document.

Worth Reading

- “Designing a Progressive Discipline Policy,” a white paper published by *The HR Specialist*, online at <http://www.thehrspecialist.com/article.aspx?articleid=2880>
- “What Precautions Should a Nonprofit Take When Disciplining or Firing an Employee?” from the *Nonprofit Answer Guide*; go to <https://nonprofitanswerguide.org/managing-people>
- *Guide to the Use of the Corrective Counseling Forms* online at <https://hr.ua.edu/employee-resources/performance-management>
- *Discipline and Termination of Employment* (although developed in Canada, the principles are applicable in the US); go to http://www.hrcouncil.ca/docs/POL_Dicipline_Termination_VC.pdf

Documenting disciplinary action is important for evaluation purposes as well as for protection from wrongful termination charges. For the employee, it is an opportunity to learn what the organization expects and what areas of knowledge or behaviors might need improvement. Documentation can reduce actual or claimed miscommunication about areas needing improvement. For the employer, the documentation provides an unambiguous record and timeline of actions that can assist the employee in improving and meeting expectations.

Checklist: Seven Tips for Documenting Disciplinary Actions

- ✓ Forms for documenting disciplinary actions should prompt the supervisor to include important facts and reasons for any decisions made.
- ✓ Reporting should be in concise, plain, and understandable language that identifies the performance problem and the policy or practice that the employee is not meeting.
- ✓ Give an action plan for improving, a period for the change to take place, and the consequences if there is no or not enough improvement.
- ✓ Have the form signed and dated by both the employee and supervisor.
- ✓ Make sure that the employee and organization follow the set timeline.

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- ✓ Follow-up with an additional review to track and record progress or lack of progress.
- ✓ If your organization is involved in an employment-related dispute with a terminated employee and this dispute has not yet been reconciled, keep all documents relating to that employee.

Exit Interviews

Exit interviews can shed light on reasons for staff turnover and give an organization insight into its strengths and areas needing improvement. If employees are leaving for similar reasons, addressing those reasons may improve morale and retention. Exit interviews can establish feedback on issues such as satisfaction or dissatisfaction with organizational policies, operations, and employee benefits. If employees are consistently leaving for better compensation, for example, it might be time to review salary scales and the benefit package to ensure that they are competitive.

It is best for the employee to leave the organization on good terms, and if the employee feels that the organization listened to and respected them, the likelihood of that happening is greater. Document the interview and any feedback to make changes that can improve the experience of working at your organization.

Worth Reading

- “How Exit Interviews Can Help Charities Improve Conditions for Their Remaining Employees” by Marilyn Dickey; go to <https://philanthropy.com/article/How-Exit-Interviews-Can-Help/52602>
- “Exit Interview” by Susan Heathfield; go to <http://humanresources.about.com/od/glossary/g/exit-interview.htm>

It is more effective if a third-party conducts the exit interview instead of the employee’s supervisor. This helps the employee feel more comfortable in making comments that may not always be positive. It is important for the interviewer not to be defensive or argumentative about feedback being given and to listen respectfully to the person’s responses.

Employees may have access to physical and electronic information, credit cards, and parking passes. They may have company cell phones, PDAs, laptop computers, vehicles, and more. Develop an employee exit checklist to insure that the employee returns all property belonging to the organization. The organization may need to disable or reset alarm codes and computer passwords. Depending on the reason for separation from employment and the employee’s level of access to property and information, take care of these tasks immediately or within a short time of separation.

Checklist: Four Tips for Successful Exit Interviews

- ✓ Greenlights for Nonprofit Success has a list of exit interview questions designed to gauge the organization’s strengths, challenges, and opportunities; go to <https://www.missioncapital.org>
- ✓ Download and customize the exit interview questions developed by Nonprofits First; go to <https://www.nonprofitsfirst.org>
- ✓ The Colorado Nonprofit Association provides a sample *Employee Exit Checklist*; download the PDF at <https://www.coloradononprofits.org>

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Section 2: Creating a Successful Volunteer Program

The power of volunteers is changing the world. People volunteer because they want to do meaningful work for an issue they care about deeply. Volunteers are the heart of many nonprofits—perhaps even yours. According to the IRS, 85 percent of charitable nonprofits are run entirely by volunteers. As your PO/RCOs grows, you will need more people involved to meet your objectives. Instead of letting your volunteer program evolve erratically, create a plan for recruiting, training, managing, and rewarding your volunteers. Sound familiar? Managing volunteers is very similar to what you already do for your employees.

Get Started!

-  A first step is assessing your organization's readiness to take on the task of working with volunteers. To learn what is involved, read the article *Are we ready to work with volunteers?* at <https://nonprofitanswerguide.org/managing-people>
-  This article covers the basics: *How can we create a successful volunteer program?* See <https://nonprofitanswerguide.org/managing-people>
-  The Volunteer Management section of the OneOC Nonprofit Manual includes samples of a confidentiality agreement, volunteer applications, position descriptions, and more; go to <https://www.oneoc.org>

Checklist: Five Tips for Running a Volunteer Program

- ✓ Consider appointing or hiring a volunteer coordinator. The task of recruiting and managing volunteers takes planning and dedicated time. Having volunteers report to one individual helps improve communication among staff, volunteers, and constituents. A sample job description for a part-time volunteer coordinator is at <http://www.findnonprofitjobs.org/pages/job/part-time-volunteer-coordinator-jobid-1309>
- ✓ Provide a volunteer handbook. Having written policies can help keep volunteers safe and manage the risks in programs staffed by volunteers. The Minnesota Council of Nonprofits provides an outline of what might be included in the handbook; go to <https://minnesotanonprofits.org/resources-tools>
- ✓ Establish a volunteer policy that covers areas such as qualifications and requirements of volunteers, boundaries, and safety codes. Download a sample policy at <http://www.co.mendocino.ca.us/bos/meetings/MG21910/AS21940/AI22051/DO22125/1.PDF>.
- ✓ Be clear about what you expect from each volunteer and create a job or task description. At a minimum, the “job” description would include whom to report to, general duties and responsibilities, and any specific tasks to perform. Sample job descriptions and more resources are available from the Free Management Library; visit <http://managementhelp.org/staffing/volunteers.htm#anchor1272089>
- ✓ Ask volunteers to sign a confidentiality agreement. OneOC provides a sample confidentiality policy; go to <https://www.oneoc.org>

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Section 3: Compliance with Workplace Laws

Disregarding federal workplace laws and regulations can result in fines and lawsuits for your organization. In this section, we take a brief look at several laws and regulations that PO/RCO leaders must understand and follow.

Get Started!

-  Go to the US Department of Labor (DOL) website at <http://www.dol.gov/compliance/guide/index.htm> to download *Employment Law Guide: Laws, Regulations, and Technical Assistance Services*
-  Download the free manual *Employment Law Guide for Nonprofit Organizations* available from the Pro Bono Partnership at <https://www.probonopartner.org>

Federal Laws Prohibiting Discrimination

The US Equal Employment Opportunity Commission (EEOC) monitors and enforces federal laws that make it illegal to discriminate against a job applicant or an employee because of the individual's race, color, religion, sex, ethnic/national origin, age, disability, or veteran status. The EEOC website at <http://www.eeoc.gov> has publications and other resources to help prevent employment discrimination from occurring in the workplace.


Affirmative Action / Equal Employment Opportunity

Diversity makes an organization rich, bringing differing opinions and ideas to the workplace. *Affirmative action* refers to the practice of improving job opportunities for members of minority groups who were not treated fairly in the past because of their race, color, gender, creed, or age. Affirmative action policies state that an organization will not discriminate against program participants or staff, and that everyone will have equal opportunity.


PO/RCOs should have a non-discrimination statement and policy to demonstrate their commitment to ending discriminatory practices in hiring minority group members. The intent is to take positive steps designed to eliminate existing and continuing discrimination, to put right lingering effects of past discrimination, and to create systems and procedures to prevent future discrimination.

If your organization has 50 or more employees and holds a federal government contract or subcontract of \$50,000 or more, you must prepare a written affirmative action plan (AAP) and update it annually. The DOL's Office of Federal Contract Compliance Programs audits these plans.

Worth Reading

-  *Diversity at Work: Why a Diverse Workplace Matters* online at <http://hrcouncil.ca/index.php> (although written for Canadian organizations, similar concepts apply in the US)

How to Create Affirmative Action Policies

-  An example of a non-discrimination statement and policy from The Denver Foundation's Inclusiveness Project is at <http://www.nonprofitinclusiveness.org/example-non-discrimination-statement-and-policy>

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- Find another sample *Affirmative Action/Equal Employment Opportunity Policy Statement* at <http://nonprofit.adelphi.edu/files/2012/09/AApolicy1.pdf>
- Visit the DOL website on hiring and affirmative action at <http://www.dol.gov/dol/topic/hiring/affirmativeact.htm>. The site features fact sheets, laws and regulations on this topic, and more.
- Washington State Human Resources provides resources for affirmative action planning, including templates for small organizations; go to <http://www.dop.wa.gov/diversity/AffirmativeAction/Pages/AffirmativeActionAdditionalTemplates.aspx>
- Look at a *Sample Affirmative Action Program* online at https://www.dol.gov/ofccp/regs/compliance/AAPs/Sample_AAP_final_JRF_QA_508c.pdf

Americans with Disabilities Act (ADA)

The ADA guarantees the rights of people with disabilities to participate and contribute to mainstream society. To protect against discrimination, the ADA gives civil rights protections to people with disabilities similar to those afforded people based on race, color, sex, national origin, age, sexual orientation, and religion.

Checklist: Three Disability Resources

- ✓ The Job Accommodation Network has a sample organizational policy that is in compliance with the ADA; go to <http://askjan.org/links/adapolicies.html>
- ✓ The US Department of Justice has a directory of contacts that can provide information, guidance, and technical assistance on the basic requirements of ADA provisions; visit <http://www.ada.gov/agency.htm>
- ✓ Learn more about disability employment policy and practices online at <http://www.dol.gov/dol/topic/disability/ada.htm>

Immigration and Nationality Act (INA)

It is illegal for employers to knowingly hire or retain people who are unauthorized to work in the United States. INA requires each employer to check documents and confirm the employee's identity and eligibility to work in the US. All US employers must have a properly completed Form I-9, Employment Eligibility Verification, for each person hired.

Quick Tip

- Download Form I-9 and the US Citizen and Immigration Services' *Handbook for Employers: Guidance for Completing Form I-9*. Both are online at <https://www.uscis.gov/i-9>

INA also requires the employer to protect their employees against discrimination based on nationality, immigration status, accent, or appearance. PO/RCOs must have policies to verify an employee's eligibility to work and ensure that they do not violate the employee's civil rights. The EEOC publication, *Employment Rights of Immigrants Under Federal Anti-Discrimination Laws*, describes what the law covers and typical examples of employment discrimination; go to <http://www.eeoc.gov/eeoc/publications/immigrants-facts.cfm>.

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Family and Medical Leave Act (FMLA)

FMLA entitles eligible employees to retain their position as well as their employer-sponsored health insurance while taking an unpaid leave for specified medical and family reasons. An employer must provide FMLA if it is 1) a public agency or 2) a private employer that employs 50 or more employees for at least 20 workweeks in the current or preceding calendar year.

Employees are eligible for FMLA if:

- they work for a covered employer;
- they have worked at least 1,250 hours during the 12 months before the date of the leave request; and
- they work at a job site where at least 50 employees are located or within 75 miles of the organization's location that has 50 employees.

If the employee meets eligibility, an employee can receive up to a total of 12-workweeks of unpaid leave within a 12-month period. Paid leave can also be used to cover the time taken if the employee has accrued paid time, but this is subject and limited to the organization's leave policies. Whether paid or unpaid leave is used, the total amount of time off is still up to 12 weeks.

Smart Advice!

- Be sure that your personnel policies, especially the employee handbook, explains how your organization handles FMLA requests
- Download and customize a sample personnel policy on FMLA for your PO/RCO; go to [http://www.shrm.org/TemplatesTools/Samples/Policies/Pages/FMLALeave\(withServicememberLeaveExpansion\).aspx](http://www.shrm.org/TemplatesTools/Samples/Policies/Pages/FMLALeave(withServicememberLeaveExpansion).aspx)

Military Family Leave Provision Under the FMLA

In 2008, Congress added provisions to FMLA to address specific needs of military families. The DOL published *The Employee's Guide to Military Family Leave Under the Family and Medical Leave Act*, which provides an overview of how the FMLA may benefit family members of current service members and veterans. Although intended for employees, the guide can help PO/RCOs understand the law's special provisions extended to military families. Download the guide at http://www.dol.gov/WHDFMLA/2013rule/FMLA_Military_Guide_ENGLISH.pdf.

Worth Reading

- *How to Approve or Deny the Request for FMLA Leave* by the Society for Human Resource Management; go to <http://www.shrm.org/templatestools/howtoguides/pages/approveordenyfmlaleave.aspx?homepage=mpc>
- *The Family and Medical Leave Act Compliance Guide*, published by the DOL, at <http://www.dol.gov/whd/regs/compliance/1421.htm>
- *Fact Sheet #28: The Family and Medical Leave Act* provides information about who is covered by the FMLA, when employees are eligible and entitled to take FMLA leave, and what rules apply when employees are granted FMLA; online at <http://www.dol.gov/whd/regs/compliance/whdfs28.htm>

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- Fact Sheet #28M: The Military Family Leave Provisions under the Family and Medical Leave Act is available at <http://www.dol.gov/whd/regs/compliance/whdfs28m.pdf>

Fair Labor Standards Act (FLSA)

The FLSA prescribes standards for the basic minimum wage and overtime pay. It requires employers to pay employees (who are not otherwise exempt) at least the federal minimum wage and overtime pay of one-and-one-half-times the regular rate of pay for all hours worked over 40 per week. Employers must keep written records on wages, hours, and other information required by DOL regulations. Note that when both federal and state laws apply to a situation, the employer must follow the laws that set the higher standards.

The FLSA exempts some employees from its overtime pay provisions. These exemptions are very narrow and have recently become even more stringent. Check the exact terms and conditions for exempt and nonexempt staff with the DOL and a human resource person or attorney.

Quick Tip

- To learn more about the FLSA and wages, visit <http://www.dol.gov/dol/topic/wages>

Consultants or independent contractors are hired for a specific period to perform a specific function and work independently to produce an agreed upon deliverable. Independent contractors are self-employed and in business for themselves. In contrast, employees provide services for compensation and the employer controls, or has the right to control, what the worker does and how the worker does their job. Classifying an employee or consultant incorrectly can result in penalties from the IRS. Recently, the IRS tightened regulation in this category, increasing its oversight to ensure that nonprofits and other employers comply with classification rules.

Smart Advice!

- Go to the National Council of Nonprofits for tips to classify employees correctly; visit <https://www.councilofnonprofits.org/tools-resources/classifying-employees-correctly>
- Make sure you understand the employment laws regulating hiring consultants vs. employees. Read *Know the Rules for Hiring Consultants vs. Employees* by Lyn Freundlich at <http://www.tsne.org/know-rules-hiring-consultants-vs-employees>
- For information on the FLSA and materials to help employers with compliance and recordkeeping, go to <http://www.dol.gov/compliance/laws/comp-flsa.htm>

Occupational Safety and Health Act (OSHA)

Under OSHA, employers are responsible for providing a safe and healthful workplace free of known dangers.

Quick Tip

- The OSHA Law and Regulations webpage at <https://www.osha.gov/law-regs.html> has resources to help employers understand and comply with OSHA standards

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Workplace violence is an important safety issue in and around hospitals and health care facilities. OSHA defines workplace violence as physical assaults, or threatening or violent behavior, or verbal abuse occurring in the work setting. The workplace may be any location—permanent or temporary—where an employee performs any work-related duty. OSHA advises employers to implement a workplace violence prevention program that includes a plan for maintaining security in the workplace.



Get Started!

-  Visit OSHA's Workplace Violence webpage at <https://www.osha.gov/SLTC/workplaceviolence>
-  Download guidelines for preventing Workplace Violence for health Care & Social Service Workers, OSHA Publication (OSHA-3148) (2015) online at <https://www.osha.gov/SLTC/workplaceviolence/index.html>
-  Check out OSHA's training and other resources, including an online course that provides information about methods to recognize, evaluate, and respond to risk factors related to workplace violence. Go to <https://www.osha.gov/SLTC/workplaceviolence/otherresources.html>
-  Read the article Zero Tolerance for Workplace Violence developed by the Nonprofit Risk Management Center, which includes two examples of workplace violence policies; go to <http://www.nonprofitrisk.org/library/articles/workplace-safety050607.shtml>



The Ethics of Confidentiality

One way that nonprofits such as PO/RCOs can demonstrate the core values of accountability and transparency is by adopting a confidentiality policy and having employees, volunteers, and board members sign a confidentiality agreement. Depending on the organization's work, employees, volunteers, and board members often have access to personal and financial information that should be confidential and not disclosed or discussed with others. The organization's confidentiality policy clarifies what information is not to be shared with others and how to handle sensitive information. The policy should specify the types of information (i.e., data, reports, negotiations and contracts, donor lists, strategic plans) and the forms of the information not to be disclosed (i.e., written, oral, or electronic form).

Worth Reading

-  *Ethics and Accountability in the Nonprofit Sector*; visit <http://www.councilofnonprofits.org/resources/resources-topic/ethics-accountability>
-  *How to Tell Nonprofit Stories While Respecting Client Confidentiality: Creative Approaches Can Protect Personal Identities*; visit <http://nonprofit.about.com/od/directmailfundraisingtips/a/How-To-Tell-Nonprofit-Stories-While-Respecting-Client-Confidentiality.htm>

How to Create Confidentiality Policies/Agreements

-  Download *Sample Confidentiality Agreements for Information about Clients* from the National Council of Nonprofits at <https://www.councilofnonprofits.org/sites/default/files/documents/SAMPLE%20Confidentiality%20Agreements.pdf>
-  OneOC provides two sample confidentiality policies, one for employees, the other for volunteers; go to <http://www.oneoc.org/wp-content/uploads/2010/08/Sample-Confidentiality-Agreement-Employee1.pdf>

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Corporate Compliance Plan

The goal of corporate compliance is to help deter and detect illegal or unethical activity. Although relatively new to many nonprofit service providers, organizations that receive federal funds must conform to corporate compliance standards. The basis of an effective corporate compliance program is a strong code of ethics, which defines the culture and expected behavior within the organization.

Worth Reading

- How Corporate Compliance Helps Your Organization be Accountable; online at <http://www.carf.org/WorkArea/DownloadAsset.aspx?id=22494>

The intent of the *corporate compliance plan* is to ensure that the organization adheres to local, state, and federal laws and regulations as well as its internal code of ethics and/or code of conduct. This plan should cover ethical and legal breaches in all areas of the organization, including confidentiality, fiscal oversight, harassment, hiring and personnel practices, as well as service provision.

The plan should be written in clear and concise language, outline the behaviors that are unacceptable, identify a confidential way of reporting incidents, explain investigation procedures, outline discipline and consequences, and include a no-retaliation clause.

Smart Advice!

- View a sample corporate compliance policy here: <http://www.nhrny.org/PDFs/NHR%20Corporate%20Compliance%20Plan%20amended%20Jan%202011.pdf>
- Download a sample whistleblower policy at: <http://www.oneoc.org/wp-content/uploads/2010/08/Whistleblower-Notice-and-Policy-Template-and-Sample.pdf>

Read more information about the federal whistleblower law in Chapter 5 “[5 Frank Talk About Finances](#)” on page 37.

Management of Human Resource (HR) Records

There are legal requirements for recordkeeping and retaining employee files and other employment-related records. In addition to federal requirements, individual states have requirements that employers must follow. Check with your state department of labor and a human resources person or attorney to assure that you are in compliance. With growing concern about privacy and security, employers must protect all employee print and computer personal data. Organizations collect many types of confidential personnel records, such as

- payroll records and time sheets
- Form I-9
- affirmative action data
- tax records
- polygraph test results and the reason for administering
- credit reports
- drug test records

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It is vital to maintain proper storage, access, and a disposal plan for both electronic and paper-based records in order to protect the organization and the employee.

Get Started!

- Refer to Indiana University's policies for managing HR records at <http://hr.iu.edu/policies/uwide/records.html>
- The Society for Human Resource Management has a chart of *Federal Record Retention Requirements* at <http://www.shrm.org/templatestools/samples/documents/federal%20record%20retention%20chart%20-%20revision%20by%20regan%208-12.pdf>

Sexual Harassment

Sexual harassment in the workplace is damaging to both the victim and the organization as a whole, and nonprofits are not exempt from these claims. While individuals within the organization may have varying views and opinions on what constitutes sexual harassment, it is essential to establish a clear definition and policies concerning this issue. The policy should outline

- what kinds of behaviors are considered harassing;
- who to report the charge of harassment to;
- how the charge will be investigated;
- what the consequences and discipline might entail; and
- that there will be no retaliation against the reporter.

Get Started!

- *Sexual Harassment*, by the Nonprofit Risk Management Center, defines common types of sexual harassment and provides tips for creating policies and procedures; visit <http://www.nonprofitrisk.org/library/articles/employment05001995.shtml>
- For sample harassment policies, go to *The HR Specialist* at http://www.thehrspecialist.com/3908/Sample_Policy_Harassment.hr?cat=tools&sub_cat=sample_policy

Drug/Alcohol/Tobacco-Free Workplace

Organizations should provide a safe and healthy work environment for employees as well as for anyone who enters the workplace. A commitment to a healthy workforce can decrease absenteeism, improve morale, and increase retention rates. Some state and local regulations prohibit smoking within or near a nonprofit facility and some funders have requirements for drug/alcohol/tobacco-free buildings. The policy should be clearly written and include banned behaviors, reporting mechanisms, discipline and consequences, and a no-retaliation clause for reporters.

Get Started!

- The American Cancer Society outlines the benefits of being a tobacco-free workplace and provides a model *Tobacco Use in the Workplace Policy* on its website at <http://www.cancer.org/healthy/stayawayfromtobacco/smoke-freecommunities/createasmoke-free workplace/smoking-in-the-workplace-a-model-policy>

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Workplace Drug Testing

Although it is not mandated, organizations may choose to administer drug tests to their employees or potential employees. Many state and local governments have statutes limiting or prohibiting workplace testing, unless it is required by state or federal regulations. Before drug testing, consult an attorney to assure that you are following state and local regulations and your organization's policies are in compliance..

? How to Create Drug-Free Workplace Policies

- Refer to the brief article “Drug-Free Workplace Policy Builder” on the DOL website at <http://www.dol.gov/elaws/asp/drugfree/drugs/screen92.asp>
- A sample Drug-Free Workplace Policy is at http://www.twc.state.tx.us/news/eftc/drug_free_workplace_policy.html
- The University of Tennessee Institute for Public Service provides a sample drug-free workplace and drug testing policy; go to <http://ctas-eli.ctas.tennessee.edu/reference/sample-drug-free-workplace-and-drug-testing-policies>
- Information about drug and alcohol testing is available from the Drug and Alcohol Testing Industry Association at <http://www.datia.org>
- Learn about workplace substance abuse prevention programs at the Substance Abuse Program Administrators Association; visit <http://www.sapaa.com>

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Outcomes
- 50% abstinent at the end of active treatment vs. 37% when
medication is withdrawn

Sources: 1. Weiss RD, Potter JS, Griffin ML, McHugh RK, Haller D, Jacobs P, Gardin J 2nd, Fischer D, Rosen KD. Adjunctive Counseling During Brief and Extended Buprenorphine-Naloxone Treatment for Prescription Opioid Dependence: A-2-Phase Randomized Controlled Trial Published in final edited form as: Arch Gen Psychiatry. 2011 December; 68(12): 1238-1246.





5 Frank Talk About Finances

Skillful financial management is vital for any organization, especially nonprofits entrusted with government or private funds. Funders expect good service outcomes and wise use of their investment. One of the main concerns of nonprofit organizations is to be responsible stewards of the funds entrusted to them. Although developing good fiscal policies and procedures can be challenging for small organizations without fiscal expertise, you can meet these challenges head-on with research, teamwork, and outside assistance. The good news is that establishing sound financial policies is more of an investment of time and attention than money.

In this chapter, we introduce the basics of nonprofit money management to help you be accountable to your constituents, including donors, funding agencies, volunteers, recipients of your services, and the public at large. Keep in mind that when nonprofits such as peer support organizations fail to fulfill their obligations or funding requirements, funders will ask you to return their money.

Get Started!

-  *Nonprofit Fiscal Policies and Procedures: A Template and Guide*; download the PDF at <http://www.compasspoint.org/sites/default/files/documents/Guide%20to%20Fiscal%20Policies%20and%20%20Procedures.pdf>
-  Visit the National Council of Nonprofits website for a comprehensive look at financial management, including budgets, policies, financial literacy, cash flow, overhead, and more; go to <http://www.councilofnonprofits.org/resources/financial-management>

Fiscal Oversight

Fiscal or fiduciary responsibility for your organization ultimately lies with the board of directors. Having fiduciary responsibility means that the governing board is the entity that your funders trust to be responsible for their money. In

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small organizations, the governing board may not always be knowledgeable about finances, so it is key to educate board members and obtain outside assistance with financial oversight. It is the executive director's responsibility to assure that the board understands the organization's finances and relevant government rules and regulations.

Given that the board of directors has the responsibility of overseeing the organization's use of funds, it is a smart idea for your organization to create an audit or finance committee of the board. Non-board members, typically individuals with strong financial knowledge and skills, are often members of the committee as well. This committee will work with the organization's executive director to make sure that there is enough money, and that it is being spent according to the organization's mission and funders' guidelines. Every organization, regardless of size, must have financial oversight policies and procedures in place.

Get Started!




-  *Creating a Financial and Audit Committee* covers why you need a finance committee, who should be involved, and how to create and use one; go to http://ctb.ku.edu/en/tablecontents/sub_section_main_1310.aspx

Fiscal Internal Controls

Internal controls are policies and procedures that protect against deliberate or misguided use of funds, fraud, and theft. By ensuring that information is recorded in a consistent way, they help to provide reliable data and useful financial reports. Internal controls also help the organization conduct its business in a more efficient and effective way by reducing duplication of effort and assuring accuracy in financial matters.

Good internal controls require policies and procedures that assign more than one person to oversee the organization's funds and the operations of the financial department. A number of organizations create a compliance officer position to monitor state, federal, and contract regulations. A small organization may designate part of an employee's time for this role. A larger organization may divide these tasks, assigning one staff member to monitor operations and another to monitor regulation compliance.

How to Set Up Fiscal Internal Controls

-  See *Five Internal Controls for the Very Small Nonprofit* at <http://www.blueavocado.org/content/five-internal-controls-very-small-nonprofit>
-  Download the two-page fact sheet *Financial Management: Oversight, Policies, and Procedures*, which outlines fiscal oversight practices and who is responsible for each; go to <http://www.handsonnwn.org/express/fact%20sheet%20by%20nc%20center%20on%20financial%20management.pdf>
-  A sample checklist for internal controls is available online at <http://www.compasspoint.org/internal-controls-checklist>

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Annual Audit

Depending on where you operate and your funding sources, your organization may be required to have a financial audit performed yearly by an independent auditor. Federal contracts, for example, require any organization that spends more than \$500,000 of federal funds in a single year to have an independent audit. Several states require that organizations applying for nonprofit status submit an independent audit, and some foundations and other funders require a copy of an independent audit when organizations submit a grant or funding request.

An audit protects the governing board, staff, and volunteers from unwarranted charges of careless or improper handling of funds. A mark of responsibility and good stewardship, an audit builds trust and confidence among the financial supporters of your organization in the way you are accounting for their money.

Having a board audit committee is a best practice. This committee is responsible for hiring, setting compensation, and overseeing the auditor's activities. It sets rules and processes for complaints concerning accounting and internal control practices.

Worth Reading

- Audit Requirement by The Columbus Foundation; visit <http://columbusfoundation.org/wp-content/uploads/tcf-audit-requirement.pdf>
- State Law Nonprofit Audit Requirements from the National Council of Nonprofits at <http://www.councilofnonprofits.org/nonprofit-audit-guide/state-law-audit-requirements#sthash.sgylhulT.dpuf>

Smart Advice! Four Tips for Success with Audits

- The Audit Guide for Charitable Nonprofits presents a step-by-step approach to an independent audit; visit <http://www.councilofnonprofits.org/nonprofit-audit-guide>
- Spare yourself delays and headaches by following advice outlined in *Ensuring a Smooth Annual Audit*; go to <http://www.guidestar.org/rxa/news/articles/2009/ensuring-a-smooth-annual-audit.aspx>
- *Nonprofit Audit Committees: A Manual* is designed to help nonprofits guide their boards toward fulfilling their fiduciary obligations; go to www.asaecenter.org/Resources/content.cfm?ItemNumber=1793
- Conscious Governance presents a simple, straightforward, sample internal audits policy here: <http://www.conscious-governance.com/internal-audits-policy-sample.html>

Federal “Whistleblower” Law

Congress enacted the Sarbanes-Oxley Act in response to corporate accounting scandals (remember Enron, Tyco, and others?). While the government created this act mainly to improve the accountability of publicly traded corporations, there are certain implications for nonprofit organizations. A whistleblower is an employee who reports an activity or conduct that they consider illegal or unethical. For example, bribery; double billing; over-charging; improper coding; billing for services not performed or for goods not delivered; and other fraudulent practices.

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No one should be punished for doing the right thing, and whistleblower laws—federal and state—can protect employees who speak out.

Worth Reading

- *The Sarbanes-Oxley Act and Implications for Nonprofit Organizations*; visit https://www.independentsector.org/sarbanes_oxley
- GuideStar also explains the implications of the Sarbanes-Oxley Act for nonprofit organizations at <http://www.guidestar.org/rxa/news/articles/2003/sarbanes-oxley-act-and-implications-for-nonprofit-organizations.aspx>

For nonprofit organizations to be compliant with the law, they must have—at a minimum—a whistleblower or anti-retaliation policy and a document retention and destruction policy (read more about this in the section below). IRS Form 990 includes questions regarding these two policies. The IRS encourages nonprofits to develop a confidential mechanism for employees to report any suspected ethical or fiscal improprieties that they may see without fear of retaliation. Be sure to research your state’s law on protections for whistleblowers since this will vary from state-to-state.

Quick Tip

- To learn more, read *Ethics and Accountability in the Nonprofit Sector*, online at <http://www.councilofnonprofits.org/resources/resources-topic/ethics-accountability>

Nonprofits must be ethical and prudent in their management. A statement of ethics and whistleblower policy begins to demonstrate commitment to ethical management. A corporate compliance plan (described in Chapter 4 “[4 What Should We Build into Our Program?](#)” on page 20) further demonstrates and clarifies policy addressing possible fraud and abuse.

How to Create Whistleblower Policies

- Read *Whistleblower Protections Policies* and access sample policies at <http://www.councilofnonprofits.org/resources/resources-topic/boards-governance/whistleblower-protection-policies>
- A sample *Whistleblower Policy* is online at http://www.shrm.org/templatestools/samples/policies/pages/cms_007814.aspx

Document Retention and Destruction

Policies on document retention and destruction should discuss both written and electronic files and include plans for data backup, archiving, shredding, and storage. Certain funders have specific rules for retention and destruction, and PO/RCOs should check with each funder as well as state, county, and city rules. Document retention and destruction policies cover

- personnel records (see *Management of Human Resource Records* on page 43)
- financial information
- Medicaid and other payer remittances

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- board of director documents
- service recipient record and notes
- correspondence
- all written and electronic information

Quick Tip

- Download the *IRS Compliance Guide for 501(c)(3) Public Charities*, which explains activities that may jeopardize the organization's exempt status, at <http://www.irs.gov/pub/irs-pdf/p4221pc.pdf>. There are clear guidelines for recordkeeping—why, what, when—and much more.

Payroll

While payroll can be handled in-house or outsourced, many organizations decide to contract with a payroll service, which is relatively inexpensive and less costly than assigning a staff person to do the job. Payroll processing and tax filing for 501(c)(3) charitable organizations present unique circumstances that can be challenging, so outsourcing this responsibility can ensure that employees are paid and taxes filed correctly and on time.

Payroll must calculate tax and benefit deductions according to law and internal policy. The IRS establishes the laws, rules, and guidelines for nonprofit organizations, and charitable organizations are not exempt from paying payroll taxes! Not paying payroll taxes can result in large fines and revocation of your tax-exempt status. There are many required deductions from employee salary—such as Social Security, Medicare, federal and state taxes—in addition to deductions that the organization may offer—such as insurance or retirement contributions.

Get Started!

- Read “How to Set Up a Nonprofit Payroll System” from *Nonprofit Kit for Dummies*; go to <http://www.dummies.com/how-to/content/how-to-set-up-a-nonprofit-payroll-system.html>

Salaries are typically the organization's largest expense, and tracking staff time across programs is important for funding allocation. The *time sheet* is a tool that allows for accurate tracking of employee time and salary expense (i.e., FICA/Medicare, employer retirement contribution, workers' compensation, unemployment insurance). Employees should complete an accurate time sheet for each pay period and submit it to their supervisor for review and approval; the supervisor should sign the approved time sheet and submit it to payroll.

Two Tips for Success

- Learn about using time sheets and download practical samples online at <http://www.nonprofitaccountingbasics.org/payroll/time-sheets>
- Learn about employment taxes that charitable organizations must pay; go to <http://www.irs.gov/Charities-&-Non-Profits/Employment-Tax-Requirements-1>

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Organizational Budget

The budget is a tool that allows the administration, program directors, and board to see how the actual cost of services compares to what is budgeted. A well-administered and balanced budget demonstrates that the organization is using allocated funds prudently for the purposes intended by the funder. Budgets are usually separated by programs or cost centers, and they identify revenue streams and expenses, such as personnel, fringe benefits, general operating expenses, administrative overhead, rent, and equipment. Monitor the budget regularly so that it is a useful planning tool.

Worth Reading

- Chapter 4, Financial Management, in *Sustaining Grassroots Community-Based Programs: A Manual for Community- and Faith-Based Service Providers*, explains the budgeting process and provides useful samples and templates; to order, go to <http://store.samhsa.gov/product/Sustaining-Grassroots-Community-Based-Programs/SMA09-4340>
- CompassPoint Nonprofit Services offers resources to help set up a budget and budgeting process; visit <http://www.compasspoint.org/budgeting-resources>

Statement of Financial Position (SOP)

What we used to call the *balance sheet* is now known in the nonprofit world as the *statement of financial position* (SOP). It is important to learn how to read and understand your SOP report. The SOP lets finance personnel, the executive director, and board of directors monitor the organization's fiscal health by capturing the overall financial position of the organization at a given moment in time. The SOP is both a concept and the equation: $\text{assets} - \text{liabilities} = \text{net assets}$.

The main components of the SOP are *assets*, *liabilities*, and *net assets*. *Assets* are what the organization has, such as cash; long-term investments; what is owed to you, such as grant awards; and what you have deposited with others, such as security deposits, advance rent, etc. *Liabilities* are what the organization owes to others, such as vendor accounts payable and loans. For the nonprofit, *net assets*—what is left after liabilities are deducted from assets—are equivalent to the organization's net worth.

The SOP report compares the same time period in the current year to at least one year past so that the organization's growth can be monitored. It also identifies fiscal trends (i.e., revenues are down in August, but they were also down last August). The SOP may include

- notes of explanation,
- cash reserves (how much actual cash is in the bank),
- accounts payable (outstanding bills the organization still has to pay),
- accounts receivable (how much is owed the organization),
- investments, and
- donations.

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The SOP report may be used to separate out restricted funds, funds that can only be spent on certain things or certain programs, and unrestricted funds, donations that are available to the nonprofit to use for any purpose, such as organizational operating expenses.

? How to Create a SOP Report

- Reporting and Operations: Statement of Financial Position, an article describing the components of the SOP and providing a general format for a SOP report, is at <http://www.nonprofitaccountingbasics.org/reporting-operations/statement-financial-position>

Statement of Cash Flows

A cash flow statement shows the flow of money through the organization and helps the administrator and board to see how much cash is available to pay monthly expenses.

? How to Prepare a Statement of Cash Flows

- For a worksheet and methodology for preparing and balancing a statement of cash flows, read the blog at <http://nfpauditacctg.wordpress.com/2011/04/26/how-to-prepare-a-statement-of-cash-flows>
- Read this article in the *Houston Chronicle* that explains cash flow statements and their utility; go to <http://smallbusiness.chron.com/purpose-cash-flow-statement-nonprofit-organization-11283.html>

Investment Policies

If the organization is lucky enough to have investments, it is sensible to develop an investment policy that

- addresses the investment goals of the organization;
- specifies who will monitor the investments and who will make the investments;
- states the targeted rate of return sought and the risk level that the organization is comfortable with; and
- stipulates how the organization will spend investment revenues.

In addition, it is prudent to form a board investment committee to assure that whoever is overseeing investments is following organizational policy and procedure.

↗ Get Started!

- Download a *Sample Investment Policy* at http://www.mtnonprofit.org/uploadedFiles/Files/Org-Dev/Principles_and_Practices/MNA_Sample_Docs/Sample-Investment-Policy-2.pdf
- Read the principles of nonprofit investments at https://www.commonfund.org/_catalogs/masterpage/principlesofnonprofitinvestmgmt.pdf

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6 How Do Nonprofits Raise Money?

Fundraising is more than just asking for money. People donate to organizations that have meaning for them and connect to their hearts and souls in a personal way. Fundraising should actively engage the organization's board of directors. No one likes to ask for money, so many board members and executive directors avoid this essential activity. With a little knowledge and guidance, however, your PO/RCO can transform fundraising into a gratifying experience. In this chapter, we look at many ways that nonprofits go about bringing money to their organizations.

Smart Advice!

- *The Soul of Money* by Lynne Twist and Teresa Barker (2006) is a book that will indeed change your thinking about money
- Watch the 10-minute YouTube video of Lynne Twist talking about *Living the Committed Life*; go to <http://www.youtube.com/watch?v=t5xIjg9WxJg>

How It Works: Restricted vs. Unrestricted Funds

Since almost all grants and contracts are for specific *deliverables* (i.e., the work to be delivered), funds are *restricted* to a particular purpose or project. In contrast, *unrestricted* funds are donations available for the organization to use toward any purpose. Most unrestricted funds go toward operating expenses, so you can see why they are valuable assets to have on hand. Most nonprofits generate unrestricted funds using the types of strategies we discuss here.

Checklist: Four Tips for Success

- ✓ Keep the community actively informed and engaged in the organization's activity
- ✓ Sing your praises: Have board, staff, and volunteers spread the word about the wonderful work that you do

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- ✓ Use many forms of media—print, radio, television, social media—to keep the public aware of how your work is changing people’s lives for the better
- ✓ Consult with fundraising or development professionals on the technical aspects of your fundraising efforts

➤ Get Started! Three Resources to Demystify the Art of Asking for Money

- *All About Nonprofit Fundraising* is your one-stop shop for information on various aspects of fundraising; visit <http://managementhelp.org/nonprofitfundraising/index.htm>
- *The Basics of Fundraising and Development* at <http://www.arts.texas.gov/resources/tools-for-results/fundraising-development/the-basics>
- Browse the Foundation Market Place for how-to guides about the fundraising process; visit <http://marketplace.foundationcenter.org/Publications/Fundraising>

Stay Legal: Register to Fundraise

Keep in mind that most states regulate fundraising. They do so through statutes, usually called *solicitation laws*, which are concerned with the solicitation of charitable contributions from the public. In order to fundraise legally, register with the Department of Charitable Solicitations or Charities Bureau, which is usually a division of either the Attorney General’s office or the Secretary of State. If you plan to solicit funds from out-of-state donors—by email, mail, telephone, online, or any other method—you must complete the required state registration form to protect your 501(c)(3) status (read more about being a charitable organization and maintaining your tax-exempt status in Chapter 3 “3 Where Are We Going?” on page 13).

? How to Register to Fundraise

- *Standardized Registration for Nonprofit Organizations Under State Charitable Solicitation Laws* can guide you through the registration process; go to <http://www.multistatefiling.org>
- *Nonprofit Fundraising Registration: The 50 State Guide* by Ronald J. Barrett and Stephen Fishman; go to <http://www.nolo.com/products/nonprofit-fundraising-registration-nreg.html>
- *Charitable Solicitations Registration* helps nonprofits register or renew their registration; go to <http://www.501c3.org/501c3-services/charitable-solicitations-registration>

Developing a Fundraising Plan

PO/RCOs should establish an annual fundraising plan outlining how much money they hope to raise and what methods they will use. To establish a fundraising plan, consider how much you need, a timeline for your needs and funders’ requirements, sources you can tap, and specific strategies and activities that will be effective. Have your board make recommendations, review, and approve the final development plan.

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Smart Advice!

- Read *Developing Fundraising Policies and Procedures: Best Practices for Accountability and Transparency* online at [http://www.afpnet.org/files/ContentDocuments/9 Developing Fundraising Policies and Prodedures.pdf](http://www.afpnet.org/files/ContentDocuments/9%20Developing%20Fundraising%20Policies%20and%20Procedures.pdf)

How to Create an Effective Fundraising Plan

- CompassPoint Nonprofit Services provides advice and resources for creating a fundraising plan; go to <http://www.compasspoint.org/FPPlanFollowUP>
- Network for Good has a *Sample Online Fundraising Plan* at <http://www.fundraising123.org/article/sample-online-fundraising-plan#.UhtYaJLVDdk>
- River Network has a one-year fundraising plan at <http://www.rivernetwork.org/resource-library/fundraising-plan-1-year-template>

Types of Funding and Campaigns

The fundraising plan may include different types of funds, such as annual funds, capital funds, and endowment funds. The donor or grantor can award restricted or unrestricted funds. In this section, we examine common types of funds and campaigns, and point to resources to help you investigate which of these are best for your organization.

Worth Reading

- *Types of Funding and Campaigns* by the Minnesota Council of Nonprofits; visit <http://www.minnesotanonprofits.org/nonprofit-resources/fundraising-communications/individuals/types-of-funding-and-campaigns>
- A list of gift types is part of the OneOC Nonprofit Manual. Go to the download center at <http://www.oneoc.org/resources/oneoc-nonprofit-manual/#fundraising> and look for Gift Types in the Fundraising section

Direct Mail Solicitations and Annual Appeals

Direct mail is a method of appealing to a multitude of people; however, is not always successful and can be costly. Your organization's appeal letter is one of thousands sent everyday, so unless there is a compelling reason to open your letter, it will most likely end up in the recycling bin. The direct appeal must have a hook: something that grabs the reader's attention. Compelling stories are powerful, helping potential donors visualize what their gift can mean to a neighbor or member of their community. Develop a strategy for direct mail solicitations, including

- the message,
- how you will distribute the message and to whom,
- how frequently to send, and
- which stories to tell.

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Get Started!

- Download *How to Make the Case for Giving: 8 Steps to a Compelling Fundraising Appeal* from the Network for Good; go to <http://www.fundraising123.org/fundraising>
- For five sample appeal letters and helpful tips, go to <http://www.oneoc.org/resources/oneoc-nonprofit-manual/#fundraising>

Email and electronic marketing are effective ways to distribute your direct mail appeal. There are software programs that you can use to create professional looking solicitations and send via email. The positive aspects of this approach are obvious: it is cost-effective since you save money by not designing, printing, and mailing a print piece plus you reach a broad base with a push of the SEND button.

There are downsides, however. Given the large number of emails potential donors receive, the appeal can easily be buried and never opened by the recipient. Therefore, it is best to distribute your message using several methods. Definitely consider setting up online donations: online fundraising brings in millions to charities every year. Using the Internet for donations, however, can have pitfalls, so do your research before developing an online webpage for donations.

Smart Advice!

- *5 Online Donation Tools to Delight Your Donors*; go to <http://www.nonprofnhub.org/nonprofit-technology/5-online-donation-tools-to-delight-your-donors>
- *The 7 Golden Rules of Email Solicitation*; go to <http://www.thenonproffitimes.com/management-tips/the-7-golden-rules-of-email-solicitation>

Be Inspired!

- Wow. Check this out: *The Best Email Solicitation I Ever Read* at <http://mission-minded.com/blog/the-best-email-solicitation-i-ever-read>

Fundraising Events: Benefits, Galas, and Other Special Events

Special events hold the promise of raising a lot of money, but planning and hosting one can be costly, labor- and time-intensive, all for very little return. Potential donors receive many invitations to fundraising events, so developing inspired, fresh concepts for your event is key to drawing a crowd and generating donations. Plan your event to match the tastes of your community and be creative!

How to Plan and Host a Fundraising Event

- Read *Fundraising Events* online at <http://www.arts.texas.gov/resources/tools-for-results/fundraising-development/fundraising-events>
- Download a Fundraising Event Template at <http://www.arts.texas.gov/wp-content/uploads/2012/05/Fundraising-Events-Template.pdf>

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- Download the free customizable Event Planning Timeline grid from Nonprofit Community; go to <http://www.nonprofitcommunity.com/special-events-for-fundraising>
- *Special Events: Proven Strategies for Nonprofit Fundraising* by Alan L. Wendroff (2003), John Wiley & Sons

Grant Seeking

In addition to government sources, three types of foundations distribute grants: community, corporate, and private. While foundations may award grants to a broad scope of causes, most have a specific focus, so seek grants intended for projects compatible with your mission. There are databases, both free and for purchase, which can search for grants tailor-fit to a specific cause, program, or service.

Get Started!

- Use USA.gov for Nonprofits to search for grants, loans, and other assistance; go to <http://www.usa.gov/Business/Nonprofit.shtml>
- Applying for grants is labor-intensive. Always evaluate whether to pursue a grant opportunity. Greenlights for Nonprofit Success has a worksheet to assess government grant opportunities; visit http://www.greenlights.org/resources/resource-library/doc_download/50-government-grant-opportunity-assessment

Grant writing is a vital skill for any nonprofit. There is high competition for grant dollars, so you need a well crafted, convincing argument for why your organization is the right recipient. Proposals typically include a description of the need for funding and a plan for how your organization will use these funds to successfully implement a project.

One grant-seeking skill is matching the organization's needs with the grantor's mission. Visit the foundation's website and review projects funded in the past. Many foundations will speak with you to discuss the project's prospects. One service may fit a foundation better than another does. Matching the deliverable to the funder increases your chance of success.

Smart Advice! The Art of Writing Proposals

- Access templates and guides to developing grant proposals at <http://guides.library.ucsb.edu/content.php?pid=61909&sid=455328>
- Investigate webinars, online courses, tips for hiring a grant writer, and more from the American Grant Writers' Association; visit <http://www.agwa.us>
- Nonprofit Guides has grant-writing tools, guidelines, and sample proposals at <http://www.npguides.org>
- The Foundation Center provides extensive resources on proposal writing, including free training, guides, and templates; go to <http://foundationcenter.org/getstarted/learnabout/proposalwriting.html>

Grantmakers require reports on the funded project's activities, outcomes, and expenses in order to demonstrate that the organization is using the money efficiently, effectively, and for its intended purpose. To get an idea of what a report might include, download a sample report format at <https://gwpa.org/resources/common-grant-application-formcommon-grant-report-form>.

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Major Gifts and Planned Giving

Major gifts are large donations that can significantly help an organization attain its fundraising goal. To obtain these gifts, the organization must carefully consider prospective donors who have the wealth and the desire to support the organization's cause. The key consideration in receiving a major gift is the relationship that the organization builds with the donor. To be successful with this type of ask, you must understand what motivates this potential donor and develop a long-term relationship between the donor and the organization and its leadership.

Planned giving, according to GrantSpace, is a solicitation of major gifts for a nonprofit that an individual donor often contributes through a will, bequest, or trust. This allows a donor to give more to an organization than they might while they are alive, and the donation may benefit their estate and heirs. A complex subject, organizations need to consult a tax attorney or estate planner to learn more about planned giving and whether it is a desirable strategy for your organization.



Smart Advice!

- The Foundation Center GrantSpace has a wealth of information on major gifts, gift annuities, and planned giving; go to <http://grantspace.org/Tools/Knowledge-Base/Funding-Resources/Individual-Donors/Planned-giving>
- Read *Build Your Planned Giving Fundraising Strategy* at <http://www.resources.blackbaud.com/nonprofit-financial-management/build-fundraising-strategy-today.html>
- Read *How to Launch Planned Giving at Your Nonprofit*; go to <http://www.thefundraisingauthority.com/planned-giving/launch-planned-giving>



Quick Tip

- Explore resources on major gifts and planned giving in *All About Nonprofit Fundraising* at <http://managementhelp.org/nonprofitfundraising/index.htm#anchor456>

Donor Research, Databases, and Software

Funding is available from a variety of sources: foundations, corporations, individuals, and government agencies. The trick is matching the donor or grant maker to the organization and its services.

Donor Research

Become familiar with foundations supporting your mission and relevant federal, state, and local government agencies supporting services similar to yours. Visit the websites of these agencies and foundations regularly and watch for requests for proposals (RFPs). RFPs come out when an agency or foundation issues a new contract or grant program.

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Smart Advice!

- Learn about RFPs at <http://www.grantspace.org/Tools/Knowledge-Base/Funding-Research/Definitions-and-Clarification/rfps>
- The Foundation Center provides a subscription service that connects grant-seekers and grant-makers; visit <http://fconline.foundationcenter.org>
- The Foundation Center lists current RFPs at <http://foundationcenter.org/pnd/rfp>

Databases

As you consider potential donors, create a database and establish a system to track potential donors as well as donors, communications, and gifts. The key to retaining donors is building relationships and informing them about your work and success stories. Take the time to recognize donor support with thank you calls, hand-signed thank you letters, donor appreciation events, and listing them in your annual report. By personalizing your relationship, you will nurture a long-term commitment.

Worth Reading

- *Building Relationships with Donors: A Checklist for Creating a Proactive-Relationship Development Process*; go to <http://www.guidestar.org/rxa/news/articles/2011/building-relationships-with-donors.aspx>

How to Build a Donor Base

- Review *Top Fundraising Software Products* at <http://www.capterra.com/fundraising-software?srchid=175897&pos=1>
- Read *8 Tips to Strengthen Your Database to Help Build a Strong Donor Base* at <http://www.fundraising123.org/article/8-tips-strengthen-your-database-help-build-strong-donor-base#.Uh41KUfD8Rw>

Work Smarter, Not Harder

Donor management systems support fundraising. To assess what you need, start by developing a comprehensive fundraising plan and decide which information to track. Once you know that, you will be able to compare systems and select one to meet your requirements. Consult with an IT (information technology) person before purchasing to make sure the systems are compatible.

Get Started!

- Understanding your organization's technology needs and selecting from an array of software can be daunting, so do your homework. Learn more from the GrantSpace Knowledge Base at <http://www.grantspace.org/Tools/Knowledge-Base/Nonprofit-Management/Other-Nonprofit-Management-Issues/software-reviews-and-resources>
- Read *Do You Need a New Donor Management System? A Step-By-Step Decision-Making Guide* from TechSoup at <http://www.techsoup.org/support/articles-and-how-tos/do-you-need-a-new-donor-management-system>
- Shop for software at discount rates from Techsoup.org; visit <http://www.techsoup.org>

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Community Building and Collaboration

Keeping stakeholders—donors, volunteers, board, staff, and members— informed of your organization’s activities and achievements is instrumental in maintaining trust and engagement. Put a face on your mission, values, and clients to help the community and potential donors know and relate to your organization.

Put Your Best Face Forward

Increase public awareness by being active and visible in your community. Public relations and fundraising are all about *relationship* and one of the best ways to develop relationships is to be a caring, active, and valuable neighbor. Here are suggestions to show that staff, board, and all who attend your services are engaged in the community:

- Participate in events such as walk-a-thons, runs, telethons, health fairs, VA Stand Downs for homeless veterans
- Host Community Days (learn about this at <http://www.communitydayevent.com>)
- Support local businesses; join the Chamber of Commerce Nonprofit Roundtable or other support groups for nonprofits
- Collaborate with social service clubs, such as the Rotary Club
- Serve on sister organization’s board of directors
- Speak at local schools, colleges, universities about peer support services
- Serve on task forces and ad hoc committees that are addressing community challenges
- Join local, state, and national professional membership organizations where you can network and learn from one another

Do We Need an Annual Report?

The *annual report* is an excellent tool to tell the story of how donations and community support are making a dramatic impact on people’s lives. This information can stimulate donors, attract volunteers, and generate positive press. Many organizations release their annual reports online, which is a simple way to reach people who otherwise may not see it.

Get Started!

- Download an Annual Report Checklist at <http://www.conscious-governance.com/pdf-downloads/24-annual-report-checklist.html>
- Network for Good answers the *Top Five Questions about Nonprofit Annual Reports* at <http://www.fundraising123.org/article/top-five-questions-about-nonprofit-annual-reports#.Uhubi5LVDdk>
- View examples of online annual reports at <http://philanthropy.com/article/Online-Annual-Reports-a/126389>

Media includes traditional forms such as newspapers, magazines, television and radio shows, billboards and banners, letters to the editor, public service announcements, and press conferences. PO/RCOs should develop a comprehensive media plan that takes advantage of the strengths of each medium. Increasingly, *social media*—such as Facebook, Twitter—are vital outlets

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for information dissemination and building relationships with possible donors. Did you know that social media is now the top Internet activity? Americans spend an average of 37 minutes daily on social media, and more than half of them are women.

Checklist: Four Tips for Using Social Media

- ✓ 8 Tips on the Effective Use of Social Media at <http://www.nonprofitquarterly.org/policysocial-context/22584-8-tips-on-the-effective-use-of-social-media-for-social-good.html>
- ✓ Top 15 Social Networking Sites You Should Be Using at <http://webtrends.about.com/od/socialnetworkingreviews/tp/Social-Networking-Sites.htm>
- ✓ Social Media Mini-guide for Nonprofits at http://learn.networkforgood.org/SocialMediaGuide_GoogleAdWords.html?gclid=CJqT5bG5nLkCFVCf4Aodon0AEw
- ✓ Nonprofit Tip of the Month: Put Your Best Face Forward by Keeping Your Organization Profile Up-To-Date at <http://blogs.volunteermatch.org/engagingvolunteers/2014/05/07/nonprofit-tip-of-the-month-put-your-best-face-forward-by-keeping-your-organization-profile-up-to-date>

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7 What Do We Need to Develop in Ourselves?

Organizations are comprised of people who contribute their knowledge and skills to achieving the organization's mission. Their attitudes shape the culture, values, and direction of the organization. To be successful and long-lived, organizations need people who are willing and eager to grow in expertise, assume new roles and responsibilities, and nurture others. In this chapter, we focus on the organization's leadership: the board of directors and executive director. In many ways, this chapter ties together the topics and concepts addressed in preceding chapters.

Board of Directors

The board of directors is the governing body of a nonprofit organization. The board is a group of people who feel a passion for the organization's mission and bring to their position knowledge, expertise, and skills. As our organization grows and evolves, we expect the board to sharpen its skills as well.

Worth Reading

- *Board Roles and Duties* posted on the Nonprofit Law Blog at <http://www.nonprofitlawblog.com/home/2012/07/board-roles-and-duties.html>
- *Nonprofit Corporate Governance: The Board's Role*; go to <http://blogs.law.harvard.edu/corpgov/2012/04/15/nonprofit-corporate-governance-the-boards-role>
- Visit The American Hospital Association's *Great Boards* website for dozens of useful resources at <http://www.greatboards.org>
- Authenticity Consulting has a flowchart of management systems for a board of directors; take a look at <http://managementhelp.org/misc/NP-board-system.pdf>

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Becoming an Educated and Effective Board Member

The governing board may be a nonprofit's most underutilized and valuable asset. Most board members want to contribute in ways that will most help their organizations, but the board structure or organizational culture may stymie their efforts. They may not know how to perform their duties or they may need more knowledge and understanding of the issues they oversee. In this section, we suggest areas where boards (and staff and volunteers) may need more information, and we recommend sources for gaining this information.

Opportunities to learn are key to the effective governance and performance of nonprofits such as PO/RCOs. Board members need to attain a level of expertise so that they add value to the organization's decision-making process. Otherwise, they rely excessively on staff to do the work of developing policies, formulating strategies, and evaluating implications of policies and programs. Across the organization, these are potential areas for development:

- Peer skills and certification
- Trauma-informed care
- Coaching and mentoring
- Collaboration and teamwork
- Management and administration
- Supervision
- Business and marketing
- Financial management
- Research and program evaluation
- Technology
- Communications and public relations
- Community building
- Advocacy
- Self-care

Building Leadership

There are many ways to increase leadership knowledge and skills, such as

- Reading books and journal articles on the subject you wish to master
- Listening/watching webinars and TED Talks
- Taking local courses in continuing education or community colleges
- Taking free online classes, for example, through Coursera or edX
- Finding a mentor with the knowledge and skills you wish to cultivate in yourself

Board Role and Responsibilities

The organization's bylaws should outline the roles and responsibilities of directors and officers, including:

- Setting policy and strategic direction for the organization
- Hiring, monitoring, and firing the executive director

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- Overseeing legal and fiscal aspects of the organization
- Overseeing how grant monies will be distributed and, in some instances, fundraising activity

Think of bylaws as your organization's operating manual. They are the rules or laws that the organization establishes to regulate itself; they are internal, not public, documents.

Get Started!

- Read *Overview of Roles and Responsibilities of Corporate Board of Directors* at <http://managementhelp.org/boards/responsibilities.htm>

Recruiting and Selecting Board Members

Many people volunteer for causes that are meaningful to them. They may do this for any number of reasons, such as giving back to their communities, nurturing causes they are passionate about, and contributing their time, energy, and expertise to issues that matter. Individuals may volunteer to sit on a board to build their resumes, make business connections, and expand friendship opportunities. As you recruit new members, remember that the board role can be a win-win relationship both for the PO/RCO and the individual who serves. It is both a privilege and a responsibility to be elected to a nonprofit board of directors.

When recruiting new board members, bear these considerations in mind:

- Select board candidates whose values, interests, and skills match the organization's needs and mission
- The governing board's composition should reflect the diversity and makeup of the community it serves
- A diverse board is an asset that will strengthen its effectiveness in responding to challenges and opportunities

Board Member Recruitment Package

Develop a board member recruitment package for candidates that contains information relevant to the position, including

- A board member job description
- Board member application
- Letters of introduction from the executive director and board chair that outline the skills desired in a board member to enhance the board's management capability
- A list of current members and their affiliations
- The organization's vision, mission, and values statements
- Organizational bylaws
- A brief description and history of the organization
- Any specific requirements for board membership
- Copies of recent press coverage
- A calendar of meetings, including the next board orientation and organizational events or fundraising benefits

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Smart Advice!

- Download a sample board member recruiting package at http://www.boardnetusa.org/infocenter/vz/rc_content.asp?contentID=163
- Read *Five Fast Ways to Recruit New Board Members* at <http://www.compasspoint.org/board-cafe/five-fast-ways-recruit-new-board-members>
- C4H, Capacity for Health, has a library of resources to help you in your quest to recruit and select effective board members. Resources include webinars, sample forms, interview questions, suggested topics for board orientation, and more; go to <http://library.capacity4health.org/category/topics/organizational-infrastructure-program-sustainability-oi-ps/board-development/board-m>

Board Member Application

To assure that the candidate meets the organization's leadership needs, develop a board member application. This tool will capture the candidate's interests, skills, and experience. Be sure to obtain this information both through the written application and a face-to-face interview. Candidates should interview with a board member—usually the chair of the nominating committee—and the executive director. This interview provides an opportunity for the candidate to learn more about the organization and the board's needs.

Get Started!

- See a sample board application form at <http://managementhelp.org/boards/application.htm>
- Download a sample Board Application Form at <http://www.merceraware.org/pdfs/board-application-form.pdf>
- Create a board member job description. To learn how, go to The Bridgespan Group's webpage *Board Member Job Descriptions* at <http://www.bridgespan.org/getdoc/7e1712ce-47c6-4a87-b094-df089c3a7bef/Board-Member-Job-Descriptions.aspx>

Board Member Profile

Develop a board member profile so that the organization can use each member's skills and abilities. A profile may include personal information as well as occupational information, other affiliations, interests, and skills.

Quick Tip

- Download a sample board member profile at <http://library.capacity4health.org/category/topics/organizational-infrastructure-program-sustainability-oi-ps/board-development/board-m>

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New Member Orientation

New board members need an orientation shortly after being elected to serve. After the orientation, members should be able to answer questions such as these:

About the organization

- What are the organization's mission and values?
- When and why was the organization founded?
- What are milestones in the organization's history; how do they relate to current priorities?
- What are issues for peer organizations that board members must understand?
- What are the organization's programs and services? What are the service population's recovery support needs?
- What is the organizational structure?
- How is the organization funded and what is its annual operating budget?
- What are the organization's strategic goals?
- How are services evaluated and improved?
- What are opportunities for client feedback?

About the board

- How is the board structured to accomplish its work?
- How are decisions made? Does the board follow a consensus process or another decision-making method?
- What does the organization expect of board members? What expectations do funders have for board performance?
- What information do members have access to?
- What are the board's fiduciary duties?
- Who sets the board meeting agenda? How are agenda items submitted for consideration?
- What is the board's role in advocacy, public relations, and community outreach? What is the term of service; is there an option for being elected to subsequent terms?
- Does insurance cover board members? If so, what type?
- Does the organization expect board members to make financial contributions to the organization, and if so, is there a minimum gift amount?

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Quick Tip: Plan an Orientation for New Governing Board Members

- Download the Center for Nonprofit Advancement's *Sample Board Orientation Manual* at <http://www.nonprofitadvancement.org/resource/sample-board-orientation-manual>

Governance Policies

In a nutshell, governance policies apply to the procedures that the board follows in order to carry out its responsibilities. These policies ensure that a nonprofit abides by internal standards as well as applicable laws, such as those described by the IRS Form 990. Policies typically cover

- Code of ethics (learn more about this under *The Ethics of Confidentiality and Corporate Compliance Plan*, in Chapter 4)
- Review of the executive director's compensation and benefits
- Investments (read more about this under *Investment Policies*, Chapter 5)
- Conflicts of interest (read more about this below)
- Whistleblower protection (read more about this under *Federal "Whistleblower" Law*, Chapter 5)
- Document retention / destruction (read more about this under *Document Retention and Destruction*, Chapter 5)
- Gift acceptance

Smart Advice! Two Tips for Writing Governance Policies

- The National Council of Nonprofits maintains a comprehensive list of resources to help you create governance policies; go to <http://www.councilofnonprofits.org/resources/resources-topic/boards-governance/governance-policies>
- CompassPoint Nonprofit Services provides samples of governance policies, including *Code of Ethics*, *Conflict of Interest*, *Whistleblower*, and *Gift Acceptance*; visit <http://www.compasspoint.org/governance-financial-documents>

Conflict of Interest Statement

Conflict of interest policies assure that a board member's personal interests do not interfere with planning, decision making, or organizational operations. This is perhaps the most important board policy to have. Board members should disclose potential conflicts of interest annually.

Get Started!

- Go to the IRS website for a sample conflict of interest policy; visit <http://www.irs.gov/instructions/i1023/ar03.html>
- The National Council of Nonprofits provides tips and tools on conflict of interest, including a sample policy and annual statement; visit <http://www.councilofnonprofits.org/conflict-of-interest>

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Board Handbook or Manual

PO/RCOs should have a comprehensive manual that describes the philosophies as well as the logistics of the organization for board members to have on hand. This manual can include such areas as

- Board member and officer roles and responsibilities
- Board member names and affiliations
- Board meeting procedures
- Board committee structure
- Executive director accountability
- Monitoring the executive's performance
- Articles of incorporation
- Bylaws
- Strategic plan
- Business plan
- Fiscal policies
- Fundraising plan

? **How to Create a Board Handbook**

- For a *Board of Directors' Manual Template*, visit the NorthSky Nonprofit Network at <http://www.northskynonprofitnetwork.org/resource-center/board-directors-manual-outline-content>
- Another example of a board member handbook can be found at this link: <http://www.grantthornton.com/issues/library/whitepapers/nfp/2010/NFP-2010-01-board-member-handbook.aspx>
- CompassPoint Nonprofit Services provides samples of governance policies, including *Articles of Incorporation and Bylaws*; visit <http://www.compasspoint.org/governance-financial-documents>

A Tool for Improving Your Board: The Exit Interview

Similar to the staff exit interview discussed in Chapter 4, the board exit interview can be a useful tool to help improve board operations. Feedback provided by a board member who is leaving can offer insight into what's working or not working, and suggest opportunities for improvement. It is a good idea for another board member to conduct the exit interview so the exiting member feels comfortable about disclosing any negative or challenging issues they may have experienced during their tenure.

💡 **Smart Advice!**

- Download the one-page article, *The Exit Interview: An Entrepreneurial Tool for Board Improvement*, which suggests the exit interview is an ideal way to get an honest assessment of board performance; go to <https://www.snpo.org/publications/sendpdf.php?id=1021>
- Greenlights for Nonprofit Success also has *Exit Interview Questions*; visit http://www.greenlights.org/resources/resource-library/doc_download/46-exit-interview-questions

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Board Committees

A board committee is a small work group consisting of board members—and sometimes non-board members—to support the board’s work. Committees may be standing or ad hoc. *Standing* committees do work on an ongoing basis and they may be called for in the bylaws. *Ad hoc* committees, on the other hand, work on a specific task or project and they dissolve when the project is complete. Examples of board committees include

- Advisory committees
- Audit committees
- Compensation committees
- Executive committees
- Finance committees
- Fundraising committees
- Grant making committees
- Governance committees
- Marketing and public relations committees,
- Personnel committees
- Programs committees
- Risk committees
- Strategic planning committee

Quick Tip

- To learn more about committees and their work, go to *All About Boards of Directors* at <http://managementhelp.org/boards/index.htm>

Worth Reading

- *Agile and Efficient: Board Committees and Committee Structures that Work*; go to <http://cooperativegrocer.coop/articles/2013-02-20/agile-and-efficient-board-committees-and-committee-structures-work>
- *8 Ways to Structure Committees*; go to <http://www.thenonprofitimes.com/management-tips/8-ways-to-structure-committees>
- *Functions of Committees in Non Profit Organizations* is a short piece that focuses on standing and ad hoc committees and provides tips for effective committees; online at <http://uncw.edu/qeno/documents/CommitteeUtilization.pdf>

Committee Chair Job Description

Board meetings will run smoothly when the committee chairs understand their role. Typically, most of the board’s work is done in committee so that the full board meeting focuses on reporting and decision making. Committee members can more easily accomplish their work when the committee chair is prepared. The committee chair should have a proposed agenda with a request for additional items and any preparatory material sent to committee members in advance. Committee chairs should aim to start and end meetings on time, follow the agenda, and elicit feedback and opinions from all committee members. Job descriptions can orient the committee chairs to their role and guide committee members in fulfilling their responsibilities.

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How to Create Job Descriptions for Committee Chairs

- Go to *Committee Chair Job Description* at <http://managementhelp.org/boards/job-descriptions.htm#anchor328534>
- Check out these *Board Job Description Samples* at <http://www.nprcenter.org/helpful-link/board-job-description-samples>

Who's in Charge? The Board vs. the Executive Director

The lines of responsibilities between the executive director and board members can become blurred, especially in grassroots organizations. Policies and open communication can help clarify who is responsible for what. The role of the board is big picture in scope. It sets organizational direction and policy, and its other major responsibility is to hire the executive director, set goals and expectations for that position, and conduct regular performance reviews. The executive director assists the board by providing relevant material that helps it with decision making. The executive director's primary role is to assure that day-to-day operations are in accordance with the mission and direction as set by the board.

Worth Reading

- *Who's in Charge Here? Role of the Board of Directors vs. Role of the Executive Director*; go to <http://cullinanelaw.com/nonprofit-board-vs-executive-director>
- *Effective Board Chair-Executive Director Relationships: Not About Roles!* Online at <http://cullinanelaw.com/nonprofit-board-vs-executive-director>

Tips for Evaluating the Executive Director

- Read *Annual Evaluation of the Executive Director* at <http://www.compasspoint.org/board-cafe/annual-evaluation-executive-director>
- The article *Executive Director Evaluation Survey Form* provides a sample evaluation instrument and outlines a process for managing the executive's evaluation; go to <http://blueavocado.org/node/716>

Succession Planning

Succession planning is a process necessary to ensure the fulfillment of essential roles in an organization. The board must have policies and procedures for recruitment and replacement of organizational leaders. Those policies should cover emergency plans for temporary leadership succession as well as planned succession.

Get Started!

- Review the resource list, *Succession Planning for Nonprofit Organizations*, compiled by The Foundation Center at <http://foundationcenter.org/getstarted/topical/succession.html#01>
- Download *Building Leaderful Organizations: Succession Planning for Nonprofits*, volume six of the Executive Transition Monograph Series at <http://www.aecf.org/KnowledgeCenter/PublicationsSeries/ExecutiveTransitionMonographs.aspx>
- Find more resources like the one above on the CompassPoint webpage *Executive Search and Transition* at <http://www.compasspoint.org/et>

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8 How Are We Doing?

How do we determine or measure how well our organization is performing? Do we have indicators of success and where we fall short? Can we project our chances for survival? Do we know the number of people who our organization helps? Do we track the successes of those using our services? What is the amount of money we have in reserve?

In this chapter we look at outcome measures, which is a way of tracking our results and measuring our accountability. As outcome-reporting requirements from governments, United Ways, foundations, and other funding sources increase in number and complexity, service providers are easily overburdened collecting the information they need for accountability to funders and the community. Agreement between funders and service providers on a common core set of outcome indicators can help balance these needs.

Developing and Implementing an Outcome Management System

An organization needs certain characteristics to develop and implement an outcome management process:

- **Leadership support.** There must be visible support from top management in the organization.
- **Commitment of time and staff resources.** Initial development and introduction of the process requires intensive time and effort. Once the process is in place, the effort required typically decreases, as outcome management becomes part of basic program management.
- **Program stability.** Programs undergoing major change in mission or personnel may have difficulty introducing outcome measurement. A relatively stable organizational environment is best.
- **Computer capability.** Even if the organization is small, the capacity to use computers to record data and prepare reports is desirable. Hardware, software, and trained staff with the necessary expertise are essential.

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What Do We Measure?

What outcomes are most valued by the program and the people who use your services? What is the mission of the program? Answers to these questions can be translated into specific measurable results. Activities that might help programs identify outcomes include

- Looking at the outcomes that similar organizations are reporting. With the increasing emphasis on outcome measurement, perhaps other nonprofits or government agencies have identified outcomes that could be used as a starting point.
- Talking to organization staff.
- Holding focus groups with stakeholders. Focus groups are facilitated meetings that gather information on specific questions from participants. They usually involve a small number of people (eight to 12) in an informal two-hour session.
- Using logic models to diagram the steps from *inputs*—of dollars and staff—that lead to activities that lead to outputs.

Get Started!

- To learn more about conducting focus groups, visit <http://www.cse.lehigh.edu/~glennb/mm/FocusGroups.htm>
- Download W. K. Kellogg Foundation Logic Model Development Guide at <http://www.wkkf.org/knowledge-center/resources/2006/02/wk-kellogg-foundation-logic-model-development-guide.aspx>

Smart Advice!

- Go to the National Council of Nonprofits website for resources dedicated to *Evaluation of Outcomes*; visit <https://www.councilofnonprofits.org/tools-resources/evaluation-of-outcomes>

After defining your organization's outcomes, the next step is translating the statements into measurable indicators. For example, if the organization has a peer-run warmline or a telephone informational resource, a valued outcome might be the volume of calls coming into the service. These are examples of indicators to measure that outcome:

- The number of phone calls per month
- The percent of phone calls lasting more than 10 minutes
- The number of parents that call requesting information about X

For each outcome, identify one or more outcome indicators to track progress. Outcome indicators should almost always begin with words such as “The number of ...” or “The percent of ...”

Worth Reading

- The Urban Institute has a free, comprehensive, easy-to-use guide called *Key Steps in Outcome Management* that outlines the steps an organization needs to take to develop processes for gathering and analyzing outcomes. The guide is at <http://www.urban.org/publications/310776.html>
- *Developing Community-wide Outcome Indicators for Specific Services*; go to <http://www.urban.org/center/cnp/Projects/outcomeindicators.cfm>

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Satisfaction Surveys

Using satisfaction surveys is a relatively easy way to gather information from people using the services or supports that your organization offers. For example, if your organization delivered training to a group of community members, you could create a satisfaction survey to capture what participants thought about the training.

Get Started!


- ✓ Download Customer Satisfaction Survey Questions: 5 Sample Templates You Can Use Right Away at <http://www.qualtrics.com/blog/customer-satisfaction-survey-questions>
- ✓ Urban.org offers information regarding surveying program participants and tracking outcomes. Near the end of the PDF document look for examples of satisfaction surveys relevant to service providers; visit http://www.urban.org/UploadedPDF/310840_surveying_clients.pdf

Satisfaction surveys are the beginning of a process. In many respects, the process that follows is more important. An organization that values its participants also listens to them. Confer a committee with dedicated management staff who has the ability to affect change. Review the surveys and determine how the program or service can change or grow to meet the survey findings.

Telling Our Story

Data tell one story; words and art tell many stories. We are known by the stories we tell and the stories told about us. We want others to understand our passion and our story to spur others into action. Video recordings in particular can help tell our story to the community, potential funders, partners, volunteers, and those interested in our services. Videos are a powerful tool that can capture your passion and integrity. Videos can be posted on your website or YouTube.

Be Inspired!

-  Visit Story Corner: Reach Out in Compelling New Ways with Your Stories at <http://www.thenonprofitpartnership.org/about-the-nonprofit-partnership/story-corner>

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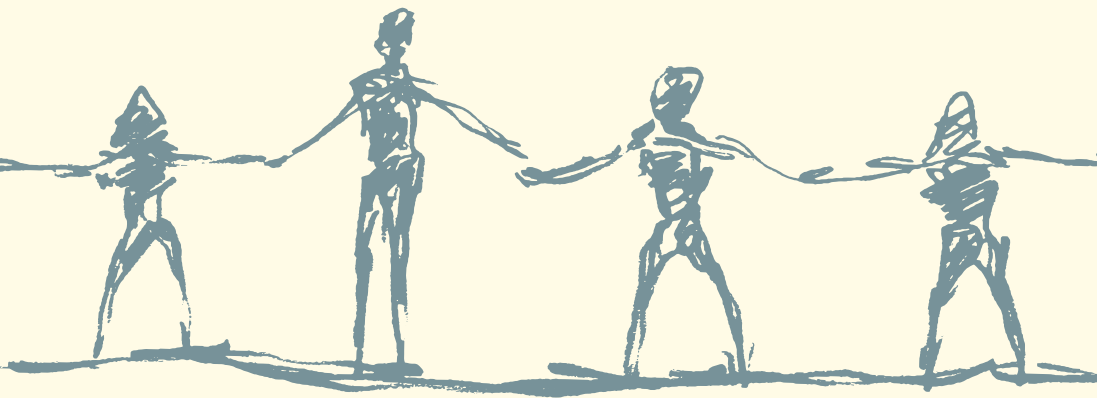
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9 Where in the World Do We Find External Supports?

Organizations—just like people—need support. Organizations have funders, partners, collaborators, consultants, contractors, and community members that supply time, energy, money, and other resources. In this chapter, we explore how PO/RCOs can increase their ability to fulfill their vision by joining forces with others.

Networking

No organization is an island. Organizations are often closely linked with member or trade associations, governmental agencies, universities, businesses, communities, and citizens. PO/RCOs greatly expand their circle of influence when they network with others. Even small organizations wield strong social impact when they join forces with a network of like-minded individuals and organizations. Successful networks share these characteristics:

- There is a high level of trust
- Parties would rather discuss and work through problems than abandon the relationship
- The relationship is mutual, parties help one another

Being in a network can strengthen the organization's resiliency. Think of the network as being a reservoir of potential helpers, including future collaborators, partners, supporters, leaders, workers, and volunteers. Networks can open the door to opportunities you may have otherwise never found.

Networking may seem intimidating, but there are many ways to build a network. For example, set up a table at a community fair and talk about your work to those who pass by or join a community coalition and engage in discussion

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about the common challenges you face. Be sure to adopt a range of networking strategies to match your team's personalities, strengths, and resources. The intent is to make sure people get to know you and your organization.

Networking Tips

- Wear a nametag
- Carry business cards and readily share your contact information
- Practice your two-minute "elevator speech," so you have a quick, succinct way to introduce yourself and your organization

Pro Bono Services

It can't hurt to ask should be the thrifty organization's mantra. Pro bono is a Latin phrase for professional work that is done "for the public good" voluntarily and without payment or at a reduced fee. PO/RCOs benefit from the pro bono services of lawyers, accountants, architects, consultants, and other professionals who provide services to those who are unable to afford them.

Checklist: How to Ask for Pro Bono Services

- ✓ Leverage your existing connections to the professionals and businesses that offer the services and products you need. For example, talk to everyone connected to your organization about the help you need and tap into others' professional and personal networks.
- ✓ Build the relationship from the ground up. Start by asking for help with a specific project that is limited in scope and time. If this project goes well, you can ask for more help later.
- ✓ Make the people or business that provides pro bono services feel a part of your organization. Add them to your newsletter mailing list, for example, and invite them to celebrations and other events.
- ✓ Thank the people and businesses that provide free services often and in ways that benefit them in return.

One peer-run organization, for example, received free printing from a neighborhood business. In return, the organization ran free ads for the company in its newsletters, referred friends and relatives to the business, and invited the printer's employees to the organization's annual picnic.

Get Started! Your Link to Pro Bono Services

- Taproot Foundation exists to make the pro bono service ethic part of every business profession and ensure that nonprofits have access to the professional talent they need. The foundation offers grants and services to nonprofit organizations. Find out if you are eligible to apply for a service grant or talk to a Taproot capacity building coach to take advantage of the market of pro bono services available to help you. Taproot's website is at <http://www.taprootfoundation.org>
- SCORE has over 11,000 volunteers who offer education and mentorship. Although SCORE's focus is on small businesses, they do serve nonprofits and many of their volunteers have decades of experience in managing nonprofit organizations. To learn more, visit <http://www.score.org>

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- The Community Corps (TCC) is a unique and innovative community of nonprofits, corporations, and skilled professionals that share a passion for using technology to make a difference in people's lives. TCC matches pro bono resources with nonprofits that need help with technology. Find them at <http://www.thecommunitycorps.org>

Strategic Alliances: Working Together to Address Shared Concerns

Nonprofits should initiate and promote cooperation and coordination whenever feasible to maximize positive impact in the communities they serve. An example is forming *strategic alliances*, which are close, mutually beneficial relationships that involve sharing resources, knowledge, and capabilities. Strategic alliances take many forms. An alliance may be an informal arrangement for sharing information and resources, strengthening policy initiatives, or increasing operational efficiency. Alternatively, an alliance may be a formal arrangement such as a joint venture, partnership, or merger. PO/RCOs should consider and understand all implications before entering into any kind of alliance.

College and university partners. Nonprofits have much to gain from partnerships with colleges, universities, and other academic institutions. With their research institutes and students needing hands-on work experiences, universities benefit from working with nonprofits. Your organization's need to develop its evaluation capacity, for example, could become a graduate student's project. Your organization's willingness to participate in a research study sponsored by the school of social work could be of mutual benefit. The possibilities are endless. Get to know your local colleges and universities and learn how they partner with other nonprofits.

Get Started!

- Watch a short video on forming strategic alliances at <http://grantspace.org/Multimedia/Video/Kate-Dewey-on-Strategic-Alliances-2011-10-24-Cleveland-OH>
- Read *Building Successful Collaborations: A guide to collaboration among nonprofit agencies and between nonprofit agencies and businesses* by Carolyn Parkinson (2006), Cambridge & North Dumfries Community Foundation; visit http://www.cfc-fcc.ca/link_docs/collaborationReport.pdf
- To learn more about strategic alliances, go to the GrantSpace Knowledge Base at <http://grantspace.org/Tools/Knowledge-Base/Nonprofit-Management/Sustainability/collaboration>
- Download this *Community Organizational Assessment Tool* to help guide a discussion about your organization's readiness for a strategic alliance. Go to <http://cced.ces.uwex.edu/category/community-preparedness>

Collaboration agreements. Nonprofit collaboration is a mutually beneficial and well-defined relationship, entered into by two or more organizations to work together to achieve common goals. Collaboration can combine the organizations complementary strengths to produce a service that is stronger than either might be on its own.

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Smart Advice!

- Access *Tools for Collaboration* from the Center for Nonprofit Excellence. You will find assessment tools to help evaluate external collaboration opportunities and action steps to guide your collaborative effort to success; visit <http://www.thecne.org/tools-collaboration>

How to Set Up Collaboration Agreements

- Before entering a collaborative arrangement, have a clear written agreement outlining a timeline, responsibilities, accountability and reporting requirements, costs, resource and staff allocations, revenues, and privacy concerns.
- For guidelines and sample agreements, go to *Developing a Contract or Written Agreement for Your Nonprofit Collaboration* at <http://newyorkblog.foundationcenter.org/2012/04/developing-a-contract-or-written-agreement-for-your-nonprofit-collaboration.html>

Mergers, acquisitions, and partnerships are often motivated by financial reasons. As health care reform is implemented, many organizations are seeking partnerships with community groups as a way of gaining leverage in contracting and delivering services. These partnerships offer benefits and challenges. If your organization is considering a partnership, good leadership and open communication are vital to ensuring a smooth process. It is essential that the partners share a vision and values.

Smart Advice!

- OneJustice offers a checklist to review when nonprofits are considering a merger. There is also information about legal issues, a study on nonprofit strategic restructuring, and a webinar on nonprofit mergers; go to <http://www.one-justice.org/templates/System/details.asp?id=53135&PID=844586>
- *What to Consider When You're Contemplating a Merger* is available from the Foundation Center at <http://newyorkblog.foundationcenter.org/2011/08/what-to-consider-nonprofitmergers.html>
- *Mergers, Collaborations, and Strategic Alliances* by the National Council of Nonprofits looks at the risks and benefits of strategic alliances and provides resources on collaborations, including mergers and acquisitions. Go to <https://www.councilofnonprofits.org/tools-resources/mergers-collaborations-and-strategic-alliances>

Collaborating with Local, County, and State Governments

We are stronger together than apart. When everyone brings unique perspectives, resources, and approaches to the relationship in service of a common goal, we are more likely to develop creative, effective strategies to achieve that common goal. You will need to determine what kind of working relationship that best fits you and your partner.

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The Collaboration Continuum

Collaboration is the act or process of working with another organization to produce or create something. In this section, we use the term *collaboration* or *partnership* to refer to a continuum of possible ways that PO/RCOs can work with government entities. Collaborations can be thought of as being on a continuum, which is presented below. The time commitment, degree of trust, and sharing “turf” or territory are the basic elements that determine the level of collaboration.

- ✓ **Networking** is exchanging information for mutual benefit. This is easy to do, requiring a low initial level of trust, limited time commitment, and no sharing of turf or territory.
- ✓ **Coordinating** is altering program activities for mutual benefit and to achieve a common purpose. This requires more organizational involvement than networking does, a higher level of trust, and access to one’s turf.
- ✓ **Cooperating** is altering activities and sharing resources for mutual benefit and to achieve a common purpose. Cooperating may increase organizational commitment and involve sharing resources and having written agreements. Cooperating requires a substantial amount of time, a high level of trust, and significant sharing of turf.
- ✓ **Collaborating** involves a sharing of resources and mutually enhancing each other’s capacity to achieve a common goal. The qualitative difference between collaborating and cooperating is that with cooperating, organizations and individuals commit to learning from each other to become better at what they do. Collaborating organizations agree to share risks, responsibilities, and rewards, which require a substantial time commitment, very high level of trust, and sharing turf.
- ✓ **Integrating** means completely merging two organizations in regards to recipient operations as well as administrative structure.

Worth Reading

- *Building Successful Collaborations: A Guide to Collaboration among Non-profit Agencies and Between Non-profit Agencies and Businesses* by Carolyn Parkinson; download the report at http://www.cfc-fcc.ca/link_docs/collaborationReport.pdf

As a peer-run/recovery community organization, your work touches on various areas, including mental health, substance use, training and education, employment, and health care. A host of agencies at the local, county, and state levels may be interested in working with you. To begin, have your team brainstorm a list of potential collaborators. The list below has suggestions to help get you started, and the Brainstorming Potential Collaborators worksheet (on page 87) can help track the information you generate. Note that each local, county, and state government is organized differently. To learn more, visit your city, county, or state website, which lists agencies and public workgroups.

Potential Government Collaborators

- Addiction Technology Transfer Centers (ATTCs)
- Behavioral health agencies
- Mental health departments

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- Departments of substance use/addictions
- Public health departments
- Alcohol safety boards
- Vocational rehabilitation
- Departments of developmental disabilities (county/state)
- Child welfare/family services departments
- Elected officials (local, county, state levels)
- Social Security Administration
- Medicaid director (usually at the state level)
- Health/human services (and/or other agencies involved in health reform)
- State-run health exchanges
- State insurance commission
- Public hospitals
- Community health workers
- Corrections
- Drug/mental health courts
- Homeless courts
- Single State Authority
- Public library system
- Immigration agencies
- Veterans Affairs

After brainstorming, discuss these issues with your team:

- Review your vision, mission, and values statement
- Revisit the organization's strategic and business plans and look for opportunities to reach stated goals and objectives by collaborating
- List and prioritize government agencies that relate directly to your priorities
- Drawing on the networking efforts of your team, identify key stakeholders. Perhaps one of your team members met someone at the local health fair or Veterans Stand Down Operation. Maybe a staff or board member who attends health commission meetings knows that another member is interested in veteran issues, just as you are. Even if the people you know are not exactly the right fit for the goal, it may be helpful to email or telephone to ask if they can point you in the right direction.

Once you have gone through these steps, research the agencies or entities that seem like the best fit. Discover their mission, needs, and priorities. The more you understand the organization's direction, the better you are able to plan for how you might work together. Knowing what they need and what you can bring to the partnership strengthens your position. As you conduct your research, consider how working together might benefit you both; for example:

- Increasing public awareness
- Funding
- Getting your issues on public meeting agendas
- Practical resources (e.g., meeting space, equipment for an event)
- Participation on advisory boards

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- Participation in town hall meetings
- Guest speakers at trainings/events
- Posting recovery resources in key public locations
- Linking to one another's websites
- Sharing expertise
- Advocating for peer-run recovery boards to be a part of health reform
- Creating peer-run recovery boards for government agencies

Worksheet: Brainstorming Potential Collaborators

Use this simple grid below to collect and track basic information about potential collaborators. This can be done in a word processing document or in a spreadsheet, which will offer greater utility. We have filled in two examples for you.

Brainstorming Potential Collaborators Table					
Agency	Contact Person	Phone/ Email	Location	Website	Notes
Jones County Corrections Department	Sam Breckenridge	885-4231 samB@jccd.gov	1411 Jay Road, Martinsville	Jccd.gov	Just established mental health workgroup
Community Health Worker Alliance	Maria De-Santos	885-6741 maria@chwa.org	87 Luther Hwy, Suite 5, Centertown	CHWorker.org	Professional association for community health workers, interested in advocacy

Tips for Success as You Build Collaborations

- Tailor your message for your audience. Sometimes, a mission-based message will resonate with stakeholders (e.g., *We believe in the power of peer voices in community planning processes and hope that we can work with you to integrate them more fully*). Other times, a fiscal or budget-based message is more effective (e.g., *Research shows that peer navigators help reduce health care costs. We can help your organization with this*).
- Clearly define what you have to offer: your services and the value that you add to the work of your (potential) government collaborators.
- Focus on relationship building first. Collaborations are about more than securing financial resources. They are about helping shape policy affecting the lives of real people in real communities. Strong relationships—ones that are meaningful and mutually beneficial—will carry you far in this regard.
- Use outcome data when available. Using data helps build trust and further professionalizes peer-run organizations.
- As you forge partnerships, be strategic. It is better to have one or two strong partners than several superficial ones.

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- Be proactive, not reactive.
- Be kind. Not everyone will agree with you. Do not create enemies. Remember that conflict can be healthy and even productive when handled well.
- After you have a significant meeting, debrief with your team. What went well? What new information did we gain? How can we move forward? You may want to consider using a “plus/delta” system to rate your results. *Plus* stands for things that went well; *delta* stands for things you would change about your approach the next time.

Handling Discomfort, Prejudice, and Ignorance

Issues of mental health, substance use, and trauma may be uncomfortable for people to handle. Tactics for handling prejudice and stigma include educating people about the realities of mental illness and personalizing the experience with stories and through relationships. Remember that sometimes it is lack of knowledge, personal insecurity, or discomfort with the unknown that makes people react with unease.

It is challenging when you encounter resistance as you discuss very personal issues, which you are passionate about. Still, try to remain calm and remember to breathe. If you are frustrated by an encounter, find a friend, colleague, or mentor to talk with afterwards. That way, you can discharge the pent-up emotions in a safe, supportive environment.

Dispelling myths and overcoming prejudice is slow and critical work. When you feel discouraged, remember that you are part of a groundbreaking national movement. Your very presence as a professional person representing a peer-run organization breaks down stereotypes and helps to establish peer-run organizations as legitimate contributors to the field.

Worth Reading

- *Policy and Legislation Relevant to Mental Health Issues*; go to <http://www.promoteacceptance.samhsa.gov/topic/policy/default.aspx>
- *Facts about Common Mental Illnesses*; go to <http://www.promoteacceptance.samhsa.gov/publications/thefacts.aspx>
- *Stories about People Living with Mental Illness*; go to <http://www.promoteacceptance.samhsa.gov/publications/mystory>
- *Overview of Stigma and Ways to Deflate It*; go to <http://www.psychologytoday.com/blog/why-we-worry/201308/mental-health-stigma>
- *Filing a Complaint of Discrimination in the Workplace*; go to <http://cpr.bu.edu/resources/reasonable-accommodations/jobschool/filing-complaints-about-discrimination-in-the-workplace>

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Conclusion

The world of nonprofits provides a multitude of opportunities to devote ourselves to ensuring that our lives and the lives of those who participate in our services are the best that they can possibly be. We can be visionaries and leaders while being savvy executives. Within this manual, we provide tools that can help you balance your need for business acumen while never compromising your vision, values, and mission.

By having a good business sense and assuring a compliant, fiscally sound, and organizationally strong agency, we help assure that everyone accessing our services gets what they need to reach for and attain a full life, integrated into their community where their own hopes and dreams are fulfilled. By understanding how to assure that your organization becomes a successful business, you have moved one step closer to achieving your dream and the dreams of those who work with you as well as those who access your services.

Welcome to the wonderful world of nonprofits. May you and your organization be successful in fulfilling your mission now and into the future.

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