Colorado NONPROFIT Association

Principles & Practices

3rd Edition

for Nonprofit Excellence in Colorado

Developed by Colorado nonprofits for Colorado nonprofits

Dear Colorado nonprofit employees, board members, volunteers, and interested citizens:

Colorado nonprofit organizations create substantial economic and social impact in our great state. They provide essential services and opportunities for citizens throughout all Colorado communities. We simply could not maintain the quality of life we have become accustomed to without their many contributions.

The nonprofit sector is continually challenged to be more transparent, efficient, and effective. *Principles & Practices for Nonprofit Excellence in Colorado* is a support mechanism to enable nonprofits to address issues of capacity and accountability as they strive to build the foundation for true mission achievement.

On behalf of the entities responsible for regulating charities and nonprofits in Colorado, we appreciate the guidance provided in this publication and our strong partnership with Colorado Nonprofit Association. These principles and practices will serve as a valuable tool for nonprofits of all sizes as they work to strengthen and demonstrate transparency and accountability. Such standards can only enhance the public's trust in the Colorado nonprofit community.

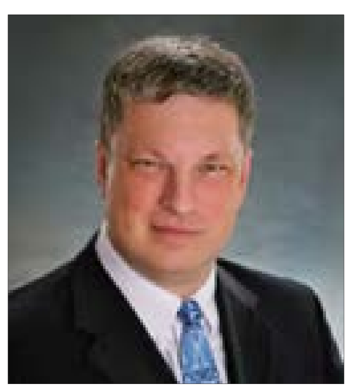
We recognize that representatives from all our communities invest time and resources to support our nonprofits. We commend your service to these organizations and your commitment to enrich the lives of thousands of people across Colorado.

We believe that since the release of this guide in 2007, *Principles & Practices for Nonprofit Excellence in Colorado* has proven to be a valuable resource to the nonprofit sector, and are confident that the updated version will continue that tradition.

Sincerely,

Cynthia Coffman
Attorney General

Wayne Williams
Secretary of State



Principles & Practices

3rd Edition

for Nonprofit Excellence in Colorado

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Introduction

Purposes

Principles & Practices for Nonprofit Excellence in Colorado (P&P) has three intended purposes:

- The first is to provide individual charitable organizations striving for excellence with a Colorado-specific tool for evaluating regulatory compliance, enhancing strategic planning, and refining operational evaluation.
- The second is to support the growth and quality of the nonprofit sector.
- The third is to increase public understanding of the role and impact the charitable nonprofit sector in Colorado.

Note that this guidebook is not meant to be construed as legal advice, and is not a substitute for individualized consultation with an attorney. While legal requirements for nonprofits other than 501(c)(3) organizations are not included in this guidebook, this guide remains a strong tool to help those organizations increase good governance, accountability, and transparency.

Definitions

A "Principle" is a broad statement that defines a suggested ethical or managerial direction for a nonprofit organization.

A "Practice" is a suggested method to achieve the principles.

In this guide the terms "charitable organization," "nonprofit organization," and "nonprofit" are used interchangeably to refer to nonprofit organizations that are tax-exempt under § 501(c)(3) of the Internal Revenue Code.

Legal Accountability

All Colorado nonprofits must be aware of and in compliance with all legal requirements pertaining to nonprofit management, reporting, and governance. Visit the following websites for summaries of applicable laws, links to helpful resources, and downloadable forms:

- **Colorado Secretary of State**
  sos.state.co.us
- **Colorado Attorney General**
  ago.state.co.us
- **Colorado Department of Labor**
  coworkforce.com
- **Colorado Department of Revenue**
  colorado.gov/revenue
- **Internal Revenue Service**
  irs.gov/charities

In addition, Colorado nonprofits should take advantage of an invaluable resource called ***A Guide for Colorado Nonprofit Organizations*** (2007, Continuing Legal Education in Colorado, Inc.). More than 20 of Colorado's top corporate attorneys, many of whom specialize in representing Colorado nonprofit organizations, wrote this publication, which is updated regularly.

Additional Resources

P&P recognizes that good organizational practices are primarily implemented through education and self-regulation. This guide is intended as an educational resource to help charitable 501(c)(3) organizations to promote good governance, transparency, and accountability.

Colorado Nonprofit Association will continue to provide trainings, complementary materials, and additional resources to help nonprofits implement best practices via our online learning portal: **Opus**. To learn more about this resource visit **Learning.ColoradoNonprofits.org**.

Advocacy

Principles

Advocacy is the active support of an idea or a cause. In order to operate effectively and advance its mission, a nonprofit should advocate on behalf of the people it serves, its organization, and the common interests of the nonprofit sector. A nonprofit's level of involvement in advocacy, public policy, and civic engagement will vary based on the organization's mission, capacity, and strategic direction.

When possible, nonprofits should facilitate broad community participation in advocacy, public policy, and civic engagement. Civic engagement means activities by individuals and groups to address issues of public interest. Civic engagement may include volunteering, working with community members to solve a problem, or working with government institutions.[1]

Although definitions of lobbying vary among levels of government, they generally apply to directly advocating for or against the passage of specific legislation before a legislative body or ballot measures before the voters, or encouraging members of the public to engage in such advocacy.[2] These laws and rules also define limits on lobbying expenditures and activities, disclosure and reporting requirements, and exceptions that apply to nonprofits or their staff when they lobby.

[1] Adapted from quote of Michael Delli Carpini on the American Psychological Association's website. apa.org/education/undergrad/civic-engagement.aspx

[2] 26 CFR § 1.501(c)(3)-1(c)(3)(ii)).

Planning and Activities

1. **Understanding of Policy Climate**
A nonprofit should continuously maintain an understanding of the current events and issues and their impact on policy.

2. **Public Policy and Advocacy Plans**
If engaged in public policy and/or advocacy activities, nonprofits should adopt a written policy that clarifies the scope of the work, as well as the time and resources to be allocated to those activities, including clear guidelines to ensure compliance with federal limits on lobbying activity and the prohibition on political campaign activity.

3. **Proactive Approach**
A nonprofit should proactively develop specific strategies to address key issues facing the organization, its constituency, and the charitable sector, and should include its stakeholders in those efforts.

4. **Capacity Building**
A nonprofit should include training and resources on advocacy, public policy, and civic engagement as part of its organizational capacity building and professional development activities.

5. **Communications**
A nonprofit should ensure that all information maintained and provided is timely and accurate and that the social and political context of the information is clear. Information provided by the organization to the general public, the media, and policymakers may become a matter of public record. This includes information posted on the nonprofit's website and social media pages. In all its communications, a nonprofit must not support or oppose candidates for public office and must comply with applicable federal, state, and local lobbying limits and reporting requirements.

6. **Relationship Building**
A nonprofit should build relationships with elected officials, community leaders, and other nonprofits in order to strengthen its ability to effect community change and impact public policy. However, these relationships should be carefully scrutinized to ensure there is no express or implied endorsement of a candidate for public office or attempt to influence legislation outside the permissible limit.

Civic Engagement and Education

7. **Education**
A nonprofit should provide board, staff, stakeholders, and the public with nonpartisan resources and training on issues important to it or its constituencies.

8. **Inform Stakeholders**
A nonprofit should ensure that individuals who act as advocates and ambassadors for their organizations are knowledgeable about the programs and activities of the organization and prepared to speak on its behalf when appropriate.

9. **Stakeholders as Advocates**
A nonprofit should encourage board members, staff, volunteers, and constituents to act as advocates and ambassadors for the organization.

10. Promote Civic Engagement

A nonprofit should encourage citizen participation in local, state, and federal policy-making efforts related to its mission.

11. Public Forums

A nonprofit whose constituencies are affected by government actions should conduct public forums for nonpartisan discussion or provide venues for constituents to express concern about the effects of various public policy actions.

12. Nonpartisan Voter Engagement Activities

While a nonprofit must not engage in partisan election-related activities, a nonprofit may engage in nonpartisan activities to educate voters and encourage voter turnout. These activities include:

- Producing voter guides that include and compare all candidates;
- Educating voters on voting and the elections process;
- Conducting nonpartisan get-out-the-vote activities and voter-registration drives;
- Hosting nonpartisan candidate forums; and
- Publishing reports on voting records of incumbent members of a legislative body.[3]

Prohibitions on Political Campaign Activity

13. Prohibition on Endorsing Candidates or Elected Officials

A nonprofit must not make a contribution or expenditure for the benefit of an individual candidate for public office, a political committee that supports or opposes a candidate, or a political party. A nonprofit must not support or oppose a candidate for public office in its communications and should avoid activities that could be perceived as endorsements of candidates or political parties.[4]

14. Prohibition on Use of Organizational Resources for Supporting or Opposing Candidates

A board or staff member of a nonprofit must not engage in activities that support or oppose candidates for public office, political committees, or political parties during hours when the individual is working, volunteering, or otherwise representing the nonprofit. This includes refraining from use of the nonprofit's resources including computers, phones, equipment, and supplies to support or oppose a candidate.[5]

15. Distinction between Personal Opinions and Organizational Positions

A nonprofit should ensure that board, staff, and volunteers distinguish between personal opinion and organizational positions, especially when posting information on websites or on social media pages, or in print. A nonprofit may be held accountable for statements made by a board or staff member.

[3] IRS Revenue Ruling 2007-25 I.R.B. 142.
[4] 26 USC § 501(c)(3).
[5] IRS Revenue Ruling 2007-25 I.R.B. 142.

Public Policy and Lobbying

16. Participating in Formation of Public Policy

A nonprofit may participate in formation and amendment of public policy consistent with the organization's mission. An organization may take appropriate public positions on relevant issues, develop coalitions and communicate with other organizations, and inform the public about these issues.

17. Compliance with Ethics Rules

A nonprofit must comply with federal, state, and local ethics rules in working with government employees and public officials. With respect to government employees and officials, this includes rules on providing gifts, travel, honoraria, discounted or complimentary attendance of events, and employment of former elected officials.[6] [7]

18. Reporting of Lobbying Activities

A nonprofit or employee that engages in lobbying activities subject to applicable federal, state, and local laws and regulations must file accurate and timely reports of lobbying activities on behalf of the organization. Under federal law, a nonprofit must report activities to directly influence legislators on specific legislation, and to encourage members of the public to engage in lobbying, to the IRS.[8] Under state law, a nonprofit employee who is paid by the organization to lobby must file reports with the Colorado Secretary of State on communications to, or communications soliciting others to, influence legislation or public rule makings.[9]

19. Federal Tax Law Limitations on Lobbying

A nonprofit must know and understand federal tax law limits on permissible lobbying activities. Activities to influence legislation or carry on propaganda must not be more than an insubstantial part of organizational activities.[10] Unless an organization makes the 501(h) election, the IRS determines if a nonprofit's lobbying activities are substantial based on facts-and-circumstances tests applied to the organization's annual information return.

20. Federal Tax 501(h) Election

A nonprofit should consider making a 501(h) election to have its permissible lobbying activity measured based on an expenditure test consisting of an organization's overall exempt purpose expenditures.[11] Having made a 501(h) election, a nonprofit must report on both direct and grassroots lobbying activities. In addition, grassroots lobbying expenditures must not exceed 25 percent of total lobbying expenditures.[12]

A nonprofit that has made a 501(h) election must also be aware of exceptions to lobbying including:

- "Self-defense" communications on legislation affecting an organization's existence, powers, duties, tax-exempt status, or deductibility of contributions;[13]

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[6] Colorado Constitution Article XXIX.

[7] House of Representatives Rule XXIIII; Standing Rules of the Senate, 34–43.

[8] 26 CFR § 1.6033-2 (a)(2)(ii)(k).

[9] Colorado Revised Statutes § 24-6-303.

[10] 26 USC § 501(c)(3).

[11] 26 USC § 501(h).

[12] 56 CFR § 4911-1 (c), 2(b).

[13] 56 CFR § 4911-2(c)(4).

- Technical advice to a legislative body or committee at the invitation of that body or committee;[14]
- Nonpartisan analysis, study, or research with a viewpoint on legislation provided there is no direct call to action, facts are provided fully and fairly, and results are widely disseminated;[15]
- Examination and discussion of broad, social, economic, or similar problems provided the merits of legislation are not discussed and there is no call to action;[16] and
- Membership communications that reflect a view on legislation of direct interest to the organization and its members, provided the communication is directed only at members and does not encourage direct or grassroots lobbying.[17] [18]

21. Prohibition on the Use of Federal Funds for Lobbying

Federally funded nonprofits that engage in lobbying activities must organize their legislative activity so that no federal funds are used for this purpose.[19]

[14] 56 CFR § 4911-2(c)(3).

[15] 56 CFR § 4911-2(c)(1).

[16] 56 CFR § 4911-2(c)(2).

[17] 56 CFR § 4911-5(b).

[18] For organizations that have not made a 501(h) election, case law has established exceptions similar to those for technical advice and nonpartisan analysis. See IRS Revenue Rulings 64–195, 1964-2 C.B. 138 and 70–449, 1970-2 C.B. 111.

[19] 2 CFR § 200.450

Information & Technology Management

Principles

A nonprofit should gather and manage information with regard to confidentiality, safety, accuracy, integrity, reliability, cost-effectiveness, and legal compliance. A nonprofit should invest in appropriate technology to enhance capacity and thereby improve its efficiency, effectiveness, and accuracy in the achievement of its mission. A nonprofit should also ensure the security of sensitive or confidential information, and ensure its document retention and destruction policy adequately protects electronic information.

Information Management and Policies

1. Information Systems

A nonprofit should have reliable information systems in place that provide timely, accurate, and relevant information to facilitate workflow and track the organization's data.

2. Information and Technology Use Policy

A nonprofit should have an Acceptable Use Policy (AUP) that addresses the use of the organization's information and technology tools such as computers, mobile devices, phones, email, and internet access. This should define appropriate personal use of organizational technology, a statement on privacy expectations, and consequences for violation of these policies.

A nonprofit should have a policy for the use of personal technology devices that are used to access or store business information or may use organizational resources such as network/internet bandwidth. This is oftentimes referred to as a BYOD (Bring Your Own Device) policy. If these devices are allowed, then the policy should address any security requirements for the use of these devices. The policy should also include if and how the organization will provide support for these devices. This would include smartphones, tablets, and laptops.

3. Data Security Policy

A nonprofit should have a policy that helps to ensure the security and confidentiality of its data as well as the protection of technology assets. This policy should include:

- Passwords – Requirements for length and strength of passwords that allow access to data and organizational resources.
- Malware protection – Address how the organization will prevent computing devices from being infected by viruses, worms, and other malicious software.
- Updating of software – Addresses how the organization will keep its business software up-to-date to protect against malware and intrusion. This should include operating systems, business software such as Microsoft Office, Adobe software as well as web software such as web browsers, Java, Adobe Flash, and Apple software.
- Network perimeter protection – Addresses requirements for the organization to protect its private network from the public internet as well as the security of wireless connections.
- Security of cloud-based services/information – Addresses security requirements for data and services that are not stored at an organization's offices.
- Data access authorization and authentication – Addresses process for determining who has access to what information, and then how that access is controlled.

4. Remote Access to Information

A nonprofit should implement specific policies addressing information system security if employees or volunteers have remote access to secure or confidential information. A nonprofit should ensure that secure or confidential information is not taken from the organization in any manner unless expressly authorized.

5. Cloud Services

A nonprofit should have a policy about the use of cloud services, particularly when the organization is storing some or all of its data in the cloud. This should include policy statements about:

- Any restrictions on data or services that should not be put into the cloud;
- Use of personal cloud services such as DropBox, iCloud, Google Drive/Docs, etc. for storing or transferring organizational information;
- Use of "business-class" services or versions of services;
- Evaluation of cloud service providers including: data ownership, backups and data retention, getting data out of the system; and
- Security requirements of cloud service: encryption requirements of data in transit and at rest, access controls, and authentication requirements.

6. Document Destruction

A nonprofit should have a written, mandatory document retention and destruction policy or schedule with guidelines for handling all types of documents including electronic files and voicemail. The policy should also include backup procedures, archival procedures, and guidelines for regular checkups of the reliability of the system. Documents involved in litigation or a government investigation must be retained (18 USC § 1519– a.k.a. Sarbanes-Oxley; 990).

7. Data Protection and Business Continuity

A nonprofit should have a data backup, disaster recovery, and business continuity plan in place. This will protect organizational data from corruption, deletion, or destruction. In addition, it will call for how the organization will continue operations in the face of some sort of disaster. These plans should include:

- A system of regular backups of all organizational data including emails, documents, databases, and media;
- A copy of all backups to be stored off-site for disaster recovery purposes;
- Requirements for Recovery Time Objectives (how long it takes to recover data) and Recovery Point Objectives (at what point in time can data be recovered from) to be established and backup systems set up to accomplish these goals;
- Inclusion of technologies that allow for the quick recovery of data and IT systems; and
- Use of redundant or cloud-hosted systems that may mitigate the risk of power, internet failures, or building disaster.

8. Social Media

Any nonprofit considering engaging in social media should adopt a social media policy. This policy includes:

- The purpose and organizational goals for the use of social media;
- Clear rules around the use of social media;
- The person/position that oversees all social media efforts; and
- Procedures for using measurement tools to analyze the effectiveness of social media campaigns.

9. Responsibility for IT

An organization should designate an employee to oversee the planning, implementation, and ongoing use of information technology, ideally at the management level. Expertise to make technological decisions, which could include oversight of the maintenance of the organization's systems, delivery of technical support, and coordination with outside assistance. This position should have a backup if possible.

10. Technology Training and Support

A plan should be in place to provide technology training to all staff and volunteers according to job-related duties to ensure the most effective use of available technology tools. This plan should also include security training and safe usage of the organization's technology resources.

An organization should also budget for and acquire technical support and expertise at a level commensurate with the complexity of its systems. This ensures systems that are implemented well, are available for use, and work as intended at all times.

11. Technology Plan

A nonprofit should have a written technology plan that is integrated into its short- and long-term strategic and operational plans. The plan should include periodic assessments of technology and provide information regarding expected technology acquisitions, upgrades, and maintenance costs. Staff and board members should be familiar with this plan.

12. Investment in Technology

A nonprofit should invest in technology tools that help it to become more efficient and more effective at accomplishing its core mission. Resources should also be set aside for ongoing maintenance and eventual replacement of equipment. Organizations should strive to maximize current resources.

13. Selection and Adoption of New Technology

A nonprofit should have in place a process for how decisions are made about selecting new technology and how it gets adopted. This should include:

- Ongoing identification of technology that may enhance the organization's operations and/or mission;
- Identification of technology expertise that can be leveraged;
- Processes for gathering input from stakeholders including staff, board, community members, and beneficiaries of services;
- The ability of new technology to reduce costs, deliver new services or deliver services more efficiently as well as considerations of ROI (Return on Investment) and TCO (Total Cost of Ownership); and
- Identification of the organization on the technology adoption curve.

Governance

Principles

Nonprofit corporations are created under state law (the “Colorado Revised Nonprofit Corporation Act”) (C.R.S. § 7-121-101 to 137), and for the most part, it is state law that determines how they are governed. In addition to what is required by state law, a nonprofit’s articles of incorporation, bylaws, and board policies may provide more specific policies and procedures to govern the organization’s activities.

Members of the governing body, typically the board of directors or board of trustees, need to be aware of the legal fiduciary duties related to their work: the duty of care, the duty of loyalty, and the duty of obedience. Colorado law requires directors to discharge their duties to the nonprofit in good faith; with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and in a manner they reasonably believe to be in the best interests of the nonprofit (C.R.S § 7-128-401). Fiduciary duties are intended to ensure a high degree of care and complete loyalty to the nonprofit in order to protect charitable assets that are held for the benefit of the general public rather than particular individuals.

Directors meet the duty of care by, among other things:

- **Exercising their responsibilities in good faith and with diligence, attention, care, and skill;**
- **Carrying out the purposes, mission, and strategy of the charitable nonprofit;**
- **Complying with the organization's governing documents (articles of incorporation and bylaws);**
- **Devoting the necessary amount of time and attention to the affairs of the nonprofit so they will be able to make reasonable and informed decisions. This means that directors have the duty or obligation to be informed, ask questions, participate in deliberations, and exercise judgment;**
- **Requesting expert advice if a decision requires information and judgment that is outside the board's experience and expertise;**
- **Not simply "rubber stamping" management requests, but instead developing the habit of requesting information needed to make a good decision.**

Meeting the duty of care includes both decision-making and oversight responsibilities, and is fulfilled by such activities as attending board meetings regularly, entering discussions, reading minutes, understanding the organization's programs, maintaining a careful oversight of finances, and questioning unclear or troubling activity (C.R.S. § 7-128-401).

Directors meet the duty of loyalty by placing the interests of the organization before their own interests or those of related parties and avoiding the use of organizational opportunities for personal gain (C.R.S. § 7-128-401). Under CRNCA, a related party includes a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, or an estate or trust in which the director or a related party has a beneficial interest. In addition, a related party includes any entities for which a related party serves as an officer or director, or in which a related party has a financial interest.

Directors meet the duty of obedience by complying with federal, state, and local law, adhering to the organization's governing documents, and guarding the organization's mission. This does not only refer to the letter of the law, but the spirit of the law. Nonprofit organizations are held to a higher public standard and boards should comply accordingly. Boards should stay informed on updates to the law and compliances practices within the organization.

Role

1. Board

Unless otherwise provided in the articles of incorporation, a Colorado nonprofit corporation must have a board (C.R.S. § 7-128-101). The three primary roles of the board include establishing mission and direction, ensuring the necessary resources of funds and leadership to implement the mission, and providing legal and fiduciary oversight.

A nonprofit's board or other governing body, officers, and key employees are responsible for defining and upholding the organization's mission, vision, and values, and for providing overall strategic direction to the organization. Governing a nonprofit requires the board of directors to manage its officers and ensure that the organization operates in furtherance of its charitable and tax-exempt purposes. But, overseeing the organization does not include day-to-day management of the organization's employees. Each nonprofit board should:

- Ensure that the organization has adequate resources to carry out its mission;
- Advance the ethical and legal integrity of the organization and ensure accountability and good governance practices;
- Ensure that activities and expenses align with mission focus;
- Proactively set and implement policies;
- Select and provide oversight, direction and support for the chief executive in order to further the goals of the organization; and
- Evaluate its own effectiveness as a governing body and as representatives of the community in upholding the public interest served by the organization.

2. Corporate (Board) Officers

Unless otherwise provided in the bylaws, a Colorado nonprofit corporation must have a president (or chairperson), a secretary, and a treasurer, each of whom must be eighteen years of age or older (C.R.S. § 7-128-301; 990). While not required under federal tax law, the IRS generally expects to see, at a minimum, these three officers.

3. Board Member Job Descriptions and Responsibilities

Board members should be provided with a clear job description and understand their roles and responsibilities to the organization and to the public. Board members are responsible for fully understanding and carrying out their responsibilities:

- Policy development and approval;
- Financial oversight;
- Strategic planning;
- Ensuring adequate financial resources; and
- Hiring, supervising, and conducting an annual assessment of the chief executive officer or equivalent.

Responsibilities: Oversight and Evaluations

4. Compliance with Federal, State, and Local Laws

A nonprofit must be knowledgeable and comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is based or operates (for example, laws and regulations governing corporate activities [state], income tax laws [federal and state], charitable solicitations [state], and employment [federal]). In many states, the Attorney General has also retained certain powers governing oversight of charitable assets, donor intent, and self-dealing. Nonprofits conducting business and charitable solicitations in multiple states must comply with the regulations and guidelines of each state. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations, and conventions.

5. Approval of Fiscal and Governance Policies

The board should review and approve new or revised fiscal and governance policies including a conflict of interest policy, whistleblower policy, document retention and destruction policy, personal giving and gift acceptance policies, and an executive compensation policy (990). The Form 990, a publicly available document, requires organizations to disclose whether they have most of these policies in place. The board should also seek to ensure that proper accounting systems and internal controls are in place to detect and prevent fraud and embezzlement including, as appropriate, background checks for employees and volunteers and insurance coverages. It is recommended that the board and key staff develop a matrix or list to clearly delineate the spending and decision-making authority of staff throughout the organization and also the types and amounts of decisions that require board approval. This information should be shared with the board, staff, and the nonprofit's banking entities.

6. Review of Financial Information

The board should annually review and approve the organization's budget to ensure that expenditures are in alignment with the organization's mission. Depending on the size of the nonprofit, the board or the appointed finance committee should review financial reports quarterly, at a minimum, and monthly if possible. If an audit is conducted, the board should review and approve the audit. All board members should have the opportunity to review and approve the Form 990 prior to submission (990), and should be aware of any state and local filings.

7. Involvement in Strategic Planning

The board should actively lead and engage in periodic review and revision of a strategic plan for the organization. The plan should include goals and objectives in key areas to move the achievement of mission forward. Staff should participate in the planning process. The board should hold themselves and the organization accountable to the strategic priorities, goals, and objectives.

8. Review of Board Composition and Governance

Periodically, the board should review its size, composition, and operational structure to ensure it is best able to support the organization's mission, direction, and strategic goals. The board should take a systematic look at how well it is discharging its own duties by regularly assessing its own performance and using the findings to improve its operations and governance practices.

9. Review of Organization

The board should annually review the organization's mission statement, articles of incorporation, bylaws, and corporate policies, and amend them as needed to reflect organizational growth and development.

10. Chief Executive Performance Review and Compensation

Annually, the board should conduct a performance review of the chief executive, including his/her compensation. The chief executive's performance should be assessed in light of organizational accomplishments, and the total compensation package should reflect industry standards and his/her performance.

Both Colorado law and federal income tax laws prohibit the payment of more than reasonable compensation (C.R.S. § 7-133-102; IRC §§ 501(c)(3) and 4958). To reduce its exposure to penalties relating to unreasonable compensation, the board of directors should follow the process outlined under § 53.4958-6 of the Treasury Regulations in order to create a rebuttable presumption that the compensation is reasonable by:

- Independent approval: An independent governing body (or a committee acting on behalf of the governing body) approves the compensation arrangement. Usually this is a board of directors or a compensation committee of the board of directors.
- Comparables: The board or committee obtains and relies upon appropriate comparability data prior to approving the arrangement. The governing body should take into account other organizations' size, location, focus area, and other factors when selecting compensation data for comparison.
- Documentation: The board or committee adequately documents the basis for its determination concurrently with making that determination.

11. Succession Planning

The board should engage in short-term and long-term succession planning for the chief executive, board members, and key staff to ensure strong leadership and accountability for the organization during planned and unplanned times of transition.

12. Monitoring Distribution of Assets

The board should carefully review any distributions of the organization's assets, especially if the nonprofit is dissolving. Distributions by nonprofits are generally forbidden, with only a few exceptions, such as paying reasonable compensation to members, directors, or officers for services rendered or transferring assets to another eligible and appropriate nonprofit.

Responsibilities: Fundraising and Development

13. Fundraising Expectations of Board Members

To demonstrate their commitment to the organization, board members should volunteer their time, assist in ensuring external sources of funds, and give financially to the organization. One-hundred percent of board members should make a meaningful financial gift (based on means) annually. Time, fundraising, and personal giving expectations should be clearly communicated in writing to all prospective board members during recruitment. Current board members should be regularly reminded to what they have committed to and reassess if the commitments remain adequate and/or relevant.

14. Board Members as Fundraisers

Board members are uniquely positioned to fundraise on behalf of their organizations. In order to do this effectively, organizations should provide board members with appropriate training and support materials.

15. Board Members as Ambassadors and Liaisons

Board members should receive the training and education necessary to empower them to serve as an ambassador for the organization and its cause. Board members should act as liaisons with the community by confidently articulating the organization's mission, accomplishments and goals, and soliciting feedback and concerns that relate to the organization's mission. In this role, board members can effectively identify trends and current needs in the community.

Responsibilities: Independence

16. Independence of Board Members

A substantial majority (typically, at least two-thirds) of the board members of a public charity should be independent. Independence means neither they themselves, nor anyone related to them (such as a spouse, sibling, parent, or child), nor anyone they reside with, should:

- Be compensated by the organization as an employee or independent contractor;
- Have their compensation determined by individuals who are compensated by the organization; or
- Receive, directly or indirectly, material financial benefits from the organization, except as a member of the constituency served by the organization (990).

The board should review the independence of its members at least annually.

17. Conflict of Interest Policy

Each board should have a conflict of interest policy that includes a disclosure form, which is signed by all board members annually, and procedures for managing conflicts of interest and handling situations in which public and private interests intersect. The policy should obligate each board member to disclose all material facts and relationships and refrain from voting on any matter when there is a conflict of interest. A nonprofit should regularly and consistently monitor and enforce compliance with its conflict of interest policy (990). The IRS inquires about this policy on both the Form 1023 (application for recognition of 501(c)(3) status) and on the Form 990 (annual information return).

18. Compensation of Board Members

Board members should receive no monetary compensation for their board duties other than reimbursement for reasonable board-related expenses.

If compensation is paid, it must be reasonable in amount (C.R.S. § 7-133-102(b), 26 CFR § 53.4958-4(b)(1)(ii); 990). Board member compensation may void applicability of federal and state statutes providing immunity for board members' personal liability (42 U.S.C. §14503; C.R.S. § 13-21-115.7).

Procedures

19. Board Orientation

Board members should be provided with an orientation including a board manual with the history of the organization, governing and planning documents, policies, an overview of board responsibilities, financial reports, fund development strategies, legal obligations, registration filings, and impending challenges.

20. Ongoing Board Training

The board should establish a continuous, effective, and systematic process for educating board members to ensure each member is equipped with the information needed to carry out oversight functions, act on all legal and ethical responsibilities, and be knowledgeable of the community served by the organization.

21. Board Nomination

The board should establish a process for recruiting, evaluating, and selecting new board members that will ensure adequate infusion of new ideas and diverse community perspectives, while preserving institutional memory (e.g., term limits and staggered terms).

22. Frequency of and Attendance at Board Meetings

Board meetings should be held at least quarterly. Attendance requirements and expectations should be clearly spelled out in the organization's governing documents. Board members should prepare for board meetings by reading the minutes from the previous meeting, the agenda, and any additional information provided including committee reports.

23. Documentation of Board Meetings

A Colorado nonprofit corporation must keep minutes of all board of directors' meetings, along with a record of any actions taken by the board without a meeting, as permanent records of the corporation (C.R.S. § 7-136-101; 990). Minutes of board meetings and records of actions taken without a meeting should be recorded contemporaneously and should include the date, time, attendees, motions, votes, and the name of the presiding officer. The minutes should be signed by the elected secretary.

24. Voting Procedures

To satisfy the statutory default of a quorum, a majority of the directors must be present. A quorum must be present in order to vote on a motion. A nonprofit may authorize an alternate quorum in its bylaws as long as the authorized quorum consists of no fewer than one-third of the number of directors (C.R.S. § 7-128-205).

25. Action without Meeting/ Electronic Voting

A nonprofit board may take action without a meeting through electronic voting or otherwise written voting as long as certain statutory criteria are met.

Unless otherwise provided in the bylaws, any action required or permitted by law to be taken at a board of directors' meeting may be taken without a meeting if a notice that meets certain criteria is transmitted in writing to each member of the board. The number of votes required to take action must equal or exceed the minimum number of votes that would be necessary to take such action at a meeting at which all of the directors then in office were present and voted. If the nonprofit receives a written demand by a director that such action not be taken without a meeting, the nonprofit must hold a meeting to vote on the action (C.R.S. § 7-128-202).

26. Committees

The board of directors may designate and appoint one or more committees as needed to effectively govern the organization and carry out the board's responsibilities. Each committee should have a chairperson, and a charter or description of its authority and purpose.

Composition

27. Board Composition, Diversity, and Inclusiveness

A nonprofit should strive toward board representation that reflects the diversity of the community and the organization's constituency. In addition, board members should commit to cultural competency, diversity, and inclusiveness as fundamental in advancing the organization's mission.

28. Board Size

Colorado law allows nonprofit corporations to have as few as one director, and the number of directors must be stated in, or fixed in accordance with, the organization's bylaws (C.R.S. § 7-128-103; 990). However, to allow for sufficient deliberation and diversity of perspectives, nonprofit boards should consist of no fewer than three to five individuals, depending on factors such as the size of the organization and life stage.

29. Board Terms

Unless otherwise provided in the bylaws, directors of Colorado nonprofit corporations serve for one-year terms and without term limits (C.R.S. § 7-128-105). However, to ensure broad public participation, vitality, and diversity, boards of directors should establish a clear policy in the bylaws of the corporation on the length of terms, the rotation of directors (e.g., staggered terms), the number of consecutive terms a board member may serve, and the removal of board members. Board terms are strongly recommended for all boards of directors with a limited number of consecutive terms. This policy should be stated in the bylaws and properly enforced by the board of directors.

30. Board Member Removal

Clear policies should be established to provide for the removal of board members who prevent the board from doing its work (e.g., nonattendance or inactivity). A board member who is not able to fulfill his/her individual responsibilities, does not abide by the rules set by the board for itself, or displays illegal and unethical behavior does not belong in the boardroom. Dismissing a board member before his/her official term is up should involve the participation of the full board.

31. Board Member Experience and Expertise

Board members should be strategically recruited to include members with the diverse skills, backgrounds, expertise, and experience necessary to carry out their governance role, capitalize on opportunities, and address challenges facing the organization. The board should include at least one individual with financial expertise (does not need to be a CPA), and all board members should receive financial literacy training.

32. Staff Serving on Boards

Staff members should generally not serve as voting members of the board in order to preserve independent oversight of the organization. If staff does serve, they should be ex-officio members without official voting status, no more than one employee of the organization (typically the chief executive) should do so, and that person should not serve as the chair, vice chair, secretary, or treasurer.

Communications

Principles

Excellent internal and external communications will advance a nonprofit's mission, inspire its stakeholders, and increase its impact. Every nonprofit should aspire to engage stakeholders with impactful communications. Effective communications also help to ensure public trust in the organization. Internal communication is essential to motivate, inform, and counsel employees and volunteers and to set the stage for excellent external communication. External communications are necessary to attract and retain stakeholders; raise public awareness; and increase understanding, commitment, and funding for the organization.

General

1. Organizational Communications

All nonprofit communications should adhere to the highest ethical and professional standards, as well as any applicable industry-specific standards, and should exhibit transparency, fairness, and honesty. These standards should be clearly stated in writing and made part of the orientation of all employees and volunteers, including board members.

2. Written Communications Plan

A nonprofit should have a clearly defined, written communications plan that supports the organization's strategic plan. It should be strategically integrated and central to all organizational planning, and should demonstrate accountability to constituents and the public. The written communications plan should:

- Include goals, target audiences, key messages, strategies, tools, intended outcomes, and the means to evaluate results;
- Ensure that an organization is making the appropriate information available to the public and communicating in a clear and timely manner with those who request information;
- Be shared and regularly reviewed with staff, board, and key volunteers of the organization; and
- Be updated regularly to ensure the plan stays current with the organization's priorities, communication trends such as social media, and technological capabilities.

3. Online Presence

Best practices for online communications change quickly; a nonprofit should continuously maintain an understanding of those technologies and trends in online communication that affect the organization and its stakeholders. It should develop a strategy for evaluating new opportunities and trends with respect to its specific communications goals, available resources, and target audiences.

A nonprofit should adopt and maintain a social media policy governing the organization's own social media channels as well as expectations (if any) for staff, board members, and volunteers regarding their personal use of social media.

4. Communication Procedures

Nonprofits should establish clear policies pertaining to communication practices and procedures such as outreach efforts, frequency of communications, graphic standards, rules around print and electronic communications, approval for institutional facts and messaging, and expected response for internal or external concerns. These policies should be included in the written communications plan.

5. Privacy and Consent

Nonprofits should establish and implement clear policies regarding confidentiality of certain communications, images, and personal information. Sensitive, private, or confidential information should not be shared without express consent.

6. **Crisis Communications Plan**
A nonprofit should have a written plan for communicating with the public and the media at a time of crisis or emergency. This plan should include a procedure to communicate internally as well. A crisis communications plan may be incorporated into a disaster management plan or written communications plan.

7. **Copyright and Trademarks**
A nonprofit should copyright or trademark organizational materials as appropriate.

8. **Branding**
A nonprofit should consider establishing and promoting a clear brand. An organization's brand is its reputation and personality, and is supported by its logo, graphic standards, messaging, tone, and actions. Understanding of and familiarity with the brand by all employees, board members, and volunteers is the cornerstone of effective communications, and provides strategic benefits to the organization as a whole. All communications should be consistent with the brand.

9. **Graphic Standards**
A nonprofit should consider implementing a set of graphic standards that provide the rules for using the organization's fonts, primary colors, accent colors, logos, and other details in accordance with the organization's brand and communications plan.

10. **Evaluation**
A nonprofit should take steps to evaluate its communications strategies and tactics. Each strategy should be designed with a measurable outcome, and the dollars and time expended should be weighed with the success of each strategy.

External Communications

11. **Marketing and Public Relations Efforts**
External communications should be guided by a clear, mission-driven plan, and should employ consistent use of the organization's graphic standards. Marketing and public relations efforts should be timely and accurate. Examples of important portals may include newsletters, websites, social media outlets, annual reports, advertising, public service announcements, promotional brochures and flyers, news releases, press conferences, and feature stories.

12. **Email Marketing**
A nonprofit should adhere to antispam laws and guidelines such as the CAN-SPAM Act in all email communications. All email communications should include the organization's name and mailing address, clear and valid information in the "From" and subject lines, and a means for recipients to remove themselves from the mailing list. Further, email communications should be sent only to recipients who have given either express or implied permission to be added to email lists.

13. **Public Statements and Positions**
A nonprofit should have a written procedure that stipulates who has the authority to make public statements on behalf of the organization, and the procedures for developing the statements. Board members, staff, and volunteers should be trained on the organization's statements, positions, policies, and procedures. The statements and positions should represent the full range of views of the organization's constituencies.

14. Ambassadors

A nonprofit should encourage all staff, board members, and volunteers to act as ambassadors for the organization by providing the tools, information, and messaging everyone needs to be successful advocates. Organizational ambassadors working together with a consistent message enables a nonprofit to reach more people effectively.

15. Distinction between Personal and Organizational Positions

A nonprofit should ensure that board and staff distinguish between personal opinion and organizational positions. This is especially important when publishing information online or in print. A nonprofit may be held accountable for statements made by a board or staff member (990).

16. Public Accessibility and Interactions

In order to demonstrate transparency and accountability, communications should be clear, easily accessed, and kept up-to-date. Opportunities should be created for key audiences identified in the communications plan (practice #2) to provide feedback and ask questions of the organization. The methods for providing feedback should be easily located by outside audiences on the nonprofit's website or public materials. Constituents should be provided with appropriate, ongoing opportunities to interact with the board and management regarding the organization's activities.

17. Stakeholder Grievance Policy

A nonprofit should have a written grievance policy in order to promptly and respectfully respond to grievances or complaints from stakeholders.

18. Public Access to Information

A nonprofit should make information about its operations, including its governance, finances, programs, and activities, widely available to the community and on the organization's website (990). Full disclosure of executive compensation, including compensation received from related entities of the organization, must be disclosed on the organization's annual information return. At a minimum, a nonprofit (unless specifically exempted) must make certain data available to the public including:

- Annual Information Return (usually an IRS Form 990, 990-EZ, 990-N, or 990-PF) for the most recent three years (IRC § 6104);
- Annual Tax Return (usually an IRS Form 990-T) for the most recent three years if the organization has unrelated business income (IRC § 6104); and
- IRS Form 1023, Application for Recognition of Tax-Exempt Status, including any papers submitted in support of the Application and any letter or other document issued by the IRS with respect to the Application (IRC § 6104; 990).

Communications

19. Annual Reports

A nonprofit should produce an annual report (in print and/or in electronic format) that contains information on its activities, accomplishments, performance, and vision for the future. The annual report should include:

- An explanation of the organization's mission, activities, and impact;
- An explanation of the organization's outreach efforts and ways in which constituents may access the program(s);
- Overall financial information, including income and expense statement, balance sheet, and functional expense allocation;
- A list of board members, staff, and, when appropriate, contributors; and
- An evaluation detailing the extent of accomplishment of stated goals and other notable accomplishments.

Principles

The ability of an organization to make effective use of the energy, time, and talents of its employees and volunteers is essential to accomplishing the organization's mission. Nonprofits should place a high priority on exercising fair and equitable practices that attract and retain qualified volunteers and employees. Like for-profits, nonprofits have an obligation to adhere to all applicable employment laws and to provide a safe and productive work environment. Each nonprofit should establish specific policies and practices that promote cooperation and open communication among employees, volunteers, and other stakeholders so that they can effectively work together to advance the organization's mission.

General

1. Federal, State, and Local Laws

A nonprofit must comply with all federal, state, and local employment laws when hiring and employing personnel.

2. Work Environment

A nonprofit should continually work to provide a safe and healthy work environment. Nonprofits must purchase workers' compensation insurance (C.R.S. § 8-44-101).

3. Guidelines and Procedures

A nonprofit should adopt a set of guidelines and procedures for managing employees and volunteers. This should include a broad and encompassing equal opportunity employment policy, anti-harassment guidelines, and nondiscrimination guidelines.

4. Employee Records Retention

A nonprofit should include both employee and volunteer records retention guidelines and procedures in its records retention policy that are consistent with applicable laws and industry best practices.

5. Conflict of Interest Policy

A nonprofit should establish a clear conflict of interest policy that requires disclosure of relationships, nepotism, and interested-party transactions. The policy should include a disclosure form, which is signed annually by staff and volunteers with decision-making authority, and procedures for managing conflicts of interest and handling situations in which public and private interests intersect (990).

6. Whistleblower Policy

A nonprofit should implement a whistleblower policy with specific procedures for reporting violations of organizational policy or applicable laws and must ensure that those making such reports are protected from repercussions (18 USC § 1107 – a.k.a. Sarbanes-Oxley; 990).

7. Staff Compensation

A nonprofit should endeavor to provide compensation in accordance with industry standards and market data in order to obtain qualified employees needed to fulfill the mission of the organization. Compensation should be based on performance and equitable given skills, experience level, and job status. Both Colorado law and federal income tax laws prohibit the payment of more than reasonable compensation (C.R.S. § 7-133-102; IRC § 501(c)(3) and 4958; 990).

8. Periodic Review of Compensation Structure

A nonprofit should establish and periodically review its overall compensation structure using industry-based surveys of comparable salaries and benefits, market data, and internal review. The organization should also establish and periodically review guidelines on employee benefits including medical insurance, retirement plans, sick leave, maternity/paternity leave, vacation, paid time off, and other benefits as appropriate.

9. Chief Executive Performance Review and Compensation

Annually, the board should conduct a performance review of the chief executive including his/her compensation. The chief executive's performance should be assessed in light of organizational accomplishments, and the total compensation package should reflect industry standards and his/her performance.

Both Colorado law and federal income tax laws prohibit the payment of more than reasonable compensation (C.R.S. § 7-133-102; IRC §§ 501(c)(3) and 4958; 990). To reduce its exposure to penalties relating to unreasonable compensation, the board of directors should consider the process outlined under § 53.4958-6 of the Treasury Regulations in order to position itself to create a rebuttable presumption that the compensation is reasonable by following each of these three steps:

- Independent approval: An independent governing body (or a committee acting on behalf of the governing body) approves the compensation arrangement. Usually this is a board of directors or a compensation committee of the board of directors.
- Comparables: The board or committee obtains and relies upon appropriate comparability data prior to approving the arrangement.
- Documentation: The board or committee adequately documents the basis for its determination concurrently with making that determination.

10. Volunteer Engagement Plan

A nonprofit that intends to engage volunteers should implement a volunteer engagement plan that fits the needs of the organization. The plan should identify adequate resources and organizational needs; establish effective recruitment, training, support, accountability, and recognition strategies; specify standards for inclusivity and background checks; and determine appropriate evaluation practices. An adequate budget should be provided for the volunteer program including work space, supplies, training, recognition, and other line items to support the volunteer director and volunteers. Additional components of volunteer engagement plans can include:

- Onboarding: A process and system for responding to potential volunteers should be in place, which includes an individual or group interview and referral to the appropriate area within the organization.
- Orientation and training: An orientation for new volunteers should include information about the organization and how and where the volunteer fits in. Depending on the position the volunteer is filling, job-specific training should be provided as needed.
- Supervision and support: Once a volunteer has been placed in a position, a supervisor should be identified who will provide regular support, feedback, mentoring, evaluation and appreciation.

- Retention strategies: Evaluation and feedback should be provided periodically, as well as recognition. An annual recognition plan, including both informal and formal recognition, is an effective tool to ensure that all volunteers feel appreciated and valued. Communication of information relevant to their work and awareness of organizational activities is also important.

Employee and Volunteer Engagement

11. Qualifications of Employees and Volunteers

A nonprofit should utilize skilled and diverse employees and volunteers who are suitable for the positions they occupy and are committed to the goals, values, and objectives of the organization. To better serve their constituents, organizations should endeavor to continually teach employees and volunteers new skills to improve work skills and industry knowledge.

12. Diversity and Inclusiveness

A nonprofit should strive to employ personnel and volunteers who reflect the diversity of the community and the organization's constituency. In addition, a nonprofit should value cultural competency, diversity, and inclusiveness as essential to improving the organization.

13. Employee Status/Contractor Status

A nonprofit must be aware of and in compliance with the rules regarding exempt versus non-exempt employment status, as well as when an individual may be categorized as an independent contractor (IRS Publication 1779; Fair Labor Standards Act).

14. Background Checks

A nonprofit should consider conducting background checks on employees, volunteers, independent contractors, and paid solicitors. This must be enforced in some nonprofits with positions that involve children or vulnerable adults, performing financial duties, or serving in other sensitive areas. A nonprofit must follow certain practices when using a third party to conduct a background check (Fair Credit Reporting Act).

Training, Development, and Retention

15. Employee Retention

As in all other industries, it is beneficial for nonprofits to maintain a stable, well-informed workforce. Retention of staff is often dependent on numerous factors, including work environment, compensation, training, and opportunity for advancement. Nonprofit management teams should assess their ability to meet or exceed employee expectations on an annual basis. An organization should also be able to answer the question "why do we engage volunteers" as a result of careful planning for volunteer involvement.

16. Job Descriptions and Resources

A nonprofit should provide volunteer and paid personnel with clear, current job descriptions and the resources they need to conduct quality work.

17. Performance Evaluations

Nonprofit personnel should receive performance evaluations on at least an annual basis. A record of the evaluation, along with employee signature and comment, should be kept in the employee's personnel records, and should be used to help determine compensation.

18. Training and Development for Staff

A nonprofit should support and encourage professional development and education of its personnel. The organization should actively provide personnel with opportunities for growth, advancement, and new challenges.

19. Benefit Programs

To the extent of its ability, a nonprofit should provide personnel with benefits including health, dental, and life insurance, as well as the opportunity to financially contribute to retirement plans (990).

20. Feedback from Staff and Volunteers

A nonprofit should continually solicit and use input from paid and volunteer personnel regarding the organization's activities and results.

21. Succession Planning

The board should engage in succession planning for the chief executive, board members, and key staff, to ensure strong leadership and accountability for the organization during planned – and unplanned – times of transition.

Evaluation

Principles

An essential responsibility of every nonprofit is to assess the impact of its actions and to learn from its previous work to better serve the community in the future. Evaluation demonstrates a nonprofit's fulfillment of its mission through a systematic, verifiable approach to measuring effectiveness and identifying areas for improvement. Evaluation also supports efficiency and process improvement allowing an organization to best utilize its resources in areas with the greatest return. Evaluation results, and the associated organizational learning, are important for establishing accountability with stakeholders and for encouraging continued investment of resources by funders and supporters.

Program Evaluation for Organizational Development

1. Types of Evaluation

When nonprofits undertake evaluation, it is important to acknowledge that assessment and evaluation can operate at multiple levels. For example, evaluation of the organization itself may comprise multiple programs and services and be focused more broadly on metrics such as reach, operating budgets, and alignment with mission. When considering evaluation of programs, there are several types of evaluation, each with unique purposes. Two common types of evaluation that nonprofits may seek to implement are formative evaluation and summative evaluation.

2. Evaluation for Quality Assurance

High-performing nonprofits regularly measure their performance both in terms of effectiveness, such as outcomes and results of services, and efficiency, such as service delivery systems. Evaluation is ongoing, consistent, and integrated into the work of the organization.

3. Evaluation Outcomes

Strong systems of evaluation and anticipated outcomes are realistic, specific, measurable, and appropriate to the size and scope of the organization's activities. Measurements may include both qualitative and quantitative data.

4. Evaluation Capacity

Nonprofits can expect to invest considerable planning, staff time, and monetary resources into evaluation. The capacity of staff to implement evaluation is key to success and sustainability. Elements of evaluation capacity include:

- Buy-in and training of leadership and key staff regarding the value of evaluation, the importance of proper evaluation and analysis, and the application of evaluation results to inform program processes;
- Building a culture of continuous improvement though use of data;
- Established evaluation procedures for collection, safe storage, analysis and reporting of data; and
- In-house or contracted expertise to appropriately analyze and report on the resulting data.

5. Stakeholders

Stakeholders, including board members, staff, and constituents (i.e., populations served by one's organization), are ideally engaged in informing every stage of evaluation including development, implementation, interpretation of findings, and adaptation of programs and process as appropriate.

6. Ethical and Cultural Considerations

High ethical standards and cultural competency are critical components in evaluation design and execution. These components ensure that evaluations are designed and implemented to protect participant rights and confidentiality, and are equally accessible to and yield equally valid data from diverse populations served.

7. Communicating Results

Nonprofits regularly communicate results to internal (e.g., staff) and external (e.g., funders) stakeholders and use these results in the planning process to inform and improve the overall impact of the organization.

8. Program Change

Because evaluation drives program modifications, as well as supports continued use of effective program elements, the questions that organizations seek to answer with evaluation will shift over time, and correspondingly, so may the methods and measures used to address them. Thus, the contents and purposes of an organization's evaluation can be expected to constantly evolve, as the program continually changes in response to emerging learning.

Financial Management

Principles

Nonprofits have an obligation to act as responsible stewards of their financial resources. Nonprofits must comply with all legal financial requirements and should adhere to sound accounting principles that produce reliable financial information, ensure fiscal responsibility, and build public trust. Nonprofits should use their financial resources to accomplish their missions in an effective and efficient manner, and should establish clear policies and practices to regularly monitor how funds are used. Adherence to best practices, especially for those nonprofits that do not receive an annual audit or financial review, is critical to maintaining compliance and public trust.

Accountability

1. **Financial Reports**
A nonprofit should produce consistent and accurate financial reports, including a balance sheet and a statement of activities, at least quarterly. The balance sheet should compare the prior fiscal year-end, and the income and expense reports should also compare the budget for the same period to the actual income and expenses, along with explanations for significant variances.

2. **Board Review of Financial Statements**
All board members should receive appropriate training on how to read and understand nonprofit financial statements. Board members should be actively engaged in reviewing financial statements and providing fiscal oversight.

3. **Internal Controls**
A nonprofit should devise and implement internal control procedures, such as dual controls and segregation of duties, in order to ensure accurate information and to help prevent fraud.

4. **Compliance**
A nonprofit must comply with all federal, state, and local financial reporting and tax laws. This includes withholding and payment of federal, state, and local taxes and payroll taxes.

5. **Review of IRS Information Returns**
A nonprofit's chief executive officer, chief financial officer (or equivalent), board, and audit committee should thoroughly review and approve the IRS Form 990 and 990T (if applicable) to ensure that the organization's filings are accurate, complete, and filed on time with the IRS (990).

6. **Audits**
A nonprofit should have a qualified independent certified public accountant audit or review the financial statements annually or in a manner appropriate to the organization's size and scale of operations. In the process of the audit, the auditor should be given the opportunity to meet in executive session with the organization's board separately from management and staff. The independent financial audit or review should be reviewed and approved by the board of directors.

7. **Audit Committee**
The board should designate an audit committee, which should include board members. Subject to board approval, the audit committee should hire the external auditor. The audit committee should oversee and evaluate the audit process, meet with the auditor to review the audit's content, and present the audit to the full board for its review and approval. It is permissible to have a combined finance and audit committee. If possible, an audit committee should be independent of the finance committee because the auditors are effectively assessing the performance of the finance committee (990).

8. **Auditor Rotation**
The audit committee should annually evaluate the quality of the audit firm and periodically put the audit out to bid. If maintaining the same firm, a nonprofit should consider requesting, if possible, a new audit partner every three to five years in order to ensure a fresh, objective perspective.

9. **Open Communication**
A nonprofit must openly communicate the annual reporting information contained on its Form 990 to constituents and others who request such information (IRC § 6104; 990). In addition, nonprofits should share,

at least annually, an overview of data regarding sources of revenue, functional expenditures, and related outcomes. This is often presented within an annual report.

10. Protection of Assets

A nonprofit has a responsibility to ensure that its assets are used solely for the benefit of the organization, and not for personal or other gains. A nonprofit should establish a policy regarding the personal use of assets, both tangible and intangible such as computers, phones, copy machines, donor database, mailing lists, etc. Capitalized assets should be tracked and inventoried regularly.

11. Whistleblower Policy

A nonprofit should have a system in place that allows individuals to report financial and other misconduct, and must ensure that there is no consequence for doing so – commonly referred to as a "whistleblower policy" (18 USC § 1107 – a.k.a. Sarbanes-Oxley; 990).

12. Management of Funds

A nonprofit must manage and invest funds prudently and in compliance with conditions attached to funding (C.R.S. § 151 1103–1109); 990). A nonprofit should adopt and periodically review a sound investment policy.

13. Expense Reimbursement

A nonprofit should establish and implement policies that provide clear guidance on its rules for paying or reimbursing expenses incurred by anyone conducting business on behalf of the organization. The policy should specify the types of expenses that can be reimbursed, the approval and review process of expense reports, and the documentation required to substantiate expenses. Such policies should require that travel and other expenditures on behalf of the organization be undertaken in a cost-effective manner.

Expense reimbursement for the chief executive officer (or equivalent) should be approved by an officer of the board of directors.

14. Related Persons Expense Reimbursement

A nonprofit should neither pay for nor reimburse travel expenditures (other than minor and incidental expenses such as refreshments served at an organization meeting) for spouses, dependents, or others who are accompanying individuals conducting business for the organization unless there is a business purpose for their attendance and participation.

15. Loans to Board Members and Key Personnel

A nonprofit must not make any loans to board members or officers (C.R.S. § 7128 501). It should also expressly prohibit loans to key personnel or any other staff or volunteers (990).

16. Personal Use of Nonprofit Funds

A nonprofit must not allow personal use of its funds or business credit cards because any such transaction may constitute private inurement or an excess benefit transaction under the intermediate sanctions rules (IRC § 501(c)(3) and 4958; C.R.S. § 7133101; 990).

17. Credit Card Use

A nonprofit should establish and implement a policy that provides clear guidance on the appropriate use of business credit cards, including the timely remittance of supporting documentation. The policy should also provide consequences for unsubstantiated expenses and personal use of credit cards. The policy should specify oversight procedures including board oversight of the chief executive officer's credit card expenditures (990).

18. Annual Budget

The board of directors should review and approve an annual budget for the organization. While the board should determine the appropriate budget needed to achieve its mission, the board should also consider external industry benchmarks for expenditures on programs, administration, and fundraising, and also consider the long-range strategic plan and sustainability of the organization. The budget should include adequate funds for appropriate staff salaries and resources to achieve mission.

19. Revenues

A nonprofit should work toward diversifying its funding sources as much as possible in an effort to strengthen the organization's sustainability and public support ratio, and to lessen the impact of a potential loss of a significant amount of its funding from any one source. Funding sources could include grants and contributions, earned income, investment income, and unrelated business income. The nonprofit should monitor the impact of unrestricted, temporarily restricted, and permanently restricted revenue, and consider diversification of these revenue classifications.

20. Donor Restrictions

A nonprofit must comply with specific conditions placed upon donations (C.R.S. § 15111031109; C.R.S. § 616111(1)(i)). Donated funds must be clearly categorized as unrestricted, temporarily restricted, or permanently restricted in the organization's financial statements and communications in accordance with the donor or grantor wishes, stipulations, or intent (990).

21. Transparency and Accountability

A nonprofit is responsible for monitoring and providing sufficient documentation, to both public and private donors, to support restricted expenditures that should be accomplished through the financial accounting system. Cost center accounting is a method to meet this objective.

22. Public Support Test

To be considered a public charity, an organization must generally receive financial support from a sufficiently broad base of donors to meet the public support test or the facts and circumstances test. A public charity that normally receives more than one-third of its total support from public support sources is generally considered a public charity. If the organization fails the public support test, it may still qualify under the facts and circumstances test (IRC § 170(b)(1)(A)(VI) and 509(a)(1)).

23. Expenses

Expense allocation should represent the mission and activities of the nonprofit. An organization should spend an appropriate percentage of its annual budget on programs in pursuance of its mission. A nonprofit should consult industry and subsector standards to determine an appropriate range for administration and fundraising ratios. An organization should also provide sufficient resources for effective administration of the organization and, if the organization solicits contributions, for appropriate fundraising activities. There is a wide range of acceptable expense allocations within the nonprofit sector. Each organization should consider relevant industry subsector data to determine the reasonableness of its expense allocations.

24. Reserves

A nonprofit should plan, establish, and maintain a financial reserve at a level determined by the organization's management and board to adequately support its operations. A recommended target for reserves is three to six months of operating expenses. Organizations with capital property should also consider an appropriate capital reserve policy. Both operating reserves and capital reserves should support the nonprofit's strategic plan.

25. Cash Flow

In order to facilitate smooth fiscal operations, a nonprofit should project, monitor, and make adjustments to cash flow as needed to ensure appropriate cash flow. Cash flow can be impacted by the sources and timing of revenue, such as restricted funding and reimbursable grants. A nonprofit may consider alternative cash flow enhancements such as an operating line-of-credit.

26. Management's Discussion and Analysis (MD&A)

A nonprofit may consider publishing MD&A in conjunction with its audited or reviewed financial statements. This document can serve as an opportunity to explain variances in financial performance and frame the expectations for the reader of the financial statements. It can be a meaningful tool to provide additional insight about how the nonprofit's mission and accomplishments are reflected in its financial statements.

Fund Development

Principles

Nonprofits provide opportunities for individuals and institutions to voluntarily contribute to causes of their choosing and play an important societal role in serving as the vehicle by which philanthropy occurs. Nonprofits act as the intermediary between donors and beneficiaries, and have an ethical obligation to ensure proper handling of funds to carry out their missions. Nonprofit fundraising should be conducted according to the highest ethical standards with regard to solicitation, acceptance, recording, reporting, and use of funds. Nonprofits should adopt clear policies for fundraising activities to ensure responsible use of funds and open, transparent communication with contributors and other constituents.

General

1. **Federal, State, and Local Laws**
Nonprofits must comply with all federal, state, and local laws concerning fundraising practices.

2. **Charitable Solicitations Registration**
Unless excepted by law, a nonprofit that solicits contributions from the public or engages in cause marketing must file a registration statement with the Colorado Secretary of State and annually renew its registration with updated financial information and any material changes. These requirements must be met before an organization may solicit any donations (C.R.S. § 6-16-104 (1-6)).

3. **Professional Fundraiser Registration**
Any professional fundraiser (a person external to the organization, and not employed as staff) who consults or solicits contributions on behalf of a nonprofit must be registered with the office of the Colorado Secretary of State prior to engaging in any such activities (C.R.S. § 6-16-104.3, 104.6). Nonprofits that contract with professional fundraisers must ensure such fundraisers are registered accordingly (C.R.S. § 6-16-104.3 (2, 9), 104.6 (2, 9), 104.9B). In addition, nonprofits that engage paid solicitors must actively monitor the receipts and disbursements of those agencies or individuals (C.R.S. § 6-16-104.6 (8-9).

4. **Training of Professional Fundraisers**
A nonprofit should provide appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities, and applicable federal, state, and local laws, particularly disclosure requirements for donors (C.R.S. § 6-16-105,105.3), and ensure that they do not employ techniques that are coercive, intimidating, or intended to harass potential donors.

5. **Additional Registration Requirements**
A nonprofit should be aware of and comply with requirements for gaming, auctioneering, bingo, and raffles. Organizations must contact the Colorado Secretary of State's Office and the Internal Revenue Service for further information or to seek approval for these activities well in advance (CCR § 1505-2(3.0); C.R.S. § 6-16-110; 990).

6. **Fundraising that Supports Mission**
A nonprofit should pursue and accept funding that is unrestricted or restricted to a use that is in alignment with the organization's strategic direction and mission while honoring original donor intent and not jeopardizing their tax-exempt status.

7. **Fundraising Communications**
Fundraising communications should include clear, accurate, and honest information about the organization, its activities, and the intended use of funds. Solicitation materials and other communications with donors and the public should clearly identify the nonprofit.

8. **Fundraising Revenues**
A nonprofit should work toward diversifying its funding sources as much as possible in an effort to strengthen the organization's sustainability and public support ratio, and to lessen the impact of a potential loss of a significant amount of its funding from any one source. Diversification may include a variety of types of grants, sponsorships, individual donations, and bequests in addition to other organizational revenue streams.

9. **Public Trust**
A nonprofit should conduct its fundraising activities in a manner that upholds the public's trust in stewardship of contributed funds.

10. **Donor Restrictions**
A nonprofit must comply with specific conditions placed upon donations (C.R.S. § 15-1-1103-1109; C.R.S. § 6-16-111(1)(i)). Donated funds must be clearly categorized as unrestricted, temporarily restricted, or permanently restricted in the organization's financial statements and communications in accordance with the donor or grantor wishes, stipulations, or intent (990).

11. **Acknowledgment to Donors**
To enable a donor to receive a charitable deduction, a nonprofit must provide timely written acknowledgement to the donor to substantiate contributions (IRC § 170(f) (17)). Note that special requirements are applicable for non-cash donations when the fair market value is more than $500 dependent on the type of donation. Acknowledgment of all charitable gifts to the organization is a best practice of donor stewardship. A nonprofit must provide a receipt for contributions in cash (including those paid by check or credit card) or property (in-kind or non-cash) when the fair market value is at least $250 (IRC § 170(f)(8); 990). A nonprofit must send a written acknowledgement to donors who make a contribution in excess of $75 in which there is a donor benefit (i.e., a ticket to a fundraising event when the ticket price exceeds the benefit to the donor) IRC § 6115(a); 990. In order to accurately reflect the value of a non-cash contribution, a qualified appraisal must be used to substantiate a donation of property when the fair market value of contributed property is more than $5,000 (26 CFR §1.170A-17(a), (b); 990).

12. **Donor Confidentiality**
While a nonprofit should strive to provide public recognition of donors when appropriate, donor confidentiality should be maintained when requested. A nonprofit should not share, trade, or sell contact information for any donor without prior permission from the donor. Personal information about potential donors collected in prospect research should also remain confidential.

13. **Donor Stewardship and Grant Relationships**
A nonprofit should regularly communicate with donors and grantors regarding its activities and expenditure of funds in periodic or final reports, as agreed upon at the time of donation. Response to questions or requests for additional information should be provided in a timely fashion.

14. **Application of Funds Raised**
A nonprofit should apply a significant percentage of each dollar raised to programs and services in accordance with practices of comparable organizations and commitments made to contributors and the public.

15. **AFP Code of Ethics**
A nonprofit board and nonprofit chief executives should be familiar with and implement the Association of Fundraising Professionals' (AFP) Code of Ethical Principles and Standards of Professional Practice, and ensure that all fundraising professionals and others representing the nonprofit in fundraising activities adhere to this code.

16. Compensation of Fundraising Professionals

Consistent with AFP guidelines, a nonprofit should ensure that compensation for fundraising personnel and contractors is not based on a percentage of funds raised or other commission-based formulas.

17. Persons Raising Funds

A nonprofit should be familiar with the legal distinctions between staff, consultants, volunteers, and contract employees, and should ensure that its staff has the knowledge and ability to adequately manage and supervise all fundraising activities. This is especially important if the organization uses outside contractors for fundraising.

18. Board's Role in Fundraising

A nonprofit's board assumes overall responsibility for raising sufficient funds to meet the organization's budgeted objectives. One-hundred percent of board members should give annually to the organization to the best of their ability or in accordance with a written board giving policy, and ensuring that all fundraising is implemented according to law and ethical practice.

19. Gift Policy and Acceptance

A nonprofit should have policies in place that govern the receipt, active management, and reporting of gifts (cash or non-cash), and grants. A nonprofit should adopt clear policies regarding the acceptance of gifts (cash or non-cash) to the organization (990). There should be an additional policy regarding acceptance of personal gifts from any constituent to staff members, board members, and volunteers.

20. Declining Gifts

A nonprofit should decline gifts (cash or non-cash) that would bring about adverse conditions for the organization or its constituents and gifts given for purposes outside the scope of its mission. Nonprofits should implement clear policies, based on the organization's exempt purpose, to determine whether accepting a gift would compromise the ethics, financial circumstances, program focus, or other interests of the organization.

Planning

Principles

Organizational planning defines the overall direction, activities, and strategies that will be used to fulfill a nonprofit's mission. Nonprofits should engage in sound planning to define a clear vision for the future and specific strategies for reaching established goals. Nonprofit planning should be proactive rather than reactive. It should incorporate evaluation results and periodic analyses of community needs. The process should be intentional and ongoing in order to best position a nonprofit to achieve its goals.

Impact

1. **Mission Statement**
   A nonprofit should have a clearly defined, written mission statement that accurately describes the core purpose of the organization.

2. **Vision Statement**
   A vision statement is a clear, motivating message about a desired future state that projects a world enhanced by the accomplishment of the mission.

3. **Values Statement**
   A values statement (or statements) reflects those core beliefs or principles that drive the work of the organization. It should describe the manner in which the nonprofit will conduct its work by highlighting those attributes that are most important.

4. **Review of Mission, Vision, and Values**
   Originally defined by its incorporators, a nonprofit's mission, vision, and values should be reviewed by the board periodically to consider societal and community changes. This review should determine whether these statements are still relevant, and/or whether they should be adapted to address evolving needs of its constituents and the public.

Strategic Planning Process

5. **Soliciting Input/Feedback from Community**
   In planning and evaluating its activities, a nonprofit should be responsive to community needs. It should solicit input and feedback from a variety of sources, such as board, staff and volunteers, community members, funders and donors, government officials, and other stakeholders. This input should be inclusive of a broad range of views and perspectives and should play an integral role in the organization's decision-making process.

6. **Environmental Assessment/Scan**
   A nonprofit should have a thorough and up-to-date understanding of the community in which it operates including the needs of its constituents, changing demographics, changes in the funding and political/regulatory environments, services provided by government, emerging technology, and applicable trends. To promote overall success within the sector, a nonprofit should look to other nonprofits to share and gather information on lessons learned, best practices, effective resource allocation, and prevention of the duplication of services.

Strategic Plan Document

7. **Strategic Plan**
   A nonprofit should create a mission-driven written strategic plan every three to five years. The strategic plan should:

   - Reflect the results of an environmental assessment that includes information on strengths and challenges facing the organization, as well as opportunities for, and perceived threats to, mission achievement;
   - Include clearly defined, reasonably achievable, measurable goals and objectives that are set by the organization to achieve its current organizational priorities;
   - Provide an overarching direction for the organization created and fulfilled by staff and board members that is reflective of the organization's stated mission; and

- Be flexible to adapt to unforeseen changes and take advantage of unanticipated opportunities.

Implementation

8. Operational Plan

A nonprofit should annually create a written operational plan, which aligns with the strategic plan and specifies how its activities will be implemented on an annual basis. The operational plan should:

- Clearly define specific program, financial, personnel, and evaluation activities; delineate timelines; and assign specific responsibility for implementation;
- Clearly identify goals and performance measurements;
- Be tied to an annual approved budget;
- Provide a framework for regular progress reports; and
- Be reviewed and updated regularly by staff and board members.

Strategic Alliances

Principles

Nonprofits should initiate and promote cooperation and coordination with like organizations whenever feasible to maximize positive impact in the communities they serve. Informal and formal alliances can help strengthen individual nonprofit capacity and the capacity of the sector as a whole. An effective alliance can help those involved to achieve the goals of the organization, improve effectiveness and organizational efficiency, maximize the impact of charitable resources, strengthen community connections with constituents and others, and improve services.

Decisions regarding alliances should be consistent with the strategic goals of an organization. Alliances should support the advancement of the nonprofit's mission by fostering relationships with similar organizations; state, regional, and national associations; governmental entities; and businesses.

Strategic alliances can take many forms, and are known by many terms. 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, consolidation, or merger with nonprofit or for-profit entities. Nonprofits should be open to consolidating and/or merging their organizations when it is in the best interest of the constituents, community, or service area to avoid unproductive duplication of services and to maximize available resources and impact.

Strategic Partnerships and Collaboration

1. **Planning**
   The board should establish a policy related to strategic partnerships, collaborations and strategic alliances, clearly delineating guidelines for engagement, limitations of partnership, and levels of authority in establishing informal or formal alliances.

2. **Flexibility**
   There may be different guidelines and rules pertaining to these partnerships with nonprofits, businesses, and government and also for those that include organizations/agencies from different regions or states.

Continuum of Collaboration

3. **Community Assessment**
   On a regular basis, a nonprofit should conduct external community assessments to identify organizations and entities providing similar services, serving a similar audience, or addressing a common issue.

4. **Connection and Communication**
   The nonprofit should assess its relationships with other organizations and identify potential opportunities to collaborate.

5. **Consideration and Evaluation**
   A nonprofit should carefully consider how entering into strategic alliances will affect all parties involved and identify the key staff, board, and other stakeholders that should be included in evaluation and decision making. Decisions regarding strategic alliances should be consistent with the strategic goals, values, and bylaws of an organization. Evaluation factors should include mission alignment, program effectiveness, maximizing resources, financial impact, and advocacy.

6. **Defining the Relationship**
   The type of relationship should be determined by the purpose, goals, and structure of the strategic alliance.

7. **Reaching a Formal Agreement**
   A nonprofit should engage appropriate subject matter experts when reaching an agreement with governance, legal, or financial considerations.

Development Strategies

8. **Community Relationships**
   When appropriate, a nonprofit should support the advancement of its mission by looking across sectors, industries, and geographies when seeking to form new alliances.

9. **Information and Resource Sharing**
   To promote overall accountability within the sector, a nonprofit should openly communicate with other nonprofits to gather and share information on lessons learned and best practices.

10. **Consistency with Policies**
    A nonprofit entering into a partnership or strategic alliance should ensure that agreements are consistent with its policies, especially around constituent and donor confidentiality.

11. **Consolidations or Mergers**
    Nonprofits should be open to considering consolidating and/or merging their organizations when it is in the best interest of the constituents, community, or service area to avoid unproductive duplication of services and to maximize available resources and impact.

12. Consideration of a Joint Venture

A nonprofit should implement a written policy or procedure that requires the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's tax exempt status.

13. Cross Sector Relationships

A nonprofit should work to establish communication channels, mutual understanding, and natural alliances across the government, nonprofit, and private sectors to take advantage of the total resources of the community.

Glossary

Advocacy | public support for or recommendation of a particular cause or policy.

Assessment | the systematic collection, review, and use of information about programs for the purpose of improving learning and development within a population segment.

Asset | property owned by an organization, regarded as having value and available to meet debts, commitments, or legacies.

Board of directors | governing body of a nonprofit organization. The responsibilities of the board include discussing and voting on the highest priority issues, setting organizational policies, and hiring and evaluating key staff.

Budget | an estimate of income and expenditure for a set period of time.

Civic engagement | individual and collective actions designed to identify and address issues of public concern. Civic engagement can take many forms, from individual voluntarism to organizational involvement to electoral participation. It can include efforts to directly address an issue, work with others in a community to solve a problem, or interact with the institutions of representative democracy.

Conflict of interest | any situation in which an individual or corporation (either private or governmental) is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit.

Conflict of interest policy | a conflict of interest policy should (a) require those with a conflict (or who think they may have a conflict) to disclose the conflict/potential conflict, and (b) prohibit interested board members from voting on any matter in which there is a conflict.

Diversity | the state of having people who are different races or who have different cultures in a group or organization.

Donor | a person who donates something, especially money to a fund or charity.

Employee | a person employed for wages or salary.

Evaluation | a structured process of assessing the success of a project in meeting its goals and reflecting on the lessons learned.

Expense | the cost required for something; the money spent on something.

Formative evaluation | generally any evaluation that takes place before or during a project's implementation with the aim of improving the project's design and performance.

Inclusiveness | covering or including everything; open to everyone; not limited to certain people; including the stated limits and everything in between.

Income | money received, especially on a regular basis, for work or through investments.

Independent contractor | a natural person, business, or corporation that provides goods or services to another entity under terms specified in a contract or within a verbal agreement.

Internal control | a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.

Lobbying | seeking to influence (a politician or public official) on an issue.

Onboarding | the mechanism through which new employees acquire the necessary knowledge, skills, and behaviors to become effective organizational members and insiders.

Orientation | the process of giving people training and information about a new job, situation, etc.

Public policy | a system of laws, regulatory measures, courses of action, and funding priorities concerning a given topic shared by a governmental entity or its representative.

Qualitative data | a categorical measurement expressed not in terms of numbers, but rather by means of a natural language description. In statistics, it is often used interchangeably with "categorical" data.

Quantitative data | information about quantities; that is, information that can be measured and written down with numbers.

Return on investment (ROI) | measures the gain or loss generated by program participation or a financial investment relative to the amount of money invested. ROI is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability, or to compare the efficacy of different investments.

Social media | websites and applications that enable users to create and share content or to participate in social networking.

Stakeholder | a person, group, or organization that has interest or concern in an organization.

Succession planning | a process for identifying and developing internal people with the potential to fill key business leadership positions in the company. Succession planning increases the availability of experienced and capable employees who are prepared to assume these roles as they become available.

Summative evaluation | a method of judging the worth of a program at the end of the program activities. The focus is on the outcome.

Volunteer | a person who freely offers to take part in an enterprise or undertake a task.

Whistleblower Policy | an organizational policy that encourages a worker to report suspected wrongdoing at work.

Opus For More Information

Check Out Our Online Learning Portal

Looking for more information about how to enact these principles and practices within your organization? Check out Colorado Nonprofit Association's online learning portal **Opus**. Based on *Principles & Practices for Nonprofit Excellence in Colorado*, **Opus**, an online, on-demand learning system designed specifically for our nonprofit members, provides instructional lessons, answers to nonprofit FAQs, helpful organizational templates, resource articles, and more.

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Sponsors

CoBiz Financial | CoBiz Financial is a financial services company serving the complete needs of nonprofits in Colorado. We offer comprehensive, cohesive products designed to protect the resources, people and funds of our nonprofit clients. Our expertise provides continuing educational opportunities and opens the door to collaborative connections throughout the business community. CoBiz provides commercial and private banking through Colorado Business Bank and CoBiz Private Client Advisors; investment planning and management through CoBiz Wealth; and property and casualty insurance brokerage and employee benefits from CoBiz Insurance. cobizfinancial.com

Comcast | Comcast Spotlight, a customer focused media organization, provides marketing and advertising solutions to organizations/businesses of any size. As the advertising sales division of Comcast Cable, our consultants throughout Colorado, help with advertising, production, branding, development, promotional, social outreach, event awareness and overall marketing strategies. Advertise on more than 54 networks with cable and satellite TV, Xfinity online and other digital Comcast partners. Connect your message to what's important in people's lives. For marketing solutions to reach audiences geographically and demographically, across the state or in a particular ZIP code, we can help you grow. ComcastSpotlight.com

EKS&H | EKS&H is a Colorado-based public accounting firm providing audit, tax, and consulting services to clients locally, nationally, and internationally. Our commitment to excellence has resulted in sustained growth since we began more than 35 years ago. We have the largest number of CPAs of any firm in the Rocky Mountain region, with more than 500 employees, including 58 partners, in three offices. We are ranked as the 43rd largest U.S. firm in 2015 by *Accounting Today* and have been named a Best Place to Work by *Denver Business Journal*, Great Places to Work Institute, and *Fortune Magazine*. Contact Ann Hinkins, Lisa Meacham, Ryan Sells, Kelly Kozeliski, Craig Choun, or Dori Eggett at (303) 740-9400. eksh.com

Kaiser Permanente | Kaiser Permanente Colorado is the state's largest nonprofit health plan, proudly working to improve the lives and health of Coloradans for more than 45 years. Kaiser Permanente Colorado provides comprehensive health care services to 630,000 members through 29 medical offices and a network of affiliated hospitals and physicians. National Committee for Quality Assurance (NCQA) recognized Kaiser Permanente as the top-ranked commercial health plan in Colorado and the sixth ranked Medicare plan in the nation for 2014–15. Million Hearts™ also recognized Kaiser Permanente as a 2012 Hypertension Champion. In 2014, Kaiser Permanente proudly directed $100 million to community benefit programs to improve the health of all Coloradans. kp.org/share.

Regis University | Poverty. Climate change. Human conflict. You name it. Taking on big problems requires bold thinkers and big programs. At Regis University, our Jesuit Catholic tradition encourages students to reflect on what's important to them and to take action to transform their careers – and the world. Regis University's Master of Nonprofit Management is a degree and an instrument of change. In this program, the next generation of nonprofit leaders is learning how to innovate and promote advancement of the nonprofit sector, exploring issues of social justice, and developing the skills to create positive change in the world. regis.edu/nonprofit

Colorado NONPROFIT Association

Membership

We Are Better Together.

Colorado Nonprofit Association is the only organization that influences state and federal public policy on behalf of all Colorado nonprofits. Additionally, the Colorado Generosity Project has sought to increase charitable giving in Colorado through conducting and disseminating research about giving trends in Colorado. No other statewide nonprofit conducts similar research. Membership dues allow us to continue serving and strengthening all of Colorado's nonprofits.

Membership Benefits

Colorado Nonprofit Association members have access to numerous benefits – including discounts offered through our Group Purchasing Program. Nonprofit members also enjoy the many benefits noted below.

	Benefit	Description	Members Save
Educational Services	**Opus**	Online, on-demand learning system designed specifically for Colorado nonprofits.	Members only
	Professional Development Trainings	Colorado Nonprofit Association offers more than 50 educational trainings across the state and via webinar.	40%
	Fall Conference & Exhibition	Premier educational event for Colorado's nonprofit sector with more than 800 in attendance.	40%
	Leadership Gatherings	Annual event discussing topics of critical importance to the nonprofit sector.	15%
Events	**Colorado Nonprofit Week Awards Luncheon**	Annual event celebrating the vital contributions nonprofits make to our communities.	30%
	C(3) Forum	Full-day event facilitating dialogue and strengthening relationships between Front Range nonprofits and funders.	15%
Career Center	**Nonprofit Job Board**	Colorado's premier website for posting paid positions with nonprofit organizations or government agencies.	100%
	Internship Board	Location for posting nonprofit or government open internship positions.	100%
Essential Services	**Nonprofit Salary & Benefits Survey**	Determine reasonable and competitive compensation packages for employees; review and design a benefits program that will attract qualified candidates.	50%
	Nonprofit Colorado	Colorado Nonprofit Association's bimonthly print newsletter filled with articles providing members with the latest tips and tools for nonprofits.	Members only
	Enews	Biweekly electronic news bulletin filled with the most current news and information.	Members only
	Nonprofit Help Desk	Helps provide the resources and direction needed to answer nonprofit management questions.	Members only

Visit ColoradoNonprofits.org for more information.

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