

INVENTORY, ASSESS, IMPROVE

Foreword

There are well over 1 million non-profit organizations in the USA. The operation of a not-for-profit corporation requires an understanding of regulatory and administrative requirements.

Use this matrix to inventory, assess and make improvements. It is an ideal tool for a new executive director, a start-up organization, a volunteer-run organization, parent-chapter relations, staff cross-training and an exit plan for a retiring CEO.

Format

The left column identifies important documents, manuals and systems. The center column describes their purposes¹. The right column is for grading and making action notes.

Process

Proceed through the major categories by considering the condition of the identified documents and systems. Simply ask yourself, is the information a *model of excellence* or does it need attention? The categories include:

- | | |
|--|---|
| <ul style="list-style-type: none">• Governing and Legal Documents• Strategic Direction• Risk Management and Insurance• Volunteer Board and Committees | <ul style="list-style-type: none">• Administration, Staffing and Finances• Membership and Stakeholders• Image, Branding and Public Awareness• Societal Benefit, Outcomes |
|--|---|

Grading Scale

Use the scale to note the condition of each document or system. Make notes in the column if actions should be taken.

- 4 – Document exists and is in good condition and use.
- 3 – Document found and could use some improvement.
- 2 – Document is outdated or in poor condition; needs attention soon.
- 1 – Unknown, requires further study, research and action.
- 0 – Does not apply to our organization, ever.

¹ Be sure to contact legal, accounting and insurance counsel, and local, state and federal government officials, for assistance.

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Document	Description	Assessment/Action
Governing and Legal Documents		
Articles of Incorporation	Articles of incorporation are filed with the appropriate state agency to acquire legal standing and are needed to request exempt status from the IRS. Most states require annual renewal.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Bylaws	Bylaws describe how the organization will operate and its relationship to stakeholders. Amendments to the bylaws generally require approval of the membership. [Note: The IRS requires notice of amendments to governing documents.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
IRS Documents	<i>Public records</i> include the IRS Letter of Determination, Form 1023 and/or 1024 and Form 990 Information Return for the past three years. Keep copies are readily accessible. [Be sure to know if the parent <u>or</u> chapter is filing an annual IRS return.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Letter of Determination	This document is returned from the IRS indicating that the organization is officially exempt from paying federal income tax. [Use IRS Form 1024 to apply for 501(c) status and specifically Form 1023 for 501(c)(3) status.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Sales Tax	A sales tax certificate may be required if the organization sells items such as coffee mugs, shirts, directories, books, etc. Or a certificate of sales tax exemption may be required to have on file.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Annual Business Meeting	Most states' corporate laws require an annual business meeting of the members. Be sure to keep <i>proof</i> of the meeting by retaining agenda, minutes, attendance records, etc.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Occupational License	Check with local municipality officials to determine if an occupational license is needed for a not-for-profit corporation.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0

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Strategic Direction		
Mission Statement	The mission statement is a well crafted sentence, including three elements: 1) identify the organization, 2) its members, and 3) what it does for members. It should complement the IRS required “statement of purpose.”	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Vision Statement	The vision statement is a long-range outlook describing the organization’s aspiration. By contrast to the mission statement, the vision statement is <i>optional</i> .	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Values Statement	The guiding principles for board and staff. Most likely developed well after the start-up of the organization; as values become clear.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Strategic Plan	The strategic plan is developed by the board to set the broad goals and supporting strategies to advance the mission and vision. The plan should set performance measures. For example, increasing membership may be the goal; strategies will include membership drives, member incentives for joining, a membership committee; and performance measures may indicate the number of new and renewing members. An annual review of progress should be undertaken to sustain the strategic plan.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Business Plan or Action Plan	The business plan details delegation and deadlines necessary to advance the strategic plan, from the staff’s perspective. A strategic plan should cover 3 to 5 years; an action plan usually covers 1 year and is closely related to the budget.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Risk Management and Insurance		
Insurance Coverages	Volunteer immunity may benefit the board of directors. An insurance advisor and attorney should determine if general liability, directors and officers’ liability, a fidelity bond, host-	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0

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	liquor liability and/or meeting event cancellation insurance should be acquired.	
Antitrust Avoidance Statement	When similar businesses get together there is some danger that prices or price fixing could occur. To avoid this, many organizations emphasize avoidance of antitrust violations by distributing a written precaution.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Emergency Notebook	A notebook made up of key documents maintained outside the office or on an external computer server so that if the office were destroyed, all documents are easy to replace; i.e. budget, articles, bylaws, IRS documents.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Apparent Authority	Proof of informing volunteer leaders and staff whom officially speakers for the organization and restrictions of letterhead distribution.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Volunteer Board and Committees		
Leadership Manual	Volunteer leaders should receive a leadership manual or board handbook with information on their roles and responsibilities and appropriate documents such as bylaws, articles, rules of order, budget, etc.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Policy Manual	Policies are motions made and approved by the board to set best practices for corporate governance and management. As policies are adopted and recorded in the minutes, at least annually they should be transcribed into the organization's official policy manual.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Board Performance Assessment	Board self-assessment encourages an annual review to promote excellence in board processes and outcomes.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Code of Conduct - Ethics	Many organizations adopt a member code of conduct or conflict of interest statement. [A recommendation of the Sarbanes Oxley Act and the IRS.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Meeting Agendas	A well-organized agenda guides the meeting and ensures focused discussions on the desired outcomes. Minutes serve as an official record of the actions of the board. [A consent agenda is a means for combining reports to save time.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0

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Meeting Minutes Required	Minutes of board meetings are carefully maintained to report on actions of the board and minimize risks. [No tape recordings of meetings are kept.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Committees Descriptions	Every committee should have a written purpose or mission statement as described in the bylaws or in supplementary documents.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Administration, Staffing and Finances		
Annual Budget	The annual budget accurately forecasts the income and expense for the fiscal year.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Annual Audit	Most organizations require an independent accounting professional to conduct some level of internal audit of the finances. A policy may exist on issuing an RFP (request for proposal) for selecting a different auditor periodically.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Financial Reports	Accurate financial reports detail income and expense information for comparison against the annual budget; provided on a consistent basis. Includes assets and liabilities.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Procedures Manual	Procedures are the administrative responsibilities of the staff (or the volunteers if entirely voluntary-run organization.) By documenting the work steps and requirements, and then assembling administrative responsibilities in a procedures manual, it serves to train new staff, and promote customer service. [If the CEO or senior staff abruptly departed, the board and remaining staff must rely on a procedures manual to sustain operations.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Software Licenses	Any software installed in the organization's computers must have appropriate licenses available for inspection.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Organization Chart	One or more organizational charts depict the relationship, hierarchy and information flow of the board to staff, consultants, committees and subsidiaries.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0

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Document	Description	Assessment/Action
Job Descriptions for Staff	Written job descriptions detail each staff position. Many organizations also write job descriptions for volunteer officers, directors and committee chairs.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Personnel Manual or Employee Handbook	An employee handbook describes expectations, rights and responsibilities for working in the association.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Performance Review	A performance review is the document used to evaluate staff performance; and for the board to evaluate the CEO's performance. [Board does not evaluate staff other than CEO.]	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Membership and Stakeholders		
Membership Application	A membership application facilitates recruitment and should describe the benefits and services of joining. Be sure it complies with IRS requirements for notices about lobbying and deductibility as a business expense.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Membership Roster/Directory	The organization's database of members must be protected. Policies should be in place for responding to requests for member data.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Surveys	From time to time the organization will survey members for needs and satisfaction. Surveys indicate good two-way communications between the organization and members. Additional surveys may identify or be used to set industry benchmarks.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Image, Branding, Public Awareness and Communications		
Logo	Logo(s) representative of the organization and the community it represents has been adopted.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Stationery and Envelopes	Stationery is designed reflecting the image of the organization and is safeguarded against misuse. Business cards should complement stationery. Policies are set regarding use of the logo as well as business cards, stationery, etc.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Style Guide	A style guide describes preferred use of the logo, colors, fonts, key terms, etc.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0

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Intellectual Property	Be sure to properly protect, register, trade mark and/or copyright the intellectual property, logos, etc. belonging to the organization.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Societal Benefits, Outcomes		
Position Papers and Advocacy Plan	As issues are identified, official positions are adopted by the organization. Position papers are a means to advise stakeholders for the issues and the rationale for their support or opposition.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0
Environmental Scan	The organization’s leadership must anticipate the trends and opportunities that face the community. They may be done through annual or periodic environmental scans, research, monitoring trends, etc. that result in reports and articles for members to anticipate the future.	<input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/> 0

Association Checklist 7-06.doc

This document may be edited and adapted for parent-chapter needs with credit to “Bob Harris, CAE.”

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