

STANDARDS *of* EXCELLENCE

Ethical Principles, Transparency, and Accountability



MISSION, VISION *and* VALUES

Taken together, the mission, vision, and values of a nonprofit are the beliefs that guide the organization's path forward. They achieve this by sharing the nonprofit's mission (why it exists), vision (where it's headed), and values (what it stands for).

A nonprofit's leadership team should regularly review these foundational elements to ensure that they remain current, relevant, and inspiring.

MISSION: A succinct expression of a nonprofit's essential reason for existence. It serves to clearly state a unifying objective to guide key decisions.

VISION: An aspirational statement, typically describing the world as it would exist if a nonprofit were to succeed in achieving its grandest objectives.

VALUES: A statement of core beliefs that guide leadership when facing difficult choices that affect how people are treated. Values should serve as a filter through which strategic key policy decisions must pass.

- Our mission statement is developed, defined, and formally approved by our Board of Directors. Our mission guides the decision making, activities and programs of our organization and is used as a measuring device to evaluate the outcomes of our work.
- The mission statement is linked to the values of the organization and its vision for the future.
- Our nonprofit has a vision that is developed, defined and formally approved by our Board of Directors.
- Our nonprofit is led by values that represent our core beliefs and guide our work.
- Our leadership periodically revisits our mission to determine:
 - 1) if the need for our nonprofit continues to exist,
 - 2) whether our mission needs to be modified,
 - 3) if our programs need to be revised or discontinued, or
 - 4) if new programs need to be created.

GOVERNANCE

Nonprofit governance focuses on two key objectives:

- 1) achieving the nonprofit's charitable and/or social mission and
- 2) ensuring the organization is viable.

Toward this end, board members have fiduciary responsibilities to steer the organization along a sound and sustainable path, ensuring the nonprofit has adequate resources to advance its mission. These primary legal and fiduciary duties are commonly known as the "duty of care," "duty of loyalty," and "duty of obedience."

- ❑ **Duty of Care:** Ensure that the nonprofit's resources – such as financial assets, facilities, staff, reputation and community good will – are prudently deployed.
- ❑ **Duty of Loyalty:** Ensure that decisions are in the best interest of the nonprofit, including refraining from and/or disclosing any conflicts of interest and not engaging with the nonprofit for personal benefit.
- ❑ **Duty of Obedience:** Ensure that the nonprofit has policies, procedures, and practices in place to comply with applicable laws and regulations, including following the nonprofit's bylaws, articles of incorporation, and adherence to its nonprofit purpose and mission.

Board governance plays a significant role in a nonprofit's culture and leadership focus. Board of Directors also serve as community ambassadors and advocates for its mission.

- ❑ Our nonprofit has a formal framework to identify, screen, and on-board prospective board members. The Board of Directors is broadly representative of the community we serve, brings expertise and representative character reflecting the diversity and interests of the entire community, and acts as a passionate advocate for our organization's mission.
- ❑ Expectations for our Board of Directors are clearly delineated to ensure engagement in our nonprofit's ongoing governance.
- ❑ Our board determines the mission of our organization, establishes governing policies and strategic plans, gives and solicits resources adequate to those plans, and monitors our organization's financial, executive, and programmatic finances.
- ❑ Our full board approves our organization's annual budget, insurance coverage, and choice of auditor, as well as the findings of the organization's audit, management letter, and plans to implement the management letter contents when applicable.
- ❑ Our board meets regularly, evidenced by documented meeting minutes. Board actions are voted upon as appropriate and decisions are properly documented.
- ❑ Our nonprofit's board performs an evaluation to assess its own performance as a governing body and the role it is playing in supporting the organization's long-term strategic success. Action steps are developed and monitored to close any meaningful gaps.

GOVERNANCE *cont.*

CHIEF EXECUTIVE PERFORMANCE REVIEW AND COMPENSATION

- Our nonprofit's board performs a robust evaluation of our Executive Director/Chief Executive Officer to assess performance vis-a-vis strategic goals, budgetary targets, and other specific organizational metrics. Action steps are developed and monitored to close any meaningful gaps.
- The compensation of the Executive Director/Chief Executive Officer is determined independently by the Board Executive Committee (or board leadership) and is informed by the nonprofit's financial resources, compensation at comparable organizations, and a formal assessment of individual performance tied to previously planned metrics.

CONFLICTS OF INTEREST

- Our nonprofit has a Conflict of Interest policy in effect, and uses this policy to address such conflicts, whether actual, potential, or perceived.
- Board Members are recused from decisions in which any personal benefit or interest conflict might arise.
- In cases where board members, leadership, staff, or contractors have an interlocking familial or business relationship, potential for conflict of interest is highlighted as appropriate and related recusals are documented.

FINANCIAL, LEGAL ACCOUNTABILITY, *and* TRANSPARENCY

As tax-exempt “public charities,” nonprofits embrace the values of accountability and transparency as a matter of ethical leadership, as well as legal compliance. Financial transparency and accountability will help preserve the very important trust each donor places in a nonprofit with every contribution. Nonprofits that are both transparent and accountable are more likely to act with integrity and to learn from mistakes.

Tax-exempt nonprofits are required, upon request, to provide copies of the three most recently filed annual information returns (IRS Form 990) and the organization's application for tax-exemption (which includes correspondence between the organization and the IRS related to the application). To demonstrate a commitment to transparency and to make it easier for those seeking financial information to view these documents, many nonprofits post these documents on their websites.

- Our nonprofit creates and maintains financial reports on a timely basis that accurately portray our financial status, activities, and addresses any material variations. These reporting tools are reviewed regularly at board meetings.
- Our board reviews and approves our nonprofit’s annual reports and ensures that these materials are made available to the public.
- Our nonprofit provides employees and others with a confidential means to report concerns regarding suspected financial impropriety, misuse of resources, or noncompliance with law, regulation, or policy (e.g. supported by a Whistleblower Policy).
- Our nonprofit has written financial policies governing: asset investment; internal controls; purchasing/vendor practices; signing authority; and other policies as required.
- To protect financial resources, appropriate implementation of duty segregation, dual control, and other basic internal control methods are implemented and the need for adherence is reflected in written policies and procedures.
- Our organization’s complete and most recent IRS Form 990 (from the past three years), suppressing only donor information, is posted on our organization’s website. It includes disclosure of executive compensation, including compensation received from subsidiary and related entities of our organization.
- Our nonprofit complies with applicable federal, state, and local laws. This may include, but is not limited to laws and regulations promulgated by the State of Utah:
 - Division of Corporations
 - Division of Consumer Protection for a Charitable Solicitations Permit
 - State Tax Commission
 - Registering for an Employee Identification Number (EIN) with the IRS
 - Taking the 501(h) election with the IRS when necessary for lobbying

FUNDRAISING

Nonprofits typically rely upon donations and grants to successfully carry out their missions and must earn, cultivate, and maintain the public's trust to ensure continued financial support. Nonprofits can inspire confidence in their work by being transparent with fundraising practices and by demonstrating accountability and respect for donors. Fundraising efforts must also adhere to the highest ethical standards with regard to legal compliance, communications, acceptance, recording, reporting, and use of funds.

LEGAL COMPLIANCE

- Our nonprofit solicits donations from the public and is
 - 1) organized as a tax-exempt charity
 - 2) registered in states in which we actively solicit donations, and
 - 3) is in compliance with local, state and federal laws governing charitable solicitations.
- Our nonprofit, upon request, offers proof of its tax-exempt status by providing its IRS Determination Letter. An organization that is not eligible to receive tax-deductible contributions discloses this fact at the time of solicitation.

FUNDRAISING COMMUNICATIONS

- Our nonprofit solicitation and promotional materials are accurate and truthful, identify the organization, reflect our IRS status, reflect our mission, and state our intended use of solicited funds.
- Our nonprofit does not engage in solicitation tactics that are coercive, intimidating, or deceptive.
- Our nonprofit respects the integrity and privacy of our clients or patrons. We do not use their names, pictures or stories in any publicity or fundraising activities without prior documented consent.

USE OF GIFTS AND REPORTING

- Our nonprofit ensures that restricted-purpose contributions are used in accordance with our donors' stated intent and obtains explicit documented consent before altering the intended use of a restricted gift.
- Our nonprofit records and provides receipts for gifts, reports to donors and the public in a timely way on the use and management of contributed funds, and promptly acknowledges donations, including in-kind gifts. Where applicable we state the value of any goods and services provided in connection with such donations.
- Our nonprofit encourages donors to obtain informed advice about the tax treatment of gifts from an external financial advisor.

FUNDRAISING

PRIVACY AND DISCLOSURE

- Our nonprofit posts our donor privacy policy online for easy access, which addresses how donor information is protected and how donors may opt out of publicity if they choose.
- Our nonprofit expects that sponsors explicitly disclose how our nonprofit benefits from the sale of a commercial product or service. (e.g. “10% of the price of this ticket benefits XYZ nonprofit.” Or “\$10 of each purchase goes directly to XYZ nonprofit”).

FUNDRAISING MANAGEMENT

- Our nonprofit has a gift acceptance policy. Common elements include declining
 - 1) of restricted gifts that cannot be used as requested,
 - 2) when the gift falls outside the scope of our organization's mission,
 - 3) if the donation requires excessive resources or incur unacceptable risks to handle, or
 - 4) are derived from a donor source or activity deemed incompatible with our values.
- Our Board of Directors has determined that our nonprofit’s fundraising costs are not excessive related to the costs of programs and activities in pursuit of our mission.
- Our nonprofit compensates development staff with a fixed salary or fee, not with percentage-based commission.
- Our nonprofit does not pay finder’s fees to third parties that bring in revenue.
- Our nonprofit informs stakeholders of our fundraising practices and, when engaging non-staff professional fundraisers, only use those registered as required by state law.
- Our nonprofit monitors fundraising scripts and performance of individual’s soliciting funds on our behalf, for compliance with regulations and our own policies.
- To express our gratitude to supporters, we keep donors, volunteers, and other stakeholders informed about the performance of our programs on a regular basis. In doing so, we connect how their support has enabled our nonprofit to make progress in pursuit of our mission.

EXTERNAL COMMUNICATIONS

A nonprofit's values inform the framework for acceptable communication principles, both when initiating outgoing messages and in responding to outcomes and current events. When executed properly, a nonprofit's communications with its external stakeholders have the potential to strengthen community relationships and build greater support for its programs and mission.

- Roles and responsibilities are clearly delineated as to which individuals are authorized to communicate publicly on behalf of our nonprofit.
- Our nonprofit has procedures in place to ensure we can quickly communicate accurately and effectively in times of crisis, including protocols for developing messages that are deemed appropriate to the events by our leadership.
- Our nonprofit provides public information describing our activities and processes.
- We provide stakeholders with opportunities to interact with our leadership regarding our nonprofit decisions and practices.
- Contact information is provided on our website and we respond in a reasonably prompt manner to questions and comments received.
- Our nonprofit has adopted policies regarding the use of social media that is applicable to staff, leadership, board members, and volunteers. Roles, responsibilities, and guiding principles of communication in connection our nonprofit's name are delineated accordingly.

HUMAN RESOURCES

Nonprofit leadership is responsible for promoting fairness in how staff, contractors, and volunteers are treated. Especially when conflict arises, how those individuals with limited scope of authority and control are treated speaks volumes about the organization's ethical behavior and perceived trustworthiness. This includes adhering to laws, prioritizing professional development, managing conflicts, implementing diversity and inclusion practices, keeping information confidential, and providing clear and updated policies.

- ❑ Our nonprofit's board has approved an employee handbook documenting our human resource policies and practices. We remain confident that our policies and practices are compliant with current federal, state, and local labor laws and regulations. To ensure ongoing compliance, we regularly review our policies and make revisions as warranted.
- ❑ Our nonprofit has approved policies and processes that address how volunteers are to be engaged and how such relationships are to be managed. The roles, responsibilities, and scope of authority of volunteers are clearly delineated.
- ❑ Our nonprofit's human resource policies address the need to maintain a fair and nondiscriminatory environment that is free from harassment. We provide avenues (e.g., grievance, whistleblower) to raise concerns; our board has adopted a policy to guide how such concerns are to be properly addressed and then communicated back to the person raising the concern.
- ❑ Our human resource policies and practices promote a work environment that welcomes and supports gender, racial, and ethnic inclusion.
- ❑ Performance goals for the Executive Director/Chief Executive Officer reflect board input. Goals reflect strategic and operating plan objectives and clearly defined performance metrics are established and tracked accordingly.
- ❑ Performance goals for staff reflect supervisor input. Goals reflect strategic and operating plan objectives and clearly defined performance metrics are established and tracked accordingly.
- ❑ Our nonprofit maintains the confidentiality of staff and volunteer information, including personal data and takes appropriate measures to secure such information.
- ❑ Our nonprofit regularly reviews its job descriptions to reflect changes in roles and responsibilities and, when hiring, to ensure job tasks are appropriately matched and weighted with the prerequisite experience necessary to succeed in the position.

HUMAN RESOURCES *cont.*

- ❑ When posting open positions, we disclose offered salary ranges.
- ❑ When hiring and considering candidates, we refrain from requiring candidates to disclose prior salary history.
- ❑ Where practical, when evaluating candidates, we limit access to personal information that is not directly relevant to success in the open position.
- ❑ Our compensation framework includes a benefits package that is appropriately scaled, given our nonprofit's current resources and prevailing competitive forces in the marketplace for talent. We embrace the need for staff development, providing meaningful training and career growth opportunities to the extent possible.

INFORMATION *and* TECHNOLOGY MANAGEMENT

Nonprofits maintain many kinds of information, including personal confidential data, legal documentation, and organizational legacy materials. Sensitive and valuable documentation may be kept in digital and/or hardcopy form. Ethical information management requires adherence to policies that govern access and protection of data. In addition, a data retention policy can guide the information storage process in ways that help to manage limited resources. Technology assets are typically deployed to store and manage an organization's information; therefore, policies and procedures should be established that govern how this infrastructure is to be managed securely.

- ❑ Our nonprofit has adopted a formal information management and technology policy that outlines the principles and practices for the proper storage, access, and retention of data and documents held by our nonprofit.
- ❑ In cases where our nonprofit has outsourced information and technology management functions, our leadership has performed a good faith review of our vendors/contractors to evaluate reliability, performance, and security. Roles and responsibilities are clearly delineated in written contracts.
- ❑ Our nonprofit has adopted policies and procedures that address how technology, such as desktop and laptop computers, smartphones, tablets, backup storage, website content, social media accounts, and related assets are to be managed and safeguarded. Roles and responsibilities for access and security are delineated accordingly.
- ❑ Our nonprofit provides training to staff and others granted data access regarding our nonprofit's information management policies and procedures.
- ❑ Our nonprofit ensures that any confidential personal information regarding employees, volunteers, clients, board members and others is kept secure and only released as required by law.
- ❑ Our nonprofit evaluates our technology assets periodically to keep pace with security updates and other enhancements in the field of information management.
- ❑ Our nonprofit has adopted policies and procedures to address remote work, virtual program delivery, and other technology-based communications. These policies and procedures govern acceptable use, security of information, user cost reimbursement, and other relevant aspects of operating a remote workplace and/or program activity.

PUBLIC POLICY ADVOCACY

Nonprofit nonpartisanship is critical to maintain 501(c)3 status, with the activities of tax-exempt organizations being subject to certain constraints. Nonetheless, nonprofits can and should play an important role in engaging communities, promoting equity, and educating policy makers about the impacts of decisions. These efforts can build public trust in nonprofits missions and programs. Subject to IRS regulations, nonprofits are not prohibited from engaging in lobbying activities.

- ❑ Our nonprofit has written policies and procedures that address how public policy positions are developed and communicated. Positions taken are based on factually accurate information, align with our nonprofit mission, and provide sufficient contextual information so that our positions are clearly understood.
- ❑ Our board approves the framing and content of positions our nonprofit adopts on public policy issues, authorizing specific individuals within our organization to engage in external communications.
- ❑ Our nonprofit complies with relevant record-keeping and accounting practices required to document our lobbying activities. If necessary to our level of activity, we file a 501(h) election with the IRS, register as a lobbyist with the State of Utah, and file required disclosure reports.
- ❑ Our nonprofit provides only factually accurate information to the public and provides sufficient contextual information so that the public may clearly understand our position.
- ❑ A guideline for communicating our nonprofit's approved public policy activities are also reflected in our social media, website, and other communication policies and procedures.

EVALUATION

Achieving top performance in any endeavor requires ongoing evaluation to identify areas for improvement. As a nonprofit strives to pursue its mission, behaves in a manner reflecting its values, and aims toward its vision for a better future, soliciting candid feedback and engaging in meaningful evaluation are key elements to improvement.

- ❑ Our nonprofit conducts an evaluation process with our key external stakeholders to assess whether our programs and services are achieving stated objectives and whether our mission, vision, and values are reflected in how we operate. Action steps are developed and monitored to close any meaningful gaps.
- ❑ Our nonprofit solicits candid feedback from our staff and volunteers to determine whether our programs, policies, and work environment are functioning in ways that are consistent with our mission and values. Action steps are developed and monitored to close any meaningful gaps.
- ❑ Our nonprofit is transparent with the results of organizational evaluations, as appropriate—sharing results with relevant stakeholders and communicating plans to address gaps as warranted.

EQUITY, DIVERSITY, *and* INCLUSION

An essential component of a nonprofit's long-term success is its ability to contribute to the larger community which it serves. Nonprofits actively work toward ensuring programs, staff, and boards reflect the community. Nonprofits must be responsive and open to continue learning with a willingness to explore new experiences and concepts, a process for responding to social issues is outlined, and the nonprofit is led by values that reflect these processes and policies.

- ❑ Our nonprofit provides educational opportunities to staff and board members regarding race, equity, diversity and inclusion knowledge, comprehension, and activities.
- ❑ Our nonprofit's strategic plans, programs, and operating policies are evaluated to ensure our organization is an inclusive and welcoming source of support and influence reflecting the gender, racial, and ethnic communities we serve.
- ❑ Our nonprofit's Board of Directors is representative of the communities we serve. Our Board of Director nomination process reflects measures to close meaningful gaps where they might arise.
- ❑ Our nonprofit's leadership holds itself accountable to identify gaps in programs and policies with respect to race, equity, diversity, and inclusion. Action steps are developed and monitored to close any meaningful gaps.
- ❑ Our nonprofit's leadership and staff is representative of the communities we serve.
- ❑ Our hiring and compensation practices are designed and applied in ways that support equity, diversity, and inclusion.

HISTORY

In 2001, Utah Nonprofits Association's (UNA) Board of Directors originally established the Standards of Ethics (Standards) as a way to build professionalism in the nonprofit sector. UNA required then, and requires today, that every member affirm the Standard of Ethics with a board resolution, and reaffirm its commitment to those standards annually. In 2010, the executive committee of the Board of Directors requested that the research committee review and update the original standards.

The committee, comprised of board members and nonprofit experts, with the support of a University of Utah Master of Public Administration intern,

- 1) undertook an extensive review of standards developed in other states,
- 2) sought input from nonprofit experts, and
- 3) received extensive feedback from other membership organizations.

The revised Standards of Ethics provided a platform from which Boards of Directors and staff would be exposed to fundamental values related to mission, governance, financial and legal accountability, fundraising, communications, human resources, information management, public policy advocacy, and evaluation. These Standards encourage robust discussion within boardrooms among board members and staff about those values and their impact on the operations and management of their organization. It is a set of values to which nonprofits aspire, and which may take some time to fully reach.

Published in its revised form in late 2012, the Standards will help elevate those Utah nonprofits that demonstrate genuine integrity. Further, they will mitigate the need for outside watchdogs as we pay close attention to self-imposed standards and reveal to constituents, including donors, those organizations that most merit their trust and confidence because of their focus on ethical governance and management.

UNA regularly reviews the Standards of Ethics tool and makes revisions as warranted. Established in 2001, the Standards of Ethics was updated November 2024.

INSTRUCTIONS

- UNA Nonprofit Members are asked to complete this review annually and submit an Affirmation of Commitment to UNA.
- There is no requirement to mark all areas as complete; rather nonprofits should examine their practices with the purpose of identifying areas for improvement and making good faith efforts to close identified gaps.
- Affirming a commitment to the Standards of Ethics signals that the leadership of a nonprofit is committed to upholding its own ethical standards.
- Upon receipt of your nonprofit's Affirmation, your CEO/Executive Director and Board Chair/President will receive:
 - A Standards of Ethics digital icon (for use on social media, websites, email signatures, letterhead, etc.) showcasing your organization's commitment to ethical standards.
 - Additional resources from UNA which may prove helpful in those areas that your leadership has identified as warranting additional attention.

INSTRUCTIONS FOR ANNUAL REVIEW

- Review the Standards of Ethics with your nonprofit's entire leadership team at least annually (e.g. Board of Directors, Executive Director/CEO, Senior Management Team).
- Upon review, invite the Board of Directors to affirm whether the nonprofit's current policies, procedures, and practices are aligned with the overarching objectives and principles reflected in the Standards.
- Submit the completed Affirmation of Commitment online to UNA
- UNA will receive each submission and provide a Standards of Ethics digital icon along with supporting resources where appropriate.
- The nonprofit's Board of Directors will work with staff to make any necessary updates or changes to policies, procedures, and practices.

STRUCTURE OF STANDARDS OF ETHICS

The Standards of Ethics tool is structured as a survey questionnaire covering ten (10) areas of focus. They are:

- Mission, Vision, and Values
- Governance
- Financial, Legal Accountability, and Transparency
- Fundraising
- External Communications
- Human Resources
- Information and Technology Management
- Public Policy
- Evaluation
- Race, Equity, Diversity, and Inclusion