

UTAH
NONPROFITS
ASSOCIATION



Standards of Ethics

For Utah's Nonprofit Organizations

UTAH NONPROFITS ASSOCIATION STANDARDS OF ETHICS

In 2001, the Utah Nonprofits Association (UNA) Board of Directors originally established the Standards of Ethics (Standards) as a way to build professionalism in the nonprofit sector. The Association 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.

These revised Standards of Ethics provide a platform from which Boards of Directors and staff will 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 will 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.

Research Committee 2010-2012

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ATTACHMENT: Standards of Ethics Annual Affirmation Statement

STATEMENT OF CORE VALUES

As members of the Utah Nonprofits Association, we affirm the following core values:

Integrity. We uphold a code of ethics that instills public trust.

Our organizations' activities, services, and programs are consistent with our stated missions, compatible with our organizational capacity, respectful of the interests of our varied constituencies, and managed with the highest level of professionalism. We provide truthful information about our missions, program activities, use of donations, and finances. We comply with all applicable federal, state, and local laws and regulations. As organizations, we enable our individual board members to exercise their duties of care and loyalty. Individual board members are reasonably informed and participate in board decisions in good faith. They do not use their position for individual personal advantage.

Excellence. We utilize best practices, abide by high operating standards and adhere to the law. We support and encourage visionary governance, exemplary management, excellent service and program delivery, and exceptional staff. We value and uphold the highest ethical and professional standards in all working relations. We are accessible and responsive to members of the public who express an interest in the affairs of our organizations.

Accountability. We are responsible for measurable outcomes and the delivery of effective programs and services.

The true measure of our success as nonprofits is whether individual lives—and our communities—change for the better as a result of our work. Being mission-focused, producing measurable outcomes, conducting program evaluations, and developing and maintaining sound financial management are important elements of our accountability. We are able to accomplish our missions through the generosity of others. We honor donors' intentions and restrictions on the use of their gifts, and promote responsible stewardship of the resources they entrust to us for the accomplishment of our work.

Respect. We value the diverse needs of individuals and communities and the nonprofits that serve them.

We respect the dignity and autonomy of each person and the integrity, privacy, pride, beliefs, and cultures of our varied constituencies—the people we serve, our employees, donors, volunteers, and others. Policies that govern our working relationships with these constituencies (e.g., client confidentiality, fair process) reflect this commitment. We keep the broader interests of the community in mind even as we advance our own specific interests, and look for opportunities to become partners with those working in the private and public sectors. We value respectful, reasoned dialogue with one another when we disagree.

STANDARDS OF ETHICS

For Nonprofit Organizations in Utah

I. MISSION

- A) The mission of an ethical nonprofit organization is developed, defined, and formally approved by the Board of Trustees. The mission statement is linked to the values of the organization and its vision for the future.
- B) An ethical nonprofit is mission driven. The mission guides the decision making, activities and programs of the organization and is used as a measuring device to evaluate the outcomes of the organization.
- C) An ethical nonprofit periodically revisits its mission to determine 1) if the need for the nonprofit continues to exist, 2) its mission needs to be modified, 3) its programs need to be revised or discontinued, or 4) new programs need to be created.
- D) An ethical nonprofit is aware that its mission is accomplished through the generosity of others, and it owes its benefactors programs which are competently managed and needed.

II. GOVERNANCE

A) Governance

1) Expertise and Representative Character

An ethical nonprofit organization is governed by an independent and voluntary Board of Trustees which brings various invaluable skills and expertise to the operation of the nonprofit organization. It is broadly representative of the community it serves, reflecting the diversity and interests of the entire community, and acting as a passionate advocate for the organization's mission.

2) Key Roles

The board determines the mission of the organization, establishes governing policies and strategic plans, gives and solicits resources adequate to those plans, and monitors the organization's financial, executive, and programmatic performance.

3) Fiscal Accountability of Full Board

The full board approves the organization's annual budget, insurance coverage, executive compensation, and choice of auditor, as well as the findings of the organization's audit, management letter, and plans to implement the management letter.

4) Chief Executive Performance Review and Compensation

The compensation of the executive officer is determined independently by the executive committee of the board, based on documented study of salaries at comparable organizations and on regular performance evaluations.

B) Conflicts of interest

1) The Organization

An ethical nonprofit organization has policies in place, and routinely and systematically uses these policies, to prevent actual, potential, or perceived conflicts of interest.

2) The Board Members

Members of the board of an ethical nonprofit act in the best interest of the nonprofit organization rather than on the basis of personal interests or the interests of third parties. Members sign a conflict of interest statement, declare all potential conflicts, and excuse themselves from discussion and voting on any matter from which they might gain personally.

3) Related Parties

The board members of an ethical public charity are unrelated to staff and to each other.

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III. FINANCIAL AND LEGAL ACCOUNTABILITY

An ethical nonprofit organization practices accepted standards of sound financial management and complies with legal and regulatory requirements. Its financial systems ensure that accurate financial records are kept and that financial resources are used to further its mission and charitable purposes. It conducts periodic financial reviews to address regulatory and liability concerns.

A) Financial Accountability.

- 1) An ethical nonprofit organization creates and maintains financial reports on a timely basis that accurately portray its financial status and activities.
- 2) An ethical nonprofit provides timely internal financial statements to all board members. Internal financial statements identify and explain any material variation between actual and budgeted revenues and expenses.
- 3) An ethical nonprofit organization makes its annual financial reports available to the public.
- 4) An ethical nonprofit organization provides employees and others with a confidential means to report suspected financial impropriety or misuse of its resources.
- 5) An ethical nonprofit organization has written financial policies in a Financial Policy Manual governing:
 - (a) investment of its assets;
 - (b) internal control procedures;
 - (c) purchasing practices;
 - (d) reserve funds; and
 - (e) others as required.

B) Legal Compliance and Accountability.

An ethical nonprofit organization is aware of and complies with all applicable federal, state, and local laws. This may include, but is not limited to: complying with laws and regulations related to fundraising; licensing; financial accountability; human resources; lobbying and political advocacy; and taxation.

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IV. FUNDRAISING

An ethical nonprofit organization must respect the interests and intentions of its donors, clients or patrons, as well as the general public. It must be managed with the highest level of professionalism and integrity. Unethical fundraising practices threaten public trust and confidence in the entire nonprofit sector.

A) Legal Compliance

1) Federal, State, and Local Laws

An ethical nonprofit organization that solicits donations from the public is 1) properly organized as a tax-exempt charity, 2) registered in all states in which it actively solicits donations, and 3) is in compliance with both the spirit and the letter of all local, state and federal laws governing charitable solicitations.

2) Tax status

An ethical nonprofit organization offers proof of its tax-exempt status by providing its IRS Determination Letter on request. An organization that is not eligible to receive tax-deductible contributions discloses this fact at the time of solicitation.

B) Fundraising Communications

1) Truthful Communications

An ethical nonprofit uses solicitation and promotional materials that 1) are accurate and truthful, 2) identify the organization, 3) reflect its IRS status, 4) reflect its mission, and 5) state its intended use of solicited funds.

2) Non-coercive tactics

An ethical nonprofit organization does not engage in solicitation tactics that are coercive, intimidating, or deceptive.

3) Non-exploitive publicity

An ethical nonprofit shall respect the integrity and privacy of its clients or patrons. Specifically, it does not use clients, their pictures or their case histories in any publicity or fundraising activities without prior written consent.

C) Use of Gifts and Reporting

1) Donor Restrictions

An ethical nonprofit insures that contributions are used in accordance with the donor's intent and obtains explicit written consent before altering the intended use of a restricted gift.

2) Recording and acknowledging gifts

An ethical nonprofit organization accurately records and receipts gifts. It reports to donors and the public in a timely way on the use and management of contributed funds. It promptly acknowledges all donations, including in-kind gifts, and states, if applicable, the value of goods and services provided in return for those donations.

3) Public reporting

An ethical nonprofit provides information about its case for support, financial condition, use of donations, and fiscal responsibility, while respecting the privacy of donors. The most recent two years of the organization's IRS 990 filings, in their entirety, and two years of its annual reports are posted on the nonprofit's website, providing both programmatic and financial information, in a format which is easy to find and read.

4) Tax implications of gifts

An ethical nonprofit organization encourages donors to obtain informed advice about the value and tax implications of potential gifts, especially planned and in-kind gifts, from an external and trusted financial advisor.

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D) Privacy and disclosure

1) Donor information

Donors are informed verbally or in written or digital appeals if it is the nonprofit's practice to publish, share, trade or sell donor names. Donors are given the opportunity, with each solicitation, to opt out of any usage they do not desire.

2) Privacy policy

An ethical nonprofit posts its privacy policy on line in a manner that is easy to access and details how it is protected, how donor information is protected, and how to opt out if the donor does not wish this information to be shared.

3) Cause-related marketing

An ethical nonprofit demands that its corporate partners clearly disclose in writing at the point of purchase (on a ticket, product packaging, poster, on-line promotion, etc.) how the charity will benefit from the sale of a commercial product or service. Disclosures will state the specific portion of each sale that will be a charitable contribution, avoiding generalized language like, "Proceeds benefit Charity XYZ."

E) Fundraising Management

1) Acceptance of Gifts

An ethical nonprofit has a gift acceptance policy and will decline a gift that cannot be used as the donor intends, falls outside the scope of the organization's mission, requires excessive resources to maintain or sell, creates a legal liability for the nonprofit, or comes from a source that does not align with its values.

2) Application of Funds Raised

An ethical nonprofit organization's fundraising costs are not excessive in relation to the costs of programs and activities directly related to its mission.

3) Accountability of volunteers and professional fundraisers

An ethical nonprofit informs the board, staff, and volunteers of ethical fundraising practices. It assumes responsibility for its own actions and the actions of all others, whether paid or unpaid, acting on its behalf. It hires only telemarketers, fundraising consultants, and non-staff professional fundraisers that are registered with the Department of Consumer Protection as required by state law.

4) Donor Stewardship

An ethical nonprofit builds strong and respectful relationships with donors on behalf of the organization's mission, keeps donors informed of its programs on a regular basis, and values donors as integral partners in mission success.

5) Telemarketing

An ethical nonprofit recognizes that it is accountable for any claims made or information provided by a telemarketer. It ensures that those calling on its behalf have adequate information and are both truthful and non-coercive. It monitors telemarketing scripts and actual performance for ethical compliance.

6) Compensation

An ethical nonprofit organization compensates development staff with a salary or fixed fee and not by percentage-based compensation or a commission. It does not pay finder's fees to a third party.

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V. COMMUNICATIONS

A) Stakeholder Communication

- 1) Ethical nonprofits are responsive to community needs and solicit input from a broad range of views and constituents in the process of planning priorities and activities.
- 2) Ethical nonprofits provide information to the public that describes their decisions and processes, and their stakeholders have regular opportunities to interact with the board and management regarding its decisions and practices.
- 3) Information is readily available to the public about a nonprofit's operations, programs and program effectiveness, activities, and governance. Posted information is truthful, complete, and not misleading. Annual reports and IRS designation letters are posted on the organization's website.
- 4) An organization's complete and most recent IRS Form 990, suppressing only donor information, is posted on the organization's website. It includes disclosure of executive compensation, including compensation received from subsidiary and related entities of the organization.
- 5) An ethical nonprofit has a variety of ways to be reached by the general public and stakeholders. This includes website, phone, fax, social media, and a physical street address. This contact information is provided on the website of the nonprofit, and requests for information receive a prompt and complete response.
- 6) The ethical nonprofit communicates quickly and accurately in times of crisis. It avoids deception and only communicates with information that is relevant to the issues at hand.

B) Social Media

Ethical nonprofits, when posting to social media, are open to diverse opinions and are respectful of the opinions of others. They attribute content when posting themselves and immediately correct mistaken information posted to social media by themselves or their followers. They safeguard confidential information and do not quote others without explicit permission.

VI. HUMAN RESOURCES

- A) An ethical nonprofit organization has a Human Resources Manual in place that outlines policies that address paid employees. These policies establish that the organization is responsible to hire and manage employees in a fair and effective manner and ensure compliance with local, state and federal employment laws.
- B) An ethical nonprofit organization has a Human Resources Manual in place that outlines policies that address volunteers including board members. These policies establish that the organization is responsible to engage and manage volunteers in a fair and effective manner and ensure compliance with local, state and federal laws.
- C) An ethical nonprofit organization embraces a fair and nondiscriminatory philosophy and ensures that No Harassment/No Discrimination policies are adhered to throughout the organization.
- D) All Human Resource activities should have a role in supporting the mission, vision and values of the organization.

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INFORMATION MANAGEMENT

A) Confidentiality of Information

1) An ethical nonprofit organization has policies in place in the Operational Policy Manual that identify who has access to certain information and security procedures in place to prevent unauthorized access.

2) An ethical nonprofit organization ensures that personal information on individual clients, employees and others is confidential unless permission to release information has been obtained.

B) Data Accuracy and Integrity

An ethical nonprofit organization recognizes the value of accurate, up-to-date information and ensures its information systems remain as such. This includes creating policies, procedures, and training guidelines for the proper use of the organization's database.

VIII. PUBLIC POLICY ADVOCACY

A) Policies

An ethical nonprofit organization that takes public policy positions has a written internal Advocacy Policy Manual in place that defines 1) the process it uses to decide whether it should take a stand on specific public policy issues and 2) the public policy positions it takes.

B) Quality of Information

An ethical nonprofit organization provides only factually accurate information to the media and the public. It also provides sufficient contextual information so its public information can be clearly understood.

C) Lobbying

An ethical nonprofit is not prohibited from engaging in lobbying activities, and often its mission requires this kind of engagement. An ethical nonprofit complies with all recordkeeping and accounting processes required to document its lobbying activities. If appropriate to its level of activity, it files a 501(h) election with the IRS, registers as a lobbyist with the State of Utah, and files all required disclosure reports.

IX. EVALUATION

A) An ethical nonprofit commits to consistent, annual, candid, and effective evaluation in an effort to optimize its services. This includes, but is not limited to, evaluating its board, staff, programs, policies and procedures, and structure.

B) An ethical nonprofit ensures that evaluations are used to improve the effectiveness of the organization and, when necessary, to make programmatic changes.

C) When engaging in evaluation, an ethical nonprofit values feedback from its constituents, target population, public at large, and other stakeholders.

D) An ethical nonprofit is transparent with the results of organizational evaluations, particularly those concerning services and constituent outcomes.

STANDARDS OF ETHICS ANNUAL AFFIRMATION STATEMENT *

For _____
(name of organization)

(date)

We, the undersigned, hereby attest that we have reviewed the Utah Nonprofits Association's Standards of Ethics and for each of the nine areas listed below, our organization is committed to the standards and is actively engaged in good faith efforts to meet each of them or already meets the standards.

I MISSION

___ We meet the standards ___ We are working to meet the standards

II GOVERNANCE

___ We meet the standards ___ We are working to meet the standards

III FINANCIAL AND LEGAL ACCOUNTABILITY

___ We meet the standards ___ We are working to meet the standards

IV FUNDRAISING

___ We meet the standards ___ We are working to meet the standards

V COMMUNICATIONS

___ We meet the standards ___ We are working to meet the standards

VI HUMAN RESOURCES

___ We meet the standards ___ We are working to meet the standards

VII PUBLIC POLICY AND ADVOCACY

___ We meet the standards ___ We are working to meet the standards

VIII INFORMATION MANAGEMENT

___ We meet the standards ___ We are working to meet the standards

IX EVALUATION

___ We meet the standards ___ We are working to meet the standards

Board Chair

Executive Director

Date

Date

(over)

* This page to be completed ANNUALLY, by your organization's Board Chair and Executive Director.

RESOLUTION BOARD OF DIRECTORS/TRUSTEES *

The Board of Directors/Trustees of _____ (name of nonprofit organization), in a regular meeting at which a quorum was present, reviewed the Utah Nonprofits Association's "Standards of Ethics."

We, the Board of Directors/Trustees, hereby affirm that the organization is committed to meeting these standards and already meets the standards or is actively engaged in good faith efforts to meet each of them.

This resolution was passed by a _____ (majority/unanimous) vote of the Board of Directors/Trustees during its regular meeting of _____ (date), and this Resolution has been recorded in the permanent minutes.

Signed by:

_____ On _____
Secretary Date

For the Board of Directors/Trustees _____
(name of organization)

* This page needs to be completed ONE time, when your organization initially commits to meeting the UNA Standards of Ethics.