



TOP NONPROFIT ACCOUNTING PRACTICES

AND FINANCIAL PROCEDURES REQUIRED FOR
LARGE GRANTS, SPONSORSHIPS AND IRS COMPLIANCE

Free Webinar



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CONSULTING GROUP

**Urban
awareness**
"A NONPROFIT ORGANIZATION"

FUNDING SOURCES

COMPANY /FOUNDATION NAME	DESCRIPTION	DUE DATE	AMOUNT	APPLY CONTACT
URBAN AWARENESS USA	Urban Awareness USA is offering mini grants of up to \$1,000 to Nonprofits, Social Enterprises and Churches that provide programs and services in urban communities. Funding is intended to support programs for at-risk youth, mentoring, minority women, single parents, minority men, military families, substance abuse prevention, Christianity and more.	ROLLING	\$1,000	APPLY NOW
THE POLLINATION PROJECT	The goal of The Pollination Project is to contribute to the creation of a more just, sustainable, and compassionate world for all. They work towards that goal through the support of community-driven grassroots initiatives that empower individuals and inspire others.	OPEN	\$1,000	APPLY NOW
DRAPER RICHARDS KAPLAN	The Draper Richards Kaplan Foundation is offering grants to USA social change organizations (including nonprofits and for-profits) that are in the early stages of their development for programs and projects that address important social issues at the national or global level. Funding is intended to support efforts that aim to improve the lives of individuals through innovative strategies, systems changing approaches, and disrupting technologies.	OPEN	\$300,000	APPLY NOW
AWESOME FOUNDATION	Each fully autonomous chapter supports awesome projects through micro-grants, usually given out monthly. These micro-grants, \$1000 or the local equivalent, come out of pockets of the chapter's "trustees" and are given on a no-strings-attached basis to people and groups working on awesome projects.	OPEN	\$1,000	APPLY NOW
A.J. MUSTE MEMORIAL INSTITUTE	A.J. Muste Memorial Institute is offering grants to organizations for grassroots efforts that promote social justice. Priority will be given to projects with small budgets that lack access to mainstream sources of funding. No 501C3 Required.	ROLLING	\$5,000	APPLY NOW
THE MAX AND VICTORIS DREYFUS FOUNDATION	The Max and Victoria Dreyfus Foundation is offering grants of up to \$20,000 to USA nonprofit organizations to support schools; museums, performing arts and cultural programs; hospitals; skills training; educational programs; programming for youth, seniors, and people who are handicapped; environmental and wildlife protection activities; and other programs that address community needs.	ROLLING	\$20,000	APPLY NOW
THIRD WAVE FUND	Third Wave Fund is offering grants of up to \$20,000 to nonprofit organizations, groups, and coalitions for social justice activities and projects. 501c3 not required. Funding is intended for programs within the focus areas of direct action, community mobilization, and healing justice. The purpose of the grant program is to support the leadership of young women of color under 35 in social movements.	ROLLING	\$20,000	APPLY NOW
THE DAKOTA FOUNDATION	The Dakota Foundation generally makes investment with non-profit groups whose programs empower people and increase their control over their own economic destinies.	ROLLING	\$100,000	APPLY NOW
HEARST FOUNDATION	The Hearst Foundations support well-established nonprofit organizations that address significant issues within their major areas of interests – culture, education, health and social service – and that primarily serve large demographic and/or geographic constituencies. In each area of funding, the Foundations seek to identify those organizations achieving truly differentiated results relative to other organizations making similar efforts for similar populations. The Foundations also look for evidence of sustainability beyond their support.	ROLLING	\$200,000	APPLY NOW



SAMPLE *Whistleblower* POLICY

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Sample Whistleblower Protection Policy

Whistleblower policies are critical tools for protecting individuals who report activities believed to be illegal, dishonest, unethical, or otherwise improper. This sample policy is adapted from a document developed by the Fairbanks (Alaska) North Star Borough.¹

- I. The organization will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes he/she is being retaliated against must contact the Human Resources Director immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.
- II. Whistleblower protections are provided in two important areas: confidentiality and retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law, and to provide accused individuals their legal rights of defense.
- III. Individuals protected include
 - a. the employee, or a person acting on behalf of the employee, who reports to a public body or is about to report to a public body a matter of public concern; or
 - b. the employee who participates in a court action, an investigation, a hearing, or an inquiry held by a public body on a matter of public concern.
- IV. The organization may not discharge, threaten, or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment.
- V. The organization may not disqualify an employee or other person who brings a matter of public concern, or participates in a proceeding connected with a matter of public concern, before a public body or court, because of the report or participation, from eligibility to bid on contracts with the organization; receive land under a district ordinance; or receive another right, privilege, or benefit.
- VI. The provisions of this policy do not
 - a. require the organization to compensate an employee for participation in a court action or in an investigation, hearing, or inquiry by a public body;
 - b. prohibit the organization from compensating an employee for participation in a court action or in an investigation, hearing, or inquiry by a public body;
 - c. authorize the disclosure of information that is legally required to be kept confidential; or
 - d. diminish or impair the rights of an employee under a collective bargaining agreement.
- VII. Limitation to protections
 - a. A person is not entitled to the protections under this policy unless he or she reasonably believes that the information reported is, or is about to become, a matter of public concern; and reports the information in good faith.
 - b. A person is entitled to the protections under this policy only if the matter of public concern is not the result of conduct by the individual seeking protection, unless it is the result of conduct by the person that was required by his or her employer.
 - c. Before an employee initiates a report to a public body on a matter of public concern under this policy, the employee shall submit a written report concerning the matter to the organization's chief executive officer. However, the employee is not required to submit a written report if he or she believes with reasonable certainty that the activity, policy, or practice is already known to the chief executive officer; or that an emergency is involved.

VIII. Relief and penalties

a. A person who alleges a violation of this policy may bring a civil action and the court may grant appropriate relief.

b. A person who violates or attempts to violate this policy is also liable for a civil fine of not more than ten thousand dollars (\$10,000.00).

Procedures

I. If an employee has knowledge of or a concern of illegal or dishonest/fraudulent activity, the employee is to contact his/her immediate supervisor or the Human Resources Director. All reports or concerns of illegal and dishonest activities will be promptly submitted by the receiving supervisor to the Human Resources Director, who is responsible for investigating and coordinating any necessary corrective action. Any concerns involving the Human Resource Director should be reported to the chief executive officer.

II. The whistleblower is not responsible for investigating the alleged illegal or dishonest activity, or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

III. Examples of illegal or dishonest activities include violations of federal, state, or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting. The employee must exercise sound judgment to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing will be subject to disciplinary action.

Supplemental information

Definitions

1. "*Whistleblower*" is defined by this policy as an employee who reports, to one or more of the parties specified in this policy, an activity that he/she considers to be illegal, dishonest, unethical, or otherwise improper.

2. "*Employee*," or "*public employee*," means a person who performs a service for wages or other remuneration under a contract of hire, written or oral, express or implied, for the district.

3. "*Matter of public concern*" means

- a. a violation of a state, federal, or municipal law, regulation, or ordinance;
- b. a danger to public health or safety; and/or
- c. gross mismanagement, substantial waste of funds, or a clear abuse of authority.

4. "*Public body*" includes an officer or agency of

- a. the federal government;
- b. the state;
- c. a political subdivision of the state including a municipality or a school district; and
- d. a public university in the state.



SAMPLE

Conflict of Interest

STATEMENT



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Conflict of Interest Policy

Article 1 Purpose

The purpose of the conflict of interest policy is to protect the Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person: Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
 - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, an entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest:
 - a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
4. Violations of the Conflicts of Interest Policy
 - a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any

alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII Use of Outdoor Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**REQUIRED
ACCOUNTING**

Policies

for

NONPROFITS

Types of policies

An organization must identify the policies necessary to direct its activities and decision making. Here is a sample, but by no means an exhaustive list of policies that can prepare the organization to function in a more effective and accountable manner.

Board-related policies

- Eligibility, powers, duties
- Election of officers
- Conflict of interest
- Code of conduct
- Confidentiality
- Compensation
- Reimbursement: Travel expenses
- Personal contribution
- Meeting attendance
- Indemnification
- Diversity
- Term limits
- Removal from office
- Nepotism, fraternization
- Media/public relations

Personnel policies

- Equal Employment
- Anti-harassment
- Substance abuse
- Performance review
- Personnel files
- Working schedules: working hours, overtime, flex-time, inclement weather
- Compensation and benefits: paid/ unpaid leave, deferred compensation, severance pay, displacement expenses, travel expenses
- Disciplinary issues: termination, grievances
- Nepotism
- Personal appearance
- Personal phone/e-mail/Web usage

Financial policies

- Investment: asset mix, asset quality, diversification, cash flow, risk management
- Reserves
- Acceptance of gifts
- Fiscal period
- Audits
- Signing of checks
- Endowment management
- Use of credit cards
- Request for checks