

## PUBLIC DISCLOSURE

---

### Legal Compliance (1A)

The Council believes that to uphold the public's trust in the nonprofit sector, a charity should at a minimum carry out its actions in accordance with Minnesota and federal charity law.

**Standard:** For the year under review and the preceding two years, the organization has not violated any applicable provisions of Minnesota or federal law relating to the organization's tax exempt status, registration with and reporting to governmental agencies and the public or fundraising practices.

### Financial & Annual Reporting (1B)

The Council believes that providing complete information to prospective donors promotes informed, responsible philanthropy.

**Standard:** The organization provides the following upon request:

An annual report that includes:

- a description of the organization's purpose,
- a description of its program activities, accomplishments and geographic area served,
- a summary of the total cost of each major program (to the extent required in the IRS Form 990), and
- a list of the organization's board of directors.

Annual financial statements prepared in conformance with generally accepted accounting principles, and audited when required by federal or state law or contracts to which the organization is a party.

### Accomplishments (1C)

The Council believes that the programs offered by a charity and the results made possible by contributions are of utmost concern to potential donors. Familiarity with the organization's programs and results is essential to any informed giving decision and allows potential donors to match their interests with those of the charities they are supporting.

**Standard:** Through the annual report or other communications available to donors, the organization provides specific, objective information about its accomplishments related to its stated mission.

### Reporting Consistency (1D)

The Council believes that inconsistencies among a charity's programs, activities and financial information as described in its annual report, audited financial statements and IRS Form 990 prevent donors from meaningfully evaluating the charity's programs and effectiveness.

**Standard:** Program names, activities and financial information listed in the annual report, audited financial statement and IRS Form 990 are consistent.

## GOVERNANCE

---

### Board Meetings (2A)

The Council believes that the governing board is one of the most important elements of a well-functioning nonprofit organization. The board sets the strategic agenda for the organization and has overall responsibility for its mission and programs. The board should operate in a way that does not jeopardize clear and responsible decision-making.

**Standard:** The governing board meets at least three times per fiscal year with a quorum present, and maintains written minutes of each meeting.

### Conflict Of Interest Policy (2B)

The Council believes that a well-managed nonprofit organization should have a policy that addresses conflicts of interest of its directors, officers and key staff. Conflict of interest policies help to ensure that no person benefits inappropriately from any transactions in which the organization is involved.

**Standard:** The organization addresses director, officer, and key staff conflicts of interest pursuant to a written policy that prohibits the interested party from approving or voting on the conflicted transaction and requires full disclosure of all material facts to the appropriate decision makers.

### Board Compensation (2C)

The Council believes that a charity board members' voluntary service is a deeply rooted tradition in the nonprofit sector. Most donors and nonprofit organizations expect that board members serve without compensation.

**Standard:** Board members receive no compensation for board service other than reimbursement of expenses incurred as a result of board participation.

### Board/Staff Positions (2D)

The Council believes that the staff of a nonprofit organization is accountable to the governing board. Therefore, when paid staff members also serve on the governing board or as board chair or treasurer, the ability of the board and such officers to act independently is compromised.

**Standard:** Not more than one member of the governing board is a paid staff person of the organization; no paid staff person serves as board chair or treasurer.

### Board Term Limits (2E)

Limits on board terms help to ensure that the board is accountable. Changes in board membership also allow for greater participation by the community being served.

**Standard:** No elected member of the governing board serves for more than five years without standing for re-election.

## FINANCIAL ACTIVITY

---

### Use Of Funds (3A)

A charity should use its resources in a responsible, effective and efficient manner to achieve results in furtherance of its mission. The Council believes that the ratio of program expenses to total expenses is an indicator of such use. Donors should reasonably expect that substantially more than half of their contribution and the organization's expenses be used for program services. Management and fundraising expenses should be reasonable in relation to the results of the organization and reasonable over time.

**Standard:** At least 70 percent of the organization's annual expenses are for program activity and not more than 30 percent for management/general and fundraising combined.

### Reserve Limits (3B)

While the Council believes that organizations should maintain a reasonable level of cash to safeguard against unexpected financial challenges, maintaining excess reserves indicates the organization is not maximizing the use of its resources in pursuit of its charitable mission. In such cases, it may not be appropriate to continue soliciting from the public.

**Standard:** Unrestricted net assets available for current use are not more than twice the current or next year's budgeted operating expenses.

### Financial Health (3C)

The Council believes that a charity should use its resources prudently and should maintain a healthy financial picture. When making a contribution, donors want to know that the organization has the financial strength to pursue its mission on a long-term basis.

**Standard:** The organization does not have persistent or increasing operating deficits.

### Board Fiduciary Oversight (3D)

The Council believes that the governing board is responsible and accountable for the financial management of the corporation.

**Standard:** The governing board approves an operating budget prior to the beginning of each fiscal year and receives financial reports, at least quarterly, comparing actual to budgeted revenue and expenses.

## FUNDRAISING

---

### Ethical Fundraising (4A)

The responsible actions of both donors and charities promote and sustain the climate of giving in Minnesota. To this end, the Council believes that fundraising methods should be ethical and honest and encourage the donor to give voluntarily, based on interest in the purpose and programs of the organization.

**Standard:** Solicitations and information materials clearly describe the purpose or programs for which the contributed funds will be used and identify the charity that will receive the contribution. The donor is provided with the address or phone number of the charity. All information provided in connection with solicitations is accurate and not misleading.

### Voluntary Charitable Giving (4B)

The Council believes that appeals that are threatening or intimidating are inconsistent with the essential aspects of voluntary charitable giving.

**Standard:** Solicitations do not cause donors to feel threatened or intimidated. The charity maintains a written policy to discontinue contacting any person upon that person's oral or written request directed to the charity, its professional fundraiser or other agent.

### Soliciting Practices (4C)

The Council believes that donors are entitled to know who is soliciting their gift and what portion of their gift will be received by the charity.

**Standard:** Solicitors who are not employees or volunteers of the charity identify themselves in each solicitation as professional fundraisers and, upon request, provide the name and address of their employer or contracting party. Upon request, persons authorized by the charity to utilize the charity's name in connection with the sale or marketing of goods or services provide accurate information about the percentage of gross revenue that is paid to the charity.