

NONPROFIT
*Health
Assessment*

Board Governance
Business of Your Nonprofit
People and Systems
Engaging Community

DECEMBER 2023





**WESTCHESTER COUNTY
BOARD OF LEGISLATORS**



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npwestchester.org

NONPROFIT *Health Assessment*

Nonprofits are created and maintained for the benefit of the public. Effective nonprofits meet the requirements of the law, and work in ways that are fair, equitable and just.

The following assessment is intended to provide New York 501c3 nonprofit organizations with a tool to conduct an initial self-assessment of the organization's overall health in particular areas, foster deeper inquiry in areas that need attention, and offer helpful resources.

This tool focuses on key indicators, but it is not all encompassing. Resources are listed for you to conduct deeper work on those topics. Additionally, NPW can connect you with information, resources, professional development opportunities, and referrals to qualified nonprofit services providers. NPW will continue to add to and revise these resources as it deems appropriate.

This assessment should not be construed as, and does not constitute, legal, accounting, tax, investment and/or financial advice on any specific matter. If you wish to be certain about the proper course of action for your organization, please consult a professional (attorney, accountant, tax advisor) for the latest and most accurate information. Additionally, it does not create an attorney-client relationship. You should seek advice based on your particular circumstances from an independent legal advisor.

Contact: Jan Fisher, Executive Director, NPW,
jfisher@npwestchester.org

BOARD *Governance*

Board members, staff and volunteers working with a nonprofit are stewards of the organization’s mission and resources. The Board fulfills its duties of loyalty, obedience and care through a variety of practices. The Board and staff should

be representative of the community they serve and responsive to community needs. Checks and balances must be in place to protect both the public good and the Board as individual volunteers.

| Strategy > Governance > Risk Management | | Yes | No |
|---|---|-----|----|
| 1 | Board and all staff are guided by a clear and compelling mission and vision. | | |
| 2 | Board members reflect the people and communities served. | | |
| 3 | Board members come to meetings prepared to make strategic decisions. | | |
| 4 | Board members understand their legal rights and responsibilities and ensure the organization is in compliance. | | |
| 5 | Board manual is in place, kept up to date, used as a reference and a tool in onboarding | | |
| 6 | Board members use the nonprofit’s bylaws, which are reviewed annually, and updated as necessary | | |
| 7 | Board (and committees) meet with enough regularity to conduct business. | | |
| 7 | Board members follow a conflict of interest policy and update it on an annual statement. | | |
| 8 | Board roles, responsibilities, and expectations are clear and documented. | | |
| 9 | Board hires, oversees, supports and evaluates the Executive Director/CEO. | | |
| 10 | There is a strategic plan or similar document in place to monitor performance (fulfillment of goals, objectives and outcomes) on a regular basis. | | |
| 11 | The organization is up to date with all tax and corporate filings. | | |
| 12 | Insurance is in place and aligned with organization’s activities and assets. | | |
| 13 | Board and staff review and address potential risks to people, operations and property as needed. | | |
| 14 | Organizations with at least one employee have a whistleblower policy. | | |
| 15 | Organization has necessary board, volunteer, consultant, employee, and financial policies. | | |
| 17 | Board members are trained annually in topics related to Board governance and nonprofit operations. | | |
| 18 | Board evaluates its own performance (ideally annually or at least every 2 years). | | |
| 19 | Organizational data, databases and assets/personal protected information/ physical assets/client information are safeguarded and backed up. | | |

Business OF YOUR NONPROFIT

Effective nonprofits develop mission-driven strategies and partnerships to secure and grow their resources, determine appropriate funding models, and employ policies and practices to ensure mission achievement. They design,

maintain and adapt organizational systems, implement processes and tools to manage programs, and strategically organize financial resources to deliver most effectively on their missions.

| Resource Development > Financial Health & Oversight | | Yes | No |
|---|---|-----|----|
| 1 | Business model includes a diversity of revenue sources (contributed and earned). | | |
| 2 | Board regularly reviews and approves an annual budget and monitors performance. | | |
| 3 | Board reviews financial statements at regular Board meetings. Treasurer, finance chair or Board member is prepared to present financial reports at regular Board meetings. | | |
| 4 | Organization prepares monthly bank reconciliations. | | |
| 5 | Accounting system has capacity to track restricted and unrestricted funds. | | |
| 6 | Financial policies are in place outlining accounting standards (internal controls, separation of duties, delegations of authority). | | |
| 7 | Payroll is prepared by a qualified staff or vendor; reviewed by someone outside of finance. | | |
| 8 | Board reviews IRS Form 990 before it is filed. | | |
| 9 | Independent audit or a review depending on organization budget size, as required by law, is conducted annually by a certified public accountant. | | |
| 10 | Organization keeps complete, current and accurate financial records. | | |
| 11 | Organization consistently honors donor intent and contract obligations. | | |
| 12 | Organization has donor privacy policies and practices. | | |
| 13 | Donor acknowledgement occurs in accordance with IRS requirements. | | |
| 14 | Board is actively engaged in resource development. | | |

People AND Systems

Effective nonprofits invest in their human resources and operational structures to ensure effective and efficient business processes that

support mission success, equitable and inclusive organizations, and professional respect and dignity.

| Human Resources > Operations > Strategy > Implementation | | Yes | No |
|--|---|-----|----|
| 1 | Employee and volunteer policies meet all federal, state, and local requirements. | | |
| 2 | Policies are documented, applied in a consistent manner, and updated as necessary. | | |
| 3 | If the organization has a code of ethics, Board members, staff and volunteers understand and uphold the code. | | |
| 4 | Organization has inclusive recruitment practices. | | |
| 5 | Job descriptions and responsibilities are in place for all staff and volunteer positions. | | |
| 6 | There is an up-to-date organization chart. | | |
| 7 | Employees and independent contractors are properly classified, and if they are an employee, they are properly classified as exempt or non-exempt. | | |
| 8 | Employees and volunteers receive regular performance feedback. | | |
| 9 | Turnover of staff is measured, and actions taken to address retention concerns. | | |
| 10 | Compensation and benefits for staff are aligned with industry standards and reviewed and updated as necessary. | | |
| 11 | The organization is involved in strategic initiatives to address compensation and benefits in the nonprofit sector overall. | | |
| 12 | The safety of people and assets are central in discussions around risk management. | | |
| 13 | There are opportunities for professional development and growth. | | |
| 14 | There is a plan to address health and wellness of staff. | | |
| 15 | There is a plan to build/maintain/foster a healthy culture of respect, dignity, and inclusion. | | |
| 16 | Policies and practices are developed and reviewed through an equity lens. | | |
| 17 | Contingency plans are in place for key positions and organizational functions. | | |
| 18 | Operational systems support effective and efficient delivery of mission-critical work. | | |

ENGAGING *Community*

Effective nonprofits have clear visions, missions, values and goals that are informed by and communicated to the community and constituents. They use their voice to represent

their constituents and influence change at grassroots and policy levels and maintain close connection and organizational representation with the community they serve.

| Governance > Strategy > Programming > Communications > Leadership | | Yes | No |
|---|--|-----|----|
| 1 | As ambassadors for the organization, all Board members, staff, and volunteers understand and are aligned in communicating the organization’s mission, goals and impact. | | |
| 2 | The organization actively engages community members, consumers and external stakeholders in program planning and service provision that aligns with organizational mission. | | |
| 3 | The organization actively engages and nurtures partnerships and networks to achieve mission impact and augment opportunities for people served. | | |
| 4 | Diverse perspectives are an integral part of decision-making. | | |
| 5 | The organization actively anticipates and plans for reducing the barriers to participation in processes and programs. | | |
| 6 | The organization collects and utilizes data and participant feedback to measure outcomes, modify and improve programs, inform design and program development, and for overall quality improvement. | | |

Resources AND Tools

Governance

- > [IRS Compliance Guide for 501\(c\)3 Public Charities](#)
- > [Governance - Duties of Board Members – New York State Attorney General](#)
- > [Board Roles and Responsibilities](#)
- > [Principles for Good Governance and Ethical Practice](#)
- > [Chair of the Board of Directors Job Description](#)
- > [Board Treasurer’s Job Description](#)
- > [Duties of the Treasurer of a Nonprofit Corporation](#)
- > [Executive Director Evaluation Survey Form](#)

Board Self-Assessment, Role of the Board and Related Materials

- > [Stand for Your Mission](#)
- > [Sample of Nonprofit Bylaws](#)
- > [Sample Conflict of Interest Policy](#)
- > [Sample Whistle Blower Protection Policy](#)
- > [Document Retention Policy Samples and Their Importance](#)

Fundraising

- > [Charities, Nonprofits & Fundraisers – New York State Attorney General](#)
- > [Gift Acceptance Policy \(Templates\)](#)
- > [AFP Code of Ethics](#)

Financial Management

- > [7 Steps to Planning a Successful Not-For-Profit Audit](#)
- > [The Nonprofit Accounting Cheatsheet](#)
- > [5 Myths in Nonprofit Finance - Public Interest Management Group](#)
- > [Resources for Nonprofit Financial Management](#)
- > [Transforming Nonprofit Business Models](#)
- > [Nonprofit Business Model Statements](#)

Human Resources

- > [Handy Reference Guide to the Fair Labor Standards Act/U.S. Department of Labor](#)
- > [Curated Resources and Tools Related to Volunteer Management](#)
- > [Most Common Handbook Issues](#)
- > [Sexual Harassment Training - NY State](#)

Community Building

- > [Nonprofits Integrating Community Engagement \(NICE\) Guide](#)
- > [Race to Lead: Confronting the Nonprofit Racial Leadership Gap](#)