

## **CORE OPERATING STANDARDS FOR STARTUP NONPROFIT ORGANIZATIONS**

\* **Documentation of Nonprofit Status:** 501(C) (3) Letter of Determination

\* **Organizational Ethics:** All staff, board members and volunteers of the organization will act with honesty, integrity and openness in all their dealings as representatives of the organization. The organization promotes a working environment that values respect, fairness and integrity.

\* **Board of Directors:**

1. The organization must function autonomously under a local voluntary governing board of directors of at least three voting members who are responsible for its administration and policies.
2. The board ensures the organization complies with appropriate accounting practices, as well as local, state and federal laws.
3. The board composition is diverse and does not include employees of the organization or relatives of employees.
4. The board has determined the vision and mission of the agency in pursuit of the public good.
5. The Board meets, at a minimum, four (4) times a year and keeps minutes with recorded actions that are approved by the Board of Directors.
6. The Board approves an annual operating budget and receives, at minimum, quarterly financial statements.
7. Board members are willing to invest time, talents and financial resources in the advancement of the agency's mission.

\* **Executive Director:**

1. Has a clear understanding of the mission with both the passion and ability to carry out goals.
2. Can articulate to others realistic goals and plans for the organization.
3. The board reviews its executive's performance annually based on a written job description. Salary is approved and set by the Board.

\* **Operational Management:**

1. Operates from an annual budget that is realistic, with detailed expenses and sources of revenue.
2. Utilizes a system for financial reporting and review.
3. Applies adequate and appropriate accounting functions.
4. Implements service delivery plans.
5. Has adequate human resources to deliver programs, activities and services.
6. Utilizes a standardized system to report service numbers.

**\* Fund Development:**

1. Understands sources of revenue for nonprofit agencies.
2. Has a preliminary plan to raise funds for the organization from a variety of sources.
3. Has a board that is willing and able to raise funds.
4. Has a preliminary plan to sustain the organization and build its future.

**Supported by:** The Community Foundation of Greater Birmingham, United Way of Central Alabama, The Nonprofit Resource Center of Alabama, Alabama Giving, The Hugh Kaul Foundation, AmSouth Bank, Regions Bank, the Women's Fund, Junior League of Birmingham, Community Foundation of Calhoun County, Anniston Education Foundation, United Way of East Central Alabama, Alabama Civil Justice Foundation, and Birmingham Coca-Cola and Coca-Cola United. The Better Business Bureau of Central Alabama supports the implementation of these standards and recognizes their importance in assisting nonprofit organizations in meeting the BBB Standards for Charitable Accountability.

**\* A Start-Up Organization is one that has been incorporated for a period of less than 2 years.**