



National Non-Profit Tool Kit



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I. INTRODUCTION

A non-profit corporation is an organization that has a mission to serve the public interest and has filed incorporation papers with the state. The mission driven nature of non-profits sets them apart from traditional private businesses. Non-profits occupy a unique position between the public and private sector and share characteristics of both.

A non-profit corporation is a special type of corporation that has been organized to meet specific tax-exempt purposes. To qualify for non-profit status, your corporation must be formed to benefit (1) the public, (2) a specific group of individuals or (3) the membership of the non-profit.

Examples of non-profits include: religious organizations, charitable organizations, political organizations, credit unions and membership clubs.

The basics steps to forming a non-profit corporation include:

1. Identify your directors and incorporators
2. Name your organization and develop the mission of the organization
3. Develop your Articles of Incorporation and bylaws
4. Incorporate with the state or territory
5. Prepare and submit your federal application and state application (if applicable) for tax exemption
6. Develop the organization's strategic plan
7. Develop the organization's budget
8. Develop the human resource and financial infrastructure for the organization
9. Plan mission based projects
10. Secure funding

II. THE MISSION STATEMENT

The mission statement is a description of the reason the non-profit exists. The mission statement should state the non-profit's purpose, how the purpose will be achieved, and who will benefit from the non-profit's activities.

The purpose of the mission statement is to provide focus for the non-profit when determining what activities or projects to undertake, inform the community of the goals of the organization, and attract people and resources to the non-profit.

When writing the mission statement it is important to remember that the mission statement will be something that you want all staff, volunteers, and the community to know when they think of your non-profit. It will be used to quickly explain what the non-profit does.

The mission statement should explain the following:

1. The non-profit's values
2. The non-profit's long term goal
3. The population the non-profit serves
4. General method for accomplishing the goal

Below are examples of good mission statements:

- Pa'a Taotao Tano's mission statement "Perpetuate, memorialize, and educate the history, language, and traditions of the Chamorro people and its culture."
- Alu Like, Inc. "Our mission is to Kōkua Hawaiian Natives who are committed to achieving their potential for themselves, their families and communities."

When writing the mission statement and before finalizing the mission statement have a number of people review the statement to ensure the message represents what the community perception of the non-profit is and what supporters of the non-profit believe.

Mission statements can be changed over time. Mission statements can be expanded or narrowed depending upon the development of the non-profit. It is a good practice to review the mission statement every two years to ensure that the mission statement represents the current state of the non-profit.

III.INCORPORATING THE NON-PROFIT

1. Forming a Non-profit Corporation

The first decision that an organization will have to make is whether to incorporate or not. When the organization incorporates it creates a corporation that has legal standing. The corporation is established by the individuals (incorporators) under the laws of the state or territory where it is formed.

The second decision is who will be the incorporators. Incorporators are the individuals legally responsible for forming the corporation. The incorporators make agreements on behalf of the corporation during the time it is in the process of legal formation. The agreements have no legal effect until they are approved by the corporation's board of directors once legal incorporation is completed. All states require at least one and frequently three incorporators.

The third decision is to decide what the name of the corporation will be. The selection of a name is an important decision as it should imply the types of programs and services the organization provides. After you have decided on the name it will be necessary to check with your state or territory to determine if another organization has the same name or if there are specific name requirements.

An organization may also want to do a national name search and register their names with the United States Patent and Trademark Office. This can be done only for those non-profit's that will be marketing goods and services interstate.

If you are planning to have a website for your non-profit you may want to check domain availability as well.

2. The Articles of Incorporation

The Articles of Incorporation is a legal document that creates a corporation; it is filed with a state or territory by the incorporators of the non-profit corporation and is governed by the laws of the state or territory. The state or territory may have specific requirements and it is important to check what the requirements are. The Articles of Incorporation typically include the following:

- Article I – Name of the corporation
- Article II – A statement that the corporation will exist in perpetuity unless dissolved. It is important to include in the articles a dissolution clause. An example would be "Upon the dissolution of this non-profit, assets shall be distributed for one or more

exempt purposes within the meaning of section 501(c) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a local government, for a public purpose.”

- Article III – Purpose of the non-profit. It is important to remember that to secure IRS 501(c) recognition your purpose must be for charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals. An example would be “The non-profit is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c) of the Internal Revenue Code, or corresponding section of any future federal tax code.”
- Article IV – Name and address of the registered agent
- Article V – Name and address of the directors
- Article VI – Name and address of the incorporator(s)
- Article VII – Qualifications for membership if the corporation is going to have members

Each state or territory has their own set of rules for incorporation. It is important to review the individual state or territory rules and requirements for incorporation of a non-profit corporation.

Note: While each state listed provides a template (boilerplate) form for incorporation, be aware that the template does NOT meet Internal Revenue Service requirements for obtaining 501(c) status.

ALABAMA

Form Name: Articles of Incorporation

Filing Fee: \$100.00 filing fee with the SOS; minimum Probate judge fee \$50.00

Additional Information: <http://www.sos.alabama.gov/business-entities/domestic-corporations>

ALASKA

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information:

<http://www.commerce.alaska.gov/web/cbpl/BusinessLicensing/ObtainBusinessLicenseNumber.aspx>

Note: While the state of Alaska provides a template (boilerplate) form for incorporation, be aware that the Alaska template does NOT meet Internal Revenue Service requirements for obtaining 501(c) status.

AMERICAN SAMOA

The American Samoa Government allows any three (3) or more persons of full age, a majority of whom are nationals of the United States, may incorporate for the establishment of churches, colleges, seminaries, lyceums, libraries, fraternal lodges or societies, temperance societies, trade unions or other labor granges, or organizations of a benevolent, charitable, scientific, political, athletic, military, or religious character.

The Articles of Incorporation at a minimum requires the following information:

- Name of the corporation
- Location of corporation principal office or place of business
- Business or purpose
- Number of trustees, directors, managers or other officers for the first year
- Time of its annual meeting and annual meetings of its trustees or directors
- Manner in which the articles may be amended

The Articles of Incorporation must be filed with the American Samoa Treasurer. American Samoa does require that upon dissolution of an eleemosynary corporation after payment of all obligations the remaining assets shall be divided among the members. If there are not members the High Court of American Samoa will determine disposition.

It is important to note that the information required by the American Samoa Government does not meet Internal Revenue Service requirements for obtaining 501(c) status.

The Treasurer for the American Samoa Government receives the Articles of Incorporation and upon the Treasurer's approval moves the forward to the Territorial Registrar.

Filing Fee: \$5.00

Additional Information: Office of the Territorial Registrar (684) 633-4163

ARIZONA

Form Name: Articles of Incorporation

Filing Fee: \$60.00 Regular filing; \$95.00 expedited filing

Additional Information:

<http://www.azcc.gov/Divisions/Corporations/forms/formsindex.asp>

ARKANSAS

Form Name: Articles of Incorporation

Filing Fee: \$50.00 online filing/\$50.00 paper filing

Additional Information:

http://www.sosweb.state.ar.us/business_entity_fees_forms_pro.html#dnpc

CALIFORNIA

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://www.sos.ca.gov/business/programs/business-entities/forms>

COLORADO

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information:

http://www.sos.state.co.us/pubs/business/forms_main.html

COMMONWEALTH OF THE NORTHERN MARIANAS

The Registrar of Corporations for the Commonwealth of the Northern Marianas receives all incorporating documents. The Registrar of Corporations requires a petition for charter that includes the following information:

- Name of the corporation
- Location of the propose corporation and the street address of its initial office
- Purpose or purposes for which the corporation is organized
- Period of duration
- Number, names, citizenship, and residence addresses of the initial officers and directors
- Any provision, not inconsistent with law
- Corporation is not organized for profit

- Petition for a Charter for Articles of Incorporation
- Bylaws

The Registrar of Corporations does provide a template for use in developing the Articles of Incorporation and the bylaws.

Filing Fee: \$30.00

Additional Information: <http://commerce.gov.mp/application-center/>

CONNECTICUT

Form Name: Certificate of Incorporation

Filing Fee: \$50.00

Additional Information: <http://www.concord-sots.ct.gov/CONCORD/index.jsp>

DELAWARE

Form Name: Articles of Incorporation

Filing Fee: \$89.00

Additional Information: <http://www.corp.delaware.gov/corpforms.shtml>

DISTRICT OF COLUMBIA

Form Name: Articles of Incorporation

Filing Fee: \$80.00

Additional Information: <http://dcra.dc.gov/service/domestic-nonprofit-corporation>

FLORIDA

Form Name: Articles of Incorporation

Filing Fee: \$70.00

Additional Information: http://form.sunbiz.org/cor_form.html

GEORGIA

Form Name: Articles of Incorporation

Filing Fee: \$100.00

Additional Information: http://sos.ga.gov/index.php/Corporations/creating_a_new_entity

GUAM

Prior to submitting the Articles of Incorporation to the Guam Department of Revenue and Taxation a Certificate of Approval of the Governor of Guam must be secured.

The Government of Guam Department of Revenue and Taxation requires the following information:

- Name of the Corporation

- Purpose for which it is formed
- Location of the principle office of the corporation
- Name and residences of the incorporators
- Terms of existence. Must not exceed fifty (50) years. It is important to include in the articles a dissolution clause. An example would be *“Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a local government, for a public purpose.”*
- Directors must not be less than three (3)
- Directors must sign the articles
- Statement of Treasurer; That the Treasurer is a resident of Guam

Filing Fee: \$50.00 for Filing of Articles and \$10.00 for Filing of Bylaws

Additional Information: <http://www.govguamdocs.com/revtax/docs/BLBDOC7.pdf>

HAWAII

The State of Hawaii Department of Commerce at a minimum requires the following information:

- Article I – Name of the corporation
- Article II – Mailing address of the corporation
- Article III – Name and address of the register agent
- Article IV – Name and address of the incorporators
- Article V – Identifying if the corporation will have members or not
- Article VI – Certification of the Articles of Incorporation

It is important to note that the state of Hawaii provides a template form for incorporation. The Hawaii template does not meet Internal Revenue Service requirements for obtaining 501(c) status.

Filing Fee: \$25.00

Additional Information: <http://hawaii.gov/dcca/breg/registration/>

IDAHO

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://www.sos.idaho.gov/corp/index.html>

ILLINOIS

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information:

http://www.cyberdriveillinois.com/publications/business_services/nfp.html

INDIANA

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://www.in.gov/sos/3573.htm>

IOWA

Form Name: No official form, organization submits Articles of Incorporation

Filing Fee: \$20.00

Additional Information: <http://www.iowa.gov/business/FormsAndFees/html#DNC504>

KANSAS

Form Name: Not for Profit Articles of Incorporation

Filing Fee: \$25.00

Additional Information: http://www.kssos.org/forms/Business_Services/cn.pdf

KENTUCKY

Form Name: Articles of Incorporation

Filing Fee: \$8.00

Additional Information: <http://sos.ky.gov/bus/business-filings/forms/pages/default.aspx>

LOUISIANA

Form Name: Articles of Incorporation

Filing Fee: \$75.00

Additional Information:

<http://www.sos.la.gov/BusinessServices/FileBusinessDocuments/Pages/default.aspx>

(if it asks for a password click cancel and it will take you to the site)

MAINE

Form Name: Articles of Incorporation

Filing Fee: \$40.00

Additional Information: <http://www.state.me.us/sos/cec/corp/nonprofit.html>

MARYLAND

Form Name: Articles of Incorporation

Filing Fee: \$170.00

Additional Information: <http://www.dat.state.md.us/sdatweb/sdatforms.html#entity>
<http://www.dat.state.md.us/sdatweb/fees.html>

MASSACHUSETTS

Form Name: Articles of Incorporation

Filing Fee: \$35.00

Additional Information: <http://www.sec.state.ma.us/cor/coridx.htm>
<http://www.sec.state.ma.us/cor/corpweb/cornp/npfrm.htm>

MICHIGAN

Form Name: Articles of Incorporation

Filing Fee: \$20.00

Additional Information: http://www.michigan.gov/lara/0,4601,7-154-61343_35413_35426-120068--,00.html

MINNESOTA

Form Name: Articles of Incorporation

Filing Fee: \$70.00

Additional Information: http://www.sos.ms.gov/business_services_nonprofit5.aspx?

MISSISSIPPI

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: <http://www.sos.ms.gov/BusinessServices/Pages/Non-Profits.aspx>

MISSOURI

Form Name: Articles of Incorporation of a Non Profit Corporation

Filing Fee: \$25.00

Additional Information: <http://www.sos.mo.gov/business/corporations/forms.asp>

MONTANA

Form Name: Articles of Incorporation

Filing Fee: \$20.00

Additional Information: <http://sos.mt.gov/Business/Forms>

NEBRASKA

Form Name: No forms, must create Articles of Incorporation

Filing Fee: \$10.00

Additional Information: http://www.sos.state.ne.us/business/corp_serv/corp_form.html

NEVADA

Form Name: Nonprofit Cooperative Corporation without Stock

Filing Fee: \$50.00

Additional Information: <http://nvsos.gov/sos/home/showdocument?id=884>

NEW HAMPSHIRE

Form Name: Articles of Agreement

Filing Fee: \$25.00

Additional Information: <http://www.doj.nh.gov/charitable-trusts/documents/how-to-start-charity.pdf>

NEW JERSEY

Form Name: Certificate of Incorporation

*Religious organizations may want to contact your county clerk's office with regards to filing.

Filing Fee: \$75.00

Additional Information:

<http://www.state.nj.us/treasury/revenue/dcr/geninfo/corpman.shtml>

NEW MEXICO

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information:

http://www.sos.state.nm.us/Business_Services/Domestic_NM_for_Non_profit_Corp.aspx

NEW YORK

Form Name: Articles of Incorporation

Filing Fee: \$85.00

Additional Information: <http://www.dos.ny.gov/corps/nfpcorp.html>

NORTH CAROLINA

Form Name: Articles of Incorporation

Filing Fee: \$60.00

Additional Information: <http://www.secretary.state.nc.us/Corporations/>

NORTH DAKOTA

Form Name: Articles of Incorporation

Filing Fee: \$40.00

Additional Information:

<http://www.nd.gov/sos/nonprofit/registration/corporation/index.html>

OHIO

Form Name: Initial Articles of Incorporation

Filing Fee: \$99.00

Additional Information:

[https://bsportal.sos.state.oh.us/\(S\(ljsmx15pkle01ni4m20zm4yl\)\)/default.aspx](https://bsportal.sos.state.oh.us/(S(ljsmx15pkle01ni4m20zm4yl))/default.aspx)

OKLAHOMA

Form Name: Certification of Incorporation

Filing Fee: \$25.00

Additional Information: <https://www.sos.ok.gov/charity/Default.aspx>

OREGON

Form Name: Articles of Incorporation

Filing Fee: \$50.00

Additional Information: <http://sos.oregon.gov/business/Pages/nonprofit.aspx>

PENNSYLVANIA

Form Name: Articles of Incorporation

Filing Fee: \$125.00

Additional Information:

<http://www.dos.pa.gov/BusinessCharities/Charities/RegistrationForms/Pages/default.aspx#>

RHODE ISLAND

Form Name: Articles of Incorporation

Filing Fee: \$35.00

Additional Information: <http://www.sos.ri.gov/business>

SOUTH CAROLINA

Filing Fee: \$25.00

Additional Information:

<http://www.scsos.com/Library%20of%20Forms%20and%20Fees#Corporation%20-%20Domestic>

SOUTH DAKOTA

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <https://sdsos.gov/business-services/corporations/corporate-forms/nonprofit-corporations.aspx>

TENNESEE

Form Name: Charter (Nonprofit Corporation)

Filing Fee: \$100.00

Additional Information: http://www.state.tn.us/sos/bus_svc/forms.htm#nonprofit

TEXAS

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information: http://www.sos.state.tx.us/corp/nonprofit_org.shtml

UTAH

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: <http://corporations.utah.gov/business/dnp.html>

VERMONT

Form Name: Articles of Incorporation

Filing Fee: \$125.00

Additional Information: <https://www.sec.state.vt.us/corporationsbusiness-services/business-filing/start-or-register-a-business/nonprofit-corporation.aspx>

VIRGINIA

Form Name: Articles of Incorporation

Filing Fee: \$75.00

Additional Information: http://www.scc.virginia.gov/clk/vanon_corp.aspx

WASHINGTON

Form Name: Articles of Incorporation

Filing Fee: \$30.00

Additional Information: http://www.secstate.wa.gov/corps/registration_forms.aspx

WEST VIRGINIA

Form Name: Articles of Incorporation

Filing Fee: \$25.00

Additional Information: <http://www.sos.wv.gov/business-licensing/business/pages/businessstructure.aspx>

WISCONSIN

Form Name: Articles of Incorporation-Nonstock Corporation

Filing Fee: \$35.00

Additional Information: <http://www.wdfi.org/corporations/forms>

WYOMING

Form Name: Articles of Incorporation-(Incorporation Articles)

Filing Fee: \$25.00

Additional Information: <https://wyobiz.wy.gov/Business/Default.aspx>

Attachment B provides an example of Articles of Incorporation

3. Bylaws

The Articles of Incorporation legally creates the non-profit organization and the bylaws give the rules for the non-profit's internal operations. The bylaws contain information central to the non-profit and operation of the non-profit, restate legal and tax provisions that are applicable, and provide a set of rules for the operation of the corporation. The bylaws are structured similarly to the Articles of Incorporation except within each article there will be subsections. As with the Articles of Incorporation the state or territory may have different requirements for the bylaws.

The bylaws typically include the following;

- Article 1 - Offices
 - Section 1 – Address of the corporate offices where the bylaws, records of meetings, and other formal corporate records are maintained
- Article 2 – Non-profit Purposes
 - Section 1 – The standard statement of 501(c) tax-exempt purposes
 - Section 2 – The specific objectives and purposes of the non-profit corporation
- Article 3 - Directors
 - Section 1 – Number of directors that will serve on the corporation's board of directors
 - Section 2 – Powers of the board of directors
 - Section 3 – Duties of the directors

- Section 4 – Term of office each director will have before a new election is held
- Section 5 – Compensation of directors
- Section 6 – Place of meetings
- Section 7 – When regular meetings will be held
- Section 8 – The circumstances when special meetings can be called and who has authority to call a special meeting of the board of directors
- Section 9 – How vacancies will be filled
- Section 10 – Non-liability of directors
- Section 11 – Indemnification by the corporation of directors and officers
- Article 4 – Officers
 - Section 1 – Designation of Officers
 - Section 2 – Qualifications
 - Section 3 – Election and term of office
 - Section 4 – Removal and resignation
 - Section 5 – Vacancies
 - Section 6 – Duties of president or chairman
 - Section 7 – Duties of vice president or vice chairman
 - Section 8 – Duties of secretary
 - Section 9 – Duties of treasurer
 - Section 10 – Compensation of directors
- Article 5 – Committees
 - Section 1 – Executive committee
 - Section 2 – Other committees

- Section 3 – Meetings and action of committees
- Article 6 – Amendment of Bylaws
- Section 1 – Amendment

Depending upon the non-profit and the directors other articles that might be considered for inclusion in the bylaws include:

- Execution of Instruments – The bylaws could identify who is authorized to enter into grant agreements, contracts, or other legal documents for the corporation
- Corporation Report – If a specific report on the corporation is required, content, and distribution of the report
- Compensation Approval Policy – The article would state how compensation is determined for directors, if applicable, and corporation staff
- Conflict of Interest – The article would define what is considered a conflict of interest by the corporation
- Distribution of Assets – The article would specify how corporation assets would be distributed if the corporation is dissolved
- Records of Board and Committee Meetings – The article would specify specific information that must be included in the minutes of all board and committee meetings

Attachment C provides an example of Bylaws

4. Employer Identification Number

Once the non-profit is incorporated you must apply for an Internal Revenue Service (IRS) employer identification number (EIN). The EIN is to non-profit corporations what a social security number is for individuals. It is required for an application for 501(c) status and state and federal reports.

To get an EIN you will have to complete the IRS for SS-4. There are four ways to get the EIN number.

- **Online.** Go to the IRS website at <http://www.irs.gov/businesses> and click on Employer ID Numbers.

- **Telephone.** Applicants would call the IRS. The hours of operation are 7:00 a.m. to 10:00 p.m. Pacific Time. The individual making the call must be authorized to sign the form. If applying by telephone you should complete the Form SS-4 before calling the IRS.

Applicants	Telephone Number
American Samoa, Guam and CNMI	(215) 516-6999
AZ, AK, AL, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, ND, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY, WI	(800) 829-4933

Table 1: IRS phone numbers by applicant location

- **Mail.** Download the form from the IRS website www.irs.gov. Complete the form and mail to the IRS. The form is mailed to the IRS service center address for your state. The IRS estimates that you will receive your EIN in four to five weeks.

Applicant Location	Contact	Address
American Samoa	EIN Operation	N/A
AZ, AK, AL, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, ND, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY, WI	EIN Operation	Cincinnati, OH 45999
Guam, CNMI	EIN Operation	Philadelphia, PA 19255

Table 2: IRS address by applicant location

Fax. Complete and fax Form SS-4 to the IRS. The Fax-TIN is available 24 hours a day, 7 days a week. There is a long distance charge to callers.

Applicant Location	Fax Number
American Samoa	(215) 516-1040
AZ, AK, AL, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NJ, NM, NY, NC, ND, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WY, WI	(859) 669-5760
Guam, CNMI	N/A

Table 3: IRS fax number by applicant location

A copy of the Form SS-4 and instructions is located in Attachment D.

5. Other

Most states require a non-profit organization to register with its Department of Charitable Solicitations, typically administered by the Attorney General's office.

ALABAMA

Form Name: Charitable Organization Registration Statement

Form Number: AAGCharityForm1.docx

Filing Fee: \$25.00

Additional Information: <http://www.ago.state.al.us>

ALASKA

Form Name: Alaska Charitable Organization Registration Form

Form Number: N/A

Filing Fee: \$40.00

Additional Information:

http://www.law.state.ak.us/departments/civil/consumer/cp_charities.html#c_regs

ARKANSAS

Form Name: Charitable Organization Application for Registration

Form Number: N/A

Filing Fee: No Fee

Additional Information:

<https://static.ark.org/eeuploads/ag/CharitableRegistrationInArkansas.pdf>

CALIFORNIA

Form Name: Initial Registration Form

Form Number: CT-1

Filing Fee: \$25.00; must register within 30 days of initially receiving assets

Additional Information: <http://ag.ca.gov/charities/forms.php>

COLORADO

Form Name: New User Registration

Form Number: N/A must be filed online with the Secretary of State

Filing Fee: \$10.00

Additional Information: <http://www.sos.state.co.us>

CONNECTICUT

Form Name: Charitable Organization Registration Application

Form Number: N/A

Filing Fee: \$50.00

Additional Information: <http://www.ct.gov/dcp/cwp/view.asp?a=1654&q=459952>

DISTRICT OF COLUMBIA

Form Name: Basic Business License Application

Form Number: N/A

Filing Fee: \$30.00

Additional Information: <https://dcra.dc.gov/service/general-business-and-charitable-solicitation-licenses>

FLORIDA

Form Name: Charitable Organizations/Sponsors Registration Application

Form Number: DACS-10100

Filing Fee: \$10.00

Additional Information: <http://floridarevenue.com/dor/businesses/nonprofit.html>

GEORGIA

Form Name: Georgia Charitable Solicitations Act Charitable Organization Registration

Form Number: C-100

Filing Fee: \$35.00

Additional Information:

http://sos.ga.gov/index.php/securities/charitable_organization_and_paid_solicitor_forms

ILLINOIS

Form Name: Charitable Organization Registration Statement

Form Number: CO-1

Filing Fee: \$15.00 Additional Information:

http://www.illinoisattorneygeneral.gov/charities/register_report.html

KANSAS

Form Name: Registration Statement for Solicitation

Form Number: SC/53-10

Filing Fee: \$35.00

Additional Information: http://www.kssos.org/forms/forms_results.aspx?division=BS

KENTUCKY

Form Name: Unified Registration Statement

Form Number: URS

Filing Fee: No Fee

Additional Information:

<http://ag.ky.gov/family/consumerprotection/charity/Pages/default.aspx>

LOUISIANA

Form Name: Unified Registration Statement

Form Number: URS

Filing Fee: \$25.00

Additional Information: <http://www.ag.louisiana.gov/Article.aspx?articleID=291&catID=0>

MAINE

Form Name: Charitable Solicitations Application

Form Number: N/A

Filing Fee: \$50.00

Additional Information:

<http://www.maine.gov/pfr/professionallicensing/professions/charitable/forms.html>

MARYLAND

Form Name: Registration Statement for Charitable Organizations

Form Number: COR-92

Filing Fee: Varies

Additional Information: <http://www.sos.state.md.us/Charity/RegisterCharity.aspx>

<http://www.sos.state.md.us/Charity/Instructions.aspx>

MASSACHUSETTS

Form Name: No form but required paperwork

Form Number: N/A

Filing Fee: N/A

Additional Information <http://www.mass.gov/ago/doing-business-in-massachusetts/public-charities-or-not-for-profits/registering-a-public-charity/> :

MICHIGAN

Form Name: Initial Solicitation Application/Registration

Form Number: N/A

Filing Fee: No Fee

Additional Information: http://www.michigan.gov/ag/0,1607,7-164-17334_18095-45037-,00.html

MINNESOTA

Form Name: Charitable Organization Initial Registration and Annual Report Form

Form Number: N/A

Filing Fee: \$25.00

Additional Information: <http://www.ag.state.mn.us/Charities>

MISSISSIPPI

Form Name: Unified Registration Statement

Form Number: URS

Filing Fee: \$50.00

Additional Information: <http://www.sos.ms.gov/Charities/Pages/How-Do-I-Register.aspx>

MISSOURI

Form Name: Charitable Organization Initial Registration Statement

Form Number: N/A

Filing Fee: \$15.00

Additional Information: <https://ago.mo.gov/divisions/consumer/business-registrations/charitable-organizations-professional-fundraisers>

MONTANA

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Additional Information: <https://dojmt.gov/consumer/for-nonprofits-2/>

NEVADA

Form Name: Limited and Specific – Nonprofit Corporation Registration Form

Form Number: EL403 NRS 294A.375

Filing Fee: N/A

Additional Information: <http://nvsos.gov/sos/licensing/charitable-organizations>

NEW HAMPSHIRE

Form Name: Application for Registration

Form Number: NHCT-1

Filing Fee: \$25.00

Additional Information: <http://doj.nh.gov/charitable-trusts/charities.htm>

NEW JERSEY

Form Name: Registration Statement

Form Number: CRI-200 or CRI-150I depends on gross revenue

Filing Fee: Fee depends on gross revenue

Additional Information: <http://www.state.nj.us/oag/ca/charity/charfrm.htm>

NEW MEXICO

Form Name: New Mexico Charitable Organization Form

Form Number: N/A

Filing Fee: N/A

Additional Information: <http://www.nmag.gov/charities.aspx>

NEW YORK

Form Name: Registration Statement for Charitable Organizations

Form Number: Form CHAR410

Filing Fee: \$25.00 if registering to solicit contributions; otherwise there is no fee
Additional Information: <http://www.charitiesnys.com>

NORTH CAROLINA

Form Name: Unified Registration Statement for Charitable Organizations
Form Number: URS
Filing Fee: Varies
Additional Information: <http://www.multistatefiling.org>

NORTH DAKOTA

Form Name: Chartable Organization Registration Statement
Form Number: 11300
Filing Fee: \$25.00
Additional Information: <http://sos.nd.gov/business/nonprofit-services/nonprofit-corporation>

OHIO

Form Name: Charitable Organization Registration Statement
Form Number: CORS
Filing Fee: Varies according to gross revenue
Additional Information: <http://www.ohioattorneygeneral.gov/Charities>

OKLAHOMA

Form Name: Registration Statement of Charitable Organizations
Form Number: SOS Form 101
Filing Fee: \$15.00
Additional Information: <https://www.sos.ok.gov/forms/FM0101.PDF>

OREGON

Form Name: Registration for Corporation
Form Number: RF-C
Filing Fee: N/A
Additional Information: <http://www.doj.state.or.us/charigroup/Pages/index.aspx>

PENNSYLVANIA

Form Name: Charitable Organization Registration Statement
Form Number: BCO-10
Filing Fee: Depends on gross revenue
Additional Information: <http://www.dos.pa.gov/BusinessCharities/Charities/Pages/default.aspx>

RHODE ISLAND

Form Name: Charitable Organizations Application

Form Number: N/A
Filing Fee: \$90.00
Additional Information: <http://www.dbr.ri.gov/divisions/securities/charitable.php>

SOUTH CAROLINA

Form Name: Registration Statement for a Charitable Organization
Form Number: N/A
Filing Fee: \$50.00
Additional Information: http://www.scsos.com/Library_of_Forms_and_Fees#Charitable%20Organizations

TENNESSEE

Form Name: Application for the Registration of a Charitable Organization
Form Number: SS-6001
Filing Fee: \$50.00
Additional Information: <http://sos.tn.gov/charitable/charitable-organizations-forms>

TEXAS

Form Name: No for most, exceptions exist
Form Number: Registration Statement
Filing Fee: \$50.00
Additional Information: <http://www.oag.state.tx.us/consumer/nonprofits.shtml>

UTAH

Form Name: Charitable Organization Permit Application Form
Form Number: N/A
Filing Fee: \$100.00
Additional Information: <http://consumerprotection.utah.gov/registrations/charities.html>

VERMONT

Form Name: N/A
Form Number: N/A
Filing Fee: N/A
Additional Information: <https://www.sec.state.vt.us/corporationsbusiness-services/business-filing/start-or-register-a-business/nonprofit-corporation.aspx>

VIRGINIA

Form Name: Registration Statement for A Charitable Organization
Form Number: 102
Filing Fee: \$100.00
Additional Information: <http://www.vdacs.virginia.gov/food-charitable-solicitation.shtml>

WASHINGTON

Form Name: Charitable Solicitations

Form Number: N/A

Filing Fee: \$20.00

Additional Information: <http://www.secstate.wa.gov/charities>

WEST VIRGINIA

Form Name: Registration Statement of Charitable Organizations

Form Number: CHR-1

Filing Fee: Varies according to revenue

Additional Information: <http://www.sos.wv.gov/business-licensing/charities/documents/chr1.pdf>

WISCONSIN

Form Name: Charitable Organization Registration Statement

Form Number: 296

Filing Fee: \$30.00

Additional Information: <https://www.wdfr.org/CharitableOrganizations/forms.htm>

IV. Applying for Tax Exemption

To apply for recognition of non-profit status under 501(c) of the Internal Revenue Code (IRS) you must complete Form 1023. Non-profits organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals are eligible to file. The two key requirements for a non-profit to be exempt from federal income tax under section 501(c) are that the non-profit must be organized and operated exclusively for one or more exempt purposes. IRS publication 557 provides valuable information on tax exempt status for the non-profit organization.

The Form 1023 contains eleven (11) parts and eight (8) schedules that may or may not be applicable.

Part I - Identification of Applicant: The information requested in this part is the full name of the non-profit, mailing address, employer identification number, month the annual accounting period ends, primary contact, authorized representative (if applicable), non-profit's website, and non-profit's email.

Part II - Organizational Structure: The information requested includes the type of corporation and either the Articles of Incorporation, Articles of Organization, Articles of Association, or trust agreement; also if the non-profit has bylaws.

Part III - Required Provisions in Organizing Document: There are two required provisions to meet the organizational test under section 501(c) and the location of the information is required. The two provisions are that the organizing document states your exempt purpose(s) and that upon dissolution of the organization the remaining assets must be used exclusively for exempt purposes.

Part IV - Narrative Description of Activities: The narrative must include your past, present, and planned activities. The narrative must answer the following questions.

- What is the activity?
- Who conducts the activity?
- When is the activity conducted?
- Where is the activity conducted
- How does the activity further your exempt purposes?

- What percentage of your total time is allocated to the activity?
- How is the activity funded?

Part V - Compensation and Other Financial Arrangements With Officers, Directors, Trustees, Employees, and Independent Contractors: The information required is the compensation which would include salary, deferred compensation, retirement benefits, other fringe benefits, and other compensation paid to board members and the five highest compensated employees receiving more than \$50,000 per year in compensation. Additional information requested is any relationship between board members and highest compensated employees and independent contractors and how compensation is determined.

Part VI - Members and Other Individuals, and Organizations That Receive Benefits From You: The information to be provided in this part includes goods, services or funds that are provided by programs to organizations. If the organization has programs for members only a copy of the membership application and dues are required. Also any business or family relationships between individuals who receive goods, services, or funds through the programs must be disclosed.

Part VII - History: If an organization is a successor to another organization the information about the other organization must be provided.

Part VIII - Specific Activities: This part requires information on involvement with political campaigns, influencing of legislation, operating gaming activities and any agreements with individuals or organizations that conduct gaming for the organization. Information is also required on the organization's fundraising activities, your affiliation with a governmental unit, economic development activities, development and management of facilities, joint ventures or other business relationships. For organizations that provide childcare information is requested. Information must be provided on the development of materials that will be copyrighted, patented, or trademarked.

The part also requests information on the types of contributions accepted and work with foreign organizations. The final information required involves type of exemption, main function, and provides guidance on the appropriate schedules that need to be completed.

Part IX - Financial Data: The financial data consists of providing a statement of revenues and expenses for the current tax year and the three (3) prior tax years or two (2) succeeding tax years. If the organization has been in existence for four or more years complete the three prior tax years. If the organization has existed more

than one year and less than four years provide financial information for each completed year and projections for other years. If the organization is less than one year old provide projections. The second piece of financial data is the balance sheet. The information should be for the most recently completed fiscal year and if the organization is less than one year old use the most current information available.

Part X - Public Charity Status: The information required is determination of your status as a private foundation or a private operating foundation. The other information requested is if you are requesting an advance ruling or a definitive ruling.

Part XI - User Fee Information: The user fee payment that must be included with the application is \$300 for organizations that have annual gross receipts of not more than \$10,000 and \$750 if the annual gross receipts are more than \$10,000.

Schedules: Dependent upon the activities of the organization one or more of the schedules might apply and have to be completed.

- Schedule A – Churches
- Schedule B – Schools, Colleges, and Universities
- Schedule C – Hospitals and Medical Research Organizations
- Schedule D – Section 509(a)(3) Supporting Organizations
- Schedule E – Organizations Not Filing Form 1023 within 27 Months of Formation
- Schedule F – Homes for the Elderly or Handicapped and Low-Income Housing
- Schedule G – Successors to Other Organizations
- Schedule H – Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

V. Board of Directors

The board of directors is a group of people who agree to accept responsibility for a non-profit organization. A board is responsible for ensuring that the non-profit organization is fulfilling its mission and makes decision about the organization, sets policy for the staff or volunteers to implement, and oversees the non-profit's activities. Raising money for the non-profit is also an important responsibility that many but not all boards assume. Board members almost always serve without compensation; they're volunteers who have no financial interest in the non-profit's business.

A non-profit organization doesn't have owners like a for-profit business does, but a board of directors guides and oversees the organization like an owner might. No one owns city, state, and federal government, so citizens hand over the responsibility of running the government to elected officials. We expect those officials to govern the affairs of our city, state and nation. The job of a non-profit board is similar; in fact, it's referred to as non-profit governance.

In addition to the legal and fiduciary responsibilities, a non-profit board performs other roles too:

1. Providing a guiding strategy

A board guides the overall planning and strategy of a non-profit organization. At the most basic level, this job means reviewing the organization's mission statement and goals on a regular basis. Every non-profit should have an organizational plan.

2. Hiring and working with the executive director

One role of a non-profit board is to hire the executive director. Of course, many non-profit organizations operate without paid staff, but if your non-profit does have employees, finding the right executive director is one of the board's most important tasks.

A board works with its executive director to set goals and objectives for the year. However a board should have a good idea of the executive director's work plan and guarantee that her efforts are in line with the agency's purpose.

3. Overseeing the organization's finances

A board must see that the organization has the resources to carry out its goals. As part of this duty, many boards are active in fundraising. But a board also is

responsible for reviewing the organization's budget and staying within the budget.

Board officers are usually elected to one, two or three year terms. Most non-profit boards have a president, vice president, secretary, and treasurer. Sometimes the positions of secretary and treasurer are combined into one office.

Officer Title	Description of Duties
President	Presides at board meetings, appoints committee chairpersons, works closely with the executive director to guide the organization, and acts as public spokesperson for the organization (but also may assign this responsibility to the executive director)
Vice President	Presides at board meetings in the president's absence and serves as a committee chairperson as appointed by the president
Secretary	Maintains the organization's records, takes board-meeting minutes, and distributes minutes and announcements of upcoming meetings to board members
Treasurer	Oversees the organization's financial aspects, makes regular financial reports to the board, and serves a chairperson of the board finance committee

Table 4: Duties and responsibilities of board officers

If the board has standing (permanent) committees, the board president appoints committee chairpersons. Typical standing committees are finance, development or fundraising and program committees.

Committee Name	Description of Responsibilities
Development	Sets revenue goals and supports the generation of revenue by staff and volunteers
Finance	Assists the treasurer in overseeing financial reports and making budgets
Program	Oversees the program activities of the organization

Table 5: Responsibilities of standing committees

Board committees make regular reports to the full board about the organization's activities in their particular areas. Board officer terms and the number and type of standing committees are written into the organization's bylaws.

If the organization is large enough to conduct an annual financial audit, the board may need to appoint an audit committee. Be sure to check the laws.

Executive committees are standard groups on some larger boards of directors. Usually the members of the executive committee are the officers of the board. The executive committee may hold regular meetings to set the agenda for the meetings of the full board and to advise the board president, or it may come together on an as-needed basis. Sometimes an organization's bylaws empower the executive committee to make decisions on behalf of the full board in an emergency or other special circumstance.

It is important that all board members understand their role and responsibilities. The following information is useful in orienting new board members:

- Organization's mission statement
- Bylaws
- Description of board member responsibilities and expectations
- Board job descriptions
- Board minutes for the last two or three meetings
- Financial audit or financial statement
- Names, addresses, and phone numbers of other board members
- Organizational plan (if one is available)
- Description of programs
- Calendar of the organization's events and scheduled board meetings

Attachment E provides job descriptions for the officers of the board of directors and board members.

VI. Strategic Planning

Strategic planning is a formalized process by which a non-profit makes a study of its vision for the future, typically for three years or more from the present. A strategic plan is an important management tool that can help agency leaders consider the effects of advances in technology, changing markets for its services, the effects of government funding cutbacks, or the emergence of other organizations (both for-profits and non-profits) that provide similar, competing services.

The four main reasons non-profits do strategic planning include:

1. To coordinate their activities
2. To ensure that the future is taken into account
3. To be rational, and
4. To control

Strategic planning is designed to suggest remedies for non-profit problems before they blow up. Deep cuts in government grants, changes in markets, advances in technology, competition from for-profit businesses, and changes in demographics in a non-profit service area all crystallize the need to change the basic way a non-profit does business.

The benefits of strategic planning include:

1. **It permits discussion of issues in a proactive rather than reactive mode.**
Usually developed in an atmosphere that encourages creativity and brainstorming, the strategic plan may not only include concrete directions, but also provides a set of core values.
2. **It requires an action plan to solve real problems faced by the non-profit.**
The action plan is a template that the staff can use to implement the policies and direction of the board. A strategic plan explicitly includes those core values, and assists the executive director in creative strategies for solving current problems and anticipating future ones.
3. It provides a formal mandate for the reallocation of resources to respond to changing conditions, and the means to obtain additional resources if required. A successful strategic planning process that develops an aggressive plan to move the non-profit forward.
4. It builds inter-board relationships that might not otherwise exist, and creates a partnership among the board chairperson, board members, staff, funders, and

other stakeholders. Each has a role that is defined in the plan and the added responsibilities increase the available resources of the non-profit.

5. It provides a mechanism for the board, staff and non-profit stakeholders to become more informed about the activities and problems faced by the non-profit.

Developing the Strategic Plan

It is important to establish the infrastructure to write the strategic plan. The board of directors should appoint a planning committee to oversee and participate in the planning process. Several decisions will have to be made.

1. How many years the plan will cover
2. The timetable and process for development of the plan

This includes the steps that are required and who is responsible for accomplishing each task. Among the tasks are:

- Appointing the committee
- Hiring a consultant or facilitator
- Leading the orientating of the planning committee
- Choosing the meeting site
- Scheduling the meetings
- Writing the first draft of the plan
- Providing the procedures to review and revise the draft
- Writing the final plan
- Developing the process for the planning committee to approve the final plan
- Formulating the review and the process for the full board's approval of the final plan

In managing a non-profit organization, Thomas Wolff outlines six levels in the linear model of strategic planning. In the linear model, the planning committee considers one level before proceeding to the next. This contrasts with the integrated planning model, which provides for many of these levels to be considered simultaneously, recognizing that the end result is interdependent upon each of the earlier levels.

Level 1: The planners consider the mission statement, which describes the purpose the organization is trying to achieve.

Level 2: Non-profit goals are developed, providing the general direction in which the non-profit intends to go.

Level 3: Objectives and targets are set, indicating the outcomes the organization hopes to achieve.

Level 4: Strategies are formulated to meet the objectives and targets. These are the methods and ways the organization plans to achieve those outcomes.

Level 5: An action plan is developed to implement the strategies.

Level 6: An evaluation is performed after implementation, to review whether the outcomes were achieved and whether the strategies were successful.

Some additional components of a strategic plan may be:

- A five-year projection of staffing patterns
- A five-year projected budget
- Sources of revenue to implement changes stipulated by the plan
- A marketing strategy
- A schedule for periodically updating the strategic plan
- A schedule for evaluating whether the plan is being implemented effectively and whether the strategies provided in the plan are successful
- A facility/equipment plan
- Yearly updates to the plan

Attachment H provides a template that can be used for development of the strategic plan.

VII. Managing the Non-profit

A. Personnel Policies

Non-profit corporations with staff should have a written personnel policy. There are a number of state and federal laws that apply to all employers and many standard forms that must be filed to comply with the laws.

Personnel policies and procedures outline how a non-profit relates to its employees. They're essential for both supervisors and employees because they provide guidelines about what's expected in the workplace and on the job. They ensure that all employees receive equal treatment, provide the steps necessary for disciplinary action if it's needed, and lay out expectations for employees.

Document all intended policies and procedures and collect them in a policies and procedures manual. Having all policies and procedures in a manual facilitates training about them to all employees. All employees should have read the manual to understand and accept its contents. They should sign a form indicating so, and provide the signed form to the non-profit's administrator. All supervisors should be trained about the policies and procedures.

Some of the issues to consider for inclusion in the personnel policy are the following:

1. Hiring policies - How should job vacancies be advertised? Will there be affirmative action to recruit minorities? Should the search be national, statewide, regional, or local? Should current employees be given preference in hiring for vacant positions?
2. Firing policies - What are the conditions that permit dismissal without appeal, such as "for cause"? Will there be severance pay? Will placement services be provided? Will notice be given for unsatisfactory job performance before dismissal?
3. Probationary periods of employment - Should there be a period of probation during which an employee can be terminated without access to any grievance procedure or without receiving benefits, including leave?
4. Sick leave and vacation - How many days will be allowed? Can they be accumulated, and if so, how? Will a doctor's note verifying a sickness be required?
5. Holidays – Which holidays are paid holidays and which are optional? What is the policy with respect to the observance of religious holidays?

6. Personal days – How many personal days will be permitted, and will they be accumulated? If not taken, will they carry over? Can they be “cashed in” upon retirement?
7. Overtime policies – Which classes of employees are eligible for overtime pay? Is overtime mandatory if requested by the non-profit? Will overtime be compensated in salary or compensatory time?
8. Compensatory (“Comp”) time – Should comp time be granted in lieu of overtime pay? Should surplus comp time be required to be used for routine doctor and dentist appointments rather than sick leave?
9. Full-time vs. part-time status – How many hours per week qualify the employee for benefits?
10. Health Insurance – Is there a group plan? Will gross salary be increased if an employee is covered by the health insurance policy of a spouse and desires not to be covered by the non-profit?
11. Pension – How long does it take for an employee to be vested? What is the employer and employee contribution requirement?
12. Life insurance, disability insurance, long term care insurance, and other insurance benefits – Is there a menu from which to choose?
13. Employee evaluation – Who performs the evaluation? How often will the evaluation be performed? Under what conditions may employees exercise their legal rights to examine their files? Who has access to personnel files?
14. Merit salary increases; cost-of-living increases – What are the criteria used for salary increases, and how often and by whom are salaries reviewed?
15. Continuing education benefits – Are they offered? Who has authority to approve requests? What are the time and cost limitations? When do employees become eligible?
16. Staff training/orientation – Is a pre-or post employment physical or other examination required? Is there a formal review for new employees concerning staff personnel policies? What type of training will be provided and who will provide it?
17. Maternity leave – What documentation is required? What is the maximum leave the employee may take without losing her job?
18. Bereavement leave – How long will such leave be, and which relatives will be included in the policy?

19. Family and medical leave – For what purposes will this leave be granted? What documentation is required to accompany a leave request? Will the leave be paid or unpaid, and what will the effect be on unused sick leave and vacation?
20. Pay for jury duty, military leave – What is the non-profit's policy?
21. Sabbatical leave – After how many years will employees qualify, for how long, and will this be paid or unpaid leave?
22. Expense reimbursement documentation – How will expenses be filed and what expenses are eligible? Is there a flat per diem rate for out-of-town travel or reimbursement? What amount will be reimbursed for mileage?
23. Notice required for resignation – What is the minimum notice required, and what are the sanctions for not complying?
24. System for resolution of employee grievances – May employees appeal to the board of directors? Is there a committee for this purpose?
25. Disciplinary sanctions for rule-breaking – Is there provision for suspension with or without pay?
26. Prohibition against secondary employment – What types of outside earned income are prohibited or permitted?
27. Telephone policy – What is the organization's policy with respect to personal calls at work, including reimbursement by the employee for toll calls?
28. Payroll – Will salary be provided weekly, every other week, or monthly?
29. Use of the Internet – What is the organizations policy for using the non-profit's internet account for personal use, during working hours, and after working hours?
30. Use of organization cell phone – What is the policy with respect to using the cell phone issued by the non-profit for personal use?

While the issues may seem overwhelming, a small non-profit may only need basic policies such as hours of operation, vacation and sick leave policy, benefits provided, and holidays. The rest can be determined on an ad hoc basis by the executive director, in consultation with the board's chairperson and/or the personnel committee, if there is one.

B. Financial Management

One of the most critical functions of a non-profit organization is the financial management. All non-profit corporations must keep certain financial records and create reports of their financial condition. Because of the importance of financial management in non-profit organizations, all non-profits must institute financial

management systems to assure they will operate efficiently and effectively to minimize waste, fraud and abuse.

Among the activities encompassed by financial management are sequences of related activities, including planning, programming, budgeting, and financing, controlling, and evaluating (McKinney, 2004).

1. Planning involves assessing the non-profit's current and likely future situation, surveying its strengths and weaknesses, setting out its goals and objectives, and developing a roadmap to achieve them. There are financial implications to changes in market conditions, new competitors, new laws and regulations, additional paperwork requirements (such as might be required by a new government or foundation funder), and an increase in the demand for services – both an increase in the number of clients and an increase in the level of services required by each client – resulting from changing social, economic, or political conditions.
2. Programming is the scheduling of the activities the non-profit needs to engage in to make its goals become a reality. In this phase, the non-profit creates distinct programs. A program is defined as “a collection of organizational resources that is geared to accomplish a certain major goal or set of goals” (McNamara, 2003). Prudent financial management requires that financial data be segregated by program, so that the performance of each program can be independently evaluated. This is particularly important to non-profit organizations, as funders want their grants and donations used for a particular purpose that may be only one small part of the overall operation of the non-profit.
3. Budgeting is the process for allocating expenditures to each program. A budget is defined as an itemized summary of estimated or intended expenditures for a given period, often for a given fiscal year. A “fiscal year” is a one-year period at the end of which all accounts are reconciled, and for which the one-year budget applies. It does not necessarily coincide with a calendar year.
4. Financing includes the activities necessary to obtain the resources needed in the budget.
5. Controlling includes the development of a system that assures that the program envisioned in the plan is being carried out appropriately. It also provides for feedback to warn when a program does not measure up to its expectations so that mid-course corrections can be implemented to get it back on track. Included in this phase of operations are policies to assure that the non-profit's assets – such as equipment and supplies, inventory of goods, and cash are protected for inappropriate use or distribution. Most importantly, this includes systems that are designed to ensure whether the implementation of programs is consistent with

budget plans and projections, and to have procedures in place to expand, contract, or otherwise modify program operations when their performance differs from what was anticipated by the budget and planning documents.

The components of an internal control system include:

- a. Written financial procedures – The written policies and procedures for how financial activities will be handled.
 - b. Segregation of Duties – this involves breaking up work duties so that one person does not have total control over a portion of the financial system.
 - c. Record-keeping – This relates to documentation and recording of all financial transactions. Among ways non-profits try to minimize their vulnerability to internal fraud and abuse is by using a reliable payroll service, contracting out accounts receivable, and taking advantage of those financial institutions willing to do cash management for non-profits.
 - d. Budgets – The budget is perhaps the best strategy to control behavior, since if there are no funds in the budget, it is difficult for spending to occur that has not been preauthorized and planned for.
 - e. Reporting. The three financial reports to control the average non-profit corporation are: The balance sheet, revenue and expenses, and cash flow projections and utilization reporting.
6. Evaluation provides data on whether the programs are accomplishing what they set out to do. It involves validating the efforts on what is working and providing enough information to eliminate components of programs, or entire programs.

Basic Financial Statements

There are three basic financial statements that are prepared by the organization's accountant:

1. Balance Sheet (Statement of Financial Position). The purpose of the balance sheet is to demonstrate the financial position of the organization at a certain point. By comparing its assets (what the non-profit owns) to liabilities (what the non-profit owes). Current assets consist of the monetary value of what is owned by the non-profit and other long-term assets, including the cash in the checking account and cash equivalents, such as certificates of deposit; accounts receivable (minus the value of those receivables that are not likely to be collected, called "bad-debts"); pledges receivable; grants receivable; the current value of investments (stocks, bonds and other marketable financial assets); inventories of goods; and prepaid expenses and other deferred charges (such as, for example, a fully-paid life insurance policy that covers more than one fiscal

year). Fixed assets (including the value of land, buildings, and equipment owned by the organization that has a life of more than a year) are those that are not likely to be converted into cash at any time in the near future, such as stocks and bonds or real property owned by the non-profit.

2. Income Statement. Income statements consist of three parts, showing revenues, expenses, and the net differences between these two (positive if there is a profit, negative if there is a loss).
3. Statement of Changes in Financial Position. This statement typically includes the amount of cash from revenues; the amount of cash expenditures and the differences between the two as net revenue or net loss. The “bottom line” on this statement shows the net profit or loss and the cash balance.

Attachment I provides examples of financial statements

Budgeting

The annual budget document is the blueprint for both spending and income.

Line-item and program budgets are the two major types of budgeting used by non-profit corporations. Each has its advantages and disadvantages.

Line Item Budget

The line item budget is a list of various categories and the amount the non-profit expects to spend for each category. Non-profits have some of the same categories in a line-item budget. Among the most common are:

- Salaries
- Consulting services
- Professional services
- Taxes
- Fringe benefits
- Telephone
- Postage
- Printing and photocopying
- Travel

- Workshops and conferences
- Bank fees
- Dues
- Subscriptions and publications
- Data processing
- Equipment
- Equipment maintenance and repair
- Legal services
- Insurance
- Rent
- Office supplies
- Maintenance and repairs
- Security services
- Utilities
- Bookkeeping and payroll services

Program Budget

The second type of budget is called a program budget. The program budget also contains various line-items, but the difference is that each program of the non-profit is specific for that program.

Due to the mix of funding of many non-profits most combine the two types of budgeting – to have a general line item budget, but to allocate some spending in all categories to certain programs.

Steps to Budgeting

Step 1: Begin the budgeting process at least three months before the start of the non-profit's fiscal year, allowing enough time for the board to approve the final budget after having the opportunity to provide feedback.

Step 2: Review all programs and management achievements. Compile a comparison of estimated costs to actual costs, which is called a “variance.”

Step 3: Make estimates of expenses for commitments made for the upcoming year (in salaries, new programs, capital expenses) that did not require funding for the current year, such as new programs and the expansion of existing programs approved in the non-profit’s strategic plan.

Step 4: Make estimates of expenditure increases resulting from predictable budget items, such as salary inflation adjustments and merit increases, rent, utilities, insurance, and other categories that grow as a result of inflation rather than expansion of services or programs.

Step 5: Make estimates of income – including estimated contributions, grants, fees, the sale of goods and services, and investment income.

Step 6: Adjust spending and income based on the non-profit’s ability to build surpluses or incur deficits, but avoid making adjustments in income based on the need to balance a budget. The reason is that spending is more likely to be controllable compared to income.

Step 7: Submit the budget to the board for approval.

Step 8: Periodically adjust the organization’s budget and resubmit changes to the board as new information is received.

Attachment J provides a sample budget and Attachment I is a template that can be used for budget development.

C. Insurance for Non-profits

There are a number of types of coverage that non-profits need to consider when evaluating insurable risks. The most commonly purchased coverage’s are:

- Commercial general liability insurance. Commercial general liability policies cover liability exposures common to all organizations. The policy includes a combination of three separate coverage’s; general liability, personal injury and advertising injury, and medical payments.
- Commercial property insurance. Property insurance covers loss to buildings or personal property.
- Crime coverage. Crime coverage protects the organization against intentional theft by insiders as well as theft of assets by third parties.

- Directors' and officers liability insurance. Directors and officers insurance is coverage against wrongful acts which might include actual or alleged errors, omissions, misleading statements, and neglect or breach of duty on the part of the board of directors.
- Professional liability insurance. Professional liability insurance protects against claims alleging negligence in the deliver of professional services.
- Workers' compensation insurance. Workers compensation covers expenses employers are mandated to pay by state or territory statute to cover specific benefits for employee injuries.

The Non-profit Risk Management Center has published a comprehensive guide on insurance for non-profits and provides detailed information on a wide range of coverage's available to and purchased by non-profits. The Guide, Coverage, Claims and Consequences: An Insurance Handbook for Non-profits is available at: <http://www.nonprofitrisk.org>.

D. Ongoing Compliance

Once a non-profit organization has been created and has obtained tax exemption and other qualifications the statuses must be maintained. Below is a list of some of the ongoing compliance filing requirements. It is important that each organization check with their state or territory to identify all filing requirements and develop internal procedures that all reports are submitted to the appropriate government agency.

Federal IRS Form 990

IRS Form 990 is an annual informational return that must be filed by all 501(c) organizations. Form 990 is the annual report of income and expense activity, the prior year's activities and accomplishments, details about operations and information about large donors. No taxes are due on net income from tax exempt activities.

Form Name: Return of Organization Exempt from Income Tax

Filing Fee: \$0

Form Number: Form 990 or 990EZ or 990-N or 990PF or 990-T. The specific form to be filed is dependent upon several factors the most significant being revenue.

Due Date: 15th day of the 5th month after fiscal year ends

Late Filing Fees: \$20 per day up to the lesser of \$10,000 or 5% of the non-profit's gross revenue.

ALASKA

The state requires a biennial report.

Form Name: Biennial Report

Form Number: N/A

Filing Fee: \$15.00

Due Date: July 2 every two years from incorporation

Late Filing Penalties: \$37.50

Additional Information:

<https://www.commerce.alaska.gov/web/cbpl/Corporations/CorpFormsFees.aspx>

ALABAMA

The state does not require an annual report

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Due Date: N/A

Late Filing Penalties: N/A

Additional Information: N/A

AMERICAN SAMOA

The territory does not require an annual corporate report.

ARIZONA

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00 regular fee; \$35 expedited

Due Date: Found on the annual report form

Late Filing Penalties: N/A

Additional Information: <http://www.azcc.gov/Divisions/Corporations/annual-report-electronic-submission.asp>

ARKANSAS

The state requires an annual report

Form Name: Annual Report for Nonprofit Corporations

Form Number: NP-AR

Filing Fee: N/A

Due Date: August 1

Late Filing Penalties: N/A

Additional Information:

http://www.sos.arkansas.gov/business_entity_fees_forms_pro.html

CALIFORNIA

The state requires an annual report initially and biennially thereafter

Form Name: Statement of Information

Form Number: Form SI-100

Filing Fee: \$20.00

Due Date: First filing must be within 90 days of its initial filing of the original Articles of Incorporation and biennially thereafter

Late Filing Penalties: \$50.00

Additional Information: http://www.sos.ca.gov/business/bpd_forms.htm#be

COLORADO:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00 fee online; \$100.00 for paper filing

Due Date: Can be found by searching for the entity under the Business Database in the Business Center of the Secretary of State's website.

Late Filing Penalties: N/A

Additional Information: <https://www.sos.state.co.us/pubs/charities/filings.html>

COMMONWEALTH OF THE NORTHERN MARIANAS:

The territory requires an annual corporate report.

Form Name: CNMI Annual Report

Form Number: RPCNMI

Filing Fee: \$10.00

Due Date: New organizations must file an initial annual report within 60 days of their incorporation.

Additional Information: Subsequent annual reports follow between January 1st and March 1st of the following year.

CONNECTICUT:

The state requires an annual report

Form Name: Organization and First Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: Varies

Late Filing Penalties: N/A

Additional Information:

<http://www.sots.ct.gov/sots/cwp/view.asp?a=3177&Q=392124&sotsNav=|>

DELAWARE:

The state requires an annual report

Form Name: Corporate Annual Report

Form Number: N/A

Filing Fee: \$25.00 plus tax

Due Date: March 1

Late Filing Penalties: \$100.00

Additional Information: <http://www.corp.delaware.gov/paytaxes.shtml>

DISTRICT OF COLUMBIA:

The state requires a corporate report

Form Name: Two-Year Report for Foreign and Domestic Corporations

Form Number: BRA-25 Nonprofit

Filing Fee: \$75.00

Due Date: January 15th

Late Filing Penalties: \$40.00 penalty fee if filed after the due date

Additional Information:

<https://corponline.d cra .dc.gov/Account.aspx/LogOn?ReturnUrl=%2f>

FLORIDA:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$61.25

Due Date: Between January 1 and May 1

Late Filing Penalties: N/A

Additional Information: <http://www.sunbiz.org/ARFormCreate.html>

GEORGIA:

The state requires an annual report

Form Name: IRS 990 or 990EZ

Form Number: N/A

Filing Fee: \$30.00

Due Date: April 1 of the ensuing year

Late Filing Penalties: \$25.00

Additional Information: <https://dor.georgia.gov/tax-exempt-organizations-income-tax>

GUAM:

The territory requires an annual corporate report.

Form Name: Sample report provided by GovGuam

Form Number: Not Applicable

Filing Fee: \$100.00

Due Date: July 1st through September 1st

Additional Information:

<http://www.govguamdocs.com/revtax/docs/GuamAnnualReport.pdf>

HAWAII:

The state requires an annual corporate report.

Form Name: Domestic Non-profit Corporation Annual Report

Form Number: D2

Filing Fee: \$5.00

Due Date: Dependent on incorporation date

Additional Information: <https://efile.form990.org/frmnpparticipatingstatescohi.asp>

IDAHO:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: N/A

Due Date:

Late Filing Penalties: Organization may be dissolved

Additional Information: Idaho does not require annual filings by a non profit organization unless required by the IRS.

ILLINOIS:

The state requires an annual report

Form Name: Domestic/Foreign Corporation Annual Report

Form Number: C-54

Filing Fee: \$10.00

Due Date: First filing must be within 90 days of its initial filing of the original Articles of Incorporation and biennially thereafter.

Late Filing Penalties: \$3.00

Additional Information: <http://tax.illinois.gov/TaxForms/Businesses.htm>

INDIANA:

The state requires an annual report

Form Name: Business Entity Report

Form Number: NP-20

Filing Fee: Varies

Due Date: By the end of the anniversary month of formation

Late Filing Penalties: There is no fee, but the corporation does run the risk of being dissolved.

Additional Information: <http://in.gov/dor/3506.htm>

IOWA:

The state requires a biennial report

Form Name: Biennial Report

Form Number: N/A

Filing Fee: N/A

Due Date: January 1-March 3 of each odd numbered year

Late Filing Penalties: Corporation may be dissolved

Additional Information:

<http://www.sos.state.ia.us/business/Nonprofits/NonProfFAQs.html> - biennialreport

KANSAS:

The state requires an annual report

Form Name: NP Not for Profit Corporation Annual Report

Form Number: 17-7504

Filing Fee: \$40.00

Due Date: 15th day of the 6th month following the end of the fiscal year

Late Filing Penalties: If the organization does not file by its due date, it will be forfeited in Kansas

Additional Information: https://www.kssos.org/forms/business_services/NP.pdf

KENTUCKY:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$4.00

Due Date: On or before June 30th

Late Filing Penalties: The State will mail a notice after the June 30th due date that gives the corporation until October 31st to file, but if the corporation has not filed by the Oct. 31st due date, it is subject to dissolution.

Additional Information: <http://www.sos.ky.gov/bus/business-filings/Pages/Annual-Reports.aspx>

LOUISIANA:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: on or before the anniversary of incorporation

Late Filing Penalties: Corporations that miss three consecutive filings are subject to revocation

Additional Information:

<http://www.sos.la.gov/BusinessServices/FileBusinessDocuments/FileAnnualReport/Pages/default.aspx>

MAINE:

The state requires an annual report

Form Name: Annual Report

Form Number: MNPCA-13

Filing Fee: \$35.00

Due Date: June 1

Late Filing Penalties: Varies

Additional Information: <http://www.maine.gov/sos/cec/corp/nonprofit.html>

MARYLAND:

The state requires an annual report

Form Name: Personal Property Return

Form Number: Form 1

Filing Fee: N/A

Due Date: April 15th

Late Filing Penalties: Varies

Additional Information:

<http://www.maryland.gov/pages/search.aspx?q=not%20for%20profit%20annual%20report&site=epoknsoysgs&name=Assessment%20and%20Taxation>

MASSACHUSETTS:

The state requires an annual report

Form Name: Annual Report

Form Number: 180NPCAR

Filing Fee: \$15.00

Due Date: November 1

Late Filing Penalties: Varies

Additional Information: <http://www.sec.state.ma.us/cor/coridx.htm>

MICHIGAN:

The state requires an annual report

Form Name: Annual Report

Form Number: BCS/CD-2000 will be mailed to the registered agent of the organization

Filing Fee: \$20.00

Due Date: October 1 every year following incorporation

Late Filing Penalties: If annual report is not filed for two consecutive years, the organization is automatically dissolved.

Additional Information:

http://www.michigan.gov/documents/dleg/BCS_CD_269_281961_7.pdf

MINNESOTA:

The state requires an annual report

Form Name: MN Nonprofit Corporation Annual Renewal

Form Number: N/A

Filing Fee: Varies

Due Date: December 31

Late Filing Penalties: Penalties vary leading up to dissolution

Additional Information: <http://www.sos.state.mn.us/business-liens/business-forms-fees/minnesota-non-profit-corporation-forms/?searchTerm=not%20for%20profit%20annual%20report%20filing>

MISSISSIPPI:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00 Due Date: April 1st

Late Filing Penalties: N/A

Additional Information: <http://www.sos.ms.gov/BusinessServices/Pages/Annual-Reports.aspx>

MISSOURI:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$15.00 paper filing; \$10.00 online filing

Due Date: Month of original incorporation

Late Filing Penalties: \$5.00

Additional Information: <http://www.sos.mo.gov/business/corporations>

MONTANA:

The state requires an annual report

Form Name: Montana Corporation Annual Report

Form Number: N/A

Filing Fee: \$15.00

Due Date: April 1

Late Filing Penalties: After April 15th, \$30.00

Additional Information: <http://sos.mt.gov/business/help/ar>

NEBRASKA:

The state requires a biennial report

Form Name: Biennial Report

Form Number: N/A

Filing Fee: \$20.00

Due Date: April 1

Late Filing Penalties: Failing to file the report and pay the fee by the deadline, will be dissolved by operation of law.

Additional Information:

http://www.sos.state.ne.us/business/corp_serv/corps_faq.html

NEVADA:

The state requires an annual report

Form Name: Initial List and Registered Agent Form

Form Number: N/A

Filing Fee: \$25.00

Due Date: Annually on the last day of the first month following incorporation month

Late Filing Penalties: \$50.00

Additional Information:

<http://nvsos.gov/Modules/ShowDocument.aspx?documentid=640>

NEW HAMPSHIRE:

The state requires a corporate report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: December 31st, Reports are due every five years

Late Filing Penalties: N/A

Additional Information: <https://quickstart.sos.nh.gov/online/Account>

NEW JERSEY:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: One year from initial formation

Late Filing Penalties: Corporations that do not file for 2 consecutive years will be revoked.

Additional Information:

http://www.state.nj.us/treasury/revenue/dcr/programs/ann_rpt.shtml

NEW MEXICO:

The state requires an annual report

Form Name: Domestic Nonprofit Corporation Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: On or before the 15th day of the 5th month following the fiscal year end

Late Filing Penalties: \$10.00

Additional Information:

[http://www.sos.state.nm.us/Business_Services/Domestic NM for Non_profit Corp.aspx](http://www.sos.state.nm.us/Business_Services/Domestic_NM_for_Non_profit_Corp.aspx)

NEW YORK:

This state does not require an annual report

Form Name: N/A

Form Number: N/A

Filing Fee: N/A

Due Date: N/A

Late Filing Penalties: N/A

Additional Information:

<https://www.charitiesnys.com/pdfs/Annual%20Filing%20Requirements.pdf>

NORTH CAROLINA:

The state requires an annual report

Form Name: Corporate Annual Report

Form Number: N/A

Filing Fee: \$20.00

Due Date: 15th day of the 3rd month after fiscal year end

Late Filing Penalties: Dissolution of corporation

Additional Information: <https://www.sosnc.gov/Corporations/arentry.aspx>

NORTH DAKOTA:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: February 1

Late Filing Penalties: Varies

Additional Information: <http://sos.nd.gov/business/nonprofit-services/nonprofit-corporation/nonprofit-corporation-annual-report>

OHIO:

The state requires a corporate report

Form Name: Continued Existence of Nonprofit Corporation

Form Number: 522

Filing Fee: \$25.00

Due Date: 4 months before the fifth year anniversary of its incorporation

Late Filing Penalties: Cancellation of registration

Additional Information: <http://www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Registration>

OREGON:

The state requires an annual report

Form Name: Annual Report Form 20

Form Number: N/A

Filing Fee: \$50.00

Due Date: Anniversary date of incorporation

Late Filing Penalties: If the corporation has not filed a report for five years, it can be dissolved

Additional Information: <http://sos.oregon.gov/business/Pages/domestic-nonprofit-corporation-forms.aspx>

PENNSYLVANIA:

The state requires an annual report

Form Name: Annual Statement Nonprofit Corporation

Form Number: N/A

Filing Fee: N/A

Due Date: On or before April 30

Late Filing Penalties: N/A

Additional Information:

<http://www.dos.pa.gov/BusinessCharities/Business/Pages/default.aspx>

RHODE ISLAND:

The state requires an annual report

Form Name: Annual Report

Form Number: Form 631

Filing Fee: \$20.00

Due Date: Between June 1 and June 30

Late Filing Penalties: \$25.00

Additional Information:

<http://www.sec.state.ri.us/corps/fee%20schedule/newfee.html#6/>

SOUTH CAROLINA:

The state does require an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: N/A

Due Date: 4 1/2 months after the close of the fiscal year

Late Filing Penalties: N/A

Additional Information: http://www.scsos.com/Public_Charities

SOUTH DAKOTA:

The state does require an annual report

Form Name: Annual Report Domestic Nonprofit

Form Number: N/A

Filing Fee: \$10.00

Due Date: Annually before the last day of the month following the month of incorporation

Late Filing Penalties: N/A

Additional Information: <https://sdsos.gov/default.aspx>

TENNESSEE:

The state does require an annual report

Form Name: Annual Report Submissions

Form Number: N/A

Filing Fee: \$20.00, There is an additional \$20 fee if any changes are made to the Registered Agent and/or Registered Office

Due Date: First day of the fourth month after fiscal year end

Late Filing Penalties: 60 days after the due date, if the report is not filed, a determination letter will be sent to the registered agent as a reminder. If by two months after the determination letter is sent the group has not filed the annual report, the entity will be dissolved. The State of Tennessee will mail an administrative dissolution/revocation document to the registered agent. To reinstate the annual report must be filed along with an application of reinstatement. The filing fee for reinstatement is \$70.

Additional Information: http://tn.gov/sos/bus_svc/annual_reports.htm

TEXAS:

The state requires a corporate report

Form Name: Periodic Report – Nonprofit Corporation

Form Number: Form 802

Filing Fee: \$5.00

Due Date: Every four years within thirty (30) days of the first notice from the State of Texas

Late Filing Penalties: Late fee of \$1 per month or part of a month for one hundred twenty (120) days following the forfeiture, but not less than \$5 nor more than \$25

Additional Information: <http://www.sos.state.tx.us/>

UTAH:

The state requires an annual report

Form Name: Annual Report/Renewal Notice

Form Number: N/A

Filing Fee: \$10.00

Due Date: Anniversary date of the entity

Late Filing Penalties: \$10.00

Additional Information: <http://corporations.utah.gov/onlinechangeforms.html>
<http://corporations.utah.gov/pdf/postcardexample.pdf>

VERMONT:

The state requires a biennial report

Form Name: Nonprofit Biennial Report

Form Number: N/A

Filing Fee: \$15.00 for most, exceptions apply

Due Date: Within 60 days of the year following incorporation and every two years after that.

Late Filing Penalties: \$25.00

Additional Information: <http://www.sec.state.vt.us/corps/dobiz/npo/npbirep.htm>

VIRGINIA:

The state requires an annual report

Form Name: Annual Corporation

Form Number: N/A

Filing Fee: \$25.00

Due Date: By the last day of the month that it was incorporated

Late Filing Penalties: N/A

Additional Information: https://www.scc.virginia.gov/clk/befaq/an_repts.aspx#a1

WASHINGTON:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$10.00

Due Date: Annually by the last day of the anniversary month of incorporation

Late Filing Penalties: After a 90 day grace period, the company may be dissolved

Additional Information: <https://www.sos.wa.gov/corps/Forms.aspx>

WEST VIRGINIA:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: July 1

Late Filing Penalties: Possibly penalties, dissolved or revoked

Additional Information: <http://www.wvsos.com/business/filing/annualreport.htm>

WISCONSIN:

The state requires an annual report

Form Name: Corporate Annual Report

Form Number: DFI Form 17

Filing Fee: \$10.00

Due Date: Notice is sent to organization

Late Filing Penalties: N/A

Additional Information: <http://www.wdfi.org/corporations/>

WYOMING:

The state requires an annual report

Form Name: Annual Report

Form Number: N/A

Filing Fee: \$25.00

Due Date: Due the first day of the anniversary month of incorporation

Late Filing Penalties: Late fees may vary

Additional Information: <https://wyobiz.wy.gov/Default.aspx>

E. Partnerships**1. Introduction**

Sustainable community development is characterized by a collection of strategies, tools, methods, and processes, all of which require collaboration. One of the key components of collaboration is the development and management of partnerships. Primary partners provide the majority of the resources necessary to sustain the organization. They can include federal, state, and local governments, corporations, foundations, and other organizations. Partners include those entities that organizations work with on a daily, weekly, monthly, or yearly basis.

2. The Eight Steps for Creating Partnerships

The following is a template to forming partnerships. While working through these steps it is critical to remember that friends give friends support (money, resources, technical support, and so forth). Make every attempt to personally connect with potential partners. Contact them via telephone, visit their office, invite them on site visits, and introduce them to staff, project participants, and community members. When you work with potential partners on projects, they become invested in the projects' success and sustainability. The eight steps for identifying and developing partnerships are listed below:

Step One: Identify needed resources for your project. These may include:

- Financial support
- Office space and supplies
- Equipment and supplies
- Administrative support
- Environmental services
- Public relations
- Educational support
- Vehicles
- Project partners
- Technical assistance

Step Two: Identify sources that can provide these resources. These may include:

- Federal agencies
- States
- Counties
- Municipalities
- Non-profit agencies

- Foundations
- Corporations
- Trade Associations
- Schools

Step Three: Identify potential benefits your project can offer potential partners. These may include:

- Community development
- Public relations
- Project support
- Future employees
- Services
- Exposure to specific markets
- Improved or sustained community image

Step Four: Research identified resource providers. Ensure that your project is consistent with the mission of the potential partner. If the potential partner provides grants, become familiar with the guidelines, areas of interest, and areas of operation. Determine deadlines and funding cycles to prioritize fundraising efforts. Typical research tools include:

- Internet
- Local business groups/associations
- Foundation Center
- Libraries
- Chronicle of Philanthropy
- Local newspapers
- Congressional delegation

- Networking

Step Five: Contact identified potential partners. Determine the appropriate person to approach. Confirm a meeting with the individual. Request assistance and explain the benefits a partnership with your project can provide. Ask the person to identify additional benefits your project can provide.

Step Six: Determine the proper protocol for initiating the partnership. For example, if the potential partner is a non-profit organization, do you need to approach the Board of Directors, board committees, or staff? Is a written proposal required? If so, what is the correct format? Is a letter of inquiry required? What additional documents are required?

Step Seven: Develop a formal proposal to the potential partner. Detail the services the project is requesting and the benefits the project will provide to the partner. Be prepared to negotiate proposed terms of the partnership following the resource provider's review of the proposal. Determine the proper vehicle to formalize the partnership. Is it a Participatory Agreement, Memorandum of Understanding or Agreement (MOU or MOA), Resolution, contract, grant agreement, or something else? Determine which party is responsible for creating such a document.

Step Eight: Sign a formal document if all parties approve.

3. Maintaining Partnerships

- **Communication.** Clear and consistent communication is critical to properly maintain partnerships. This can best be facilitated by the designation of a staff member from each partner to serve as a liaison. It is important that the liaison be someone within the project, organization, or government agency who is knowledgeable about the project and the project activities. Liaisons should determine a communication protocol designating preferred methods of communication, a meeting schedule, and a protocol for emergency situations. Frequently the communication methods are detailed in the document that formalizes the partnership.
- **Reporting.** Providing partners with regular reports demonstrates the commitment of the project to the partnership, supports communication among partners, and provides partners additional opportunities to contribute to the project. The content and frequency of reports will be determined by the partners. The reports could include progress reports, financial reports, or other specialized reports. It may be necessary to prepare customized reports for individual partners based on the mission or goal of the partner.

- **Conflicts.** The opportunity for conflict increases as the number of partners grows. It is very important that projects know the history, culture, goals, rules, regulations, and objectives of their primary partners. It may not be appropriate to partner with entities that conflict with or do not respect the mission of a project's primary partner(s). Conflict is a reality of partnership. A partnership without conflict usually involves partners who are not attentive to their relationship. Partnerships with established and implemented communication protocols are most likely to productively solve conflict as it occurs and cooperatively achieve shared goals.

The development of partnerships to support projects facilitates the collaboration among entities with a common goal of community development. The benefit to the project through the establishment and management of fully functional partnerships includes:

- A collaborative, fully integrated, level of involvement and participation.
- Active relationships among diverse stakeholders.
- A complex partnership structure that includes multiple partners and multiple partnership levels.
- A strong emphasis on the community as the change agent, with particular focus on the project as a main component, or asset, contributing to community development.

Partnerships serve to strengthen and increase development capital by forming strong networks, developing active participation, and fostering a sense of trust and community. They also increase the ability and capacity of a community to produce meaningful and sustainable development.

Attachment L provides a work exercise to assist you in identifying potential partners and attachment M provides samples of partnership agreements.

VIII. Project Development

Project planning involves a series of steps that determine how to achieve a particular community or organizational goal or set of related goals. This goal can be identified in a community plan or a strategic plan. Project plans can also be based on community goals or action strategies developed through community meetings and gatherings, board meetings, or other planning processes. The planning process occurs before you write your application and submit it for funding.

Project Planning:

- Identifies specific community problems that stand in the way of meeting community goals
- Creates a work plan for addressing those problems and attaining the goals
- Describes measurable beneficial impacts to the community that result from the project's implementation
- Determines the level of resources or funding to implement the project

Why is Project Planning Important?

The success and sustainability of a project is very closely tied to its planning process. Projects often fail due to poor planning, many times because they do not define the problems well or take important factors into consideration such as the needs and views of everyone involved in and affected by the project. Effective planning provides detail and structure to the project work plans and establishes a way to continue the project after the grant funding ends, meaning it is sustainable.

Project Planning Helps Us To:

- Think ahead and prepare for the future
- Clarify goals and develop a vision
- Identify issues that will need to be addressed
- Choose between options
- Consider whether a project is possible
- Make the best use of resources

- Motivate staff and the community
- Assign resources and responsibilities
- Achieve the best results

Additional information can be found in the Administration for Native Americans Project Development Manual at: <https://www.acf.hhs.gov/ana/resource/project-planning-and-development-participant-manual>

Project Development Steps:

When planning for and designing a new project, it is suggested that the following 11 steps of project development:

1. Identify the vision
2. Conduct a needs assessment to identify the problem(s)
3. Assess available resources
4. Determine the project goal
5. Select a project approach/strategy
6. Develop project objectives and activities
7. Identify potential challenges and develop a contingency plan
8. Develop a project evaluation plan
9. Develop a sustainability strategy
10. Prepare the budget and budget justification
11. Write the project summary/abstract

1. Identify the Vision

Begin by creating a statement of the “perfect community and conditions in that community;” this statement serves as a vision statement for the group and community. Sometimes “the community” engaged in project planning is a subset of the overall community. The community subset might be the community elders, local school student population, or any of the definable sub-populations found in your

community. A school's parent association, for example, may develop a vision statement that describes a community where all children graduate from high school, where a large percentage of graduates go on to some form of higher education, and where funding is sufficient to provide assistance so that students can attend their post secondary school of choice. There may be many other characteristics that could define the desired situation for this "student community".

The point is to envision an overall community, or subset of the community, living in an ideal situation. If you could snap your fingers and create the perfect community what would it look like? What are its characteristics? What kinds of opportunities for achieving stability and self- sufficiency are available? What resources are available for the members of the community?

This activity provides a framework for constructing long-range community goals that point in the right direction. You envision a place where the people's problems and needs are met – they are healthy, happy and fulfilled. Then design a plan that moves in the direction of that "perfect" place. The road to that vision may be rocky and challenging, but you must know the destination. You may have heard the old saying, "If you don't know where you're going, any road will get your there." You want a clearly defined route for getting from where you currently stand to a place where things are better for everyone. First, start with a vision. Picture that place your community believes could exist, and then plan your route to get there.

Below find a sample vision statement:

The Ka Pono o Ka' Aina Organization

We work with the community, families and individuals to define problems that prevent achieving long-range goals, design strategies for measurably reducing or eliminating those problems and then take action to secure resources for implementing those strategies.

Attachment N provides a worksheet that can be used to develop your vision.

2. Conduct a Needs Assessment to Identify the Problem

A successful project is one that was designed based on a good understanding of the community conditions and identifies the problems preventing the community from achieving its vision. Community conditions include aspects of the community such as its geographic location, demographics, ecosystem, and history. A needs assessment can be conducted to identify the problem(s) and determine which need a project will address. A needs assessment can also be used to gather information

once a specific problem has been identified, in order to design a project that will effectively address the problem.

There are several methods of conducting a needs assessment and different methods are appropriate for different situations. The method used should be selected based on the information you are collecting in order to produce a useful result. You can also use more than one method, and are encouraged to do so, as this will produce more comprehensive results and better describe current conditions in your community.

Before beginning a needs assessment, it can be helpful to make a list of the pieces of information you are trying to find, the source of each piece of information, and the means of gathering each piece of information.

All of the information you gather during a needs assessment is valuable and can be used as a basis for defining a problem and determining the goal, objectives, and activities for your project.

Some questions to keep in mind when planning and conducting a needs assessment:

- Whose needs are being assessed? By whom? For whom? Why?
- Whose needs do the findings reflect?

Problems are those things that would have to change – or be overcome – in order to achieve the vision of a socially and economically healthy community. Problems can be internal as well as external and identifying the specific problems is critically in designing a successful project.

Once you have completed your needs assessment, you can define and describe problems in your community. The next step is to select the problem or problems you wish to address with your project through a community-based planning process. A project is generally more successful if it focuses on either one large problem or a small amount of specific problems, as this will help keep the scope of your project within achievable boundaries.

Once any problems to be addressed have been identified, the community can design solutions to reduce or eliminate the identified problems. It is better to generate as many ideas as possible through focus groups and/or other community brainstorming methods, assisted by your project planning committee.

List as many ideas as you can think of; these could become the basis for your project. The ideas will directly address the list of problems to be overcome and will become the basis for your problem statement.

A problem statement describes a current critical condition or set of conditions affecting a defined group of people in a specific place at a specific time. The problem statement should include a clear, concise and precise description of the nature, scope, and severity of the problem or problems the project will address. Typically, the statement identifies the specific physical, economic, social, financial, governmental, institutional, behavioral, native language, or cultural challenges of the community. The statement will include the information gathered from your needs assessment.

Preparing the problem statement is a critical part of the project planning process. The design and purpose of your project must also directly relate to your problem statement.

Below, find a sample problem statement:

The number of Pacific Island youth not completing high school has risen 1% each year for the past ten years. Also increasing is the rate of juvenile delinquency among Pacific Island youth. The community assessment also found that the Pacific Island youth are not identifying with their native culture and language and the number of Hawaiian language speakers are declining by 6% each year.

In developing your problem statement, there are some things to keep in mind:

- The problem to be addressed should have a clear relationship to your organization's mission, purpose, and long-term goals.
- Including accompanying information such as statistical facts, testimonials, interviews, and survey results provides additional support for your efforts to address the problem.
- The problem you identify should be within your organization's capacity to address using available resources.
- Be sure to include documentation of community involvement
- Additional tips for writing a statement of need:

- Accompanying information should be well-documented and should not include assumptions.
- Focus your explanation of need on the geographic area your organization serves.
- Give a clear sense of the urgency of your request.

Attachment O provides a worksheet that can be used to develop your needs assessment.

3. Assess Available Resources

Assessing your available resources will help you determine the best strategy for implementing your project. Begin this analysis with the resources that exist within the community. Every project and every strategy is different and requires a different set of resources, but a few hard-and-fast rules exist to assist in the assessment of available resources. The answers to these five questions work well for project development.

Who always refers to people? Asking “Who?” helps to identify the human resources within the community with the knowledge, experience, credentials and enthusiasm to implement the project strategy successfully. Consider all existing staff and volunteer positions.

What refers to supplies, equipment and materials required for the project? Are the resources available in the community to provide needed material, supplies and equipment? If not, what external resources can be utilized?

Where refers to the location and facilities where most of the project activities will take place. Based on model projects elsewhere—or the community’s own vision of the project needed—where is it most likely to work? Does the project need an office, a garage, a library, a computer lab, a classroom, a gymnasium, or outdoor areas? Other questions arise from these basic questions: Will it be necessary to rent, refurbish or remodel space? Will construction of a building or outdoor facility be required?

When will the resources be needed? This particular question sometimes speaks more to scheduling than to assessment of available resources, but it is an important nonetheless.

“When” is an important planning consideration if the proposed project involves the following:

- Rehabilitation or remodeling of a structure, as this is a process requiring strict timeframes,
- Acquisition of equipment, which will depend on the order of your activities
- Agricultural activities, as these revolve around the planting season, weather, etc.
- Subsistence communities
- Projects involving academic institutions which are only in session during the academic year
- Receiving approval from Tribal Council

Why are the resources needed? This question is an important double check to confirm that the identified resource requirements relate directly to the project plan. The purpose is not to create a wish list, but rather to determine what resources are absolutely essential to the activities in the plan—and then to determine whether they currently exist within the community.

The next step in this analysis looks beyond the immediate community for assistance. Who and where are potential partners with a shared interest in your community and its challenges? What mutual benefit collaborations can be developed with partners? What expertise and resources do they possess? What opportunities exist in the greater community to move you closer to your vision? It is important to note here that by showing a large number of partners, you are also showing that your project has credibility outside of your organization. Projects that utilize and develop partners are generally more successful.

Partnerships are “agreements between two or more parties that will support the development and implementation of a proposed project. Partnerships include other community-based organizations or association, federal and state agencies, and private or non-profit organizations.” Partnerships can be internal (with departments or programs within your organization) or external (with other organizations).

In designing new projects and programs, strong partnerships and the leveraged resources that usually are associated with those partnerships are two indicators that a project has resulted from a credible internal and external community-based planning process. Committed partnerships and commitment of leveraged funds are often critical components in determining project sustainability. Applications for projects that focus on issues such as drafting environmental codes often indicate the project will be completed at the end of funding and will not need to be sustained. Funded applications that describe how those codes will be used through ongoing

tribal court and natural resources staff operations (a long-term commitment of internal partners and leveraged resources) generally result in projects that benefit the community.

In addition to human resources, equipment, supplies, materials, and facility needs, the following questions should be answered:

- Who is addressing some identified problems or problem components now? How well are they doing? They might be potential partners in your project.
- What aspects of the problems remain to be addressed? This question identifies unmet needs, or gaps in the situation so that you can formulate a strategy for addressing unmet problem areas without duplicating existing services.
- What resources can be leveraged so that the project expands capabilities by adding resources that improve the chances for success?
- Attachment P provides a worksheet for assessing available resources

4. Determine the Project goal

The project goal is a basic description of the purpose of the project, in other words, the solution to the problem or problems you identified earlier. The project goal should reflect a set of conditions desired by the community after the problem is addressed. The goal statement represents the result of the successful completion of the project. It is important to show the relationship between the project goal and the long-range community goals.

The project goal statement, should clearly describe how the project relates to one or more of the community's long-range goals. The statement should be brief and to the point, as well as realistic. Your goal determines the scope of your project, so do not state your project will accomplish more than it possibly can.

It is sometimes difficult to distinguish between goals, objectives, and activities. The exercises and information for development steps 4, 5, and 6 should clarify these three project components.

Attachment Q provides a worksheet for developing a project goal.

5. Select a Project Approach/Strategy

Once you have determined your project goal, you are ready to develop your project approach or strategy. Based on the information gathered in the previous steps, develop a list of possible strategies for addressing your problem and achieving your

goal and then select a strategy that represents the best method of implementing your project. This strategy will be the basis for developing your objectives and activities.

Very few rules exist for ultimately selecting the most promising project approach in terms of both the problem to be solved and the opportunity to secure funding, because your approach will be unique to your community.

In selecting the most promising project approach for solving the problem identified by the community and achieving the project goal, consider the following issues:

- Use your organization's experience with past similar programs—what strategy worked then?
- Research similar projects that other organizations have completed and build off of them. Use their best practices to guide you in selecting an approach.
- Ensure your approach is in line with the resources you have available, including what you are asking for in your budget.
- Design the strategy so that its activities, tasks, and phases build incrementally to establish a clear path to achieving your goal.

Attachment R provides a worksheet for developing the project approach/strategy

6. Develop Project Objectives and Activities

Once you have determined how you are going to implement your project, you can begin developing your objectives. Objectives are specific accomplishments designed to address the stated problems and attain your project goal. An objective is an endpoint, not a process, to be achieved within the proposed project period. Completion of objectives must result in specific, measurable outcomes that benefit the community and directly contribute to the achievement of the stated project goal.

The community will want a clear picture of what will be accomplished by the project, how it will be accomplished and how you will know when you have accomplished it. A project may only have one goal, but there can be several objectives to achieve that goal.

The clearer, more concise, and more specific your objectives are, the easier it will be to implement your project and the easier it will be for a funder to understand your project approach. A good test for this is the S.M.A.R.T. Objective strategy, outlined below:

S.M.A.R.T. objective have the following characteristics:

Specific — Start with an action verb (strengthens, train, develop, teach, implement) and specify the outcome; state what you will do to achieve your goal and meet your identified need.

Measurable — The objective must include measurable targets and describe measurable changes in community conditions (including social, cultural, environmental, economic and governance conditions)

Achievable — The objective must be realistic and attainable, something you can expect to achieve given your available resources and project strategy.

Relevant and Results-oriented — Your objective should address your project goal, and therefore the long-term goals of your organization

Time-bound — The objective should reflect a time period in which it will be accomplished.

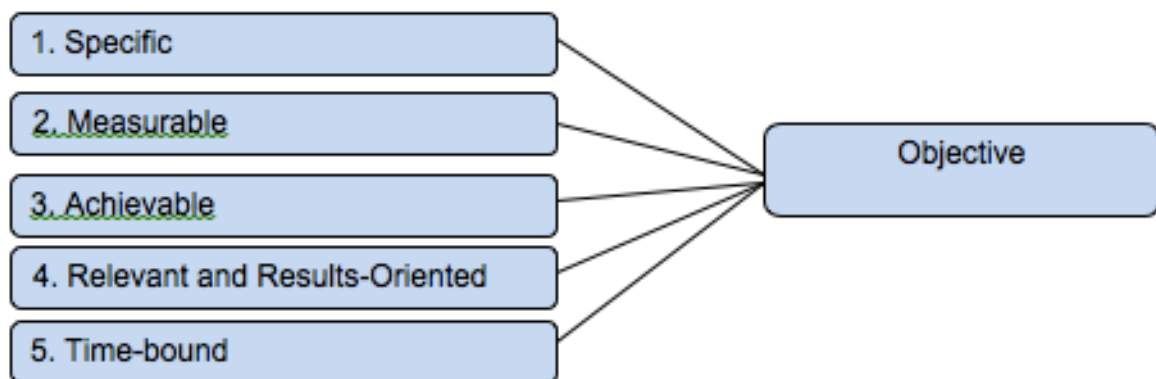


Figure 1: SMART Goals Achieve Objectives

When you develop your objectives, in order to keep them S.M.A.R.T., here are some questions you can ask yourself:

- What is/are the key areas your organization is seeking to change?
- What segment of the population will be involved in the change?
- What is the direction of the change (increase/improvement or decrease/reduction)?
- What is the degree or amount of change you want to obtain?

- What is the deadline for reaching that change within the project period?

Here is an example of a S.M.A.R.T. objective:

By the 12th month of the project period, the project coordinator will conduct a community assessment to determine the status of the native language. This will be done through focus group meetings and one-on-one surveys with adults within a 50-mile radius, and through mailed surveys to people living out of the area. The assessment will involve at least 65% of the Hawaiian population on the Island of Loiihi.

Once the objectives have been developed, **activities** are written to provide a logical sequence of measurable milestones that move the project closer to attaining the objective. The activities are both building blocks that will lead to accomplishing an objective and yard sticks used to determine how efficiently and effectively the project is completing its objectives and achieving its goal.

Every project team must break down each specific objective into activities that will be performed in a logical progression, in a satisfactory time frame, and with the resources available. Activities describe the major tasks to be completed for each objective, but not every day work tasks. Your project planning should provide detail of the major activities in the logical sequence that will lead to achieving each of your objectives. Your activities must also include benchmarks, referring to each quarter's results.

Attachment S provides a worksheet to assist you in developing project objectives and activities.

7. Identify Potential Challenges and Develop a Contingency Plan

Every project can run into bumps along the way that impede a smooth implementation process and can potentially prevent a project from reaching a successful completion. By developing a **contingency plan** as a fall-back position, or a "plan B", you can better prepare for these challenges. When you plan ahead for a potential problem, you are more likely to handle it with minimal disruption and cost.

The contingency plan should be reviewed by a team including all the project stakeholders.

Risks and Assumptions

The first step in preparing a contingency plan is to develop a list of possible **risks and assumptions**. When working out the details of your project strategy, factor in any risks you might face due to assumptions you have made regarding timing of

project activities, partnerships, leveraged resources, internal requirements, licensures, etc. This section of project strategy planning requires you are prepared for any issues that may cause your project to be late in starting up or to fall behind schedule.

Being able to attract and maintain qualified staff, securing key project materials and completing tasks in a designated time frame are examples of those assumptions. For instance, a partner who has pledged a facility for the project suddenly determines the facility will not be available to provide services. The project strategy is based on the assumption that the facility would be available and its usage is critical to the success of the project. The risk is that the project would not be completed in a timely fashion or that it will fail completely.

The most common challenges faced by organizations during project implementation are included in the list below. Review the challenges and determine whether you are making any assumptions in your project strategy related to these challenges. If yes, be sure to include a contingency plan addressing the potential obstacle.

Challenges:

- Staff turnover
- Late start
- Scope too ambitious
- Geographic isolation/travel
- Lack of expertise
- Underestimated project cost
- Underestimated personnel needs
- Partnership fell through
- Lack of community support (during implementation)
- Hiring delays.

Attachment T is a worksheet than can be used to identify the potential challenges and develop a contingency plan.

8. Develop a Project Evaluation Plan

A project **evaluation** measures the effectiveness and efficiency of a project, and determines the level of achievement of the project objectives. Findings from an evaluation will also help an organization plan for the future, as it can identify additional or persistent problems that need to be solved.

Outcomes and Impacts

There are different components involved in project evaluation. **Outcomes** are the measurable changes that can be observed as a result of the project's successful completion. They are the measurable **results and benefits** that will be observable within the targeted population once the project is complete, determining the extent to which the identified problems were reduced, resolved, or eliminated. **The results and benefits measure the progress made towards achieving project objectives.** Outcomes are the short-term and medium-term effects of the project. Examples of outcomes include new knowledge, increased skills, increased understanding, and increased participation in after school activities.

Impacts differ from outcomes in that they are the lasting effects of the project, as seen years down the road from the project's completion. Impacts measure the change that can be specifically associated to a project's implementation. In other words, they measure the extent to which the project achieved its goal. Examples of impacts include increased quality of life, decreased incidence of disease or infection, and higher numbers of students completing post-secondary education. The relationship of outcomes and impacts to the project is:

Goals → Objectives → Activities → Outcomes → Impacts

Figure 2: Relationship of Outcomes and Impacts

An **evaluation plan** is the next key element for the successful implementation and management of a project. An evaluation plan describes the process and provides the tools to measure progress in implementing the project; it also assesses how effectively the project addressed problems and achieved its objectives.

It is important to develop an **evaluation plan** during the project planning process prior to implementing your project. This will provide a system to measure the level to which the project addresses the identified problems, ultimately determining its cost-effectiveness.

There is no perfect or minimum number of measurements that must occur in order to properly and fully evaluate a project's success. Instead, each project component

must be analyzed, and decisions must be made based upon the findings. The evaluation should be designed to track progress on each objective, completion of activities, and dates of completion.

In designing the evaluation plan, include the following three components.

Impact Indicators

The objectives and project goal provide the framework for project evaluation. Achievement of each objective is measured by its accompanying results and benefits (outcomes). Achievement of the project goal is measured by impact indicators. The evaluation of these indicators will measure the extent to which the desired change has occurred. The indicators must be quantifiable and documented, and should include target numbers and tracking system.

Methods/Procedures

What methods will be used to measure the results and benefits? What records will be maintained? An evaluation plan must include the method(s) used to determine whether the objective was accomplished, and whether the desired change actually occurred. The project is likely to have several objectives to evaluate, and several different methods of evaluation might be needed.

Some methods of evaluation include:

- Pre- and post-tests
- Surveys
- Interviews
- Sign-in sheets
- Analysis of records

Reporting

How many total measurements will be taken? How frequently will the data be collected and by what means? What will be done with the data? How will the data be analyzed, and what form will the report take? What is the dissemination plan for the report (i.e., to whom will it be distributed)? Reporting methods are a crucial part of your evaluation plan, and the frequency and responsible parties must be specified.

In addition to evaluating the final project results, you also should regularly monitor and evaluate the project's progress in carrying out work plan activities, completing project objectives and staying within the approved project budget. This "process

evaluation” determines whether the project was conducted in a manner consistent with the plan and whether the project activities contributed to the success of the project. In other words, was the plan followed, and was the plan effective in achieving the objectives? This part of the evaluation plan is used to effectively manage the day-to-day and week-to week activities and is the basis of regular progress reports.

Attachment U provides a worksheet for development of a project evaluation plan.

9. Develop a Sustainability Strategy

A sustainable project is one that can and will continue and will therefore contribute to long-term success and impacts within an organization. However, sustainability is not simply about generating new grant dollars; it also involves outlining a specific strategy and action plan for continuing your project. Some projects lend themselves more to sustainability strategies, however all projects benefits to the community that can be continued after implementation is complete.

A ***sustainability plan*** is a narrative description of how you plan to maintain your project. Perhaps the first question to ask is:

How can we use available, existing resources to implement and continue our project and achieve our long-term vision?

Consider if you already have a network of supporters and potential funders in your area.

Be sure to be specific in your sustainability plan. Your plan should indicate you have conducted research and have specific ideas in mind. The sustainability plan should also provide information on how your organization will incorporate the new project into their funding or fundraising plan and who will be responsible for its continuation.

Below are some examples of areas for future funding:

- **Organization funds:** Your organization may wish or be able to provide continuation funding for your project. Be sure to discuss this possibility during your project planning process. Provide a letter of support or commitment from your governing body in your application.
- **Continuation grants from private foundations:** Funding from private foundations can be used to support ongoing projects and programs. Provide information on how your project fits into their grant programs.

- **Federal funds:** There are numerous other federal agencies that provide continuation funding for community-initiated community development projects. Provide information on how your project fits into their grant programs.
- **State funds:** There are also state agencies that provide continuation funding. Provide information on how your project fits into their grant programs.
- **Unrestricted revenue:** If your project will generate revenue, either through sales of goods, fees for service, or some other means, you can use the revenue generated after the grant ends to sustain your project. Include a revenue plan or fee scale in your application outlining your methods.
- **Colleges/Universities:** Many colleges or universities provide funds for ongoing projects and programs, or will supply project staff in the form of degree candidates or research assistants. Include a description of the institution and other projects it has funded similar to yours, or if possible provide a letter of support or commitment in your application.

Attachment V is a worksheet that can be used to develop a sustainability strategy

10. Prepare the Line Item Budget, Budget Justification, and Cost Effectiveness

The project budget is a program and fiscal document. The budget reflects the costs necessary to perform the activities of the project. The **line item budget** provides the dollar cost of the project and the **budget justification** provides the narrative of the basis for the cost, such as historical information and cost quotations. The **cost effectiveness** section provides information on relationship between the cost of the project and its outcomes.

Line Item Budget

The budget is the dollar expression of the project being proposed and must be **reasonable and tied to the project objectives and work plan**. It is an estimate of anticipated project expenses. When planning the budget, answer the following questions:

- What is the staff time required to complete the project?
- Will consultants be needed for the project?
- What travel is necessary to perform all activities?
- What equipment will be needed to perform the scope of work?

- What supplies will be needed by the project?
- What other costs will be incurred to complete all activities of the project?

Personnel

In this section, list all full- and part-time staff in the proposed project, the number of hours they will work on the project, and the hourly rate. Identify each position working on the project as a percentage of Full Time Equivalent (FTE). 2080 hours is the standard equivalent of one FTE, however if the organization uses a different definition, it would be identified in the budget justification section.

Fringe Benefits

In this section, list each of the fringe benefits the staff will receive and the dollar cost of each benefit. The fringe benefit category will include both mandatory payroll taxes and organizational employee benefits. Examples of mandatory payroll taxes include FICA or OASDI and Medicare. Examples of employee benefits include health and life insurance and retirement plans.

Travel

Only out-of-area travel is calculated in this budget category as local travel will typically be included in the “other” category (see below). In the budget identify each of the out-of-area trips planned and the cost of airfare, ground transportation, lodging, and meals for each planned trip.

Equipment

List all of the equipment to be purchased.

Supplies

List all supplies such as paper clips, paper, pens, and pencils. Do not simply use one line item, written as “Office Supplies: pens, paper, pencils, etc.” If there are unusual needs for project supplies such as training supplies use a separate line item for each category of supply and the amount.

Contractual

If the project plans to contract with a company or individual to perform work for the project, the cost of the contract should be included under the “contractual” category. It is important to include cost of the contract. The scope of work should be included as an attachment to the application.

Other:

Additional costs of the project should be included in the “other” category. Examples of other costs include:

- **Facilities used:** In this section list all of the facilities that will be used during the project. Rent must be comparable to prevailing rents in the geographic area in which the facility is located. In addition to the actual rent, include the cost of utilities, maintenance services, and minor renovations if they are absolutely essential to your project.
- **Telephone:** Telephone should include the cost of basic services, if not provided through indirect costs (see explanation below), and all planned long distance usage.
- **Postage:** Include the projected mailing, purpose, and cost.
- **Copying and Printing:** Provide information on the materials to be copied and/or printed and the projected cost by product.
- **Professional services:** List the professional services (consultants) that are anticipated during the project. It is important to include the projected number of days of use and the cost per day. Include a scope of work as an attachment to the application.
- **Local travel:** Provide information on the planned local travel, purpose of the travel, and cost. All travel that does not require per diem is considered local travel. The organization’s finance department can provide information on what travel qualified for per diem.
- Any other items that do not logically fit elsewhere in the budget.

Indirect Costs

Indirect costs are costs an organization incurs for common or joint objectives that cannot be readily and specifically identified with a particular grant project or other institutional activity. Indirect costs must be negotiated with the Federal cognizant agency.

Again, the budget is the financial expression of the project’s scope of work. It is important that all costs be associated with the activities required to meet the project objectives.

Budget Justification

The budget justification is a narrative that provides information validating the necessity and reasonableness of each expense. The budget justification will explain how the cost was calculated and additional information about each expense.

For Example:

Personnel

Project Director: The Project Director will be a new hire and will be responsible for oversight of all project activities, supervision of project staff and volunteers, development of the curriculum, training of trainers, and assessment of project impact. The salary established for the position is based on the organization's salary schedule which was adopted by the Board of Directors in July 2008.

Fringe Benefits

The fringe benefits includes FICA at 7.65% Federal Unemployment Insurance at 0.8%, State Unemployment Insurance at 2.7%, workers compensation at 0.63%, health and life insurance at \$389.00 per month, and retirement at 4% of gross salary.

Other

Telephone: The basis for cost of telephone is monthly fee of \$39.00 and projected use of long distance service. The long distance service includes outreach to families in Pima and Coconino Counties, communication with the program specialist, and communication with other native family preservation projects. The estimated usage is 400 minutes per month at 5 cents per minute for a total of \$20 per month of long distance telephone.

Xerox: The cost was calculated at 10 cents per copy for the following:

- Routine Correspondence: 1,800 copies
- Reporting: 6,000 copies
- Curriculum development: 22,200 copies

Cost Effectiveness

The cost effectiveness narrative will provide information on the relationship between the project objectives and activities and the cost analysis which supports the project plan.

For Example:

The project design includes the project director and an independent consultant to develop the core curriculum. An independent consultant is being used based on the cost analysis performed. The cost to employ a second staff member to assist in the development of the curriculum is \$35,000 salary and \$7,000 for fringe benefits for a total of \$42,000. Cost quotations from independent consultants to perform the work ranged from \$20,000 to \$30,000. The decision was made by the organization to use the skills of an independent consultant to support the curriculum development.

Attachment W is a worksheet for the development of a budget and budget justification.

11. Write the Project Summary/Abstract

The project summary/abstract is the last component written but will be the first thing read. The project abstract is the introduction to the project and should not exceed two pages.

The summary section should include the following:

- Two or three pertinent facts about the community and the population to be served.
- A brief discussion of the problem that exists in the community, relating it to the facts you presented in the first paragraph about your community. This can include your problem statement.
- The project goal
- The project objectives
- The impact indicators
- The number of people to be served or impacted by the project.

Attachment X is a worksheet for the development of a project summary.

Summary

The process of project development involves eleven development steps, the first being identification of the long-term vision for the desired condition of the community. The second step involves assessment of the current conditions of the community, resulting in identification the problem or problems. Once the problems are identified, the project planning team assesses available resources during step three, and then chooses a goal for the project in step four. Step five involves choosing a strategy to achieve the goal using the previously identified resources. The project plan begins to take shape during step six when the project objectives are established. Also a part of step six, the project activities are designed to accomplish the project objectives. In step seven, the planning team then studies the objectives and activities, identifies any potential challenges to the project's successful completion, and develops a corresponding contingency plan. Step eight then calls for the developers to select a method to evaluate progress towards achievement of the project objectives and goal. After creating an evaluation plan, step nine is to develop a sustainability plan that ensures the project's benefits to the community will continue after the end of project funding. Finally, during step ten, the financial resources required to perform, evaluate, and report on the project will be estimated and a budget established. The final step involves summarizing the project in creating the project abstract.

The formal project development process is both simple and complex. Conceptually, the process is very simple—a progressive narrowing of strategic choices—although it may involve many activities and require an extended period of time. Operationally, the project planning process is far more complex than the project goals, objectives, and activities. Project development is one component of an overall strategic plan designed by a community working toward positive change through a community-based planning process.

IX. PROPOSAL WRITING

"We must recognize that donors need us as much as we need them if their giving is to be of high caliber. We have too often traded our rights to be accepted and sought to be adopted rather than respected."

—Pablo Eisenberg

Foreword

This part of the Non-profit Tool Kit is the Proposal Writing Manual. The Proposal Writing Manual is meant to help non-profits obtain the resources to meet the needs of their clients. We have tried to keep it simple and give direction to actually write and submit a proposal. Proposal writing is like proposing marriage. The government, foundations, corporations, churches - all want to give away money or other resources to meet their purposes. Organizations which submit proposals help them do this and need the resources. An important part of a successful marriage and of a successful proposal is a match of purposes and needs.

Proposals should be organic and grow naturally from the mission, vision, values, needs and capabilities of your organization. An outside consultant can be hired to write a proposal but the more organization staff are involved, the better the chance the proposal will be funded, and, more importantly, reach its objectives if funded.

We have broken the Manual into 18 steps. We give a generic outline which you can use to develop a proposal. You can then revise the proposal when you find a source. The parts of the outline correspond to what most funders ask for in a proposal:

- Summary/Abstract
- Introduction (Organizational Profile/Environment)
- Problem/Need
- Goals/Objectives/Outcomes
- Methods (Activities/Management Plan)
- Evaluation
- Budget
- Future Funding/Sustainability

- Organizational Capability/Adequacy of Resources
- Quality of Key Personnel

Each government agency and foundation has a little different set of criteria, but the information in the outline above should be in almost every proposal in some form or other. We hope to remove the fear of writing proposals and to encourage people to try putting proposals together. You can hire a consultant to do the final writing and editing but you can do a lot on your own. Proposals have to have a writer but all stakeholders are important in getting the funding e.g. audits must be done, reports filed, statistics kept, and activities undertaken. The most important thing is to get the proposal submitted; otherwise there is no chance for success. If you are rejected, find out why and try again if it looks like there is still a possibility of getting funded. Proposal writers will tell you that some of the best proposals do not get funded and some that they were not proud of got funded. It is not personal. Using this Manual should help increase your chance of success. So read through it and keep it handy as you develop your own proposal. Good Luck.

The federal government is funding very competitive proposals so you need to read the Announcement, Request for Funding, etc. very carefully and follow the directions. If the directions are unclear, e-mail or call the contact for help. One suggestion is to read this whole Manual before you start. Good luck.

Step 1: Know yourself

Organizational Information File/CASE Statement - In order to write a proposal you need to know what your organization is all about and have the background information for your **Introduction** and **Organization Capability**.

You can put together an organizational information file or profile which is sometimes called a CASE Statement. We suggest keeping it on your computer and updating as things change. Items to be included in the organizational information file include:

- **History** - Describe the history of your organization.
- **Environment** - Tell about the town, region, and geographic area you serve.
- **Mission, Vision, Goals & Values** - List these from your strategic plan.
- **Clients** - Describe who you serve using data, demographics, and anecdotes. Talk about clients' needs.

Programs/Accomplishments - List your programs and services and what you have accomplished. If your organization is new tell what your staff and board members have accomplished in previous positions or with different organizations.

Governance and Administration - Tell how you are chartered, how the Board is selected, etc. Give a list of Board Members and their qualifications and experience; list top administrators e.g. Executive Director, Business Manager, etc. and their qualifications and experience. Describe your organization's capabilities in terms of personnel, fiscal and procurement, and facilities capacity and management. List previous grants you have had and how successful you have been in meeting objectives, reporting requirements, etc.

Organization Budget - Do a budget summary for the previous, current and next year by revenue and major expense categories e.g. personnel, fringe, travel or by program for the whole organization.

Audited Financial Statement - Most foundations want a full audit. The federal government does not usually ask for an audit with the proposal but they will require an audit after the grant is funded if the organization's federal expenditures are over \$500,000 per year.

Funding Priorities - Make a list of what you need money for with the type of need and amount. Make sure that what you are asking for in the proposal is in these priorities.

IRS 501 (c) (3) Letter - This is a letter that shows your non-profit status. It is not a state sales tax-exempt letter.

Decide on whether you need or want the grant - Before you start to write ask yourself the following questions: Does the project meet a need identified by Board, staff, or clients? Does the project fit the mission and purposes of our organization? Does the project fit with the organization's strategic plan? Do we have the capacity to carry out the project?

Step 2: Introduction

Introduce yourself and establish your credibility - In the organization profile above you should keep ongoing files that document the capability and uniqueness of your organization including accomplishments, statistics, continuing history, individual client success stories, evaluation results, external study results, media articles, quotes from clients, respected community members or others, and results of surveys.

In the **Introduction** you will tell briefly about the geographical area (put a 1/2 page map if you have room), history of your organization, mission, purposes, goals, vision, values, clients, and accomplishments. There is usually no **Introduction** called for in a federal proposal so the information is spread through the **Need** and **Adequacy of Resources/Organization Capability** sections.

Step 3: Know what you are talking about

The government and foundations use readers who are familiar with the subject area, so you need to know about the subject area of your proposal. You can do this by reading successful proposals in your subject area, consulting experts, reading research reports, reading books and magazines in the field, attending workshops and talking to practitioners. Nowadays Googling the subject can provide a wealth of information. Government agencies often have summaries of research and effective practices on their web sites. Be careful to get citations for statistics and quotes you actually use in the proposals. Make sure the information on the Internet is correct e.g. Wikipedia can be opinion and not fact.

Step 4: Get input from stakeholders

Talk to people who have a stake in the project including Board members, fellow workers, elected officials, business manager, community members, and especially the clients who the proposal is intended to help. Clients are the most important. There is a story of the proposal writer that had the great idea to have elementary school students eat with elders at the senior citizens center for lunch. The writer went to the center and the elders said we love children but please do not bring them here since we usually babysit or live with them and lunch is the only time we get to visit with our peers and friends. This might be different in other situations but it illustrates the point to check with specific clients or as the government calls them “targeted populations.”

Step 5: Problem/Needs Statement

Define and document the problem/need - You define the problem or need that the proposal will address or solve. Your statistics documenting the problem should go from national to regional to local. Make sure the scope of the problem is something you can do something about. Ways of documenting include statistics from research and the government, the US Census, testimony of experts and the media, quotes from local leaders, anecdotal information about your area, and your own needs assessment survey results. Data should be up-to-date and have citations of where it came from.

Places to do research include <http://www.census.gov> (demographics), <http://www.drugabuse.gov> (alcohol & drug abuse); <http://www.ncjrs.gov> (crime), <http://www.HUDuser.org> (housing); <http://www.childwelfare.gov/> (child welfare).

When writing the Problem/Need Statement define the problem or need in terms of what the project will do or solve, show the need is unmet in your area, talk about the need in terms of clients, relate it to your mission, relate it to the funder's purposes and programs, and match the need into the objectives. The Problem/Need Statement answers the questions:

- Who?
- Where?
- When?
- What?
- Why?

One important point on needs is that a need is not a lack of something e.g. no playground. The need is what the lack of a playground causes or what building a playground will remedy or provide. Children need a safe place to play to prevent injuries from playing in the street or the old trash lot. It is important to show a need but also show that your organization can do something about the need. Be pitiful but cool.

Step 6: Look for funders

Key classifications of funders are the federal government, state government, local government, independent foundations, corporate foundations (who usually give in geographic areas where they have facilities), corporate giving programs (who usually give in geographic areas where they have facilities or stores), churches, individuals, and local community groups e.g. United Way.

Research funders all the time and keep records. Recording funders who will not fund you will save time in the future. Don't feel it is a waste of time. Keep a list of "Not

Good Prospects" so you do not have to keep looking over sources that are not promising. You can Google (<http://www.google.com>) under funding for whatever area you are looking for but this takes time.

In terms of federal funding check the Federal Register each day at http://www.access.gpo.gov/su_docs/fedreg/frcont11.html (in 2012 the number after **frcont** will go to 12). There is a lot of useless information but learn to go to agencies that might fund what you are trying to do and look under “NOTICES” for “Applications for New Awards,” or similar titles.

You can also go to grants.gov “Find Grant Opportunities” or “New Opportunities This Week.” These will usually give you only 30 to 45 days to submit the grant so you should spend some time researching funding opportunities in your interest area on the actual agency website e.g. hud.gov, hhs.gov, etc. On grants.gov you can go from the “Synopsis” to “Full Announcement” and then usually have to download the application and instructions from grants.gov. We will cover the process of applying in the logistics section. You can also check the Catalog of Federal Domestic Assistance (<http://www.cfda.gov>) for all government programs.

You can spend a lot of time and money looking for foundation funds but here are some simple tips. Go to <http://www.fdncenter.org> and you can get basic info on foundations and then go to the foundation’s web site. Large foundations usually fund national or regional projects. You want to look for foundations in your area especially a community foundation. Another good web site is <http://wwwFOUNDATIONS.org/grantmakers.html>.

Each of the Administration for Native Americans Training and Technical Assistance Regional Centers has the Client Application Information Development (CAID) on their websites which provides information about potential funding sources. The websites for the ANA Training and Technical Assistance Regional Centers is below:

- Eastern Region: <http://www.anaeastern.org>
- Western Region: <http://www.anawestern.org>
- Alaska Region: <http://www.anaalaska.org>
- Pacific Region: <http://www.anapacificbasin.org>

The key questions you ask for all funders are: do they fund your type of organization i.e.

Are you eligible? (You must be non-profit for most funders and have an IRS 501(c)(3) letter for foundations). Do they fund in your geographical area? Do they fund the amount of money you need? Does your project fit their purposes and funding programs?

Step 7: Know your funder

"If you wish to persuade me, you must think my thoughts, feel my feelings, and speak my words."

—Cicero

If the funder looks good you should do follow-up. Most of the information will be on the Internet. For federal programs download the "Synopsis" on grants.gov and the "Announcement" usually in the Federal Register. The actual applications and instructions will be on grants.gov. Go to "Apply for Grants" and put the 5 digit CFDA # (no letter e.g. 14.888) or the Funding Opportunity Number from the "Announcement" or "Synopsis." Make sure to download Adobe Reader (it is free). Anyone can download information from grants.gov and prepare the application but to submit a proposal you will need to be registered with a User Name and Password. This will be covered later in this manual.

Do a proposal log with key information that includes: CFDA #, Funding Opportunity Number, due date and time (usually Eastern Time), contact person and phone number, submission information (whether paper or electronic), checklist or table of contents, and funding criteria. For federal proposals look for budget limits, funding period, whether there is a non-federal match required, special budget requirements such as travel to grantee meetings, competitive priorities that give extra points, and reporting requirements. Look for how many awards will be made since this shows how competitive the grant will be.

Sometimes announcements give a checklist. Either way, make a table of contents and use it as your method of keeping track of what you have to do. Here is a sample of a table of contents but each federal proposal is a little different:

Document Name	Website or Document Name
Application for Federal Assistance (Form SF 424)	http://www.grants.gov
Standard Budget Sheet (ED Form 524)	http://www.grants.gov
SF424B – Assurances Non-Construction Programs	http://www.grants.gov
Disclosure of Lobbying Activities	http://www.grants.gov
427 GEPA	http://www.grants.gov
Budget Narrative Justification	budnar.pdf

Project Abstract Form	abs.pdf
Project Narrative	narr.pdf
Resumes for Project Directors & Key Personnel	res.pdf
IRS Letter	irs.pdf
Signed Consortium Agreements	agree.pdf

Table 6: Sample Table of Contents

Project Narrative, narr.pdf

- a. Need for project (5) points.
- b. Significance (10) points
- c. Quality of the project design (15) points.
- d. Quality of project services (15) points.
- e. Quality of project personnel (15) points.
- f. Adequacy of resources (10) points
- g. Quality of the management plan (15) points
- h. Quality of the project evaluation (15) points.

For foundations go to their website and look for “Grants” or something similar. They will usually describe their programs and “How To Apply.” One of the best ways to see if a foundation fits is to look at the actual grants they have funded. For smaller foundations a phone call is not a bad idea after you have looked at their information. Most foundations want a “Letter of Intent” first and then will ask for a full proposal if they want one.

Step 8: Goals/Objectives/Outcomes

Set the objectives - Objectives are what you are trying to do with the grant. They can be 1 year or the duration of the grant. Some people’s objectives are other people’s goals. The distinction is usually shorter time frames and more specificity as follows: Mission-Purposes-Goals-Objectives-Activities-Tasks. The qualities of a good objective are usually called by the acronym SMART: specific (a piece of a larger whole), measureable (you can prove it has been done), attainable (you can actually do it with the money), results-oriented (an outcome, not a process), and time limited.

For Example:

- Increase the sales of iPods by 5% by 12/12

- Have 50 General Equivalency Diploma graduates by 6/13
- Get 100 families signed up for CHIP by 9/14

An example of the differences between Goals and Objectives is in the Proposal Sample at the end of this Manual. Many federal and foundation requests for proposals mix up goals and objectives and activities.

Step 9: Methods/Work Plan

Flesh out methodology - Once you have the objectives you go to the next step which is **Methods**. This part of a proposal is the hardest and hurts the brain. You have to think in a way different than what you do in your everyday job. You have to go from need to objectives to methods to evaluation to budget and make it all fit together. You do not have to do it in order. Some people have an idea and then do the budget first and then work through objectives etc. based on what the money can really do.

Some hints to this process include: jot down ideas and let them rumble in your mind; do a rough summary that you can edit at the end; think about these things as you go about other tasks; look at other proposals both yours and other people's; keep the selection criteria in front of you since the readers will have them; and start writing.

Methods, also called "Approach" or "Plan of Operation." "Management Plan"

"Project Design" or "Project Services." The Methodology will include a timetable of activities, personnel list and roles and responsibilities, staff time allocations, explanation of why you chose the strategy, pitfalls and alternatives.

Each agency and foundation asks for the methodology in a little different way. The methodology should flow naturally from the problem and objectives, clearly describe the activities and rationale for choosing them, present a sequence and timeline of activities, describe staffing and duties, and describe clients and client selection.

Step 10: Evaluation

Show how you will prove you did it

Evaluation is nothing more than proving you did what you said you would through observations, hard data, pre and post tests and/or surveys, case histories, testimonials, and even pictures if the grant is for construction. The evaluation is a plan that will tell what is going to be evaluated, the methods that will be used, how data will be collected and analyzed, who will do the evaluation and what the evaluation report will look like.

There are many terms used in evaluation and here are simple definitions.

- Formative (Process) is done during the course of the grant to monitor progress and make corrections.
- Summative (Outcome) is done at the end of the project to show overall results and outcomes.
- An internal evaluation is done by organization staff and external by an outside consultant.

A format for evaluation report *might* include:

I. Cover Sheet

II. Table of Contents

- a. Executive Summary with Strengths and Key Recommendations
- b. Introduction
- c. Evaluation Methodology
- d. Findings
 - i. Accomplishments by Objectives
 - ii. Outcomes
 - iii. Coordination
 - iv. Significance
 - v. Attachments e.g. survey forms, pre and post test forms.

Evaluation Plan: What questions will evaluation answer? What are specific plans and timeframes? What kinds of data will be collected? When? By whom? Using what instruments? Using what baseline or control group? Who will analyze data? How? If you use a sample how will it be constructed? What procedures will be used to determine whether the program was implemented as planned? Who will do the evaluation? Who will receive the reports?

Some federal agencies and foundations are utilizing a logic model format for evaluation.

We will not attempt to explain the logic model since each federal agency and each foundation uses slightly different definitions. Some elements in most logic models are the following:

- Inputs: resources assembled before program begins e.g. clients, staff, facilities
- Throughputs: methods that employ resources e.g. workshops
- Outputs: immediate results for client from throughputs e.g. number of referrals
- Outcomes: effects on clients' life or societal need e.g. number of seniors staying longer in their homes
- Impacts: longer term benefits to client and/or society e.g. increased quality of life for seniors, reduced costs by not caring in nursing homes

Step 11: Budget

Show how you will spend the money

The **Budget** should be realistic (adequate to meet objectives), consistent (with the methods and activities), and justified (based on prevailing costs). Usually you do a line item budget and then do a budget narrative explaining it.

Budget: standard line items for government proposals but can be used for any proposal

- a. Personnel: salaries and wages of employees
- b. Fringe Benefits: percentage of salaries for social security, insurance, etc.
- c. Travel airfare and per diem for longer trips
- d. Equipment: purchase of items with long useful life and costing over a certain amount per item e.g. \$5000 for most federal agencies
- e. Supplies: office supplies, library materials, software etc.
- f. Contractual: major contracts for goods or services e.g. audit
- g. Construction: construction of buildings or major renovation
- h. Other: utilities, telephone, postage, individual consultants, insurance, local travel and mileage, etc.
- i. Total Direct Costs: all of the above
- j. Indirect Costs: this is overhead based on an approved government indirect cost rate negotiated with a government agency. Most foundations do not give indirect costs so overhead must be put in direct costs

Non-Federal Share or Match

Non-federal costs or matching is the amount the organization must contribute to some grants. It can be a percentage of the total grant (usually) or a percentage of only the federal funds. Depending on the agency or foundation match can be cash or in-kind. Cash is money you actually put in including staff time, rent, etc. In-kind would be supplies, etc. you contribute.

Step 12: Future Funding/Sustainability

Show how you will continue the project

All funders want to fund successful projects, but usually do not want to keep funding them over a long period of time. The continuation of a project depends on the type of project.

Many times the funder will ask how the project will be institutionalized and what resources will be available to keep the project going. In the case of construction projects, funders want to know the effect of the building on the utilities, maintenance and personnel budgets and where the money will come from to pay for these increased costs. Sometimes proof or letters of commitment are required.

Examples of projects and how they might be continued include:

- Construction (maintenance endowment, savings from discontinued use of other buildings).
- Development of a degree (existing staff can teach courses once they are developed, increased tuition from increased enrollment).

Step 13: Organizational Capacity/Adequacy of Resources

Prove you are capable

Show that you can perform the project. Some items to discuss are: facilities, fiscal stability, commitment, systems- fiscal, personnel, property management, experience in dealing with the type of project you are proposing, experience with community, quality of Board, and cultural competence (knowledge of the local culture).

Step 14: Key Personnel

Impress with the quality of your people

Put in resumes if people are already hired, job descriptions/advertisements if not. Many funders limit the resumes to 1 or 2 pages. Resume usually includes education,

experience, honors, and publications. The job description includes Title, Salary Level, Duties and Qualifications.

In the narrative list the names, titles, duties and qualifications of personnel already hired. List the duties and qualifications of staff to be hired. Make sure to align the experience of the staff with the project itself.

Step 15: Summary/Abstract

Sum it up

The Summary or Abstract appears at the beginning of the proposal even though it is written last. It usually includes the name of the organization, address, etc. and the contact information for the proposal. It is then a one or two sentence summary of each piece of the proposal with problem, objectives, methodology, budget, capability, key personnel, and evaluation.

The Summary is brief, clear and, if possible, catches the attention of the reader. It is important to tell what you are asking for since many people do not want to ask and many federal and especially foundation staff say sometimes they read the whole proposal and are not sure what is being asked for. We suggest you put the organization name, amount requested and main goals or objectives of the proposal in the first sentence.

Step 16: Send it

Make sure you check everything before you send. This includes spell check and editing the narratives, adding up the budgets and making sure page numbers correspond to the Table of Contents. Check that the information on the forms is correct e.g. that the DUNS number on the SF424 is correct since if not the proposal will be rejected. Make sure the .pdf version of the Program Narrative has the right number of pages. We have stories and examples of proposals being rejected for too many pages, for being one dollar over the budget limit, and for using the wrong font.

Most government and even foundation grants are electronic now. You can get a waiver of the electronic requirement for the government but must have a good reason and get the request in early.

Submitting through <http://www.grants.gov>

All government agencies are required to use this site to submit applications. The registration information is discussed earlier.

The downloaded application can be viewed with Adobe Reader as a .pdf file. The forms are in the Application and there are spaces for attachments.

The top of the application has:

“Save and Submit” “Save” “Print” “Cancel” “Check Package for Errors”

After you have filled in the forms and attached the attachments you click on “Check Package for Errors.” A box will show what is missing and once everything is present it will say:

“Validation Passed.” You then press “Save and Submit” and a request for your grants.gov User Name and Password will come up. You fill these in and then a page will come up and you hit “Sign and Submit.” It usually takes 5 to 10 minutes to get a confirmation. Make sure to save a copy of the Confirmation and the Grant Tracking Number in it.

The Authorized Organization Representative to whom the User Name and Password belongs will then get 4 e-mails. A report that it has been received by grants.gov, a report that it has been validated, a report that the agency has retrieved it and a report that the agency has reviewed it and assigned a tracking number. You can use the tracking number to see what is happening to your proposal by going to grants.gov and hit “Track My Application.” If you use another AOR’s User Name and Password they will get the e-mails but anyone with the Grant Tracking Number can check the status.

Submitting hard copy

Make sure you get the Chief Executive to sign it. The original means the one with the original signature. Some people sign in blue to identify the original. No matter how many copies are asked for you usually only need one with original signatures.

Make sure to check if the due date is Received By or Postmarked By. Get a Receipt from the Post Office or Fedex to prove the date sent. Make sure to keep a copy for yourself. Agencies often recommend FEDEX or other private carrier for paper.

Step 17: Follow up

For government proposals once you are sure the Agency has received or retrieved your application you will usually have to wait a number of months. Make sure to keep copies of the proposal until you are sure it has been rejected. Even then you should keep a copy of the key pieces such as narrative, budget etc. to help write the next year.

Think about where you will cut the budget if the government wants to negotiate. Begin looking for personnel but do not make commitments. Check the Agency website after a few months to see if awards have been made. After a few months if you have not received a rejection letter or award letter call the Agency contact to ask if awards have been made. Agency personnel will not tell you who has been funded until it is officially announced.

With foundations and other funders call or e-mail a week or so after a Letter of Intent and a couple of months after submission of a full proposal to inquire about the status if you have not heard anything.

Step 18: Do the project or try again

If you are funded

If you are funded, implement the project as well as you can. Follow good grants management policies especially financial management. Keep good records and file timely reports. If matching funds or in-kind were required in the proposal make sure they are documented. Make sure to read the General Conditions and Special Conditions on your Grant Award. For federal proposals you will usually have two contacts, the Program Specialist and the Grants Management Specialist. Keep their phone numbers and e-mails on file and consult as needed. Many federal agencies are going to online reporting with special systems where you have to register, get usernames and passwords, etc. Make sure to do this and that someone is responsible for managing all this.

Emphasize the positive in your reports. Very few projects accomplish everything the proposal promised, but there should be a positive balance for what you did and it should conform as much as possible to the proposal.

If you are not funded

If you are not funded by a foundation or other entity call and ask why. Many times foundations and local funders will send a generic letter that says your proposal was good but they do not have enough funds. The main thing you want to find out is whether it is worth submitting again and what needs to be revised. If there is a chance, revise and submit again. It often takes two or three tries to get funded.

In terms of federal proposals, the government will usually have panels of three readers score your proposal according to the criteria. The rejection letter will give you a process to obtain the readers' scores and comments. Go through these and analyze them. This will give you a starting point to revise and resubmit. You must decide whether it is worthwhile to resubmit. If you decide to, then start right away to work on how to gain the points you lost. Reader's comments can hurt, but be tough

and submit again. There are numerous stories of proposals scoring badly, being revised to fit the comments and being scored lower. There are also numerous stories of proposals being revised and funded the second or third time they were submitted.

"Because writing an original proposal is such a large investment and offers such a valuable learning experience, probably the single most important thing a grant applicant can do is profit from an unsuccessful application."

—Trengo, 1982

SIMPLIFIED CRITERIA

If you are writing a proposal without specific criteria, the following will give you an example of how to evaluate your proposal. You can also use this as a checklist and guide as you write if you do not have an actual Announcement and Criteria to go by:

1. Summary/Abstract , 5 Points

- Includes contact information.
- Tells who you are, what you want and how much money you need.
- Describes the problem and need.
- Describes what you will do about the problem/need: objectives, methods and outcomes.

2. Introduction, 10 Points

- States organization mission, purposes, goals, programs, activities, clients.
- Describes geographical location and environment.
- Provides accomplishments including anecdotes, statistics, quotes, etc.
- Leads to the problem statement.

3. Problem or Needs Statement, 15 Points

- Relates to the purposes of the applicant organization.
- Relates to the purposes of the funder.
- Documents the needs of the client group from a national, state and local perspective with statistics, anecdotes, statement of experts, media articles, etc.
- Leads to the objectives.

4. Objectives , 10 Points

- States outcomes, and not methods or activities.
- Describes the population that will benefit.

- Have objectives that are Specific Measurable Achievable Realistic & Time limited.

5. Method or Approach, 15 Points

- Describes how you will accomplish objective (s).
- Describes the program activities and rationale for choosing.
- Describes sequence and timeline of activities.
- Describes staffing and duties.
- Describes clients and client selection.

6. Evaluation, 10 points

- Presents a plan for proving accomplishment of objectives with measures.
- Presents a plan for evaluation and modifying methods during the project.
- Tells who will be doing the evaluation, why and how.
- Describes what data will be collected, how it will be collected and how analyzed.

7. Future Funding, 10 points

- Presents specific plans to continue the project.
- Describes how project will be funded in the future including fundraising.
- Is accompanied by letters of commitment if necessary.

8. Budget , 10 points

- Tells the same story as the rest of the proposal.
- Is detailed and clear and contains no unexplained amounts or miscellaneous.
- Follows standard or funder budget line items: personnel, fringe, travel, equipment, supplies, contractual, construction, and other.

9. Organizational Capability, 10 points

- Shows evidence of a management, personnel, fiscal and property systems.

- Shows adequate facilities' for the project.
- Gives affiliation and experience of the board.

10. Quality of Key Personnel, 5 points

- For people already hired use summary of resume: education and experience.
- For positions to be hired use duties and qualifications (education & experience)

TOM'S TOP TIPS

- Follow directions and write to the funder's criteria.
- Know who you are, be legal, and continuously update organizational profile.
- Know what you want and need; do funding priorities list with fund estimates.
- Gather data all the time and keep good records.
- Recycle proposals both yours and others.
- Look for funders all the time and everywhere.
- Set aside time to write or contract someone well in advance if you want to use a consultant. Make sure to check the consultant's capability and experience.
- Put staff to work gathering statistics, getting letters, etc.
- Do "to do list and calendar" working backward from the proposal due date.
- Keep an annual and 3 year calendar of estimated due dates for proposals especially for current grants that are ending.
- If you are funded, do the work and report on it.
- If you are not funded, get readers' comments or find out why and try again if it looks possible to get funded with another try.

REFERENCES

Non-Profit Tool Kit. <https://www.acf.hhs.gov/ana/resource/non-profit-tool-kit>
especially Section VIII Project Development

Grantsmanship Center : <http://www.tgci.com>

Indiana University Center on Philanthropy : <http://www.philanthropy.iupui.edu/>

Seliger and Associates Grantwriting firm : <http://www.seliger.com>

Go to Sample Proposals :

[http://www.umpqua.edu/search?searchword=Proposals&ordering=&searchphrase=a
ll](http://www.umpqua.edu/search?searchword=Proposals&ordering=&searchphrase=all)

Foundation Center: <http://www.foundationcenter.org>

"I have never begged a dollar in my life but I have given a lot of people great opportunities to be useful." William Rainey Harper, former President, University of Chicago

"The cause is what I am there for; therefore, I forget myself." Henry Rosso, Fundraising School

Sample Proposal (Just something to get you started)

Summary/Abstract:

The Utopia Youth Club, 400 Main Street, Utopia City, Utopia 99999-9999 Contact: Jose Marti', Executive Director, 34-222-222-2222 jm@uyc.org. The Utopia Youth Club (UYC) is requesting \$140,000 for one year from the Nice Foundation to fund a youth program. Our partners are Utopia Chamber of Commerce, Utopia School District #1, and US Navy.

The goal of Project Utopian Living is to provide classes in the traditional flora, fauna, farming, hunting and fishing techniques while using the Utopian language. We also will assist youth to learn to utilize these skills to engage in entrepreneurial activities. The Objective is: 1. Teach at least 100 Utopian youth traditional Utopian hunting, fishing and farming techniques by 12/31/14.

Introduction:

The Utopia Youth Club (UYC) is a 501c3 nonprofit incorporated in 1977 to serve the over 21,000 Utopian people inhabiting the 1,400 square mile island US Territory of Utopia in the southern Pacific Ocean 1,500 miles from Honolulu. The original inhabitants of Utopia were Polynesians who canoed here from further south. The current inhabitants are a mix of the original people intermarried with Portuguese and Japanese who migrated to Utopia in the late 1800s and early 1900s. The main industries of Utopia are farming, fishing and maintenance of a US Army Base. Recently there have been two green tourist hotels built on the island.

The mission of the Utopian Youth Club is to serve youth from 7 to 21 by providing educational, health and wellness, and cultural activities in the Utopian Islands. The vision is happy and health Utopian youth prepared for life with a high school diploma and college degree, a healthy lifestyle and a solid grounding in Utopian culture and language.

UIYC operates a youth center in Celebration, the main settlement of the island, which provides educational counseling and tutoring, wellness and recreation activities including a fitness room, gym and outdoor activities such as hiking and canoeing, and Utopian language and culture classes facilitated by Utopian elders.

UYC has 2,100 members which is 80% of the youth living on Utopia. We have assisted with 77 General Equivalency Diplomas and 140 high school diplomas over the past 10 years. We have had 150 members get postsecondary certificates, AA's or Bachelors. UYC sponsors an annual trip to Honolulu for our culture and dance group to perform at the Polynesian Cultural Center.

Need:

The people of the Utopian islands are economically poor but culturally rich. We have a delicate balance of subsistence living and modern economic income. The 2010 US Census shows that 35% of Utopians live below the poverty level. There is a high rate of obesity and diabetes among our adults (63% according to the 2009 US Center for Disease Control Health Statistics Report). Among Utopians over 40 there are 30% who have high school diplomas and 10% who have a postsecondary certificate or degree. Our one high school has a graduation rate of 52% over the past 4 years (Dept. of Education Statistical Report).

Our people have a high rate of substance abuse with over 80% of our families affected by alcoholism. There are only 100 Utopians who are fluent in the language. Our youth are losing the old knowledge of island flora and fauna and agricultural, hunting and fishing techniques.

Goal and Objectives:

The goal of Project Utopian Living is to provide classes in the traditional flora, fauna, farming, hunting and fishing techniques while using the Utopian language. We also hope to assist youth to learn to utilize these skills to engage in some entrepreneurial activities. The Objective is: 1. Teach at least 100 Utopian youth traditional Utopian hunting, fishing and farming techniques by 12/31/14. The outcomes will be an increase in the self-concept of Utopian youth through knowledge of their culture and possible sources of subsistence and income.

Methods/Activities:

We propose to achieve the objective through the following activities: Hire Coordinator by 1/31/12; Research and identify knowledge sources both media and human in Utopian culture by 2/29/12; Develop outcomes, curriculum and lesson plans by 3/31/12; Hire and train 2 male and 2 female Cultural Mentors by 4/30/12; Set up a schedule and protocol for presenting the sessions by 4/30/12; Select 100 students from UHS by 5/30/12; Hold orientations sessions for students by 6/15/12; Present sessions for 100 students from 6/16 to 8/15/12; Do report and request for continuation to Utopia HS by 10/15/12; Do report to the Nice Foundation by 12/31/12.

Evaluation:

The following gives the evaluation by activity. The Evaluation Report will do an analysis and compilation of data to show accomplishment of the objective.

- Hire Coordinator by 1/31/12. Evaluation: Records of hiring, job descriptions, resume, etc.
- Research and identify knowledge sources both media and human in Utopian culture by 2/29/12. Evaluation: Resource list of media and human resources.
- Develop outcomes, curriculum and lesson plans by 3/31/12. Evaluation: Copy of workshops intended outcomes, curriculum and syllabi.
- Hire and train 2 male and 2 female Cultural Mentors by 4/30/12. Evaluation: Hiring records, job description, resumes, and participant training evaluations.
- Set up a schedule and protocol for presenting the sessions by 4/30/12. Evaluation: Copy of schedule and protocol.
- Recruit and select 100 students from UHS by 5/30/12. Evaluation: Copy of recruitment materials; selection criteria; List of students with background demographics.

Hold orientations sessions for students by 6/15/12. Evaluation: Copy of orientation agenda and materials; participant evaluations of orientation.

- Present sessions for 100 students from 6/16 to 8/15/12. Evaluation: Participant evaluation of sessions; Cultural Mentor evaluation of sessions; Participant pre and post tests including demonstrations.
- Do report and request for continuation to Utopia High School by 10/15/12. Evaluation: Copy of report; response of Utopia School Board.
- Do report to the Nice Foundation by 12/31/12. Evaluation: Copy of report; acceptance by Nice Foundation.

Budget

A. Personnel, \$93,521

Regular Employees, \$47,521

The Director will be hired at 10% for 26 pay periods. It will take us a month to hire the Coordinator even though we have 3 possible people in mind. This person will work 24 pay periods at 100%.

Title	Salary	%	Pay Periods	Person	Amount
Exec. Dir.	\$53,374	10%	26pp	J. Marti	5,337
Coordinator	\$42,184	100%	24pp	TBD	42,184

Table 7: Regular Employee Costs

Special Employees, \$46,000

We will hire 2 male and 2 female Cultural Mentors from April through September.

The CM's will work from April through September for 10 pay periods.

Title	Number	Salary	%	Pay Periods	Person	Amount
CM	4	\$29,900	100%	10pp	TBD	46,000

Table 8: Special Employee Labor Cost

B. FRINGE, \$15,471

Regular

UYC has a fringe benefit rate of 30% times salary which includes Social Security, life, health and annuity.

$$\$37,233 \times .30 = \$11,170$$

Special

The IRS considers the CM's employees not consultants so we will pay social security, etc. which comes to .935%.

$$\$46,000 \times .0935 = \$4,301$$

C. TRAVEL, \$2,000

Conference, \$2,000

We have put one trip to a directors' conference as required by the Nice Foundation.

We are assuming the conference is in San Francisco, CA.

Airfare: \$750, Per Diem: 5 days x \$250 = 1250

D. SUPPLIES, \$15,071

Gas for buses to transport students, \$2,000

Office Supplies for recruitment fliers, etc., \$2,324

Instructional Supplies, \$10,747

UYC has the boats and farm equipment needed. The supply money will be for hand farm implements, fishing equipment, etc. that will be bought from local craftspeople who manufacture them. We will also buy jump drives to put all the instructional materials on. Utopia High School is letting us use their computer lab so students can do the class work there.

E. OTHER, \$3,600

Utilities

We will pay \$300 a month for electricity, heat , phone, and internet.

$\$300 \times 12 = \$3,600$

F. TOTAL DIRECT COSTS, \$121,739**G. INDIRECT COSTS (15%), \$18,260**

UYC Indirect Cost rate is 15 %. The agreement was negotiated with the Office of Inspector General of the Department of Health and Human Services in 2010. We figured Indirect Cost on: Direct Costs $\$121,739 \times .15 = \$18,260$

TOTAL COSTS, \$140,000

Future Funding/Sustainability:

The Utopia High School has made a commitment to continue the program through their regular course offerings using the material and protocols developed if the program proves successful. UYC will look for funding from a number of programs to continue the summer workshops.

Organizational Capability/Adequacy of Resources:

UYC has provided services for Utopian youth for the past 34 years. UYC handles over \$1 million dollars in income from enterprises, foundations and the federal government each year. We have a financial, personnel, and procurement system certified by the Department of Defense for grants and contracts. UYC has an annual audit and the 2010 audit found no material findings. UYC has two top administrators and a staff of 12 full time and 20 part time people. UYC has their main administration, wellness center, etc. in a 5,000 square foot build built in 2009 with ARRA funds through an agreement with the Department of Defense.

Quality of Key Personnel:

Staff who will be involved with the project are:

- Jose Marti', UYC Executive Director for the past 7 years.
 - MA in Government, Public Administration emphasis, University Hawaii, Hilo
 - USMC Retired, served for 20 years including the Gulf War.
 - Graduate of Utopia High School 1987
- Anna Magnani, UYC Business Manager for the past 5 years.
 - BS in Accounting, University of San Francisco, CA, 2001
 - Graduate of Utopia High School 1994

New positions include:

Title	Duties	Qualifications
Coordinator		
Cultural Mentors		

Table 9: New Positions

X. FINANCIAL MANAGEMENT

I. OVERVIEW

Finance can be defined as the art and science of managing money. Finance is concerned with the processes, institutions, markets and instruments involved in transfer of money among and between individuals, businesses and governments. Organizations benefit when they have a financially knowledgeable staff involved in direct support of the organization's goals. For those who work with federal funds, an understanding of federal financial regulations is a big part of being financially knowledgeable. Knowledge of federal financial regulations, the big picture, allows financial staff to make better financial decisions. In financial administration, "it's not just *how* we do the job, but also *why* we do things that is important.

Organizational success is often measured by the accomplishment of the organization's goals. Successfully managing the financial resources of the organization maximizes the amount and availability of funds to accomplish these goals. Success in the management of the organization's finances is a critical component in the overall success of the organization.

A total financial management system is comprised of three major elements or functions.

- First is the budget process. Budgeting is the appropriating of fiscal resources to accomplish program goals within a single year.
- Second is the accounting of the resources. The purpose for accounting is to identify and report all revenues and expenditures that occur during the current year and to report this information to all interested parties.
- Third is auditing. An audit examines the year's activities to ensure compliance to the regulations regarding how money was expended and if there were proper controls in operation to safeguard these assets.

The Finance Department, as it is called in most organizations, is responsible for the accounting process, or the identification of all monies received and expended during the organization's fiscal year. These receipts and expenditures are compared to the budget, and reported to department directors and administrators in order for them to make corrective decisions on the delivery of services to meet department goals. The monthly revenue and expenditure reports must be accurate and timely in order to provide department decision makers with the information they need. Likewise,

granting agencies also require financial reports to evaluate the progress on meeting the outcome expectations of the grant. Therefore, one of the most important outcomes from financial management is the providing of accurate and timely information for decision-making. This is a critical function.

A knowledgeable and effective finance department will take every opportunity to financially benefit its organization. Since financial administration is the science of managing money – there are many concepts that apply to all organizations that result in accomplishing this goal. Concepts such as cash management, or maximizing the return on slack or idle cash, investing, and competitive bidding to receive the desired service/product at the lowest price are touched upon during this training.

Accountability for fiscal resources is a critical concern for all organizations. Both private and public organizations have audits. They install internal controls and checks and balances to protect their organization's money. All assets whether the asset is cash, materials, fixed or movable must be accounted for and protected. The auditing process includes the evaluation of internal controls as well as stating the financial position of the organization. The auditor's report also displays a listing of any findings the auditor noted during the audit. The audit document is an important source of information to the organization's strategic partners such as granting agencies, banking and financial communities, and potential funders.

II. BUDGETING

Planning is, or should be, a more or less continuous process. This is true of budgeting, particularly in the development of background cost and expenditure data.

A. Three Phases of Budgeting

- Preparation of the budget. The budget should not be prepared until the agency's policies, priorities, and plans have been established. Without clearly stated goals and objectives, financial projections cannot be made nor should budgeting substitute for planning. Approval of the budget should be regarded as a commitment on the part of the governing body and the administration to carry out the policies, respect the priorities, and support the plans that have been translated into dollars through the budget.
- Comparison of the budget to actual results. The second step in budgeting is comparing planned expenditures to actual expenditures. This comparison must be done at regularly scheduled intervals in order for the budgeting process to serve its function as a control tool.

- Reaction to differences between budgeted outcomes and actual outcomes.
There are two basic actions that can be taken to variances in actual expenditures from planned; one is to not change anything and the other is to make a change in procedures or approaches.

B. Factors in Budgeting

Budgeting is the method by which an agency translates agency and/or program goals and objectives into the resources necessary to accomplish the goals and objectives. Budgeting is not a hit-or-miss approach. Rather, it involves serious consideration of many factors. These factors include:

- Available Resources - Analysis of available resources involves an identification of what is available in terms of dollars, materials and people. This includes an assessment of human resources, capital resources, and financial resources. If the budgeting process does not assess the three areas of resources available it lessens its ability to achieve the goals and objectives.
- Regulations - The regulations govern programs. The budgeting process must assess the impact that these regulations will have on the allocation of resources to the various line items. If this is not done, the agency will spend unnecessary time forcing expenditures into cost categories or losing payment.
- Scope and Quality of Service and Methods in which services will be provided - One of the most important factors in determining expenditures is the range and quality of services to be provided. This must also include the methods which will be used to provide the service. Rather than just basing the budget on past expenditures, the agency should look at alternative ways of providing the services as part of the budgeting process.
- Volume of Activity - The volume of activity must be analyzed to determine fixed costs and those that are impacted by an increase or decrease in the funding. The agency must establish a base level at which the program can be operated. If this level of revenue is not secured, then the agency will have to generate additional revenue, combine the program with another with similar goals, or refuse the program.
- Cost Elements - The agency will need to determine the types of labor, materials, equipment, and other cost elements required to perform the services and the cost for each.

C. Types of Budgets

There are four types of budgets which must be developed by an agency. Although most agencies see themselves as having two budgets, individual program budgets and an overall agency budget these two budgets incorporate whether planned or unplanned the four budgets detailed below.

- **Revenue Budgets.** The revenue budget is a summary of the expected revenues to be received by the agency and is often based on previous revenues. Usually budgeting of revenues is the starting point in the budgeting process for many organizations. It is important to consider changes that might occur such as government programs being reduced or expanded, new programs, or the elimination of programs.
- **Cash Budgets.** Cash budgeting is a projection of required cash receipts and cash disbursements for a given period of time.

The cash budget is to ensure that the agency has enough cash on hand. This is not as easy as it sounds because the agency must not violate government cash management regulations, should not have idle amounts in checking accounts, and must also have the internal control procedures in place to safeguard cash. A systematic analysis of the uses of cash for a cash budget always begins with an analysis of the operating budget. The capital budgets must also be reviewed to ensure cash is available for major purchases. This is typically done through conducting cash flow analysis. The cash flow analysis simply reviews the projected expenditures and the timing of the expenditures.

Cash budgets can be prepared for any period of time that fits the needs of the agency. Typically cash budgets are prepared annually with reconciliation monthly or weekly. To make the analysis even more complex it is also necessary to factor in the timeframe of each funding source between request for funds and receipt of funds. Documentation of cash needs over a period of time will assist in preparation of future cash flow projections.

For cash budgets to be successful cash receipts and disbursements must be projected systematically and accurately.

- **Capital Budgets.** Capital budgets are resources set aside for equipment, land, or buildings. If government funds are to be used it is necessary to plan operating expenses in such a manner as to "free up" the resources for the purchase.

If non-restricted funds are to be used, long-term planning decisions are necessary to ensure financing of the purchase. Also, agencies will want to begin

analyzing the "payback" on a capital purchase to ensure that the investment is recovered.

It is important that if the capital purchase is required to perform on-going activities that the agency has done the necessary planning to ensure that resources are available.

- **Expense Budgets.** Expense budgets show where the money should go by focusing on operating, administrative, and other expenses. In preparing the expense budget there are five categories of expenses.
Variable expenses. A variable expense is one that if the activities increase the expense will increase. Participant training materials are a good example of this.
 1. **Non-variable expenses.** These are the agency's fixed expenses which will not change during a budget period. Rent is a good example of this.
 2. **Semi-variable expenses.** These are expenses that are a combination of both variable and non-variable expenses. Utilities are a good example of this.
 3. **Step expenses.** These are non-variable costs that can be changed by management. One example of this is to hire an outside consultant.
 4. **Other expenses.** There are several costs that do not fit into any of the above categories and have a variety of behaviors. Federal payroll tax and state unemployment tax are good examples of these.

D. Management of Budgets

Good management requires that funds are used efficiently and effectively, which is simply getting the most for the resources invested. One tool to do this is through proper management of the budgets. In order to do this the agency must compare the planned expenditures with the actual expenditures frequently. As differences between planned and actual expenditures are identified questions should be raised as to what caused the variance. This could be attributed to a number of things:

- **Limited planning information.** Frequently the cost to do a project is inaccurately projected because it is a new activity and the agency does not have historical data to refer to.
- **External factors.** There has been a major cost fluctuation in materials or equipment that was not known at the time the budget was being prepared. New laws or regulations require additional person hours to complete a particular activity.

- Internal factors. There is a position vacancy for a number of months which was not anticipated.
- If there is a variance between planned and actual revenue and/or expenditures the agency should take action to revise the revenue and/or expenditures.

There are basically two ways in which a budget can be monitored.

1. **Line Item Review.** On a periodic basis, preferably monthly, administration and program staff can review the expenditures for each of the line items. In order for this to accurately project progress toward meeting program goals the program level of activity must be factored in to the analysis.

In order to conduct this type of review it is important that a projection of expenditures be done. Many agencies take the total budget and divide by twelve to determine the planned expenditures for each month. Although this will work for fixed costs, for other costs that are impacted by the level of activity it does not work. To accurately project expenditures, the planned level of activity must be taken into account when preparing the projection.

2. **Performance vs. Expenditures Review** – The analysis of the projected costs to perform specific activities of the project vs. the actual costs. In order to conduct this type of review it is important that a projection of the cost to perform specific objectives and/or activities be done. An analysis of the actual cost for the objective and/or activity will then identify if the projections were accurate or if modifications will be necessary to complete the entire scope of work of the project. This will allow the organization to make appropriate adjustments to future activities if there is a variance.

Before the budget can be used as an effective management tool, time and commitment must be given to the preparation, comparison, and monitoring phases of budgeting. Also, administration and program staff must support the budget and adjustments made when necessary.

III. ACCOUNTING

As previously stated the purpose for accounting is to identify and report all revenues and expenditures that occur during the current year and to report this information to all interested parties. There are four key components for all accounting that are necessary to the financial success of an organization.

A. Financial Procedures

Financial procedures are documents that form part of an organization's system of financial communications. They instruct people on what to do and how to do it. There are three types: written, prescribed, and standing instructions.

- **Written** means that the know-how contained in procedures is not only in the heads of some knowledgeable people, but is made accessible to all who may have a need to know it or to check their memories; to be sure they know what the agency expects of them.
- **Prescribed** means that what is written is the way the program has decided the work is to be done, how requests are to be presented, how decisions are to be made. Prescription implies official approval and sanction, based on deliberate review and choice.
- **Standing** means that the instruction is to be observed indefinitely into the future—or until the procedure is changed or withdrawn. Whenever the document may be looked at, it is meant to be followed.

Procedure documents can be thought of as being both frontline and end-of-the-line communications. They are frontline when they are used at the point at which service is given, materials are purchased, and reports are compiled; they govern the doing of work. They are end-of-the-line when they include the products of a great deal of planning and decision making. They convert funding source regulations and organization's policies into concrete instructions.

In most positive terms, usable procedures can improve the organization's efficiency and effectiveness. This happens because they help to assure that:

- Staff know what is *expected of them*;
- Staff know what to *expect of others*, in performing the work;
- Programs and staff can, therefore, *interact properly*, reducing the time supervisors must spend on directly coordinating the work;
- *Policies can be complied with*, once they are translated into concrete instructions;
- Agency practices are *uniform and fair*, less dependent on individual whim and prejudice;
- Operating *errors are reduced*, insofar as they stem from staff uncertainties;

- Reliance on *oral instructions is minimized*, as is the time required to give them and the ambiguities they may convey;
- *Standards for evaluation* of work performance-by individuals and sections are available.
- *Know how does not leave* with knowledgeable personnel;
- *Training of new employees* can be more efficient, as oral instruction can be supplemented or replaced by study of written instructions; and
- *Disputes can be settled* by reference to documents.

These are benefits of procedure documents as products. In addition, there can be substantial benefits from a well-managed process of producing them. Such a process of preparation, review, and clearance can help to assure that:

- *work methods are analyzed* periodically for possible improvements and updates;
- changes in methods are well-considered; and
- *staff becomes involved* by contributing their know-how to procedures development and management improvement; they have a chance to display their potential for advancement to higher positions.

If policy/procedure documents are to be effective guides to performing the right work correctly, they must meet certain criteria. Good procedures are:

- *understandable* to all those who are to use them, written in the simplest possible language;
- *unambiguous* in their content, in stating who does what, when;
- *unequivocal* in stating actions and choices;
- *uncluttered* with excess verbiage and subject matter that does not directly instruct people in what to do;
- *detailed* just enough to ensure proper work performance;
- *logically structured*, presenting a straightforward sequence of actions and necessary cross-reference and connections;
- consistent with workers' responsibilities and capabilities;

- consistent with policies, objectives, and capabilities;
- consistent with one another.

One method of writing financial procedures is explained below:

- Staff is listed in the left column; actions are listed in the right.
- A single numerical sequence is used from the start to the end of a procedure. The numbers appear before the action statements (right column).
- The wording is kept terse and direct and the content is limited to the least information needed to instruct the staff.

Additional needed information is provided outside of the procedure itself. The *policy statements* may form a discrete section preceding the procedure. Technical and administrative details may form a discrete section that follows the procedure (or may be handled by reference to other documents).

- If one staff person performs a series of steps, it is not necessary to identify the staff at each step in the left column.
- Each step successively performed by the same staff member may be stated in a separate numbered statement, or several steps may be grouped in a single statement with each action set off by semicolons.
- When alternative actions need to be taken, one first determines which the main action is and which the alternative action is. Determination of the mainline action may be on the basis of:
 - what is the most frequent situation
 - what applies to the cases of primary concerns

Mainline actions are presented in numbered statements in the procedure, while alternative actions are presented in sub statements, indented under the numbered step to which they apply.

In developing procedures there are four components which should be incorporated into each procedure.

- **Purpose.** The purpose explains why the procedures have been developed and when they will be used. The purpose gives a description to staff and to the public

as to why a specific activity is being performed in a specific manner (may be part of the regulations statement)

- **Departmental Responsibilities.** The departmental responsibilities identify the department within the organization and its responsibilities as it is related to specific procedures. This is designed to ensure proper segregation of department duties.
- **Specific Procedure.** This identifies the duties of each individual in relation to the procedures. The written statement should be very specific and logical.
- **Mandated Forms.** This includes required forms used to accomplish the work described in the particular procedure. The use of standardized forms allows for the documentation of activities in a consistent manner. In addition, standard forms will eliminate duplicate work and "reinventing the wheel" each time a particular activity is to be performed.

Procedures express concretely *how* actions are to be carried out, by whom, and in what sequence, so as to make policy operational. Attachment Y provides a Sample Financial Policies and Procedures Manual.

B. Cash Management

Poor cash management is probably the most frequent stumbling block for organizations. Understanding the basic concepts of cash flow will help you plan for the unforeseen eventualities that nearly every organization faces.

Cash is ready money in the bank. It is not inventory, it is not accounts receivable (what you are owed), and it is not property. These can potentially be converted to cash, but cannot be used to pay suppliers, rent, or employees. Cash is what you must have on hand to keep your organization running.

Cash flow refers to the movement of cash into and out of an organization. Watching the cash inflows and outflows is one of the most pressing management tasks for any organization. The outflow of cash includes those checks you write each month to pay salaries, suppliers, and creditors. The inflow includes the cash you receive from funders, donations, and/or social enterprises.

If the organization's cash inflow exceeds the outflow, an organization has a positive cash flow. A positive cash flow is a good sign of financial health, but is by no means the only one.

A "Cash Flow Statement" shows the sources and uses of cash. Operating cash flow, often referred to as working capital, is the cash flow generated from internal operations. It comes from the revenues of the organization and because it is generated internally, it is under your control.

Good cash management is simple. It involves:

1. Knowing when, where, and how your cash needs will occur
2. Knowing the best sources for meeting additional cash needs
3. Being prepared to meet these needs when they occur, by keeping good relationships with funders and donors.

The starting point for good cash flow management is developing a cash flow projection. Smart organizations know how to develop both short-term (weekly, monthly) cash flow projections to help them manage daily cash, and long-term (annual, 3-5 year) cash flow projections to help them develop the necessary capital strategy to meet their organization's needs. They also prepare and use historical cash flow statements to understand how they used money in the past.

Listed below are the ten rules of cash management

1. **Never Run Out of Cash.** Running out of cash is the definition of failure in financial management of your organization. A good financial manager will do what it takes so it does not happen.
2. **Cash Is King.** It is important to recognize that cash is what keeps your organization alive. Manage it with the care and attention that it deserves.
3. **Know the Cash Balance Right Now.** What is the organization's cash balance right now? It is absolutely critical that you know exactly what the organization's cash balance is. Even the most experienced organization will fail if they are making decisions using inaccurate or incomplete cash balances.
4. **Do Today's Work Today.** The key to keeping accurate cash balance in your accounting system is to keep the organization's accounting records current. When you do this, you will have the numbers you need - when you need them.
5. **Either You Do the Work or Have Someone Else Do It.** Here is a simple rule to follow to make sure you have an accurate cash balance on your books. You do the work or have someone else do it. Those are the only two choices you have. The work must be done.
6. **Do Not Manage From the Bank Balance.** The bank balance and the cash balance are two different numbers. Rarely will the two ever be the same. It is incorrect to attempt to manage the organization's cash flow using the bank

balance. It is a prescription for failure. You reconcile the organization's bank balance. You do not manage from it.

7. Know What You Expect the Cash Balance to be Six Months from Now. What do you expect your cash balance to be six months from now? This one question will transform the way you manage your organization. This question really gets to the heart of whether you are managing the organization or whether the cash is managing the organization.
8. Cash Flow Problems Do Not "Just Happen." Many non-profit organizations fail because the organization did not see a cash flow problem in time to do something about it. The key is to always be able to answer the question - what do I expect the cash balance to be six months from now?
9. The Organization Must Have Cash Flow Projections. Cash flow projections are the key to making good financial decisions. It is impossible to manage the organization properly without them.
10. Eliminate The Cash Flow Worries So The Organization Is Free to Do What It Does Best – Provide Services To The Community. The reason you have to make sure you have the cash flow of the organization under control is so that the staff is free to focus on the mission of the organization.

A cash flow projection is just planning the timing of the receipt of cash and the disbursement of cash. It will help you to plan when to make cash draws if you receive government funds and when you will have to secure donations for expenses. Attachment Z provides an example of a cash flow projection.

C. Internal Controls

In accounting and auditing, internal control is defined as a process effected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives. It is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's assets.

Internal Controls are an integral part of any organization's financial policies and procedures. Internal controls consists of all the measures taken by the organization for the following purposes: (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the organization.

Everyone within an organization has some role in internal controls. The roles vary depending upon the level of responsibility and the nature of involvement by the individual. The Board of Directors, Executive Director and Program Directors establish the presence of integrity, ethics, competence and a positive control environment. The Executive Director and Program Directors have oversight responsibility for internal controls within their programs and are responsible for executing control policies and procedures at the detail level within their specific program. Each individual within a program is to be knowledgeable of proper internal control procedures associated with their specific job responsibilities.

Internal controls within the financial system rely on the principle of adequate separation of duties in the workplace. Adequate separation of duties means there are at least two individuals involved with every transaction that has significant financial implications to ensure the transaction is accurate and proper. Ideally, there should be at least two individuals involved with every financial transaction before it occurs to ensure adequate review for accuracy and reduce the risk of impropriety. Separation of duties is considered a preventive control because it prevents an event from occurring rather than discovering the error after-the-fact. The organization's financial system policy and procedures should be designed to allow for this separation of duties by enabling Program Managers to separate the key activities for a transaction between more than one individual.

The key activities for the major types of transactions are:

- Input/Creation, and Approval, for journals, purchase orders, and requisitions in the Finance system
- Input/Creation and Approval for job data and time reporting for the system.

If these key activities for a transaction are split or separated between two or more individuals, you have a strong control environment. However, if these activities are given to one individual who can perform all the key activities of a transaction, then that person is said to be able to perform incompatible duties. In that case, the control environment is compromised and compensating controls must be incorporated to ensure transactions are being monitored for accuracy and propriety.

Compensating Controls

Compensating Controls are less desirable than separation of duties because they generally occur after the transaction is complete (post audit). Relying completely on compensating controls is less desirable than separation of duties because it takes more resources to investigate and correct errors, and recover losses, than it does to prevent them. However, in some circumstances, departments do not have the staff

resources to establish adequate separation of duties, so they have no choice in the matter. In these instances it is important for management to implement controls that compensate for the increased risk. Following is a list of the types of compensating controls a department can implement to address not having adequate separation of duties.

Internal control procedures reduce process variation, leading to more predictable outcomes.

Examples of internal controls:

- Use of purchase orders
- Designated individuals authorized to approve purchase orders
- Two signatures required for checks
- Blank checks kept in a locked restricted area
- Inventory tags for equipment
- Annual reconciliation of inventory
- Petty cash maintained in a locked restricted area
- Segregation of responsibilities for all financial transactions

Internal control will also be evaluated by the external auditors. External auditors assess the effectiveness of internal control within an organization to plan the financial statement audit. External auditors focus primarily on controls that affect financial reporting. External auditors have a responsibility to report internal control weaknesses to the board of directors.

D. Accounting for Grant Funds

While there are many similarities between the private and public sectors, there are also some unique differences. One major difference is when a governmental organization provides grant funds to an organization. The grant funds must be tracked in the accounting system to identify the source and use of the specific grant. If an organization has ten grants each of the grants would have to be tracked separately. This is called fund accounting.

Fund accounting is an accounting system emphasizing *accountability* rather than *profitability*, used by non-profit organizations and governments. In this system, a

fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

Non-profit organizations and government agencies have special requirements to show, in financial statements and reports, how money is spent, rather than how much profit was earned. Unlike profit oriented businesses, which use a single set of self-balancing accounts (or general ledger). Non-profits can have more than one general ledger (or fund), depending on their financial reporting requirements. The organization must be able to produce reports detailing the expenditures and revenues for each of the organization's individual funds, and reports that summarize the organization's financial activities across all of its funds.

Organization's can buy accounting software that is designed for fund accounting or an organization can track each grant award separately through the design and use of the chart of accounts. If the organization chooses to track the revenues and expenditures for each funding source separately through the account designations predetermined in the chart of accounts it requires simply to establish a two, three, or four digit identifier for each grant.

The primary goal of the accounting system is to provide accurate, current, and complete disclosure of all financial transactions by funding source.

Financial Reports

It is important that non-profit Board of Directors members and the organization's key personnel learn the fundamentals of financial statements. Here's a primer to help you interpret the numbers.

Every non-profit organization's financial statements produced for external use should include four parts:

1. A balance sheet (sometimes called a statement of financial position),
2. An income statement (sometimes called support, revenue, expenses and changes in net assets),
3. A cash flow statement, and
4. Explanatory footnotes.

The Balance Sheet

The balance sheet is a snapshot of the organization's financial situation at a moment in time, such as at your year end. The balance sheet shows:

- What you own,

- What you owe — in the form of loans and accounts due to others and sometimes grant or contract money that you have received but not yet fully earned, and
- Your equity or net assets.

The balance sheet lists assets and liabilities in order of liquidity. That is, how quickly they can be turned into cash or will require cash. Net assets consist of the difference between what you own and what you owe, and are broken down into donor-restricted amounts. Donor restrictions can be either temporary or permanent.

The Income Statement

The income statement shows support, revenue and expenses for a set period, such as the most recent month or year. It reports all income the organization received during the year and identifies amounts temporarily or permanently restricted by funders. It also reports income by function as well as your major programs and supporting services, including an important reconciliation of net assets.

You can design the income statement to report your regular operating activities separately from non operating activities, such as investment results.

And comparing the monthly activities statement with your budget can be useful in explaining changes from your original expectations.

The Cash Flow Statement

The cash flow statement reconciles the surplus or deficit to the change in cash balance. For instance, depreciation is an expense in your activities statement but does not require cash. Unpaid revenue you earned and have not yet collected is included in income — but does not increase cash.

The cash flow statement groups cash flows into these types of activities:

- Normal operating activities,
- Investment activities, and
- Financing activities, including loans and repayments.

Explanatory Footnotes

Footnotes are valuable for understanding how the financial statements were prepared. They explain whether the organization follows the cash or accrual basis of accounting. Footnotes provide additional information about:

- Equipment depreciation,
- Loan terms,
- Lease commitments,
- Other potential liabilities, and
- Volunteer services and other contributions.

There are some key things to look for when reviewing a financial statement.

1. The surplus or deficit. Non-profit organizations can have either in any year, but repeated deficits or results that differ greatly from budgets are cause for concern.
2. Timeliness. The date financial information is available depends on your non-profit's complexity and need for outside information, such as invoices from suppliers and reports from investment managers. But in general, information the organization prepares should be available within two to four weeks after the balance sheet date.
3. Program or functional expenses. Expenses should be reported by the function they accomplish. Each major program can be a function. Together these are referred to as program expenses. Operating costs should be classified as management and general. Costs to bring in contributions and donations should be classified as fundraising costs.
4. Ratios. Important ratios that will help you understand financial statements include:
 - Current ratio. Obtain this ratio by dividing current assets by current liabilities. This ratio shows the non-profit's ability to pay its current bills and should generally be not less than 1 to 1.
 - Program services percentage. Dividing program services by total expenses shows what portion of your expenditures you use to provide direct service. Dividing program services by total support and revenue gives insight into how much of your total budget you spend on program services.

The need to be able to read and understand the balance sheet, income statement, cash flow statement, explanatory footnotes, and perform ratio analysis cannot be overemphasized. They are the key to understanding the financial statements.

Audits

A financial audit, or more accurately, an audit of financial statements, is the verification of the financial statements of a legal entity, with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements.

If a non-profit organization receives federal funds they might have to conduct the Single Audit, also known as the OMB A-133 audit. The Single Audit is an organization-wide audit or examination of an organization that expends \$500,000 or more of Federal funds for its operations. The Single Audit is usually performed annually and the objective is to provide assurance to the US federal government as to the management and use of such funds by recipients such as states, cities, universities, and non-profit organizations. The audit is typically performed by an independent certified public accountant (CPA) and encompasses both financial and compliance components. The Single Audits must be submitted to the Federal Audit Clearinghouse along with a data collection form.

The Single Audit is divided into two areas: Compliance and Financial. The compliance component of a Single Audit covers the study and understanding (planning stage) as well as the testing and evaluation (exam stage) of the recipient with respect to federal assistance usage, operations and compliance with laws and regulations. The financial component is exactly like a financial audit of a non-federal entity which includes the audit of the financial statements and accompanying notes. Depending on the recipient, the Single Audit can be simple and straightforward, or it could be complex and troublesome. This is because there are millions of federal grants awarded each year to thousands of recipients, each with its own independent way of operating. Therefore, the Single Audit differs from recipient to recipient and from federal program to program.

For these reasons, the federal government requires auditors to perform the compliance audit of a recipient with a planning stage and an exam stage. During the first stage, or planning stage, the auditor must study the recipient, determine whether there is a high or low risk that the recipient does not comply with laws and regulations, identify federal programs, and evaluate such programs. The second stage, or exam or audit stage, is where the auditor actually audits the federal assistance and programs.

As part of the Single Audit, the auditor must prepare and submit three individual reports to the organization and to the federal government. The first report is an opinion, or a disclaimer thereof, on whether the organization's financial statements are presented in conformity with US Generally Accepted Accounting Principles, identical to a financial audit's report on a non recipient entity. The second report is about the status of internal controls relative to the financial statements and major programs. The third report is an opinion, or a disclaimer thereof, on the degree to which the recipient has complied with laws, regulations, and the terms and conditions of the federal assistance awards. Following the last two reports, if the Single Audit produced audit findings, the auditor must prepare the Schedule of Findings and Questioned Costs discussed earlier.

IV. FEDERAL GOVERNMENT FINANCIAL REGULATIONS

The purpose of the Federal financial management regulations is to ensure that government funds are used by governments and organizations efficiently and effectively to provide the services and/or goods authorized by the Federal agency that awarded the funds. They also ensure that the governments and organizations financial management systems provide accurate, reliable, and timely financial information to the Federal government.

The information below is only a summary of the federal financial management requirements.

A. Financial Assistance Rules

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre- Federal Award Requirements and Contents of Federal Awards
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements

B. Federal Awarding Agency Review of Risk Posed by Applicants

Requires the Federal awarding agency to conduct a review of risk posed by applicants. The Federal agency may use a risk-based approach and may consider any items such as:

- Financial Stability;
- Quality of management systems and ability to meet the management

- standards;
- History of performance;
- Reports and findings from audits; and
- Applicant's ability to effectively implement statutory, regulatory, or other requirements.

C. Financial Management Standards

Financial management systems must meet the following minimum standards:

- Retention, methods of transfer, transmission and storage of information.
- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
- Provide for accurate, current, and complete disclosure of all financial activities.
- Maintain records that identify the source and application of funds.
- Maintain effective control and accountability for all grant cash, property, and other assets.
- Compare actual expenditures with budgeted amounts on a periodic basis.
- Written procedures to implement the payment requirements.
- Written procedures for determining the allowability of costs in accordance with the cost principles.

The non-Federal entity must establish and maintain effective internal control over the Federal award which is in compliance with guidance in "Standards for Internal Control in the Federal Government".

D. Payment

The methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee. The methods that can be used are:

- Advances (for grantees and sub grantees that meet standards)
- Reimbursements (when requirements are not met or for construction contracts); and

- Working capital advances (if a grantee or sub grantee does not meet the criteria for advance payments).

All advances must be placed in an interest bearing account unless the non-Federal entity receives less than \$120,000 in Federal awards, interest earned would not exceed \$500 per year, depository requires a high average or minimum balance, or a foreign government or banking system prohibits or precludes interest bearing accounts.

E. Matching or Sharing Costs

All contributions, including cash and in-kind, shall be accepted as part of recipient's cost sharing or matching if they:

- are verifiable through records,
- are not counted for other federal programs,
- are necessary for the completion of the project,
- are allowable under the cost principles,
- are not paid by other federal funds (unless approved by statute),
- are provided for in the approved budget, and

The regulations contain additional information on the valuation of donated services, property, indirect costs, land, and equipment.

F. Program Income

Program income is gross income generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.

The methods for treatment of program income include:

- Addition. Added to funds committed to the project or program and used to further eligible project or program objectives.
- Deductive. Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based.
- Matching. Used to satisfy all or part of the non Federal share of a project or program.

- Combination. Uses all program income up to (and including) \$25,000 as specified under the additive alternative and any amount of program income exceeding \$25,000 under the deductive alternative.

Unless authorized by Federal regulations or the grant agreement program income shall be deducted from the total allowable costs.

There are no Federal requirements governing the disposition of program income earned after the end of the award period unless the regulation or agreement states differently.

G. Revision of Budget and Program Plans

The grantee is required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions for the following:

- Change in the scope or the objective of the project or program,
- Change in the project director or principal investigator or other keypersons,
- The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator,
- Changes in the amount of approved cost-sharing or matching
- Disposal of, replace, or encumber title to real property, equipment, or intangible property that was acquired or improved with a Federal award,
- Incur costs 90 days prior to award,
- There is a need for additional Federal funding,
- Approval required by the cost principles,
- Transfer of funds allotted for training allowances (direct payment to trainees),
- If the award is more than \$150,000 transfer of funds between line items of more than 10 percent cumulatively,
- Extension of time to complete the project, and/or
- Carry forward of unobligated balances to subsequent funding periods.

H. Period of Performance

Costs may be charged only during the period of performance or 90 days prior to the period of performance if authorized by the Federal awarding agency.

I. Real Property and Equipment

- Equipment Definition
- Title to Equipment
- Use of Equipment
- Replacement Equipment

The property management requirements include the following:

- Property records must include a description, serial number, source, title, cost, acquisition date, and percent of Federal participation, location, use, condition, and ultimate disposition.
- Physical inventory must be done at least every two years.
- A control system to ensure safeguards against loss, damage, or theft.
- Adequate maintenance procedures.
- Proper sales procedures.

J. Supplies

Title to supplies acquired under an award will vest with the recipient. If the fair market value of the supplies is \$5,000 or higher the grantee must receive disposition instruction from the funding source.

K. Procurement

Grantees must meet the following standards:

- There must be a contract administration system.
- There must be a written code of standards of conduct governing the grantee or subgrantee's employees.
- Procedures that avoid the purchase of unnecessary or duplicative items.

- Grantees are encouraged to enter into State and local inter-governmental agreements for purchasing common goods and services.
- Grantees are encouraged to use Federal excess and surplus property.
- Procedures to ensure awards are only given to responsible contractors.
- Records that detail the significant history of procurement.
- Grantees must settle all contractual and administrative issues arising out of procurement.
- Grantees will have protest procedures.

All procurement transactions must be conducted in a manner providing full and open competition. There must be written selection procedures. The solicitation must also include a clear and accurate description of the service or material being procured. Approved methods of procurement are:

- Micro-Purchases
- Small purchase procedures.
- Sealed bids (formal advertising).
- Competitive proposals.
- Non-competitive proposals

Grantees are encouraged to give preference to small and minority firms, women business enterprises, and labor surplus area firms. There must be a cost or price analysis in connection with every procurement action. Grantees must make proposed procurement technical specifications available upon request by the funding source. The bonding requirements of a grantee will be accepted if the funding source interest is adequately protected.

L. Program Reporting

The grantee must periodically report progress in meeting program objectives. This must include a comparison of accomplishments with planned objectives, explanations of why goals have not been met, and other pertinent information. Performance reports shall not be required more frequently than quarterly or less frequently than annually. Quarterly and semi-annual reports are due 30 days after the completion of the reporting period. Annual and final reports are due 90 days after the end of the project period.

M. Financial Reporting

The financial reports are required as stated the terms and conditions of the award. Financial reports shall not be required more frequently than quarterly or less frequently than annually. Quarterly and semi-annual reports are due 30 days after the completion of the reporting period. Annual and final reports are due 90 days after the end of the project period.

N. Records Retention

Grantees must retain records for three years after submission of the final expenditure report. Records must be retained until action is completed on all litigation, claims, negotiations, or audits. For property and equipment, the retention period starts upon disposition.

O. Cost Principles

The cost principles address four major areas:

- Basic Guidelines for Costs
- Cost Allocation Plan
- Indirect Costs
- Allowability for Selected Costs

Costs are allowable if they are necessary and reasonable, not prohibited under state, local, or tribal laws, conform to laws and regulations, given consistent treatment, comply with generally accepted accounting principles and are not included as a cost under other federal programs.

Allocable costs assigned must be in proportion to the benefits received, cannot be shifted to overcome deficiencies in other programs, and must be supported by a cost allocation plan.

Applicable credits are to be used to reduce expenditures applicable to a given grant.

The total cost of a grant program is comprised of the allowable direct and allowable indirect costs less applicable credits.

The costs principles are the federal regulations which must be followed to ensure that federally assisted programs incur costs in a manner in which each program

pays its fair share of costs recognized under these principles, except where restricted by law.

Costs can be shared within the same funding source as well as between funding sources depending on the specific requirements of each funding source.

A cost allocation plan documents the methods and procedures used to identify, accumulate, and distribute allowable costs in a consistent and equitable manner to services provided. The cost allocation plan should be approved by the designated representative of the agency or the governing body. All costs allocated by the plan must be supported by formal accounting records that substantiate their propriety. The cost allocation plan links the accounting records and the reported expenses of the tribe or native organizations.

Indirect costs are those incurred for a common purpose benefiting more than one program and not readily assignable to the program specifically benefited. All indirect costs must be negotiated with a cognizant agency. The cognizant agency is the federal agency responsible for negotiating and approving indirect cost rates on behalf of all federal agencies.

Non-Federal entities that have not had a negotiated indirect cost rate may apply a de minimus rate of 10 percent for indirect cost.

An indirect cost rate is the rate between total indirect expenses of the non-Federal entity and some direct cost base. This includes either direct salaries and wages or total direct costs exclusive of capital expenditures. The rules for indirect costs are delineated below.

- Indirect costs are shared costs, to be distributed by an indirect cost rate, which must be grouped into one or more equitable cost pools to determine appropriate rate(s);
- A formal indirect cost proposal must be submitted and approved (unless using the de minimus rate). Once approval is granted, charges can then be distributed by means of an indirect cost rate;
- Application of indirect cost rates must be supported by formal accounting records available for auditing;
- Indirect costs (or administrative costs) are no different than direct costs in that they have to be allowable under the federal government cost principles.

Allowability of Selected Costs

The chart on the following pages are a quick reference to specific items of cost and identify if the cost is allowable or allowable with approval of the grantor agency. It is important to review 45 CFR Part 75 Subpart E for specific information about specific costs.

Cost Category	Allowable	Allowable with Approval	Not Allowable
Advertising – Read Regulations			
Advisory Council – Read Regulations			
Alcoholic Beverages			X
Alumni Activities			X
Audit Services	X (with restrictions)		
Bad Debts			X
Bonding Costs	X		
Collections of Improper Payments	X		
Commencement and Convocation Costs – Read Allowability			X (with exception)
Compensation for Personal Services – Read Regulations	X		
Compensation for Fringe Benefits	X		
Conferences	X		
Contributions and Donations – Read allowability of contributions to the Tribe or organization			X
Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals and Patent Infringements – some exceptions			X
Depreciation	X		
Employee Health and Welfare Costs	X		
Entertainment Costs			X
Equipment and Other Capital Expenditures		X	

Table 10: OMB Cost Principles – Selected Items of Cost

Cost Category	Allowable	Allowable with Approval	Not Allowable
Exchange Rates		X	
Fines, Penalties, Damages and Other Settlements – some exceptions			X
Fund Raising and Investment Management Costs		X – If to meet Federal program objectives	
Gains and Losses on Disposition of Depreciable Assets – Read the regulations			
General Costs of Government			X
Goods or Services for Personal use			X
Idle Facilities and Idle Capacity			X – two exceptions
Insurance and Indemnification	X		
Intellectual Property	X		
Interest – Read the regulations			
Lobbying			X
Losses on Other Awards or Contracts			X
Maintenance and Repair Costs	X		
Materials and Supplies Costs, including costs of Computing Devices	X		
Organizational Costs		X	
Proposal Costs	X		
Publication and Printing Costs	X		
Rearrangement and Reconversion Costs – Read the regulations		X	
Recruiting Costs	X		
Relocation Costs of Employees	X – Based on specific criteria		
Rental Costs of Real Property and Equipment – Read the regulations	X		

Table 11: OMB Cost Principles – Selected Items of Cost

Cost Category	Allowable	Allowable with Approval	Not Allowable
Selling and Marketing – Direct costs only		X	
Specialized Service Costs	X – specific conditions		
Student Activity Costs			X
Taxes		X	
Termination Costs	X		
Training and Education Costs	X		
Transportation Costs	X		
Travel Costs – Read the regulations	X		
Trustees Travel and Subsistence Costs	X		

P. Audit Requirements

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program specific audit conducted for that year. Audit required by this part must be conducted annually with the following exceptions:

- An Indian tribe that is required by constitution or statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits pursuant to this Part biennially.
- Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992 and January 1, 1995 is permitted to undergo its audits pursuant to this Part biennially.

The audit must be completed and the required data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Financial management is an important part of every successful organization. Proper financial management increases the success of every organization. While financial management may focus upon numbers, its outcome results in better services to individual community members.

XI. DEVELOPING A STRATEGIC PLAN

I. INTRODUCTION

Planning is a powerful tool. Planning should be a motivator. Planning should lift our vision from the everyday problems to the expected outcomes. Planning is a way of assuring teamwork by indicating the job required from each team member in support of the whole. A plan is a map that makes the organization more efficient and more effective by focusing the organization's energy and resources on the organization's goals and outcomes.

Planning should not be a reason for inaction, e.g., "Wait until the strategic plan is done and then we can do that." Planning should not take so much time to do that when the plan is done it is already obsolete. Plans should not belong to a consultant with a process or formula that doesn't fit the organization. Plans should not be allowed to become a collection of nice words with no effective measurements.

Planning enables us to keep in mind that we cannot do everything. Planning helps us make decisions about what we have to do, should do, want to do and should let go of. Planning also helps us take seemingly unreachable aims and break them into doable chunks. Planning helps us do what we can and helps us avoid letting what we cannot do stop us.

One idea to keep in mind for planning is that it is sometimes practical to develop plans for multiple time frames at the same time. You can work back and forth between a mission statement, a ninety day plan, a one year plan, and a five or ten year plan. Each plan is strengthened by the discussion and content of the others and the organization's overall plan can become stronger than the sum of its parts.

This manual is designed to help you choose the right planning process and format for your organization. The manual provides guidance and suggestions to enable you to develop plans from the strategic level, the organization's mission, to the operational level, what each staff and board member does each day.

There are many names for pieces of plans and this manual defines these pieces. This manual also defines the differences between goals and objectives and activities even though one person's goals may be another's objectives.

Many federal agencies and foundations are now talking about logic models which add the words input, output, outcome, etc. Federal agencies are also governed by the Government Performance and Results Act which set global goals for the agencies that are often difficult to translate into local goals. Thus when writing

proposals or plans or reporting using logic models you need to decide what makes the most sense for your organization.

The goal of this manual is to assist you to do a plan that works for your organization. Good luck.

The organization of the manual uses the following outline that goes from general to specific:

- *Strategic:* Mission and Purposes/Vision/Core Values-Philosophy/Outcomes for Clients/Strategic Goals/ Performance Indicators Strategic Objectives/Strategies/Annual Objectives.
- *Organic Implementation of the Plan:* Communication/Action Planning /Work Expectation Forms /Monitoring & Evaluation/Reporting/ Celebration

A. Why Plan?

We plan to:

- **Meet external requirements.** Many organizations only plan to meet external requirements imposed by funders or accrediting groups. If you are required to do a plan you should make the best of it and have the plan be real and effective for your organization. Sometimes you need to translate the plan done for a funder into an organic plan that makes sense for your organization to implement.
- **Give ways for Board, stakeholders, clients, and staff to keep score and monitor progress.** The plan should be utilized in everyday work as well as reported on regularly to the Board and public.
- **Maintain strengths/address concerns.** The plan not only helps address problems and needs of the community but also helps address issues of organizational health. It is important when planning to not only look at the negative but plan to maintain the strengths of both the community and the organization.
- **Balance top down and bottom up decisions.** Planning is a way to involve everyone in decisions and make sure all angles are considered. It keeps the organization based in reality from many perspectives.
- **Focus vision, priorities and resources to deal with uncertain future.** The plan sets high standards and stretching goals but helps to focus time, human resources, funds, and facilities to reach them.

- **Motivate all stakeholders to commit and work toward same goals.**
Organizations are teams and plans help board, staff and clients to work together for common purposes. The plan, especially the organic implementation component should help stakeholders know their roles and tasks and why they are doing them.

Plans:

- Give a sound understanding of current capacity.
- Incorporate uses of technology.
- Update demographics.
- Foster innovation and change.
- Incorporate history and heritage.
- Identify resources including financial, human and facilities.
- Lead to financial development.
- Set up ongoing improvement processes.
- Allow for evaluation based on evidence and data.

B. Strategic Plan Outline

- I. Strategic Plan
 - a. Executive Summary
 - i. Introduce organization
 - ii. Explain process used to develop the plan.
 - iii. Summarize the plan.
 - b. Needs Assessment
 - c. Mission and Purposes
 - d. Vision
 - e. Core Values
 - f. Philosophy/Guiding Principles
 - g. Outcomes for Clients

- h. Strategic Goals
 - i. Performance Indicators
 - j. Strategic Objectives
 - k. Strategies
 - l. Annual Objectives
- II. Organic Implementation of the Plan
 - a. Communication
 - b. Action Plans
 - c. Work Expectation Forms
 - d. Monitoring and Evaluation
 - e. Reporting
 - i. Monthly Reports
 - ii. Quarterly, Semi-annual, or Annual Reports to funders, the Board and the community.
 - iii. Annual Review of Progress/Annual Objectives for Following Year
 - f. Celebration (getting the news of success out to everyone)

C. Process

The process depends somewhat on whether you are developing a plan for the first time or revising or redoing a plan.

Doing the Plan

1. Have direction set by Board and top administration
2. Develop or review mission, purposes, vision and values
3. Do an internal and external scan and needs assessment
4. Have top administration and Board set preliminary goals and strategic objectives
5. Involve staff in developing 3-5 year goals, strategic objectives, strategies performance indicators and annual objectives (for the first year).
6. Have Board approve the plan
7. Do action plans as needed

Consultants/Facilitators

When using consultants or facilitators to help develop and then write the plan make sure that the Board and top administration maintain control of the process. Dealing with a planning consultant is like dealing with an architect. The architect might want to build the Taj Mahal, either to get a larger fee or to do something great, when you only need an effective, functional office building.

Role of Board

The Board should be the prime mover behind planning and should support it in their meetings. The Board should set the overall direction, be involved in some planning sessions with staff, approve the actual plan, and monitor the implementation.

Chief Executive Officer

The CEO should be the main facilitator of the plan. The CEO with the management team can set up a Planning Committee and other committees but the CEO needs to oversee every part of the planning to show that it is important. The CEO can assign a staff member to coordinate but must work closely with that person.

D. Needs Assessment

Needs Assessment (NA) can be detailed or simple. The NA is similar to the gathering and analysis of data for the Need or Problem Statement of a proposal. Needs Assessments can be divided into External and Internal Scans.

External Scan (Environment)

Gather and analyze the following information on your service area:

- Demographics on population, education levels, race, gender, education level, socioeconomic levels, housing, health, crime, etc. in your service area. Good sources for these are the US Census (<http://www.census.gov/>); Kids Count (www.kidscount.org);
- State or Local government plans.
- Catalog of all services and community resources whether governmental, church, etc.
- Geographic data including such as distance between population centers.
- Local school data such as education levels, high school completion rates, reduced price and free lunch numbers

- Information on infrastructure such as transportation systems, sewer and water, etc.
- Review old surveys, studies, news articles, etc.
- Read histories of your area.
- Review the federal policies that affect your area and your services.
- Do community surveys. The surveys should be no more than 2 pages with maybe 30 questions. Resist the tendency to ask too many irrelevant questions since people will want to put things you do not need on the survey. Make sure to get it out to a wide cross section of people through mail, e-mail, door to door interviews, telephone interview, internet, etc. Don't depend only on snail mail to be returned. One way to get returns is to do at a meeting or event where people will already be.
- Review the requirements of current and possible funders and your current grants.
- Google the latest trends or effective practices in your fields of endeavor.

Internal Scan (Organization)

- Grant/contract objectives for current grants.
- Annual Reports to the community and funders.
- Charter and Bylaws.
- Surveys of staff.
- Statistics on accomplishments.
- Financial audit.
- Catalog of Resources:
 - Space both rental and owned.
 - People number and qualifications of staff, salary levels, workloads, attendance, professional development needed, etc.
 - Budget including income and expenses.

- Technology including hardware, software, and staff expertise.
- Staff meetings or focus groups on interpersonal relations, etc.
- Review of Board minutes.
- Have administration do review of actual organizational culture e.g. timeliness, cleanliness of facilities, willingness of staff to do extra, etc.
- Do a review of policies.

Some organizations like to do a SWOT (SPOT) Matrix. It is suggested to use an external facilitator for this process. It consists of bringing staff, board and representative clients together to discuss and list the following:

- Strengths: current organizational capabilities, skills, resources, reputation, and recent successes
- Weaknesses: current organizational weaknesses, difficulties, gaps, shortcomings, issues or anything that seems to be getting in the way success or continuous improvement
- Opportunities: specific activities, initiatives, and projects that could benefit the organization by building on strengths, by solving problems or by creating new services and/or products in the near future
- Threats: possible future developments that could impede undermine or end the organization. Focus on potentially disastrous developments since these need to be dealt with while still small.

Do not attempt to solve the problems during this activity, just brainstorm, identify, discuss, define and list. Then you can use a system of dot voting to prioritize where you give everyone 10 votes (usually use colored sticker dots) and they can put the number of dots they want to show priority of the item. Do the dot voting for each of the 4 Areas.

The following methodology can be used in the needs assessment phase and also in evaluation of the Plan progress. It is the basis for many of the logic models that the government and foundations are using for planning and evaluation. If you think it is too detailed or does not fit your organization that is fine.

Carter-Richmond Methodology[©] Nine Key Questions for Measuring Performance

1. How many clients are you serving?
2. Who are they?
3. What services do you give them?
4. What does it cost?
5. What does it cost per service delivered?
6. What happens to the clients as a result of the service?
7. What does it cost per outcome?
8. What is the value of a successful outcome?
9. What is the rate of return on the investment?

E. Strategic Plan Definitions and Suggestions

These are definitions and suggestions of each part of the Strategic Plan. A sample of each piece is in the Sample Plan at the end of the manual.

Mission

This is the basic reason the organization exists. It is usually a rewording of the Purposes from the Charter or Constitution. A good rule of thumb is that the mission not be more than 25 words. Mission statements should be motivating but should also limit or focus the organization. The mission statement should name the organization and state its major areas of interest, clients and service area.

Suggestions

If you already have a mission, a group of Board representatives, administrators, and client representatives can meet to discuss and define every word of the mission. Some people say this is just semantics, which is true, but the organization needs to understand each word of the mission. The best way to do this is to use a facilitator, whether from inside the organization or outside the organization, project the mission on a screen and go through every word making changes and notes as you go.

If you do not have a mission you can follow the same process but start with the Purposes from the Charter or Constitution.

Purposes

Purposes are a further way of defining the mission. Sometimes they are called ongoing goals.

Suggestions

Take each outcome of the mission and make it into an ongoing goal e.g. assure all Utopian youth finish high school.

Vision

This is a statement of what your organization will look like at the end of the Plan. Some organizations make this a slogan and other flesh out what the outcomes will be. The vision is what is sometimes referred to as the compelling message. The Vision can be a short motivating statement of one sentence or a longer statement showing what you want the organization to look like at the end of the five years.

Suggestions

Go through the vision and try to sum up what you want at the end of the plan period or how you want the organization and your clients to be at the end of the plan period. If you already have a Vision the same group that worked on the Mission can review the vision projecting it on a screen, discussing and defining each word.

Values

These are statements of basic principles the organization will run by. Many indigenous organizations use their traditional values. It is a good idea to include a short definition of the value and relate the value to the present day and the organization.

Suggestions

Keep the values to seven at the most.

Philosophy/Guiding Principles

These are related to values but some organizations use this for rules of operation. This is sometimes called Guiding Principles and shows how values will be implemented.

Suggestions

Take each value and give an example of what your organization will do or how you will act to follow the value.

Client Outcomes

Many organizations fail to do client outcomes and therefore are at the whim of outside agencies. The Outcomes should come from what the community wants. These can also be called results or benefits.

Suggestions:

Look at your mission and purposes and state what will happen for your clients as a result of what you do e.g. Utopian youth will be fluent in the language by the age of 21.

Goals

These are overall outcomes to be achieved by the end of the plan.

Suggestions

Goals can be any length but three to five years makes sense in the fast changing world.

Strategic Objectives

These are the objectives for the duration of the plan under each goal.

Suggestions

Strategic objectives do not have to have numbers but they need to be as specific as you feel comfortable making them.

Performance Indicators

These are specific ways to measure achievements. They usually are done for Strategic Objectives.

Suggestions

This is where you put actual numbers. If you feel comfortable you can put these in the Strategic Objectives themselves.

Strategies

These are ways that Strategic Objectives can be attained and are used to develop Annual Objectives throughout the life of the plan.

Suggestions

List possible courses of action to achieve each Strategic Objective. Pick which strategies you will do in a single year and these become Annual Objectives.

Annual Objectives

We suggest Annual Objectives be done each year the month before your program year ends. Some organizations use their fiscal year which can be the calendar year or another time frame.

Suggestions

Annual Objectives should be able to be measured at the end of the year.

F. Organic Implementation of the Plan

Communication

Many plans are done and put on a shelf. It is important to communicate the plan to all stakeholders and to work to keep it alive

Keep the Plan Alive

1. Provide the plan to all employees and Board members and make it available to clients and community. Make available in a number of media e.g. paper, disk, jump drive, internet, etc.
2. Remind everyone about the history and purpose of the plan and their involvement in the development. New Board and staff need to be brought up to speed as soon as possible and have ways of interacting with the plan e.g. Work Expectations Form.
3. Put the plan or pieces of it on every meeting agenda e.g. weekly supervisors, all staff, departments, board, etc. Discuss and argue to make it real.
4. Use the plan to do work products such as Work Expectation Forms, action plans, proposals, etc.
5. Report on the plan e.g. monthly to staff, at board meetings, annually to the community. Agree on what is to be reported and how it is to be reported. Assure the reports are understandable not just pretty brochures.
6. Keep track of the history of the plan including accomplishments and failures in a planning and reporting file.
7. Do annual calendars of planning depending on your program or fiscal year e.g. December give annual report to the Board and do preliminary annual plan, January Board approves annual plan, etc.

Ways to Make the Plan Become Real for Everyone

The following are based on *Made To Stick Why Some Ideas Survive and Others Die* Chip and Dan Heath 2007

- **Be simple**
Find the core of the idea. Weed out even important ideas to get to the most important.
- **Be unexpected**
Surprise gets attention. Make people want to find answers and resolve questions of why we are surprised. Break through quick fixes and clichéd responses.
- **Be concrete**
Concrete language is like life; State things that can be visualized.
- **Be credible**
Have plan flow from research, data, and trusted experts. Be careful how statistics are used.
- **Be emotional**
"If I look at the mass I will never act. If I look at one I will." Mother Teresa. Turn beliefs into care to take action. Feelings inspire action. "I'm not just in charge of food service; I am in charge of morale..." Military Chef.
- **Tell stories**
Stories are told and retold because they contain wisdom. Stories ask people to participate. Anecdotes of how clients' lives were changed can be used in evaluation.

Action Plans

Depending on the complexity of Annual Objectives, Action Plans can be done by departments or components. These include Annual Objective, Activity or Task, Responsibility, and Timelines. These should be done after the Annual Objectives are approved by the Board.

Work Expectations Forms

Each staff member develops Job Objectives, Professionalism/Values Objectives and Professional Development Objectives in terms of their Job Description and the Annual Objectives/Action Plans of their area or work group. The employee negotiates these with the supervisor. The Work Expectations Form is used to let the employee know what is expected. The Work Expectation Form is used for staff support and evaluation by the supervisor.

Monitoring and Evaluation

Keep Score

“What gets measured gets done. If you do not measure results you cannot tell success from failure. If you cannot see success you cannot reward it. If you cannot recognize failure you cannot correct it or learn from it” *Reinventing Organizations*

One of the major purposes of a plan is to allow an organization to keep score both of formative elements for monitoring progress and summative elements for monitoring outcomes. Many organizations do more work than they get credit for because they do not keep track and report out data. Good scorekeeping following a plan helps make work enjoyable since staff has a way to win and feel good. Good scorekeeping allows increased feedback which increases quality and quantity of performance. Set performance standards, monitor, and report.

Process and problem solve failures and reward people strategically. Team rewards seem to work better than individual rewards; although it is always a good idea to praise good performance individually.

Methods of keeping score include individual journals (can be on computer) kept by staff members on what they do each day, an institutional data system and discussions of accomplishments at weekly staff/work group meetings with minutes to document

Reporting

Monthly Reports

One of the most powerful incentives to get things done is for each staff member to do a short (mostly one page) report each month. The report should include Accomplishment of Plans, Other Accomplishments and Plans for the Coming Month. The key is to tie the Plans for the Coming Month to the staff member's Work Expectations Form and the organization's annual objectives. If the report just says Accomplishments then staff tends to put many activities that are not really pertinent.

Quarterly, Semi-annual, or Annual Reports to funders, the Board and the community

Each organization can set up a reporting schedule that responds funder requirements and Board directives. These reports should be based on a review and analysis of monthly staff reports and data collection. Reports should be clear, concise and correct. Complicated charts and fancy Powerpoints without explanation are not very effective.

Many federal agencies have complicated forms for reporting. Sometimes these reports do not align very well with what you are actually doing. If this is the case you need to translate the federal reports to terms and formats that make sense to your Board, staff and clients.

Annual Review of Progress/Annual Objectives for Following Year

Celebration

Internal Newsletter

Put progress on plan out either by hard copy or on website or both.

Rewards for Staff

Give staff a half day off, trip, cookout, or other reward when major progress on the plan is made. One suggestion on rewards is to do them for all staff or work groups. Individual awards often have the opposite effect from helping morale and cause jealousy and dissension. If you have a good way of doing individual awards you can keep doing.

Press Releases/Articles/News Conferences

You can do press releases; request your radio or television station or newspaper to do a story or schedule a news conference for major accomplishments on the plan or to give progress reports to the community.

G. SAMPLE STRATEGIC PLAN

A copy of the strategic plan template can be found on the following page. This template includes the information you will need to gather to complete your plan. To view a completed template and the strategic plan developed from the template please go to Attachment B and C in the case study.

Sustainability Strategic Plan

-Template-

Element	Description
Mission	<i>Complete this field.</i>
Vision	<i>Complete this field.</i>

Table 13: Complete Mission and Vision Statements

Value Number	Description
1	<i>Complete this field.</i>
2	<i>Complete this field.</i>
3	<i>Complete this field.</i>
4	<i>Complete this field.</i>
5	<i>Complete this field.</i>

Table 14: List Core Values

History
<i>Complete this field.</i>

Table 15: Complete an Organizational History

Environmental Element	Description
Internal Environment:	<i>Complete this field.</i>
Strengths	<i>Complete this field.</i>
Weaknesses	<i>Complete this field.</i>
External Environment	<i>Complete this field.</i>
Opportunities	<i>Complete this field.</i>
Threats	<i>Complete this field.</i>

Table 16: Complete an Environmental Analysis

Plan Goals
<i>Complete this field.</i>

Table 17: Complete Plan Goals

Objective Number	Description
1	<i>Complete this field.</i>
2	<i>Complete this field.</i>
3	<i>Complete this field.</i>
4	<i>Complete this field.</i>

Table 18: Complete Long Term Objectives

Objective Number	Description
1	<i>Complete this field.</i>
2	<i>Complete this field.</i>
3	<i>Complete this field.</i>
4	<i>Complete this field.</i>

Table 19: Complete Short Term Objectives

Operational Strategies

Complete the following tables to define your Operational Strategies, and the components that are required for success.

Define Objective 1	<i>Complete this field.</i>
--------------------	-----------------------------

Table 20: Objective 1

Strategic Component	Description
Strategy 1.1	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 21: Strategy Guid

Strategic Component	Description
Strategy 1.2	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 22: Strategy Guide

Strategic Component	Description
Strategy 1.3	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 23: Strategy Guide

Strategic Component	Description
Strategy 1.4	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 24: Strategy Guide

Strategic Component	Description
Strategy 1.5	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 25: Strategy guide

Strategic Component	Description
Strategy 1.6	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 26: Strategy Guide

Define Objective 2	<i>Complete this field.</i>
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Table 27: Objective 1

Strategic Component	Description
Strategy 2.1	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 28: Strategy Guide

Strategic Component	Description
Strategy 2.2	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 29: Strategy Guide

Strategic Component	Description
Strategy 2.3	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 30: Strategy Guide

Strategic Component	Description
Strategy 2.4	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 31: Strategy Guide

Strategic Component	Description
Strategy 2.5	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 32: Strategy guide

Strategic Component	Description
Strategy 2.6	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 33: Strategy Guide

Define Objective 3	<i>Complete this field.</i>
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Table 34: Objective 1

Strategic Component	Description
Strategy 3.1	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 35: Strategy Guide

Strategic Component	Description
Strategy 3.2	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 36: Strategy Guide

Strategic Component	Description
Strategy 3.3	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 37: Strategy Guide

Strategic Component	Description
Strategy 3.4	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 38: Strategy Guide

Strategic Component	Description
Strategy 3.5	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 39: Strategy guide

Strategic Component	Description
Strategy 3.6	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 40: Strategy Guide

Define Objective 4	<i>Complete this field.</i>
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Table 41: Objective 1

Strategic Component	Description
Strategy 4.1	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 42: Strategy Guid

Strategic Component	Description
Strategy 4.2	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 43: Strategy Guide

Strategic Component	Description
Strategy 4.3	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 44: Strategy Guide

Strategic Component	Description
Strategy 4.4	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 45: Strategy Guide

Strategic Component	Description
Strategy 4.5	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 46: Strategy guide

Strategic Component	Description
Strategy 4.6	<i>Complete this field.</i>
Tactics	<i>Complete this field.</i>
Measurements	<i>Complete this field.</i>
Step by Step Procedures	<i>Complete this field.</i>

Table 47: Strategy Guide

Category	Description
Recommendations	<i>Complete this field.</i>
Next Steps	<i>Complete this field.</i>

Table 48: The top recommendations for the upcoming year

Case Study(s)

List and describe successful organizations that resemble your organization, operate in a similar environment, or are accomplishing goals similar to yours. Include organization title, current projects, baselines and benchmarks, success rates, and any other relevant information. Analyze one or several as needed.

Complete this field.

Table 49: Peer Study Analysis

Work Expectation Form

Name: Joe Gamolo

Education Level: BS in Business

Title: CEO

Expectations: From 1/1/12

Years with UYC: 10

To: 12/31/12

JOB RESPONSIBILITIES/OBJECTIVES (directly related to the position and plans.

These should be written as specific, achievable, and measurable).

1. Implement Strategic Plan and report to Board quarterly.
2. Schedule audit and schedule meeting for auditor to present audit report to Board.
3. Supervise all employees and do Work Expectations Forms with them by 1/12.
4. Do employee evaluations based on Work Expectations in 12/12.
5. Schedule a review of the UYC Policy Manual and present revised policies to Board in 11/12.
6. Hold monthly all staff meetings to communicate and build morale.
7. Submit at least 5 proposals for funding during 2012.

PROFESSIONALISM/VALUES OBJECTIVES (include attendance, attitude, committees, communication, and relations with other employees or constituents, practicing organizational values).

1. Get all trips approved by the Board.
2. Attend Anger Management Seminar.
- 3.

PROFESSIONAL DEVELOPMENT (books to read, tapes to view, skills to upgrade, workshops to attend etc.)

1. Attend at least one Proposal Writing Workshop.
- 2.

This form should be filled out and signed only after discussion between employee and supervisor.

Employee Signature:

Supervisor Signature:

Date:

Date:

References

- Non-Profit Toolkit Pacific Basin Region ACKCO, Inc.
- Page 16-18 Strategic Planning
- Attachment H Strategic Planning Template
- Case Study PTT Strategic Plan
- **Achieving Goals:** <http://www.goalenforcer.com/>
- Problem –Solving: http://www.managementhelp.org/prsn_prd/prb_bsc.htm
- *The Game Of Work*, Chuck Coonradt 1984
- *Manager As Warrior*, Tom Allen, SGU Press, 1993
- **Logic Models:** <http://www.wkkf.org/>
Logic Models are a big deal with some government agencies and some foundations. Logic Models are a way of planning and evaluating. The government is using logic models to keep track of their progress under the Government Performance and Accountability Act (GPRA). The key pieces of the logic model give new names to objectives, etc. some definitions include:
 - Need/Situation/Priorities/Goals/Policies/Objectives: These are the background for the logic model.
 - Inputs: What we invest: staff, volunteers, time, money, research base, materials, equipment, technology, partners
 - Outputs
Activities: What we do: conduct workshops, meetings, deliver services, develop products, curriculum, resources, and train, provide counseling, assess, facilitate, and work with media

Participation: participants, clients, agencies, decision-makers, customers
 - Outcomes-Impact
Short term results: learning: awareness, knowledge, attitudes, skills, opinions, aspirations, motivations

Medium term results: action: behavior, practice, decision-making, policies, and

social action

Long term results/ultimate impacts: conditions: social, economic, civic,
environmental

XII. EFFECTIVE BOARDS FOR NON-PROFITS

I. INTRODUCTION

This Board Manual seeks to assist non-profits with the nuts and bolts of effective board operation. The Board has many key roles but we have summarized them into seven. They are not in a specific order of importance and how you use this manual depends a lot on where your board is in its development. The seven roles are:

1. Develop and implement a strategic plan including determining the mission, vision, values, and client outcomes;
2. Select, support, and review performance of chief executive;
3. Approve and monitor programs and services;
4. Obtain sufficient resources and ensure effective resource management;
5. Develop structure and policies to support attaining of mission and goals;
6. Enhance organization's public image and involve the community;
7. Organize it so board operates efficiently and legally.

These roles have been culled and summarized from over 30 years of working with non-profit boards and from many articles and books on the subject of non-profit management.

1. Develop and implement a strategic plan including determining mission, vision, values, and client outcomes

Complete instructions for doing a strategic plan are in the Strategic Planning Manual but in this manual we will give suggestions on the Board's role in developing, implementing and monitoring the strategic plan as well as operational and organic plans. The Strategic Plan should focus on client outcomes.

Strategic Plan Outline

- Introduction/Executive Summary
- Needs Assessment
- Mission and Purposes
- Vision
- Core Values/Philosophy

- Outcomes for Clients
- Strategic Goals 3 to 7 years
- Strategic Objectives 3 to 7 years
- Strategies
- Performance Indicators: ways of measuring progress and outcomes
- Annual Objectives (It is suggested that these only be done for the first year of the plan.)

Organic Implementation of the Plan

- Communication
- Action planning by work groups as needed.
- Work Expectation Forms for each employee (job, professional behavior/values, professional development objectives)
- Monitoring and Evaluation
 - Information Technology System
 - Feedback & Surveys
- Reporting
 - Monthly and Quarterly
 - Annual Review of Progress
 - Set Annual Objectives for Following Year
- Celebration

Process

The process depends somewhat on whether you are developing a plan for the first time or revising or redoing a plan.

Doing the Plan

1. Have direction set by Board and top administration

2. Develop or review mission, vision, and purposes
3. Do an internal and external scan and needs assessment
4. Have top administration and Board set preliminary goals and strategic objectives
5. Involve staff in developing 3-5 year goals, strategic objectives, strategies performance indicators and annual objectives (for the first year).
6. Have Board approve the plan
7. Do action plans as needed

Consultants/Facilitators

When using consultants or facilitators to help develop and then write the plan make sure that the Board and top administration maintain control of the process. Dealing with a planning consultant is like dealing with an architect. The architect might want to build the Taj Mahal, either to get a larger fee or to do something great, when you only need an effective, functional office building.

Role of Board

The Board should be the prime mover behind planning and should support it in their meetings. The Board should set the overall direction, be involved in some planning sessions with staff, approve the actual plan, and monitor the implementation.

Chief Executive Officer

The CEO should be the main facilitator of the plan. The CEO with the management team can set up a Planning Committee and other committees but the CEO needs to oversee every part of the planning to show that it is important. The CEO can assign a staff member to coordinate but must work closely with that person.

2. Select, support, and review performance of chief executive.

Select an excellent CEO

The Chief Executive Officer is often called the Executive Director. This is the person the Board hires to manage and administer the organization. The CEO can put together a management or leadership team but the CEO should be the person responsible to the Board.

There are many books and pamphlets on what makes good leaders and managers. You can pick a set of these and tailor to your organization. One example of a set of skills of a good leader includes:

1. Trustworthy

2. Competent
3. Compelled by the future
4. Enthusiastic
5. Learner
6. Systematically monitor their core score; and
7. Clarify their actions.

If you need someone to clean out a lot of dead wood employees then hire someone tough but realize that very few administrators can clean house and then remain on the job.

Don't just advertise but headhunt. Look for good people within and without your organization. Posting and advertisement is like flying a paper airplane into space and hoping to hit a planet. Ask around about other organizations with good people. If you are looking at someone within your organization be very careful to think about whether you are promoting the person to failure. They may be very competent as a Business Manager or Program Director but may not have the skills to manage the overall organization.

Screen thoroughly. Review applications and resumes. Call references, especially previous employers. Ask for samples of proposals or plans or other items they have written or collaborated on. Once you have narrowed your choices down it is a good idea to have a couple of Board members and maybe another administrator go to where they worked before and talk to a number of people about them. Always remember people do not want to talk bad about people so you need to read between the lines of responses.

When the CEO position becomes open ask why the previous CEO left and review the job description to see if it is still realistic. Review the duties, qualifications and salary level and make changes as needed to the job advertisement. Ask what qualities you want in the new CEO. Talk frankly about what your organization needs at the present time.

The selection of the Chief Executive Officer or Executive Director is one of the most important decisions the Board will make.

Support the CEO

Work at building an effective Board and CEO team by clarifying what the roles of each are and setting up ways of working together. Decide with CEO how Board agendas will be put together. Most Boards have the CEO do it with review by the

Board Chair and input from through the Board Chair. Set up communication methods for Board Members with the CEO. It is important that Board Members and the CEO at Board Meetings structure Board meetings to accomplish specific items of business. Board Members should call the CEO when they hear things that are important enough for the CEO to know or if they have a question on activities of the organization. Some CEO's put out a weekly Board update memo but this takes time. The Board should ask for the CEO's input on important issues before making decisions. The Board should let the CEO do their job. The Board should ask the CEO for a review of Board performance regularly. Some Boards go into executive session one or two times a year to clear the air and talk about Board/CEO relations.

Agree on Expectations of Each Other

Set expectations of key administrators when hired and each year based on the Job Description and Plan through a Work Expectations Form and evaluate using the Work Expectations Form and Job Description. This setting of expectations is very important especially when the CEO is first hired. The Work Expectations Form is basically just a listing of Job Objectives based on key elements of the job description and key objectives for the year, Professionalism/Values Objectives e.g. don't yell at employees, and Professional Development Objectives e.g. complete Business degree.

Board Expectations of CEO

Attend meetings of the Board. Execute policies conscientiously and consistently and give Board input on suggested policy revisions. Assemble and manage staff to accomplish goals and objectives. Supply budget and program reports. Ensure funds are spent within guidelines of budget and according to the organization and regulations of the funder. Assess progress on the plan and report to the Board. Obtain resources. Assist with needs assessment and planning. Solve problems. Keep the Board apprised of important issues between meetings. Assure federal, state and local laws are followed. Use judgment in referring matters not covered by policy. Give complete and clearly understood information in reports. Share in work, blame and credit on difficult issues and conduct official business with Board as a whole, not individual or cliques of Board members. Support Board actions once taken.

CEO Expectations of the Board

Set and live by policies. Give full support of the CEO while they are employed. Refer all employee and personnel issues to the CEO. Refer all client grievances to the CEO. Protect him/her from unfair demands or criticism. Listen to all sides or get enough information before making decisions. Refer problems to the right person.

Board /CEO Teaming

Set clear expectations of each other once a year and give regular updates. Commit to the mission and vision of the organization. Agree on institutional values and model them in action. Share constructive criticism and positive and negative feedback; Process complaints appropriately. Don't surprise each other at Board meetings. Develop trust and dispel fear. Minimize politics. Listen actively, ask questions and keep an open mind. Focus on outcomes and continuous improvement. Tell the truth "This is what I feel or think." Learn together at meetings, retreats, workshops and planning sessions. Realize mistakes are a part of life, forgive and go on. Resolve grievances in a win-win way; Appoint a mediator if necessary.

Review Performance of the CEO

In doing the actual performance review the Board should set time aside to go through the Work Expectations Form of the CEO at a Board meeting at least once a year and then do the expectations for the following year. The meeting before the end of the program year makes the most sense as a time to do this. If the Board holds an annual retreat this can be part of the retreat. The CEO's monthly report to the Board will contain information on the overall performance of the organization but should also include key items from the CEO Work Expectations Form.

Most organizations don't bring in an external evaluator unless there are major problems with the CEO. There is nothing wrong with bringing in an external evaluator every three to five years if the Board thinks it is necessary, but if the CEO is doing a good job it should be evident from the regular reviews. If an external evaluator is brought in make sure the evaluator talks to a majority of staff and not just a few.

Some organizations and external evaluators utilize standard leadership checklists or surveys. These are fine but actual performance of expectations should be the main evaluation material for a CEO's performance.

3. Approve and monitor programs and services.

Make sure the Board understands the different programs and approves changes.

The Board should understand each program the organization provides and should have a copy of a short abstract giving the program goals, objectives and activities. When major changes to a program are planned the Board should approve them.

Approve plans and proposals.

The Board should approve new programs before they are implemented. If the program is based on a grant proposal the Board should review at least the outline of the proposal and rough budget. Boards should not set up elaborate proposal review systems that inhibit the submission of proposals. The Board and CEO can work out procedures.

Review reports to program funders and program evaluations.

The Board should assure that the performance and financial reports to funders are being submitted as required. The Board can request copies of these reports or just review them as part of the review of the Annual Objectives which should contain grant objectives. If an annual or final evaluation of a program is required by the funder the Board should get a copy of at least the Executive Summary of the evaluation.

Have periodic reports from program directors.

If the organization is large enough to have a number of programs and program directors the Board should get at least quarterly reports on each program. The Board can request directors to be present at Board meetings when they wish. It is usually not necessary for all program directors to attend every Board meeting. Make sure to also get reports on key systems such as fiscal, procurement and personnel.

Ask for data in a readable and understandable format.

Board members need to be brave and speak up if they do not understand data being presented in written reports or Powerpoints. Some staff do beautiful Powerpoints and charts that are not explained or very clear and many people are afraid to ask for clarification since they feel they are the only one not understanding the information.

Do periodic client, staff and community surveys.

Board members tend to hear the negative thoughts of clients and staff members. It is important to do surveys either annually or every few years depending on the situation. The important part about surveys is to keep them to one or two pages (30 questions or so) and make sure the majority of staff and a representative group of clients complete them. If a Board wishes to do community-wide survey, again make sure to get a representative group of responses. Mailing out surveys is the least effective method of getting responses.

4. Obtain sufficient resources and ensure effective resource management.

Fiscal Resources

We are not advocating the old non-profit saying about Board, “Give, get or get off,” but Board members can always be on the lookout for resources and assure the organization has an effective development plan. The *Proposal Writing Manual* and the Non-profit Tool Kit go into detail in how to prepare for and develop proposals (see References). The Board should approve the overall concept of proposals but do not set such a cumbersome procedure that proposals do not get submitted.

Depending on the organization CEO’s and program directors write proposals or hire a consultant. This is dependent on the skills and workloads of the organization. If you hire a consultant be careful to check references and track record. Many small non-profits are strapped for cash and ask consultants to write on a contingency basis for a percentage. This is usually not a good idea since you cannot pay them from the grant if it is funded. If your staff cannot write proposals and you don’t have the funds to hire someone then you can ask for pro bono help. If you get a volunteer make sure to check their track record and experience also.

Boards need to:

- Be advocates with federal, state and local funders.
- Assure administration keeps on the lookout for funds. Have them do a calendar and schedule of regular funding sources.
- Adopt an annual budget with input from CEO, who should get input from staff that is an income and spending plan for the year.
- Have an annual audit by a Certified Public Accountant and meet with the CPA to go over the Audit Report. You might not understand everything but ask questions especially about findings, questioned or disallowed costs, and compliance issues. Officially accept the audit in Board minutes.
- Set up a Development Plan including:
 1. **The Organizational Information File/CASE Statement** includes background information useful in any fundraising process or proposal development including History; Environment; Mission, Vision, Goals & Values; Clients; Programs and Accomplishments; Governance and Administration; Organization Budget; Audited Financial Statement, Funding Priorities and IRS 501(c) (3) Letter.

In terms of Funding Priorities the Board should spend time on developing and prioritizing what the organization needs. There should be a description and a

budget estimate. The IRS 501 (c) (3) Letter, this is a one or two page letter from the Internal Revenue Service that says you are tax exempt. It is not your local city or state or other government sales tax exemption certificate. All foundations and the federal government require this for grantees.

2. **Funding sources research processes.** At least one staff member should do research on funding sources including grant.gov, the Federal Register, and foundationcenter.org.

Once you know what your Funding Priorities are you can do a more specific search for funds. Do not forget to look locally e.g. community foundations, United Way, military branches, etc.

The process of looking for funds produces more dead ends than results but it is important to keep looking and keep records of the research so you don't reinvent the wheel. The key questions you ask for all funders are: do they fund your type of organization i.e. are you eligible? (You must be non-profit for most funders and have an IRS 501(c)(3) letter for foundations). Do they fund in your geographical area? Do they fund the amount of money you need? Does your project fit their purposes and funding programs?

3. **Proposal development and writing processes.** Whether you do proposals internally or hire a consultant to write all staff should be thinking all the time in terms of developing proposals based on your plan. The key parts to all proposals, although they might be called by different names by different funders include: Summary/Abstract, Introduction, Problem/Need, Goals/Objectives/Outcomes, Methods/Work Plan, Evaluation, Budget, Future Funding/Sustainability, Organizational Capacity, and Quality of Key Personnel.

Human Resources

Develop and follow good personnel policies especially in terms of staff evaluation.

The *Non-profit Tool Kit Pacific Basin* has a sample Employee Handbook with personnel policies. A key is to do and monitor a professional development plan for all staff that focuses on achieving the plan.

Facilities and Technology

A facilities and technology plan includes acquisition, maintenance and staff training. New construction funding is very hard to get. Many times an organization will have to take out a loan and then pay for the building as rent for programs. It is important to use an Architect/Engineer but make sure the Board keeps control. Many architects want to build the Taj Mahal when all the organization needs is a community building.

5. Develop structure and policies to support attaining of mission and goals.

Structure

Set up a system that focuses on client outcomes with quality and equity. The structure is basically set up in the Policy Manual. The structure includes the Board, personnel, financial, operations, organization chart, etc. Use research and effective practice to upgrade structure. Many of our organizational policies are based on copying older structures. This is fine but Boards always need to ask the question “Is this structure and the way we do things still relevant and effective?” This does not mean to just change for the sake of change or to blindly follow someone who says “This organization should be run more like a business.” Non-profits can learn some things from business but the reality is that 75% of businesses fail and that many businesses have enough capital to take care of waste. The Board should definitely look at the concept of social entrepreneurship that helps with change for the better and more responsiveness.

Policies

Boards are often told that their most important role is to make policy. Policy is a key role but not the only one. Boards also help to interpret policies and deal with situations that no policy covers in concert with the CEO.

Policies are guidelines adopted by a Board to chart a course of action that is broad enough for discretion but specific enough for clear guidance. Policies can be further defined by regulations/procedures and exhibits e.g.

Policy	Regulation/Procedure	Exhibit
Board Statement	Specific Actions	Sample or Form

Table 50: Policy Definition

Policy Manual

In this day and age it makes sense to use technology to develop and disseminate the Policy Manual. Suggestions for this include putting the Policy Manual on a CD disk or on a jump drive and putting it on the organization’s web site.

Sample Policy Manual Table of Contents

I. Board and Governance

- a. Articles of Incorporation and Bylaws
- b. Roles

- c. Meetings
- d. Annual Retreat
- e. Policy Making

II. Operations and Planning

- a. Organizational Calendar
- b. Needs Assessment and Information System
- c. Strategic and Operational Planning Process
- d. Annual Report to the Community
- e. Public Relations

III. Financial Management and Resource Development

- a. Budget Preparation
- b. Audit
- c. Travel Policies
- d. Fiscal Management System
- e. Proposal Development Process
- f. Monthly Fiscal Reports
- g. Facilities Management

IV. Human Resource Management

- a. Hiring
- b. Compensation
- c. Orientation
- d. Code of Ethics
- e. Professional Development

- f. Employee Grievance
- g. Job Descriptions and Work Expectations Forms
- h. Evaluation
- i. Work Expectation Forms

6. Enhance organization's public image and involve the community

- Do an Annual Report to the Community based on progress toward the plan
- Provide for Public Comment at beginning of Board meetings
- Publish summary of Board Meetings immediately after meeting
- Use your website
- Assure offices and buildings are clean, safe , healthy and presentable
- Practice your values. (The following is a template that can be used to flesh out the kind of organization you want based on your indigenous values.)

The Warrior Organization (*Based on Manager As Warrior*, mitom, inc. 1/00)

Wisdom

- be digital/use e-mail/Google
- recognize chaos theory & connectedness/get out of linear
- look at best practice/learn
- gather and analyze data when appropriate: hourly to annually

Respect for others

- make information transparent for all
- build trust/heal hurts
- balance organization and individual needs
- develop people professionally/assure people have means to accomplish job
- give feedback and recognition/define criteria for successful completion

- focus on customers/clients

Fortitude

- live cultural values/show in behavior
- realize the mission/assure goals are clear to all
- plan strategically and organically
- set clear goals for everyone e.g. Work Expectations Forms
- have a vision but don't be blinded

Bravery

- act slowly or speedily as needed
- keep score
- spread the news
- reduce written policies
- challenge respectfully

Timeliness

- know history: build on it and/or fix it
- enjoy the present/improve climate
- act for the future
- do things at the right time
- set up meaningful rituals and keep doing

Generosity

- think win-win in alliances
- share stuff
- compensate fairly

Respect for the earth

- use resources wisely
- create a positive environment
- nurture wellness in the individual and organization
- partner with nature

7. Organize itself so board operates efficiently and legally.

Board Charter and Bylaws

Put the Charter or Articles of Incorporation and Bylaws up front in the Board section of the Policy Manual and make sure you follow them or revise them if they are obsolete.

Legitimacy

Follow the Charter and Bylaws especially in terms of eligible members, terms of office and elections. Boards sometimes become inbred and keep the same people on over and over. This may not become an issue until someone gets angry at the Board.

- Make sure elections are legal and recruit good members to run.
- Set up an annual Policy review process for staff and public input and pass new Policy
- Issue Policy Manual each year whether there are changes or not. This will save a lot of confusion trying to figure out which policies are in effect.
- Develop and follow an effective Board Meeting Agenda and use problem solving.
- Use motivational theory to motivate Board, staff and clients to achieve vision.
- Demonstrate a professional code of ethics and values.

Duties of Officers

Most Boards have their officer's roles stated in the Bylaws. Some common roles of officers include:

President

Presides at board meetings, appoints committee chairpersons, works closely with the executive director to guide the organization, and acts as public spokesperson for the organization (but also may assign this responsibility to the executive director), works with the CEO to make meeting agenda and keep the Board on the agenda during meetings.

Vice-President

Presides at board meetings in the president's absence and serves as committee chairperson as appointed by the president. Another role of the VP may be to be a Gatekeeper to assure all Board members get to speak and no one monopolizes the meeting. This is a role that takes tact and respect. Presidents do this sometimes, but it is good to spread the work

Secretary

Maintains the organization's records, takes board-meeting minutes, and distributes minutes and announcements of upcoming meetings to board members. The Secretary on most Boards assigns this to the CEO or Assistant to the CEO. No matter who actually does the work the Secretary should monitor that these things are getting done.

Treasurer

Oversees the organization's financial aspects, makes regular financial reports to the board, and serves as chairperson of the board finance committee. If the board has standing (permanent) committees, the board president appoints committee chairpersons.

Committees

Larger Boards often have committees. Boards can often appoint ad hoc committees to do special tasks e.g. building committee. Committees sometimes include a mix of Board members, staff and stakeholders. Committees' main role is to prepare information for presentation to the full Board. Depending on the work of the organization standing committees can include:

Executive Committees

These are standard groups on some larger boards of directors. Usually the members of the executive committee are the officers of the board. The executive committee may hold regular meetings to set the agenda for the meetings of the full board and to advise the board president, or it may come together on an as-needed basis.

Sometimes an organization's bylaws empower the executive committee to make decisions on behalf of the full board in an emergency or other special meeting.

Finance and Development

Sets revenue goals and supports the generation of revenue by staff and volunteers/Assists the treasurer in overseeing financial reports, making budgets, assuring audit is done. If the organization is doing a capital or large campaign this can be split into two committees.

Program and Policy

Oversees the program activities of the organization. Board committees make regular reports to the full board about the organization's activities in their particular areas. Board officer terms and the number and type of standing committees are written into the organization's bylaws.

Orientation of New Members

Orient new Board members before they attend the first meeting. As soon as they are elected a current member of the Board should meet with them and go over general Board operations. Materials should be given to the new member (either hard copy or electronically. If some of the information is on the organization's web site then refer to that). Materials: Articles of Incorporation and Bylaws, Policy Manual, last 6 months of Board minutes, Organization Chart and Staff List, CEO Job Description and Expectations for the Year, Budget, latest Audit Report, Board Meeting Schedule and Organizational Calendar, Strategic Plan and Annual Plan. The CEO should also meet with the new Board member to welcome them.

Meeting Agenda and Minutes

Parliamentary Procedure

Many Boards state in their Bylaws that they will use Robert's Rules of Order or Modified Robert's Rules of Order to conduct meetings. The full Robert's and even modified Robert's are sometimes complicated and cumbersome. Most Boards develop their own ways of implementing them.

The purposes of Parliamentary Procedure are to: enable the assembly to transact business with speed and efficiency, protect the rights of each individual, and preserve a spirit of harmony within the group. Basic principles are:

1. Only one subject can claim the attention of the assembly at one time.
2. Each proposition presented for consideration is entitled to full and free debate.

3. Every member has equal rights to every other member.
4. The will of the majority must be carried out and the rights of the minority must be preserved.
5. The personality and desires of each member should be merged into the larger unit of the organization.

Suggestions for effective Board meetings:

- Prepare an agenda a few days before the meeting. Usually the Board Chair and CEO prepare the Agenda.
- Distribute needed information to the Board members with enough time so they can read them.
- Set time limits on reports.
- Do not accept anything you cannot see or touch.
- Limit Board meetings to 12-14 a year/Some Boards only need to meet Quarterly.
- Define when to go into Executive Session which should only be for sensitive personal material.
- Refer items appropriately to the CEO.
- Make sure motions are read to the group and clearly understood before voting.
- Respect each other by participating, asking questions, listening and considering others' ideas. Do not remain silent in the meeting and then discuss with a clique after the meeting or on break.
- Document the meeting with good minutes. These are the only official record of the Board.

Minutes

Minutes only need to contain: Name of Organization, Date and Time, Board

Members Present, Excused and Unexcused, Other Present, Call to Order and Quorum, Reading of Previous Minutes, Financial Report, CEO Report, Other Reports, Old Business, New Business. Minutes do not have to be word for word except for motions made and passed. A sentence or two on items discussed is usually sufficient.

Board Evaluation

Circle the number that shows your feelings about the Board.

Number	Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	The Board assures the organization has strategic plan based on needs assessment.	5	4	3	2	1
2	The Board has developed appropriate mission, purpose values and goals.	5	4	3	2	1
3	The Board has approved an operational and organic planning calendar and process to assure the plan is owned and implemented by all.	5	4	3	2	1
4	The Board takes the mission and goals into consideration on all policy and budget decisions.	5	4	3	2	1
5	The Board sets clear expectations for the CEO.	5	4	3	2	1
6	The Board assesses the CEO annually based on the agreed expectations.	5	4	3	2	1
7	The Board monitors progress on the Plan through reviewing reports and data.	5	4	3	2	1
8	The Board assures all necessary legal, grant and other reports are filed.	5	4	3	2	1
9	The Board reviews the annual audit with the auditor.	5	4	3	2	1
10	The board receives and reviews timely, accurate and understandable budget reports.	5	4	3	2	1
11	The Board has set a fundraising strategy and plan.	5	4	3	2	1
12	The Board reviews and approved the annual budget.	5	4	3	2	1
13	The Board focuses on long-term policy issues.	5	4	3	2	1
14	The Board recruits members who can strengthen the organization.	5	4	3	2	1
15	The Board orients new members.	5	4	3	2	1

Number	Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
16	The Board clearly defines board and staff roles.	5	4	3	2	1
17	The Board has developed a climate of trust and respect.	5	4	3	2	1
18	The Board has adopted adequate human resources and financial management policies.	5	4	3	2	1
19	The Board has approved and effective marketing and public relations plan.	5	4	3	2	1
20	The Board promotes a positive image of the organization.	5	4	3	2	1
21	The Board models the behavior it wishes from staff and clients.	5	4	3	2	1
22	The Board has succinct meeting agendas focuses on appropriate matters.	5	4	3	2	1
23	The Board has adequate opportunities to discuss issues and ask questions.	5	4	3	2	1
24	The Board assures that policies are followed.	5	4	3	2	1
25	The Board has adopted and follows a Code of Ethics	5	4	3	2	1
26	The Board adopts polices to manage and reduce risks to a manageable level.	5	4	3	2	1
27	The Board has an adequate amount of liability insurance for the organization, Board and staff.	5	4	3	2	1
28	The Board assures it is legal by following its Charter and Bylaws especially in terms of membership and elections or appointments.	5	4	3	2	1

Table 51: Board Evaluation Form

(Based on *Stewards of the Sacred*, published by the Association of Community and Tribal School Boards, 3rd Edition, July 2002)

Individual Board Member Self-Evaluation

Number	Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
1	Support the Organization Mission.	5	4	3	2	1
2	Understand the Strategic Plan.	5	4	3	2	1
3	Have a good working relationship with other Board members.	5	4	3	2	1
4	Have a good working relationship with the CEO.	5	4	3	2	1
5	Am knowledgeable about organization programs.	5	4	3	2	1
6	Read and understand the financial reports.	5	4	3	2	1
7	Make responsible decisions on the budget.	5	4	3	2	1
8	Focus on long-term and significant policy issues rather than administrative matters.	5	4	3	2	1
9	Attend Board meetings regularly.	5	4	3	2	1
10	Use my skills to further the organization's mission.	5	4	3	2	1
11	Enhance the organization's image whenever I can.	5	4	3	2	1
12	Respect the confidentiality of executive sessions.	5	4	3	2	1
13	Speak for the organization only when authorized.	5	4	3	2	1
14	Suggest items for future Board meetings.	5	4	3	2	1
15	Contribute to discussions at Board meetings and do not sandbag.	5	4	3	2	1
16	Avoid burdening the staff with requests for favors.	5	4	3	2	1
17	Support the CEO to staff.	5	4	3	2	1
18	Make appropriate referrals of staff or client issues.	5	4	3	2	1
19	Find serving on the Board satisfying.	5	4	3	2	1

Table 52: Board Member Self Evaluation Form

(Based on *Stewards of the Sacred*, published by the Association of Community and Tribal School Boards, 3rd Edition, July 2002)

References

Non-profit Tool Kit Pacific Basin

This Tool Kit contains samples and copies pertaining to many of the areas in this Effective Boards Manual. The companion three Manuals also give directions and samples. The Tool Kit and three Manuals are available from ACKCO. The following tries to give a listing by the topics in this Manual for easy reference:

1. Develop and implement a strategic plan including determining mission, vision, values, and client outcomes.

Non-profit Tool Kit Pacific Basin

- II. Mission Statement , page 2
- VI. Strategic Planning, page 16
- Attachment H. Strategic Planning Template
- Attachment N. Vision Statement Activity
- Attachment O. Needs Assessment Activity
- Attachment P. Assessment of Available Resources Activity
- Case Study: Pa'a Taotao Tano' Strategic Plan

Strategic and Organic Planning Manual

4. Obtain sufficient resources and ensure effective resource management.

Non-profit Tool Kit Pacific Basin

- VII. Managing the Non-profit Personnel Policies, page 19-22
- VII. Managing the Non-profit Financial Management, page 23-26
- VII. Managing the Non-profit Partnerships, page 27-30
- VIII. Project Development, page 31
- Attachment J. Sample Budget
- Attachment K. Budget Template
- Attachment L. Identifying potential partners

- Attachment M. Partnership agreements
- Attachment Q. Project Goal Activity
- Attachment S. Project Objectives and Activities Activity
- Attachment U. Project Evaluation Activity
- Attachment V. Sustainability Strategy Activity
- Attachment W. Budget and Budget Justification Activity
- Attachment X. Project Summary Activity
- Case Study C Pa'a Taotao Tano' Employee Handbook
- Case Study D Pa'a Taotao Tano' Financial Procedures Manual

Proposal Writing Manual

Financial Procedures Manual

7. Organize itself so board operates efficiently and legally.

Non-profit Tool Kit Pacific Basin

- III. Incorporating the Non-profit, page 3
- IV. Apply for Tax Exemption, page 10
- Board of Directors, page 13
- Attachment B. Sample Article of Incorporation
- Attachment C. Sample Bylaws
- Attachment E. Duties of Board Officers
- Attachment F. Sample Board Minutes
- Attachment G. Sample Resolution
- Case Study A Pa'a Taotao Tano' Application for Federal Exemption
- Case Study E Pa'a Taotao Tano' Articles of Incorporation
- Case Study F Pa'a Taotao Tano' Bylaws

<http://www.boardsource.org>

This website has materials for purchase but also has free information.

Stewards of the Sacred, published by the Association of Community and Tribal School Boards, 3rd Edition, July 2002).

Manager As Warrior, Tom Allen, (Sinte Gleska University Press: Mission, SD)

ATTACHMENTS

- A. Master Checklist
- B. Sample Articles of Incorporation
- C. Sample Bylaws
- D. Internal Revenue Service Form SS-4
- E. Duties of Board Officers
- F. Sample Board Minutes
- G. Sample Tribal Resolution
- H. Strategic Plan Template
- I. Sample balance sheet, revenue and expense, and changes in cash position
- J. Budget Template
- K. Identifying potential partners
- L. Partnership agreements
- M. Vision Statement Activity
- N. Needs Assessment Activity
- O. Assessment of Available Resources Activity
- P. Project Goal Activity
- Q. Project Approach/Strategy Activity
- R. Project Objectives and Activities Activity
- S. Potential Challenges and Contingency Plan Activity
- T. Project Evaluation Activity
- U. Sustainability Strategy Activity
- V. Budget and Budget Justification Activity
- W. Project Summary Activity
- X. Sample Financial Policy and Procedural Manual
- Y. Cash Flow Projection

CASE STUDY: PA'A TAOTAO TANO'

- A. Pa'a Taotao Tano' Application for Federal Exemption
- B. Pa'a Taotao Tano' Strategic Plan Template
- C. Pa'a Taotao Tano' Strategic Plan
- D. Pa'a Taotao Tano' Employee Handbook
- E. Pa'a Taotao Tano' Financial Procedures Manual
- F. Pa'a Articles of Incorporation
- G. Pa'a Bylaws

ATTACHMENT A

CHECKLIST FOR ESTABLISHING A NONPROFIT ORGANIZATION

- ☐ Identify Your Incorporators and Directors
- ☐ Conduct a Board Meeting
- ☐ Establish the Formation Committee
- ☐ Choose a Name for Your Nonprofit
- ☐ Develop the Mission of the Organization
- ☐ Write the Articles of Incorporation
- ☐ Write the Bylaws
- ☐ Secure a Federal Employer Identification Number (FEIN)
- ☐ Incorporate with the State or Territory
- ☐ Prepare the Internal Revenue Service Form 1023
- ☐ Apply for Federal Tax Exemption
- ☐ Apply for State or Territory Corporate Tax-Exemption, if applicable
- ☐ Register with the Department of Charitable Solicitations, if applicable
- ☐ Apply for Sales Tax Exemption
- ☐ Develop the Organization's Personnel Policies
- ☐ Develop the Organization's Financial Procedures
- ☐ Develop the Organization's Strategic Plan
- ☐ Prepare the Organization's First Year Budget
- ☐ Establish the Organization's Accounting System
- ☐ Develop Projects Identified in the Strategic Plan
- ☐ Secure Funding for the Projects

Attachment B:
SAMPLE ARTICLES OF INCORPORATION

Article 1: Name/Registered Office

The name of this corporation shall be: [INSERT NAME ACCURATELY]. The corporation's registered office is located at: [INSERT STREET ADDRESS].

Article 2: Purpose

This corporation is organized exclusively for charitable purposes

[you may, alternatively, replace "charitable", or augment with one or more of the following permitted purposes: EDUCATIONAL, SCIENTIFIC, RELIGIOUS, LITERARY, PROMOTING AMATEUR ATHLETICS, OR EDUCATIONAL]

within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, including, for such purposes, the making of distributions to organizations that also qualify as Section 501(c)(3) exempt organizations. To this end, the corporation shall [...here is were the organization can state specific purposes and activities.] All funds, whether income or principal, and whether acquired by gift or contribution or otherwise, shall be devoted to said purposes.

Article 3: Limitations

At all times the following shall operate as conditions restricting the operations and activities of the corporation:

No part of the net earnings of the corporation shall inure to any member of the corporation not qualifying as exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, nor to any Director or officer of the corporation, nor to any other private persons, excepting solely such reasonable compensation that the corporation shall pay for services actually rendered to the corporation, or allowed by the corporation as a reasonable allowance for authorized expenditures incurred on behalf of the corporation;

No substantial part of the activities of the corporation shall constitute the carrying on of propaganda or otherwise attempting to influence legislation, or any initiative or referendum before the public, and the corporation shall not participate in, or intervene in (including by publication or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office; and

Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended.

The corporation shall not lend any of its assets to any officer or director of this corporation or guarantee to any person the payment of a loan by an officer or director of this corporation.

Article 4: Directors/Members

The corporation shall have no voting members. The management and affairs of the corporation shall be at all times under the direction of a board of directors, whose operations in governing the corporation shall be defined by statute and by the corporation's bylaws. No director shall have any right, title, or interest in or to any property of the corporation.

[OPTIONAL: The corporation's first board of directors shall be comprised of the following natural persons: s: [List Directors' Names, and optionally, Addresses]

Article 5: Debt Obligations and Personal Liability

No member, officer or director of this corporation shall be personally liable for the debts or obligations of this corporation of any nature whatsoever, nor shall any of the property of the members, officers or directors be subject to the payment of the debts or obligations of this corporation.

Article 6: Dissolution

Upon the time of dissolution of the corporation, assets shall be distributed by the board of directors, after paying or making provisions for the payment of all debts, obligations, liabilities, costs and expenses of the corporation, for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

Article 7: Incorporator

The incorporator(s) of this corporation is (are):

[insert name(s) and address(es) of individual(s) incorporating entity -- you only need one, but you may have more]

The undersigned incorporator(s) hereby declare under penalty of perjury that the statements made in the foregoing articles of incorporation are true.

Dated: _____

Signature: _____

Address: _____

Attachment C Sample Bylaw Form

Bylaws Of [Insert Name of Corporation]

Article 1: Offices

The principal office of the corporation is located at: [Insert street address, city, state/territory, zip code]

Article 2: Directors

1. The corporation shall have [number] directors and collectively they shall be known as the board of directors.
2. Subject to the provisions of the laws of this state and any limitations of the articles of incorporation and these bylaws relating to action required or permitted to be taken or approved by the members, if any, of this corporation, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors.
3. It shall be the duties of the directors to:
 - a. Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation, or by these bylaws;
 - b. Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all officers, agent and employees of the corporation;
 - c. Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;
 - d. Meet at such time and places as required by these bylaws;
 - e. Register their addresses with the secretary of the corporation, and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.
4. Each director shall hold office for a period of [Insert period of term] and until his/her successor is elected.
5. Vacancies shall be filled by the board, with the recommendation of the executive director.
6. Board members with [number] of absences shall be dismissed from the board.
7. Regular meetings of directors shall be held on [date] at [address]. Special meetings of the board of directors may be called by the chairperson, the vice chairperson, the secretary, or any two directors.

8. No notice will be provided for regular meetings of the board of directors. At least one week prior notice shall be given by the secretary of the corporation to each director of each special meeting of the board. Such notice shall be written and shall state the place, date, and time of the meeting and the matters proposed to be acted upon at the meeting.
9. The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.
10. The directors and officers of the corporation shall be indemnified by the corporation to the fullest extent permissible under the laws of the state/territory.

Article 3: Officers

1. The officers of the board shall consist of a chair, vice-chair, secretary, and treasurer nominated by the board.
 11. Elected officers will serve a term of [insert term length] year(s).
 12. (a)The chair shall preside at all board meetings, appoint committee members, and perform other duties as associated with the office. (b)The vice-chair shall assume the duties of the chair in case of the chair's absence. (c)The secretary shall be responsible for the minutes of the board, keep all approved minutes in a minute book, and send out copies of minutes to all. (d) The treasurer shall keep record of the organization's budget and prepare financial reports as needed.

Article 4: Committees

The Board may appoint standing and ad hoc committees as needed.

Article 5: Voting

A majority of board members constitutes a quorum. (b) In absence of a quorum, no formal action shall be taken except to adjourn the meeting to a subsequent date. Passage of a motion requires a simple majority (i.e., one more than half the members present). [Or whatever your board's decision-making process is].

Article 6 Conflict of Interest

Any member of the board who has a financial, personal, or official interest in, or conflict (or appearance of a conflict) with any matter pending before the board, of such nature that it prevents or may prevent that member from acting on the matter in an impartial manner, will offer to the board to voluntarily excuse him/herself and will vacate his seat and refrain from discussion and voting on said item.

Article 7 Fiscal Policies

The fiscal year of the board shall be [start date to end date]

Article 8

Conflict of Interest and Compensation Approval Policies

Conflict of Interest Policy: The purpose of this conflict of interest policy is to protect this tax-exempt corporation'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 corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable local and federal laws governing conflict of interest applicable to non profit and charitable organization.

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 when governing board delegated powers considering the proposed transaction or arrangement.

After disclosure of the financial interest and all materials, 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.

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

- b. The names of the persons who disclosed or otherwise were found to have 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.
- c. 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.

Compensation Approval Policies: A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

When approving compensation for employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements as procedures.

- a. The terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation;
- b. All members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation

arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a “disqualified person” (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS regulations)

- c. The board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
 - 1. Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. “Similarly situated” organizations are those of a similar size, purpose, and with similar resources;
 - 2. The availability of similar services in the geographic area of this organization;
 - 3. Current compensation surveys compiled by independent firms;
- d. The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation.

Amendments

These bylaws may be amended by a two-third vote of board members present at any meeting, provided a quorum is present and provided a copy of the proposed amendment(s) are provided to each board member at least one week prior to said meeting.

Form SS-4 (Rev. January 2010) Department of the Treasury Internal Revenue Service	Application for Employer Identification Number (For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.) ▶ See separate instructions for each line. ▶ Keep a copy for your records.	OMB No. 1545-0003 EIN
Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested	
	2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name
	4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)
	4b City, state, and ZIP code (if foreign, see instructions)	5b City, state, and ZIP code (if foreign, see instructions)
	6 County and state where principal business is located	
	7a Name of responsible party	7b SSN, ITIN, or EIN
	8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	8b If 8a is "Yes," enter the number of LLC members ▶	
	8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.	
<div><input type="checkbox"/> Sole proprietor (SSN) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation (enter form number to be filed) ▶ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Other nonprofit organization (specify) ▶ <input type="checkbox"/> Other (specify) ▶</div> <div><input type="checkbox"/> Estate (SSN of decedent) <input type="checkbox"/> Plan administrator (TIN) <input type="checkbox"/> Trust (TIN of grantor) <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises Group Exemption Number (GEN) if any ▶</div>		
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country
10 Reason for applying (check only one box)		
<div><input type="checkbox"/> Started new business (specify type) ▶ <input type="checkbox"/> Banking purpose (specify purpose) ▶ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Changed type of organization (specify new type) ▶ <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Purchased going business <input type="checkbox"/> Other (specify) ▶ <input type="checkbox"/> Created a trust (specify type) ▶ <input type="checkbox"/> Created a pension plan (specify type) ▶</div>		
11 Date business started or acquired (month, day, year). See instructions.		12 Closing month of accounting year
13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.		14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>
<div>AgriculturalHouseholdOther</div>		
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶		
16 Check one box that best describes the principal activity of your business.		
<div><input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail <input type="checkbox"/> Other (specify)</div>		
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.		
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," write previous EIN here ▶		
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.	
	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code) ()
Name and title (type or print clearly) ▶		Applicant's fax number (include area code) ()
Signature ▶		Date ▶

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 16055N

Form **SS-4** (Rev. 1-2010)

Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.¹ See also the separate instructions for each line on Form SS-4.

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a–8a, 8b–c (if applicable), 9a, 9b (if applicable), and 10–14 and 16–18.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a–6, 7a–b (if applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10–18.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1–5b, 7a–b (if applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
Changed type of organization	Either the legal character of the organization or its ownership changed (for example, you incorporate a sole proprietorship or form a partnership) ²	Complete lines 1–18 (as applicable).
Purchased a going business ³	Does not already have an EIN	Complete lines 1–18 (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust ⁴	Complete lines 1–18 (as applicable).
Created a pension plan as a plan administrator ⁵	Needs an EIN for reporting purposes	Complete lines 1, 3, 4a–5b, 9a, 10, and 18.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits ⁶	Complete lines 1–5b, 7a–b (SSN or ITIN optional), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1–6, 9a, 10–12, 13–17 (if applicable), and 18.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a–5b, 7a–b (if applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ⁷	Complete lines 1, 2, 4a–5b, 9a, 10, and 18.
Is a single-member LLC	Needs an EIN to file Form 8832, Classification Election, for filing employment tax returns and excise tax returns, or for state reporting purposes ⁸	Complete lines 1–18 (as applicable).
Is an S corporation	Needs an EIN to file Form 2553, Election by a Small Business Corporation ⁹	Complete lines 1–18 (as applicable).

¹ For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.

² However, do not apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).

³ Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

⁴ However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

⁵ A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

⁶ Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. See Rev. Proc. 2000-12.

⁷ See also *Household employer* on page 4 of the instructions. **Note.** State or local agencies may need an EIN for other reasons, for example, hired employees.

⁸ See *Disregarded entities* on page 4 of the instructions for details on completing Form SS-4 for an LLC.

⁹ An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.

ATTACHMENT E:

DUTIES OF BOARD OFFICERS

Duties of Chairperson

The chairperson shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation, or by the bylaws, or which may be prescribed from time to time by the board of directors. Unless another person is specifically appointed as chairperson of the board of directors, the chairperson shall preside at all meetings of the board of directors and, if this corporation has members, at all meetings of the members. Except as otherwise expressly provided by law, by the articles of incorporation, or by the bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the board of directors.

Duties of Vice-Chairperson

In the absence of the chairperson, or in the event of his or her inability or refusal to act, the vice-chairperson shall perform all the duties of the chairperson, and when so acting shall have all the powers of, and be subject to all the restrictions on, the chairperson. The vice-chairperson, shall have other powers and perform such other duties as may be prescribed by law, by the articles of incorporation, or by the bylaws, or as may be prescribed by the board of directors.

Duties of Secretary

The secretary shall:

Certify and keep at the principal office of the corporation the original, or a copy, of the bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, and if applicable, meetings of committees and directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

Ensure that the minute of the meetings of the corporation, any written consents approving action taken without a meeting, and any supporting documents pertaining to meetings, minutes, and consents shall be contemporaneously recorded in the corporate records of this corporation.

“Contemporaneously” in this context means that the minutes, consents, and supporting documents shall be recorded in the records of this corporation by the later of 1) the next meeting of the board, committee, membership, or other body for which the minutes, consents, or supporting documents are being records, or 2) sixty (60) days after the date of the meeting or written consent.

See that all notices are duly given in accordance with the provision of the bylaws are as required by law.

Be custodian of the records and of the seal of the corporation and affix the seal, as authorized by law or the provisions of the bylaws, to duly executive documents of the corporation.

Keep at the principal office of the corporation a membership book containing the name and address of each and any members, and, in the case where any membership has been terminated, he or she shall record such fact in the membership book together with the date on which such membership ceased.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the bylaws, the membership book, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the articles of incorporation, or by the bylaws, or which may be assigned to him or her from time to time by the board of directors.

Duties of Treasurer

The treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the board of directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Exhibit at all reasonable times the book of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefor.

Render to the president and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the corporation.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation of the corporation, or by the bylaws, or which may be assigned to him or her from time to time by the board of directors.

ATTACHMENT F: SAMPLE OF BOARD MEETING MINUTES

[NAME OF ORGANIZATION]

Board Meeting Minutes

[Month, Day, Year]

[Time and Location]

Board Members

Present: Bhata Bhattacharia, Jon White Bear, Douglas Carver, Elizabeth Drucker, Pat Kyumoto, Jack Porter, Mary Rifkin and Leslie Zevon

Absent: Melissa Johnson

Quorum present? Yes

Others Present

Exec. Director: Sheila Swanson

Other: Susan Johns, Consulting Accountant

Proceedings

- Meeting called to order at 7:00 p.m. by Chair, Elizabeth Drucker
- (Last month's) meeting minutes were amended and approved

Chief Executive's Report

- Recommend that if we are not able to find a new facility by the end of this month, the organization should stay in the current location over the winter. After brief discussion, Board agreed.
- Staff member, Jackson Browne, and Swanson attended the National Practitioner's Network meeting in Atlanta last month and gave a brief extemporaneous presentation. Both are invited back next year to give a longer presentation about our organization. After brief discussion, Board congratulated Swanson and asked her to pass on their congratulations to Browne as well.
- Drucker asserts that our organization must ensure its name is associated with whatever materials are distributed at that practitioner's meeting next year. The organization should generate revenues where possible from the materials, too.
- Swanson mentioned that staff member, Sheila Anderson's husband is ill and in the hospital. MOTION to send a gift to Anderson's husband, expressing the organization's sympathy and support; seconded and passes.

Finance Committee Report:

Report provided by Chair, Elizabeth Drucker

- Drucker explained that consultant, Susan Johns, reviewed the organization's bookkeeping procedures and found them to be satisfactory, in preparation for the upcoming yearly financial audit. It is recommended that our company ensure the auditor provides a management letter along with the audit financial report.

- Drucker reviewed highlights, trends and issues from the balance sheet, income statement and cash flow statement. Issues include that high accounts receivables require Finance Committee attention to policies and procedures to ensure our organization receives more payments on time. After brief discussion of the issues and suggestions about how to ensure receiving payments on time, MOTION to accept financial statements; seconded and passed

Board Development Committee's Report:

Provided by Chair, Douglas Carver

- Carver reminded the Board of the scheduled retreat coming up in three months, and provided a drafted retreat schedule for board review. MOTION to accept the retreat agenda; seconded and passed.
- Carver presented members with a draft of the reworded By-laws paragraph that would allow members to conduct actions over electronic mail. Carver suggested review and a resolution to change the By-laws accordingly. Kyumoto suggested that Swanson first seek legal counsel to verify if the proposed change is consistent with state statute. Swanson agreed to accept this action and notify members of the outcome in the next Board meeting.

Other Business

- Porter noted that he was working with staff member, Jacob Smith, to help develop an information management system plan, and that two weeks ago he (Porter) had mailed members three resumes from consultants to help with the plan. In the mailing, Porter asked members for their opinions to help select a consultant. Porter asked members for their opinions. (NOTE: Zevon noted that she was also a computer consultant and was concerned about conflict of interest in her Board role regarding this selection, and asked to be ABSTAINED from this selection. Members agreed.) The majority of members agreed on Lease-or-Buy Consultants. MOTION to use Lease-or-Buy Consultants, seconded and passed.
- Swanson announced that she had recently hired a new secretary, Karla Writewell.

Assessment of the Meeting

- Kyumoto noted that the past three meetings have run over the intended two-hour time slot by half an hour. He asked members to be more mindful and focused during discussions, and suggested that the Board Development Chair take an action to identify solutions to this issue. Chair, Carver, agreed.

Close of the Meeting

Meeting adjourned at 9:30 p.m.

Minutes submitted by Secretary, Bhata Bhattacharia

Signature, Board Secretary: _____

Date: _____

Signature, Board Chairperson: _____

Date: _____

Attachment G: Sample Resolution

ORGANIZATION'S NAME

Organization's Address

Organization's Telephone Number

Resolution #:

WHEREAS, The Board of Directors is the duly elected governing body of Pa'a Taotao Tano' of Hagatna, Guam as approved July 4, 1990 by the Government of Guam; and

WHEREAS, promoting the health, safety, welfare, education, economic and employment opportunities and preservation of cultural and natural resources are primary goals of the Pa'a Taotao Tano', and

WHEREAS, the Pa'a Economic Project is to build a local economy that provides long-term living wage employment for the Chamorro people and revenues for Chamorro programs. This will be accomplished by creating a Community Development Corporation (CDC);

NOW THEREFORE BE IT RESOLVED, that the ANA Social and Economic Development Strategies application to establish a Community Development Corporation (CDC) and the Pa'a Taotao Tano' Board of Directors supports the establishment of a CDC and agrees to the separation of the CDC from Board of Directors control and hereby commits that this application be approved for submission.

NOW THEREFORE IT RESOLVED, that the Pa'a Taotao Tano' Board of Directors does here by authorize the submission of a two year ANA grant application entitled "Pa'a Economic Project in the amount of \$222,980 from ANA and \$55,625 in matching funds for a total of \$278,605.

BE IT FURTHER RESOLVED, the Executive Director is hereby authorized and directed to execute this resolution and any documents connected to this grant application.

NOW THEREFORE BE IT RESOLVED that the Pa'a Taotao Tano's certifies that it will provide the 20% cost match in support of this application for the entire two year project period covering September 30, 2010 through September 29, 2012.

CERTIFICATION

I hereby certify that the above resolution was presented at a regular meeting of the Pa'a Taotao Tano' Board of Directors held on March 2, 2010 at which time a quorum was present and approved by a vote of:

7 For, 0 Against, 0 Abstentions

Linda Calvo, Chairman: _____

Nicole Reyes, Secretary: _____

Sustainability Strategic Plan -Template-

Mission and Vision Statements

Element	Description
Mission	
Vision	

Table 1: Complete Mission and Vision Statements

Core Values

Value Number	Description
1	
2	
3	
4	
5	

Table 2: List Core Values

Organizational History

History

Table 3: Complete an Organizational History

Environmental Analysis

Environmental Element	Description
Internal Environment:	
Strengths	
Weaknesses	
External Environment	
Opportunities	
Threats	

Table 4: Complete an Environmental Analysis

Goals of the Plan

Plan Goals

Table 5: Complete Plan Goals

Long Term Objectives

Objective Number	Description
1	
2	
3	
4	

Table 6: Complete Long Term Objectives

Short Term Objectives

Objective Number	Description
1	
2	
3	
4	

Table 7: Complete Short Term Objectives

Objective 1

Define Objective 1	
--------------------	--

Table 8: Objective 1

Strategy Guide

Strategic Component	Description
Strategy 1.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 9: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 1.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 10: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 1.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 11: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 1.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 12: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 1.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 13: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 1.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 14: Strategy Guide

Objective 2

Define Objective 2	
--------------------	--

Table 15: Objective 1

Strategy Guide

Strategic Component	Description
Strategy 2.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 16: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 2.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 17: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 2.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 18: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 2.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 19: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 2.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 20: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 2.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 21: Strategy Guide

Objective 3

Define Objective 4	
--------------------	--

Table 22: Objective 1

Strategy Guide

Strategic Component	Description
Strategy 3.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 23: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 3.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 24: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 3.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 25: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 3.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 26: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 3.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 27: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 3.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 28: Strategy Guide

Objective 4

Define Objective 4	
--------------------	--

Table 29: Objective 1

Strategy Guide

Strategic Component	Description
Strategy 4.1	
Tactics	
Measurements	
Step by Step Procedures	

Table 30: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 4.2	
Tactics	
Measurements	
Step by Step Procedures	

Table 31: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 4.3	
Tactics	
Measurements	
Step by Step Procedures	

Table 32: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 4.4	
Tactics	
Measurements	
Step by Step Procedures	

Table 33: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 4.5	
Tactics	
Measurements	
Step by Step Procedures	

Table 34: Strategy Guide

Strategy Guide

Strategic Component	Description
Strategy 4.6	
Tactics	
Measurements	
Step by Step Procedures	

Table 35: Strategy Guide

Recommendations and Next Steps

The top recommendations for upcoming year would include:	
---	--

Table 36: Recommendations and Next Steps

Case Study(s)

List and describe successful organizations that resemble your organization, operate in a similar environment, or are accomplishing goals similar to yours. Include organization title, current projects, baselines and benchmarks, success rates, and any other relevant information. Analyze one or several as needed.

Table 37: Peer Study Analysis

Case Studies (Continued)

List and describe successful organizations that resemble your organization, operate in a similar environment, or are accomplishing goals similar to yours. Include organization title, current projects, baselines and benchmarks, success rates, and any other relevant information. Analyze one or several as needed.

Balance Sheet
Non Profit Organization
August 31, 2010

ATTACHMENT I: SAMPLE BALANCE SHEET

ASSETS	ENTRY	TOTALS
Current Assets		
Regular Checking Account	35,659.00	
Savings Account	42,500.00	
Accounts Receivable	61,500.00	
Total Current Assets		139,659.00
Property and Equipment	68,000.00	
Total Property and Equipment		68,000.00
Other Assets		
Total Other Assets		0.00
Total Assets	\$	207,659.00

LIABILITIES AND CAPITAL	ENTRY	TOTALS
Current Liabilities		
Accounts Payable	\$ 4,946.38	
Payroll Taxes Payable	4,677.28	
Total Current Liabilities		9,623.66
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		9,623.66
Capital		
Fund Balance	170,494.34	
Net Income	27,541.00	
Total Capital		198,035.34
Total Liabilities & Capital	\$	207,659.00

Income Statement
Non Profit Organization
August 31, 2010

ATTACHMENT I: SAMPLE INCOME STATEMENT

Revenues	Current Month	Year to Date
Grant #1	\$ 10,000.00	\$ 90,000.00
Grant #2	18,500.00	166,500.00
Grant #3	5,970.00	53,755.72
Fee for Service	2,000.00	18,000.00
Private Donations	500.00	12,750.00
Interest Income	426.24	3,836.16
Total Revenues	37,396.24	344,841.88

Cost of Sales	Current Month	Year to Date
Total Cost of Sales	0.00	0.00
Gross Profit	37,396.24	344,841.88

Expenses	Current Month	Year to Date
Accounting Fees	0.00	4,800.00
Conferences Expense	0.00	3,000.00
Contract Labor	46.12	46.17
Dues and Fees	964.94	2,239.89
Employee Benefit Programs Exp	1,001.52	12,405.74
Legal Fees	41.45	2,676.39
Local Mileage	27.00	382.50
Occupancy Expense	1,100.00	9,900.00
Payroll Tax Expense	1,617.80	13,485.58
Postage and Shipping Expense	763.31	2,188.37
Printing Expense	607.82	12,163.69
Professional Services-Counselor	3,954.20	49,663.17
Supplies Expense	2,813.73	9,994.52
Telephone Expense	894.91	4,866.48
Travel Expense	2,432.75	20,305.98
Wages Expense	21,147.80	169,182.40
Total Expenses	37,413.35	317,300.88

Net Income	(\$ 17.12) \$	27,541.00
End of Worksheet		

ATTACHMENT J:BUDGET BY LINE ITEM (TEMPLATE)

PERSONNEL

Number	Position	Rate/Hour	# Hours	Total
1	Insert Position Title	\$0.00	0	\$0.00
2	Insert Position Title	\$0.00	0	\$0.00
3	Insert Position Title	\$0.00	0	\$0.00
4	Insert Position Title	\$0.00	0	\$0.00
4	Insert Position Title	\$0.00	0	\$0.00
6	Insert Position Title	\$0.00	0	\$0.00
TOTAL PERSONNEL				\$0.00

FRINGE BENEFITS	Rate	Base	Total
FICA	7.65%	\$0.00	\$0.00
Unemployment	0.00%	\$0.00	\$0.00
Workers Comp	0.00%	\$0.00	\$0.00
Retirement	0.00%	\$0.00	\$0.00
Health and Life Insurance			\$0.00
TOTAL FRINGE BENEFITS			\$0.00

TRAVEL

Number	Destination/Purpose	Airfare	Ground	Lodging	M&IE	Total
1		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL TRAVEL						\$0.00

EQUIPMENT	TOTAL
Insert Description	\$0.00
Insert Description	\$0.00
TOTAL EQUIPMENT	\$0.00

NUMBER	SUPPLIES	DESCRIPTION	TOTAL
1	Item	Insert Description	\$0.00
2	Item	Insert Description	\$0.00
3	Item	Insert Description	\$0.00
TOTAL SUPPLIES			\$0.00

CONTRACTUAL	TOTAL
Insert Description	\$0.00

FACILITIES / CONSTRUCTION	\$0.00
------------------------------	--------

OTHER DIRECT COSTS	DESCRIPTION	TOTAL
Accounting Services	Insert Description	\$0.00
Fees	Insert Description	\$0.00
Local Mileage	Insert Description	\$0.00
Office Rental	Insert Description	\$0.00
Postage	Insert Description	\$0.00
Professional Services	Insert Description	\$0.00
Telephone	Insert Description	\$0.00
Xerox/Printing	Insert Description	\$0.00
Other:	Insert Description	\$0.00
Other:	Insert Description	\$0.00
Other:	Insert Description	\$0.00
TOTAL OTHER DIRECT COSTS		\$0.00

TOTAL DIRECT COSTS	\$0.00
-----------------------	--------

INDIRECT COST

Rate	Base	TOTAL
0.00%	\$0.00	\$0.00

TOTAL DIRECT COSTS	\$0.00
-----------------------	--------

END OF WORKSHEET

ATTACHMENT K

IDENTIFYING POTENTIAL PARTNERS

Partnerships are established between an organization and other organizations, businesses, government agencies, and individuals. Prior to entering into partnerships it is important to target potential partners that will provide resources to the organization. Below is a worksheet to assist in identifying potential partners.

Organization Need	Need 1, Partner A	Need 1, Partner B	Need 2, Partner A	Need 2, Partner B
Potential Partners				
Resource the partner will bring to the project				
Benefits to the partner				
Appropriate protocol to follow in establishing the partnership				
Partnership Document				
Planned Communication				
Reporting				

Table 1: Partner Identification Worksheet

ATTACHMENT L: Partnership Agreement

Partnership Agreement Between:

[Insert Organization's Name]
[Insert Organization's Address]

and

[Insert Partner's Name]
[Insert Partner's Address]

Effective Date of Agreement: [Enter Date]

WHEREAS, the [Insert Organization's Name] and the [Insert Partner's Name] are both committed to providing services to the community; and

WHEREAS, the [Insert Organization's Name] has been given the responsibility to work with community organizations, businesses, and individuals that support the mission of the organization; and

WHEREAS, the [Insert Partner's Name] have extensive experience in [List Partner's Experience]

THEREFORE, this Partnership Agreement is entered into by and between [Insert Organization's Name] and [Insert Partner's Name]. It is not the intention of the parties that this Partnership Agreement should create any legally enforceable rights or obligations and it is expressly declared that this is not a contract, agreement, or any other legally binding document. The parties desire to state in written form what areas of interest the two parties have in common so that the parties may be better able to support each other in fulfilling the mission of the respective organizations. This Partnership Agreement consists of the following parts:

- Part I: Scope of Partnership
- Part II: *Insert Organization's Name* Responsibilities
- Part III: *Insert Partner's Name* Responsibilities

[Insert Organization's Name]

BY:

TYPED NAME: _____

TITLE: _____

DATE: _____

[Insert Partner's Name]

BY: _____

TYPED NAME: _____

TITLE: _____

Date: _____

Attachment M

IDENTIFY THE VISION

Activity 1.1: Community Goals & Project Ideas

The community's vision is the foundation for all projects. This exercise will help you define your community's long-term goals and narrow down your project idea.

Based on the case study:

1. Describe your community's vision: _____

2. Where can your vision be found? (E.g. Tribal strategic plan, etc.)

3. Describe the people of the community that developed this vision statement: _____

4. What are the highest priority project ideas your tribe or organization would like to implement in the next two to three years?
 1. _____
 2. _____
 3. _____
 4. _____
5. How does each of these project ideas address your vision statement?
 1. _____
 2. _____
 3. _____
 4. _____
6. How does each project idea address a need in your community?
 1. _____
 2. _____

3. _____

4. _____

7. What members and/or representatives of your community (e.g. tribal council, elders, tribal colleges, tribal departments, governing board) support each project idea?

1. _____

2. _____

3. _____

4. _____

8. Does your tribe/organization currently have the expertise to undertake each project? If new staff is necessary, can the tribe/organization manage the new additions?

Project Number	Project Idea	Current Expertise to Implement Project?	Capacity for New Staff?
1.			
2.			
3.			
4.			

9. Is there anyone else in and around the community implementing or planning similar projects? Can a partnerships or collaboration be formed that will benefit all involved?

Project Number	Project Idea	Tribe/Organization with Similar Project	Possible Partner
1.			
2.			
3.			
4.			

Attachment N: CONDUCT A NEEDS ASSESSMENT TO IDENTIFY THE PROBLEM(S)

Activity 2.1: Community Problems Questionnaire

This exercise will help you clearly define the community need(s) your project will be addressing. (When completing this activity for your own project, the information should be based on a previously conducted needs assessment in your community.) Based on the case study complete the table below:¹

Table 1: Who? Where?

Needs Dimension	Your Answer
Who/What is in need?	<i>Complete this field.</i>
Where?	<i>Complete this field.</i>

Table 2: What? Why?

Needs Dimension	Your Answer
What is the need?	<i>Complete this field.</i>
Why does the need occur?	<i>Complete this field.</i>

Table 3: Evidence of the Problem

Needs Dimension	Your Answer
What evidence do you have to support your claim?	<i>Complete this field.</i>

Table 4: Impact if Problem is Resolved

Needs Dimension	Your Answer
What are the consequences of meeting the need?	<i>Complete this field.</i>
How is the need linked to your Tribe/organization?	<i>Complete this field.</i>

¹ Mim Carlson, *Winning Grants Step by Step* (San Francisco, CA: Jossey-Bass) 22-23.

Activity 2.2: Problem List

Based on the case study, list all of the problems identified by the community that are currently preventing the community from achieving its vision.

1.

2.

3.

4.

5.

6.

7.

8.

Attachment O

ASSESS AVAILABLE RESOURCES

Activity 3.1: Community Resource Identification

Based on the case study:

1. Table 1: List resources available in the community.

Resource Type	Resource Description	Benefit to Potential Project
Human		
Programs		
Facility/Equipment		
Other		

Table 2: List resources available outside the community.

Resource Type	Resource Description	Benefit to Potential Project
Human		
Programs		
Facility/Equipment		
Other		

Attachment P

DETERMINE THE PROJECT GOAL

Activity 4.1: Goal Questionnaire

Based on the case study:

1. Write your project idea:

2. Write your intended target population:

3. Write the primary problem(s) the project will address (refer to the problem tree):

4. Enter the problem statement you developed in Activity 2.3:

5. Write how the project fits within and addresses one or more of the community's long-range goals:

6. Considering the five previous responses, write a project goal statement:

Attachment Q

SELECT A PROJECT APPROACH/STRATEGY

Activity 5.1: Narrow Down Your Approach

Based on the case study:

1. Identify three approaches that could solve the problem identified above:

1. _____

2. _____

3. _____

2. Describe the community support and ownership for each of the alternatives:

1. _____

2. _____

3. _____

3. Based on the answers above, select the preferred alternative and develop a set of bullets that provide an outline for carrying out the preferred alternative:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Attachment R

DEVELOP PROJECT OBJECTIVES AND ACTIVITIES

Activity 6.1: Goal, Objective, or Activity?

It can sometimes be difficult to distinguish between the project goal, objectives, and activities. The following exercises will help you develop clear, concise, and S.M.A.R.T. project objectives to accompany your goal and activities.

Indicate whether each of the following is a Goal, Objective, or Activity for the following three projects (there is at least one of each for every project):

Project 1: Language

- ___ By the 12th month, project staff will increase teacher effectiveness by providing 520 hours of teacher training in 12 specific areas.
- ___ Increase the tribal members' proficiency of the Cree Language
- ___ Increase the teaching materials required for summer language camps by developing 24 workbooks by the end of year one.
- ___ Meet with elder consultants and elder's resource council to identify 20 key terms and 4 phrases.

Project 2: Economic Development

- ___ Set up six 33-hour business development courses.
- ___ Train a minimum of 100 new American Indian entrepreneurs.
- ___ Expand the national Indian Business Development Fund's (NIBDF) service area outside of Phoenix into a five-state area to implement a culturally appropriate training model of business development services.
- ___ By the end of the 12th month, stabilize and expand at least 25 existing American Indian business in new areas.

Project 3: Environment

- ___ Develop the organizational capacity of the Tribe to effectively and efficiently meet the environmental and biological monitoring and reporting requirements of the Shady Forest Act to ensure economically viable and environmentally responsible management of the Shady Forest.
- ___ Develop a site placement plan and data collection rotation schedule for all necessary site sites in the Shady Forest.
- ___ By the end of project year one, develop and deploy a community outreach program targeting community members, other forest landowners, and partners.
- ___ Train staff on how to update the website with articles, graphics, and information.

Activity 6.2: S.M.A.R.T. Objectives?

Which of the following are measurable objectives for an ANA project? (Check those that apply.)

- ☐ Two teachers will have been trained.
- ☐ During the 12 month project period the Native American Center will train individuals to become data input operators through our new computer training center with 15 being certified each quarter for a total of 60 for the project year, with a minimum of 30 being hired at local data centers in our region.
- ☐ By the 6th month our language planning project, curriculum materials for K-3 will be developed in the areas of Reading and Math in the Ojibwe language as measured by the development of 20 new curriculum items in each category.
- ☐ By the end of the project a Health Marriage Program will have been developed.
- ☐ During the first project year, the Ojibwe Tribe will have trained a total of six elders on the proper classroom procedure requirements for state teaching certification with a minimum of four receiving certification and being placed in Tribal classrooms.
- ☐ A training workshop will be held for 50 people.

Activity 6.3: Establish Project Objectives and Activities

1. Based on the case study, draft some project objectives for your project (bear in mind for an ANA project you are restricted to a maximum of three objectives):

a. _____

b. _____

c. _____

2. Answer the following questions:

Question	Yes	No
Is the objective Specific?		
Is the objective Measurable?		
Is the objective Achievable?		
Is the objective Relevant and Results Oriented?		
Is the objective Time-bound?		

3. If you answered “no” in any part of question 2, revise your objective accordingly.
4. Insert your objectives into the Objective Work Plan (OWP) form included in your training materials.
5. Develop activities to accompany your objectives. Sequence each objective’s activities in the order in which they will be initiated by placing a number in front of each activity – 1, 2, 3, etc.
6. Assign a timeframe for each activity. Be sure to allow enough time for each. It is better to overestimate than underestimate!
7. Estimate the number of non-salary personnel hours for appropriate activities. For an explanation of non-salary personnel, refer to the definition in the glossary of your manual.
8. Insert the activities, timeframes, and hours in the appropriate columns in your OWP.

ANA Objective Work Plan

OMB Control Number 0980-0204

Expires 12/31/2009

Project: _____

Year: _____

ANA Goal: _____

Objective: _____

Results or Benefits Expected: _____

Personnel Activities

Activities	Position Responsible	Time Period Begin	Time Period End	Non-Salary Personnel Hours

Criteria for Evaluating Results or Benefits Expected: _____

Expires 12/31/2009

Objective: _____

Results or Benefits Expected: _____

Personnel Activities

Activities	Position Responsible	Time Period Begin	Time Period End	Non-Salary Personnel Hours

Criteria for Evaluating Results or Benefits Expected: _____

Expires 12/31/2009

Objective: _____

Results or Benefits Expected: _____

Personnel Activities

Activities	Position Responsible	Time Period Begin	Time Period End	Non-Salary Personnel Hours

Criteria for Evaluating Results or Benefits Expected: _____

The Paperwork Reduction Act of 1995: Public reporting burden for this collection of information is estimated to average 3 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB number.

Attachment S

IDENTIFY POTENTIAL CHALLENGES AND DEVELOP A CONTINGENCY PLAN

Activity 7.1: Assumptions

Listed below are examples of assumptions that could be made in an application. If the assumption is incorrect or if conditions change, what strategy would you utilize to keep the project on track?

1. Your grant application states that a person with all the requisite qualifications to be the project director has, dependent on funding, accepted the job. After the project is funded, the person listed is unable to take this position. What contingency would you have in place to ensure that the project proceeds as written? _____

2. Your grant application contains a letter of commitment from an organization that promises to assist with the non-federal share of your project by providing space and personnel to assist you in completing the project. After notification of award, the organization finds out it cannot provide this space. What contingency plan would you have in place to ensure that the project proceeds as written? _____

Based on the case study, list three other assumptions or critical issues you can think of that could result in project delay or in not achieving planned results and how you would overcome them.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Attachment T

DEVELOP A PROJECT EVALUATION PLAN

Activity 8.1: Indicators, Results, and Benefits

1. Based on the case study, identify impact indicators to monitor progress made towards the project's goal (choose indicators in addition to ANA's two standard indicators):

1.

2.

3.

4.

2. Based on the case study, identify results and benefits to monitor progress made towards the project's objectives:

1.

2.

3.

4.

5.

6.

7.

8.

Activity 8.2: Monitoring and Evaluation Matrix

Based on your identified indicators and results and benefits complete the matrix below. ANA only requires one project-specific impact indicator; however it could benefit your project to have additional indicators.

Project Monitoring and Evaluation Performance Data Plan¹

Performance/Result & Benefit	What records/data to collect	Who collects data	How often/when is the data collected	How will the data be used	Who uses the data	Value/importance of data (what decisions can be made from the results?)
(e.g., # partnerships formed)						
(e.g., #resources leveraged)						
(e.g., Project-specific Indicator)						

¹ CEDPA, Project Design for Program Managers (Washington, DC: CEDPA) 58.

Attachment U

DEVELOP A SUSTAINABILITY STRATEGY

Activity 9.1: Gathering Ideas

1. Based on the case study, brainstorm a list of possible efforts for continuing the project and/or its benefits after its completion. Some examples could include maintaining staff, cross training, or fee for service.

[illegible]

2. Place your ideas from Question 1 in the appropriate column of the table below:

Programmatic Sustainability	Financial Sustainability
Complete this field.	Complete this field.

Activity 9.2: Develop a General Strategy

Using the ideas you developed above, discuss the following questions with your group and complete the table below:¹

Future Planning

Future Planning and Sustainability Strategy Questions (project & project benefits)	Your Answer
Do you intend to continue the project activities?	
Do you intend to continue the project's benefits to the community?	
For how long?	
What resources are needed?	
How will these resources be available after the project's end?	

Future Financial Resources

Sources of Future Financial Resources Questions	Your Answer
What sources can you use?	

Internal Requirements

Internal Requirements Questions	Your Answer
How can you tribe/organization contribute to the project's sustainability?	

¹ Mim Carlson, *Winning Grants Step by Step* (San Francisco, CA: Jossey-Bass) 50.

Attachment V

PREPARE THE BUDGET AND BUDGET JUSTIFICATION

Activity 10.1 Applicant Matching Formula

Using the following formula and examples, calculate the 20% applicant match requirement for the ANA grant amounts shown in the table below:

Formula:

Federal Request = 80% of total project costs.

Applicant Match = 20% of total project costs.

The examples below refer to a project with a federal request of \$100,000:

Example One:

1. Divide the federal request by 4 (or multiply by 0.25) to determine the applicant match.
2. Add the federal request to the applicant match to determine the total project cost.

Federal Request of \$100,000

Applicant Match = \$100,000 divided by 4 (i.e., $100,000 / 4 = \$25,000$ or $100,000 \times .25 = \$25,000$)

$\$100,000$ (Federal Request) + $\$25,000$ (Applicant match) = $\$125,000$ (Total Project costs)

Example Two:

1. Divide the federal request by 0.80 to determine the total project cost.
2. Then multiply the total cost by 0.20 to determine the applicant match.

Federal Request of \$100,000 = 80% of?

$100,000 / 0.80 = \$125,000$

Applicant Match = 20% of \$125,000

$.20 \times \$125,000 = \$25,000$

Exercise:

Determine the applicant match for the following federal request amounts:

Applicant Match

Federal Request	20% Applicant Match	Total Project Cost
\$157,000		
\$75,000		
\$386,000		

Activity 10.2 Identify the Financial Needs

Based on the case study, list all resources required for the project. Identify which resources you have and what resources you do not have.

Resource Cost

Type of Need:	Estimated Cost	Estimated Cost of Current Resources Available
Personnel:		
Fringe Benefits:		
Travel:		
Equipment:		
Supplies:		
Contractual:		
Other (list):		
Indirect:		

Funding Required

Funding Category	Estimated Funding Required (Estimated Cost Less Current Resources Available)
Personnel:	\$
Fringe Benefits:	\$
Travel:	\$
Equipment:	\$
Supplies:	\$
Contractual:	\$
Other (list):	\$
Indirect:	\$
Total Project Cost:	\$

Activity 10.3 Budget Exercise

Based on the information from **Activity 10.2**, please complete the following budget template.
(Note: Make sure that the applicant match totals the required 20% of Total Project Costs).

Budget Template

Category	Federal Share	Applicant Match	Total
PERSONNEL			
TOTAL PERSONNEL			
FRINGE BENEFITS			
TOTAL FRINGE BENEFITS			
TRAVEL			
TOTAL TRAVEL			
EQUIPMENT			
TOTAL EQUIPMENT			
SUPPLIES			
TOTAL SUPPLIES			
CONTRACTUAL			
TOTAL CONTRACTUAL			
OTHER			
TOTAL OTHER			
TOTAL DIRECT COSTS			
TOTAL INDIRECT CHARGES			
TOTAL PROJECT COSTS			

Activity 10.4 Budget Justification

Based on the case study and the budget you developed in **Activity 10.3**, write a draft budget justification for your project:

Personnel: _____

Fringe Benefits: _____

Travel: _____

Equipment: _____

Supplies: _____

Contractual: _____

Other (List): _____

Indirect Costs (List): _____

Activity 10.5 Cost Effectiveness

Based on the case study, write a paragraph on the cost effectiveness of your project:

This image shows a single page of white paper with horizontal black lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Attachment W

WRITE THE PROJECT SUMMARY/ABSTRACT

Activity 11.1: Create an Abstract

1. Write two sentences about your community and the population to be served by the project:

2. Write two or three sentences about the need for the project, identifying the problem(s) in the community that the project addresses, and including the problem statement:

3. Write the project goal:

4. Write the project objectives:

5. Write the project indicators:

6. Define the number of people to be served by the project:

ATTACHMENT X

IBGCA, Inc. SAMPLE FINANCIAL PROCEDURES MANUAL

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I. INTRODUCTION

IBGCA, Inc. is a private non-profit agency incorporated in the State of Colorado. The IBGCA was established to provide a united effort to engage in activities that promote Indian self-reliance through involvement in the process of public policy development. IBGCA functions to provide an autonomous Indian capacity to obtain, analyze, and disseminate information vital to Indian community self-development.

The staff of IBGCA organizes and conducts seminars, workshops, conferences, and public hearings to facilitate participation of tribal leaders in the formulation of public policy at all levels. IBGCA staff also provides on-going technical assistance and training to tribal governments in program planning and development, resource development, management, and evaluation.

The unique aspect of IBGCA is that its members are the highest elected tribal officials: the tribal chairmen, tribal presidents, and tribal governors. These representatives are in the best position to have a comprehensive view of the conditions and needs of the Indian communities they represent. As a group, the tribal leaders represent governments that have a shared historical experience and consequently, have a common governmental status and relations with federal and state governments.

The primary objective of the Financial Management System is to ensure the accurate recording of all transactions, both cash and accrued, which will facilitate the need for compliance with general accounting principles. Included in this objective is the assurance that all program funds are expended and accounted for in a manner consistent with all contract and grant agreements.

The purpose of this manual is to delineate the specific procedures for each accounting transaction.

II. SYSTEMS OVERVIEW

A. BUDGETS

The budget is the proposed plan of expenditures projected from the expected sources of revenues. Included in the budget process is the necessary planning that occurs in order to develop the means to meet the needs, goals, and objectives of the organization. The budget is developed upon sound planning which allows the evaluation to measure the cost/benefits received.

1. Budget Preparation Procedures:

1. The Program Directors will work with the Finance Officer to develop a budget to submit to central administration based upon expected requirements for the year.
2. Administration, Finance, and the Program Director will jointly review the budget incorporating the funding source requirements and the organizational goals.
3. Administration will transmit the approved budget to the funding sources for review and approval.
4. The Finance Department will combine the program requests into a complete budget document identifying the sources of revenue and planned use of the revenue.

2. Monitoring the Budget:

5. The Accounting Department will prepare monthly expenditure reports for submission to the Administration and each Program Director by the 15th day of each month.
6. Monitoring of the budget is the responsibility of Finance and each Program Director. Each will compare monthly the actual expenditures of the program to the planned expenditures. The budget document is the source data for determining account classifications. Information will be shared with administration.
7. All deviations from planned expenditures will be justified by the Program Director or Administration or, if necessary, corrective action will be implemented immediately.

B. ACCOUNTING

IBGCA uses a double entry bookkeeping system composed of a general ledger and journals of original entry. A double entry bookkeeping system is a self-balancing set of accounts, where at least two accounts are affected by each transaction, and in which the debits must equal the credits.

IBGCA operates on a Program Fund Accounting practice. A program fund is an independent accounting record having separate asset, liability, revenue, expenditure, and fund balance accounts for each grant or contract. All monies received or expended by IBGCA must be classified and defined in accordance with any special regulations, restrictions, or limitations as specified by the grant or contract.

IBGCA revenues and expenditures are maintained on a modified accrual basis. Only at the end of the fiscal year are accrued items posted to the accounting records. The corporate fiscal year is October 1 through September 30.

All ledgers will be maintained in a manner which will facilitate the preparation of internal and external reports.

C. INTERNAL CONTROLS

IBGCA internal controls have been designed to safeguard assets, verify the accuracy of accounting records, promote operational efficiency, and adhere to prescribed management policies and procedures.

All internal reports are designed to provide comprehensive information to facilitate the planning needs of central administration and the Board of Directors.

THE BASIC ELEMENTS OF THE INTERNAL CONTROLS INCLUDE

3. A clear establishment of each employee's responsibilities and lines of responsibility.
4. Separation of accounting functions from authorization and disbursement of final payment of expenditures.
5. A proper system of authorization for transactions.

III. ACCOUNTING PROCEDURES

A. CASH RECEIPTS

Purpose: The purpose of the cash receipts procedure is to ensure that all revenues are safeguarded, deposited in tact, and recorded to the proper revenue account.

PROCEDURES

1. Receptionist/Secretary

- 1.1. Receives and logs all incoming checks and cash receipts and routes all checks and cash to the Fiscal Officer.
- 1.2. Logs the date of all cash received.
- 1.3. Records if the monies are received in the form of a check or cash.
- 1.4. Records the check number when applicable.
- 1.5. Enters the amount of monies received.
- 1.6. Records that the money was received from.

2. Bookkeeper

- 2.1. Receives and reviews all incoming checks and determines the purpose of each.
- 2.2. Records the cash receipts in the Cash Receipts Journal on a daily basis.
- 2.3. Turns the funds over to the employee authorized to make the deposits for IBGCA on a daily basis.

3. Authorized Employee

- 3.1. Stamps all checks "FOR DEPOSIT ONLY".
- 3.2. Prepares bank deposit in duplicate for monies received from Accounting.
- 3.3. Deposits all cash receipts on a daily basis.
- 3.4. Submits bank deposit slip to Bookkeeper immediately after deposit is made.

4. Finance Officer

- 4.1. Reviews the Cash Receipts Log and Cash Receipts Journal on a monthly basis to ensure accuracy of fund deposits.

ADDITIONAL INFORMATION

1. All cash receipts, regardless of their form (currency, check, etc.) must be retained in a secured location until deposited into an authorized bank account.
2. The daily cash receipts should be deposited into the bank during the same day, if possible, under all circumstances must be deposited within 24 hours after their receipt.
3. Deposit books will be purchased in a duplicate format. Only one book per entity is used at any one time with the remaining books being in control of IBGCA Board or designee.

FORM

1. Cash Receipts Log

B. PURCHASE ORDER

Purpose: To ensure that all purchases are allowable under grant/contract agreements and the expenditure is necessary to accomplish project objectives.

PROCEDURES

- 1. Employee**
 - 1.1. Requests Purchase Order from Bookkeeper.
- 2. Bookkeeper**
 - 2.1. Reviews the Federal, State, County, and local guidelines and grants and/or contracts to ascertain if these are approved expenditures and authorizes.
 - 2.2. Prepare a Purchase Order for goods or services.
- 3. Employee**
 - 3.1. Submits to Program Director for approval.
- 4. Program Director**
 - 4.1. Reviews purchase request to insure that item/service is needed for program operations.
- 5. Employee**
 - 5.1. Submits to Administration for approval.
- 6. Administration**
 - 6.1. Approves or disapproves Purchase Order.
- 7. Employee**
 - 7.1. Submits approved Purchase Order to vendor.
 - 7.2. Receives and signs for all supplies.
 - 7.3. Receives and accepts all services provided.
 - 7.4. Submits receiving copy and invoices to Finance Office for processing.
- 8. Bookkeeper**
 - 8.1. Receives the Purchase Order and invoices, checks the invoices against the receiving report and submits these to the Secretary to have a check prepared.

ADDITIONAL INFORMATION

1. This system strengthens the internal control by:
 - a. Showing the need for the expenditure with the purchase order.
 - b. Approving the purchase before it is made with the issuance of a purchase order.
 - c. Checking in and approving the goods/services.
2. The only individuals authorized to sign for administration are the Executive Director or the Assistant Director.

FORM

1. Purchase Order

C. PAYROLL

Purpose: To ensure that all personnel costs are authorized and payment is made at approved salary levels.

PROCEDURES

1. Employee

- 1.1. Records time on a daily basis, by grant/contract.
- 1.2. Completes the Request for Leave five days in advance of the date of absence.
- 1.3. Records sick leave on time sheet. Sick leave over three consecutive days requires doctor's approval.
- 1.4. Submits to the Department/Head Supervisor for approval.

2. Department Head/Program Supervisor

- 2.1. Approves all leave.
- 2.2. Reviews time sheets with the employee, should discrepancies be identified.
- 2.3. Approves the time sheets and submits the time sheets and leave slips to Accounting on the last day of the pay period.

3. Bookkeeper

- 3.1. Reviews the time sheets for accuracy of time reported.
- 3.2. Prepares the payroll schedules to include employee deductions as appropriate.
- 3.3. Submits the payroll schedule and time sheets for preparation of the payroll checks.
- 3.4. Reviews the checks for accuracy.
- 3.5. Obtains the required signatures for payroll checks.

4. Authorized Employee

- 4.1. Distributes the payroll checks to the employees.
- 4.2. Records leave on the Employees Cumulative Leave Record.
- 4.3. Files the time sheets, leave slips and overtime slips in the proper files.

ADDITIONAL INFORMATION

1. Employees who do not submit time sheets on time will not receive pay checks.
2. Payroll checks will not be issued prior to pay day.
3. All overtime must be approved by the Executive Director or the Assistant Director prior to overtime work being performed.

FORMS

1. Employee Time Sheet
2. Employee Leave Slips
3. Overtime Authorization

D. PETTY CASH

Purpose: To ensure internal control on the payment and recording of out-of-pocket cash payments to small to be paid by check.

PROCEDURES

1. Director

- 1.1. Secure written approval from the Board of Directors to establish petty cash fund.
- 1.2. Identify Petty Cash Custodian.
- 1.3. Authorize funding of petty cash.

2. Bookkeeper

- 2.1. Prepare petty cash check in name of "Petty Cash Custodian".
- 2.2. Submit for signature from authorized check signer.
- 2.3. Distribute to "Petty Cash Custodian"

3. Petty Cash Custodian

- 3.1. Cash petty cash check.
- 3.2. Maintain cash in locked box
- 3.3. Receive requests for petty cash
- 3.4. Review receipts prior to disbursement of cash.
- 3.5. Secure signature of individual receiving cash.
- 3.6. Maintain log of disbursements.
- 3.7. Submit request for reimbursement of petty cash monthly to bookkeeper.

4. Bookkeeper

- 4.1. Receive receipts (source documentation) for petty cash disbursements.
- 4.2. Reconcile receipts with cash disburse.
- 4.3. Allocate expenditures in the accounting records
- 4.4. Prepare petty cash check in the name of "Petty Cash Custodian" for the amount of funds disbursed.
- 4.5. Submit for signature from authorized check signer.
- 4.6. Distribute to "Petty Cash Custodian."

ADDITIONAL INFORMATION

1. The petty cash fund shall be two hundred dollars.
2. Payments from petty cash shall not exceed twenty five dollars.

FORMS

1. Petty cash monthly log.

PETTY CASH MONTHLY LOG

PROGRAM SITE: _____

MONTH: _____ YEAR: _____

[illegible]

I certify that all expenditures are allowable.

Petty Cash Custodian: _____

Date: _____

Bookkeeper: _____

Date: _____

E. POSTAGE

Purpose: To accurately document the postage costs by program and cost center.

PROCEDURES

1. Employee

- 1.1. Submits outgoing mail to Clerical Staff with identification of program/cost center to charge the cost to.

2. Clerical Staff

- 2.1. Attaches the amount of package necessary to each envelope and package.
- 2.2. Records postage, date, amount, and project to charge.
- 2.3. Recaps the expense of each department by funding source and records on a monthly basis.
- 2.4. Submits to the Finance Officer by the third working day of each month.

3. Bookkeeper

- 3.1. Prepares general journal entry monthly to charge each program and/or cost center for monthly postage charges.

ADDITIONAL INFORMATION

1. Employees will not use the IBGCA postage meter for personal mail.

F. TELEPHONE LOG

Purpose: To accurately document the telephone costs by program and cost center.

PROCEDURES

1. Bookkeeper

- 1.1. Assign each staff person an identifier.
- 1.2. Assign each project and/or cost center an identifier.

2. Employee

- 2.1. Code in correct identifiers for each call made.
- 2.2. Personal long-distance calls will be identified separately.

3. Secretary

- 3.1. Record all incoming collect calls by program and submit to Accounting monthly.

4. Bookkeeper

- 4.1. Reviews the telephone invoices received from company billing.
- 4.2. Identify personal calls, advise the employees of the amounts due for personal long-distance calls, and prepare appropriate payroll deduction.
- 4.3. Checks with employees on long-distance calls that are coded incorrectly.
- 4.4. Advise the telephone company of any changes that are not applicable to IBGCA.
- 4.5. Process telephone bills for payment in accordance with established procedures.

ADDITIONAL INFORMATION

1. All personal calls will be automatic payroll deductions from the first payroll following receipt of the telephone company invoices.

FORM

1. Incoming Collect Calls

G. TRAVEL AUTHORIZATION REQUEST AND EXPENSE STATEMENT

Purpose: To ensure that all travel is a necessary activity of project and the proper documentation is maintained.

PROCEDURES

1. Employee/Traveler

- 1.1. Completes an IBGCA staff Travel Authorization and Travel Plan Request form in duplicate for items listed below:
- 1.2. Name, date, project, and point of origin.
- 1.3. Destination
- 1.4. Location in case of emergency
- 1.5. Date and time of departure and return
- 1.6. Mode of transportation and accommodations
- 1.7. Request for Travel Advance
- 1.8. Date requested and employee's signature and submit to supervisor for recommendation

2. Supervisor

- 2.1. Reviews and approve or deny the travel authorization.
- 2.2. Submits to Finance Officer for processing five working days prior to travel.

3. Bookkeeper

- 3.1. Approves travel advance requests, assigns travel number, and submits for processing.
- 3.2. Prepares a check for advance.
- 3.3. Secures signature of authorized check signer.
- 3.4. Distributes the check and approved copy of the Travel Authorization and Travel Plan to the employee.
- 3.5. Maintains the original copy.
- 3.6. Bookkeeper will record the travel advance and retain the original Travel Authorization and Travel Plan in control file until the receipt of the Travel Expense Report.

4. Employee/Traveler

- 4.1. All Travel Expense claims must be completed and submitted to IBGCA Administration immediately after return from trip.
- 4.2. Attach receipts for all expenses listed. (The only exception is meal receipts).
- 4.3. Submit to Supervisor for approval.

5. Traveler's Supervisor

- 5.1. Review and approve the Travel Expense Report.
- 5.2. Submits approved Travel Expense Report to Accounting.

6. Bookkeeper/Accounts Payable

- 6.1. Review accounting information and receipts for accuracy.
- 6.2. Complete Accounting Distribution and Expense Recap.
- 6.3. Have a check prepared if any monies are due to employee/traveler for IBGCA check signature.
- 6.4. Clear advance and charge to the proper expense accounts.
- 6.5. Submit check to employee/traveler if applicable.
- 6.6. Receive money if owed IBGCA and follow cash receipts procedure.
- 6.7. Secretary
- 6.8. File Travel Advance and Travel Expense Report.

ADDITIONAL INFORMATION

1. All travel advances not liquidated during the month of the travel will be an automatic payroll deduction on the second pay period of the following month. All other prepaid travel expenses not supported by a trip report and receipts will be deducted after 30 days.
2. The appropriate travel expense claim will be determined by individual traveling and type of travel.
3. To be eligible for per diem staff must be on travel status more than 10 hours and performing work a minimum of 50 miles from the IBGCA office.
4. Personal auto usage will be reimbursed at 31 cents per mile.

FORMS

1. Staff Travel Authorization and Travel Claim
2. Staff Travel Expense Claim - Private Vehicles and Public Transportation

H. VOUCHER PAYMENT

Purpose: To establish a procedure to facilitate the easy processing of reoccurring expenditures.

PROCEDURES

1. Finance Officer

- 1.1. Establishes master control list of all payments to be processed through voucher payment.
- 1.2. Reviews each expense and prepare a schedule for which programs are to be charged for the expenditure on the voucher.

2. Bookkeeper

- 2.1. Prepares checks from invoice and/or voucher schedule received.
- 2.2. Returns check, voucher, and schedule to the Fiscal Officer.
- 2.3. Obtains the signature on all checks.
- 2.4. Records in the proper accounts.

3. Secretary

- 3.1. Mail signed checks to appropriate vendor.

I. XEROX LOG

Purpose: To accurately document the Xerox costs by program and cost center.

PROCEDURES

1. Employee

- 1.1. Code all personal copies made.

2. Bookkeeper/Designee

- 2.1. Secure a read-out of Xerox copies by program and/or cost center.
- 2.2. Figure cost of copies for each department or funding source and prepare general journal entry.
- 2.3. Record general journal entry monthly.

ADDITIONAL INFORMATION

1. Personal copies will be charged at the cost of \$.05 per copy. Personal copies will be an automatic payroll deduction.

J. IN-KIND GOODS AND SERVICES

Purpose: To accurately document all in-kind goods and services received by IBGCA.

PROCEDURES

1. Donator

- 1.1. Identifies all in-kind goods and services that are being given to the Program.
- 1.2. Reviews all in-kind goods and services forms for accuracy.
- 1.3. Submits the in-kind goods and services form to IBGCA on the appropriate form.

2. FOR AREA AGENCY SUBCONTRACTORS ONLY

- 2.1. Records the total value of the in-kind goods and services on the monthly AG-053.

3. Volunteer

- 3.1. Records the following information for in-kind services:
- 3.2. Date service provided.
- 3.3. A description of the service provided.
- 3.4. The time the volunteer began donating time.
- 3.5. The time the volunteer finished donating time.
- 3.6. The per hour value of the service provided.
- 3.7. The total value of the donated time.
- 3.8. Initial each day that time was donated to the program.
- 3.9. Signs the in-kind services form.
- 3.10. Submits the completed form to the Program Coordinator.

4. Program Coordinator

- 4.1. Records the following information for in-kind goods:
- 4.2. Date item donated to the Program.
- 4.3. A description of the item donated.
- 4.4. The fair market value of the item donated.
- 4.5. Secures the signature of the individual donating the time.
- 4.6. Submits to the Tribe on a monthly basis.

5. IBGCA Program Director

- 5.1. Reviews the services and foods donations submitted by the Tribe.
- 5.2. Submits to the IBGCA Assistant Director, on a monthly basis, the donated goods and services receipts.
- 5.3. Tracks the dollar value of in-kind goods and services to ensure that contract requirements are met.

6. IBGCA Assistant Director

- 6.1. Reviews all donated goods and services and submits to the IBGCA Accounting for processing.

7. Bookkeeper

- 7.1. Enters the dollar value of the in-kind goods and services receipts into the appropriate accounting records.

ADDITIONAL INFORMATION

1. All in-kind goods and services must come from a source that is not supported with federal dollars unless specifically allowable under the funding source legislation.
2. The allowable in-kind goods and services that can be used to meet a required match must fall within the allowable budget line items for the Program receiving the goods and services.

FORMS

1. IBGCA In-Kind Goods
2. IBGCA In-Kind Services

K. PROGRAM INCOME

Purpose: To detail the specific requirements for the receipt and expenditure of program income.

PROCEDURE

1. Bookkeeper

- 1.1. Review IBGCA monthly cash receipts to identify revenue generated as a result of a grant/contract funded activity.
- 1.2. Prepare a cash receipts journal entry crediting the grant/contract which generated the income.
- 1.3. Post to the general ledger.

2. IBGCA Finance Officer

- 2.1. Review program income generated on a monthly basis.
- 2.2. Review the requirements of the funding source to insure proper treatment of the revenue.
- 2.3. Report program income to the funding source as required by grant/contract agreement.

ADDITIONAL INFORMATION

1. The three methods for treatment of program income are:
 - a. Additive - net or gross
 - b. Deductive
 - c. Cost Sharing
2. The default method for treatment of program income is default.
3. Subcontractors/subgrantees will be required to follow the regulations detailed in OMB A-102 or OMB A-110 regarding program income.
4. Subcontractors/subgrantees must report program income to IBGCA as it is generated.
5. Program income funds are to be spent, prior to requesting funds from the government funding source.

IV. CONSULTING AND CONTRACTOR SERVICE AGREEMENT

Purpose: It is the intent of this section, where possible, to systematize the formal contractor service agreements to conform to existing state and federal regulations while meeting the needs of IBGCA.

Please refer to Procurement Section for Procurement of Services.

No contract negotiations should occur prior to discussing the need with the Executive Director. Only those employees authorized by the Executive Director may initiate contracts. The Finance Officer will be the Contract Officer. All contractor service agreements must be executed by the Executive Director. Prior to executing a contract, the Executive Director will ensure that the agreement has been reviewed by the Finance Officer and Project Director.

Accounting certifies that sufficient funds are available prior to any contract being executed. The Project Director is responsible for submitting the required information to the Executive Director, monitoring the contractor's activities, verifying and approving the Contractor's Invoices, and receiving the final reports.

PREPARATION

All contracts will be prepared with a minimum of three copies. After all parties have executed the contract, the original copy will be maintained by Accounting with the remaining copies being retained by Central Filing and the contractor. All contracts will include at least the following items and conditions:

- A. An identity clause which describes the parties to the contract. The date of the agreement will be included in this clause. This date should agree with the effective date of the contract, which cannot precede the date the contract is executed.
- B. A scope of service clause.
- C. A compensation clause which describes the amount and method of payment. This clause should always include the maximum amount that can be earned along with any limitations as to the term of the agreement. Payments shall not exceed an amount beyond which the work has progressed. Advances are not permissible. Usually, the payment should not occur more often than once a month, and only after the receipt of an invoice. Specific payment dates should be avoided. No fringe benefits and state or federal withholdings are permitted for contractors. These allowances are reserved for employees only.
- D. A cancellation clause which protects the rights of the parties for termination of the contract prior to the expiration date, if any, and making the contract subject to available government funding.
- E. A hold harmless and property rights clause may be optional, however desirable. These clauses would establish the rights of the parties in the event of damages suffered, and would limit the use and distribution of any materials, supplies, or reports furnished by the contractor.
- F. The social security number of the contractor.

FORM

1. Consulting Agreement and Invoice

V. PROPERTY

Purpose: This section provides applicable policies and procedures for the utilization and disposition of property furnished or acquired in whole or in part under projects supported by federal program grant funds.

Please refer to the Procurement Section for Acquisition of Property.

A. UNEXPENDABLE PERSONAL PROPERTY

1. Title
 - a. Title to non-expendable personal property acquired by IBGCA shall be vested with the IBGCA, except that the federal government may require IBGCA to transfer title to the property of federal government or a third party named by them if the project is financed solely by federal funds, the property has an acquisition cost of \$5,000 or more, and the property is unique or difficult and costly to replace.
2. Use and Disposition
 - a. IBGCA shall use property acquired under a project supported by the federal government program grant as long as there is a need for the property to accomplish the purpose of the project whether or not the project continues to be supported by federal program grant funds. When there is no longer a need for the property to accomplish the purpose of the project, IBGCA shall use the property in connection with projects supported by grants of other federal agencies.
 - b. When IBGCA no longer needs the property in any of its grant supported projects, the property may be used for its own official activities in accordance with the following standards:
 - i) IBGCA may use the property for its own official activities without reimbursement to the federal government if it has a fair market value less than \$5,000.
 - ii) IBGCA will retain all other non-expendable property for its own use once disposition has been received from the awarding agency and they have been fairly compensated for their share of the property.
 - c. If IBGCA has no need for the property, disposition of the property shall be made as follows:
 - i) Property with a fair market value less than \$5,000 may be sold and the entire proceeds retained by IBGCA.
 - ii) IBGCA shall request disposition instructions from the awarding agency for non-expendable property with a fair market value of over \$5,000. The awarding agency shall issue such instructions to IBGCA within 120 days.
 - iii) Federally Owned Property--Title to federally owned property (property to which the federal government retains title) remains vested by law with the federal government. Upon termination of the grant or need for the property, such property shall be reported to federal government for appropriate disposition instructions.

B. PROPERTY MANAGEMENT STANDARDS

IBGCA property management standards for non-expendable personal property shall include the following:

1. A policy which requires prudence in the acquisition of equipment. A review will take place to assure that equipment is needed and that the need cannot be met with equipment already in the possession of IBGCA.
2. Property records shall be maintained accurately and provided for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; percent of federal participation; source of the property; and ultimate disposition date including sales price or the method used to determine current fair market value.
3. A physical inventory of property will be done and reconciled with the property records at the end of each corporate year to verify the existence, current utilization, and continued need for the property.
4. A control system will be maintained to ensure adequate safeguards to prevent loss, damage, or theft to the property. Any loss, damage, or theft of non-expendable property shall be investigated and fully documented.
5. Adequate maintenance procedures to keep the property in good condition.

C. EQUIPMENT USE AND DISPOSITION

1. If the program which purchased the equipment has no further use for the equipment it will be transferred to an IBGCA government funded program which needs the equipment. A
2. If there is no use for the equipment IBGCA will survey the member Tribes to determine if there is a need within a tribal program for the equipment. A deletion of equipment form will be completed and approved by Administration.
3. If there is no need for the equipment, fair market value will be established and the equipment sold for no less than fair market value. A deletion of equipment form will be completed and approved by Administration.
4. If there is no value to the equipment, the equipment will be given to a non-profit organization or an individual at no cost. A deletion of equipment form will be completed and approved by Administration.

VI. PROCUREMENT PROCEDURES

A. DETERMINATION OF PROCUREMENT METHODS

Purpose: The purpose is to establish the appropriate procurement method to be used for the goods or services to be purchased. The methods allowable comply with agency, state and federal regulation requirements.

PROCEDURES

1. Program Director

- 1.1. Establish cost estimate for the purchase in the aggregate and submit to Contract Officer.

2. Finance Officer

- 2.1. Select the appropriate method for the procurement.
- 2.2. \$5,000 in the aggregate and lower will follow small purchase procedures.
- 2.3. \$5,000 in the aggregate, and over follow Steps C-H.
- 2.4. Submit description and cost estimate for approval.

3. Administration

- 3.1. Authorize purchases over \$5,000 and Program Director will authorize purchases under \$5,000.

ADDITIONAL INFORMATION

1. In the aggregate is the total amount through single or multiple purchases of the item(s) for the program period, i.e. training books - 12 purchases per year @ \$500 per purchase is an aggregate amount of \$6,000.
2. The Finance Officer will serve as Contracts Officer.
3. Allowable methods of large procurement.
 - a. Sealed Bids
 - i) Advertisement of IFB
 - ii) Conditions
 - iii) See regulations for etc.
 - iv) Award must be made to lowest bidder
 - b. Competitive Proposals
 - i) Advertisement of RFP
 - ii) Conditions
 - iii) Award of Contract based on multiple criteria.
4. Noncompetitive proposals are those where only one bid is received or only one source is solicited.
5. Noncompetitive proposals may be used only when it is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following applies:
 - a. Only available from a single source.
 - b. Emergency exists.
 - c. Awarding agency authorizes noncompetitive proposal.

FORM

1. Cost Estimate and Description

B. SMALL PURCHASE PROCEDURES

Purpose: To provide guidance to Program Directors making small purchases. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$5,000 in the aggregate.

PROCEDURES

1. Program Director

- 1.1. For purchase under \$100 in the aggregate:
 - 1.1.1. At the Program Director's discretion, observe agency internal controls governing Purchase Orders and payment of invoices.
- 1.2. For purchases from \$100 to \$1,000:
 - 1.2.1. List description of item to be purchased on quote sheet.
 - 1.2.2. Obtain a minimum of three telephone or written (includes catalogs) cost quotes for the purchase. The quotation must meet the description.
 - 1.2.3. Make recommendation based on price or provide justification for not accepting low cost.
 - 1.2.4. Obtain approval of Administration designee and Finance Officer.
 - 1.2.5. Make purchase.
- 1.3. For purchases over \$1,000, but under \$5,000:
 - 1.3.1. Develop description of item(s) to be purchased on specifications sheet.
 - 1.3.2. Determine whether bids should be advertised or solicited. (If there are relatively few vendors it may save time and money to solicit bids). If it is determined that advertised bids will be obtained follow procedures C-H. Local advertisement for bids may be made when you may not have identified all possible vendors.

2. Administration

- 2.1. Sign-off approval.

FORM

1. Cost Quotation

C. BID/PROPOSAL PACKAGE

Purpose: To establish the process for development of a standard bid package for goods and services.

PROCEDURES

1. Program Director

- 1.1. Prepare the scope of work statement and/or specifications of materials/services to be solicited.

2. Contracts Officer

- 2.1. Establish the solicitation time frame which includes:
 - 2.1.1. Date and time period for advertisement.
 - 2.1.2. Closing date for receipt of bids/proposals.
 - 2.1.3. Opening date of bids/proposals.

3. Program Director

- 3.1. Establish minimum requirements.
- 3.2. Establish evaluation criteria, if applicable.

4. Contracts Officer

- 4.1. Prepare the bid package which includes:
 - 4.1.1. Cover sheet (closing and opening date)
 - 4.1.2. Statement of work specifications or materials to be purchased.
 - 4.1.3. Minimum requirements
 - 4.1.4. Evaluation criteria
 - 4.1.5. Work quality standards
 - 4.1.6. Proposal format
 - 4.1.7. Sample contract
 - 4.1.8. Date of bidder's conference
 - 4.1.9. Right of the agency to accept or reject all bids
 - 4.1.10. Period of contract

ADDITIONAL INFORMATION

1. Minimum requirements must include:
 - a. Certification regarding debarment and suspension.
 - b. Lobbying
 - c. Drug Free Workplace
2. Affirmative Action Steps must include:
 - a. Giving preference to each of the following:
 - i) Minority Firms
 - ii) Women Business Enterprises
 - iii) Labor Surplus Area Firms
 - iv) Small Business (defined as any business whose gross revenue \$2,000,000 or less per year)
3. IBGCA shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of proper procurement. Consideration must be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources.
4. Minimum requirements cannot be unreasonable or excessive.

FORMS

1. Certification Regarding Debarment and Suspension
2. Certification Regarding Lobbying
3. Drug Free Workplace Certification

D. SOLICITATION OF BIDS/PROPOSALS

Purpose: To establish a standard method of advertising procurement activities to assure maximum open and free competition.

PROCEDURES

1. Program Director

- 1.1. Prepare the advertisement for newspaper.
- 1.2. Prepare notice to be posted.
- 1.3. Submit to Contracts.

2. Contracts Officer

- 2.1. Submit advertisement to newspaper and post advertisement.
- 2.2. Secure documentation of advertisement, i.e. newspaper - tearsheet, posting signed statement from the office where it was posted.
- 2.3. Notify all individuals on the bidder's list of solicitation, if applicable.

3. Secretary

- 3.1. Record the name of the individuals or firms requesting bid packages, the date the request was received, and the date the bid package was sent.

4. Program Director

- 4.1. Prepare technical information for bidder's conference.
- 4.2. Facilitate bidder's conference.

5. Secretary

- 5.1. Provide sign-in sheet for bidder's conference and ensure all individuals sign.
- 5.2. Record minutes of bidder's conference.

ADDITIONAL INFORMATION

1. No verbal information about the solicitation will be provided to anyone.
2. Pre-qualified bidders list is the names and addresses of firms/individuals who have submitted all information necessary to certify that they meet requirements to be responsible bidder. All firms/individuals on the list will be sent bid packages automatically.

E. RECEIPT OF BIDS/PROPOSALS

Purpose: To establish procedures that will be followed to assure equal treatment to all perspective bidders.

PROCEDURES

1. Receptionist/Secretary

- 1.1. All sealed bids/proposals will be logged into the bid/proposal control sheet.
- 1.2. Each bid will be stamped, dated, time of bid received, initiated by person receiving bid.

2. Administration

- 2.1. Bids/proposals will be maintained in a secured location until time of opening.
- 2.2. Return all bids received/submitted after closing date, unopened to bidder including letter of explanation as to the reason it was returned.

F. EVALUATION OF BIDS/PROPOSALS AND CONTRACT AWARDS

Purpose: To evaluate the bids/proposals submitted, select the contractor and award the contract.

PROCEDURES

1. Administration

- 1.1. Conduct bid opening (public or private).
- 1.2. For public bid openings (IFB's) the bid amounts will be announced at the opening.

2. Contracts Office

- 2.1. Schedule meeting of evaluation panel.

3. Evaluation Panel

- 3.1. Evaluate bids/proposals for compliance with all requirements.
- 3.2. Evaluate the responsive bids/proposals based on cost of criteria established in the bid package.
- 3.3. Prepare summary of points/costs for all of the responsive bidders.
- 3.4. Submit the name, the bid amount and justification for selection of the individual/firm selected for contract award to administration for approval.

4. Contracts Officer

- 4.1. Send the notice to contract to selected contractor and secure the following information:
 - 4.1.1. Certificate of insurance, if applicable.
 - 4.1.2. Review and approve suppliers list, if applicable.
 - 4.1.3. Secure a copy of all required licenses, if applicable.
 - 4.1.4. Certification regarding suspension and debarment from suppliers and subcontractors.
- 4.2. Verify that the insurance meets requirements, if applicable.
- 4.3. Secure fully executed contract.
- 4.4. Provide written notification to unsuccessful bidders.
- 4.5. Schedule debriefing conference for bidders based on individual requests.

ADDITIONAL INFORMATION

- 1. The Personnel Policies provide standards of conduct for employees/officers or agents to avoid conflict of interest.
- 2. Responsive bidder is a bidder who meets all requirements identified in the bid package.
- 3. The contract is not awarded at the time of the public bid opening.
- 4. A sample format for a debriefing conference is as follows (debriefing is only held at the request of the bidder):
 - a. Schedule date and time of debriefing conferences with unsuccessful contractor.
 - b. Inform unsuccessful contractor of the following:
 - i) Points for each criterion of unsuccessful contractors bid.
 - ii) Dollar amount of successful contractor.

G. PROTEST PROCEDURES

Purpose: To provide specific actions which will be taken should a protest be filed by an unsuccessful bidder.

PROCEDURES

1. Protester

- 1.1. File a written complaint using the agency specified format within ten (10) working days after notice of rejection.

2. Contracts Officer

- 2.1. Notify contractor that a complaint of protest has been filed.

3. Administration

- 3.1. Schedule the meeting of protest committee to review complaint.

4. Protest Committee

- 4.1. Conduct meeting to evaluate protest within ten (10) working days of the filing of the receipt of protest.
- 4.2. Record minutes of evaluation of protest committee meeting.
- 4.3. Issue a decision to agency administration within five (5) working days of the meeting of the protest committee.
- 4.4. Notify protester of the decision of the protest committee.

ADDITIONAL INFORMATION

1. Protest format will contain the following:
 - a. Notice of protest and specific reasons for filing the protest.
 - b. Statement stating this is a protest letter.
 - c. A detailed statement of the grounds for protest.
 - d. A specific request for a ruling by the protest committee and a statement of the relief requested.

***If this information is not furnished, IBGCA may refuse to consider the protest.**

2. Protests must always be provided in writing.
3. The individuals who sit on the protest committee must be identified in writing prior to commencement of all procurement activities.
4. The contracting officer and program director should not be involved in the protest procedures other than to provide technical support to the protest committee.

H. RECORDS MANAGEMENT

Purpose: To detail the required information that must be maintained in the bid process, contract, and protest (if applicable) to ensure proper documentation.

PROCEDURES

1. Contracts Officer

- 1.1. Establish and maintain the bid file(s) which includes:
 - 1.1.1. Cost estimate and approval to proceed with the procurement.
 - 1.1.2. Documentation of advertisement.
 - 1.1.3. Bid/proposal package.
 - 1.1.4. List of individuals attending the bidders conference (sign-in sheet).
 - 1.1.5. Minutes of the bidders conference.
 - 1.1.6. List of evaluation panel members.
 - 1.1.7. Bids received.
 - 1.1.8. Summary sheet and work papers.
 - 1.1.9. Rejection letters.
- 1.2. Establish and maintain contractor files that include the following information:
 - 1.2.1. Bid/Proposal
 - 1.2.2. Notice to Contract
 - 1.2.3. Certificate of Insurance
 - 1.2.4. Licenses, if applicable
 - 1.2.5. Payment Requests
 - 1.2.6. Performance Evaluations
 - 1.2.7. Change Order, if applicable
 - 1.2.8. Contract
 - 1.2.9. Certifications
 - 1.2.9.1. Suspension and Debarment
 - 1.2.9.2. Lobbying
 - 1.2.9.3. Drug Free Workplace

2. Administration

- 2.1. Protest File
 - 2.1.1. List of protest committee members.
 - 2.1.2. Copy of the protest committee correspondence, meeting minutes, and work papers.

VII. INTERNAL FUND STATUS REPORT

Purpose: The report is to provide the Board of Directors, Administration, and Program Directors with the information to effectively monitor program expenditures.

PROCEDURES

1. Finance Officer

- 1.1. Prepare a report for each funding source that includes planned budget, actual expenditures for the month, cumulative expenditures, and unobligated balance.
- 1.2. Present reports to administration and appropriate Project Directors by the 15th day of each month.

2. Administration/Project Directors

- 2.1. Reviews reports and requests corrections when errors are identified.

3. Finance Officer

- 3.1. Research identified errors and make corrections, as appropriate.

ADDITIONAL INFORMATION

None at this time

VIII. CASH MANAGEMENT

A. CASH ANALYSIS

Purpose: The procedure is established to insure that the IBGCA is minimizing the time elapsing between the receipt and disbursement of government funds.

PROCEDURES

- 1. Finance Officer**
 - 1.1. Establish a cash flow projection for each grant and contract operated by IBGCA that receives advances.
 - 1.2. Submit the cash flow projection to the Assistant Director for review and approval.
- 2. Assistant Director**
 - 2.1. Review the cash flow projection and make modifications as determined necessary and approve.
- 3. Finance Officer**
 - 3.1. Request cash from funding sources based on the analysis and projection of cash needs.
 - 3.2. Reconcile the cash received with the actual disbursement on a monthly basis.
 - 3.3. Revise cash requests based on monthly reconciliations.

ADDITIONAL INFORMATION

1. Federal Financial Management Regulations limit cash advances to three day cash on hand.

FORM

1. IBGCA Cash Flow Analysis

ATTACHMENT Y : CASH FLOW PROJECTION

Year	2012
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Balance	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Beginning Cash Available	\$57,684	\$59,434	\$60,684	\$61,934	\$63,684	\$65,434	\$67,184	\$68,934	\$70,684	\$72,434	\$74,184	\$75,934

Revenue:	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Grant Revenue	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Enterprise	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750
Other	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Total Cash Available	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950	\$26,950

Cash Disbursements	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Direct Labor	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500	\$18,500
Contractual	\$1,500	\$2,000	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Travel	\$500	\$500	\$1,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Other Direct Costs	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700
Total Cash Disbursements	\$25,200	\$25,700	\$25,700	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200

Balance	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Ending Cash Balance	\$59,434	\$60,684	\$61,934	\$63,684	\$65,434	\$67,184	\$68,934	\$70,684	\$72,434	\$74,184	\$75,934	\$77,684

**Application for Recognition of Exemption
Under Section 501(c)(3) of the Internal Revenue Code**

OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at **www.irs.gov** for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part I Identification of Applicant

1 Full name of organization (exactly as it appears in your organizing document)		2 c/o Name (if applicable)	
3 Mailing address (Number and street) (see instructions)	Room/Suite	4 Employer Identification Number (EIN)	
City or town, state or country, and ZIP + 4		5 Month the annual accounting period ends (01 - 12)	
6 Primary contact (officer, director, trustee, or authorized representative) a Name:		b Phone:	
		c Fax: (optional)	
7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input type="checkbox"/> Yes <input type="checkbox"/> No	
8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input type="checkbox"/> Yes <input type="checkbox"/> No	
9a Organization's website:			
b Organization's email: (optional)			
10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input type="checkbox"/> Yes <input type="checkbox"/> No	
11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY) / /			
12 Were you formed under the laws of a foreign country ? If "Yes," state the country.		<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Organizational Structure

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1** Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification. ☐ **Yes** ☐ **No**
- 2** Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application. ☐ **Yes** ☐ **No**
- 3** Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments. ☐ **Yes** ☐ **No**
- 4a** Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments. ☐ **Yes** ☐ **No**
- b** Have you been funded? If "No," explain how you are formed without anything of value placed in trust. ☐ **Yes** ☐ **No**
- 5** Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected. ☐ **Yes** ☐ **No**

Part III Required Provisions in Your Organizing Document

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1** Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): ☐
- 2a** Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c. ☐
- 2b** If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. _____
- 2c** See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state: ☐

Part IV Narrative Description of Your Activities

Using an attachment, describe your *past*, *present*, and *planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

- 1a** List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
		
		
		
		
		

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- b** List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)

- c** List the names, names of businesses, and mailing addresses of your five highest compensated **independent contractors** that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

2a Are any of your officers, directors, or trustees **related** to each other through **family or business relationships**? If "Yes," identify the individuals and explain the relationship. ☐ **Yes** ☐ **No**

b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees. ☐ **Yes** ☐ **No**

c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship. ☐ **Yes** ☐ **No**

3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through **common control**? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement. ☐ **Yes** ☐ **No**

4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy? ☐ **Yes** ☐ **No**
b Do you or will you approve compensation arrangements in advance of paying compensation? ☐ **Yes** ☐ **No**
c Do you or will you document in writing the date and terms of approved compensation arrangements? ☐ **Yes** ☐ **No**

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- d** Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? ☐ **Yes** ☐ **No**
- e** Do you or will you approve compensation arrangements based on information about compensation paid by **similarly situated** taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. ☐ **Yes** ☐ **No**
- f** Do you or will you record in writing both the information on which you relied to base your decision and its source? ☐ **Yes** ☐ **No**
- g** If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is **reasonable** for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.
-
- 5a** Have you adopted a **conflict of interest policy** consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c. ☐ **Yes** ☐ **No**
- b** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note:** A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.
-
- 6a** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. ☐ **Yes** ☐ **No**
- b** Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. ☐ **Yes** ☐ **No**
-
- 7a** Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine that you pay no more than **fair market value**. Attach copies of any written contracts or other agreements relating to such purchases. ☐ **Yes** ☐ **No**
- b** Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales. ☐ **Yes** ☐ **No**
-
- 8a** Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f. ☐ **Yes** ☐ **No**
- b** Describe any written or oral arrangements that you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at **arm's length**.
- e** Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f** Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
-
- 9a** Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f. ☐ **Yes** ☐ **No**

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- b** Describe any written or oral arrangements you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f** Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past*, *present*, and *planned* activities. (See instructions.)

- 1a** In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals. ☐ **Yes** ☐ **No**
- b** In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations. ☐ **Yes** ☐ **No**
- 2** Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program. ☐ **Yes** ☐ **No**
- 3** Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds. ☐ **Yes** ☐ **No**

Part VII Your History

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1** Are you a **successor** to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G. ☐ **Yes** ☐ **No**
- 2** Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E. ☐ **Yes** ☐ **No**

Part VIII Your Specific Activities

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past*, *present*, and *planned* activities. (See instructions.)

- 1** Do you support or oppose candidates in **political campaigns** in any way? If "Yes," explain. ☐ **Yes** ☐ **No**
- 2a** Do you attempt to **influence legislation**? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a. ☐ **Yes** ☐ **No**
- b** Have you made or are you making an **election** to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. ☐ **Yes** ☐ **No**
- 3a** Do you or will you operate bingo or **gaming** activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. **Revenue and expenses** should be provided for the time periods specified in Part IX, Financial Data. ☐ **Yes** ☐ **No**
- b** Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements. ☐ **Yes** ☐ **No**
- c** List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

Part VIII Your Specific Activities (Continued)

4a	Do you or will you undertake fundraising ? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> mail solicitations <input type="checkbox"/> email solicitations <input type="checkbox"/> personal solicitations <input type="checkbox"/> vehicle, boat, plane, or similar donations <input type="checkbox"/> foundation grant solicitations </div> <div> <input type="checkbox"/> phone solicitations <input type="checkbox"/> accept donations on your website <input type="checkbox"/> receive donations from another organization's website <input type="checkbox"/> government grant solicitations <input type="checkbox"/> Other </div> </div>	
	Attach a description of each fundraising program.	
b	Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.	<input type="checkbox"/> Yes <input type="checkbox"/> No
c	Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.	<input type="checkbox"/> Yes <input type="checkbox"/> No
d	List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.	
e	Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Are you affiliated with a governmental unit? If "Yes," explain.	<input type="checkbox"/> Yes <input type="checkbox"/> No
6a	Do you or will you engage in economic development ? If "Yes," describe your program.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	b Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.	
7a	Do or will persons other than your employees or volunteers develop your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	Do or will persons other than your employees or volunteers manage your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.	<input type="checkbox"/> Yes <input type="checkbox"/> No
c	If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.	
8	Do you or will you enter into joint ventures , including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.	<input type="checkbox"/> Yes <input type="checkbox"/> No
9a	Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	Do you provide child care so that parents or caretakers of children you care for can be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).	<input type="checkbox"/> Yes <input type="checkbox"/> No
c	Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).	<input type="checkbox"/> Yes <input type="checkbox"/> No
d	Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).	<input type="checkbox"/> Yes <input type="checkbox"/> No
10	Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property ? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part VIII Your Specific Activities (Continued)

11	Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<hr/>		
12a	Do you or will you operate in a foreign country or countries ? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	b Name the foreign countries and regions within the countries in which you operate.	
	c Describe your operations in each country and region in which you operate.	
	d Describe how your operations in each country and region further your exempt purposes.	
<hr/>		
13a	Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	b Describe how your grants, loans, or other distributions to organizations further your exempt purposes.	
	c Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	d Identify each recipient organization and any relationship between you and the recipient organization.	
	e Describe the records you keep with respect to the grants, loans, or other distributions you make.	
	f Describe your selection process, including whether you do any of the following:	
	(i) Do you require an application form? If "Yes," attach a copy of the form.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	(ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	g Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.	
<hr/>		
14a	Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	b Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.	
	c Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	d Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	e Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	f Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part VIII Your Specific Activities *(Continued)*

- | | | | |
|-----------|--|-------------------------------------|------------------------------------|
| 15 | Do you have a close connection with any organizations? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 16 | Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 17 | Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 18 | Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 19 | Do you or will you operate a school ? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 20 | Is your main function to provide hospital or medical care ? If "Yes," complete Schedule C. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 21 | Do you or will you provide low-income housing or housing for the elderly or handicapped ? If "Yes," complete Schedule F. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 22 | Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Note: **Private foundations** may use Schedule H to request advance approval of individual grant procedures.

Part IX Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

A. Statement of Revenues and Expenses

	Type of revenue or expense	Current tax year	3 prior tax years or 2 succeeding tax years				(e) Provide Total for (a) through (d)
		(a) From To	(b) From To	(c) From To	(d) From To		
Revenues	1 Gifts, grants, and contributions received (do not include unusual grants)						
	2 Membership fees received						
	3 Gross investment income						
	4 Net unrelated business income						
	5 Taxes levied for your benefit						
	6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)						
	7 Any revenue not otherwise listed above or in lines 9–12 below (attach an itemized list)						
	8 Total of lines 1 through 7						
	9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)						
	10 Total of lines 8 and 9						
	11 Net gain or loss on sale of capital assets (attach schedule and see instructions)						
	12 Unusual grants						
Expenses	13 Total Revenue Add lines 10 through 12						
	14 Fundraising expenses						
	15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)						
	16 Disbursements to or for the benefit of members (attach an itemized list)						
	17 Compensation of officers, directors, and trustees						
	18 Other salaries and wages						
	19 Interest expense						
	20 Occupancy (rent, utilities, etc.)						
	21 Depreciation and depletion						
	22 Professional fees						
	23 Any expense not otherwise classified, such as program services (attach itemized list)						
	24 Total Expenses Add lines 14 through 23						

Part IX Financial Data (Continued)**B. Balance Sheet (for your most recently completed tax year)**

Year End:

(Whole dollars)

Assets		
1	Cash	1
2	Accounts receivable, net	2
3	Inventories	3
4	Bonds and notes receivable (attach an itemized list)	4
5	Corporate stocks (attach an itemized list)	5
6	Loans receivable (attach an itemized list)	6
7	Other investments (attach an itemized list)	7
8	Depreciable and depletable assets (attach an itemized list)	8
9	Land	9
10	Other assets (attach an itemized list)	10
11	Total Assets (add lines 1 through 10)	11
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc. payable	13
14	Mortgages and notes payable (attach an itemized list)	14
15	Other liabilities (attach an itemized list)	15
16	Total Liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	18
19	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain. <input type="checkbox"/> Yes <input type="checkbox"/> No	

Part X Public Charity Status

Part X is designed to classify you as an organization that is either a **private foundation** or a **public charity**. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a **private operating foundation**. (See instructions.)

1a	Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If you are unsure, see the instructions.	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.	<input type="checkbox"/>
2	Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.	
	The organization is not a private foundation because it is:	
a	509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.	<input type="checkbox"/>
b	509(a)(1) and 170(b)(1)(A)(ii)—a school . Complete and attach Schedule B.	<input type="checkbox"/>
c	509(a)(1) and 170(b)(1)(A)(iii)—a hospital , a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.	<input type="checkbox"/>
d	509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.	<input type="checkbox"/>

Part X Public Charity Status (Continued)

- e** 509(a)(4)—an organization organized and operated exclusively for testing for public safety. ☐
- f** 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit. ☐
- g** 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. ☐
- h** 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross **investment income** and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). ☐
- i** A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status. ☐

6 If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling. ☐

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

For Organization

.....
(Signature of Officer, Director, Trustee, or other
authorized official)

.....
(Type or print name of signer)

.....
(Date)

.....
(Type or print title or authority of signer)

For IRS Use Only

.....
IRS Director, Exempt Organizations

.....
(Date)

- b Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii). ☐

(i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. _____

(b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box. ☐

(ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box. ☐

(b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box. ☐

- 7** Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual. ☐ **Yes** ☐ **No**

Part XI User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$750. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300. See instructions for Part XI, for a definition of **gross receipts** over a 4-year period. Your check or money order must be made payable to the United States Treasury. *User fees are subject to change. Check our website at www.irs.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.*

- 1** Have your annual gross receipts averaged or are they expected to average not more than \$10,000? ☐ **Yes** ☐ **No**
 If "Yes," check the box on line 2 and enclose a user fee payment of \$300 (Subject to change—see above).
 If "No," check the box on line 3 and enclose a user fee payment of \$750 (Subject to change—see above).
- 2** Check the box if you have enclosed the reduced user fee payment of \$300 (Subject to change). ☐
- 3** Check the box if you have enclosed the user fee payment of \$750 (Subject to change). ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

**Please
Sign
Here**

(Signature of Officer, Director, Trustee, or other
authorized official)

(Type or print name of signer)

(Date)

(Type or print title or authority of signer)

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.

Form **1023** (Rev. 6-2006)

Schedule A. Churches

1a	Do you have a written creed, statement of faith, or summary of beliefs? If "Yes," attach copies of relevant documents.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you have a form of worship? If "Yes," describe your form of worship.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2a	Do you have a formal code of doctrine and discipline? If "Yes," describe your code of doctrine and discipline.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you have a distinct religious history? If "Yes," describe your religious history.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c	Do you have a literature of your own? If "Yes," describe your literature.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3	Describe the organization's religious hierarchy or ecclesiastical government.		
4a	Do you have regularly scheduled religious services? If "Yes," describe the nature of the services and provide representative copies of relevant literature such as church bulletins.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	What is the average attendance at your regularly scheduled religious services?	_____	
5a	Do you have an established place of worship? If "Yes," refer to the instructions for the information required.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you own the property where you have an established place of worship?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6	Do you have an established congregation or other regular membership group? If "No," refer to the instructions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7	How many members do you have? _____		
8a	Do you have a process by which an individual becomes a member? If "Yes," describe the process and complete lines 8b–8d, below.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	If you have members, do your members have voting rights, rights to participate in religious functions, or other rights? If "Yes," describe the rights your members have.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c	May your members be associated with another denomination or church?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d	Are all of your members part of the same family ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9	Do you conduct baptisms, weddings, funerals, etc.?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10	Do you have a school for the religious instruction of the young?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11a	Do you have a minister or religious leader? If "Yes," describe this person's role and explain whether the minister or religious leader was ordained, commissioned, or licensed after a prescribed course of study.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you have schools for the preparation of your ordained ministers or religious leaders?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12	Is your minister or religious leader also one of your officers, directors, or trustees?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13	Do you ordain, commission, or license ministers or religious leaders? If "Yes," describe the requirements for ordination, commission, or licensure.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
14	Are you part of a group of churches with similar beliefs and structures? If "Yes," explain. Include the name of the group of churches.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
15	Do you issue church charters? If "Yes," describe the requirements for issuing a charter.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
16	Did you pay a fee for a church charter? If "Yes," attach a copy of the charter.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
17	Do you have other information you believe should be considered regarding your status as a church? If "Yes," explain.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Schedule B. Schools, Colleges, and Universities

If you operate a school as an activity, complete Schedule B

Section I Operational Information

- 1a** Do you normally have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly enrolled student body, and facilities where your educational activities are regularly carried on? If "No," do not complete the remainder of Schedule B. ☐ **Yes** ☐ **No**
- b** Is the primary function of your school the presentation of formal instruction? If "Yes," describe your school in terms of whether it is an elementary, secondary, college, technical, or other type of school. If "No," do not complete the remainder of Schedule B. ☐ **Yes** ☐ **No**
- 2a** Are you a public school because you are operated by a state or subdivision of a state? If "Yes," explain how you are operated by a state or subdivision of a state. Do not complete the remainder of Schedule B. ☐ **Yes** ☐ **No**
- b** Are you a public school because you are operated wholly or predominantly from government funds or property? If "Yes," explain how you are operated wholly or predominantly from government funds or property. Submit a copy of your funding agreement regarding government funding. Do not complete the remainder of Schedule B. ☐ **Yes** ☐ **No**
- 3** In what public school district, county, and state are you located?
- 4** Were you formed or substantially expanded at the time of public school desegregation in the above school district or county? ☐ **Yes** ☐ **No**
- 5** Has a state or federal administrative agency or judicial body ever determined that you are racially discriminatory? If "Yes," explain. ☐ **Yes** ☐ **No**
- 6** Has your right to receive financial aid or assistance from a governmental agency ever been revoked or suspended? If "Yes," explain. ☐ **Yes** ☐ **No**
- 7** Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," explain how that entity is selected, explain how the terms of any contracts or other agreements were negotiated at arm's length, and explain how you determine that you will pay no more than fair market value for services. ☐ **Yes** ☐ **No**

Note. Make sure your answer is consistent with the information provided in Part VIII, line 7a.

- 8** Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. ☐ **Yes** ☐ **No**

Note. Answer "Yes" if you manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

Section II Establishment of Racially Nondiscriminatory PolicyInformation required by **Revenue Procedure 75-50.**

- 1** Have you adopted a racially nondiscriminatory policy as to students in your organizing document, bylaws, or by resolution of your governing body? If "Yes," state where the policy can be found or supply a copy of the policy. If "No," you must adopt a nondiscriminatory policy as to students before submitting this application. See Publication 557. ☐ **Yes** ☐ **No**
- 2** Do your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement of your racially nondiscriminatory policy? ☐ **Yes** ☐ **No**
- a** If "Yes," attach a representative sample of each document.
- b** If "No," by checking the box to the right you agree that all future printed materials, including website content, will contain the required nondiscriminatory policy statement. ▶ ☐
- 3** Have you published a notice of your nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community? (See the instructions for specific requirements.) If "No," explain. ☐ **Yes** ☐ **No**
- 4** Does or will the organization (or any department or division within it) discriminate in any way on the basis of race with respect to admissions; use of facilities or exercise of student privileges; faculty or administrative staff; or scholarship or loan programs? If "Yes," for any of the above, explain fully. ☐ **Yes** ☐ **No**

Schedule B. Schools, Colleges, and Universities *(Continued)*

- 5** Complete the table below to show the racial composition for the current academic year and projected for the next academic year, of: (a) the student body, (b) the faculty, and (c) the administrative staff. Provide actual numbers rather than percentages for each racial category.

If you are not operational, submit an estimate based on the best information available (such as the racial composition of the community served).

Racial Category	(a) Student Body		(b) Faculty		(c) Administrative Staff	
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year
Total						

- 6** In the table below, provide the number and amount of loans and scholarships awarded to students enrolled by racial categories.

Racial Category	Number of Loans		Amount of Loans		Number of Scholarships		Amount of Scholarships	
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year
Total								

- 7a** Attach a list of your incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.

- b** Do any of these individuals or organizations have an objective to maintain segregated public or private school education? If "Yes," explain.

☐ **Yes** ☐ **No**

- 8** Will you maintain records according to the non-discrimination provisions contained in Revenue Procedure 75-50? If "No," explain. (See instructions.)

☐ **Yes** ☐ **No**

Schedule C. Hospitals and Medical Research Organizations

Check the box if you are a **hospital**. See the instructions for a definition of the term “hospital,” which includes an organization whose principal purpose or function is providing **hospital or medical care**. Complete Section I below. ☐

Check the box if you are a **medical research organization** operated in conjunction with a hospital. See the instructions for a definition of the term “medical research organization,” which refers to an organization whose principal purpose or function is medical research and which is directly engaged in the continuous active conduct of medical research in conjunction with a hospital. Complete Section II. ☐

Section I Hospitals

- | | |
|---|--|
| 1a Are all the doctors in the community eligible for staff privileges? If “No,” give the reasons why and explain how the medical staff is selected. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2a Do you or will you provide medical services to all individuals in your community who can pay for themselves or have private health insurance? If “No,” explain. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b Do you or will you provide medical services to all individuals in your community who participate in Medicare? If “No,” explain. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| c Do you or will you provide medical services to all individuals in your community who participate in Medicaid? If “No,” explain. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3a Do you or will you require persons covered by Medicare or Medicaid to pay a deposit before receiving services? If “Yes,” explain. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b Does the same deposit requirement, if any, apply to all other patients? If “No,” explain. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4a Do you or will you maintain a full-time emergency room? If “No,” explain why you do not maintain a full-time emergency room. Also, describe any emergency services that you provide. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b Do you have a policy on providing emergency services to persons without apparent means to pay? If “Yes,” provide a copy of the policy. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| c Do you have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? If “Yes,” describe the arrangements, including whether they are written or oral agreements. If written, submit copies of all such agreements. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5a Do you provide for a portion of your services and facilities to be used for charity patients? If “Yes,” answer 5b through 5e. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b Explain your policy regarding charity cases, including how you distinguish between charity care and bad debts. Submit a copy of your written policy. | |
| c Provide data on your past experience in admitting charity patients, including amounts you expend for treating charity care patients and types of services you provide to charity care patients. | |
| d Describe any arrangements you have with federal, state, or local governments or government agencies for paying for the cost of treating charity care patients. Submit copies of any written agreements. | |
| e Do you provide services on a sliding fee schedule depending on financial ability to pay? If “Yes,” submit your sliding fee schedule. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6a Do you or will you carry on a formal program of medical training or medical research? If “Yes,” describe such programs, including the type of programs offered, the scope of such programs, and affiliations with other hospitals or medical care providers with which you carry on the medical training or research programs. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b Do you or will you carry on a formal program of community education? If “Yes,” describe such programs, including the type of programs offered, the scope of such programs, and affiliation with other hospitals or medical care providers with which you offer community education programs. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 7 Do you or will you provide office space to physicians carrying on their own medical practices? If “Yes,” describe the criteria for who may use the space, explain the means used to determine that you are paid at least fair market value, and submit representative lease agreements. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 8 Is your board of directors comprised of a majority of individuals who are representative of the community you serve? Include a list of each board member’s name and business, financial, or professional relationship with the hospital. Also, identify each board member who is representative of the community and describe how that individual is a community representative. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 9 Do you participate in any joint ventures? If “Yes,” state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all agreements. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Note. Make sure your answer is consistent with the information provided in Part VIII, line 8.

Schedule C. Hospitals and Medical Research Organizations (Continued)**Section I Hospitals (Continued)**

- 10** Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.
Note. Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b. ☐ **Yes** ☐ **No**
-
- 11** Do you or will you offer recruitment incentives to physicians? If "Yes," describe your recruitment incentives and attach copies of all written recruitment incentive policies. ☐ **Yes** ☐ **No**
-
- 12** Do you or will you lease equipment, assets, or office space from physicians who have a financial or professional relationship with you? If "Yes," explain how you establish a fair market value for the lease. ☐ **Yes** ☐ **No**
-
- 13** Have you purchased medical practices, ambulatory surgery centers, or other business assets from physicians or other persons with whom you have a business relationship, aside from the purchase? If "Yes," submit a copy of each purchase and sales contract and describe how you arrived at fair market value, including copies of appraisals. ☐ **Yes** ☐ **No**
-
- 14** Have you adopted a **conflict of interest policy** consistent with the sample health care organization conflict of interest policy in Appendix A of the instructions? If "Yes," submit a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," explain how you will avoid any conflicts of interest in your business dealings. ☐ **Yes** ☐ **No**

Section II Medical Research Organizations

- 1** Name the hospitals with which you have a relationship and describe the relationship. Attach copies of written agreements with each hospital that demonstrate continuing relationships between you and the hospital(s).
-
- 2** Attach a schedule describing your present and proposed activities for the direct conduct of medical research; describe the nature of the activities, and the amount of money that has been or will be spent in carrying them out.
-
- 3** Attach a schedule of assets showing their fair market value and the portion of your assets directly devoted to medical research.

Schedule D. Section 509(a)(3) Supporting Organizations**Section I Identifying Information About the Supported Organization(s)**

- 1** State the names, addresses, and EINs of the supported organizations. If additional space is needed, attach a separate sheet.

Name	Address	EIN
		—
		—

- 2** Are all supported organizations listed in line 1 public charities under section 509(a)(1) or (2)? If "Yes," go to Section II. If "No," go to line 3. ☐ **Yes** ☐ **No**

- 3** Do the supported organizations have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)? ☐ **Yes** ☐ **No**

If "Yes," for each 501(c)(4), (5), or (6) organization supported, provide the following financial information:

- Part IX-A. Statement of Revenues and Expenses, lines 1–13 and
- Part X, lines 6b(ii)(a), 6b(ii)(b), and 7.

If "No," attach a statement describing how each organization you support is a public charity under section 509(a)(1) or (2).

Section II Relationship with Supported Organization(s)—Three Tests

To be classified as a supporting organization, an organization must meet one of three relationship tests:

Test 1: "Operated, supervised, or controlled by" one or more publicly supported organizations, or

Test 2: "Supervised or controlled in connection with" one or more publicly supported organizations, or

Test 3: "Operated in connection with" one or more publicly supported organizations.

- 1** Information to establish the "operated, supervised, or controlled by" relationship (Test 1)
Is a majority of your governing board or officers elected or appointed by the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," continue to line 2. ☐ **Yes** ☐ **No**
- 2** Information to establish the "supervised or controlled in connection with" relationship (Test 2)
Does a majority of your governing board consist of individuals who also serve on the governing board of the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," go to line 3. ☐ **Yes** ☐ **No**
- 3** Information to establish the "operated in connection with" responsiveness test (Test 3)
Are you a trust from which the named supported organization(s) can enforce and compel an accounting under state law? If "Yes," explain whether you advised the supported organization(s) in writing of these rights and provide a copy of the written communication documenting this; go to Section II, line 5. If "No," go to line 4a. ☐ **Yes** ☐ **No**
- 4** Information to establish the alternative "operated in connection with" responsiveness test (Test 3)
- a** Do the officers, directors, trustees, or members of the supported organization(s) elect or appoint one or more of your officers, directors, or trustees? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4b. ☐ **Yes** ☐ **No**
- b** Do one or more members of the governing body of the supported organization(s) also serve as your officers, directors, or trustees or hold other important offices with respect to you? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4c. ☐ **Yes** ☐ **No**
- c** Do your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization(s)? If "Yes," explain and provide documentation. ☐ **Yes** ☐ **No**
- d** Do the supported organization(s) have a significant voice in your investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets? If "Yes," explain and provide documentation. ☐ **Yes** ☐ **No**
- e** Describe and provide copies of written communications documenting how you made the supported organization(s) aware of your supporting activities.

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)**Section II Relationship with Supported Organization(s)—Three Tests (Continued)**

- 5** Information to establish the “operated in connection with” integral part test (Test 3)
Do you conduct activities that would otherwise be carried out by the supported organization(s)? If “Yes,” explain and go to Section III. If “No,” continue to line 6a. ☐ **Yes** ☐ **No**
- 6** Information to establish the alternative “operated in connection with” integral part test (Test 3)
- a** Do you distribute at least 85% of your annual **net income** to the supported organization(s)? If “Yes,” go to line 6b. (See instructions.) ☐ **Yes** ☐ **No**
If “No,” state the percentage of your income that you distribute to each supported organization. Also explain how you ensure that the supported organization(s) are attentive to your operations.
- b** How much do you contribute annually to each supported organization? Attach a schedule.
- c** What is the total annual revenue of each supported organization? If you need additional space, attach a list.
- d** Do you or the supported organization(s) **earmark** your funds for support of a particular program or activity? If “Yes,” explain. ☐ **Yes** ☐ **No**
- 7a** Does your organizing document specify the supported organization(s) by name? If “Yes,” state the article and paragraph number and go to Section III. If “No,” answer line 7b. ☐ **Yes** ☐ **No**
- b** Attach a statement describing whether there has been an historic and continuing relationship between you and the supported organization(s).

Section III Organizational Test

- 1a** If you met relationship Test 1 or Test 2 in Section II, your organizing document must specify the supported organization(s) by name, or by naming a similar purpose or charitable class of beneficiaries. If your organizing document complies with this requirement, answer “Yes.” If your organizing document does not comply with this requirement, answer “No,” and see the instructions. ☐ **Yes** ☐ **No**
- b** If you met relationship Test 3 in Section II, your organizing document must generally specify the supported organization(s) by name. If your organizing document complies with this requirement, answer “Yes,” and go to Section IV. If your organizing document does not comply with this requirement, answer “No,” and see the instructions. ☐ **Yes** ☐ **No**

Section IV Disqualified Person Test

You do not qualify as a supporting organization if you are **controlled** directly or indirectly by one or more **disqualified persons** (as defined in section 4946) other than **foundation managers** or one or more organizations that you support. Foundation managers who are also disqualified persons for another reason are disqualified persons with respect to you.

- 1a** Do any persons who are disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If “Yes,” (1) describe the process by which disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons and the foundation managers they appoint, and (3) explain how control is vested over your operations (including assets and activities) by persons other than disqualified persons. ☐ **Yes** ☐ **No**
- b** Do any persons who have a family or business relationship with any disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If “Yes,” (1) describe the process by which individuals with a family or business relationship with disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons, the individuals with a family or business relationship with disqualified persons, and the foundation managers appointed, and (3) explain how control is vested over your operations (including assets and activities) in individuals other than disqualified persons. ☐ **Yes** ☐ **No**
- c** Do any persons who are disqualified persons, (except individuals who are disqualified persons only because they are foundation managers), have any influence regarding your operations, including your assets or activities? If “Yes,” (1) provide the names of these disqualified persons, (2) explain how influence is exerted over your operations (including assets and activities), and (3) explain how control is vested over your operations (including assets and activities) by individuals other than disqualified persons. ☐ **Yes** ☐ **No**

Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation

Schedule E is intended to determine whether you are eligible for tax exemption under section 501(c)(3) from the postmark date of your application or from your date of incorporation or formation, whichever is earlier. If you are not eligible for tax exemption under section 501(c)(3) from your date of incorporation or formation, Schedule E is also intended to determine whether you are eligible for tax exemption under section 501(c)(4) for the period between your date of incorporation or formation and the postmark date of your application.

- | | | |
|--|-------------------------------------|------------------------------------|
| 1 Are you a church, association of churches, or integrated auxiliary of a church? If "Yes," complete Schedule A and stop here. Do not complete the remainder of Schedule E. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2a Are you a public charity with annual gross receipts that are normally \$5,000 or less? If "Yes," stop here. Answer "No" if you are a private foundation, regardless of your gross receipts. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b If your gross receipts were normally more than \$5,000, are you filing this application within 90 days from the end of the tax year in which your gross receipts were normally more than \$5,000? If "Yes," stop here. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3a Were you included as a subordinate in a group exemption application or letter? If "No," go to line 4. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b If you were included as a subordinate in a group exemption letter, are you filing this application within 27 months from the date you were notified by the organization holding the group exemption letter or the Internal Revenue Service that you cease to be covered by the group exemption letter? If "Yes," stop here. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c If you were included as a subordinate in a timely filed group exemption request that was denied, are you filing this application within 27 months from the postmark date of the Internal Revenue Service final adverse ruling letter? If "Yes," stop here. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4 Were you created on or before October 9, 1969? If "Yes," stop here. Do not complete the remainder of this schedule. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5 If you answered "No" to lines 1 through 4, we cannot recognize you as tax exempt from your date of formation unless you qualify for an extension of time to apply for exemption. Do you wish to request an extension of time to apply to be recognized as exempt from the date you were formed? If "Yes," attach a statement explaining why you did not file this application within the 27-month period. Do not answer lines 6, 7, or 8. If "No," go to line 6a. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6a If you answered "No" to line 5, you can only be exempt under section 501(c)(3) from the postmark date of this application. Therefore, do you want us to treat this application as a request for tax exemption from the postmark date? If "Yes," you are eligible for an advance ruling. Complete Part X, line 6a. If "No," you will be treated as a private foundation. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Note. Be sure your ruling eligibility agrees with your answer to Part X, line 6. | | |
| b Do you anticipate significant changes in your sources of support in the future? If "Yes," complete line 7 below. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation *(Continued)*

- 7** Complete this item only if you answered "Yes" to line 6b. Include projected revenue for the first two full years following the current tax year.

Type of Revenue	Projected revenue for 2 years following current tax year		
	(a) From To	(b) From To	(c) Total
1 Gifts, grants, and contributions received (do not include unusual grants)			
2 Membership fees received			
3 Gross investment income			
4 Net unrelated business income			
5 Taxes levied for your benefit			
6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)			
7 Any revenue not otherwise listed above or in lines 9–12 below (attach an itemized list)			
8 Total of lines 1 through 7			
9 Gross receipts from admissions, merchandise sold, or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)			
10 Total of lines 8 and 9			
11 Net gain or loss on sale of capital assets (attach an itemized list)			
12 Unusual grants			
13 Total revenue. Add lines 10 through 12			

- 8** According to your answers, you are only eligible for tax exemption under section 501(c)(3) from the postmark date of your application. However, you may be eligible for tax exemption under section 501(c)(4) from your date of formation to the postmark date of the Form 1023. Tax exemption under section 501(c)(4) allows exemption from federal income tax, but generally not deductibility of contributions under Code section 170. Check the box at right if you want us to treat this as a request for exemption under 501(c)(4) from your date of formation to the postmark date.



Attach a completed Page 1 of Form 1024, Application for Recognition of Exemption Under Section 501(a), to this application.

Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing**Section I General Information About Your Housing**

1 Describe the type of housing you provide.

2 Provide copies of any application forms you use for admission.

3 Explain how the public is made aware of your facility.

4a Provide a description of each facility.

b What is the total number of residents each facility can accommodate?

c What is your current number of residents in each facility?

d Describe each facility in terms of whether residents rent or purchase housing from you.

5 Attach a sample copy of your residency or homeownership contract or agreement.

6 Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all joint venture agreements. ☐ **Yes** ☐ **No**

Note. Make sure your answer is consistent with the information provided in Part VIII, line 8.

7 Do you or will you contract with another organization to develop, build, market, or finance your housing? If "Yes," explain how that entity is selected, explain how the terms of any contract(s) are negotiated at arm's length, and explain how you determine you will pay no more than fair market value for services. ☐ **Yes** ☐ **No**

Note. Make sure your answer is consistent with the information provided in Part VIII, line 7a.

8 Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. ☐ **Yes** ☐ **No**

Note. Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

9 Do you participate in any government housing programs? If "Yes," describe these programs. ☐ **Yes** ☐ **No**

10a Do you own the facility? If "No," describe any enforceable rights you possess to purchase the facility in the future; go to line 10c. If "Yes," answer line 10b. ☐ **Yes** ☐ **No**

b How did you acquire the facility? For example, did you develop it yourself, purchase a project, etc. Attach all contracts, transfer agreements, or other documents connected with the acquisition of the facility.

c Do you lease the facility or the land on which it is located? If "Yes," describe the parties to the lease(s) and provide copies of all leases. ☐ **Yes** ☐ **No**

Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing (Continued)**Section II Homes for the Elderly or Handicapped**

- 1a** Do you provide housing for the elderly? If "Yes," describe who qualifies for your housing in terms of age, infirmity, or other criteria and explain how you select persons for your housing. ☐ **Yes** ☐ **No**
- b** Do you provide housing for the handicapped? If "Yes," describe who qualifies for your housing in terms of disability, income levels, or other criteria and explain how you select persons for your housing. ☐ **Yes** ☐ **No**
-
- 2a** Do you charge an entrance or founder's fee? If "Yes," describe what this charge covers, whether it is a one-time fee, how the fee is determined, whether it is payable in a lump sum or on an installment basis, whether it is refundable, and the circumstances, if any, under which it may be waived. ☐ **Yes** ☐ **No**
- b** Do you charge periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined. ☐ **Yes** ☐ **No**
- c** Is your housing affordable to a significant segment of the elderly or handicapped persons in the community? Identify your **community**. Also, if "Yes," explain how you determine your housing is affordable. ☐ **Yes** ☐ **No**
-
- 3a** Do you have an established policy concerning residents who become unable to pay their regular charges? If "Yes," describe your established policy. ☐ **Yes** ☐ **No**
- b** Do you have any arrangements with government welfare agencies or others to absorb all or part of the cost of maintaining residents who become unable to pay their regular charges? If "Yes," describe these arrangements. ☐ **Yes** ☐ **No**
-
- 4** Do you have arrangements for the healthcare needs of your residents? If "Yes," describe these arrangements. ☐ **Yes** ☐ **No**
-
- 5** Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of the elderly or handicapped? If "Yes," describe these design features. ☐ **Yes** ☐ **No**

Section III Low-Income Housing

- 1** Do you provide low-income housing? If "Yes," describe who qualifies for your housing in terms of income levels or other criteria, and describe how you select persons for your housing. ☐ **Yes** ☐ **No**
-
- 2** In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined. ☐ **Yes** ☐ **No**
-
- 3a** Is your housing affordable to low income residents? If "Yes," describe how your housing is made affordable to low-income residents. ☐ **Yes** ☐ **No**
- Note.** Revenue Procedure 96-32, 1996-1 C.B. 717, provides guidelines for providing low-income housing that will be treated as charitable. (At least 75% of the units are occupied by low-income tenants or 40% are occupied by tenants earning not more than 120% of the very low-income levels for the area.)
- b** Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? If "Yes," describe these restrictions. ☐ **Yes** ☐ **No**
-
- 4** Do you provide social services to residents? If "Yes," describe these services. ☐ **Yes** ☐ **No**

Schedule G. Successors to Other Organizations

1a Are you a **successor** to a **for-profit organization**? If "Yes," explain the relationship with the **predecessor** organization that resulted in your creation and complete line 1b. ☐ **Yes** ☐ **No**

b Explain why you took over the activities or assets of a for-profit organization or converted from for-profit to nonprofit status.

2a Are you a successor to an organization other than a for-profit organization? Answer "Yes" if you have taken or will take over the activities of another organization; or you have taken or will take over 25% or more of the fair market value of the net assets of another organization. If "Yes," explain the relationship with the other organization that resulted in your creation. ☐ **Yes** ☐ **No**

b Provide the tax status of the predecessor organization.

c Did you or did an organization to which you are a successor previously apply for tax exemption under section 501(c)(3) or any other section of the Code? If "Yes," explain how the application was resolved. ☐ **Yes** ☐ **No**

d Was your prior tax exemption or the tax exemption of an organization to which you are a successor revoked or suspended? If "Yes," explain. Include a description of the corrections you made to re-establish tax exemption. ☐ **Yes** ☐ **No**

e Explain why you took over the activities or assets of another organization.

3 Provide the name, last address, and EIN of the predecessor organization and describe its activities.

Name: _____ **EIN:** _____

Address: _____

4 List the owners, partners, principal stockholders, officers, and governing board members of the predecessor organization. Attach a separate sheet if additional space is needed.

Name	Address	Share/Interest (If a for-profit)

5 Do or will any of the persons listed in line 4, maintain a working relationship with you? If "Yes," describe the relationship in detail and include copies of any agreements with any of these persons or with any for-profit organizations in which these persons own more than a 35% interest. ☐ **Yes** ☐ **No**

6a Were any assets transferred, whether by gift or sale, from the predecessor organization to you? If "Yes," provide a list of assets, indicate the value of each asset, explain how the value was determined, and attach an appraisal, if available. For each asset listed, also explain if the transfer was by gift, sale, or combination thereof. ☐ **Yes** ☐ **No**

b Were any restrictions placed on the use or sale of the assets? If "Yes," explain the restrictions. ☐ **Yes** ☐ **No**

c Provide a copy of the agreement(s) of sale or transfer.

7 Were any debts or liabilities transferred from the predecessor for-profit organization to you? If "Yes," provide a list of the debts or liabilities that were transferred to you, indicating the amount of each, how the amount was determined, and the name of the person to whom the debt or liability is owed. ☐ **Yes** ☐ **No**

8 Will you lease or rent any property or equipment previously owned or used by the predecessor for-profit organization, or from persons listed in line 4, or from for-profit organizations in which these persons own more than a 35% interest? If "Yes," submit a copy of the lease or rental agreement(s). Indicate how the lease or rental value of the property or equipment was determined. ☐ **Yes** ☐ **No**

9 Will you lease or rent property or equipment to persons listed in line 4, or to for-profit organizations in which these persons own more than a 35% interest? If "Yes," attach a list of the property or equipment, provide a copy of the lease or rental agreement(s), and indicate how the lease or rental value of the property or equipment was determined. ☐ **Yes** ☐ **No**

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

Section I *Names of individual recipients are not required to be listed in Schedule H.*

Public charities and private foundations complete lines 1a through 7 of this section. See the instructions to Part X if you are not sure whether you are a public charity or a private foundation.

- 1a** Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc.
- b** Describe the purpose and amount of your scholarships, fellowships, and other educational grants and loans that you award.
- c** If you award educational loans, explain the terms of the loans (interest rate, length, forgiveness, etc.).
- d** Specify how your program is publicized.
- e** Provide copies of any solicitation or announcement materials.
- f** Provide a sample copy of the application used.
-
- 2** Do you maintain case histories showing recipients of your scholarships, fellowships, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you? If "No," refer to the instructions. ☐ **Yes** ☐ **No**
-
- 3** Describe the specific criteria you use to determine who is eligible for your program. (For example, eligibility selection criteria could consist of graduating high school students from a particular high school who will attend college, writers of scholarly works about American history, etc.)
-
- 4a** Describe the specific criteria you use to select recipients. (For example, specific selection criteria could consist of prior academic performance, financial need, etc.)
- b** Describe how you determine the number of grants that will be made annually.
- c** Describe how you determine the amount of each of your grants.
- d** Describe any requirement or condition that you impose on recipients to obtain, maintain, or qualify for renewal of a grant. (For example, specific requirements or conditions could consist of attendance at a four-year college, maintaining a certain grade point average, teaching in public school after graduation from college, etc.)
-
- 5** Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Describe whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will apply the grant funds only for enrolled students who are in good standing. Also, describe your procedures for taking action if the terms of the award are violated.
-
- 6** Who is on the selection committee for the awards made under your program, including names of current committee members, criteria for committee membership, and the method of replacing committee members?
-
- 7** Are relatives of members of the selection committee, or of your officers, directors, or **substantial contributors** eligible for awards made under your program? If "Yes," what measures are taken to ensure unbiased selections? ☐ **Yes** ☐ **No**
- Note.** If you are a private foundation, you are not permitted to provide educational grants to **disqualified persons**. Disqualified persons include your substantial contributors and foundation managers and certain family members of disqualified persons.

Section II **Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section.**

- 1a** If we determine that you are a private foundation, do you want this application to be considered as a request for advance approval of grant making procedures? ☐ **Yes** ☐ **No** ☐ **N/A**
- b** For which section(s) do you wish to be considered?
- 4945(g)(1)—Scholarship or fellowship grant to an individual for study at an educational institution ☐
 - 4945(g)(3)—Other grants, including loans, to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product ☐
-
- 2** Do you represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring? ☐ **Yes** ☐ **No**
-
- 3** Do you represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described in line 2? ☐ **Yes** ☐ **No**

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures
(Continued)

Section II Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section. (Continued)

- 4a** Do you or will you award scholarships, fellowships, and educational loans to attend an educational institution based on the status of an individual being an *employee of a particular employer*? If "Yes," complete lines 4b through 4f. ☐ **Yes** ☐ **No**
- b** Will you comply with the seven conditions and either the percentage tests or facts and circumstances test for scholarships, fellowships, and educational loans to attend an educational institution as set forth in Revenue Procedures 76-47, 1976-2 C.B. 670, and 80-39, 1980-2 C.B. 772, which apply to inducement, selection committee, eligibility requirements, objective basis of selection, employment, course of study, and other objectives? (See lines 4c, 4d, and 4e, regarding the percentage tests.) ☐ **Yes** ☐ **No**
- c** Do you or will you provide scholarships, fellowships, or educational loans to attend an educational institution to employees of a particular employer? ☐ **Yes** ☐ **No** ☐ **N/A**
- If "Yes," will you award grants to 10% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? ☐ **Yes** ☐ **No**
- d** Do you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer? ☐ **Yes** ☐ **No** ☐ **N/A**
- If "Yes," will you award grants to 25% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? If "No," go to line 4e. ☐ **Yes** ☐ **No**
- e** If you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer, will you award grants to 10% or fewer of the number of employees' children who can be shown to be eligible for grants (whether or not they submitted an application) in that year, as provided by Revenue Procedures 76-47 and 80-39? ☐ **Yes** ☐ **No** ☐ **N/A**
- If "Yes," describe how you will determine who can be shown to be eligible for grants without submitting an application, such as by obtaining written statements or other information about the expectations of employees' children to attend an educational institution. If "No," go to line 4f.
- Note.** Statistical or sampling techniques are not acceptable. See Revenue Procedure 85-51, 1985-2 C.B. 717, for additional information.
- f** If you provide scholarships, fellowships, or educational loans to attend an educational institution to *children of employees of a particular employer* without regard to either the 25% limitation described in line 4d, or the 10% limitation described in line 4e, will you award grants based on facts and circumstances that demonstrate that the grants will not be considered compensation for past, present, or future services or otherwise provide a significant benefit to the particular employer? If "Yes," describe the facts and circumstances that you believe will demonstrate that the grants are neither compensatory nor a significant benefit to the particular employer. In your explanation, describe why you cannot satisfy either the 25% test described in line 4d or the 10% test described in line 4e. ☐ **Yes** ☐ **No**

Form 1023 Checklist

(Revised June 2006)

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

- ☐ Assemble the application and materials in this order:
- Form 1023 Checklist
 - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
 - Form 8821, *Tax Information Authorization* (if filing)
 - Expedite request (if requesting)
 - Application (Form 1023 and Schedules A through H, as required)
 - Articles of organization
 - Amendments to articles of organization in chronological order
 - Bylaws or other rules of operation and amendments
 - Documentation of nondiscriminatory policy for schools, as required by Schedule B
 - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
 - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- ☐ User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- ☐ Employer Identification Number (EIN)
- ☐ Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
 - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
 - Describe your purposes and proposed activities in specific easily understood terms.
 - Financial information should correspond with proposed activities.
- ☐ Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.
- | | | | |
|------------|------------------|------------|------------------|
| Schedule A | Yes ____ No ____ | Schedule E | Yes ____ No ____ |
| Schedule B | Yes ____ No ____ | Schedule F | Yes ____ No ____ |
| Schedule C | Yes ____ No ____ | Schedule G | Yes ____ No ____ |
| Schedule D | Yes ____ No ____ | Schedule H | Yes ____ No ____ |

- ☐ An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) _____
 - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law _____
- ☐ Signature of an officer, director, trustee, or other official who is authorized to sign the application.
- Signature at Part XI of Form 1023.
- ☐ Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011



Sustainability Strategic Plan

- Template -

Mission:	
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Vision:	
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Core Value(s):	

<div data-bbox="235 1024 418 1100">History:</div>	
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Environmental Analysis:	Internal Environment:	
	Strengths:	Weaknesses:
	External Environment:	
	Opportunities:	Threats:

Plan Goal(s):	
----------------------	--

Long Term Objective(s):	

<div>Short Term Objectives(s):</div>	

Operational Strategies:	Objective 1:	
	Strategy 1.1:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 1.2:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 1.3:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 1:	
	Strategy 1.4:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 1.5:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 1.6:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 2:	
	Strategy 2.1:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 2.2:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 2.3:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 2:	
	Strategy 2.4:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 2.5:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 2.6:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 3:	
	Strategy 3.1:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 3.2:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 3.3:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 3:	
	Strategy 3.4:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 3.5:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 3.6:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 4:	
	Strategy 4.1:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 4.2:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 4.3:	
	Tactics:	Measurements:
	Step by Step Procedures:	

	Objective 4:	
	Strategy 4.4:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 4.5:	
	Tactics:	Measurements:
	Step by Step Procedures:	
	Strategy 4.6:	
	Tactics:	Measurements:
	Step by Step Procedures:	

**Recommendations
and Next Steps:**

<div data-bbox="237 999 417 1110">Case Study(s):</div>	
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<div data-bbox="235 987 418 1098"><p>Case Study(s):</p></div>	
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Pa'a Taotao Tano'

STRATEGIC PLAN

2012-2017





Our Mission

Mission:

Pa'a Taotao Tano' (way of life of the people of the land) is a non-profit cultural organization, incorporated in November 2001. Pa'a's mission is to preserve, perpetuate, and promote the cultural traditions of the indigenous people of Guam and the Marianna Islands.

Our Vision

Vision:

Our vision is to foster cultural research, education and expression.

Our Values

Values:

Our core values are:


Culture - We value Pa`a Taotao Tano` as the Way of Life of the People of the Land

Commitment - We value the human ability for passion, dedication and responsibility

People - We value I Taotao Tano` yan i Taotao Lagu (People of the Land and People of the Sea) as our greatest resources

Respect - We value the ability to recognize and honor the dignity of all people

Vision - We value the ability to reflect on the past and present and having the foresight to effect creative changes





Our History

History:

In 1998, the late Speaker Carlos P. Taitano and Master of Chamorro Dance Frank Rabon gathered the Guam Chamorro dance leaders in an historic meeting in Hagatna. At this meeting, the Pa`a Taotao Tano` (Pa`a) leadership was elected and members voted to collectively push for recognition, incorporation and federal grant funding to assure that Chamorro cultural arts traditions of dance, chant and weaving would be passed to other generations.

The first expression of unity was demonstrated at the Ceremonies of the 1999 South Pacific Games hosted by Guam, where 1000 dancers and singers from schools and Chamorro dance groups were recognized, islandwide. Pa`a's membership includes over 600 cultural practitioners and nearly 15 groups from villages in northern, central and southern Guam, the CNMI (Saipan, Tinian and Rota) and the U.S. Many visual artists are also members, representing various art disciplines.

Pa`a has implemented many programs and activities to advance its mission through grants, fundraisers and sponsorship that target three aims:

1. To reestablish lost Chamorro traditions, songs, dance, language, and other Chamorro culture.
2. To introduce the Chamorro culture into the community to reflect the proper image of the people.
3. To build a cultural center to house the living treasures of the Chamorro people.

Pa`a's programming includes three, multi-year federal grants from the Administration for Native Americans (ANA). The first grant established Pa`a's administrative office and funded four annual dance festivals. The second grant funded the "Northern Cultural Performing Arts Project" which enabled Pa`a, with the Guam Public School System, to place cultural instructors in northern schools and to establish cultural community programs in partnership with the Dededo and Yigo Mayors' offices. The third has enabled Pa`a to train and certify arts instructors in becoming sanctioned Cultural Instructors by a Master of Chamorro Traditions.

Internal Analysis

This is a realistic analysis of Pa'a's internal resources. The analysis includes consideration for projects and programming, fundraising and profitability, quality and craftsmanship, member skill and expertise, volunteerism, adaptability, branding, reputation, processes, infrastructure, and so on. The following core strengths and weaknesses are resource-based and focus on the present environment of the organization.

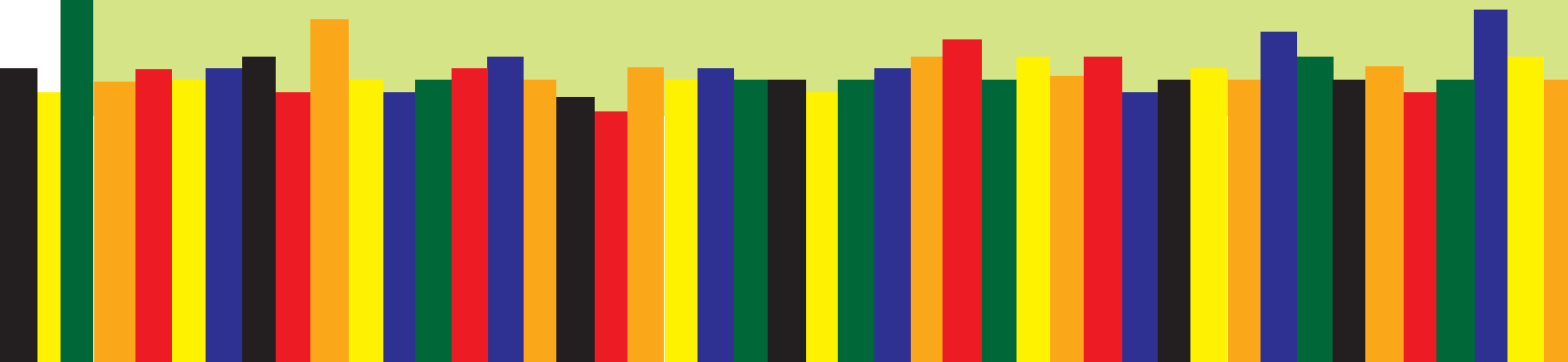
Strengths:

- Partnerships with 14 Chamorro Guma` (dance houses)
- Partnership with Guam Public School Systems
- History of strong grants administration
- Partnerships with community organizations
- Cultural integrity and competence
- Quality of project development, deployment, and management



Weaknesses:

- Lack of diversified funding base
- Lack of an instructional system for management of volunteers
- No plan in place for expansion of administrative capacity
- No plan in place for the accountability, including:
 - Administrative accountability
 - Financial accountability
 - Strategic accountability
- Lack of system to instigate the strategic plan; the plan is not a working document



External Analysis

The environments Pa'a examined are: remote, operational, and cultural. Remote requires the organization to adapt, including: regulations, resource availability, and access to information. Operational affects management, promotion, or facilitation, including: audience, marketing, fundraising, budgeting, program quality, products, and expertise. Cultural influences the relevance of programs in the community, including: cultural trends, competing programs, partners, and funders.

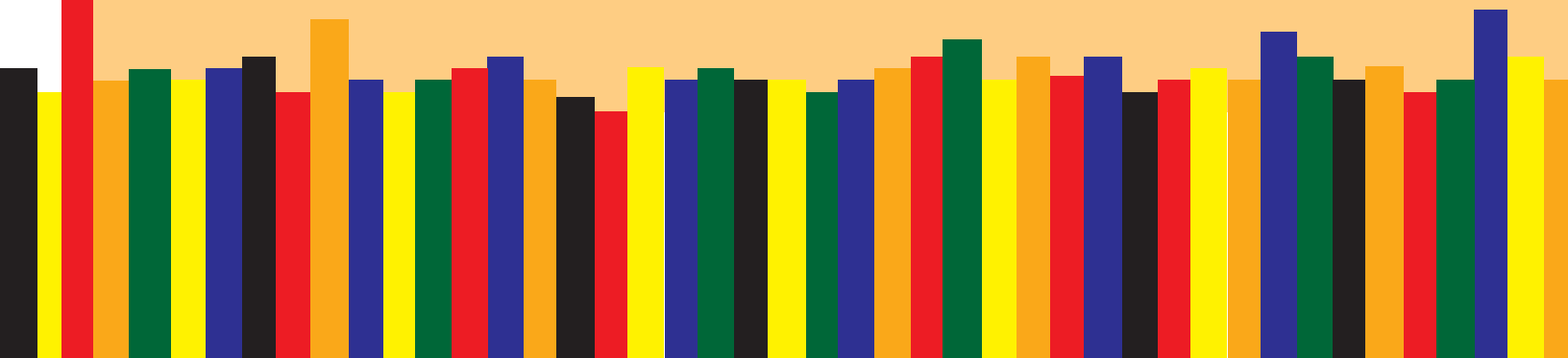
Opportunities:

- Room for the expansion of programming
- Increased and broadening audiences
- Increased interest in Polynesian and Chamorro Culture
- Multiple Guma` (dance houses) for the integration and dissemination of Chamorro tradition.



Threats:

- The cultural misrepresentation of the indigenous people of the Marianna Islands
- Rapid demographic change of the population
- Depletion of natural resources



Our Goals

Plan Goals:

In formulating this five-year strategic plan, Pa`a aims to achieve economic self-sufficiency through viable programs and services that influence positive cultural and social affects while preserving and promoting the Chamorro culture.

Our Objectives

Long Term Objectives:

Programming: Pa`a has been successful in fulfilling its mission with a strong foundation and community support. Pa`a is now focused on expanding its operations to develop a wholly sustainable organization that is self sufficient. Therefore, Pa`a seeks to establish a standalone Chamorro Arts and Culture Academy to foster cultural research, education and expression.

Recruit and retain people: Recruiting and retaining people is an important task in order to support Pa`a as it increases programming and cultural opportunities. The aim here is to raise awareness of the organization and to attract those individuals with an interest in learning about Chamorro culture as well as those who align well with Pa`a's mission and values.

Financials: Pa`a has been successful in obtaining the funds necessary to support extensive programming. By expanding the already strong foundation of the organization and developing a focused strategic plan, Pa`a will be able to initiate a business plan that will enable the organization to achieve economic self sufficiency.

Partnerships: Pa`a seeks an extensive list of partners and supports in Guam and throughout the Marianna Islands. In addition, the organization works with schools, businesses, tourism, and the government to provide services and preserve cultural knowledge. Building upon these relationships and working to continually add more will enable Pa`a to draw from an extensive network of resources.





Our Objectives

Short Term Objectives:

Business Infrastructure and Pro Forma Development: Pa`a has a solid history of effective grants management and cultural programming. This, combined with traditional culture and knowledge, has allowed Pa`a to grow considerably. This success will continue through the design and implementation of a strategic business infrastructure, enabling Pa`a to build a strong foundation for self sufficiency on which to base production and sales.

Financial Infrastructure and Fund Development: In conjunction with a business infrastructure, Pa`a will develop the financial infrastructure on which to base the expansion of both current funding sources and retail sales. Additionally, a strategic funding plan will detail the steps necessary in approaching donors and grant funders by tracking and securing opportunities.

Marketing and Outreach: In order to approach donors and grant funders, Pa`a will develop a cohesive brand and portfolio of marketing materials that represent the scope of work provided by the organization. This will then become a main vehicle for promoting the effort of Pa`a within the community and abroad. Using a newly created marketing portfolio, Pa`a will increase outreach efforts throughout the community and online via social media. The focus will be on recruiting and retaining volunteers and students as well as spreading their mission.

Programming: Pa`a has a successful history of ongoing programming and community participation. In order to further its effort, Pa`a will focus on expanding the variety and frequency of programs in an academic setting. Additionally, Pa`a will prepare to take on increased numbers of students interested in learning traditional Chamorro culture.

Community Cultural Education: Pa`a will foster active participation in the Festival of Pacific Arts by creating PCAAP, Pa`a Chamorro Cultural Awareness Program. PCAAP will provide community education and awareness for the Festival of Pacific Arts 2016.





Objective: **Programming**

Strategy:

To develop business infrastructure

Tactics:

- Assemble key coalition members to lead programs and form a committee
- Establish organizational structure to achieve "One Voice"
- Develop business plan and receive Board approval

Measures:

- Memorandums of Agreement are in place between Pa`a and coalition members
- Organizational chart with checks and balances established and published
- Business plan with policies, procedures and plan goals is approved by Board

Next Steps:

- Contact coalition members for support
- Evaluate organizational structure and available resources
- Establish checks and balances for development and receiving approval

Strategy:

To develop a business plan or Pro Forma


Tactics:

- To establish a physical and virtual retail outlet
- Establish baselines and benchmarks of financials and current programming
- Determine tactics to reach benchmarks
- Develop a five-year plan based on agreed upon goals and tactics

Measures:

- Business established
- Baselines and benchmarks established
- Goals developed and clearly laid out
- Tactics established for reaching goals
- Pro Forma developed encompassing a five year financial and program plan aimed at sales and self sufficiency

Next Steps:

- Host committee meeting
 - Establish goals based on review findings
 - Review and evaluate current Pa`a financials and programs
 - Draft Pro Forma for Board approval
- 

Objective: **Programming**

Strategy:

To increase the output of programs and products

Tactics:

- Establish baselines for current efforts
- Develop long-term plans for current and future programs (art, music, dance)
- Identify current and future partners
- Produce curriculum and training
- Produce marketable products

Measures:

- Established baselines
- Benchmark increase in programs
- Benchmark increase in partners
- Developed long-term program plans
- Creation of training resources for partners

Next Steps:

- Review current programs and determine long term goals
- Approach partners and establish training resources
- Develop curriculum for each program stream
- Determine scheduling and develop five-year program plans to track achievement
- Develop supplemental plans for producing marketable products (ie a cookbook)

Strategy:

To develop an academy for cultural education curriculum

Tactics:

- Seek partners and classrooms for each education stream (art, music, dance, etc)
- Identify and provide resources
- Develop and implement educational curriculum within each stream
- Increase participation

Measures:

- Benchmark increase in number of partners and classrooms
- Benchmark increase provided resources
- Benchmark increase in participation
- Benchmark increase in satisfaction identified through satisfaction surveys

Next Steps:

- Identify partners
- Itemize and purchase program supplies
- Submit inquiries, invitations, requests
- Advertise via print and social media
- Draft and develop written curriculum



Objective: **Programming**

Strategy:

To produce an Annual Report each year

Tactics:

- Establish format for report
- Develop Annual Report
- Disseminate report to the community

Measures:

- Annual Report produced
- Increase in number of Annual Reports disseminated to the community, partners and public

Next Steps:

- Develop budget for Annual Plan
- Secure funds to produce plan
- Secure information to be included
- Prepare and print plan
- Disseminate plan to the public



Objective: **Recruitment**

Strategy:

To build awareness of the mission and efforts of Pa`a

Tactics:

- Develop a complete brand and marketing package
- Create a branding and marketing guide for usage
- Expand volunteer base through marketing campaign

Measures:

- Creation of usage guide
- Benchmark increase in brand usage online
- Benchmark increase of usage within a given time period
- Benchmark increase of usage for print

Next Steps:

- Produce logo items, brochures, mailers, flyers, tshirts etc
- Update and maintain a forward thinking website with current information
- Attend recruiting events and make use of other volunteer networks
- Use of social media to promote awareness

Strategy:

To initiate positive volunteer experience through governance

Tactics:

- Implement policies that define roles and responsibilities of each party
- Implement necessary training and orientation modules for volunteers
- Develop success planning for all volunteer tracking

Measures:

- Creation and revision of policies
- Implemented succession plans
- Volunteer engagement assessments
- Implemented diverse volunteer opportunities
- Creation of processes and procedures

Next Steps:

- Host training program based on governance policies
- Host (weekly/monthly/annual) training programs to refresh roles
- Conduct interviews, surveys and follow up with feedback
- Establish volunteer database





Objective: **Financials**

Strategy:

To build financial infrastructure

Tactics:

- Assemble stakeholders to identify Pa`a program targets and funding goals
- Develop financial plan and receive Board approval
- Establish baselines and management controls

Measures:

- Financial plan with policies, plan goals and funding targets is approved by Board
- Financial plan and budgets are reviewed and revised on a monthly/annual basis
- Yearly audits are conducted by independent contractor and receive clean approval ratings



Next Steps:

- Identify key players and stakeholders
- Revise monthly, annually, etc
- Base on strategic program plans and Pro Forma
- Monitor achievements and breakdowns



Strategy:

To create a firm development plan

Tactics:

- Create a plan for a variety of funding
- Create and monitor an FOA guide
- Use financial plan to identify and achieve measurable funding goals
- Increase revenue streams to avoid constraints of any one funding source

Measures:

- Benchmark increase in funding
- Benchmark increase in supports
- Assessments to ensure policy standards
- Positive FY cash flow
- Actual results mirror or exceed goals within the financial plan



Next Steps:

- Identify funders and foundations that invest in the goals of Pa`a
- Monitor new FOAs on a regular basis

Objective: **Financials**

Strategy:

To build awareness among donors within funding sources

Tactics:

- Develop and execute a fundraising campaign strategy
- Develop a media kit
- Establish online presence and maintain up-to-date information

Measures:

- Increased name recognition
- Increased web traffic monitored with Google Analytics
- Increased profile on news sources
- Increased public image in online media

Next Steps:

- Strategic planning
- Social media and Google Analytics
- Produce marketing materials
- Compile kit for approaching donors, hosting events/booths
- Print and mail media

Strategy:

To establish a retail and virtual sales division and facility

Tactics:

- Identify a development committee
- Develop a finance and operation plan
- Identify community resources, available property and volunteers to staff facility
- Establish artisan and partner approval
- Identify items to be sold
- Develop marketing campaign

Measures:

- Committee Established
- Finance and Operation plan received Board approval
- MOA formulated with Artisans and Partners and Facility identified
- Staff policies and procedures established

Next Steps:

- Identify goals of retail facility
- Approach community to identify partners, artisans, and volunteers
- Identify ideal property or space location
- Establish funding goals and campaign for obtaining facility and needed resources
- Create complete marketing tools to advertise facility and products



Objective: **Partnerships**

Strategy:

To expand relationships in local, regional and national communities

Tactics:

- Implement a partner guide with roles and responsibilities for those involved
- Develop a way for communities to contribute knowledge, expertise, ideas

Measures:

- Benchmark increase in number of repeat partners
- Satisfaction surveys

Next Steps:

- Establish expectations
- Open House events and programming
- Installation of online forums
- Conduct needs assessments and align plan goals with community needs
- Open Board Meetings

Strategy:

To establish classrooms and partners

Tactics:

- Work with curricula in partner classrooms for program expansion

Measures:

- Benchmark increase in number of classroom partners

Next Steps:

- Contact universities
- Contact established cultural programs
- Connect with Guam Public School Systems to broaden reach

Objective: **Partnerships**

Strategy:

To establish partnerships with the business community

Tactics:

- Identify strategic businesses to engage
- Develop plans for targeted business
- Establish partnership management plan

Measures:

- Increase in number of businesses that are engaged as partners
- Increase in resources leveraged

Next Steps:

- Identify targeted business
- Conduct quarterly partners meetings
- Establish partnership agreements
- Establish partnership annual plan



Case Study

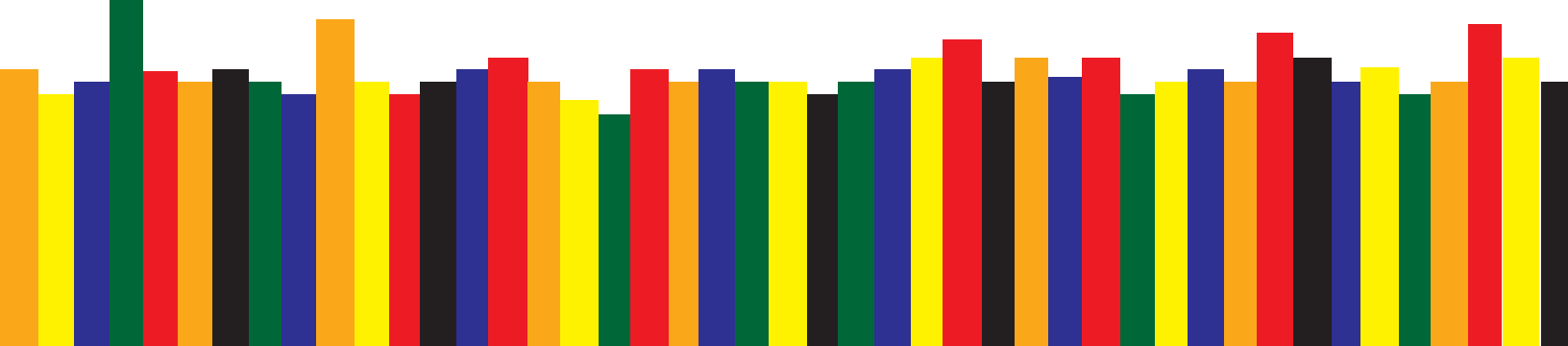
Case Study:



Recommendations

Recommendations and Next Steps:

The top recommendations for the upcoming year would include:

- Establish baseline and benchmark measures through satisfaction surveys, needs assessments, program tracking, etc
 - Expand on strategic plan, including plan goal and detailed budget
 - Implement the Strategic Plan
 - Initiate new policies and procedures, monitoring and tracking systems
 - Adhere to organization's policies and procedures
 - Develop and launch volunteer management system
 - Initiate branding and awareness campaign
 - Conduct monthly board and staff meetings
 - Establish business infrastructure
 - Conduct in-depth external evaluation of the organization's operation
 - Administrative capacity building
 - Produce Annual Report
- 



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PA' A TAOTAO TANO



EMPLOYEE HANDBOOK

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Introduction

This employee handbook is not a contract, express or implied, guaranteeing employment for any specific duration. This handbook replaces (supersedes) all other previous manuals for PA'A TAOTAO TANO as of the effective date shown. The policies and procedures contained herein are continually evaluated and may be amended, modified or terminated at any time. Although we hope that your employment relationship with us will be long term, either you or PA'A TAOTAO TANO may terminate this relationship at any time, for any reason, with or without cause or notice.

Please understand that no manager, supervisor, or representative of PA'A TAOTAO TANO other than the Executive Director has the authority to enter into any agreement with you for employment for any specified period or to make any promises or commitments contrary to the foregoing. Further, any employment agreement entered into by the Executive Director shall not be enforceable unless it is in writing. Please also understand that no manager, supervisor, or other representative of PA'A TAOTAO TANO has the authority to make any verbal promises, commitments, or statements of any kind regarding PA'A TAOTAO TANO policies, procedures, rules or regulations or any other issues that are legally binding on the Organization.

Nature of Employment

As an employee of PA'A TAOTAO TANO, you have the right to terminate your employment at any time. PA'A TAOTAO TANO retains this same right to terminate the employment relationship at any time, with or without notice, and with or without cause, regardless of any other documents or oral or written statements issued by any PA'A TAOTAO TANO representative, with the exception of written employment contracts signed by the Executive Director

Employment

Conflicts of Interest and Confidentiality

You may, from time to time, encounter opportunities that are directly or potentially in competition with the interest of PA'A TAOTAO TANO. In such cases you must refrain from engaging in such activities without prior written consent from PA'A TAOTAO TANO. No employee should use his or her position with PA'A TAOTAO TANO or information acquired during employment in a manner that may create a conflict, or the appearance of a conflict, between the employee's personal interests and those of PA'A TAOTAO TANO. Further, no employee should do anything in the conduct of business that would violate any local, state or federal law. All activities conducted as an employee of PA'A TAOTAO TANO should always place the lawful and legitimate interests of PA'A TAOTAO TANO over personal gain.

PA'A TAOTAO TANO has an excellent reputation for conducting its business activities with integrity, fairness, and in accordance with the highest ethical standards. As an employee you are obligated to uphold that reputation in every business activity. If you are ever in doubt whether an activity meets our ethical standards or compromises the organization's reputation, please discuss it with the Executive Director in advance.

Examples of conduct and behavior that would violate this policy include, but are not limited to, the following:

- Investing in any of PA'A TAOTAO TANO's members or suppliers (unless the securities are publicly traded and the investments are on the same terms available to the general public, and not based on any inside information), or having any financial interest in a client or supplier that could cause divided loyalty or even the appearance of divided loyalty.
- Investing or having a financial interest in a competitor, and/or entering into arrangements with competitors which affect price or marketing policies is prohibited at all times.
- Giving any gifts or favors to, or receiving any gifts or favors from, any competitor, supplier, or any individual or business who seeks to do business with PA'A TAOTAO TANO, other than a gift or favor of nominal value (e.g., \$50 or less). Gifts include such things as goods, services, trips/travel, living or entertainment expenses, either in kind or as an expense allowance. No employee, however, may give or receive any gift or favor that could reasonably be viewed as being given or received to gain a business advantage.
- Serving as an employee, owner, officer, consultant, or in any other capacity for a client or supplier, without the prior written approval of the Executive Director. (Engaging in outside employment with a competitor in any capacity is never permitted.)
- Employees may enjoy membership in, and contribute to, political parties, and engage in lobbying on behalf of political candidates. Such activities should be conducted strictly on an employee's own time and at his or her own expense.
- Using, directly or indirectly, corporate funds, assets, or other resources for any unlawful goal or purpose, or in violation of PA'A TAOTAO TANO policies.

- Using information relating to PA'A TAOTAO TANO, its business, suppliers, or members, for personal gain or the transmittal of such information to others for a like purpose.

Any employee who holds, or who has any member of their family who holds any interest in a business, company, or organization that directly or indirectly conducts business with PA'A TAOTAO TANO, or that may profit due to PA'A TAOTAO TANO business or activity, must disclose that interest to the Executive Director. Those parties involved in such interests must abstain from participating in any decision-making process that may materially benefit them as a result of those interests.

Employees are reminded that only the owners of PA'A TAOTAO TANO or those so delegated by them may obligate organization resources by spending money or agreeing on arrangements that have financial impact on the organization.

If an employee has any reason to believe there may be a conflict of interest, he or she should immediately disclose the matter to the Executive Director.

Confidentiality

It is the policy of PA'A TAOTAO TANO to ensure that the operations, activities, and business affairs of PA'A TAOTAO TANO are kept confidential to the greatest extent possible. PA'A TAOTAO TANO maintains certain confidential information and material related to its members and the business.

All employees are to respect the confidence placed in us by our members. The professional relationship between each client and the organization demands that there be no disclosure of any information about projects without proper authorization. This includes responses to inquiries about projects or potential projects from the press, contractors, other professionals or the public. Similar respect should be given to our relationship with consultants.

All employees have a moral and ethical responsibility to safeguard trade secrets and confidential information of both a personal and business nature. In this respect, no employee shall disclose confidential information or trade secrets to any third party, or to any other PA'A TAOTAO TANO employee, unless it is approved in advance as being on a need-to-know basis. Trade secrets and confidential information include, but are not limited to, sales data, earnings, pricing, finances, staffing and other future plans, suppliers, personnel records and matters, medical records, acquisition and divestiture matters, litigation, resources, client information, advertising, promotional plans, computer and alarm passwords, etc. It is critical that the information you possess and develop in the course of your work does not become available to competitors or other outside parties, on or off PA'A TAOTAO TANO premises, and at no time should any unauthorized person have access to any confidential PA'A TAOTAO TANO information. Employees should refer outside inquiries regarding PA'A TAOTAO TANO to the persons in the organization authorized to respond to the particular inquiry or the Executive Director. Violation of this policy will result in appropriate legal action and disciplinary measures, including termination.

In the event of separation from employment, or upon request at any time, all organization records, keys, materials, documents, plans, equipment, and other property must be accounted for and turned in upon management request. No PA'A TAOTAO TANO information or material may be retained for personal use without written authorization from the Executive Director.

Personnel Data Changes

To ensure that your personnel information is up-to-date at all times, notify your supervisor immediately of any changes in your name, telephone number, home address, marital status, number of dependents, beneficiary designations, scholastic achievements, the individuals to notify in case of an emergency, and so forth.

Sexual Harassment

PA'A TAOTAO TANO has adopted a policy of "zero-tolerance" with respect to sexual harassment. Improper interference with the ability of PA'A TAOTAO TANO employees to perform their expected job duties is not tolerated. PA'A TAOTAO TANO prohibits the following:

1. Unwelcome sexual advances; requests for sexual favors; and all other verbal or physical conduct of a sexual or otherwise offensive nature, especially where:
 - Submission to such conduct is made either explicitly or implicitly a term or condition of employment;
 - Submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or
 - Such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment.
2. Offensive comments, jokes, innuendo, and other sexually oriented statements. Examples of the types of conduct expressly prohibited by this policy include, but are not limited to, the following:
 - Touching, such as rubbing or massaging someone's neck or shoulders, stroking someone's hair, or brushing against another's body.
 - Sexually suggestive touching.
 - Grabbing, groping, kissing, fondling.
 - Violating someone's "personal space".
 - Offensive whistling.
 - Lewd, off-color, sexually oriented comments or jokes.
 - Derogatory comments or jokes about any person's race, religion, ethnicity, sexual orientation, and the like.
 - Foul or obscene language.
 - Leering, staring, stalking.
 - Suggestive or sexually explicit posters, calendars, photographs, graffiti, or cartoons.
 - Unwanted or offensive letters or poems.

- Sitting or gesturing sexually.
- Offensive e-mail or voice-mail messages.
- Sexually oriented or explicit remarks, including written or oral references to sexual conduct, gossip regarding one's sex life, body, sexual activities deficiencies, or prowess.
- Questions about one's sex life or experiences.
- Repeated requests for dates.
- Sexual favors in return for employment requests or threats if sexual favors are not provided.
- Sexual assault or rape.
- Any other conduct or behavior deemed inappropriate by PA'A TAOTAO TANO.

All employees are responsible for respecting the rights of their coworkers. Further, each member of management is responsible for creating an atmosphere free of sexual harassment. In respect to this commitment, members of management with supervisory authority are not permitted to date subordinates or subordinate-level employees. This also applies to non-supervisory positions where a conflict of interest is present, which creates the potential for favoritism as determined by PA'A TAOTAO TANO. If a romantic or sexual relationship between a supervisor and a subordinate should develop, it shall be the responsibility and mandatory obligation of the supervisor promptly to disclose the existence of the relationship to the Executive Director. The subordinate may make the disclosure as well, but the burden of doing so shall be upon the supervisor. In addition, and in order for the organization to deal effectively with any potentially adverse consequences such a relationship may have for the working environment, any person who believes that he or she has been adversely affected by such a relationship, notwithstanding its disclosure, is encouraged to make his or her views about the matter known to the Executive Director. This policy shall apply without regard to gender and without regard to the sexual orientation of the participants in a relationship of the kind described.

Complaint Procedure

If you experience any job-related harassment based on your sex, promptly report the incident to the Executive Director. This policy applies to all incidents of alleged harassment, including those which occur off-premises, or off-hours, where the alleged offender is a supervisor, coworker, or even a non-employee with whom the employee is involved, directly or indirectly, in a business or potential business relationship.

Should the alleged harassment occur at a time other than your normal business hours, your complaint should be filed as early as practicable on the first business day following the alleged incident.

The Executive Director, or someone under his or her supervision, will undertake a prompt investigation of any complaints. All complaints will be kept confidential to the maximum extent possible. All employees have a duty to cooperate fully with PA'A TAOTAO TANO in connection with any such investigation.

If PA'A TAOTAO TANO determines that an employee is guilty of harassing another individual, appropriate disciplinary action will be taken against the offending employee, up to and including termination of employment. PA'A TAOTAO TANO prohibits any form of retaliation against any employee for filing a bona fide complaint under this policy or for assisting in a complaint investigation.

COMPENSATION AND BENEFITS

Benefits Program

PA'A TAOTAO TANO has established an employee benefits program designed to assist you and your eligible dependents in meeting the financial burdens that can result from illness and disability.

Our group health program is described more fully in summary plan description booklets, with which you are provided once you are eligible to participate in the program. Complete descriptions of our group health insurance program are also in PA'A TAOTAO TANO master insurance contracts with insurance carriers, which are maintained in the Executive Director's office. If information in this handbook and our summary plan descriptions contradicts information in these master contracts or master plan documents, the master contracts/documents shall govern in all cases.

The following paid benefit programs are currently available to eligible regular full-time employees. More information on these benefits is available through the Executive Director:

- **Medical Coverage**
PA'A TAOTAO TANO reserves the right to amend or terminate these programs or to require or increase employee premium contributions toward any benefits with or without advance notice at its discretion. This reserved right may be exercised in the absence of financial necessity. The respective plan administrator will notify plan participants of all approved amendments or plan terminations.

Classifications of Employment

For purposes of salary administration and eligibility for overtime payments and employee benefits, PA'A TAOTAO TANO classifies its employees and other workers as follows:

- *Full-time regular employees:* Employees hired to work PA'A TAOTAO TANO's normal, full-time, 40-hour workweek on a regular basis. Such employees may be "exempt" or "nonexempt" as defined below.
- *Nonexempt employees:* Employees who are required to be paid overtime at the rate of time and one half (i.e., one-and-one-half times) their regular rate of pay for all hours worked beyond forty hours in a workweek, in accordance with applicable federal wage and hour laws.
- *Exempt employees:* Employees who are not required to be paid overtime, in accordance with applicable federal wage and hour laws, for work performed beyond forty hours in a workweek. Executives, professional employees, outside sales representatives, and certain employees in administrative positions are typically exempt.

PA'A TAOTAO TANO utilizes consultants, vendors, and independent contractors from time to time. These individuals are not considered employees and are therefore ineligible for employee benefits, regardless of the length of the working relationship.

You will be informed of your initial employment classification and of your status as an exempt or nonexempt employee when you are hired. If you change positions during your employment as a result of a promotion, transfer, or otherwise, you will be informed by the Executive Director of any change in your exemption status.

Continuing or Converting Group Health Insurance Coverage (COBRA)

If you resign or are terminated from PA'A TAOTAO TANO or if your work hours are reduced, and if this event makes you or your dependents no longer eligible to participate in one of our group health insurance plans, you and your eligible dependents may have the right to continue to participate in these plans for up to eighteen months at your (or your dependents') expense. If you are determined to be disabled under the Social Security Act at the time your termination or reduction in hours occurs, you may be entitled to continuation coverage for up to twenty-nine months.

Your eligible dependents may also extend coverage, at their expense, for up to thirty-six months in our group health insurance plans in the event of your death, divorce, legal separation, or enrollment for Medicare benefits, or when a child ceases to be eligible for coverage as a dependent under the terms of the plan. The eighteen-month continuation coverage period provided in the event of your termination or reduction in working hours may be extended to thirty-six months for your spouse and dependent children if, within that eighteen-month period, you die or become divorced or legally separated, or if a child ceases to have dependent status. In addition, if you enroll in Medicare during the eighteen-month period, your spouse and dependent children may be entitled to extend their continuation period to thirty-six months, starting on the date that you become eligible for Medicare.

If you or your eligible dependents elect to continue as members of PA'A TAOTAO TANO plans, you will be charged the applicable premium charged PA'A TAOTAO TANO by our carriers plus an additional two percent. Employees with disabilities, however, will be charged an additional fifty percent of the applicable premium during the nineteenth through twenty-ninth months of continuation coverage. The premium is subject to change if the rates being charged PA'A TAOTAO TANO increase or decrease. If this election for continuation coverage is made, you have the right to convert this coverage to an individual policy with our insurance carriers at the end of the continuation period.

Continuation coverage may end, however, if any of the following events occur: (1) failure to make timely payments of all premiums; (2) assumption of coverage under another group health plan, which does not exclude or limit coverage to you on account of a preexisting medical condition; or (3) PA'A TAOTAO TANO termination of its group health plans. If you enroll for Medicare, you will no longer be eligible for continued coverage, but, as noted earlier in this statement, your spouse and dependent children may be entitled to extend their continuation coverage.

Our plan administrator will contact you concerning these options at the time termination occurs or your work hours are reduced. The plan administrator will contact your qualified beneficiaries in the event of your death or enrollment for Medicare benefits. However, in the

event that you become divorced or legally separated, or one of your dependents ceases to be eligible for coverage under our group health insurance plans, you and/or your dependent are responsible for contacting the Executive Director and the plan administrator to discuss continuation/conversion rights. You and your qualified beneficiaries are also responsible for notifying the Executive Director within sixty days of qualifying for social security disability benefits. For further details regarding continuing or converting your group health insurance benefits, please contact the Executive Director.

Performance Appraisals

To ensure that you perform your job to the best of your abilities, it is important that you be recognized for good performance and that you receive appropriate suggestions for improvement when necessary. Consistent with this goal, your performance will be evaluated by your supervisor on an ongoing basis.

Your supervisor may also conduct special written performance evaluations at any time to advise you of the existence of performance or disciplinary problems. A copy of the Pa'a Taotao Tano Performance Appraisal is located on pages 23 & 24.

Recording Work Hours

It is the policy of PA'A TAOTAO TANO to comply with applicable laws that require records to be maintained of the hours worked by our employees. To ensure that accurate records are kept of the hours you actually work, any time off you have taken, and to ensure that you are paid in a timely manner, employees are required to complete a timesheet each day. You are required to record time worked each day (including beginning and ending times for your workday and any meal periods) and your absences on the timesheets issued by PA'A TAOTAO TANO.

Timesheets should be completed daily and signed and forwarded to the office by the 15th of each month and on the last day of each month. Because timesheets are used to track salaries and other activities based on specific jobs, your Supervisor will provide any additional criteria that need to be tracked.

Please ensure that your actual hours worked and leave time taken are recorded accurately. Altering, falsifying, tampering with time records, or recording time on another employee's timesheet will result in disciplinary action, up to and including termination of employment.

Regular Pay Procedures and Pay Corrections

All employees are normally paid on a semi-monthly basis, usually on the 16th and 30th days of the month. Pay periods are from Sunday through Saturday. All required deductions, such as for federal, state, and local taxes, and all authorized voluntary deductions, such as for health insurance contributions, will be withheld automatically from your paychecks.

Please review your paycheck for errors. PA'A TAOTAO TANO takes all reasonable steps to assure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday. In the unlikely event that there is an

error in the amount of pay, promptly bring the discrepancy to the attention of the office so that corrections can be made as quickly as possible.

Salaried Employees

In accordance with the Fair Labor Standards Act regulations, exempt employees who are required to be paid on a salary basis may not have their pay reduced for variations in the quantity or quality of work performed. Employees, who feel their pay has been improperly reduced, or are improperly classified as an exempt employee, should report to the Executive Director immediately, following the procedures specified below.

- A. Exempt employees normally must receive their full salary for any week in which they perform any work, without regard to the number of days or hours worked. However, exempt employees need not be paid for any workweek in which they perform no work at all for the organization.
- B. Deductions from pay cannot be made as a result of absences due to the circumstances listed below. PA'A TAOTAO TANO strictly prohibits improper pay deductions. Supervisors violating this policy will be subject to investigation of their pay practices and appropriate corrective action in accordance with normal procedures.
 - Jury or witness duty when the employee works any portion of the workweek
 - Temporary military leave when the employee works any portion of the workweek
 - Absences caused by the employer
 - Absences caused by the operating requirements of the business
 - Partial day amounts other than those specifically discussed below
3. Deductions from pay are permissible for exempt salaried employees as listed below:
 - An absence of one or more full days for personal reasons other than sickness or disability, when all available vacation is exhausted.
 - Absences of one or more full days due to sickness or disability, when all available sick days are exhausted.
 - When absences of less than a full day occur, PA'A TAOTAO TANO will substitute any available vacation or sick days, depending on the reason for absence, for the time an employee is absent from work so that the employee receives in payment an amount equal to his or her normal salary. If vacation or sick days are exhausted, partial day absences will not reduce the employee's normal salary.
 - Fees received by the employee for jury or witness duty or military leave may be applied to offset the pay otherwise due to the employee for the week.
 - Penalties imposed by infractions of safety rules of major significance.
 - Unpaid disciplinary suspensions of one or more full days in accordance with PA'A TAOTAO TANO's disciplinary policy.
 - Deductions for the first and last week of employment, when only part of the week is worked by the employee, as long as this practice is consistently applied to all exempt employees in the same circumstances.

Complaint Procedure

If you believe your pay has been improperly reduced, contact the Executive Director immediately to request an investigation. You will be asked to specify in writing, using the guidance above, the circumstances of the pay deduction and whether it has occurred on other occasions. PA'A TAOTAO TANO will promptly conduct an investigation to determine if the deduction was improper. If the deduction was in fact improper, PA'A TAOTAO TANO will reimburse you as promptly as possible (but in no case longer than two pay periods from the identification of the problem).

Please direct any questions regarding your employment classification or exemption status to the Executive Director.

Workers' Compensation Insurance

To provide for payment of your medical expenses and for partial wage continuation in the event of a work-related injury, you are covered by workers' compensation insurance. The amount of benefits payable and the duration of payment depend on the nature of your injury. In general, however, all medical expenses incurred in connection with an injury are paid in full, and partial wage payments may be provided.

If you are injured on the job, you must immediately report such injury to your supervisor or any member of management if your supervisor is not available. This ensures that PA'A TAOTAO TANO can assist you in obtaining appropriate medical treatment. Your failure to follow this procedure may result in the appropriate workers' compensation report not being filed in accordance with the law, which may consequently jeopardize your right to benefits in connection with the injury.

Neither PA'A TAOTAO TANO nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by PA'A TAOTAO TANO.

Work Hours

Work schedules for employees vary throughout our organization. Office hours are normally 8:00 am to 5:00 pm Monday through Friday. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variation in the total hours that may be scheduled each day and week.

Lunch periods and work breaks will generally be scheduled by your Supervisor to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during lunch periods and will not be compensated for that time. Non-exempt employees are required to clock out and in when leaving and returning from lunch.

Daily and weekly work schedules may be changed from time to time at the discretion of PA'A TAOTAO TANO to meet the varying conditions of our business. Changes in work schedules will be announced as far in advance as practicable.

Time Off Benefits

Holidays

PA'A TAOTAO TANO has established the following days as PA'A TAOTAO TANO observed holidays:

- All Souls Day
- Chamorro Day
- Christmas Day
- Christmas Eve – One half day
- Election Day
- Good Friday
- Immaculate Concepcion Day
- Independence Day
- Labor Day
- Liberation Day
- Martin Luther King Day
- Memorial Day
- New Year's Day
- New Year's Eve - One half day
- President's Day
- Thanksgiving Day
- Veteran's Day

Holidays falling on a Saturday are normally observed on the preceding Friday. Holidays falling on a Sunday are normally observed on the following Monday.

Regular full-time employees are eligible for holiday benefits. Those not yet eligible for benefits and all employees who are not classified as regular full time employees are ineligible for holiday benefits.

Jury and Witness Duty Leave

All employees are allowed unpaid time off if summoned to appear in court for jury duty or witness duty. Exempt staff members will be paid their normal salary during any workweek in which they appear as a witness or juror and also perform services for PA'A TAOTAO TANO. All employees are expected to report back to work immediately after the court schedule permits.

Please submit a copy of the summons to serve as soon as it is received or at least one week prior to your scheduled reporting date. In addition, proof of service must be submitted when your period of jury or witness duty is completed. PA'A TAOTAO TANO will make no attempt to have your service on a jury postponed except when business necessitates such action.

Military Leaves of Absence

Employees and applicants will not experience any type of discrimination based on their application to enlist, membership, or performance of duties in the uniformed services.

Employee Eligibility

To comply with the federal Uniformed Services Employment and Reemployment Rights Act, PA'A TAOTAO TANO grants military leaves of absence to part-time and full-time employees who enlist for up to five years of active duty in the United States military or who miss work because of reserve or National Guard training or a call-up to active duty. Temporary employees are not eligible for reinstatement under this policy, but seasonal employees are.

Notification of Absence

Employees who must take military leave should request military leave in advance whenever possible. When advance notice is precluded, employees or their families should notify PA'A TAOTAO TANO as soon as possible.

Pay During Leave

Military leave generally is unpaid, unless an employee elects to use vacation to receive pay during military leave. However, exempt salaried employees absent only part of a workweek to perform military service are paid in full for the workweek.

Impact of Leave on Other Benefits

Employees on military leave do not accrue vacation or sick leave. However, the time off counts toward an employee's length of service in determining the rate at which employees accrue vacation, pay, and other benefits after returning from military leave.

Return to Work

- Employees returning from military service of 30 days or less must report to work at the start of the next work period, allowing eight hours for travel after the end of service.
- Employees returning from military service of 31 to 180 days must apply for reinstatement within 14 days of concluding service.
- Those serving longer than 180 days must apply for reinstatement within 90 days of ending military service.

Exceptions to these deadlines are possible when circumstances beyond an individual's control prevent returning to work or applying for reinstatement within the specified period. Extensions also are permitted when individuals require convalescent time after military service. In all other cases, individuals who fail to report to work or apply for reinstatement within the specified period are subject to the organization's disciplinary policy for unexcused absences.

Reinstatement Rights

Employees returning from military leave are entitled to be promptly reinstated to their former positions or, if qualified, to the jobs they would have held without any break in service

(referred to as “escalator positions”), regardless of a disability. However, if after a reasonable effort by PA'A TAOTAO TANO, employees who are not qualified to perform the duties of the escalator position will be reinstated to a position similar in pay, benefits, status, seniority, and other employment terms and conditions.

Employees who no longer qualify for their former or equivalent positions will be offered training to bring their qualifications up to the level needed. If training does not qualify the returning employee for reinstatement to the former or an equivalent position, he or she can be reinstated to a position with lesser pay and status, but with no loss in seniority.

For questions about Military Leaves of Absence, please contact the Executive Director.

Personal Leave

PA'A TAOTAO TANO believes that its employees are the key to what makes a great organization. While work makes up a large portion of an employee's life, we believe that a balance between work and play is essential in maintaining quality performance and a positive atmosphere in which we work. To help foster this belief, PA'A TAOTAO TANO provides eligible non-exempt employees with personal leave (PL).

PL is provided for the purpose of rest, relaxation and a planned interruption from the workplace or to attend to personal affairs. PL provides eligible employees a bank of 160 hours (20 days) per year of employment to cover personal needs, such as vacation, sick days, medical appointments, or the waiting period before workers compensation benefits begin.

PL Scheduling & Payment

Supervisors and staff have the responsibility to plan schedules that meet operating requirements and personal leave needs of staff. In order to balance and meet service and staffing requirements, staff members and supervisors should plan leave schedules well in advance. PL must be pre-approved and pre-scheduled with your supervisor at least one week in advance except in cases of illness or emergency. Employees requesting personal leave must submit a leave request to their supervisor.

Approval for all scheduled leave is subject to applicable workloads and the availability of your PL. In cases of emergency or illness that cannot be prescheduled, employees are required to call their supervisor at the start of their regularly scheduled shift. Failure to call may result in disciplinary action, up to and including termination.

Employees will only be allowed to carry forward from one calendar year to the next ten days of personal leave.

Pay in Lieu of PL

Employees are required to take their available PL. PL is not carried over from year to year and no payments will be made in lieu of taking PL. PL is paid at the employee's base rate of pay at the time it is taken, and does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Holiday within PL Period

In the event that a holiday observed by PA'A TAOTAO TANO falls within a scheduled PL period, the holiday will not be counted against your PL time and the day will be paid as a holiday.

PL for Terminating Employees

No PL time or pay will be granted or paid to employees terminating employment for any reason.

Employee Conduct

Background Checks

It is the policy of Pa'a Taotao Tano to perform background checks on any or all employees.

Drug-Free Workplace

It is the policy of PA'A TAOTAO TANO to maintain a drug-free workplace in keeping with the spirit and intent of the Drug-Free Workplace Act of 1988. Any employee working on PA'A TAOTAO TANO time while under the influence of drugs or alcohol runs the risk of endangering her/his safety, the safety of others, the damage to personal or PA'A TAOTAO TANO property, and a loss of productivity. PA'A TAOTAO TANO will not tolerate its employees working while impaired by the use of alcohol or any type of drugs.

In order to enhance job productivity and promote the health and safety of employees, PA'A TAOTAO TANO has adopted a substance abuse policy, the terms of which are set forth as follows:

Policy and Objective

Compliance with this policy is a condition of employment and continued employment. PA'A TAOTAO TANO substance abuse policy is applicable to all employees. PA'A TAOTAO TANO will pay for any drug and alcohol test that it requests or requires.

The illegal use, sale or possession of narcotics, drugs, alcohol or controlled substances while on the job is prohibited and is a discharge offense. Any illegal substance will be turned over to the appropriate law enforcement agency and may result in criminal prosecution.

Employees are prohibited from bringing drug paraphernalia onto PA'A TAOTAO TANO's job sites at any time. An employee who possesses or distributes such paraphernalia while on PA'A TAOTAO TANO business shall be subject to disciplinary action, up to and including discharge.

Off-the-job illegal drug use which could adversely affect an employee's job performance or which could jeopardize the safety of others, the public, or PA'A TAOTAO TANO equipment, is proper cause for administrative or disciplinary action up to and including termination of employment.

Employees who are arrested for off-the-job drug activity may be considered to be in violation of this policy. In deciding what action to take, management will take into consideration the nature of the charges, the employee's present job assignment, and the employee's record with PA'A TAOTAO TANO and other factors relating to the impact and circumstances of the employee's arrest.

Drug and Alcohol Testing

- *Reasonable Suspicion Testing:* Each employee, as a condition of continued employment, is subject to medical or physical examinations or tests, including urine drug

screen, at the determination of the responsible supervisor and concurrence of another PA'A TAOTAO TANO supervisor to whom the employee reports, providing the following conditions are met:

- A. If the employee's supervisor has reasonable cause to suspect that the employee is in violation of this policy; or
 - B. If the employee's job performance is deficient in a manner which suggests a possible violation of this policy.
- *Over the Counter and Prescribed Drugs:* Over-the-counter drugs and drugs prescribed by a physician for an employee's personal use, and quantities not exceeding reasonable or specified dosage requirements, are not subject to the policy. Any employee who is taking medication prescribed by a physician must be able to provide a record of the prescription, including the name of the medication, the prescribing physician's name, the reason it was prescribed, and any limitations the prescription may place on the employee's ability to perform assigned duties. Further, employees taking prescription or non-prescription medication are responsible for being aware of any potential effect such drugs may have on their reactions, judgment, or ability to perform their duties, and if impairment is possible, to report such use to their supervisor prior to working.
 - *Refusal:* Employees may refuse to undergo drug and alcohol testing. However, employees who refuse to undergo testing or who fail to cooperate with the testing procedures or who fail to provide an adequate sample, or provide an adulterated sample (e.g., diluted, altered, etc.), will be subject to discipline, up to and including immediate termination.

Specimen Collection

- *Test Subject Privacy:* Appropriate professional personnel will supervise the collection of urine and blood specimens for testing. In the absence of a reasonable suspicion that the test subject will alter or substitute a urine specimen, the collection personnel will not directly observe the collection of the urine specimen.
- *Chain of Custody Procedures:* PA'A TAOTAO TANO will take steps to preserve the chain of custody of specimens in order to ensure testing accuracy.

Specimen Testing Procedures

Specimens will be tested only by laboratories that are properly approved to conduct drug and alcohol testing by the National Institute on Drug Abuse, the Department of Health and Human Services or the College of American Pathologists.

Specimens will be tested only for the presence of alcohol, illegal drugs, their metabolites and the misuse of legal drugs. PA'A TAOTAO TANO may test for the following substances and for any other substance as may be required by state law, federal law, regulations or contractual agreement: alcohol, Amphetamines/Methamphetamines, Marijuana (cannabinoid metabolites), Barbiturates, Benzodiazepines, Opiate derivatives (heroin, morphine, and codeine), Cocaine metabolites, and Phencyclidine (PCP).

PA'A TAOTAO TANO reserves the right to conduct a periodic review of the foregoing list and to add additional drugs to the list, with or without notice. A positive drug/alcohol test result shall mean test results that demonstrate any measure of the above substances.

PA'A TAOTAO TANO will rely only on positive initial screening test results that also have been confirmed by gas chromatography/mass spectrometry or other methods of confirmatory analysis provided for by the National Institute on Drug Abuse, the Department of Health and Human Services or the College of American Pathologists ("confirmatory test").

Suspension Pending Test Results

Pending receipt of test results and written explanations and requests for re-tests of positive confirmatory test results, employees may be temporarily suspended without pay. If an employee is suspended and the final confirmatory test result is negative, the employee will be reinstated immediately with full back pay.

Right to Explain Test Results

Any test subject who tests positive on a confirmatory test on any drug and alcohol test required by PA'A TAOTAO TANO may:

- A. Submit additional information to PA'A TAOTAO TANO (in a confidential setting) to try to explain the confirmed positive test result.
- B. Request in writing a confirmatory re-test of the original sample at the expense of PA'A TAOTAO TANO, provided that PA'A TAOTAO TANO must receive the request within five working days after the test subject has been informed of the confirmed positive test result. Confirmatory re-test of the original specimen must be requested and paid for by the test subject and may be conducted only by laboratories that are properly approved to conduct drug and alcohol testing by the National Institute on Drug Abuse, the Department of Health and Human Services or the College of American Pathologists.

Consequences of Confirmed Positive Test Results

Any employee who tests positive on a confirmatory test on any drug and alcohol test required by PA'A TAOTAO TANO and who does not timely and successfully refute the test results by explanation or re-testing of the original specimen will be subject to discipline, up to and including immediate discharge. At its discretion, PA'A TAOTAO TANO may require employees who violate this policy to successfully complete a drug and/or alcohol abuse assistance or rehabilitation program as a condition of continued employment.

Confidentiality of Test Results

PA'A TAOTAO TANO will not disclose test results except as authorized by the test subject in writing or as authorized, permitted or required by applicable law. Employees are entitled, upon request, to their written test results.

PA'A TAOTAO TANO reserves the right to amend any or all of this drug and alcohol policy, or to terminate it in its entirety should either action be deemed necessary. Any questions concerning this policy should be directed to the Executive Director.

Electronic and Telephonic Communications (Including E-Mail, Voice-Mail and Internet)

All electronic and telephonic communications systems and all communications and information transmitted by, received from, or stored in these systems are the property of PA'A TAOTAO TANO and as such are to be used solely for job-related purposes. The use of any software and business equipment, including, but not limited to, facsimiles, computers, the organization's E-mail system, the Internet, and copy machines for private purposes is strictly prohibited.

Employees using this equipment for personal purposes do so at their own risk. Further, employees are not permitted to use a code, access a file, or retrieve any stored communication unless authorized to do so or unless they have received prior clearance from an authorized PA'A TAOTAO TANO representative. All pass codes are the property of PA'A TAOTAO TANO. No employee may use a pass code or voice-mail access code that has not been issued to that employee or that is unknown to PA'A TAOTAO TANO. Moreover, improper use of the E-mail system (e.g., spreading offensive jokes or remarks), including the Internet, will not be tolerated.

Employees who violate this policy are subject to disciplinary action, up to and including termination.

Monitoring Use

To ensure that the use of electronic and telephonic communications systems and business equipment is consistent with PA'A TAOTAO TANO legitimate business interests, authorized representatives of PA'A TAOTAO TANO may monitor the use of such equipment from time to time. This includes monitoring Internet usage of any kind, blogging, and E-mail. Such monitoring can include intercepting, copying, printing, deleting, or reading all e-mail entering, leaving, or stored on PA'A TAOTAO TANO's communications systems. This may also include listening to stored voice-mail messages.

Internet

PA'A TAOTAO TANO provides access to the Internet. The Internet represents a useful tool for the organization in conducting its business, but like any other tool, it must be used properly. For purposes of this policy, Internet includes any public electronic data communications network.

E-Mail

Internet E-mail, including instant messaging, offers broadly similar capabilities to other organization E-mail systems, except that correspondents are external to PA'A TAOTAO TANO. External E-mail messages may carry one or more attachments. An attachment may be any kind of computer file, such as a word processing document, spreadsheet, software program, or graphic image.

World Wide Web

Most public Web sites are “read only,” meaning that they permit a person who visits the site to read material posted on the Web site but not to leave a message. Other Web sites permit visitors to establish continuing contact by leaving a message (the electronic equivalent of leaving your business card or a telephone message). The owner or operator of a Web site may record the information that a connection was made from PA'A TAOTAO TANO.

As a general rule, employees may not forward, distribute, or incorporate into another work, material retrieved from a Web site or other external system. Very limited or “fair use” may be permitted in certain circumstances. Any employee desiring to reproduce or store the contents of a screen or Web site should contact their Supervisor to ascertain whether the intended use is permissible.

Use of the World Wide Web includes all restrictions, which apply generally to the use of the organization's E-mail and other electronic and telephonic equipment, as noted above. In addition, the following rules apply with respect to Internet usage:

- A. No Browsing of Restricted Content Web Sites: The organization prohibits access to Web sites that contain pornographic material.
- B. No Downloading of Non-Business Related Data: The organization allows the download of files from the Internet. However, downloading files should be limited to those that relate directly to PA'A TAOTAO TANO business.
- C. No Downloading of Application Programs: The organization does not permit the download or installation of application software from the Internet on its computers. Such software may not only contain embedded viruses, but also is untested and may interfere with the functioning of standard organization applications.
- D. No Participation in Web-Based Surveys Without Authorization: When using the Internet, the user implicitly involves PA'A TAOTAO TANO in his/her expression. Therefore, users should not participate in Web or E-mail based surveys or interviews without authorization.
- E. No Use of Subscription-Based Services without Prior Approval: Some Internet sites require that users subscribe before being able to use them. Users should not subscribe to such services without the express approval of management.
- F. No Violation of Copyright: Many of the materials on the Internet are protected by copyright. Even though they may seem to be freely accessible, many of the intellectual property laws that apply to print media still apply to software and material published on the Internet. Employees are permitted to print out Web pages and to download material from the Internet for informational purposes as long as the purpose for such copying falls into the category of “fair use.” Please do not copy or disseminate material that is copyrighted. Employees having any questions regarding such materials should contact the Controller for guidance.

The following behaviors are examples of previously stated or additional actions to activities that are prohibited and considered improper use of the Internet, E-mail or voicemail systems

provided by PA'A TAOTAO TANO. These examples are provided as guidelines only and are not all-inclusive:

Sending or posting discriminatory, harassing, or threatening messages or images

- Sending or receiving instant messages
- Using the organizations time and resources for personal gain
- Stealing, using, or disclosing someone else's code or password without authorization
- Copying, pirating, or downloading software and electronic files without permission
- Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
- Violating copyright law
- Failing to observe licensing agreements
- Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
- Sending or posting messages or material that could damage the organizations image or reputation
- Participating in the viewing or exchange of pornography or obscene materials
- Sending or posting messages that defame or slander other individuals
- Attempting to break into the computer system of another organization or person
- Refusing to cooperate with security investigations
- Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities
- Jeopardizing the security of the organization's electronic communications systems
- Sending or posting messages that disparage another organization
- Employees are prohibited from using PA'A TAOTAO TANO or their home computers to post material that may be embarrassing to PA'A TAOTAO TANO, as well as information that could be considered confidential, proprietary, or intellectual property. Restrictions include the use of the organization's logo, graphics, trademarks or trade names, and corporate-owned slogans unless the employee is engaged in a business-related activity with prior PA'A TAOTAO TANO authorization.

As a condition of employment and continued employment, employees are required to sign an E-mail and voice mail acknowledgement form. Employees who violate this policy are subject to disciplinary action, up to and including termination. Employees may also be held personally liable for any violations of this policy.

Guidelines for Appropriate Conduct

PA'A TAOTAO TANO prides itself on the high standards of excellence embodied by our professional and business culture. In maintaining these standards, you are expected to accept certain responsibilities, adhere to acceptable business principles in matters of personal conduct, and exhibit a high degree of personal integrity at all times. Whether you are on or off duty, your conduct reflects on PA'A TAOTAO TANO. You are, consequently, encouraged to observe the highest standards of professionalism at all times and refrain from

any behavior that might be harmful to you, your coworkers, and/or PA'A TAOTAO TANO, or that might be viewed unfavorably by current or potential members or by the public at large.

Types of behavior and conduct that PA'A TAOTAO TANO considers inappropriate and which could lead to disciplinary action up to and including termination of employment without prior warning, at the sole discretion of the organization, include, but are not limited to, the following:

- Any acts of theft, fraud, embezzlement, or dishonest activities.
- Using alcoholic beverages while engaged in PA'A TAOTAO TANO business.
- Destroying, vandalizing, or damaging PA'A TAOTAO TANO property.
- Disregarding safety or security regulations.
- Engaging in excessive, unnecessary, or unauthorized use of PA'A TAOTAO TANO supplies, particularly for personal purposes.
- Engaging in unauthorized employment elsewhere while on an absence from PA'A TAOTAO TANO.
- Excessive or unauthorized absenteeism or tardiness, as well as job abandonment, or absence without notice.
- Failure to follow instructions or established operating procedures, insubordination, or the general disregard for authority.
- Falsification, omission, or misrepresentation of information, whether verbally or in writing, or the unauthorized release of or failure to maintain confidential information, including trade secrets, in any form or manner.
- Falsifying employment or other records, or obtaining employment or promotion on the basis of false or misleading information.
- Fighting or using obscene, abusive, or threatening language or gestures.
- Having firearms or weapons while on PA'A TAOTAO TANO business.
- Illegally manufacturing, possessing, using, selling, distributing, or transporting drugs or reporting to work intoxicated or under the influence of non-prescribed drugs.
- Inefficient or poor performance of duties and responsibilities.
- Mishandling, misappropriation, or unauthorized removal or possession of the funds and/or property of PA'A TAOTAO TANO.
- Physical, verbal, or any conduct that may be offensive or harmful to other employees, members, or other persons who have contact with PA'A TAOTAO TANO, or any personal conduct that may degrade the public image of PA'A TAOTAO TANO.
- Soliciting or accepting gratuities or gifts from vendors or members.
- Theft of any kind, including stealing property from members, visitors, suppliers, or PA'A TAOTAO TANO.
- Unauthorized or personal use of PA'A TAOTAO TANO equipment, information, supplies, or computer time.
- Unauthorized reproduction or copying of client, or PA'A TAOTAO TANO records or reports.
- Violating the organization's sexual harassment policy.

- Violating safety or health rules or practices or engaging in conduct that creates a safety or health hazard.

If your performance, work habits, overall behavior, conduct, or demeanor becomes unsatisfactory in the judgment of PA'A TAOTAO TANO, based on violations either of the above or any other PA'A TAOTAO TANO policies, procedures, rules, or regulations, you will be subject to disciplinary action, up to and including termination.

Personal and Workplace Appearance and Demeanor

Discretion in style of dress and behavior is essential to the efficient and professional operation of PA'A TAOTAO TANO. Employees are, therefore, required to dress in appropriate business attire and to behave in a professional, businesslike manner.

Articles of clothing should be neat, clean, hemmed, and in good taste. Please use good judgment in your choice of work clothes and remember to conduct yourself at all times in a way that best represents you and PA'A TAOTAO TANO. This includes refraining from wearing inappropriate attire, such as revealing or provocative clothing at work, meetings, seminars, and other functions and events that are directly or indirectly related to the business or activities of PA'A TAOTAO TANO.

PA'A TAOTAO TANO requires employees to present a professional image to the public and members. Accordingly, each employee must wear appropriate business attire while at the office or conducting business as a representative of PA'A TAOTAO TANO. Professional attire should be worn at all times especially for client meetings.

Personal Hygiene

All employees are expected to maintain clean and appropriate oral and bodily hygiene. The excessive use of perfume or cologne is unacceptable.

Work Area

All employees are required to keep their work environment clean and orderly. Before departing at the end of their workday, office employees should lock all files and cabinets and clear all work materials from desk surfaces, especially materials of a sensitive or confidential nature.

Enforcement

Employees failing to adhere to proper PA'A TAOTAO TANO standards with respect to appearance and demeanor, as determined at the sole discretion of PA'A TAOTAO TANO, are subject to disciplinary action, up to and including termination. Employees who are improperly dressed or groomed may be instructed by their Supervisor to return home to change clothes. The employee may not be compensated for such time away from work, consistent with applicable wage and hour laws.

Termination of Employment and Return of PA'A TAOTAO TANO Property

Employees desiring to terminate their employment relationship with PA'A TAOTAO TANO are requested to notify PA'A TAOTAO TANO at least two weeks in advance of their

intended termination. Such notice should preferably be given in writing to the Executive Director. Proper notice generally allows PA'A TAOTAO TANO sufficient time to calculate monies to which you may be entitled and to include such monies in your final paycheck. Without proper notice, however, you may have to wait until after the end of the next normal pay period to receive such payments.

As mentioned elsewhere in this handbook, all employment relationships with PA'A TAOTAO TANO are on an at-will basis. Thus, although PA'A TAOTAO TANO hopes that our relationships with employees are long term and mutually rewarding, PA'A TAOTAO TANO reserves the right to terminate the employment relationship at any time.

Employees are responsible for all PA'A TAOTAO TANO materials, including, but not limited to credit cards, computers, other equipment, keys, manuals, pagers, telephone cards, cellular phones, tools, vehicles, books, computers, software, data, files, customer lists, or written information issued to them, developed or prepared by them, or in their possession or control (PA'A TAOTAO TANO property). All such property must be returned by employees to the Executive Director or his or her designated representative on or before their last day of work, or at any other time as requested by PA'A TAOTAO TANO. Where permitted by applicable laws, PA'A TAOTAO TANO may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. PA'A TAOTAO TANO may also take all action deemed appropriate to cover or protect its property.

Weapons

PA'A TAOTAO TANO strictly prohibits weapons of any type during work time, and at any PA'A TAOTAO TANO-sponsored events. This includes visible and concealed weapons.

While this list is not all-inclusive, "weapons" includes firearms, knives, any explosive materials, and any other objects that could be used to harass, intimidate, or injure another individual.

Violators of this policy will be subject to disciplinary action, up to and including termination.

Workplace Violence

PA'A TAOTAO TANO is concerned about the increased violence in society, which has also filtered into many workplaces throughout the United States, and has taken steps to help prevent incidents of violence from occurring at PA'A TAOTAO TANO. In this connection, it is the policy of PA'A TAOTAO TANO to expressly prohibit any acts or threats of violence against PA'A TAOTAO TANO members, employees, or suppliers at any time or while they are engaged in business with or on behalf of PA'A TAOTAO TANO.

In keeping with the spirit and intent of this policy, and to ensure PA'A TAOTAO TANO's objectives in this regard are attained, PA'A TAOTAO TANO is committed to the following:

- A. To take prompt remedial action up to and including immediate termination, against any employee who engages in any threatening behavior or acts of violence or who uses any obscene, abusive, or threatening language or gestures.

- B. To take appropriate action when dealing with members, suppliers, or former employees who engage in such behavior. Such action may include notifying the police or other law enforcement personnel and prosecuting violators of this policy to the maximum extent of the law.

Any employee who displays a tendency to engage in violent, abusive, or threatening behavior, or who otherwise engages in behavior that PA'A TAOTAO TANO, in its sole discretion, deems offensive or inappropriate may be referred for counseling or other appropriate treatment. Such employees will also be subject to disciplinary action, up to and including discharge.

In furtherance of this policy, employees have a "duty to warn" their supervisors or another member of management of any suspicious activity or situations or incidents that they observe or that they are aware of and involve other employees, former employees, or members that appear problematic. This includes, for example, threats or acts of violence, aggressive behavior, offensive acts, threatening or offensive comments or remarks, and the like. Employee reports made pursuant to this policy will be held in confidence to the maximum possible extent. PA'A TAOTAO TANO will not condone any form of retaliation against any employee for making a valid report under this policy.

Performance Appraisal

Performance Appraisal, Page 1 of 2

RATED BY: _____

DATE: _____

NAME: _____

POSITION: _____

PROBATIONARY EMPLOYEE (Please Circle): YES or NO

DATE EMPLOYED: _____

Employee Rating	Excellent	Good	Satisfactory	*Unsatisfactory
Quality of Work				
Quantity of Work				
Professional Attitude				
Working Relationship				
Adherence to Program Policies & Regulations				
Met Objectives for the Quarter				
Overall Progress				

Overall Evaluation

Employee Rating	Excellent	Good	Satisfactory	Needs Improvement
Overall Progress				

AREAS WHERE TRAINING/IMPROVEMENTS ARE NEEDED: (Continue on next page if needed)

RECOMMENDATIONS

- THIS EMPLOYEE SHOULD CONTINUE AS A REGULAR (Please Circle):
YES or NO
- WITH THE FOLLOWING CONDITIONS:
- IF EMPLOYEE SHOULD NOT CONTINUE AS REGULAR EMPLOYEE, REASONS FOR RELEASE:

Performance Appraisal, Page 2 of 2

RATED BY: _____

DATE: _____

NAME: _____

POSITION: _____

COMMENTS BELOW (Required if Unsatisfactory)

Performance Dimension	Comments
Quality of Work	
Quantity of Work	
Professional Attitude Working Relationship	
Adherence to Program Policies & Regulations	
Met Objectives for the Quarter	
Overall Progress	

AREAS WHERE TRAINING/IMPROVEMENTS ARE NEEDED: _____

EMPLOYEE SIGNATURE: _____

DATE: _____

SUPERVISOR SIGNATURE: _____

DATE: _____

Acknowledgement and Receipt for Handbook

I understand that the information in PA'A TAOTAO TANO's handbook represents guidelines only and that PA'A TAOTAO TANO reserves the right to modify this handbook or amend or terminate any policies, procedures, or employee benefit programs whether or not described in this handbook at any time, or to require and/or increase contributions toward these benefit programs. I understand that I am responsible for reading the handbook, familiarizing myself with its contents, and adhering to all of the policies and procedures of PA'A TAOTAO TANO, whether set forth in this handbook or elsewhere.

I understand that this handbook is not a contract of employment, express or implied, between me and PA'A TAOTAO TANO and that I should not view it as such, or as a guarantee of employment for any specific duration.

I also understand that the policies and procedures contained in this handbook are continually evaluated and may be amended, modified or terminated at any time.

I further understand that no manager, supervisor, or representative of PA'A TAOTAO TANO, other than the Executive Director, has any authority to enter into any agreement guaranteeing employment for any specified period of time. I also understand that any such agreement, if made, shall not be enforceable unless it is in a formal written agreement signed by both me and the Executive Director.

I acknowledge that no manager, supervisor, or other representative of PA'A TAOTAO TANO has the authority to make any verbal promises, commitments, or statements of any kind regarding PA'A TAOTAO TANO policies, procedures, or any other issues that are legally binding on PA'A TAOTAO TANO.

Print Name of Employee: _____

Employee's Signature: _____

Date: _____

Print Name of Management Witness: _____

Signature of Management Witness: _____

Date: _____

Drug-Free Workplace Policy Acknowledgment and Receipt

I have received and read a copy of PA'A TAOTAO TANO's Drug-Free Workplace Policy.

I understand that the Policy applies to me and I agree to comply with all terms and conditions of the Policy. I understand that as a condition of employment or continued employment if I fail to comply with any aspect of the Policy, I will be subject to the offer of employment being rescinded or discipline, up to and including immediate termination of my employment with PA'A TAOTAO TANO.

I understand that the Policy is not intended to and does not constitute a contract of employment between PA'A TAOTAO TANO and me. I also understand that my employment with PA'A TAOTAO TANO is "at will," and that either PA'A TAOTAO TANO or I may terminate my employment with PA'A TAOTAO TANO at any time and for any or no reason. I also understand that no manager or supervisor has any authority to make any statements or representations to me that change or conflict with the at-will status of my employment with PA'A TAOTAO TANO or that change or conflict with any of the provisions of the Drug-Free Workplace Policy. I understand that the at-will status of my employment with PA'A TAOTAO TANO can be modified only by an express written agreement signed by the Executive Director of PA'A TAOTAO TANO.

I understand that the Drug-Free Workplace Policy supersedes and revokes all previous practices, procedures, policies and other statements of PA'A TAOTAO TANO, whether written or oral, that modify, supplement or conflict with the Policy. I also understand the Policy may be amended at any time.

Print Name of Employee: _____

Employee's Signature: _____

Date: _____

Print Name of Management Witness: _____

Signature of Management Witness: _____

Date: _____

E-Mail Employee Acknowledgment

I understand that all electronic communication systems and all information transmitted by, received from, or stored in these systems are the property of PA'A TAOTAO TANO. I also understand that these systems are to be used for job-related purposes and not for personal purposes, and that I have no expectation of privacy in connection with the use of this equipment or with the transmission, receipt, or storage of information in this equipment. I acknowledge and consent to PA'A TAOTAO TANO's monitoring of my e-mail use. I understand that such monitoring can include intercepting, copying, printing, deleting, or reading all e-mail entering, leaving, or stored on PA'A TAOTAO TANO's communications systems in the ordinary course of business.

I agree not to use a code, access a file, or retrieve any stored communication unless authorized. I acknowledge and consent to PA'A TAOTAO TANO monitoring my use of this equipment at any time at its discretion.

Print Name of Employee: _____

Employee's Signature: _____

Date: _____

Print Name of Management Witness: _____

Signature of Management Witness: _____

Date: _____

PA' A TAOTAO TANO



FINANCIAL PROCEDURES MANUAL

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I. INTRODUCTION

Pa'a Taotao Tano' (Pa'a) is a nonprofit organization incorporated in the Territory of Guam, USA. Pa'a was established to provide a united effort to promote the indigenous Chamorro culture of the people of Guam and the Mariana Islands through activities that perpetuate, educate and preserve the cultural traditions of the Chamorro people. Pa'a functions to provide the organizational capacity to promote our mission, disseminate information, provide education, and create activities in cultural preservation, vital to Chamorro community.

The staff of Pa'a organizes and conducts classes, exhibitions, demonstrations, competitions and productions to facilitate the participation of the Chamorro people in cultural preservation activities. Pa'a also provides on-going technical assistance and training to members of all the Chamorro cultural dance groups in program planning and development, resource development, management and evaluation.

The unique aspect of Pa'a Taotao Tano' is that it is the umbrella organization of all the Chamorro Cultural dance Groups in Guam, CNMI and US mainland. These Chamorro cultural practitioners and group leaders perpetuate the Chamorro culture through chants, dances and language. These representatives are in the best position to have a comprehensive view of our cultural preservation struggles, challenges and accomplishments. Additionally, the Pa'a Taotao Tano' Board of Directors is composed of Guam government leaders and private sector managers who provide sound financial advice and actively promote Pa'a Taotao Tano' in the community and to tourist entities.

The primary purpose of the Financial Management System is to ensure the accurate recording of all transaction, both cash and accrued, which will facilitate the need for compliance with general accounting principles. Included in this objective is the assurance that all program funds are expended and accounted for in a manner consistent with all contract and grant agreements.

The purpose of this manual is to delineate the specific procedure for each accounting transaction.

II. SYSTEMS OVERVIEW

A. BUDGETS

The budget is the proposed plan of expenditures projected from the expected sources of revenues. Included in the budget process is the necessary planning that occurs in order to develop the means to meet the needs, goals, and objectives of the organization. The budget is developed upon sound planning which allows the evaluation to measure the cost/benefits received.

1. Budget Preparation Procedures:

1. The Program Directors will work with the Fiscal Officer to develop a budget to submit to central Executive Director based upon expected requirements for the year.
2. Executive Director, Finance, and the Program Director will jointly review the budget incorporating the funding source requirements and the organizational goals.
3. Executive Director will transmit the approved budget to the funding sources for review and approval.
4. The Finance Department will combine the program requests into a complete budget document identifying the sources of revenue and planned use of the revenue.

2. Monitoring the Budget:

- a. The Accounting Department will prepare monthly expenditure reports for submission to the Executive Director and each Program Director by the 15th day of each month.
- b. Monitoring of the budget is the responsibility of Finance and each Program Director. Each will compare monthly the actual expenditures of the program to the planned expenditures. The budget document is the source data for determining account classifications. Information will be shared with Executive Director.
- c. All deviations from planned expenditures will be justified by the Program Director or Executive Director or, if necessary, corrective action will be implemented immediately.

B. ACCOUNTING

Pa'a uses a double entry bookkeeping system composed of a general ledger and journals of original entry. A double entry bookkeeping system is a self-balancing set of accounts, where at least two accounts are affected by each transaction, and in which the debits must equal the credits.

Pa'a operates on a Program Fund Accounting practice. A program fund is an independent accounting record having separate asset, liability, revenue, expenditure, and fund balance accounts for each grant or contract. All monies received or expended by Pa'a must be classified and defined in accordance with any special regulations, restrictions, or limitations as specified by the grant or contract.

PA'A TAOTAO TANO' revenues and expenditures are maintained on a modified accrual basis. Only at the end of the fiscal year are accrued items posted to the accounting records. The corporate fiscal year is October 1 through September 30.

All ledgers will be maintained in a manner which will facilitate the preparation of internal and external reports.

C. INTERNAL CONTROLS

Pa'a internal controls have been designed to safeguard assets, verify the accuracy of accounting records, promote operational efficiency, and adhere to prescribed management policies and procedures.

All internal reports are designed to provide comprehensive information to facilitate the planning needs of central Executive Director and the Board of Directors.

The Basic Elements of Internal Controls Include

1. A clear establishment of each employee's responsibilities and lines of responsibility.
2. Separation of accounting functions from authorization and disbursement of final payment of expenditures.
3. A proper system of authorization for transactions.

III. ACCOUNTING PROCEDURES

A. CASH RECEIPTS

PURPOSE: The purpose of the cash receipts procedure is to ensure that all revenues are safeguarded, deposited in tact, and recorded to the proper revenue account.

PROCEDURES:

1. Designated Individual

- 1.1. Receives and logs all incoming checks and cash receipts. Routes all checks and cash to the Fiscal Officer.
- 1.2. Logs the date of all cash received.
- 1.3. Records if the monies are received in the form of a check or cash.
- 1.4. Records the check number when applicable.
- 1.5. Enters the amount of monies received.
- 1.6. Records who the money was received from.

2. Fiscal Officer

- 2.1. Receives and reviews all incoming checks and determines the purpose of each.
- 2.2. Records the cash receipts in the Cash Receipts Journal on a daily basis.
- 2.3. Turns the funds over to the employee authorized to make the deposits for PA'A TAOTAO TANO' on a daily basis.

3. Accounting Technician

- 3.1. Stamps all checks "FOR DEPOSIT ONLY".
- 3.2. Prepares bank deposit in duplicate for monies received from Accounting.
- 3.3. Deposits all cash receipts on a daily basis.
- 3.4. Submits bank deposit slip to Bookkeeper immediately after deposit is made.

4. Fiscal Officer

- 4.1. Reviews the Cash Receipts Log and Cash Receipts Journal on a monthly basis to ensure accuracy of fund deposits.

ADDITIONAL INFORMATION:

1. All cash receipts, regardless of their form (currency, check, etc.) must be retained in a secured location until deposited into an authorized bank account.
2. The daily cash receipts should be deposited into the bank during the same day, if possible, under all circumstances must be deposited within 24 hours after their receipt.
3. Deposit books will be purchased in a duplicate format. Only one book per entity be used at any one time with the remaining books being in control of Pa'a Board or designee.

FORM:

1. Cash Receipts

Cash Receipts Log

[illegible]

B. PURCHASE ORDER

PURPOSE: To ensure that all purchases are allowable under grant/contract agreements and the expenditure is necessary to accomplish project objectives.

PROCEDURES:

1. Employee

- 1.1. Requests Purchase Order from Account Technician.
- 1.2. Reviews the Federal, State, County, and local guidelines and grants and/or contracts to ascertain if these are approved expenditures and authorizes.
- 1.3. Prepare a Purchase Order for goods or services.

2. Employee

- 2.1. Submits to Executive Director for approval.
- 2.2. Executive Director
- 2.3. Reviews purchase request to insure that item/service is needed for program operations.

3. Employee

- 3.1. Submits approved Purchase Order to vendor, if applicable
- 3.2. Receives and signs for all supplies.
- 3.3. Receives and accepts all services provided.
- 3.4. Submits receiving copy and invoices to Finance Office for processing.

4. Account Technician

- 4.1. Receives the Purchase Order and invoices, checks the invoices against the receiving report and submits these to the Secretary to have a check prepared.

ADDITIONAL INFORMATION:

1. This system strengthens the internal control by:
 - a. Showing the need for the expenditure with the purchase order.
 - b. Approving the purchase before it is made with the issuance of a purchase order.
 - c. Checking in and approving the goods/services.
2. **The only individuals authorized to sign for Executive Director are the Executive Director or the Assistant Director.**

FORM:

Date:

Vendor:
[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]
Customer ID [ABC12345]

Shipping Method	Shipping Terms	Delivery Date

Please send two copies of your invoice.
Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
Please notify us immediately if you are unable to ship as specified.

[Name]
[Street Address]
[City, ST ZIP Code]
Phone [000.000.0000]
Fax [000.000.0000]

Date: _____



C. PAYROLL

PURPOSE: To ensure that all personnel costs are authorized and payment is made at approved salary levels.

PROCEDURES:

1. Employee

- 1.1. Records time on a daily basis, by grant/contract.
- 1.2. Completes the Request for Leave five days in advance of the date of absence.
- 1.3. Records sick leave on time sheet. Sick leave over three consecutive days requires doctor's approval.
- 1.4. Submits to the Department/Head Supervisor for approval.

2. Supervisor

- 2.1. Approves all leave.
- 2.2. Reviews time sheets with the employee, should discrepancies be identified.
- 2.3. Approves the time sheets and submits the time sheets and leave slips to Accounting on the last day of the pay period.

3. Fiscal Officer

- 3.1. Reviews the time sheets for accuracy of time reported.
- 3.2. Prepares the payroll schedules to include employee deductions as appropriate.
- 3.3. Submits the payroll schedule and time sheets for preparation of the payroll checks.
- 3.4. Reviews the checks for accuracy.
- 3.5. Obtains the required signatures for payroll checks.

4. Account Technician

- 4.1. Distributes the payroll checks to the employees.
- 4.2. Records leave on the Employees Cumulative Leave Record.
- 4.3. Files the time sheets, leave slips and overtime slips in the proper files.

ADDITIONAL INFORMATION:

1. Employees who do not submit time sheets on time will not receive pay checks.
2. Payroll checks will not be issued prior to pay day.
3. Pa'a Taotao Tano' will not approve a salary advance for any staff member.

FORMS:

1. Employee Time Sheet
2. Employee Leave Slips

PA' A TAOTAO TANO
Bi-Monthly Time Sheet

Month: _____ Dates _____ 2010

Program	Sun.	Mo.	Tu.	Wed.	Thu.	Fri.	Sat.	Total Hrs.
Total								

Program	Sun.	Mo.	Tu.	Wed.	Thu.	Fri.	Sat.	Total Hrs.
Total								

Program	Sun.	Mo.	Tu.	Wed.	Thu.	Fri.	Sat.	Total Hrs.
Total								

Program Hours this Pay Period

Program	Total Hours
Total	

Leave Balance

Type	Forward	Earned	Used	Balance

Signature of Employee: _____

Date: _____

Authorization Signature: _____

Date: _____

PA' A TAOTAO TANO
Application for Leave

I am _____ hours of leave.

Leave Date: _____

Return Date: _____

Employee Signature: _____

Date: _____

Supervisor Signature: _____

Date: _____

D. TELEPHONE LOG

PURPOSE: To accurately document the telephone costs by program and cost center.

PROCEDURES:

1. Fiscal Officer
 - 1.1. Assign each staff person an identifier.
 - 1.2. Assign each project and/or cost center an identifier.
2. Employee
 - 2.1. Code in correct identifiers for each call made.
 - 2.2. Personal long-distance calls will be identified separately.
3. Account Technician
4. Reviews the telephone invoices received from company billing.
5. Checks with employees on long-distance calls that are coded incorrectly.
6. Advise the telephone company of any changes that are not applicable to Pa'a Taotao Tano' T.
7. Process telephone bills for payment in accordance with established procedures.

ADDITIONAL INFORMATION:

1. All personal calls will not be allowed

FORM:

Not Applicable

E. TRAVEL AUTHORIZATION REQUEST AND EXPENSE STATEMENT

PURPOSE: To ensure that all travel is a necessary activity of project and the proper documentation is maintained.

PROCEDURES:

1. Employee/Traveler

- 1.1. Completes a PA'A TAOTAO TANO' staff Travel Authorization and Travel Plan Request form in duplicate for items listed below:
- 1.2. Name, date, project, and point of origin.
- 1.3. Destination
- 1.4. Location in case of emergency
- 1.5. Date and time of departure and return
- 1.6. Mode of transportation and accommodations
- 1.7. Request for Travel Advance
- 1.8. Date requested and employee's signature and submit to supervisor for recommendation

2. Supervisor

- 2.1. Reviews and approve or deny the travel authorization.
- 2.2. Submits to Fiscal Officer for processing five working days prior to travel.
- 2.3. Fiscal Officer
- 2.4. Approves travel advance requests, assigns travel number, and submits for processing.
- 2.5. Prepares a check for advance.
- 2.6. Secures signature of authorized check signer.
- 2.7. Distributes the check and approved copy of the Travel Authorization and Travel Plan to the employee.
- 2.8. Maintains the original copy.
- 2.9. Bookkeeper will record the travel advance and retain the original Travel Authorization and Travel Plan in control file until the receipt of the Travel Expense Report.

3. Employee/Traveler

- 3.1. All Travel Expense claims must be completed and submitted to PA'A TAOTAO TANO' Executive Director immediately after return from trip.
- 3.2. Attach receipts for all expenses listed. (The only exception is meal receipts).
- 3.3. Submit to Supervisor for approval.
- 3.4. Traveler's Supervisor
- 3.5. Review and approve the Travel Expense Report.
- 3.6. Submits approved Travel Expense Report to Accounting.

4. Fiscal Officer

- 4.1. Review accounting information and receipts for accuracy.
- 4.2. Complete Accounting Distribution and Expense Recap.

- 4.3. Have a check prepared if any monies are due to employee/traveler for PA'A TAOTAO TANO' check signature.
- 4.4. Clear advance and charge to the proper expense accounts.
- 4.5. Submit check to employee/traveler if applicable.
- 4.6. Receive money if owed PA'A TAOTAO TANO' and follow cash receipts procedure.

5. Account Technician

- 5.1. File Travel Advance and Travel Expense Report.

ADDITIONAL INFORMATION:

1. All travel advances not liquidated during the month of the travel will be an automatic payroll deduction on the second pay period of the following month. All other prepaid travel expenses not supported by a trip report and receipts will be deducted after 30 days.
2. The appropriate travel expense claim will be determined by individual traveling and type of travel.
3. To be eligible for per diem staff must be on travel status more than 10 hours and performing work a minimum of 50 miles from the PA'A TAOTAO TANO' office.
4. Personal auto usage will be reimbursed at the allowable rate by the Government of Guam or the U.S. Federal Government

FORMS:

5. Staff Travel Authorization and Travel Claim
6. Staff Travel Expense Claim - Private Vehicles and Public Transportation

TRAVEL AUTHORIZATION

I _____ have asked the following employee
to make travel arrangements for their trip to: _____

The reason for the trip is to: _____

I will be flying for this trip: ☐

I am using my person vehicle for this trip: ☐

I am requesting a rental car for this trip ☐

Reason for requesting rental car: _____

(Project Director) _____

(Date) _____

Rental Car Approved: ☐

Rental Car Denied: ☐

No travel is to be made until signature secured

TRAVEL LOGISTICS

Traveler: _____

Destination: _____

Reason for Trip: _____

Date of Departure: _____

Time of Departure: _____

Return Date: _____

Time of Return: _____

Hotel Arrangements:

Name of Hotel: _____

Address: _____

Phone Number: _____

Arrival Date: _____

Departure Date: _____

Rate: \$ _____

Air Arrangements:

Departure Date: _____

Airline: _____

Flight Number: _____

Airline: _____

Flight Number: _____

Return Date: _____

Airline: _____

Flight Number: _____

Airline: _____

Flight Number: _____

Cost: _____

TRAVEL ADVANCE REQUEST

TRAVELER: _____

DATES OF TRAVEL: _____

REASON FOR TRAVEL: _____

HOTEL: _____ DAY(S), @ _____ PER DAY=TOTAL: _____

HOTEL TAX: _____ DAY(S), @ _____ PER DAY=TOTAL: _____

HOTEL: _____ DAY(S), @ _____ PER DAY=TOTAL: _____

HOTEL TAX: _____ DAY(S), @ _____ PER DAY=TOTAL: _____

PER DIEM: _____ DAY(S) @ _____ PER DAY TOTAL: _____

TOTAL HOTEL, HOTEL TAX AND PER DIEM: _____

I AM REQUESTING A TRAVEL ADVANCE FOR THE AMOUNT BELOW:

Signature: _____

Office Manager: _____

Check No. _____

Date: _____

Amount: _____

PA'A TRAVEL EXPENSE REPORT

TRIP Number: _____

Traveller: _____

Date: _____

Departure Date: _____

Return Date: _____

Time of Departure: _____

Time of Return: _____

Purpose of Trip: _____

Airline(s)

CARRIER	FROM	TO	AMOUNT
		TOTAL	

PER DIEM/M&IE/Ground Transportation (GT)

DAY	DATE	LODGING	TAX	M/IE	GT Method	GT Amount
Saturday						
Sunday						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Saturday						
Sunday						
TOTAL						

Total Travel Expenses: \$ _____

Balance Due Pa'a: \$ _____

Prepaid Expenses: \$ _____

Balance Due Traveler: \$ _____

Travel Advance: \$ _____

SIGNATURE OF TRAVELER: _____

DATE: _____

MAKE CHECK PAYABLE TO: _____

*****Pa'a USE ONLY*****

Authorization to Pay Balance Due: _____

Amount Paid: \$ _____

Check No. _____

Date: _____

Balance Due Pa'a \$ _____

Paid By: _____

Date: _____

F. IN-KIND GOODS AND SERVICES

PURPOSE: To accurately document all in-kind goods and services received by Pa'a.

PROCEDURES:

1. Donator

- 1.1. Identifies all in-kind goods and services that is being given to the Program.
- 1.2. Reviews all in-kind goods and services forms for accuracy.
- 1.3. Submits the in-kind goods and services form to Pa'a on the appropriate form.

2. Volunteer

- 2.1. Records the following information for in-kind services:
 - 2.1.1. Date service provided.
 - 2.1.2. A description of the service provided.
 - 2.1.3. The time the volunteer began donating time.
 - 2.1.4. The time the volunteer finished donating time.
 - 2.1.5. The per hour value of the service provided.
 - 2.1.6. The total value of the donated time.
 - 2.1.7. Initial each day that time was donated to the program.
 - 2.1.8. Signs the in-kind services form.
 - 2.1.9. Submits the completed form to the Program Coordinator.

3. Program Coordinator

- 3.1. Records the following information for in-kind goods:
- 3.2. Date item donated to the Program.
- 3.3. A description of the item donated.
- 3.4. The fair market value of the item donated.
- 3.5. Secures the signature of the individual donating the time.
- 3.6. Submits to the tribe on a monthly basis.

4. PA'A TAOTAO TANO' Program Director

- 4.1. Reviews the services and foods donations submitted by the tribe.
- 4.2. Submits to the PA'A TAOTAO TANO' Assistant Director, on a monthly basis, the donated goods and services receipts.
- 4.3. Tracks the dollar value of in-kind goods and services to ensure that contract requirements are met.

5. PA'A TAOTAO TANO' Assistant Director

- 5.1. Reviews all donated goods and services and submits to the Pa'a Accounting for processing.

6. Bookkeeper

- 6.1. Enters the dollar value of the in-kind goods and services receipts into the appropriate accounting records.

ADDITIONAL INFORMATION:

1. All in-kind goods and services must come from a source that is not supported with

federal dollars unless specifically allowable under the funding source legislation.

2. The allowable in-kind goods and services that can be used to meet a required match must fall within the allowable budget line items for the Program receiving the goods and services.

FORMS:

1. PA'A TAOTAO TANO' In-Kind Goods
2. PA'A TAOTAO TANO' In-Kind Services

PA'A TAOTAO TANO IN-KIND GOODS

DATE	ITEM DONATED	TOTAL VALUE

I certify that the above items were donated to the PA'A TAOTAO TANO Program.

Typed/Printed Name: _____

Date: _____

Donor Signature: _____

Executive Director Signature: _____

PA'A TAOTAO TANO Program _____

PA'A TAOTAO TANO IN-KIND SERVICES

[illegible]

I certify that the above items were donated to the PA'A TAOTAO TANO Program.

Typed/Printed Name: _____

Date: _____

Donor Signature: _____

Executive Director Signature: _____

PA'A TAOTAO TANO Program_____

G. PROGRAM INCOME

PURPOSE: To detail the specific requirements for the receipt and expenditure of program income.

PROCEDURES:

1. Bookkeeper

- 1.1. Review Pa'a monthly cash receipts to identify revenue generated as a result of a grant/contract funded activity.
- 1.2. Prepare a cash receipts journal entry crediting the grant/contract which generated the income.
- 1.3. Post to the general ledger.

2. Fiscal Officer

- 2.1. Review program income generated on a monthly basis.
- 2.2. Review the requirements of the funding source to insure proper treatment of the revenue.
- 2.3. Report program income to the funding source as required by grant/contract agreement.

ADDITIONAL INFORMATION:

1. The three methods for treatment of program income are:
 - a. Additive - net or gross
 - b. Deductive
 - c. Cost Sharing
2. The default method for treatment of program income is default.
3. Program income funds are to be the spent, prior to requesting funds from the government funding source.

IV. CONSULTING AND CONTRACTOR SERVICE AGREEMENT

PURPOSE

It is the intent of this section, where possible, to systematize the formal contractor service agreements to conform to existing state and federal regulations while meeting the needs of PA'A TAOTAO TANO'.

Please refer to Procurement Section for Procurement of Services.

No contract negotiations should occur prior to discussing the need with the Executive Director. Only those employees authorized by the Executive Director may initiate contracts. The Fiscal Officer will be the Contract Officer. All contractor service agreements must be executed by the Executive Director. Prior to executing a contract, the Executive Director will ensure that the agreement has been reviewed by the Fiscal Officer and Project Director.

Accounting certifies that sufficient funds are available prior to any contract being executed. The Project Director is responsible for submitting the required information to the Executive Director, monitoring the contractor's activities, verifying and approving the Contractor's Invoices, and receiving the final reports.

PREPARATION

All contracts will be prepared with a minimum of three copies. After all parties have executed the contract, the original copy will be maintained by Accounting with the remaining copies being retained by Central Filing and the contractor. All contracts will include at least the following items and conditions:

1. An identity clause which describes the parties to the contract. The date of the agreement will be included in this clause. This date should agree with the effective date of the contract, which cannot precede the date the contract is executed.
2. A scope of service clause.
3. A compensation clause which describes the amount and method of payment. This clause should always include the maximum amount that can be earned along with any limitations as to the term of the agreement. Payments shall not exceed an amount beyond which the work has progressed. Advances are not permissible. Usually, the payment should not occur more often than once a month, and only after the receipt of an invoice. Specific payment dates should be avoided. No fringe benefits and state or federal withholdings are permitted for contractors. These allowances are reserved for employees only.
4. A cancellation clause which protects the rights of the parties for termination of the contract prior to the expiration date, if any, and making the contract subject to available government funding.
5. A hold harmless and property rights clause may be optional, however desirable. These clauses would establish the rights of the parties in the event of damages suffered, and would limit the use and distribution of any materials, supplies, or reports furnished by the

contractor.

6. The social security number of the contractor.

FORM

1. Consulting Agreement and Invoice

Pa-a TAOTAO TANO
MASTER CONSULTING SERVICE AGREEMENT

The PARTIES to this Agreement (herein "Agreement") are Pa'a TaoTao Tano, a non-profit organization (herein "Pa'a"), and _____ (herein "CONSULTANT"), who agrees as follows:

Services to be Provided by CONSULTANT. Pa'a hereby retains CONSULTANT to provide specific services described in the individual Schedule A, "Task Order". Furthermore, the terms and conditions set forth in Schedule B "Other Applicable Provisions" shall be incorporated into this Agreement and applicable to the Parties.

Term of Agreement. The term of this Agreement shall be for the work product to be completed by _____.

Compensation to CONSULTANT. Fees will be charged to Pa'a for services described in Schedule A, "Task Order." Payment for work performed shall not be paid until the agreed upon work product has been accepted and approved by the Project Manager. Terms of payment shall be net 30 days from receipt of invoice subject to acceptance.

Confidential Information. The Organization has developed, compiled and owns, and will develop or acquire, certain proprietary techniques and confidential information which have or will have great value in its business (referred to in this Agreement collectively as "Confidential Information"). Confidential Information includes not only information disclosed to CONSULTANT by PA'A, but also information developed or learned by CONSULTANT during the course of his service with PA'A. Confidential Information is to be broadly defined and includes all information which has or could have commercial value or other utility in the business in which PA'A is engaged or contemplates engaging or the unauthorized disclosure of which could be detrimental to the interests of PA'A, whether or not such information is identified as Confidential Information by PA'A. By example and without limitation, Confidential Information includes any and all information concerning licenses, products, processes, formulas, trade secrets, innovations, inventions, discoveries, improvements, techniques, research, development, marketing plans, business plans, strategies, forecasts, unpublished financial statements, budgets, projections, customer and supplier identities, characteristics and agreements, and any proprietary information and trade secrets of PA'A's co-venturers, franchisors, licensors and customers. CONSULTANT will, at all times during and for the indefinite future subsequent to his engagement by PA'A, hold the Confidential Information in trust, keep the Confidential Information confidential and not disclose the Confidential Information to any third party or make any use, except for the benefit of PA'A and in the course of his engagement by PA'A, of any of the Confidential Information. It is understood and agreed by the parties that the obligations of this paragraph shall survive the expiration of termination of this Agreement, and shall survive until such Confidential Information is no longer confidential and in the public domain (not due to unauthorized disclosure by CONSULTANT or any third party).

Assignment and Disclosure of Innovations. All work product, discoveries, developments,

designs, innovations, improvements, inventions, formulas, processes, techniques, know-how and data (whether or not patentable or registrable under copyright or similar statutes) made, conceived, reduced to practice or learned by CONSULTANT (either alone or jointly with others) during the period of his engagement with PA'A that are related to or useful in the business of PA'A or from the use of premises, equipment or other facilities owned, leased or otherwise acquired by PA'A and all original materials prepared by CONSULTANT in connection with the performance of services under this Agreement, including, without limitation, all reports, proposals, analysis, writings, sound recordings, pictorial reproductions or materials of any type whatsoever (all of the foregoing being referred to in this Agreement as "Innovations") are and shall remain the sole and exclusive property of PA'A, and CONSULTANT will assert no right, claim or interest of any nature whatsoever with respect thereto. CONSULTANT hereby assigns to PA'A all right, title and interest CONSULTANT may have or acquire in and to all Innovations. With respect to Innovations which are copyrightable, CONSULTANT acknowledges and agrees that such Innovations shall be works made for hire as defined by Section 101 of Title 17 of the United States Code. CONSULTANT shall sign and deliver to PA'A (either during or subsequent to his service) such other documents as PA'A shall consider desirable to evidence the assignment of all rights of CONSULTANT, if any, in any Innovations to PA'A and/or PA'A's ownership of such Innovations. CONSULTANT will promptly disclose in writing to PA'A all Innovations.

Warrant, Indemnity and Hold Harmless Agreement. CONSULTANT warrants and represents that it has every legal right to enter into this Agreement and to perform in accordance with its terms, and that it is not and will not become a party to any agreement with any third party which would be in violation of the rights granted to PA'A thereunder. CONSULTANT will indemnify and hold PA'A harmless from and against any losses, damages and liabilities; including reasonable attorney's fees, resulting from or arising out of the performance or breach of this Agreement. PA'A makes no warranty, indemnity or hold harmless agreement, and will incur no liability thereunder except for gross negligence.

Independent Contractor. CONSULTANT is an independent contractor (not an employee or other agent) solely responsible for the manner and hours in which the duties are performed, is solely responsible for all taxes, withholdings, and other statutory, regulatory or contractual obligations of any sort (including, but not limited to, those relating to workers' compensation, disability insurance, Social Security, unemployment compensation coverage, the Fair Labor Standards Act, income taxes, etc.), and is not entitled to participate in any employee benefits plans, fringe benefit programs, group insurance arrangements or similar programs. If CONSULTANT is a corporation, it will ensure that its employees and agents are bound in writing to CONSULTANT's obligations under this Agreement. CONSULTANT shall neither be, nor represent himself as being, an employee of PA'A. CONSULTANT shall perform his services independently according to accepted standards of his profession. CONSULTANT shall have no authority to bind PA'A or incur any obligations on behalf of PA'A.

Non-Assignability. This Agreement may not be assigned or transferred by either party without the prior written approval of the other party.

Termination. If either party materially breaches this Agreement, the other party may terminate this Agreement upon ten (10) days' notice unless the breach is cured within the notice period. PA'A also may terminate this Agreement at any time, with or without cause, upon notice, but, if (and only if) without cause, PA'A shall upon termination pay CONSULTANT all unpaid amounts due for Services completed prior to notice of termination.

Notice. Notices shall be sufficient if posted by registered or certified mail, postage prepaid and addressed, to CONSULTANT as follows:

Consultant Contact Information:

Phone: _____

Email: _____

and to Pa'a TaoTao Tano, as follows:

Pa'a TaoTao Tano

or such other address as shall be furnished by either party to the other by written notice. Any such notice shall be deemed delivered and effective two (3) days after the date of postmark, when posted within the United States, and five (5) days after the date of postmark when posted outside the United States.

Complete Agreement. This Agreement constitutes the entire understanding between parties and no amendment or modification hereof shall be effective unless reduced to writing and signed by both parties.

Severability. Should any provision of this Agreement be held invalid or unenforceable, such a holding shall not affect the validity or enforceability of any other provision hereof.

Remedies. CONSULTANT acknowledges that its breach of any of the terms, conditions, warranties or representations in this Agreement may result in immediate and irreparable damage to PA'A, and that in such event there may be no adequate remedy at law. In event of such a breach, PA'A shall be entitled to equitable relief by way of injunction in addition to whatever other rights or remedies may be available under this Agreement or otherwise.

Applicable Law. This Agreement shall be governed by the laws of the territory of Guam.

Headings. The headings of the sections and paragraphs of the Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

Counterparts. This Agreement may be executed in counterpart with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together, and shall constitute one and the same instrument

IN AGREEMENT WITH THE ABOVE, the parties have executed this Agreement as of this ____ day of _____.

“PA’A ”

By (Senior Partner or Designate):_____

Date:_____

“CONSULTANT”

Signature:_____

Date:_____

Title:_____

Name of Business:_____

Employer ID or SS Number:_____

SCHEDULE A
Pa'a TaoTao Tano

Task Order Number: _____

Consultant: _____

Contract: _____

Description	Days	Daily Rate	Cost
Total			

Description of Services:

- 1.
- 2.
- 3.

Billing will occur upon completion of all reports and submission of invoice.

Invoice should be sent to the corporate office at:

Pa'a TaoTao Tano

Attention:

Consultant Signature: _____

Date: _____

Pa'a TaoTao Tano _____

Date: _____

SCHEDULE B
OTHER APPLICABLE PROVISIONS

1. Travel Reimbursement.
 - a.
 - b.
2. CONSULTANT Reimbursement.
 - 1.

V. PROPERTY AND EQUIPMENT

PURPOSE: This section provides applicable policies and procedures for the utilization and disposition of property furnished or acquired in whole or in part under projects supported by federal program grant funds.

Please refer to the Procurement Section for Acquisition of Property.

A. Unexpendable Personal Property

1. Title

- a. Title to non-expendable personal property acquired by PA'A TAOTAO TANO' shall be vested with the PA'A TAOTAO TANO', except that the federal government may require PA'A TAOTAO TANO' to transfer title to the property of federal government or a third party named by them if the project is financed solely by federal funds, the property has an acquisition cost of \$5,000 or more, and the property is unique or difficult and costly to replace.

2. Use and Disposition

- a. PA'A TAOTAO TANO' shall use property acquired under a project supported by the federal government program grant as long as there is a need for the property to accomplish the purpose of the project whether or not the project continues to be supported by federal program grant funds. When there is no longer a need for the property to accomplish the purpose of the project, PA'A TAOTAO TANO' shall use the property in connection with projects supported by grants of other federal agencies.
- b. When PA'A TAOTAO TANO' no longer needs the property in any of its grant supported projects, the property may be used for its own official activities in accordance with the following standards:
 - PA'A TAOTAO TANO' may use the property for its own official activities without reimbursement to the federal government if it has a fair market value less than \$5,000.
 - PA'A TAOTAO TANO' will retain all other non-expendable property for its own use once disposition has been received from the awarding agency and they have been fairly compensated for their share of the property.
 - If PA'A TAOTAO TANO' has no need for the property, disposition of the property shall be made as follows:
 - Property with a fair market value less than \$5,000 may be sold and the entire proceeds retained by PA'A TAOTAO TANO'.
 - PA'A TAOTAO TANO' shall request disposition instructions from the awarding agency for non-expendable property with a fair market value of over \$5,000. The awarding agency shall issue such instructions to PA'A TAOTAO TANO' within 120 days.
 - Federally Owned Property--Title to federally owned property (property to which

the federal government retains title) remains vested by law with the federal government. Upon termination of the grant or need for the property, such property shall be reported to federal government for appropriate disposition instructions.

3. Property Management Standards

Pa'a property management standards for non-expendable personal property shall include the following:

1. A policy which requires prudence in the acquisition of equipment. A review will take place to assure that equipment is needed and that the need cannot be met with equipment already in the possession of PA'A TAOTAO TANO'.
2. Property records shall be maintained accurately and provided for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; percent of federal participation; source of the property; and ultimate disposition date including sales price or the method used to determine current fair market value.
3. A physical inventory of property will be done and reconciled with the property records at the end of each corporate year to verify the existence, current utilization, and continued need for the property.
4. A control system will be maintained to ensure adequate safeguards to prevent loss, damage, or theft to the property. Any loss, damage, or theft of non-expendable property shall be investigated and fully documented.
5. Adequate maintenance procedures to keep the property in good condition.

6. Equipment Use and Disposition

- a. If the program which purchased the equipment has no further use for the equipment it will be transferred to a PA'A TAOTAO TANO' government funded program which needs the equipment. A transfer equipment form must be completed and approved by Executive Director.
- b. If there is no use for the equipment PA'A TAOTAO TANO' will survey the member tribes to determine if there is a need within a tribal program for the equipment. A deletion of equipment form will be completed and approved by Executive Director.
- c. If there is no need for the equipment, fair market value will be established and the equipment sold for no less than fair market value. A deletion of equipment form will be completed and approved by Executive Director.
- d. If there is no value to the equipment, the equipment will be given to a non-profit organization or an individual at no cost. A deletion of equipment form will be completed and approved by Executive Director.

VI. PROCUREMENT PROCEDURES

A. DETERMINATION OF PROCUREMENT METHODS

PURPOSE: The purpose is to establish the appropriate procurement method to be used for the goods or services to be purchased. The methods allowable comply with agency, state and federal regulation requirements.

PROCEDURES:

1. Program Director

- 1.1. Establish cost estimate for the purchase in the aggregate and submit to Contract Officer.

2. Fiscal Officer

- 2.1. Select the appropriate method for the procurement.
- 2.2. \$5,000 in the aggregate and lower will follow small purchase procedures.
- 2.3. \$5,000 in the aggregate and over follow Steps C-H.
- 2.4. Submit description and cost estimate for approval.

3. Executive Director

- 3.1. Authorize purchases over \$5,000 and Program Director will authorize purchases under \$5,000.

ADDITIONAL INFORMATION:

1. In the aggregate is the total amount through single or multiple purchases of the item(s) for the program period, i.e. training books - 12 purchases per year @ \$500 per purchase is an aggregate amount of \$6,000.
2. The Fiscal Officer will serve as Contracts Officer.
3. Allowable methods of large procurement.
 - a. Sealed Bids
 - Advertisement of IFB
 - Conditions
 - See regulations for etc.
 - Award must be made to lowest bidder
 - b. Competitive Proposals
 - Advertisement of RFP
 - Conditions
 - Award of Contract based on multiple criteria.
4. Noncompetitive proposals are those where only one bid is received or only one source is solicited.
5. Noncompetitive proposals may be used only when it is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following applies:
 - a. Only available from a single source.

- b. Emergency exists.
- c. Awarding agency authorizes noncompetitive proposal.

FORM:

1. Cost Estimate and Description

COST ESTIMATE AND DESCRIPTION

SERVICES/GOODS TO BE PURCHASED: _____

ESTIMATED COST: \$ _____

BASIS FOR ESTIMATION: _____

APPROVED:

Executive Director's Signature: _____

Contract Officer's Signature: _____

B. SMALL PURCHASE PROCEDURES

PURPOSE: To provide guidance to Program Directors making small purchases. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$5,000 in the aggregate.

PROCEDURES:

1. Program Director

- 1.1. For purchase under \$100 in the aggregate:
- 1.2. a. At the Program Director's discretion, observe agency internal controls governing P.O.'s and payment of invoices.
- 1.3. For purchases from \$100 to \$1,000:
- 1.4. List description of item to be purchased on quote sheet.
- 1.5. Obtain a minimum of three telephone or written (includes catalogs) cost quotes for the purchase. The quotation must meet the description.
- 1.6. Make recommendation based on price or provide justification for not accepting low cost.
- 1.7. Obtain approval of Executive Director designee and Fiscal Officer.
- 1.8. Make purchase.
- 1.9. For purchases over \$1,000, but under \$5,000:
- 1.10. Develop description of item(s) to be purchased on specifications sheet.
- 1.11. Determine whether bids should be advertised or solicited. (If there are relatively few vendors it may save time and money to solicit bids). If it is determined that advertised bids will be obtained follow procedures C-H. Local advertisement for bids may be made when you may not have identified all possible vendors.

2. Executive Director

- 2.1. Sign-off approval.

FORM:

1. Cost Quotation

COST QUOTATION

INFORMATION	VALUE
DATE	
DESCRIPTION OF ITEM TO BE PURCHASED	
VENDOR'S NAME	
PERSON PROVIDING QUOTE	
ITEM	
QUOTE (\$)	
ADDITIONAL INFORMATION	

INFORMATION	VALUE
DATE	
DESCRIPTION OF ITEM TO BE PURCHASED	
VENDOR'S NAME	
PERSON PROVIDING QUOTE	
ITEM	
QUOTE (\$)	
ADDITIONAL INFORMATION	

INFORMATION	VALUE
DATE	
DESCRIPTION OF ITEM TO BE PURCHASED	
VENDOR'S NAME	
PERSON PROVIDING QUOTE	
ITEM	
QUOTE (\$)	
ADDITIONAL INFORMATION	

DECISION

VENDOR CHOSEN	ITEM CHOSEN	QUOTE (Justify if Quote is not the lowest)	LOWEST

REQUESTED BY:

Date: _____

APPROVED BY:

Date: _____

C. BID/PROPOSAL PACKAGE

PURPOSE: To establish the process for development of a standard bid package for goods and services.

PROCEDURES:

1. Program Director

- 1.1. Prepare the scope of work statement and/or specifications of materials/services to be solicited.

2. Contracts Officer

- 2.1. Establish the solicitation time frame which includes:
- 2.2. Date and time period for advertisement.
- 2.3. Closing date for receipt of bids/proposals.
- 2.4. Opening date of bids/proposals.

3. Program Director

- 3.1. Establish minimum requirements.
- 3.2. Establish evaluation criteria, if applicable.

4. Contracts Officer

- 4.1. Prepare the bid package which includes:
- 4.2. Cover sheet (closing and opening date)
- 4.3. Statement of work specifications or materials to be purchased.
- 4.4. Minimum requirements
- 4.5. Evaluation criteria
- 4.6. Work quality standards
- 4.7. Proposal format
- 4.8. Sample contract
- 4.9. Date of bidder's conference
- 4.10. Right of the agency to accept or reject all bids
- 4.11. Period of contract

ADDITIONAL INFORMATION

1. Minimum requirements must include:
 - a. Certification regarding debarment and suspension.
 - b. Lobbying
 - c. Drug Free Workplace
2. Affirmative Action Steps must include:
 - a. Giving preference to each of the following:
 - Minority Firms
 - Women Business Enterprises
 - Labor Surplus Area Firms
 - Small Business (defined as any business whose gross revenue \$2,000,000 or less per year)

3. PA'A TAOTAO TANO' shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of proper procurement. Consideration must be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources.
4. Minimum requirements cannot be unreasonable or excessive.

FORMS:

1. Certification Regarding Debarment and Suspension
2. Certification Regarding Lobbying
3. Drug Free Workplace Certification

CONTRACTOR

CONTRACTOR'S NAME: _____

Certification Regarding

Debarment, Suspension and Other Responsibility Matters

Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 29 CFR Part 98, Section 98.510, Participants' responsibilities. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211).

(BEFORE SIGNING CERTIFICATION, READ ATTACHED INSTRUCTION)

1. The prospective contractor certifies to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission or any of the offense enumerated in paragraph (1)(b) of this certification; and
 - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.
2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE: _____

DATE: _____

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective contractor is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Department of Labor's (DOL) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the DOL determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the DOL may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the DOL if at any time the prospective primary participant learns its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction"; "debarred", "suspended", "ineligible", "lower tier covered transaction", "participant", "person", "primary covered transaction", "principal", "proposal", and "voluntarily excluded", as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the DOL for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the DOL.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions", provided by the DOL, without modification, in all lower tier covered transactions and all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determined the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded From Procurement or Nonprocurement Programs.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause.

The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the agency may terminate this transaction for cause or default.

Certification Regarding Lobbying**Certification for Contracts, Grants, Loans and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant loan or cooperative agreement, the undersigned shall complete and submit Standard Form a-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall required that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loan and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Organization:_____

Authorized Signature:_____

Title:_____

Date:_____

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:
 - a. *Controlled substance* means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

- b. *Conviction* means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;
- c. *Criminal drug statute* means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance
- d. *Employee* means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- b. Establishing an ongoing drug-free awareness program to inform employees about --
 - 1. The dangers of drug abuse in the workplace;
 - 2. The grantee's policy of maintaining a drug-free workplace;
 - 3. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- d. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
 - 1. Abide by the terms of the statement; and
 - 2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- e. Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted

employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

- f. Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted --
 - 1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).
- h. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance

Street address

City: _____

County: _____

State: _____

Zip code: _____

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

- a. The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;
- b. If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

D. SOLICITATION OF BIDS/PROPOSALS

PURPOSE: To establish a standard method of advertising procurement activities to assure maximum open and free competition.

PROCEDURES:

1. Program Director

- 1.1. Prepare the advertisement for newspaper.
- 1.2. Prepare notice to be posted.
- 1.3. Submit to Contracts.

2. Contracts Officer

- 2.1. Submit advertisement to newspaper and post advertisement.
- 2.2. Secure documentation of advertisement, i.e. newspaper - tear sheet, posting signed statement from the office where it was posted.
- 2.3. Notify all individuals on the bidders list of solicitation, if applicable.

3. Secretary

- 3.1. Record the name of the individuals or firms requesting bid packages, the date the request was received, and the date the bid package was sent.

4. Program Director

- 4.1. Prepare technical information for bidder's conference.
- 4.2. Facilitate bidder's conference.

5. Secretary

- 5.1. Provide sign-in sheet for bidder's conference and ensure all individuals sign.
- 5.2. Record minutes of bidder's conference.

ADDITIONAL INFORMATION:

1. No verbal information about the solicitation will be provided to anyone.
2. Pre-qualified bidders list is the names and addresses of firms/individuals who have submitted all information necessary to certify that they meet requirements to be responsible bidder. All firms/individuals on the list will be sent bid packages automatically.

E. RECEIPT OF BIDS/PROPOSALS

PURPOSE: To establish procedures that will be followed to assure equal treatment to all perspective bidders.

PROCEDURES:

1. Designated Staff

- 1.1. All sealed bids/proposals will be logged into the bid/proposal control sheet.
- 1.2. Each bid will be stamped, dated, time of bid received, initiated by person receiving bid.

2. Executive Director

- 2.1. Bids/proposals will be maintained in a secured location until time of opening.
- 2.2. Return all bids received/submitted after closing date, unopened to bidder including letter of explanation as to the reason it was returned.

F. EVALUATION OF BIDS/PROPOSALS AND CONTRACT AWARDS

PURPOSE: To evaluate the bids/proposals submitted, select the contractor and award the contract.

PROCEDURES:

1. Executive Director

- 1.1. Conduct bid opening (public or private).
- 1.2. Bid amounts for public bid openings (IFB's) will be announced at the opening.
- 1.3. Contracts Office
- 1.4. Schedule meeting of evaluation panel.

2. Evaluation Panel

- 2.1. Evaluate bids/proposals for compliance with all requirements.
- 2.2. Evaluate the responsive bids/proposals based on cost of criteria established in the bid package.
- 2.3. Prepare summary of points/costs for all of the responsive bidders.
- 2.4. Submit the name, the bid amount and justification for selection of the individual/firm selected for contract award to Executive Director for approval.

3. Contracts Officer

- 3.1. Send the notice to contract to selected contractor and secure the following information:
- 3.2. Certificate of insurance, if applicable.
- 3.3. Review and approve suppliers list, if applicable.
- 3.4. Secure a copy of all required licenses, if applicable.
- 3.5. Certification regarding suspension and debarment from suppliers and subcontractors.
- 3.6. Verify that the insurance meets requirements, if applicable.
- 3.7. Secure fully executed contract.
- 3.8. Provide written notification to unsuccessful bidders.
- 3.9. Schedule debriefing conference for bidders based on individual requests.

ADDITIONAL INFORMATION:

1. The Personnel Policies provide standards of conduct for employees/officers or agents to avoid conflict of interest.
2. Responsive bidder is a bidder who meets all requirements identified in the bid package.
3. The contract is not awarded at the time of the public bid opening.
4. A sample format for a debriefing conference is as follows (debriefing is only held at the request of the bidder):
5. Schedule date and time of debriefing conferences with unsuccessful contractor.
6. Inform unsuccessful contractor of the following:
 - a. Points for each criterion of unsuccessful contractors bid.
 - b. Dollar amount of successful contractor.

G. PROTEST PROCEDURES

PURPOSE: To provide specific actions which will be taken should a protest be filed by an unsuccessful bidder.

PROCEDURES:

- 1. Protester**
 - 1.1. File a written complaint using the agency specified format within ten (10) working days after notice of rejection.
- 2. Contracts Officer**
 - 2.1. Notify contractor that a complaint of protest has been filed.
- 3. Executive Director**
 - 3.1. Schedule the meeting of protest committee to review complaint.
- 4. Protest Committee**
 - 4.1. Conduct meeting to evaluate protest within ten (10) working days of the filing of the receipt of protest.
 - 4.1.1. Record minutes of evaluation of protest committee meeting.
 - 4.2. Issue a decision to agency Executive Director within five (5) working days of the meeting of the protest committee.

ADDITIONAL INFORMATION:

1. Protest format will contain the following:
 - a. Notice of protest and specific reasons for filing the protest.
 - b. Statement stating this is a protest letter.
 - c. A detailed statement of the grounds for protest.
 - d. A specific request for a ruling by the protest committee and a statement of the relief requested.

***If this information is not furnished, PA'A TAOTAO TANO' may refuse to consider the protest.**
2. Protests must always be provided in writing.
3. The individuals who sit on the protest committee must be identified in writing prior to commencement of all procurement activities.
4. The contracting officer and program director should not be involved in the protest procedures other than to provide technical support to the protest committee

H. RECORDS MANAGEMENT

PURPOSE: To detail the required information that must be maintained in the bid process, contract, and protest (if applicable) to ensure proper documentation.

PROCEDURES:

1. Contracts Officer

- 1.1. Establish and maintain the bid file(s) which includes:
 - 1.1.1. Cost estimate and approval to proceed with the procurement.
 - 1.1.2. Documentation of advertisement.
 - 1.1.3. Bid/proposal package.
 - 1.1.4. List of individuals attending the bidders conference (sign-in sheet).
 - 1.1.5. Minutes of the bidders conference.
 - 1.1.6. List of evaluation panel members.
 - 1.1.7. Bids received.
 - 1.1.8. Summary sheet and work papers.
 - 1.1.9. Rejection letters.
- 1.2. Establish and maintain contractor files that include the following information:
 - 1.2.1. Bid/Proposal
 - 1.2.2. Notice to Contract
 - 1.2.3. Certificate of Insurance
 - 1.2.4. Licenses, if applicable
 - 1.2.5. Payment Requests
 - 1.2.6. Performance Evaluations
 - 1.2.7. Change Order, if applicable
 - 1.2.8. Contract
 - 1.2.9. Certifications
 - 1.2.9.1. Suspension and Debarment
 - 1.2.9.2. Lobbying
 - 1.2.9.3. Drug Free Workplace

2. Executive Director

- 2.1. Protest File
- 2.2. List of protest committee members.
- 2.3. Copy of the protest committee correspondence, meeting minutes, and work papers.

VII. INTERNAL FUND STATUS REPORT

PURPOSE: The report is to provide the Board of Directors, Executive Director, and Program Directors with the information to effectively monitor program expenditures.

PROCEDURES:

1. Fiscal Officer

- 1.1. Prepare a report for each funding source that includes planned budget, actual expenditures for the month, cumulative expenditures, and unobligated balance.
- 1.2. Present reports to Executive Director and appropriate Project Directors by the 15th day of each month.

2. Executive Director/Project Directors

- 2.1. Reviews reports and requests corrections when errors are identified.
- 2.2. Fiscal Officer
- 2.3. Research identified errors and make corrections, as appropriate.

ADDITIONAL INFORMATION:

None at this time

VIII. AUDIT

A. PA'A TAOTAO TANO'

PA'A TAOTAO TANO', Inc. (PA'A TAOTAO TANO') will perform audits annually. The audits will be conducted by an independent Certified Public Account (CPA). They will comply with applicable American Institute of Certified Public Accountants (AICPA) audit guidelines, the U.S. General Accounting Office's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (the "Yellow Book"), and other applicable legal requirements specified in publications such as the following:

1. Non-Governmental Agencies

- a. Guidelines for Financial and Compliance Audits of Federally Assisted Programs (included in OMB Circular A-133).
- b. Cost Principles for non-profit organizations (OMB Circular A 122).
- c. Grants and Agreements with Institutes of Higher Education, Hospitals, and other non-profit organizations - Uniform Administrative Requirements (OMB Circular A-110).

IX. CASH MANAGEMENT

A. CASH ANALYSIS

PURPOSE: The procedure is established to insure that the Pa'a is minimizing the time elapsing between the receipt and disbursement of government funds.

PROCEDURES:

1. Fiscal Officer

- 1.1. Establish a cash flow projection for each grant and contract operated by Pa'a that receives advances.
- 1.2. Submit the cash flow projection to the Assistant Director for review and approval.

2. Executive Director

- 2.1. Review the cash flow projection and make modifications as determined necessary and approve.

3. Fiscal Officer

- 3.1. Request cash from funding sources based on the analysis and projection of cash needs.
- 3.2. Reconcile the cash received with the actual disbursement on a monthly basis.
- 3.3. Revise cash requests based on monthly reconciliations.

FORM:

1. Pa'a Cash Flow Analysis

ARTICLES OF INCORPORATION
OF
PA'A TAOTAO TANO
A GUAM NONPROFIT CORPORATION

The undersigned, desiring to become incorporated as a corporation under, and in accordance with the laws of the territory of Guam, and to obtain the benefits conferred by law upon corporation, do hereby mutually agree upon and enter into the following articles of incorporation.

Article 1: Corporate Name

The name of the Corporation shall be: Pa'a TAOTAO TANO

Article 2: Principle Office

The principal and physical address of the corporation shall be No. 317 Pale Duenas Street, Santa Rita, Guam 96915. The mailing address of the corporation shall be: P.O. Box 3503, Hagatna, Guam 96910. There may be subordinate or branch offices in any place or places within or without the territory of Guam as may be deemed necessary or requisite by the board of directors to transact the business of the corporation.

Article 3: Purposes and Powers

Section 1. Primary, Secondary Purposes. The purposes for which the corporation is formed are to:

- a) Perpetuate, memorialize and educate the history, language, and traditions of the Chamorro people and its culture.
- b) Discover, procure, and preserve physical objects that may relate to the history of the Chamorro people and its culture.
- c) Promote, foster, and encourage the marketing and presenting of traditional Chamorro arts.
- d) To own operate and maintain premises within which to set out the purpose stated herein.
- e) Seek grants and contributions and to operate such fund raising activities as will provide the necessary capital to achieve the purposes set out in paragraphs 2(a), (b), (c) and (d) of the articles of incorporation.

Section 2. Powers. The powers of the corporation shall be to:

- a) Own and hold and/or lease, purchase, mortgage, sell or otherwise dispose of in its name personal property or appurtenances and to purchase in its name, lease, mortgage, sell or otherwise divest itself of real property or any interest therein for use in connection with its purposes, all property, both real and personal, to be used or disposed of only in the interest of the corporation and in furtherance of its objectives; and the corporation shall operate as a nonprofit making enterprise; to perform or contract for the performance by others of any work or service deemed necessary or desirable in carrying on or furthering the purposes of the corporation, and in the upkeep, improvement or the preservation of the corporation's property interest.
- b) Promulgate nondiscriminatory rules and regulations governing the rights and activities of its members in their use of the corporation's facilities.
- c) Conduct classes, lectures, demonstrations, performances, and seminars and publish tracts, manuscripts, books, and other forms of medium intended to assist in the goal of preserving, educating and perpetuating the history, language, and traditions of the Chamorro people and its culture.
- d) Carry on all other business not specifically herein above-mentioned and non inconsistent with law in furtherance of the purposes of the corporation set forth in paragraph 3 of these articles.

Article 4: Corporation Succession

The corporation shall have succession by its corporate name for the term of fifty (50) years, and as thereafter extended in the manner provided by law, and it shall have all the powers herein enumerated or implied therefrom and the powers now provided (or which may be hereafter provided) by law for incorporated companies.

This nonprofit shall not issue stock. In the event of dissolution of the corporation, any assets after liabilities have been paid, shall be donated to a nonprofit organization or corporation designated by the directors.

Article 5: Corporate Membership

Section 1. Corporate Membership. The corporation shall originally consist of no less than three (3) no more than seven (7) members of which five of the seven board of directors must be Guam residents. Directors shall subscribe an oath or affirm his or her willingness to support the purposes for which the corporation has been organized. Additional members shall be selected and approved by three-fourths (3/4) majority vote of the board of directors present at a meeting called with that item on the agenda.

Section 2. Term of Office. The members of the corporation shall serve for a term of two (2) years. Thereafter, replacements for other directors shall be selected by three-fourths (3/4) majority vote of the total members present at the meeting.

Section 3. Vacancies. If a vacancy occurs in one of the membership positions the chairman shall select a replacement who shall serve for the remainder of the term of the selectee who was occupying the position that became vacant. If a vacancy occurs in the positions selected by the membership, the remaining members may elect, at a regular or special meeting and by three-fourths (3/4) majority votes of the members present, a successor to serve for the unexpired term of the person occupying the position that became vacant.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any member.

A resignation, to be effective, must be in writing and delivered to the chairman, to the board of directors, or to the secretary of the corporation. Any resignation shall take effect at the date of receipt of the notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

Section 4. Removal of Members. Any member may be removed by a three-fourths (3/4) majority vote of the members whenever, in their judgment, the best interest of the membership shall be served thereby. Any member who has been absent from three (3) consecutive regular meetings of the membership without excuse shall be disqualified from continuing service and the position shall be declared vacant. Absence of three (3) consecutive regular meetings shall be deemed to be a resignation by that member.

Section 5. Incorporator Members. The names and addresses of the incorporator members of the corporation are:

NAME	ADDRESS
Raymond Corry, Director	2810 Manga Street, Beach, Agat, Guam 99615
Christopher Denny, Director	215 Crossroad Street, Piti, Guam 96925
Anthony Varna, Director	36 West Right Lane, Piti, Guam 96925
Richard Blanco, Director	185 Court Street, Yigo, Guam 96929
Sherry Gilmore	128 Beach Street, Mt. Santa Rosa, Yigo, Guam 96929
Jane Reno, Director	10 East Norway, Piti, Guam 96925
Deena Castillo, Director	985 Route 18, Barrigada, Guam 96913
James Tomlin, Director	20 Court Way, Inarajan, Guam 96917

Table 1: Names and Addresses of Incorporated Members

Article 6: Nonprofit Status

The corporation is organized exclusively to be a nonprofit corporation. It shall not issue any stock or other evidence of ownership. No part of its assets, income or earnings shall inure to the benefit of or be distributable to its members, except, that the corporation is authorized and empowered to pay reasonable compensation for services actually rendered and to make payments in furtherance of the purposes set forth in Article Three. No substantial part of the corporation's activities shall be the carrying on of the propaganda or otherwise attempting to influence legislation. The corporation shall not participate in or intervene in any political campaign for public office, including the publishing or distribution of statements. The corporation shall not carry on activities which are not permitted to be carried on by a corporation exempt from Federal Income Tax under Internal Revenue Code Section 510(c)(3), as that section is applicable to the Territory of Guam, or a corporation, contributions to which are deductible under Internal Revenue Code Section 170(c)(2), or the corresponding provisions of any future United States Internal Revenue laws, as they may be applicable to the Territory of Guam. In the event that the Territory of Guam enacts its own tax code, separate from the United States Internal Revenue Code, the corporation shall not carry on activities that are not permitted to be carried on by a corporation eligible for grants from the National Endowment for Humanities and shall maintain its nonprofit status.

Article 7: Amendment of Articles of Incorporation

The affirmative vote of the holders of two thirds (2/3) of the members shall be required to effect any proposed amendments to the articles of incorporation, except as otherwise affirmatively provided by law or by these articles of incorporation.

Article 8: Officers

The offices of the corporation shall be a chairman, vice-chairman, secretary, and a treasurer. All offices must be residents of Guam. The corporation may have the additional offices that may be determined in accordance with the bylaws from time to time. The officers shall have the powers, perform the duties, and be appointed as may be determined in accordance with the bylaws. Any person may hold two (2) or more offices of the corporation, is so provided by the bylaws, provided, not officer may hold an office for more than two (2) consecutive years.

Article 9: Board of Directors

The board of directors shall consist of the number of persons, not less than three (3) and not more than seven (7), that shall be determined in accordance with the bylaws from time to time; provided, that the number of directors may be increased to as many as eleven (11) by the formal assent of a majority of the members. The directors (and alternated directors or substitute directors, if any) shall be elected or appointed in the

manner provided by the bylaws, and all vacancies in the office or director or any officer shall be filled in the manner provided for in the bylaws.

- a) Powers of the Directors. The directors shall have full control and management of the affairs, business and property of the corporation.
- b) Reduction of directors. Subject to Section 310 of the Civil Code of Guam, no reduction of the number of directors shall have the effect of removing any director prior to the expiration of that director's term of office.
- c) Direction of Purpose and Exercise of Power by Directors. The board of directors, subject to any specific written limitation, any restriction imposed by law, or by these articles of incorporation, shall direct the carrying out of the purposes and exercise the powers of the corporation without previous authorization or subsequent approval by the shareholders of the corporation.
- d) Initial board of directors. The initial board of directors shall consist of three (3) members, each of whom shall be a resident of the Territory of Guam, and who shall serve as directors until the first annual meeting of members or until their successors shall have been elected and qualified. At the first meeting of the initial board of directors, the number of the board of directors shall be expanded to include all the members of the corporation. The names and addresses of the initial board of directors are:

NAME	ADDRESS
Raymond Corry, Director	2810 Manga Street, Beach, Agat, Guam 99615
Christopher Denny, Director	215 Crossroad Street, Piti, Guam 96925
Anthony Varna, Director	36 West Right Lane, Piti, Guam 96925
Richard Blanco, Director	185 Court Street, Yigo, Guam 96929
Sherry Gilmore	128 Beach Street, Mt. Santa Rosa, Yigo, Guam 96929
Jane Reno, Director	10 East Norway, Piti, Guam 96925
Deena Castillo, Director	985 Route 18, Barrigada, Guam 96913
James Tomlin, Director	20 Court Way, Inarajan, Guam 96917

Table 2: Board of Directors

Article 10: Adoption and Amendment of Bylaws

Bylaws may be adopted or existing bylaws repealed or amended, only at a members' meeting called for that purpose, by a vote of the members entitled to exercise a majority of the voting power of the corporation, or by written assent of such members.

Article 11: Service of Process

Service of legal process may be made upon the corporation in the manner provided by law.

Article 12: Limitation of Liability

The property of the corporation alone shall be liable for its debts and the members and officers shall incur no personal liability for corporate debts by reason of their membership or position.

Article 13: Distribution in Event of Dissolution

In the event of dissolution of the corporation, the board of directors shall, or if there is no board of directors, the members shall, after paying or making provision for payment of all liabilities of the corporation, dispose of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organizations organized and operated exclusively for educational purposes as at the time qualify as exempt organizations under Internal Revenue Code, Section 501(c)(3), or the corresponding provisions of any future United States Internal Revenue Laws, as they may be applicable to the territory of Guam. Any of such assets not so disposed of shall be distributed by the Superior Court of Guam for the above purposes, or to such organizations which are organized and operated for such purposes as the court determines.

IN WITNESS WHEREOF, the undersigned have sworn to execute the terms of the Articles of incorporation of the Pa'a Taotao Tano on this ____ day of _____, 2001.

Raymond Corry

Christopher Denny

Anthony Varna

Richard Blanco

Sherry Gilmore

Jane Reno

Deena Castillo

James Tomlin

ATTESTED TO:

Temporary Secretary

CITY OF _____)

(ss:

HAGATNA, GUAM)

On this ____ day of _____, 2001, before me, Raymond Corry, Christopher Denny, Anthony Varna, Richard Blanco, Sherry Gilmore, Jane Reno, Deena Castillo, James Tomlin undersigned, personally appeared the people names above known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledges to me that they executive the same as their free and voluntary act and deed for the purposes and uses therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day year first above written.

NOTARY PUBLIC

CERTIFICATE OF THE SECRETARY
OF
Pa'a TAOTAO TANO

A Guam Nonprofit Corporation

I, _____, being first duly sworn and under oath, depose and say: That I am the
duly elected Secretary of Pa'a TAOTAO TANO, a nonprofit corporation, and that I am a
resident of Guam, having a residence address of _____,
Guam 96925.

Dated this ____ day of _____, 2001

Signature

SUBSCRIBED AND SWORN to before me on the ____ day of _____, 2001 by ____

NORTARY PUBLIC

BY LAWS OF Pa'a TAOTAO TANO

A GUAM Non-Profit Corporation

Article 1: Members' Meeting

Section 1. Place of Meetings.

Any or all meetings of the members and of the board of directors of this corporation may be held at the office of the corporation within the Territory of Guam or as may be designated for that purpose from time to time by the board of directors.

Section 2. Annual Meetings.

The annual meeting of members held on a date and time to be set by the board at their meeting in September of each year, at which time, the members shall elect the board of directors, consider reports of the affairs of the corporation, and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings.

Special meetings of the members, other than those regulated by statute, for any purpose or purposes whatsoever, may be called at any time by a majority vote of the board of directors or by at least (3) of the members of the corporation or by the chairperson.

Section 4. Notice of Meetings.

Written notices of meetings, annual or special, if required, shall be given to members entitled to vote by the secretary or assistant secretary, or if there be no such officer, or in case of his neglect or refusal to act, by any director or member.

Such notices shall be delivered to the members' address appearing on the books of the corporation, or supplied by them to the corporation for the purpose of notice, not less than ten (10) days before such meeting.

Notices of any meeting of members shall specify the place, the day and the hour of meeting, and in case of a special meeting, the general nature of the business to be transacted.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in case of an original meeting. Save, as aforesaid, it shall

not be necessary to give any notice of the adjournment meeting other than by announcement at the meeting at which such adjournment is taken.

Section 5. Consent to Members' Meetings.

Actions at meetings of members, however, called and noticed, shall be valid as though had a meeting duly held after regular call and notice, if a quorum be present, either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approval shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 6. Members Acting Without Meeting.

Any action which may be taken at a meeting of the members may be taken without a meeting if authorized by a writing signed by all of the members who would be entitled to vote at a meeting for such purpose, and filed with the secretary of the corporation.

Section 7. Quorum.

A majority of the members entitled to vote thereat, present in person or by proxy, shall be necessary to constitute a quorum for the transaction of business at all meetings of the members except as otherwise provided by law, by the articles of incorporation, or by these bylaws. If, however, such majority shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite number of voting members shall be present. At such adjourned meeting at which the requisite number of members be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 8. Voting Rights.

Only those members in whose names stand on the records of the corporation on the day of any meeting of members shall be entitled to vote at such meeting, provided, however, that is some other day be fixed by the board of directors for the determination of members of record, then on such other day.

Every member is entitled to one vote.

Section 9. Proxies.

Every member entitled to vote may do so, either in person or by written proxy, executed in accordance with the provisions of the laws of Guam, and filed with the secretary of the corporation.

Section 10. Qualification and Conditions of Membership.

- The corporation shall have one (1) class of members and the property, voting, and other rights, interests, and privileges of each member shall be equal.
- All members who qualify pursuant to Article Five of the articles of incorporation are eligible to be members of this corporation.
- Applicants shall be admitted to membership on application to and acceptance by the board of directors.

Section 11. Fees, Dues and Assessments.

There shall be not fees for application for membership, no annual dues, and the membership are non-assessable.

Section 12. Membership Record.

The corporation shall not issue membership certificates but shall keep a membership book containing the name and address of each member. Termination of the membership of any member shall be recorded in the book together with the date on which such membership ceased. Such book shall be available for inspection by the directors and other members of the corporation.

Section 13. Number of Members.

There will be an unlimited number of members of the corporation.

Section 14. Non-Liability of Members.

No member of this corporation shall be personally liable for the debts, liabilities, or obligations of the corporation.

Section 15. Transferability of Membership.

Membership in this corporation is non-transferrable and non-assignable.

Section 16. Removal of Members.

Any member may be removed by a three-fourths (3/4) majority vote of the members present at a meeting with that item on the agenda whenever, in their judgment, the best interest of the membership shall be served thereby. Any member who has been absent from three (3) consecutive regular meetings of the membership without excuse shall be disqualified from continuing service and the position shall be

declared vacant. Absence of three (3) consecutive regular meetings shall be deemed to be resignation by that member

Article 2: Directors: Management

Section 1. Powers.

Subject to the limitation of the articles of incorporation, the bylaws and the laws of Guam, as to action to be authorized or approved by the members, all corporate powers shall be exercised by or under authority of, and the business and affairs of this corporation shall be controlled by a board of directors.

Section 2. Number of Qualification.

There shall be three (3) to seven (7) members of the board of directors. All of the directors will initially be selected by the incorporator members. Thereafter, replacements for the other directors shall be selected by the sitting members by a three-fourths (3/4) majority vote of the total membership present at a meeting with the item on the agenda.

Section 3. Election and Tenure of Office.

The directors shall be elected by three-fourths (3/4) majority vote of the members present at the annual meeting of the members or at a regular or special meeting with that item on the agenda. The term of office of each new director shall begin immediately after the election and each new director shall serve for an initial term of two (2) years.

Section 4. Vacancies.

- Vacancies in the board of directors shall exist on the death, resignation, or removal of any director; whenever the number of directors authorized is increased; and on failure of the members in any election to elect the full number of directors authorized.
- When a vacancy occurs, the vacancy shall be filled by election at a special members' meeting with that item on the agenda.
- A person elected director to fill a vacancy shall hold office for the unexpired term of his predecessor.

Section 5. Removal of Directors.

The entire Board of Directors or any individual director may be removed from office as provided by 18 G.C.A. §2209. After notification, by the executive director, any director who has been absent from three (3) consecutive regular meetings of the directors without excuse may be disqualified from continuing service and the position

may be declared vacant. Absence from three (3) consecutive regular meetings may be deemed to be a resignation by that director.

Section 6. Meetings.

The board of directors may meet at any place designated by them for a meeting in Guam. The annual meeting of the board of directors shall be held immediately following the adjournment of the annual meeting of the members.

Regular meetings of the board of directors shall be held at such times as are fixed from time to time by resolution of the executive committee or by the chairman or by resolution of the board.

Notice need not be given of regular meetings of the board of directors held at times fixed by resolution of the board.

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman or if he is absent or unable or refuses to act, by any vice-chairman or by any three (3) categories.

Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each director by letter or by facsimile, addressed to them at their address as they are shown upon the records of the corporation, or if they are not shown on such records or is not readily ascertainable, then by a notice published in a daily newspaper published in Guam at last forty-eight (48) hours before the meeting. In case such notice is mailed or sent by facsimile, it shall be deposited in the United States mail at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered personally, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting, whether prior to or after the holding of such meeting, which said waiver shall be filed with the secretary of the corporation, any business may be transacted which might have been transacted if the meeting had been duly called and noticed.

Section 7. Directors Acting Without a Meeting.

Any action which may be taken at a meeting of the directors' may be taken without a meeting if authorized in writing signed by all of the directors who would be entitled to vote a meeting for such purpose, and filed with the secretary of the corporation. All action taken without a meeting must be by a unanimous vote.

Section 8. Notice of Adjournment.

Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 9. Quorum.

A majority of the number of directors as fixed by the articles or bylaws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

Section 10. Non-Liability of Directors.

The directors shall not be personally liable for debts, liabilities or other obligations of the corporation.

Article 3: Officers

Section 1. Officers.

The officers of the corporation shall be a chairman who shall be a director, vice-chairman and a secretary and a treasurer, all of whom shall be residents of Guam. The corporation may also have, at the discretion of the board of directors, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any member may serve as an officer, but officers need not be members. A person may hold two (2) or more offices of the corporation.

Section 2. Elections.

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this article shall be chosen annually by the board of directors, and each shall hold his office until he shall resign or shall be removed or otherwise be disqualified to serve, or until his successor shall be elected and qualified.

Section 3. Subordinate Officers, etc.

The board of directors may appoint such other officers as the business of the corporation may require, each of who shall hold office for such period, have such authority and perform such duties as are provided in the bylaws or as the board of directors may from time to time determine.

Section 4. Removal and Resignation.

Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the board, or

except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the board of directors or to the chairman, or to the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified there, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the bylaws for regular appointment to such office.

Section 6. Chairman of the Board.

The chairman of the board shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the members and at all meetings of the board of directors. He shall be ex-officio member of all the standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the president or chairman of the board of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

Section 7. Vice-Chairman.

In the absence or disability of the chairman, the vice-chairman in order of their rank as fixed by the board of directors, or if not ranked, the vice-chairman designated by the board of directors, shall perform all the duties of the chairman, and when so acting, shall have all the powers of, and be subject to, all the restrictions upon, the chairman. The vice-chairman shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or by the bylaws.

Section 8. Secretary.

The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the board of directors may order, of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meeting, the number of members present or represented at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office of the corporation a membership register showing the names of the members and their addresses.

The secretary shall give, or cause to be given, notice of all the meetings of the members and of the board of directors required by the bylaws or by law to be given, and he shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

Section 9. Treasurer.

The treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation. The books of account shall at all reasonable time be open to inspection by any member.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the board of director. He shall disburse the funds of the corporation as may be ordered by the board of directors, shall report to the chairman and directors, whenever they request it, on account of all his transactions as treasurer and of the financial condition of the corporation, and shall have any other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

Article 4: Executive and Other Committees

The board of directors shall appoint an executive committee, consisting of the chair, immediate past chair, vice-chair(s), secretary, treasurer, and executive director, and may appoint any other committees as may be necessary from time to time with the powers that it may designate, consistent with the articles of incorporation and bylaws and the laws of Guam. The members shall hold office at the pleasure of the board. The executive committee shall conduct the business of the corporation between meetings of the board of directors; provided that their actions must be ratified at the next board of directors meeting.

Article 5: Executive Director

The board of directors shall hire an executive director to manage the daily affairs of the corporation and the board of directors. The executive director is the executive secretary of the corporation and board of directors and shall be present at all

meetings of the board. The executive director is not an officer of the corporation and shall take direction from the board of directors.

Article 6. Corporate Records and Reports - Inspection

Section 1. Records.

The corporation shall maintain adequate and correct accounts, books and records of its business and properties. All of such books, records and account shall be kept at its principle place of business in Guam, a fixed by the board of directors from time to time.

Section 2. Inspection of Books and Records.

All books and records provided for in 18 G.C.A. §4201 shall be open to inspection of the directors and other members from time to time and in the manner provided in said 18 G.C.A. §4202.

Section 3. Certification and Inspection of Bylaws.

The original or a copy of these By-laws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members of the Corporation, as provided in 19 G.C.A. §2201.

Section 4. Checks, Drafts, Etc. – How Executed.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the board of directors unless otherwise provided in the bylaws.

Section 5. Contracts, etc. How Executed.

The board of directors, except as otherwise provided in the bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the board of directors, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount provided. See Article IX Section 2 of the bylaws.

Section 6. Annual Report.

The directors shall cause to be sent to the members, not later than one hundred twenty (120) days after the close of the fiscal year, a balance sheet as of the fiscal year, a balance sheet as of the closing date of such year, together with a statement of income and profit and loss for such year. These financial statements shall be certified to by the chairman, secretary, treasurer or a public accountant.

Article 7: Corporate Seal

The corporate seal shall be circular in form, and shall have inscribed thereon the name of the corporation, the date of its incorporation, and the word "Guam."

Article 8

Section 1. By Members.

These bylaws may be altered, amended, repealed, or added to by the members at their annual meeting, or at any other meeting of the members called for that purpose, by a vote of the members entitled to exercise a majority of the voting power of the corporation, or by written assent of such members.

Section 2. Record of Amendments.

Whenever an amendment or new bylaw is adopted, it shall be copied in the book of bylaws with the original bylaws, in the appropriate place. If any bylaw is repealed, the fact of repeal with the date of the meeting at which was enacted or written assent was filed shall be stated in said book.

Article 9

Section 1. Dealing with the Corporation.

Conflicts of Interest. The Council shall adopt a conflict of interest policy and provide for its implementation.

Section 2. Execution of Instruments.

All checks and other orders for the payment of money, drafts, notes, bonds, acceptances, contracts, and all other instruments, except as otherwise provided by these bylaws, shall be signed by the two (2) officers of the corporation for all amounts. A financial status report will be provided at all regular meetings of the board of directors.

Section 3. Auditor.

The members, at the annual meeting or any special meeting called for the purpose, shall appoint a person, firm or corporation engaged in the field of public accounting to act as auditor of the corporation. No member shall be eligible to serve as auditor of the corporation. The auditor shall, at least once in each fiscal year, and more often if required by the members, examine the books and papers of the corporation and compare the statements of the treasurer with the books and vouchers of the corporation, and otherwise make an audit of the books of the corporation, and thereafter make appropriate reports.

Section 4. Fiscal Year.

The fiscal year of the corporation shall be from November 1 to October 31 of the following year.

Section 5. Construction and Definitions.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the statutes of Guam relating to corporations shall govern the construction of these bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and the neuter, the singular number includes the plural and the plural number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

IN WITNESS WHEREOF, the undersigned have sworn to execute the terms of the Articles of Incorporation of the Pa'a Taotao Tano on this day of , 2001.

Raymond Corry

Christopher Denny

Anthony Varna

Richard Blanco

Sherry Gilmore

Jane Reno

Deena Castillo

James Tomlin

ATTESTED TO:

Temporary Secretary

CITY OF _____)

(_____ ss:

HAGATNA, GUAM _____)

On this day of _____, 2001, before me, Raymond Corry, Christopher Denny, Anthony Varna, Richard Blanco, Sherry Gilmore, Jane Reno, Deena Castillo, James Tomlin undersigned, personally appeared the people names above known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledges to me that they executive the same as their free and voluntary act and deed for the purposes and uses therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day year first above written.

NOTARY PUBLIC