CHAPTER 6

GRANT MANAGEMENT AND FISCAL RESPONSIBILITY
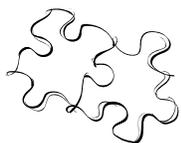
"The CASA program manages its operation in accordance with generally accepted financial and risk management practices and applicable federal, state and local statutory requirements."
- National CASA Association Quality Assurance Standard #8

"Each CASA program shall have in written form the following: . . .
(7) A resource development plan and, with respect to a CASA program housed within a multi-program not-for-profit organization, a fund-raising protocol outlining responsibilities; . . .
(9) A current program budget containing expenditure and income projections and the sources and amounts of income from each source; and
(10) Internal financial control procedures."
- Rules Of The Chief Administrator §117.2 Program Requirements (C) Record-Keeping

INTRODUCTION

CASA staff frequently becomes involved in the program in response to the call to provide a voice in court for every child who needs one. Program directors often find themselves in uncharted territory of grant writing and reporting, direct appeals, donor stewardship, event planning and government funding. In no time at all, we find that if we fail to vigorously raise and efficiently manage the money to do this good work, there will be no resources to support the volunteers and no capacity to serve children.

We agree to function as caretaker of the program's assets, debts and well being for the long-term best interests of the program in handling CASA's fiscal obligations. We must carry out these responsibilities with the utmost degree of good faith, honesty, integrity and loyalty. Best practice mandates this work be accomplished with transparency and accountability, to keep bad things from happening to good CASA programs.

This can prove a time-consuming task that must be balanced with managing the service to the children. Good organizational skills can simplify the process and allow you to devote more resources to programmatic issues. Basics include:

o *Read every contract in detail prior to signing it*. You may not have a lot of control over what is in it, but you do have complete control over complying with it and thus increasing your chances of repeating and/or enhancing funding from that source. Take this opportunity to enter any reporting or re-application deadlines in your calendar. Know what deliverables are expected of you and when.

o *Make realistic commitments.* Be realistic and conservative when proposing deliverables; it is always better to report that you were able to accomplish more than promised than to explain why you failed to do that to which you committed.

o *Periodic, consistent review of your deliverables will help you stay on target*. A regular look at how you are doing need not be only at the request of funder or reported to them. It will help you adjust your priorities and/or request modifications if necessary.

o *Make a good faith effort to communicate all significant information, as requested, in a timely manner.* When you are notified of a deadline, put it on your calendar as a priority item due one week ahead of the actual deadline. That way last minute program crises will not prevent you from meeting your obligations. In the event that you are, despite all best efforts, unable to meet a deadline, let your funders know in advance. They are very likely to work with you if you will communicate reasonable requests in a reasonable manner and they don't see this as a pattern

o *Have good, simple answers*. Don't make a question more complicated than it needs to be.

o *Appreciate that tough questions from funders are appropriate and not hostile.* It is their job to manage their investment in your program and your job to be a responsible caretaker of the program's well being.

- *Ask questions*. It is always better to be clear about what it expected of you than to fail based on a lack of understanding. Every question is important when it can help you do a better job. Review expectations early though; funders are more receptive and responsive to questions well in advance of deadlines than at the last minute or after a deadline has passed.

- *Develop a proposed budget for the program.* Recognize that it is a living, breathing document that will change throughout your fiscal year as funding sources ebb and flow.

- *Keep a record of your own of all income and expenses for your program.* Even if your agency has staff that generally handles the fiscal responsibilities, it is best practice that you know the fiscal health of your own program at any given time.

- *Participate fully in any meetings, conferences or conference calls regarding your funding streams*. Respond in a timely manner to any inquiries.

- *Develop strong working relationships with your contract managers, as well as individual or corporate donors*. They are real people who want to work with people and missions they value. Keep communications open by calling or emailing them with a casual update; they may like to know what is happening with their investments above and beyond required reporting. Respond promptly to calls or emails; do not ignore correspondence from a funding source.

- *Never surprise a contract manager with bad news*. If something is not going as planned or there is a programmatic crisis, be sure they hear it from you and not elsewhere. They are likely to have skills and expertise they are happy to share to benefit your program. Remember, they already thought enough of CASA to invest in it; they have good reason to want to see your program meet its challenges and succeed. Likewise, share your successes openly and honestly.

- *If you work miracles with pennies, you will be expected to continue to do so*. Be cognizant of the state average cost per child or per volunteer when requesting grant funding. Be wary of setting up unrealistic expectations for your deliverables. If you can serve 100 children with $10,000, why would they ever give you more to serve the same number of children?

- *When participating in statewide funding initiatives, or working with a funder that also supports other CASA programs, remember that the success of other CASA programs and initiatives may depend on your performance on the grant and on your being a good team player*. We are a network that shares one reputation and public image in New York State's court and child welfare systems. We must each do our best to support and enhance that image and reputation.

- *Take advantage of trainings and conferences offered in the CASA network or in your community to become a strong fiscal manager*. Participation shows your commitment to excellence; asking "Do I have to attend?" can indicate your desire to do the minimum

that is required. Remember that any questions you have are likely to be shared by many others, and participation in group trainings provides opportunities to get answers. In addition, you are required by your UCS contract (see Chapter 7) and CASANYS affiliation agreement (see Chapter 2) to attend Program Directors' meetings.

o *Technical support in the form of grant writing assistance, review and/or letters of support is available through both UCS and CASANYS.* Please don't hesitate to ask!

FISCAL RESPONSIBILITY

Our accountability and transparency obligations include those to our CASA children, the Courts, our funders, and, as not-for-profit organizations, the Attorney General. **The New York State Attorney General's Web site** - www.oag.state,ny.us/charities/charities.html - posts all forms and instructions for registration and annual filing with the Charities Bureau, links to other web sites that provide resources for not-for-profit boards and publications of interest to not-for-profit organizations. (See Resources, Page 18 of this chapter.)

In the wake of several recent crises in for-profit companies such as Enron, the Sarbanes-Oxley (SOX) legislation of 2002 requires CEOs to sign financial papers filed with the Security and Exchange Commission. While targeted at for-profit companies, crises at non-profits have extended the SOX effect to raise the bar for operations and governance for non-profits as well. Several proposals are before the United States Senate Finance Committee.

The National Council on Nonprofit Associations states: "When the Sarbanes-Oxley Act was signed on July 30, 2002, significant changes to financial practices and governance regulations were introduced. Although not directly applicable to the nonprofit sector, these are some common sense applications that can be adopted by nonprofits. Notably, the Act instructs corporations to establish an audit committee, a process for electing audit committee members, and a method for maintaining adequate reporting procedures. In addition, the Act calls for regulations relating to document destruction and whistle-blower protection." For additional information see: http://ncna.org/index.cfm?fuseaction=Page.viewPage&pageID=429.

Guidestar also provides a summary and links regarding SOX and nonprofits: http://www.guidestar.org/DisplayArticle.do?articleId=883.

An excellent handbook resource is: Sarbanes-Oxley for Nonprofits: A Guide to Building Competitive Advantage; Peggy Jackson and Toni Fogarty; Wiley & Sons, 2005.

RISK MANAGEMENT

Bad things happen. Sometimes they are accidents; sometimes they are not. None of us exist in risk-free environments. Risk management is simply the process of doing your best to systematically identify and prepare to manage threats, wherever possible or practical, that could severely impact your program.

Some of the most common potential risks might arise from poor management, inadequate personnel policies or inadequate insurance. Areas to consider include the physical environment; employees and volunteers; their activities both internal to and outside the program; client services; property; sustainable funding; fiscal practice; and your program's reputation. It is important to weigh various risks and prioritize your response planning.

A strong, involved board of directors with a balanced skill set is a first step toward good risk management. Board evaluation is an important facet of any organization's health as a part of carefully considered strategic planning. (See Program Management, Chapter 3, for more information.)

Effective and well informed management in collaboration with that strong board will ensure compliance with applicable laws and regulations; as well as ensure that staff and volunteers are treated fairly and know their own rights and responsibilities. Reducing exposure to risk as well as development of clear personnel and/or volunteer polices and procedures prepare your program to effectively manage risk.

A careful review of your risk management planning on an annual basis will guide and protect effective and productive relationships within your program as well as the community.

Insurance

Another important consideration is potential liability and what insurance protection you will need. The Court Rules §117.2, Program Requirements (g), state "**Liability protection.** Each CASA program shall have liability protection for its Board, staff and volunteers and follow standards set by the New York State and National CASA Associations for participation in continual quality improvement."

The National CASA Association offers an insurance program that may be of assistance for group pricing. More information is available at www.casanet.org. You may also wish to explore insurance through the Council of Community Services, www.ccsnys.org.

There are several types of insurance of which to be aware in order to make a well informed decision as to what coverage your program needs.

1. General liability: provides coverage for "negligent" acts. If your program or its employees or volunteers (including board members) negligently cause someone "bodily injury, personal injury or property damage" general liability insurance provides coverage. In short, if someone is physically injured or his/her reputation is hurt, or another person's property is damaged because of a mistake by someone at your agency, you usually can rely on general liability insurance for coverage.

2. <u>Commercial property</u>: Covers risk of loss to an agency's buildings, equipment or property. Usually includes buildings, personal property of the agency, and personal property of others on site and in the insured's possession. This might include loss of income, rent, or other expenses caused by a covered event.

3. <u>Directors and officers (D&O)</u>: provides 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 and other insured persons and entities. These acts are intentional and result in some type of damage other than bodily injury. Many D&O policies include employment practices liability coverage.

   However, it is important to understand that, even though directors and officers' coverage likely will provide defense against allegations of illegal acts, such as harassment and discrimination, it is not possible to purchase insurance for illegal acts. This means that if a program and/or individual is found guilty of intentional discrimination or harassment, the insurer which defended the lawsuit will not be able to pay any damages awarded by the court and will likely seek reimbursement for the cost of the defense.

   D&O does not cover bodily injury or property damage. You would need auto insurance, workers' compensation, or general liability for such claims.

4. <u>Hired and non-owned auto liability</u>: Coverage that protects a nonprofit for claims that result from the use of a vehicle not owned by the nonprofit but used on the nonprofit's behalf (for example, an employee's or volunteer's personal vehicle). Hired and non-owned coverage is excess over the insurance on the auto involved in the accident. The policy protects the named insured, not the driver of the vehicle. This insurance would be very important if your board chooses to allow transportation by volunteers, although that practice is not recommended by CASANYS or UCS.

5. <u>Professional liability</u>: Also known as malpractice coverage or errors and omissions (E&O); covers liability for damages arising from the rendering of or failure to render professional services. Please note that this is generally not necessary for CASA programs, as CASA volunteers are not considered to be professionals regardless of their professional status outside of CASA.

6. <u>Workers Compensation</u>: required by law, covers only paid employees for death or injury on the job.

7. <u>Employment Practices Liability Insurance (EPLI)</u>: coverage for the results of actual or alleged wrongful termination, sexual harassment or discrimination against an employee or applicant.

For additional information refer to the Insurance Institute: <u>http://www.iii.org/individuals/business/</u>

Other risk management protections:

   <u>Volunteer Protection Act of 1997:</u> provides immunity from claims that might be filed against volunteers. This is generally restricted to claims that a volunteer carelessly injured another in the course of helping a nonprofit. This is limited to claims of negligence and not

claims of gross negligence, willful or criminal misconduct, reckless misconduct, or conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.

This federal act does not provide immunity to the program itself, only to uncompensated volunteers (including board members).

New York State Good Samaritan Act: provides immunity to those who, in good faith and without gross negligence, choose to aid others who are injured or ill. It is intended to reduce bystanders' hesitation to assist, for fear of being prosecuted for unintentional injury or wrongful death. See New York State Public Health Law Section 3000-a.

<u>SUCCESSION PLANNING</u>

Adapted from "A one day training on organizational
and personal readiness for leadership transitions"
Presented by Newell Eaton
Sponsored by UCS
March, 2008

Another important element of risk management is succession planning. Changes happen. Even competently managed and fiscally sound organizations are vulnerable when their leadership changes, whether expected or unexpected, board or staff, and regardless of how long the current leadership has been in place. Change can occur at various levels within an organization – board, staff, or volunteers – or in a larger organization such as the CASA network to which an individual program belongs.

How we plan for change, what attitudes we bring to that change, and the relationships we develop, nurture or minimize in that time of change are all pivotal for the future of the program. Poorly planned or implemented change can create painful transitions, and make change less likely to be effective. Well-planned transitions offer an opportunity to manage endings, use transition time creatively, and ensure a successful new beginning.

There are two basic types of succession planning: emergency and long-range. ***Emergency succession planning*** is critical so that the day-to-day operations of the agency can continue if suddenly your current executive staff is absent. Emergency succession planning involves developing a guide for someone to step into the leadership role. Would they know where critical documents are kept? Who has keys to the building, passwords for bank and computer accounts, grant deliverables and reporting schedules, board information, current case information, and volunteer and staff contacts? This information should all be kept in one place in a form accessible to the key individuals who would need it if the leadership is unavailable, obviously maintaining the confidentiality of the sensitive information involved.

The following is a guide for creating an organizational emergency succession plan:
1. List the people who perform essential functions for the organization, including leaders.
2. For one to three people, list each of the critical functions they perform.
3. Next to each function, list who else in the organization has the skills to perform that function.
4. Also indicate if they have the knowledge to do it.
5. If no one has the skills, identify who could learn.
6. If no one fits, who could you quickly hire or subcontract with to do it?
7. If you have no good answers, how else could this function be performed?
8. For each of the critical functions, indicate how it will be taken care of for three to six months.
9. Remember confidentiality when developing an emergency succession plan; you don't know who will be seeing these documents, so private commentary should be avoided.

For CASA programs, essential information for your successor would include:
- List of active cases and their status
- List of active volunteers and contact information
- List of board members and contact information
- Judicial and court staff information
- Current funders, deliverables and reporting obligations
- Regular meetings you need to attend
- Vendors regularly used by the program
- Equipment inventory including lease and warranty information
- Key reference materials: important manuals, list serves
- Passwords to access computer and files

Keep copies of key documents in a Succession Planning folder so it is readily available in the event of an emergency, so someone stepping in to do a job doesn't have to hunt for the information he or she will need to quickly access. Include backup discs for computer files as well. Revisit the folder regularly to make sure the information is current, and indicate the most recent date you have made changes.

With *Long-range Succession Planning*, you have the opportunity to review your agency mission and goals, and assess what kind of leadership will guide you in the next phase of your organizational development. It is key to get input from all stakeholders in this process, and have a clear, agreed-upon plan for moving forward.

All transitions have three phases:
1. Endings -- with loss, letting go, getting closure and saying goodbye
2. Neutral Zone -- the in-between time which may be chaotic but allows for a clean slate
3. Beginnings -- the new chapter and renewal

Recognizing these phases and allowing the transition process to move forward in its own time can be paramount to a successful transition.

While planning for change may be challenging, uncomfortable, and emotionally difficult, it is a question of when, not if, change will happen. Good succession planning can help manage any risks that might arise as a result of planned or unplanned changes.

Planning strategies may be incorporated into strategic planning, board and staff development and evaluation, or as part of risk management planning. Key elements of a succession planning strategy include:
1. analysis and survey of the program's critical leaders
2. design of an emergency succession plan for the Executive Director, Board President, and/or program director
3. development of cross training plans that prepare other staff or board to be able to cover key functions

Regular and open feedback between board and executive director, or between executive director and program director, offers the information base necessary to build a foundation for transition. Continual conversation about mutual expectations and work goals within the context of the strategic plan will provide a strong working knowledge of the priorities, as well as the basic functions, at any given point in time.

PROGRAM BUDGET BASICS

Budgets are used to plan and monitor the use of resources. Basic elements include your accounting system and policies, internal controls and the budget itself. Good fiscal management systems will safeguard assets, controls and the collection and disbursements of funds. Most importantly, everything will be well documented.

Depending on your own administering agency, you may or may not do your own bookkeeping. However, as a CASA program director, you are still responsible to reasonably plan and monitor your program's fiscal health. A well organized system for maintaining financial records and other important records such as contracts, vouchers, bank accounts, tax information, personnel and payroll records, annual reports, and audits is vital. You or your administering agency's fiscal personnel should work with an accountant to set up your system whether you or they do the actual record keeping. You should, at any given time, be quickly able to identify:

- o what funding source paid for something;

- o what expense categories each contract/grant requires;

- o appropriate and consistent cost allocations.

Only one funding source may be charged for a particular item. Portions of personnel expenses may be allocated to different grants, but not the same portions. The total personnel expense, of course, may not exceed 100%.

Internal Controls are critical to maintaining fiscal health. "Trust" is not an internal control. Your board must approve and be involved in creating these internal controls, which might include:

- o Transaction approval, recording, and payment;

- o Payroll procedures;

- o Bank reconciliations;

- o Check and cash handling.

Additional details on internal controls may be found in NCASAA Quality Assurance Standard #8.

Internal controls suggested by the New York State Attorney General may be found at http://www.oag.state.ny.us/charities/internal_controls.pdf.

The Budget: It is advisable to have an internal, detailed budget for three years covering personnel, fringe benefits, employee taxes, telephones, computers, insurance, rent, utilities, travel, training, supplies, accounting, advertising, legal fees, etc. Using complete and accurate projected financial statements allows you to effectively communicate to a prospective contributor or funder how your program implements healthy fiscal management.

Most budgets will be divided into two major categories:

1. **Personnel**: salaries, fringe benefits and payroll expenses.

2. **Administration and Overhead**: the ongoing expense of operating your program. Usually includes accounting, advertising, insurance, interest, legal fees, rent, repairs, supplies, taxes, telephone, travel and utilities. If a percentage of the overall budget is charged to A&OH, agencies should be prepared to show how this percentage was determined. Various funders allow different percentages of the agency budget to be charged to A&OH, but generally this should not exceed 20%.

You may use several different types of budgets for different purposes. For each, though, just keep it simple, consistent and documented. In any type of budget, direct costs may be split between funding sources. Indirect costs are costs which are not readily identifiable to a specific grant or project.

o   Line item budgets display the budget by income and expense type and show the bottom line as income minus expenses.

o   Source budgets allow us to plan and monitor the use of money from a particular funding source. This is the budget you would often use for a proposal for a grant or contract. A source budget is almost never a complete description of the cost of a program or project, but only shows the costs that are being paid for by that particular funder.

o   Program budgets plan and monitor the use of resources by functions including programs, administration, fundraising, and membership development. This allows you to see the full cost of each activity within your program.

For additional information, refer to "Grant Budget Basics" in this chapter and to Chapter 7 regarding UCS budgets.

Preparation of budget reports will depend on several factors, including the extent to which the program is financially stable, the degree and extent to which the financial picture changes during the period of the report, the availability of cash to meet financial obligations, the availability of staff or other professionals to prepare reports, etc. The executive director should review (if not prepare) all reports prior to presenting them to board members to ensure that the financial information is balanced, makes sense and can be translated into issues and opportunities facing the program. Issues to consider include:

o   How does actual financial experience compare with the budget?

o   Is specific action called for, such as limiting expenses in certain areas?

o   Is a change in the budget indicated? If so, what funders might require an amendment to be filed?

o   Fundraising Reports: are results on track?

o   What are your actual donations vs. projections?

o   What is the status report on all foundation proposals?

Your financial statements ideally allow board members, staff and funders to see the following:

- o Financial condition of the program, including amount of cash on hand; ability to meet obligations to vendors, employees, creditors, and funders; and the size of the program's reserves;

- o The amount of money that is restricted temporarily for future uses or restricted permanently for investment only;

- o How much income was generated and how much was extended for each of the major expenses.

On an annual basis, you may want to revisit internal decision-making. Take into consideration your financial performance over the past year. Identify the areas and reasons that performance may have differed from the budget. This will assist your planning for the upcoming year. Timeliness of this data is crucial because the condition of the program and its environment are usually closely linked and subject to rapid change.

In this time of growing competition for both public and private dollars, it is important to recognize the good business side of doing good work. Consider creating a solid business plan for your program, which may include a strategic plan and financial projections. (These are required under the National CASA Quality Assurance process, and a Resource Development Plan is required under UCS Court Rules.) Take into consideration the financial needs of your program; the vision of your program; what kind of grants or funds you may receive; how much money you will need to sustain the program for the next year; and in long range planning for the next five to ten years. How will the expenses change? Where will the funding come from? This practice is part of good risk management.

GRANT BUDGET BASICS

Budgeting is more art than science. While there are generally accepted accounting practices, there is much variation in how agency budgets are structured and implemented. Different funders have different definitions of budget categories and different reporting requirements. The safest and most efficient thing to do regarding any contract is to call with any questions.

Relationships are just as important in grant and contract management as they are in Family Court and Social Services. A funder will become invested in assisting you in the grant process if you ask for help and are willing to work with them.

Many grants, such as those through National CASA, require a full program budget plus a separate project budget. Others, such as UCS, use the full program budget as the grant budget. Some United Way grants require a full agency budget (which may or may not be your program budget depending on whether you are part of an administering agency) as well as a separate project budget.

Some of the most common funding sources for CASA programs across New York State include UCS, National CASA, IOLA, United Way, Youth Bureau, and county legislative items. These are often excellent sources for "matching funds" required by funders. Matching funds are a condition of many grants requiring that some amount of funding (generally a minimal portion) for the project is provided by another source. Typically, if you are applying for federal funding, those funds may not be matched by other federal funds but could be matched by state or private funds; state funds may not be matched by other state funds but could be matched by federal or private funds. Each grant application will specify if matching funds are required and if so, allowable sources.

CASA Court Rules, §117.2 "Program Requirements," states all programs are required to have "A current program budget containing expenditure and income projections and the sources and amounts of income from each source." A balanced budget is a basic of best practice for any program purposes.

Each CASA program has its own fiscal year, which may or may not correspond with the April 1 - March 31 contract year for those receiving UCS funding. National CASA grant budgets tend to run July 1 - June 30; and federal grants can follow an October 1 - September 30 fiscal year. Private funding sources may have another fiscal year of their own. This can make submitting reconciliations on multiple grants a challenge, so maintaining a budget with quarterly breakdowns can ease reporting.

Some common budgeting errors seen on reconciliations include:

1) **Budgets that do not balance**:
Budgets obviously need to be done ahead of time, so you may not have all the cash on hand necessary to meet expenses or even know decisions on grant applications. A budget is a

projection: a reasonable estimate of anticipated revenues should be included to balance the expenses expected for the coming fiscal year.

The gap between grant funding and the total revenue needed to balance expenses is the funding your board needs to commit to raising from individual donor appeals, special events, product sales, revenue generated from trainings, or new grant opportunities. As you review your budget at each board meeting, those figures can be adjusted and if necessary, expenses trimmed to maintain the bottom line balance.

Budgets have been spotted that list this target fundraising goal as "to be determined" funding. That is dangerous as it can mean that no clear plan exists on the board level to meet this funding gap. When a budget is presented to the board for approval, there should be discussion and commitment of specific individuals and resources to meeting that budget deficit.

Some boards prefer to pass a deficit budget to keep everyone "on their toes" regarding the need to raise more money, but to many funders that just looks like recklessness, to be consciously incurring expenses without a detailed plan for meeting them. A formal Resource Development Plan with accountability milestones and designated point-people is a better way to make sure the agency stays on track budget-wise throughout the year.

2) **Private and public funding listed in the wrong category:**
   o Government funding from federal, state, county or local entities is to be listed as "public" funding. Funds from the National CASA Association annual grant process are public federal funds, as they originate from the Federal Office of Juvenile Justice and Delinquency Prevention (OJJDP).
   o Private funding is any revenue generated from a non-governmental source.
   o National CASA "Jeweler's Fund" grants are private funding.
   o Interest on Lawyer Account (IOLA) funding passed through the State Association is also private funding.

3) **Budget amendments not made:**
   Your UCS reconciliation forms will prompt you when expenses in any one category require an amendment. Other funders will specify the need for amendments in the terms of their contract.

Amendments should be submitted prior to approval of your reconciliation.

4) **Staffing changes not noted**:
   Any programmatic staffing change triggers a budget amendment on your UCS contract. As with other amendments, any funding contract will specify the need for amendments in their terms.

5) **Categories under- or over-spent:**
   A budget is a fluid document, and it is natural that you may over- or underestimate particular categories of the budget, particularly in the non-personnel section. Review your

budget regularly and submit an amendment if you need to shift category allocations in order to cover some unanticipated expenses.

Surplus funds: If you are in the happy position of having more revenue than expenses at the end of the year, this may or may not pose a problem. It is only an issue if the revenue is restricted or time-limited, like your UCS grant or other government or foundation funding. If the additional funds are from un-restricted resources such as fundraisers or individual donations, you can roll them over to subsequent year's budgets, listing them as "agency revenue" or "cash on hand."

If the resources are substantial such as a major bequest or stock donation, you may consider beginning an endowment. Your local Community Foundation may be a good resource if you are undertaking that initiative.

Every contract is idiosyncratic. It may be very different from any other you have previously handled. You may tend to not want to ask questions and look as if you do not know how to handle a particular situation, but rest assured that the human beings behind the grants would prefer to know just what they are working with and be asked for help than to be surprised by mistakes made from a fear of asking.

Most funding initiatives share the following requirements:
o Timely and complete submission of, and compliance with, contracts;

o Timely and complete reporting;

o Participation in grant meetings and conference calls as necessary;

o Complete compliance with all contract deliverables;

o Communication and cooperation with any contract manager;

o Timely and complete response to telephone, email or postal mail inquiries.

Participation in any funding opportunity is at the discretion of that funder and is based on performance of contract deliverables.

Bear in mind that your interactions with funders have consequences that resonate throughout the CASA network. It is always important to have pride in yourself and your proficiency while nurturing relationships of respect and trust in the community. Your level of professionalism has the capacity to nurture the CASA network as well as your local program, fostering growth in the quality of advocacy we provide as well as the number of children we serve.

It is good practice, whenever possible, to acknowledge the support of your major funders. This may be done through any public exposure, whether that is on your brochures and other publications, website, or mention at community outreach engagements. An expression of gratitude or even simple acknowledgement goes a long way in relationship building. Please note some funders may choose to remain anonymous or to not be acknowledged in some arenas, so please check with them prior to publicizing their support.

CONTRACT BASICS

Written contracts provide an indisputable, although not necessarily unambiguous, record of an agreement and protect the interests of both parties. The following list provides some considerations typically included in grant contracts. However, the list is not exhaustive.

- **Money**
    - How much will be awarded?
    - Will funds be advanced and if so, when?
    - What there are unanticipated expenses?
    - What receipts are required?
    - Do receipts need to be submitted with invoices or retained in your records? (Note: certain contracts have specific requirements for equipment purchases exceeding a certain amount. For instance, they may require three or more bids and specify default ownership. Check your contract for specifics.)
    - What penalties will be imposed for lateness or nonperformance and, if so, are there exceptions for good cause?
- **Deliverables**
    - What is to be done?
    - Where?
    - Who is responsible for what?
    - Who decides whether the work is satisfactory?
- **Deadlines and Duration**
    - When are deliverables due?
    - When is payment due?
    - Are interim dates important?
    - Is the contract to end on a certain date?
    - Are any of these dates flexible?
    - What if the work cannot be completed by the deadlines?
- **Record Keeping and Reporting**
    - Who is responsible for record keeping and reporting, including financial information?
    - How long are records to be kept?
    - What particular records or reports does the funder require?
    - What if required reports are not turned in on time?
    - Will the confidentiality of sensitive records be adequately protected?
- **Process**
    - What are the amendment provisions?
    - Under what circumstances may contracts be cancelled?
    - Can the contract be immediately suspended for good cause?
    - What happens when the contract ends?
    - Can the grant be renewed?

NARRATIVE REPORTING

A narrative report becomes part of your contract. It is an appropriate place to note successes, challenges and your efforts to address those. It may also be a public relations opportunity, providing the funder with reasons to be glad to support your program. They will want to know about the strengths of your program which will balance the reporting of any challenges you may be experiencing. When documenting those challenges, it is not appropriate to place blame, make excuses or complain (particularly about the funder to whom you are reporting). Briefly state your agency's plan to address any challenges, and ask for assistance if necessary.

As with writing court reports, objective, factual brevity is good practice. Use the funder's report questions as a guideline as to what to include. Should a funder require additional information, they will ask.

In recognition of the many competing demands on your time, CASANYS offers a "Case Report Format" available from the Affiliate Resources section of www.casanys.org. This form can help streamline submission of success stories for any of your funders. Simply adapt the headings or omit as needed, using the form's question areas as a guide as to what to include.

<u>RESOURCE DEVELOPMENT: ETHICS</u>

CASA directors need to ensure that the resources necessary to support the program are vigorously and ethically pursued and that the intent of the donor is honestly fulfilled. This applies to individual or corporate donors; foundations or grantors. (Please see the CASANYS Resource Development Protocol in Chapter 3, Program Standards.)

Best practice would suggest that fundraising be accomplished with integrity, honesty, transparency. The privacy and freedom of choice of our donors must be respected. In the process, we should comply with all applicable laws and regulations. It is also important that we avoid even the appearance of any conflict of interest or professional misconduct.

In "Right From the Start: Responsibilities of Directors and Officers of Not-for-Profit Corporations," (*full document available at www.oag.state.ny.us/charities/charities.html*) the New York State Attorney General states that an organization must:

"V. Monitor Fundraising Conducted On Behalf Of The Organization
Many organizations contract with professionals to raise funds on their behalf. Since the fund raiser represents the organization to the public, the selection of a fund raiser is extremely important.
Establishing and following procedures for selection of a fund raiser can avoid future problems. Such procedures should include:
   o Obtaining bids from several fund raisers before entering into a contract. Services and fees differ, and comparing bids will aid in the selection of the best contractor for the organization.
   o Checking with the Attorney General's Charities Bureau to see if the fund raisers being considered are registered and have filed all required contracts and financial reports.
   o Asking the Charities Bureau for copies of the fund raiser's contracts with other charities to determine the services performed for and the fees charged to those charities.
   o Consulting *Pennies for Charity,* the Attorney General's annual report on telemarketing by professional fund raisers, to see how much income was received by the charities listed in the report.
   o Asking the fund raiser for references. A reputable fund raiser should be happy to provide a potential client with the names, addresses and telephone numbers of some of its clients.
   o Contacting some of the fund raiser's other clients to see if those nonprofits were satisfied with the services received.
   o Find out whether the organization's fundraising contracts contain the clauses required by Article 7-A of the Executive Law.
   o Reviewing all written solicitations and scripts used by the fund raiser, making sure that solicitation material appropriately describes the organization and its activities, includes the name of the organization as registered with the Attorney General and advises potential contributors that they may obtain the organization's financial report from the organization itself or from the Attorney General.

o   Requiring, as mandated by New York law, that the professional fund raiser and any of its representatives ("professional solicitors") disclose the name of the specific professional solicitor and the employing professional fund raiser and state that the solicitor is being paid to raise funds."

Further, the New York State Attorney General, in "Internal Controls and Financial Accountability for Not-for-Profit Boards" (*full document available at www.oag.state.ny.us/charities/charities.html*) states:

"Every organization should have procedures to monitor and record assets received, held and expended. These financial controls should be described in an accounting policies and procedures manual. The manual should be reviewed with and given to all directors and officers, trustees, employees and volunteers. It should include procedures for:

Ensuring that grants and contributions received are properly recorded, accountings required as a condition of any grant are completed and restrictions on the use of such funds, such as contributions given for a restricted purpose (*e.g.* building fund, scholarships) and prohibitions on the use of the principal of an endowment, are obeyed."

Fundraising guidelines have been established by such organizations as United Way and the Better Business Bureau. They indicate that charitable organizations should spend no more than 35% of their budget on fundraising, with at least 65% dedicated to program work. Generally, fundraising expenses include any efforts to solicit funds and all costs associated with these efforts. This might include sending a direct mail appeal; presenting to a foundation or funder; special events efforts; and major donor campaigns. A good rule of thumb to determine if an expense should be considered "fundraising" is to consider the purpose and target audience.

Any efforts that could be construed as program or administrative work, such as a CASA public presentation, would generally not be including in your fundraising budget. In addition, writing or reporting on a grant is generally considered a response to a request, not a solicitation of funds.

The lower your fundraising budget, the more favorably donors are likely to view the work you perform with their dollars. Be realistic, however, in the portion of your budget truly needed to ensure your program's fiscal stability.

It is important that anyone involved in fundraising for CASA programs honors their fiduciary, ethical and legal obligations to the program, whether as an independent organization or part of an administering agency. Any potential or actual conflicts of interest should be disclosed. The confidentiality of any information relating to the donor should be respected and any confidential information should not be disclosed to unauthorized parties.

Donors' rights to have their names removed from your lists should also be respected in a timely manner.

Donors should also receive informed, accurate and ethical advice about the value and tax implications of contributions. The IRS requires a receipt for each tax-deductible contribution of $250 or more. A donor should receive a receipt with a timely acknowledgement of their gift and should not have to rely on a cancelled check as their receipt.

Steps should also be taken to ensure that any solicitations and communications accurately reflect CASA's work. Any contributions should be used in accordance with the intentions of the donor if those intentions are made known. All sources of funding should be properly stewarded, including timely acknowledgement and reports on the uses of funding.

RESOURCE DEVELOPMENT: IDEAS

In-Kind Donations: While we often depend on financial donations, there are other ways donors may wish to support CASA. You may choose to accept property and goods in the form of equipment, furniture, or office supplies. Some programs regularly publish a "wish list" of supplies to reduce that budget line. This helps ensure that they will receive only the supplies they need and not become a "dumping ground" for obsolete equipment or supplies that may cost the program for disposal.

Donations of professional services, such as those of an attorney or accountant, may also qualify as in-kind. To be considered an in-kind donation, there should be some tangible work product. It may be wise to have the professional invoice your program, noting the quantifiable service donation, which would then serve as a donation receipt for both parties. Voluntary time, such as that of board members or volunteers, typically does not qualify as in-kind donations.

Matching Gifts: One way to maximize your contacts is to inquire if a donor's or volunteer's employer offers a matching gift program. Matching gifts are not to be confused with matching funds required by grants, as described on Page 11 of this chapter.

Raffles: Many programs have created raffles as a fundraising opportunity. While they can certainly be fruitful, the Attorney General has specific guidelines for charities conducting raffles. Details may be found at: http://www.oag.state.ny.us/charities/raffles.pdf. The document addresses eligible organizations, purposes, required registration with the Racing and Wagering board, prizes and limits, admission fees, delivery of prizes, and other details. Be sure to familiarize yourself with this document before proceeding with a raffle.

Direct Mail: direct mail solicitations can be excellent sources of unrestricted funds, especially when managed efficiently. You may want to explore obtaining a bulk mail permit at the non-profit rate from the Post Office. Additional information may be found at: http://www.usps.com/businessmail101/.

<u>**RESOURCES**</u>

At http://www.oag.state.ny.us/charities/not_for_profit_booklet.pdf, the New York State Attorney General's Office lists the following valuable resources:

o **The Attorney General's Web site** - www.oag.state.ny.us/charities/charities.html - posts all forms and instructions for registration and annual filing with the Charities Bureau, links to other web sites that provide resources for not-for-profit boards and publications of interest to not-for-profit organizations. If the material on the Attorney General's web site does not answer your particular question, you may make an inquiry to the Charities Bureau by phone or email.

   For questions about not-for-profit organizations, contact: charities.bureau@oag.state.ny.us or (212) 416-8401

   For questions about fundraising professionals, contact: charities.fundraising@oag.state.ny.us or (518) 486-9797

o **NASCOnet.org -** www.nasconet.org - This site is maintained by the National Association of State Charity Officials (NASCO). NASCO members are employees of state agencies that regulate not-for-profit organizations and their fund raisers. The site provides information concerning the registration and reporting requirements applicable to not-for-profits that conduct activities and/or raise funds in the various states.

o **The Internal Revenue Service** - www.irs.gov - posts all of its forms and instructions and many brochures drafted to assist not-for-profit boards in completing their annual financial filings with the IRS and in carrying out their other responsibilities. If you can't find the information that you want on the IRS web site, call its toll-free number - 1-877-829-5500 - set up especially for those who have questions about tax-exemption and tax-exempt organizations.

o **GovernanceMatters!** - http://www.governancematters.org – Governance Matters! is an organization whose purpose is to encourage and promote good governance in the nonprofit sector. Its web site posts information on good governance, links to other sites of interest to not-for-profit boards and information about courses and conferences for nonprofit board members.

o **Alliance for Nonprofit Management** - www.allianceonline.org - The Alliance for Nonprofit Management is a professional association of individuals and organizations whose mission is improve the management and governance capacity of nonprofits. Its web site includes information about resources available to not-for-profit organizations.

o **American Institute of Certified Public Accountants (AICPA) -** www.aicpa.org – The AICPA's web site has extensive information on accounting standards and procedures. It is a valuable source of a wide variety of information on accounting issues for board members.

o **Better Business Bureau (BBB)** - www.newyork.bbb.org **-** The BBB's New York Philanthropic Advisory Service publishes standards for not-for-profit organizations that are used in its evaluations of charities and which are posted on its web site. The standards

address issues such as governance, financial accounting, program efficiency and public disclosure. The web site also contains guidelines for implementation of the standards.

- o **Board Café** - www.compasspoint.org - Board Café is an electronic newsletter for members of nonprofit boards of directors. Board Café offers a menu of ideas, information, opinion, news, and resources to help board members in carrying out the responsibilities of their board service.

- o **BoardSource, Inc.** - www.boardsource.org - has a wide range of material designed to assist board members in carrying out their duties. Its nine pamphlet "Governance Series", beginning with *Ten Basic Responsibilities of Nonprofit Boards*, is a source of basic information for board members and includes other suggested resources.

- o **Council of Community Services of New York** (CCSNYS) - www.ccsnys.org - CCSNYS is a statewide association of over 1,000 charitable nonprofit organizations. CCSNYS conducts programs designed to strengthen the nonprofit sector, provide information to donors and contribute to community-based planning. CCSNYS provides technical assistance, training, information and group purchasing options for nonprofits. It also provides information to and conducts and coordinates advocacy on behalf of the New York nonprofit sector. Its web site contains information concerning membership in CCSNYS and resources for nonprofit organizations.

- o **Council on Foundations -** www.cof.org - The Council on Foundations is a membership organization of more than 2,000 grant making foundations and giving programs worldwide. It provides leadership expertise, legal services and networking opportunities, among other services, to its members and to the general public. Its web site contains information of interest to not-for-profit boards.

- o **The Foundation Center** - fdncenter.org - The Foundation Center's mission is to strengthen the nonprofit sector by advancing knowledge about U.S. philanthropy. It collects, organizes and communicates information on U.S. philanthropy, conducts and facilitates research on trends in the field, provides education and training on the grant seeking process and promotes public access to information and services through its web site and print and electronic publications and five library/learning centers.

- o **GuideStar** - www.guidestar.org - GuideStar is a national database of that posts financial reports and other information on over 850,000 tax-exempt U.S. charitable organizations on its web site. It is a source of information about the operations and finances of nonprofit organizations.

- o **Independent Sector (IS) -** www.independentsector.org - is a national coalition of nonprofit organizations of all sizes as well as Fortune 500 corporations with commitments to community involvement. IS advocates on behalf of and provides educational services to the nonprofit sector.

- o **Lawyers Alliance of New York (LANY) -** www.lany.org - LANY is a not-for-profit corporation whose staff attorneys and 650 volunteer lawyers from private firms and corporations provide *pro bono* legal services to nonprofit organizations. LANY's publications provide guidance for organizations in drafting by-laws, applying for tax exempt status, securing fiscal management and other aspects of nonprofit governance.

- o **The Minnesota Council on NonProfits (MCN) -** MCN is a membership association of over 1300 Minnesota nonprofit organizations that shares information, services and research to educate its members and the community. The "Info Central" section of its web site - www.mncn.org/infocentral.htm - contains information of interest to not-for-profit organizations regardless of their state of formation or location.

- o **The New York State Society of CPAs (NYSSCPAs)** - www.nysscpa.org - NYSSCPA is a membership association of certified public accountants. It has resources available to answer technical inquiries, offer training in financial and tax areas and provides referrals for audit and tax services.

- o **The Nonprofit Coordinating Committee of New York (NPCC)** - www.npccny.org - NPCC is a nonprofit membership corporation with over 1,200 New York City tax exempt organizations as members. Its goal is to protect and help the city's nonprofit sector by offering management services to its members. It also monitors governmental actions on the city, state and federal level to promote the needs of nonprofit organizations. It holds workshops and roundtables on managerial and organizational issues. Many of NPCC's publications are posted to its Information Databank.

- o **Support Center for Nonprofit Management (Support Center)** - http://www.supportctr.org – The mission of the Support Center is to strengthen the capacity of nonprofit and public interest organizations to fulfill their missions. It provides management training and consulting and disseminates information and resources to local and national organizations, foundations and government agencies. The Support Center works directly with Board Leaders, Executive Directors and their staff to assist them in solving problems and maximizing their opportunities to carry out successful programs. The Support Center's web site contains information for nonprofit organizations and links to other web sites of interest of interest to those who manage nonprofit organizations.

- o **The Urban Institute** - www.urban.org - The Urban Institute is a nonprofit nonpartisan policy research and educational organization established to examine the social, economic, and governance problems facing the nation. It provides information and analysis to public and private decision makers to help them address these challenges. It maintains extensive databases of information on the not-for-profit sector.

- o **Volunteer Consulting Group (VCG)** - www.boardnetUSA.org - VCG is a nonprofit organization whose mission is to strengthen the governing and management capability of nonprofit boards of directors by bringing qualified leadership into service as board members. VCG assists boards in defining their board recruitment objectives and then conducting a targeted search for business, professional and community leaders with the desired expertise, diversity of perspective and resources. VCG's web site is a resource designed to enable potential board members--and nonprofit boards needing leadership--to find each other.

And don't forget your CASA network!

Use the CASATALK list-serve to post questions or ideas.
Take full advantage of the wisdom and experience the network
holds in the funding arena.