

Standards of Community Accountability
for United Way of Mid-Maine
Partner Agencies



United Way of Mid-Maine

United Way of Mid-Maine
105 Kennedy Memorial Drive
Waterville, ME 04901

UNITED WAY OF MID-MAINE

Standards of Community Accountability

The mission of United Way of Mid-Maine is “Mobilizing our Mid-Maine community to improve outcomes in Health, Education, and Financial Stability.”

In the United Way System, a key value we offer donors in our community is an assurance that Partner Agencies are accountable for the funds they receive and spend. A key value we offer our Partner Agencies is that we whole-heartedly fundraise for you and your programs, knowing that your organization is accountable, and your programs are key to serving vital needs in our community.

Organizations seeking to become funded Partner Agencies of United Way of Mid-Maine (UWMM) are reviewed by a group of volunteers who determine alignment with UWMM’s mission and vision, and compliance with eligibility requirements. Volunteers also determine if the nonprofit organizations applying for program funding continue to meet the essential standards listed in this document. All Partner Agencies are subject to review annually.

All United Way of Mid-Maine Partner Agencies must have substantially met the ESSENTIAL criteria. Many Partners apply the best practices in their operations.

This Agency Certification of Accountability is one method that United Way of Mid-Maine uses to assure our donors that their investments in the community through UWMM are a simple, effective, and impactful way for us all to build a stronger, more resilient community, together.

STANDARDS OF AGENCY ACCOUNTABILITY

Partner Agencies are certified annually according to the essential standards that follow.

Best practices of agency accountability are not required; rather they are encouraged as a means of promoting excellence in agency governance and management.

STANDARDS CATEGORIES included in this document:

Financial & Legal

Governance

Human Resources

Agency Commitments to UWMM

Supplemental Fundraising Policy

Agency Compliance

Agency Signatures

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Financial & Legal Standards

1. ANNUAL AUDIT - examination of agency financial statements, on a test basis, by an independent Certified Public Accountant in accordance with generally accepted auditing standards, to include an opinion regarding the presentation of the agency's financial statements.

- **Essential Standard:** Annual audit, including opinion, submitted within 9 months of fiscal year end, for partner organizations with annual revenue of \$500,000 or more.
- ★ **Best Practice:** Annual audit with unqualified opinion submitted within 6 months of fiscal year end.

-OR-

INDEPENDENT REVIEWED STATEMENT - annual review of agency financial statements, in accordance with Statements on Standards for Accountability and Review Services issued by the American Institute of Certified Public Accountants.

- **Essential Standard:** Financial review by an independent Certified Public Accountant, for partner organizations with annual revenue from \$200,000 to \$499,999.
- ★ **Best Practice:** Full audit, as defined above.

-OR-

COMPILED STATEMENT - a compiled statement of financial position, activities and cash flow, which is presented for supplemental analysis in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

- **Essential Standard:** Yearend financial statements for at least the two preceding years, with detailed explanation of budget to actual variances for partner organizations with annual revenue of less than \$200,000.
- ★ **Best Practice:** Compiled Statement, as defined above.

2. MANAGEMENT LETTER - communication from the accountant or firm conducting an audit regarding significant financial or governance issues discovered in the audit process that recommends management action related to internal procedures and practices.

- ★ **Essential Standard and Best Practice:** Provision of auditor's management letter to United Way of Mid-Maine, if one exists.

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3. MANAGEMENT RESPONSE - the agency response to the management letter with explanatory detail or a plan of action regarding the issues contained in the letter. This response is written by the agency Executive Director to the agency Board. Board minutes should reflect the receipt of the response.

- **Essential Standard:** A management response letter indicating actions to be taken on material weaknesses. If there are no material weaknesses, a management response is not required.
- ★ **Best Practice:** A management response letter on all recommendations and weaknesses. If there are no recommendations or weaknesses, a management response is not required.

4. ANNUAL BUDGET - a summary of projected agency revenue and expense with sufficient detail to allow regular monitoring and correction of actual expenses by management and governing body. For example, an annual budget should contain line items which summarize projected Salaries; Benefits; Travel; Outside Consultant Fees; Building Maintenance; Printing & Related; Supplies; Program Expense and Revenue. Agency board minutes should reflect approval of the budget.

- **Essential Standard:** Current operating budget approved by the Board.
- ★ **Best Practice:** Projection of year, with comparison to past year and detailed breakdown of functional expenses (management & general, fund raising, etc.). Expenses should be separated by program services and support services.

5. FINANCIAL REPORTS - regular reports to the governing body with clear information regarding actual expenses as they relate to the annual budget, and actual revenues compared to projected income.

- **Essential Standard:** Financial reports at each agency governing body meeting; reports are part of the minutes.
- ★ **Best Practice:** The functional reports compare current month to previous month and current year-to-date with previous year-to-date. Minutes include the report and any actions taken.

6. FINANCIAL RESERVE POLICY - a practice, approved by the governing body, that promotes the building and retention of agency cash reserves in an amount sufficient to keep the agency solvent in the event of unforeseen disruption of incoming revenue for a time period determined to be sufficient by the governing body. Such a policy often represents a target that is being achieved through a specific plan to set aside funds on a regular basis.

- **Essential Standard:** A Board-specified policy of retaining cash reserves sufficient to maintain agency operations through periods of cash flow shortfalls or other crises, generally three to six months.
- ★ **Best Practice:** Documented retention of reserve funds sufficient to cover operational expenses for a Board-specified period of time, generally three to six months.

7. EVENTS THAT MAY THREATEN VIABILITY OF ORGANIZATION - partner organizations must advise United Way of Mid-Maine of any event that may threaten viability and have significant negative financial impact on agency operations or service delivery. Examples include incidents of internal fraud or embezzlement, discontinuation of funding or service, change of mission focus.

- ★ **Essential Standard and Best Practice:** Immediate notification of United Way of Mid-Maine of any event that may have a significant financial impact.

8. IRS 501 (c) (3) LETTER OF TAX EXEMPTION - notification that agency is a qualified tax-exempt not for profit organization under Federal law and is in conformance with all Federal requirements under the statute.

- **Essential Standard:** IRS 501c3 Letter of Tax Exemption required by Federal law.

9. MAINE SOLICITATION LICENSE/LETTER OF EXEMPTION - license or letter of exemption issued to tax-exempt not-for-profit organizations in the State of Maine permitting the licensed agency to solicit funds from State residents within guidelines established by the State. A Letter of Exemption can be issued to nonprofit organizations that do not engage in any fundraising activities and/or comply with exemption status qualifications in the state. The State of Maine requires that every nonprofit organization maintain either the License or a Letter of Exemption.

- **Essential Standard:** Maine solicitation license/ letter of exemption required by State law.

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10. IRS FORM 990 - information forms which are required by the IRS, and which must be filed annually by all tax-exempt organizations. For purposes of submitting Certification Review documentation, the 990 should match the year of the audit.

- **Essential Standard:** IRS form 990 required by IRS.

11. NON-DISCRIMINATION POLICY - a written policy adopted by the agency's governing body that stipulates factors such as race, color, religion, sex, disability, national origin, or age will not be used in hiring of staff, recruitment of volunteers and Board members, or in delivery of service.

- **Essential Standard:** Policy stating compliance with State and Federal non-discrimination laws.
- ★ **Best Practice:** A written policy adopted by governing body that stipulates factors of race, color, religion, sex, disability, national origin, age or sexual orientation will not be used in hiring of staff, recruitment of volunteers and Board members or in delivery of service.

12. LIABILITY INSURANCE – There are five levels of liability insurance appropriate for non-profit organizational management:

- Comprehensive Insurance**
- Directors & Officers (D&O) Insurance**
- Professional Liability Insurance**
- Real and Personal Property Insurance**
- General Liability Insurance**

Coverage in all five areas is highly desirable, and for some activities may be considered essential by the governing body. D&O Insurance is highly desirable for all non-profit organizations.

- ★ **Best Practice:** Periodic Board review of agency liability insurance needs and risk management as noted above and determination of appropriate action.

13. BONDING - Insurance related to agency employees who regularly handle or manage cash and/or bookkeeping responsibilities.

- ★ **Best Practice:** Board review of agency needs and determination of appropriate action in regard to bonding of all employees and volunteers who have fiduciary responsibility.

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United Way of Mid-Maine

Governance Standards

14. ARTICLES OF INCORPORATION - legal documents that must be filed to form a Corporation in Maine that includes corporate name, its designation as a Charitable Organization, and certain additional information. United Way of Mid-Maine partner organizations whose parent organizations are incorporated in another state and are a legal entity of the parent organization may submit the Articles of the parent organization to satisfy this standard.

- **Essential Standard:** Articles of Incorporation required by State Law.

15. BY-LAWS - organizational operating principles, including statement of organizational purpose, governance definitions and procedures, principal officers and their duties, and other relevant operating principles.

- **Essential Standard:** Description of purpose, a minimum of 5 Board positions, voting procedures, description of Board officers, definition of annual meeting of members, and quorum defined as a minimum of 3 or more Board members.
- ★ **Best Practice:** In addition to above, a minimum of 10 Board members and quorum defined as a majority. Definition of term limits and number of consecutive terms allowed. Description of standing sub-committees and their duties, and title and duties of chief staff person. Governing body meets at least quarterly.

16. MISSION STATEMENT - statement of primary purpose of the organization. Often contained in the By-Laws, this statement should be regularly reviewed and updated by the governing body to accurately reflect the principle goals and objectives of the organization.

- **Essential Standard:** Statement of Organizational Purpose in the By-Laws.
- ★ **Best Practice:** Statement of Mission and goals that provides the basis for organizational planning.

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17. BOARD ROSTER - current list of all Board members with designation of officers, including names, addresses, and indication of each member's profession/occupation and/or community affiliations.

- ★ **Essential Standard and Best Practice:** A governing Board that is inclusive of the community and of the agency's clientele.

18. MAINTENANCE OF BOARD MINUTES - Records are kept on file of governing body proceedings, including notation of all key actions taken. Minutes are records of organizational history and reference points for organizational accountability.

- **Essential Standard:** Written documents of each governing body meeting, including names of people in attendance, summary of proceedings, and record of actions taken.
- ★ **Best Practice:** In addition to above, follow-up notation on results of actions taken at prior meetings and written records maintained of all permanent organizational sub-committees of the Board.

19. JOB DESCRIPTIONS FOR BOARD MEMBERS - written description of responsibilities, accountability and limits of authority for Board members.

- ★ **Best Practice:** Clear written description of duties and responsibilities that can be discussed during volunteer recruitment and used as reference points in the course of agency business.

20. BOARD ORIENTATION - sessions tailored to clarify goals/objectives of organization, organization plan of action, duties and responsibilities of Board members, Board officers, and organization staff.

- ★ **Best Practice:** Orientation session outline and content for orientation for new members and annual "refresher segment" for veteran members.

21. CODE OF ETHICS - statement of principles and standards that guide the decisions and actions of the organization, and that connect those values and ideals to the day-to-day work of the agency.

- ★ **Best Practice:** Board and staff commitment to clearly stated ethical principles such as personal and professional integrity, conflict of interest, nepotism, commitment to diversity, and confidentiality.

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22. CONFLICT OF INTEREST - statement that helps the agency to avoid conflicts of interest or the appearance of impropriety by any volunteer, board, or staff member who could benefit directly or indirectly from the agency's action.

- ★ **Best Practice:** Board and staff commitment to avoid conflicts of interest or the appearance of impropriety in order to ensure that the agency acts with integrity and carries out decisions according to the policy.

23. ORGANIZATIONAL PLANNING - regular review of organizational goals and development of strategies to meet organizational goals through key objectives.

- ★ **Best Practice:** Annual development of key organizational goals and clear measurable objectives for a specified period of time, reviewed and approved by the governing body.



United Way of Mid-Maine

Human Resources Standards

24. PERSONNEL POLICIES - practices and procedures for hiring, supervision, evaluation, and compensation of organization staff, including employment rights, benefits, and appeal procedures.

- ★ **Best Practice:** Personnel policies are maintained and are reviewed by the Board every two years.

25. STAFF JOB DESCRIPTIONS - list of specific responsibilities and accountabilities for each Board-approved position.

- ★ **Best Practice:** Annual review of each job description in conjunction with annual performance review.

26. PERFORMANCE REVIEW - means of assessing staff performance against expected accomplishments, with feedback oriented to personal and professional growth.

- ★ **Best Practice:** Annual review of organizational objectives with emphasis on changes in performance needed to reach measurable goals, including Executive Committee or Board review of Chief Staff Person.

27. STAFF ORIENTATION - a systematic process to train and orient new staff to their duties, responsibilities, and reporting requirements.

- ★ **Best Practice:** Thorough orientation for new staff within two weeks of new hire.

28. SALARY RANGE AND BENEFIT REVIEW - review by Board of current organizational salary ranges and benefits with a comparison of salaries and benefits in similar organizations.

- ★ **Best Practice:** Periodic Board review of salary structure, benefits and other personnel policies, including comparative data from other organizations.

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United Way of Mid-Maine

Agency Commitment to United Way of Mid-Maine

Preface

United Way of Mid-Maine (UWMM) is committed to working diligently, year-round, to raise funds, engage donors, and build a culture of advocacy and volunteerism in our Mid-Maine community in order to support our Partner Agencies and build capacity for all nonprofit agencies in our community.

UWMM works with many community partners to help the broader community understand the hardships, challenges, and opportunities most needing to be addressed in the community, for all who live in Mid-Maine to have the best possible outcomes in achieving their highest potential.

Undesignated gifts to UWMM allow the most impactful community investment to support the health, education, and financial stability issues being faced by the people who live, work, and learn in Somerset, Northern Kennebec, and Western Waldo Counties.

Through its grant process, UWMM strategically invests these gifts in our community to produce the greatest results. Funds collected by UWMM are distributed by informed, caring, dedicated volunteers who address regional, prioritized needs in health and human services. They examine program effectiveness, managerial practices and governance, fiscal activities, and the community's need for the programs.

In cooperation with leading area employers, United Way of Mid-Maine manages workplace and corporate solicitation for all UWMM Partner Agencies. UWMM is the vehicle for individual and corporate support of Partner Agencies receiving program funding through the annual campaign. This policy is designed to provide an equal opportunity for all UWMM-supported Partner Agencies. It is also intended to maximize dollars for services, minimize dollars spent on promotion, and reduce the sense of competition among Partner Agencies for donor dollars.

United Way of Mid-Maine is not in competition with any other nonprofit!

Our purpose and focus is to build community support for ALL agencies providing important services that strengthen the health, education, and financial stability of all Mid-Mainers.

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What UWMM asks of our Partner Agencies

All UWMM Partner Agencies are encouraged to promote the benefits of contributing to United Way of Mid-Maine's unrestricted fund.

"Self-promotion" refers to any Partner Agency participating in any effort or activity designed to discourage donors from contributing to UWMM's unrestricted fund, or to only designate financial gifts to a specific agency rather than making contributions to the UWMM's unrestricted fund.

Self-promotion of Partner Agencies participating in the Combined Federal Campaign (CFC) is governed by the rules and regulations established by the federal government and is not permitted.

Partner Agencies that are found to be actively telling their donors that giving to United Way of Mid-Maine is not beneficial to that agency will be subject to immediate review, and possible actions as described under the section "AGENCY COMPLIANCE," below.

Partner organizations will be held responsible for the actions of employees, volunteers, clients, and other supporters. Therefore, partner organizations are strongly encouraged to communicate the self-promotion guidelines to all parties.

UWMM also expects Partner Agencies to abide by the Supplemental Fundraising Policy, as described on the following pages.

Supplemental Fundraising Policy

Preface

United Way of Mid-Maine's community-wide fundraising campaign is designed to be an efficient and effective fundraising system for all UWMM Partner Agencies. UWMM also recognizes that partner organizations must seek additional funding from other sources within the region. UWMM actively encourages these efforts, and requests that Partner Agencies be sensitive to the possible impact upon UWMM's campaign of these supplemental fundraising activities. If implemented inappropriately, independent fundraising can weaken UWMM's annual campaign and dilute the integrity of the United Way concept and commitment to our community.

This policy is designed to assure flexibility to Partner Agencies in conducting independent fundraising while also ensuring the best possible results for the United Way campaign. The policy is intended to promote the mutual interests of United Way **and** its funded organizations, preserving the integrity and viability of the campaign while enabling Partner Agencies to raise needed funds.

Definition

Supplemental Fundraising is any fundraising effort or activity planned to raise funds on behalf of the agency from sources other than private foundations and government entities. Typically, these efforts or activities are designed to solicit contributions for capital expenditures, operating expenditures, or any other purpose (e.g., an operating reserve fund).

These activities could be conducted by the following:

- An agency
- An agency sub-group, component or program
- A partner organization's auxiliary or guild
- Any other organization, entity or corporation that raises funds on behalf of a given agency

Supplemental fundraising also includes the direct solicitation of individuals, corporations (including corporate foundations), other business enterprises, and other organizations.

Supplemental fundraising specifically includes:

- Earned income – includes client fees, service contracts, rentals, third-party reimbursements, or charges to a client’s participation in an agency program.
- Program activity income – includes incidental income from activities related to an agency’s regular community-service program. Incidental income is defined as those charges that are intended to offset the costs of conducting the activity.
- Government grants
- Grants from community and/or private foundations
- Corporate foundations
- In-kind contributions or volunteer services
- Unsolicited gifts
- Planned giving bequests
- Product sales
- Special events
- Holiday Solicitations
- Special interest contributions

General Guidelines

United Way of Mid-Maine expects all Partner Agencies to be supportive of activities designed to ensure the success of the annual community-wide campaign for generating funds for services to the community.

Specifically, UWMM expects funded partner organizations to:

- Assist in the annual campaign by encouraging financial contributions from agency staff and board members
- Support UWMM’s campaign efforts by providing tours for contributor groups and potential contributors, providing speakers for campaign activities when requested, and prominently displaying the United Way logo at all facilities and in all public and promotional materials
- Participate in United Way campaign promotional activities

In support of our partnership, it is anticipated that supplemental fundraising events and/or activities by Partner Agencies will not interfere with United Way of Mid-Maine’s community campaign.

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As a part of this agreement, Partner Agencies agree that all active solicitations will be concluded by or temporarily halted during the UWMM Community Campaign period, **September 1st to November 15th.**

There are some Partner Agencies that have previously-agreed-upon traditional fundraising events at the end of the United Way campaign. Related publicity during the United Way campaign is recognized as being necessary to ensure a successful event. In such cases, partner organizations are asked to be considerate of UWMM's need to complete a successful campaign. In all instances, the agency should ensure that the United Way logo is prominently displayed on all publications and promotional material, to help community members recognize this important relationship.

Specific Expectations:

- Individual Solicitation (e.g. payroll deduction, cash) at the workplace: Partner Agencies refrain from allowing other outside organizations from soliciting the agency's employees.

This includes:

- Solicitation of monetary contributions from employees
 - Solicitation by a third party on behalf of an agency
 - Promotion of campaign designations
 - Special arrangements for payroll deductions to be paid directly to the agency
- Corporations: Partner Agencies refrain from soliciting UWMM Corporate Partners for operations funding. (Solicitations for special events underwriting, in-kind supports, and/or capital improvements are not included in this point.)
 - Capital Campaigns: Partner Agencies inform UWMM of capital campaign plans in advance of public notice of those plans.
 - Emergency Situations: Partner Agencies inform UWMM when being faced by emergency situations that will require new or additional fundraising.



United Way of Mid-Maine

AGENCY COMPLIANCE

If a review identifies that a compromise of these standards or policies has occurred, a committee of the Board of Directors of United Way of Mid-Maine will recommend a reasonable response, which may include:

- Exclusion from the United Way's promotional materials
- Forfeiture of all or a portion of the partner organization's current grant
- Change in the agency's status of eligibility for future funding

AGENCY SIGNATURES

These Standards and Policies for United Way of Mid-Maine Partner Agencies have been reviewed by the agency Board of Directors of

(Agency Name)

Chair of Board of Directors: _____
(Name)

(Signature)

(Date)

Agency Executive Director: _____
(Name)

(Signature)

(Date)

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