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**Accountability Self-Assessment for Unstaffed Private Foundations**

This self-assessment tool is designed to be a comprehensive resource to help you determine if your unstaffed private foundation (family, independent or corporate) is complying with key federal laws and regulations and is engaging in generally recommended good practices for being accountable to the public. Addressing issues of accountability is an ongoing process for an organization, and this tool is designed to help organizations with that process.

This tool is for private foundations with no full-time or part-time staff. If your foundation has one or more full-time or part-time staff people, please use the accountability self-assessment tool for staffed private foundations.

Please note that this self-assessment tool is designed to allow some flexibility in how it is used and interpreted, since not all of the practices listed in the self-assessment tool will be applicable to every foundation, particularly smaller foundations. But the tool provides a solid framework to help foundations assess how well they are achieving their goals to be ethical and accountable organizations.

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| Foundation Name: |  |
| Date(s) of Self-Assessment: |  |
| Name and Title of Person(s) Conducting  Self-Assessment: |  |
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| **Governance** |

This section focuses on the work of a foundation’s directors/trustees regarding their responsibilities under the law; how they are selected, trained and compensated; and how they oversee the foundation’s charitable purpose.

**Level 1 – Legal Compliance**

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| ***Board Fiduciary Duties*** | Yes | No | NA |
| 1. We have a designated board of directors or trustees that is responsible for governing the foundation’s affairs. |  |  |  |
| 2. We have taken steps to ensure that our board members are aware of, fully understand and fulfill their fiduciary **duty of care**, devoting the time, attention and resources necessary to understand and prudently oversee the foundation’s affairs. |  |  |  |
| 3. We have taken steps to ensure that our board members are aware of, fully understand and fulfill their fiduciary **duty of loyalty**, setting aside personal or conflicting interests and acting solely in the best interest of the foundation when making a decision or acting on behalf of the foundation. |  |  |  |
| 4. We have taken steps to ensure that our board members are aware of, fully understand and fulfill their fiduciary **duty of obedience**, obeying all state and federal laws pertaining to foundations and acting in furtherance of the foundation's charitable purposes. |  |  |  |
| 5. Board members work to protect, preserve, invest and manage the foundation’s assets consistent with donor intent and restrictions. |  |  |  |
| 6. Board members investigate any warnings or reports of officer theft or mismanagement and report misconduct to the appropriate authorities, consulting an attorney or other professional for assistance as appropriate. |  |  |  |
| 7. We have policies and procedures in place to protect the confidentiality and privacy rights of people connected to the organization (grantees, grant applicants, employees, volunteers and others), consistent with applicable law and our fiduciary duties. |  |  |  |
| 8. Board members are elected as outlined in our charter or bylaws, as applicable. |  |  |  |
| 9. Our board size complies with state law and our articles of incorporation and bylaws, as applicable. |  |  |  |

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| ***Foundation Self-Dealing*** | Yes | No | NA |
| 1. Our board has identified and knows who our disqualified persons are. |  |  |  |
| 2. Our board carefully evaluates every transaction between the foundation and a disqualified person. |  |  |  |
| 3. We do not engage in any self-dealing transactions between the foundation and any disqualified persons, including the following:  Do not sell, exchange or lease property between the foundation and a disqualified person, including paying any kind of rent to a disqualified person.  Do not lend money or extend credit to a disqualified person.  Do not transfer foundation assets or income to, or for the use or benefit of, a disqualified person.  Do not reimburse the personal expenses (as opposed to foundation-related business expenses) of a disqualified person.  Do not transfer or furnish goods, services or facilities between a disqualified person and the foundation for a fee.  Do not satisfy a disqualified person’s personal obligations to others, including personal charitable pledges.  Do not pay money or give property to government officials.  Do not purchase tickets to a charitable fundraising event and provide them to any disqualified person (unless attendance is part of a grantee evaluation or review).  Do not pay excessive compensation to a disqualified person for performing necessary and recognized personal services for the foundation (legal, accounting, investment, executive staff services). We rely on comparable data to determine a reasonable compensation level, and adequately document its determination.  Do not pay for the travel expenses incurred by the spouse or children of a foundation board member (unless they independently perform necessary and recognized personal services for the foundation).  No disqualified persons use a foundation credit card for personal expenses, even if they later reimburse the foundation for the expenses. |  |  |  |

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| ***Board Compensation*** | Yes | No | NA |
| 1. If we have a policy to compensate board members for board service, we have taken steps to ensure that the compensation is reasonable and not excessive by relying on comparable data prior to making a determination of compensation; adequately documenting the basis for the board’s determination; and ensuring that the compensation is based on the functions or services required and actually performed by board members, the level of skill and experience necessary for them to fulfill their duties, and the amount of time they spend in fulfilling their duties. |  |  |  |

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| ***Conflicts of Interest*** | Yes | No | NA |
| 1. We have a written conflict of interest policy to address when our foundation engages in any contracts or transaction that are not self-dealing between a board member, a family member of a board member, or an organization in which the board member has a material financial interest.1 |  |  |  |
| 2. We require every board member to annually complete and submit a conflict of interest disclosure form, in which they acknowledge they have received, read, understood and agreed to comply with the policy and they disclose any actual or potential conflicts of interest in making a particular grant, investment, contract, payment or other applicable transaction. |  |  |  |

1 The law does not require a private foundation to have a conflict of interest policy, but it would be difficult to achieve or demonstrate compliance with many provisions of tax law without having such a policy in place. As an indication of the growing importance of having a conflict of interest policy, the IRS has revised its application form for tax-exempt status (Form 1023) to specifically ask whether an applicant has adopted a conflict of interest policy.

**Level 2 – Good Practices for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***Board Management*** | True | Mostly True | Some- times True | Never True | NA |
| 1. Board members actively participate in governing the foundation (e.g., attend board meetings, evaluate reports, read minutes). |  |  |  |  |  |
| 2. Our board holds regular meetings each year, as frequently as needed to fully and adequately conduct the business of the foundation, including at least once a year in person, and all board members receive proper notice of these meetings. |  |  |  |  |  |
| 3. Written minutes are taken at every board meeting to accurately reflect discussions and actions taken at meetings, and are distributed to board members and formally approved at a subsequent board meeting. |  |  |  |  |  |
| 4. All board members have access to, and general knowledge of, the foundation’s books, financial records, history and governing documents. |  |  |  |  |  |
| 5. A statement of guiding principles has been approved by our board, included in board orientations, and made readily available to the public. |  |  |  |  |  |
| 6. Our board seeks professional legal and accounting advice when needed to support compliance. |  |  |  |  |  |
| 7. We have developed and adhere to a risk management plan (e.g., disaster recovery, business continuation, risk assessment analysis/scorecard, etc.), taking into account the nature and scope of our activities and resources. |  |  |  |  |  |
| 8. We regularly ensure that we have adequate property and liability insurance coverage (including directors’ and officers’ insurance, if needed), taking into account the nature and scope of our activities and resources. |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| ***Board Membership*** | True | Mostly True | Some- times True | Never True | NA |
| 1. Our board periodically re-assesses the most appropriate board size to ensure effective governance, encourage discussion, enhance efficiency and meet our goals and objectives. At a minimum, we have 3 board members. |  |  |  |  |  |
| 2. We have developed bylaws to establish fixed terms of service for board members and to specify the number of consecutive and/or total terms an individual may serve, if not specified in our charter, as appropriate for the nature of our foundation. |  |  |  |  |  |
| 3. We follow an explicit written process and criteria for selecting board members. |  |  |  |  |  |
| 4. We follow an explicit written process and criteria for removing board members. |  |  |  |  |  |
|  | True | Mostly True | Some- times True | Never True | NA |
| 5. We periodically evaluate the individual performance of each board member. |  |  |  |  |  |
| 6. We periodically evaluate the performance of the board as a body. |  |  |  |  |  |

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| ***Board Compensation*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We do not compensate board members using a fee based on a percentage of assets or income. |  |  |  |  |  |
| 2. If we compensate and/or reimburse board members, we have developed a compensation and reimbursement policy that includes, at a minimum, the following components:   * Brief rationale for the policy. * Detailed explanation of how compensation will be determined, including a requirement that each board member submit an annual report documenting time spent on foundation activities. * Details on which expenses will and will not be reimbursed, and limits on reimbursed expenses. * Identification of the decision-makers for compensation matters. |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| ***Conflicts of Interest*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We require all new board members to review our conflict of interest policy and acknowledge in writing that they have done so. |  |  |  |  |  |
| 2. Our board members have disclosed any actual or perceived conflicts of interest about a contract or transaction prior to board action on that contract or transaction, and all such disclosures have been reflected in the minutes of the meeting. |  |  |  |  |  |
| 3. Whenever a board member discloses a conflict of interest with a contract or transaction, the board or a committee determines whether a more advantageous transaction or arrangement could be reasonably attainable that would not give rise to a conflict. |  |  |  |  |  |
| 4. We post our conflict of interest policy on our website (if we have a website). |  |  |  |  |  |
| 5. We educate all of our board members about what constitutes a conflict of interest. |  |  |  |  |  |

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| ***Board Learning*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We provide an orientation for incoming board members, which includes a review of roles and responsibilities, bylaws and other organizational documents, policies, foundation history, donor intent, ethics and accountability, and an introduction to grantmaking and the philanthropy field. |  |  |  |  |  |

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| ***Donor Intent*** | True | Mostly True | Some- times True | Never True | NA |
| 1. Board members have access to, and general knowledge of, any written correspondence that details the founding donor’s goals and expectations for the foundation. |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***Board Management*** | True | Mostly True | Some- times True | Never True | NA |
| 1. Board members ensure that the foundation’s activities are consistent with the foundation’s mission. |  |  |  |  |  |
| 2. All committees operate under the direction and control of the board, and board members receive regular committee reports and scrutinize their work. |  |  |  |  |  |
| 3. We have clearly defined and documented the roles, responsibilities, and expected time commitment of board members, officers and committees. |  |  |  |  |  |
| 4. Our board receives sufficient information and varied perspectives to inform its decision-making and carry out due diligence. |  |  |  |  |  |
| 5. We have clearly defined and documented the authority of the board chair, or any other board member or committee, to act between board meetings. |  |  |  |  |  |
| 6. We maintain systems for ongoing board communications between board meetings. |  |  |  |  |  |
| 7. When appropriate, our board consults subject matter experts or community representatives and/or includes them on committees or advisory groups. |  |  |  |  |  |
| 8. When communicating with grantees, fellow board members and others, board members are always clear about whether they are speaking for themselves or on behalf of the foundation. |  |  |  |  |  |

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| ***Board Membership*** | True | Mostly True | Some- times True | Never True | NA |
| 1. When possible and appropriate, we actively recruit new board members from among various racial/ethnic groups. If we are governed by explicit requirements for board service that may preclude achieving racial/ethnic diversity, we employ other appropriate means to gain diverse perspectives on the board, such as through the use of advisors and consultants. |  |  |  |  |  |
| 2. When considering renewals for board membership, our board engages in a defined process to allow other board members to deliberately re-examine a board member’s commitment, performance and engagement to determine whether that director/trustee should continue to serve on the board. |  |  |  |  |  |
| 3. We have clearly defined procedures for appointing board members to replace any who may die, resign or be otherwise unable to complete their board service. |  |  |  |  |  |
| 4. We have developed and periodically review a leadership succession plan for the board. |  |  |  |  |  |

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| ***Board Learning*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We plan, adequately fund, and give a high priority to continuous learning and training of board members, particularly on basic legal, accounting, audit, tax and fiduciary issues and responsibilities. |  |  |  |  |  |
| 2. We hold regular board trainings on ethics and accountability. |  |  |  |  |  |
| 3. We encourage our board members to participate in regional and/or national grantmaking conferences, programs, associations or support groups for professional development and sharing of information, as appropriate and feasible. |  |  |  |  |  |
| 4. We invite grantees and other grantmakers to share lessons learned in board meetings, retreats or learning exchanges. |  |  |  |  |  |

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| ***Donor Intent*** | True | Mostly True | Some- times True | Never True | NA |
| 1. If possible, the founding donor(s) have talked with the board about their goals, expectations and purpose in creating the foundation, and/or the conversation has been videotaped, audiotaped or otherwise documented for future reference and generations. |  |  |  |  |  |
| 2. We state the donor’s intent in our annual reports and other appropriate foundation communications. |  |  |  |  |  |
| 3. If the changing needs of our society make following the donor’s specific instructions impractical, we identify alternative grantmaking goals that reasonably honor the donor’s intent. |  |  |  |  |  |

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| **Communications/Disclosure** |

This section focuses on a foundation’s openness and transparency in communicating and disclosing key information about the organization to its constituents and the broader public.

**Level 1 – Legal Compliance**

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| --- | --- | --- | --- |
| ***990-PF & Other Filings*** | Yes | No | NA |
| 1. We file our 990-PF by the legal deadline. |  |  |  |
| 2. On our 990-PF, we provide information on our grantmaking guidelines and application process. If we do not accept unsolicited grant proposals, we indicate this on the form. |  |  |  |
| 3. On our 990-PF, we provide a complete list of grants paid and approved, with a grant description. |  |  |  |
| 4. On our 990-PF, we provide a complete and accurate list of all officers and board members, with a complete description of each person’s compensation and time devoted to the position. |  |  |  |
| 5. We have retained and make available for public inspection, without charge, a copy of our original and amended 990-PF and any 990-Ts for the last three years and of our exemption application and related documents (unless we filed our exemption application before July 15, 1987, and did not have a copy of the application on that date). |  |  |  |
| 6. We provide copies of our 990-PF and exemption application to anyone who requests them either in person (on a same-day basis) or in writing (within 30 days of the request) OR we make our 990-PF and exemption application available free on the Web as exact images of the originals. |  |  |  |
| 7. We provide copies of our 990-PF, any 990-Ts and exemption application to anyone who requests them either in person (on a same-day basis) or in writing (within 30 days of the request) OR we make our 990-PF and exemption application available free on the Web as exact images of the originals. |  |  |  |

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| ***Registration  If we are a newly formed foundation:*** | Yes | No | NA |
| 1. We have filed Form 1023 for recognition by the IRS as a tax-exempt organization. |  |  |  |
| 2. We have filed articles of incorporation with the appropriate fee with the Secretary of State or other appropriate state office. |  |  |  |
| 3. We have applied for state tax exemption, if it is required in our state. |  |  |  |
| 4. We have filed any additional registration forms that our state may require for nonprofit corporations or charitable trusts. |  |  |  |

**Level 2 – Good Practices for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***990-PF*** | True | Mostly True | Some- times True | Never True | NA |
| 1. Our 990-PF is reviewed and approved by our board chair before it is submitted, to ensure it is accurate, complete and filed on time. |  |  |  |  |  |
| 2. Our 990-PF is signed by our highest-ranking officer. |  |  |  |  |  |
| 3. We file our 990-PF in a timely manner, without extensions unless required by ordinary circumstances. |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| ***Transparency*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We make available information on our organization and our grantmaking guidelines and procedures to GuideStar and the Foundation Center’s directory. |  |  |  |  |  |
| 2. We make available information on our organization and our grantmaking guidelines and procedures to any directory of grantmakers in our region published by a regional association of grantmakers or other recognized publisher. |  |  |  |  |  |
| 3. If we accept unsolicited grant proposals, we make readily available a full and clear description of our grantmaking guidelines and application process through our 990-PF, grantmaker directory entries and/or other communications vehicles as appropriate, including the following information:  Program interests, funding priorities, and any restrictions.  Geographic limitations, if any.  How to apply for grants, including preferred application format.  Application deadlines, if any.  Dates of grants meetings.  Policies and practices related to multi-year funding.  Average size and range of grants made.  When and how grant requests will be acknowledged, and how applicants will be kept informed of the status of their requests.  Estimated turnaround time for grant applications.  A list of grants made in one or more previous years, including grant amount, recipient and purpose. |  |  |  |  |  |
| 4. If we do not accept unsolicited grant proposals, we clearly indicate this in our grantmaker directory entries and/or other communications vehicles as appropriate. |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***990-PF*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We file our 990-PF electronically or are planning a move to electronic filing. |  |  |  |  |  |
| 2. We post our 990-PF prominently on our website (if we have a website). |  |  |  |  |  |
| 3. We share our completed 990-PF with our board, or at least those portions of the form that may be of most interest to the public. |  |  |  |  |  |

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| ***Transparency*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We make readily available information about our finances, operations, governance and impact through our annual report, website and/or other communications vehicles as appropriate, including the following information:  🞏 Vision, mission and goals.  🞏 Statement of values and code of ethics.  🞏 Founding donor’s intent.  🞏 Most recent audited financial statements.  🞏 Our funding programs and impact of our work.  🞏 Results of any research we may fund.  🞏 Accreditations we hold or certifications/standards we meet.  🞏 Names of board members.  🞏 Names and titles of officers.  🞏 Bylaws or charter documents.  🞏 Other relevant policies and documents.  🞏 Address and name of an individual to contact for information.  🞏 Phone number, office location and office hours (if we maintain an office). |  |  |  |  |  |

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| **Grantmaking** |

This section focuses on a foundation’s management of the entire process for awarding grants, from handling grant applications (for those foundations that accept unsolicited grant proposals) through making final grant decisions.

**Level 1 – Legal Compliance**

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| --- | --- | --- | --- |
| ***Grantmaking Process*** | Yes | No | NA |
| 1. We engage in proper due diligence to ensure that all grants we make are used to further our foundation’s exempt purposes. |  |  |  |
| 2. For any grants we make to organizations that are not charities (including social welfare organizations, trade associations, for-profit corporations), we take the appropriate legal steps to exercise expenditure responsibility. |  |  |  |
| 3. For any grants we make to other private foundations, we take the appropriate legal steps to exercise expenditure responsibility and we take steps to ensure that the grantee expends the grant funds within 12 months after the close of the taxable year in which it received the funds (to comply with the "out of corpus" rule). |  |  |  |
| 4. For any grants we make directly to charities outside the U.S., we take the appropriate legal steps to either exercise appropriate expenditure responsibility or to conclude that the grantee is the equivalent of a U.S. public charity. |  |  |  |
| 5. We take the appropriate legal steps to ensure that our grants do not fund any organizations that will use the money for terrorism. |  |  |  |
| 6. We ensure that any grants we make to a fiscal sponsor are not earmarked and that the fiscal sponsor has total control over how the funds are granted. |  |  |  |
| 7. For any grants we make to individuals, we take the following steps:   * Ensure the grant would be used for a charitable purpose. * Exercise appropriate due diligence. * Follow IRS recordkeeping requirements for grants to individuals. * Do not make any grants to disqualified persons. * Make the grant using a procedure approved in advance by the IRS (for any grants for study or travel purposes, such as scholarships, fellowships or research grants). |  |  |  |
| 8. If we make any grants to Type III supporting organizations that are not functionally integrated, we exercise appropriate expenditure responsibility for these grants. |  |  |  |
| 9. If we make grants to any type of supporting organization where a disqualified person of our foundation controls the supporting organization or one of its supported organizations, we exercise appropriate expenditure responsibility for these grants. |  |  |  |

**Level 2 – Good Practices for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***Grant Decision-Making & Management*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We have a grantmaking policy and guidelines that clearly define the main areas where we will make grants and the areas we exclude. |  |  |  |  |  |
| 2. We perform proper due diligence to ensure potential grant recipients’ fiscal and organizational viability. |  |  |  |  |  |
| 3. We require and review reporting from grantees that is sufficient to enable us to confirm that a grant has been properly received and spent. |  |  |  |  |  |
| 4. We have considered accepting a common reporting form (if one has been developed in our region). |  |  |  |  |  |
| 5. We use discretion in both seeking and responding to requests for information about applicants or grantees. |  |  |  |  |  |

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| ***Grant Application***  ***If we accept unsolicited grant proposals:*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We have taken steps to ensure that our grant application instructions are clear and consistent. |  |  |  |  |  |
| 2. If we use a grant application form, we have designed the form to be as clear, concise and easy-to-use as possible. |  |  |  |  |  |
| 3. If we use a grant application form, we have considered accepting a common grant application form (if one has been developed in our region). |  |  |  |  |  |
| 4. We have developed and consistently apply a set of criteria for judging the eligibility and quality of all grant applications. |  |  |  |  |  |
| 5. When a grantmaking policy or procedure changes significantly, we advise those affected by the change, including grant applicants, within a reasonable period of time. |  |  |  |  |  |
| 6. We send a timely denial letter to applicants that are unsuccessful. |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***Grant Decision-Making & Management*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We have defined and documented the roles and responsibilities of board members and advisers in the grant decision-making process, and ensure that this is understood by all relevant parties. |  |  |  |  |  |
| 2. If we delegate grantmaking authority to a subcommittee or other group, we have clearly documented the terms of the delegation. |  |  |  |  |  |
| 3. In developing policies and procedures to monitor grants, we have taken into consideration the costs in time and other resources required of us and the grant recipient relative to the size or purpose of the grant. |  |  |  |  |  |
| 4. We use grant agreement letters to clearly explain payment procedures, reporting requirements, how we will monitor the grant, and mutual expectations. |  |  |  |  |  |
| ***If we make site visits:*** |  |  |  |  |  |
| 5. We have written policies and procedures for conducting and documenting the visits and using the information gathered from the visits. |  |  |  |  |  |
| 6. We give adequate notice of the visits to grant applicants or grantees. |  |  |  |  |  |

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| ***Grant Application***  ***If we accept unsolicited grant proposals:*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We make all grants within our guidelines. Any exceptions are reviewed by the entire board and do not exceed a maximum dollar cap or percentage of total giving. |  |  |  |  |  |
| 2. If we routinely contact others for pertinent information about an applicant’s programs or proposal as a part of the review process, our guidelines say so. |  |  |  |  |  |
| 3. We have developed and follow a procedure for responding to and acting promptly on all complaints from grant applicants or grantees. |  |  |  |  |  |

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| **Finance** |

This section focuses on a foundation’s financial management, spending and investment of its funds.

**Level 1 – Legal Compliance**

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| ***Investments*** | Yes | No | NA |
| 1. Our board members make prudent investment decisions based on diversification of assets, appropriate performance benchmarks, and the importance of a portfolio's total return on investment. |  |  |  |
| 2. Our board members avoid any jeopardizing investments that are excessively risky or speculative. |  |  |  |
| 3. Our board members receive necessary information on the foundation's investment results, strategy and decisions in order to fulfill their legal and fiduciary responsibilities. |  |  |  |
| 4. The foundation and disqualified persons together do not own a share of the voting stock of any corporation or partnership that exceeds the limits described in Section 4943 of the Internal Revenue Code. |  |  |  |

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| ***Taxes*** | Yes | No | NA |
| 1. We pay an annual excise tax of 1% or 2% of our net investment income and make quarterly filings per IRS requirements. |  |  |  |
| 2. We pay tax on unrelated business taxable income (UBIT) for any business outside our charitable purpose, and make an annual filing of 990-T and quarterly filings per IRS requirements. |  |  |  |

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| ***Expenditures*** | Yes | No | NA |
| 1. If we make grants to Type III supporting organizations, we do not count these grants toward our payout requirement. |  |  |  |
| 2. If we make grants to any type of supporting organization where a disqualified person of our foundation controls the supporting organization or one of its supported organizations, we do not count these grants toward our payout requirement. |  |  |  |

**Level 2 – Good Practices for Accountability**

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| --- | --- | --- | --- | --- | --- |
| ***Investments*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We do not pay a family member or any other disqualified person to manage our investments. |  |  |  |  |  |
| 2. We have in place a sound, effective written investment policy, approved by the board, to guide our investing activities regarding the balance between risk and return in the context of our investment goals, adequate for our size and complexity. |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 3. We review and update our investment policy regularly. |  |  |  |  |  |
| 4. We regularly monitor our compliance with our investment policy. |  |  |  |  |  |
| 5. We clearly communicate our investment policy to our investment managers. |  |  |  |  |  |
| 6. We make available to the public upon request the names of our investment managers, fees charged, and the governing body or appointees responsible for investment oversight and activity. |  |  |  |  |  |

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| ***Expenditures*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We take steps to ensure that our administrative expenses (including travel expenses) are in proportion to amounts spent by organizations of similar size and with similar funding strategies. |  |  |  |  |  |
| 2. We ensure that our annual spending policy for grants and administration reflect the original intent of the founding donor(s). |  |  |  |  |  |

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| ***Financial Management*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We have developed and adhere to written financial management policies and procedures — adequate for our size, nature, complexity and mission — concerning administrative expenditures (including travel expenses), internal financial controls and purchasing. |  |  |  |  |  |
| 2. Our board includes individuals with financial literacy or has adopted other mechanisms for drawing on independent financial expertise. |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| ***Audits*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We conduct an independent audit or financial review as follows:   * If our annual revenue is $1 million or more, we conduct an annual audit of our financial statements and operations. * If our annual revenue is $250,000 - $1 million, we conduct an audit of our financial statements and operations OR have our financial statements reviewed by an independent public accountant. * If our annual revenue is less than $250,000, we obtain a periodic review of our financial statements or engage in other means of independently verifying our financial statements and controls.   (Note: If your foundation conducts a regular independent audit, please consult the audit section (under Finance) in the accountability self-assessment tool for staffed private foundations.) |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Investments*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We have a board-led investment committee that recommends investment policies and guidelines to protect our investment assets; develops an investment strategy; and continuously monitors our investment portfolio. |  |  |  |  |  |
| 2. We have a written description of the roles and responsibilities of our investment committee. |  |  |  |  |  |
| 3. We have a system and procedures in place to allow the foundation to act quickly, between board meetings, in cases where individual stocks or classes of stocks experience rapid shifts in price and action may be needed either to rebalance the portfolio or take other more radical action. |  |  |  |  |  |
| 4. In making investment decisions, our board considers the extent to which the values and principles that guide our grantmaking also inform our investment policies and decisions. |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| ***Financial Management*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We ensure that an adequate amount is kept in cash or some other easily converted investment for annual (or more frequent) grant payments and other expenses. |  |  |  |  |  |
| 2. We have an annual budgeting process, including the board’s approval of the budget. |  |  |  |  |  |
| 3. We regularly monitor and assess financial performance and expenditures relative to the approved budget. |  |  |  |  |  |
| 4. Our board receives regular financial reports addressing any differences between actual and budgeted revenues and expenses. |  |  |  |  |  |

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| **Administration** |

This section focuses on a foundation’s internal operation and administration of its records and other information, technology and systems.

**Level 1 – Legal Compliance**

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| --- | --- | --- | --- |
| ***Records Retention & Management*** | Yes | No | NA |
| 1. We have a written, mandatory record retention and destruction policy.2 |  |  |  |
| 2. For any grants we make to an individual for travel, study or similar purposes, we retain the following information on these grants for four years after completion of the use of funds:   * All information we secured to evaluate the qualifications of potential grantees. * Identification of grantees (including whether grantee is a disqualified person). * Specification of the amount and purpose of each grant. * Follow-up information that we obtained in complying with these record retention requirements. |  |  |  |

2 The law does not require a private foundation to have a record retention and destruction policy, but having such a policy is becoming increasingly critical to protect a foundation from legal liability. Although provisions of the Sarbanes-Oxley Act of 2002 apply only to public companies, the Act has made it easier for the government to prosecute cases where individuals and organizations (including charitable institutions and their managers) have obstructed justice by destroying documents. And there are growing calls from federal and state regulators to mandate Sarbanes-Oxley-type reforms for charities.

**Level 2 – Good Practices for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 1. Our general records are retained for 7 years, unless some other period of time has been determined by our attorneys to be reasonable to ensure that the information in the records is available as long as it may become material in the administration of any law. |  |  |  |  |  |
| 2. All our grant decisions are clearly recorded and appropriately stored. |  |  |  |  |  |
| 3. A computer expert has reviewed and verified that our computer and network security is adequate to protect our information and assets. |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 1 We actively seek a diverse range of candidates when selecting consultants, investment managers, legal counsel, auditing firms and other vendors. |  |  |  |  |  |
| 2. We have systems in place that allow us to easily track the grant history and application history of grantees and grant applicants. |  |  |  |  |  |

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| **Public Policy** |

This section focuses on a foundation’s engagement in the public policy process, including funding and/or participating in lobbying and advocacy activities.

**Level 1 – Legal Compliance**

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| --- | --- | --- | --- |
| ***Funding Advocacy & Lobbying*** | Yes | No | NA |
| 1. We do not engage in direct lobbying, or the funding of such lobbying, unless it is for one or more of the following activities:   * Fund or present nonpartisan analysis, study or research that was made widely available. * Engage in examinations and discussions of broad social, economic and similar problems not connected to specific legislative proposals. * Provide testimony or other technical assistance to governmental body or committee, pursuant to a written request from the governmental body or committee. * Address proposed legislation that would affect the existence of our foundation, its powers and duties, its tax-exempt status, or the deductibility of contributions to the foundation. * Fund a public charity’s membership communications that contain legislative information but no legislative call to action (if the charity elected to be governed by IRC Section 501(h)). * Present information to a legislative body about a program that is, or may be, funded by both the foundation and the government. |  |  |  |
| 2. We do not provide public charities with any grants that are earmarked to be used for lobbying. |  |  |  |
| 3. We do not make any grants to support voter education or voter registration activities that are overtly or implicitly partisan in the persons targeted or the messages conveyed. |  |  |  |
| 4. If we fund nonpartisan voter registration activities, we follow all procedures required by the IRS in Section 4945(f). |  |  |  |
| 5. We do not make grants for any project involving lobbying activity in which our total grants for that project during the year exceed the project’s budgeted non-lobbying expenses. |  |  |  |

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| --- | --- | --- | --- |
| ***Political Campaign Involvement*** | Yes | No | NA |
| 1. We do not to make any campaign contributions to, or any expenditures on behalf of, candidates for public office. |  |  |  |
| 2. We do not endorse any candidates for public office on behalf of the foundation. |  |  |  |
| 3. We do not communicate anything on behalf of the foundation that explicitly or implicitly favors any candidates for public office. |  |  |  |
| 4. Our board members do not use foundation facilities, equipment, personnel or other resources to provide support to, or oppose, a candidate for public office or a political campaign. |  |  |  |

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| --- | --- | --- | --- |
| ***Employing Lobbyists***  ***If we employ a lobbyist:*** | Yes | No | NA |
| 1. We register and file semiannual reports with the Secretary of the U.S. Senate and the Clerk of the U.S. House of Representatives, if we expected to incur, or did incur, in-house lobbying expenses at the federal level exceeding $24,500 in a semiannual period. |  |  |  |
| 2. We file any reports that may be required by state law. |  |  |  |

**Level 2 – Good Practices for Accountability**

*There are no level 2 practices for this section.*

**Level 3 – Practices of Excellence for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Participating in Advocacy*** | True | Mostly True | Some- times True | Never True | NA |
| 1. We have considered ways to advocate for the charitable sector, or to support such efforts, within the limits of the law. |  |  |  |  |  |
| 2. We have considered ways to advocate publicly for issues that relate to our mission and values, or to support such efforts, within the limits of the law. |  |  |  |  |  |

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| **Mission & Strategy** |

This section focuses on a foundation’s strategies to ensure that it achieves the best possible results from its grantmaking.

**Level 1 – Legal Compliance**

*There are no legal compliance issues for this section.*

**Level 2 – Good Practices for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 1. We have a written mission statement, approved by our board, that clearly and succinctly describes what business we are in, what we do, for whom, why and how. |  |  |  |  |  |
| 2. We review our mission every 3-5 years to determine if it continues to meet changing community needs. |  |  |  |  |  |
| 3. We periodically review our charter and other donor instructions to determine whether they need to be amended or re-interpreted to meet changing community needs in ways that reasonably honor the donor’s intent. |  |  |  |  |  |
| 4. We periodically review our grantmaking priorities and objectives to help ensure that our grantmaking remains relevant and responsive, taking into consideration such factors as changing needs and capacities of the communities we support, legislation or other government initiatives, and policies and activities of other grantmakers that may affect our funding. |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 1. We have a written strategic plan to guide our activities. |  |  |  |  |  |
| 2. We have a written operational plan to guide our activities. |  |  |  |  |  |

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| **Evaluation** |

This section focuses on a foundation’s work to evaluate and assess the effectiveness and/or efficiency of its grantmaking and its internal operations.

**Level 1 – Legal Compliance**

*There are no legal compliance issues for this section.*

**Level 2 – Good Practices for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 1. We periodically evaluate the efficiency and effectiveness of our organization’s operations and procedures. |  |  |  |  |  |
| 2. We periodically evaluate the effectiveness and impact of our grantmaking. |  |  |  |  |  |
| 3. Our evaluations relate to our mission, assessing whether our programs and operations are attaining the goals and objectives explicit in our mission. |  |  |  |  |  |
| 4. If we use an outside evaluator, we take steps to ensure that the evaluator discloses any roles or relationships that might pose a conflict of interest (or appearance of a conflict) in its role as an evaluator. |  |  |  |  |  |
| 5. We disclose any actual or potential conflicts of interests with outside evaluators in reports of the evaluation results. |  |  |  |  |  |
| 6. We involve our board in our evaluations. |  |  |  |  |  |

**Level 3 – Practices of Excellence for Accountability**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | True | Mostly True | Some- times True | Never True | NA |
| 1. Our evaluations include perspectives from outside our organization (e.g., current and past grantees, grant applicants, the broader community being served, other philanthropic organizations). |  |  |  |  |  |
| 2. We take steps to ensure confidentiality for grant applicants and recipients involved in our evaluation process. |  |  |  |  |  |
| 3. We utilize external evaluators when appropriate and feasible. |  |  |  |  |  |