



NFI Governance Policy

(Adopted 23 September 2011; Revisions adopted April 2012, October 2014)

PRINCIPLES AND PRACTICES GOVERNING THE NIDCAP FEDERATION INTERNATIONAL (NFI) FOR NONPROFIT EXCELLENCE

Governance

The NFI's Board of Directors is responsible for defining the NFI's mission and for providing overall leadership and strategic direction to the organization. The NFI Board takes responsibility for the following activities: 1) Setting of policy and providing assurance that the organization has adequate resources to carry out its mission; 2) Provision of direct oversight and direction for the Executive Director and any other person contracted to provide services to the NFI, with responsibility for performance evaluation of the Executive Director and other contracted staff's performance on an at least bi-annual basis; and 3) Evaluation of the Board's own effectiveness as a governing body, as a group of volunteers, and as representatives of the community at large in upholding the public interest served by the organization.

Board Composition

- 1) The NFI's Nonprofit Board is comprised of individual volunteers who are committed to representing the NFI's best interests and mission.
- 2) To allow for sufficient deliberation and diversity of perspectives, the NFI's Board consists of no fewer than seven individuals.
- 3) The NFI Board at all times has a Chair and a Treasurer, and aims to have a Vice-Chair and a Secretary. The position of Chair is secured by the Vice Chair and the positions of Treasurer and Secretary are secured by the positions of Assistant Treasurer and Assistant Secretary in order to assure continuity of operation in case of incapacitation of an Officer. No one Board Member occupies more than one officer position as concerns the Chair and the Treasurer.
- 4) Staff Membership on the Board presents a conflict of interest and is avoided. NFI Governance Policy, Adopted 23 September 2011, Covington, KY, rev 11 April 2012

Board Characteristics and Qualifications

- 1) The NFI Board strives towards broad representation that reflects the NFI's constituents.
- 2) Board Members are committed to the mission and dedicated to the success of the NFI.

- 3) Board Members actively develop an understanding of the mission, ongoing activities, finances and operating environment of the organization.
- 4) Board Members value diversity and understand the role of participation and inclusion in the future success of the organization's work.
- 5) To demonstrate their personal stake in the organization, Board Members volunteer time, raise external funds as feasible, and make financial contributions to the NFI.

Board Responsibilities

- 1) NFI Board Members are provided with clear job descriptions, orientation to the work of the organization, and fully understand their roles and responsibilities to the organization and to the public.
- 2) NFI Board Members understand the content and significance of the organization's financial statements and audit.
- 3) NFI Board Members hold at a minimum semi-annual meetings and expect regular attendance of all Board Members.
- 4) NFI Board Members take responsibility for keeping suitably informed so that they may actively participate in decision making.
- 5) The NFI Board and its Members organize committees as indicated to effectively structure the NFI's roles and responsibilities.
- 6) NFI Board Members take responsibility to make decisions in the interest of the NFI and no other party, including themselves. The NFI Board has a conflict of interest policy in place that includes a disclosure form, which is signed by the NFI Board Members annually, as well as procedures for managing conflicts of interest and handling situations in which public and private interests intersect.
- 7) NFI Board Members take responsibility for upholding the NFI's mission and for using its resources wisely and in accordance with the law.
- 8) NFI Board Members take responsibility for fully understanding their legal and fiduciary obligations and for carrying out their responsibilities in the following areas:
 - Planning
 - Policy Approval
 - Annual Performance Review of the Executive Director and other Staff Members, and
 - Setting of Compensation Structure
 - Fundraising
 - Financial Management NFI Governance Policy, Adopted 23 September 2011, Covington, KY, rev 11 April 2012
- 9) NFI Board Members, led by the Board Chair, annually evaluate themselves through a survey to the Board Members and a subsequent discussion of the results with an eye toward improving governance practices. (to be developed)
- 10) NFI Board Members receive no monetary compensation for their Board duties other than reimbursement for board-related expenses.

¹Fundraising & Gift Acceptance Policy (adopted 24 October 2014)

The NFI as a nonprofit organization provides opportunities for individuals and institutions to voluntarily contribute to an NFI cause of their choosing. The NFI conducts all fundraising according to the highest ethical standards with regard to solicitation, acceptance, recording, reporting and use of funds. The NFI's policies for fundraising activities ensure responsible use of funds and open, transparent communication with contributors and other constituents.

Gift Acceptance Policy

This policy sets out the principles that the NFI will follow when seeking and accepting gifts from individuals, statutory or government bodies, charitable trusts and foundations, corporate bodies, and donors/prospective donors.

Specifically, this policy has been established to:

- Formalize the conditions and procedures to be followed by the NFI in accepting donations.
- Ensure that informed decisions are made on the acceptance of gifts and that such gifts are receipted in accordance with the requirements of the Internal Revenue Service.
- Ensure that efficient administrative, legal, and accounting practices and procedures are followed
- Enable accurate reporting of gifts bestowed upon the NFI, its conferences, teaching centers, research and other subordinate units
- Ensure consistent fiduciary, privacy and effective relationships with donors and funders.
- Ensure due diligence prior to making a decision with respect to a gift which:
 - a. Might expose the NFI to uncertain and potentially significant liability
 - b. Is precedent setting or involves sensitive issues
 - c. May have come from illegal activities
 - d. Because of its unusual nature, presents questions as to whether it is within the scope and role of the NFI.

In order to ensure this Policy continues to be effective, it shall be reviewed periodically. The Chair of the Advancement Committee is responsible for this review at appropriate intervals.

It is important for the reputation of the NFI and its supporters that the all parties be wholly protected from any real or perceived impropriety in the relationship that is established through the offer and receipt of a gift.

General Principles for Gift Acceptance

The Advancement Committee of the Board will coordinate the organisation's efforts to seek philanthropic support, including that from sources described under Section 2 in the USA and abroad. It will also routinely review gifts received, record them and arrange for their appropriate allocation and stewardship.

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The Advancement Committee will take all reasonable measures to ensure it is aware of the source of funding for gifts and will undertake due diligence to ensure that gifts are for the purpose consistent with the organisation's Mission and that no legal or reputational issues are raised by their acceptance. One such factor is the timing of a gift, if it may be construed as having influenced an organisation outcome or a procurement process.

Prior to making a gift, the donor, and any Members of the NFI and of the Board Directors connected to such donor, will be asked to disclose to the Chair of the Advancement Committee any actual or apparent conflict of interest that such gift may pose.

The Advancement Committee will ensure that appropriate records are maintained for tax receipt purposes. This will be an auditable record for every gift and donor (individual, foundation, corporate or statutory) held in an electronic database.

A donor's right to remain anonymous will be respected to the extent possible under applicable law, regulations and legal processes, but full details will be recorded in the donor database.

Where one or more conditions are attached to an offer of a gift, other than designating for a specific project, the Chair of the Advancement Committee or his/her delegate will discuss with the donor any issues of concern in relation to those conditions so that an agreement can be reached by all parties prior to acceptance of the gift. The NFI will not normally accept a gift prior to ensuring that any imposed conditions are appropriate and can be satisfactorily met by the NFI.

The Advancement Committee will ensure that any gifts will be reconciled and recorded in the database on a monthly basis. Funds will then be transferred to the NFI account.

Donors may expect to receive appropriate acknowledgment of their gifts and to be assured that their gifts will be used for the purposes for which they are given. Unrestricted gifts will be allocated to projects or other organisational uses at the discretion of the Board of Directors, normally on the recommendation of the Advancement Committee and its Chair.

Gifts up to \$5,000

Gifts up to \$5,000 will normally be accepted by the NFI without further investigation if they are given without conditions of support of an existing fundraising programme or are received from existing donors already known to the organisation. In other cases, the Advancement Committee or its delegate will judge whether to accept the gift, conduct a more extensive process of due diligence, or liaise with the donor concerning any concerns.

Gifts over \$5,000

All such gifts will be notified to the Advancement Committee on their offer or receipt, which will initiate an appropriate process of due diligence and assign a named contact within the Advancement Committee or Board of Directors.

If the donor is a corporate or charitable body that is legally permitted to operate in the US, then the source of the funding will not normally be contested.

Donors offering pledges valued at over \$5,000 will be asked to complete a Gift Agreement that outlines the details of the gift, project to be supported (if designated), a pledge payment schedule and naming rights (if any). The agreement will be signed by the donor and by Board representative of the NFI.

In any cases of concern for gifts in excess of \$50,000, the Chair of the Advancement Committee or delegate will normally seek additional guidance from a group of the Board after completing the process of due diligence. At any time, he/she may seek outside guidance or counsel that will enable the organisation to reach a decision regarding the acceptance of the gift and its conditions.

Return of Gifts

Gifts made to the NFI will not normally be returned to the donor. In cases where a gift with agreed restrictions has been received in good faith, but where circumstances have changed so that the original purposes of the gift cannot be fulfilled in whole or in part, then the NFI will normally seek to use the funds in a way that closely corresponds to the original objectives of the donor, consulting the donor or the donor's representative wherever possible.

Gifts that are paid in error by the donor's bank, or bank overpayments, will be refunded to the donor.

Administration of Gifts of Non-Monetary Assets

The NFI can accept legacies and bequests made by individuals in their wills, where all or part of the estate is set aside for the NFI. The Advancement Committee Chair or delegate will work closely with donors to establish the terms on which any such gifts, and any income deriving from such gifts during the donor's lifetime (if applicable), are held.

The NFI can accept transfer of stocks or shares, an outright gift of unencumbered personal property, and gifts of jewellery, artwork, books, antiques or collections. The Advancement Committee or delegate will work closely with the donor to establish the terms on which any such gifts will be accepted. Any legal expenses, valuation costs or transport costs pertaining to the transfer of such items will normally be the responsibility of the donor or the executor. Unless otherwise agreed with the donor, the NFI reserves the right to dispose of shares or property at a time to be decided by the NFI Board or committee. Unless otherwise agreed with the donor, articles of value or collections are accepted with the understanding that the NFI would have full authority to use, lend, exhibit, donate or sell the property.

Gifts of real property and life insurance will be accepted only after review with legal counsel and a due diligence process relevant to the specific asset.

Research Grants and Corporate Sponsorships

For the avoidance of doubt, philanthropic gifts are distinguished from research grants being administered by the NFI Board of Directors or its delegate(s). However, with the approval of the NFI Board of Directors, research grants from foundations, companies and other organisations may be categorised as philanthropic income and may be recorded on the donor database.

Philanthropic gifts are also normally kept distinct in terms of reporting from corporate sponsorship. All corporate sponsorships must be discussed and approved by the Advancement Committee.

Gift Solicitation

NFI's Chair of the Advancement Committee must authorize the solicitation of gifts. This approval applies uniformly to both those solicitations conducted in the US, as well as other NFI affiliated centers.

Accountability to Donors

- 1) The NFI complies with all federal, state and local laws concerning fundraising practices, including registration and annual reporting with the Office of the Massachusetts Attorney General.
- 2) The NFI conducts all fundraising activities in a manner that upholds the public's trust in stewardship of contributed funds.
- 3) The NFI's fundraising communications include clear, accurate and honest information about the organization, its activities, and the intended use of funds.
- 4) The NFI uses funds consistent with donor intent and complies with specific conditions placed upon donations.
- 5) The NFI's Board of Directors assures that a written acknowledgement is sent to all donors including those who make a "gift in kind" i.e. who make a donation that is, a payment made partly as a contribution and partly for goods and/or services in excess of \$25.00.
- 6) The NFI's prompt thank-you letter includes all information required by the IRS for tax purposes. The IRS permits such acknowledgement communications to be sent in the form of email attachments.

Sample Thank You Letter to be printed on NFI Letterhead, and reviewed by an NFI board officer:

Donor name and address

"In the name of the NFI we wish to thank you for your (year) contribution of cash in the amount of (Dollar Amount). We did not provide any goods or services in exchange for

this contribution. The NFI is an organization exempt under Section 501(c) (3) of the Internal Revenue Code and contributions are deductible to the extent allowed by law."

Any single contribution of \$250 or more is listed separately. If the donation is other than cash, the property is described without indication of value.

If the donor was provided with goods or services as part of the contribution, the second sentence in the above example is deleted and substituted by the following:

"The NFI provided you with (description of good or service) with a fair market value of \$ (dollar amount). Your tax deduction is limited to the amount of cash and value of any property contributed, reduced by the value of any goods or services received in return. Accordingly, the amount eligible for a federal income tax deduction is \$ (dollar amount)."

The NFI considers as exceptions items of minimal value such as pens, mugs and item of similar nature.

- 7) The NFI strives for a balance between publicly recognizing charitable contributions and maintaining donor confidentiality when requested. The NFI does not share, trade or sell contact information for any donor without prior permission from the donor.
- 8) The NFI regularly communicates with contributors regarding their activities and makes such information available through public and private media (including Website, emails, newsletters, press releases to major and community media outlets, and free or paid advertising).

Policies

- 1) The NFI's Board of Directors has overall responsibility for raising sufficient funds to meet budgeted objectives.
- 2) The NFI follows its policies regarding the acceptance of personal gifts from any constituent, Staff Member, Board Member, and volunteer.
- 3) The NFI declines funds or in-kind donations derived from activities and/or donors that present a clear conflict of interest with the NFI's mission; that bring about adverse conditions for the organization or its constituents; and/or that represent gifts given for purposes outside the scope of the NFI's mission.
- 4) The NFI applies a high percentage of each dollar raised for programs and services in accordance with practices of comparable organizations, Commonwealth of Massachusetts statutes and representations made to contributors and the public.
- 5) The NFI does not base compensation for fundraising personnel and contractors on a percentage of funds raised or on any other commission-based formula. NFI Governance Policy, Adopted 23 September 2011, Covington, KY, rev 11 April 2012
- 6) The NFI closely monitors any individual or organization that solicits funds on its behalf to ensure adherence to donor intent as well as accountability to NFI fundraising practices.
- 7) The NFI assures that any contracted or volunteer Professional Fundraiser is registered with the Office of the Massachusetts Attorney General.

Financial Management

The NFI acts as responsible steward in managing the NFI's financial resources. The NFI complies with all legal financial requirements and adheres to sound accounting principles that produce reliable financial information, ensure fiscal responsibility and build public trust. The NFI uses all financial resources to accomplish its missions in an effective and efficient manner and follows the policies and practices established to regularly monitor how funds are used.

Functions

- 1) Individuals, such as the Treasurer, who are responsible for the NFI's financial reporting prepare and analyze consistent, timely and accurate financial reports on at least a semi-annual basis. The NFI Board's Secretary is diligent in taking complete and concise minutes that reflect filing of the Treasurer's report and all Board decisions, as well as filing of timely Federal and State Tax Reports as required by law.
- 2) The NFI ensures separation of financial duties to serve as a checks-and-balances system in order to prevent theft, fraud or inaccurate reporting to the greatest extent possible. This includes the following safe-guards:
 - The Treasurer receives and reconciles the bank statements, or writes checks, but does not do both.
 - Incoming checks receive immediate restrictive endorsement (by a bank stamp, or handwritten "For deposit only, ABC Bank, Account # 123445") and are deposited within a week with no cash back
 - All outgoing checks are supported by an approved invoice, receipt, or a voucher prepared by the person (volunteer) requesting reimbursement if a receipt or invoice is not available. If a volunteer, Staff Member or Officer asks for a reimbursement but does not provide a receipt the expense is not reimbursed.
 - Checks above \$500.00 require two signatures.
 - Checks are never signed in advance.
- 3) The NFI's Board of Directors and in particular the Treasurer safeguards the NFI's assets, data, and personal information. Risks associated with special events such as fund raising activities, vehicle use, and others are of particular concern and receive special scrutiny.
- 4) The NFI's Board of Directors plans and evaluates its effectiveness via its budget. The Board utilizes the NFI's budget as a map that shows plans and means to achieve these plans. The budget is the Board's key tool for reaching consensus on the feasibility of next steps. Any unexplained variance between a budgeted and actual line item of revenue or expense is used to indicate potential problems. Preparation of the NFI's budget begins with estimation by those in charge of initiatives what they require for the achievement of the steps planned. Review of the previous year's budget is a key part of the process. Cost and revenue estimates must be reasonable and realistically attainable.

- 5) The NFI's Treasurer prepares timely financial reports, the underpinning of good stewardship and sound financial decision making, and consistently and reliably assures tracking of budget performance.
The commercial accounting software QuickBooks® or similar software is the tool used by the Assistant Treasurer in reporting budget tracking to the Treasurer. Charting of all accounts provide detailed accounting and responsible budget management.
- 6) The NFI Treasurer encourages and equips the Assistant Treasurer to participate in financial management duties and transfers controls for day-to-day budget tracking and management to the Assistant Treasurer, who is equipped to take over the Treasurer's responsibilities with the least disruption in the event of incapacitation.
- 7) A Financial Oversight Committee consisting of a minimum of two volunteer Board Members serves to ensure impartial evaluation and monitoring of all activities of the Treasurer and Assistant Treasurer, and to advise the Board in the event of unexpected occurrences and discoveries.
- 8) All NFI Board Members share equal responsibility for the financial health of the NFI. The President, Vice-President, and Secretary form the core Board leadership group alongside the Treasurer. The Secretary should be diligent in taking complete and concise minutes that reflect all Board Member and Officer Reports and all Board decisions.
- 9) The Treasurer plays a critical role in sustaining the NFI, in maintaining essential stakeholder confidence, and in supporting the NFI's overall mission and effectiveness.
- 10) The NFI Board of Directors monitors all major expenses, including payroll, travel, investments, expense accounts, contracts, consultants and leases.
- 11) The NFI Board of Directors assesses the NFI and the Board's risks and determines the purchase of the appropriate levels of insurance to prudently manage the NFI and the Board's liabilities.
- 12) The NFI Board of Directors sets the compensation levels for the NFI's Executive Director and for other key personnel.
- 13) The NFI Board of Directors strictly prohibits financial loans to Board Members, the Executive Director and other key personnel.
- 14) NFI Board Members take responsibility for their clear understanding and skill in how to read and interpret the organization's financial statements.

Compliance

- 1) The NFI's Board of Directors complies with all financial regulations, such as withholding and payment of federal, state and Social Security taxes and the management and use of restricted funds.
- 2) The NFI's Board of Directors completes the annual IRS Form 990 in a timely, accurate manner and includes specific information about the relevant year's activities and outcomes. The Members of the NFI's Board of Directors are provided with a copy of the completed IRS Form 990 in a timely manner. If the NFI's total revenues for the previous fiscal year exceed \$500,000.00 the NFI's Board of Directors ensures that its financial statements are audited, certified and prepared in accordance with sound accounting practices.

- 3) The NFI's Board of Directors designates an Audit Committee to hire the auditor, oversee the audit process, meet with the auditor to review the audit's content and present the audit to the full Board for its review and approval.
- 4) The NFI's Board of Directors protects individuals who report financial misconduct from any negative repercussions for doing so.

Openness and Fidelity

- 1) The NFI's Board of Directors openly communicates the annual reporting information contained in its IRS Form 990 to constituents and others who request such information.
- 2) The NFI's Board of Directors works diligently to avoid recurring deficits and to secure appropriate levels of funding to carry out its mission and activities.
- 3) The NFI's Board of Directors complies with the legal obligation to expend funds responsibly in compliance with the conditions attached to funding.
- 4) The NFI's Board of Directors ensures that its assets are used solely for the benefit of the organization and not for personal or other gains. The Board's conflict of interest policy is annually signed by the Board's Members and actively enforced by the Officers of the Board of Directors.

Signatures and Dates: Members of the NFI Board of Directors

Signatures and Dates: NFI Officers

Signatures and Dates: NFI Staff