



Nonprofits: Here's how to embrace accountability

To protect the organization, demonstrate openness and support the greater good, your not-for-profit needs to embrace accountability. Doing so will also help you fulfill your fiduciary responsibilities to donors, constituents and the public.

Fairness and clarity

Accountability starts by complying with all applicable laws and rules. As you carry out your organization's initiatives, do so fairly and in the best interests of your constituents and community. Your status as a nonprofit means you're obligated to use your resources to support your mission and benefit the community you serve. Evaluate programs accordingly, both in respect to the activities and their outcomes.

There can be no accountability without good governance, and that's ultimately your board's responsibility. Your board needs to understand the importance of its role and focus on the big picture — not the process-oriented details best handled at the staff or committee level.

For example, management will likely prepare internal financial statements and review performance against approved budgets on a quarterly basis. But it will present these statements to the board (or its audit or finance committee) for review and approval. Your board is also responsible for establishing and regularly assessing financial performance measurements.

Communicating with your public

Communication is a big part of accountability. Your annual report, for example, is designed to summarize the year's activities and detail your nonprofit's financial position. But the report's list of board members, management staff and other key employees can be just as important. Stakeholders want to be able to assign responsibility for results to actual names.

Your nonprofit's Form 990 also provides the public with an overview of your organization's programs, finances, governance, compliance and compensation methods. Notably, charity watchdog groups use 990 information to rate nonprofits.

Big impact

Whether your organization is accountable — and able to communicate its accountability — can affect everything from donations to grants, hiring to volunteering and good word-of-mouth. Contact us for more information.

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