



NONPROFIT ORGANIZATIONAL ASSESSMENT TOOL

In response to your request, here is a copy of the **Dayton SCORE Nonprofit Organizational Assessment** tool for you to print and use by your management and your Board to identify and prioritize areas in need of improvement within your organization. We at Dayton SCORE applaud you for your willingness to take the time to utilize this tool as an important step in moving your organization toward high performance.

This tool is the first of a three part initiative that Dayton SCORE has undertaken to help local, smaller non-profits, in their quest to build their capacity to serve effectively.

The second part is a series of five two-hour workshops on topics that our research has shown to be important needs of our non-profit community: Strategic Planning, Board Development, Financial Management, Fundraising and Marketing. If your assessment indicates some weakness in any of these areas, please take advantage of the corresponding workshops. The workshops will be held every other Wednesday from September 19 to November 14, from 10 am to noon, followed by a lunch, at the Kohler Catering and Banquet Canter in Kettering. An announcement will be made in mid-August with registration information.

The third part of the initiative is the offer of free, confidential, face-to-face counseling and mentoring on any issues of importance to your organization by an experienced Dayton SCORE counselor. You can arrange a counseling appointment by calling the Dayton SCORE office at 937-225-2887, and mentioning that you are responding to our **Non-Profit Initiative**.

As you will see, the **Nonprofit Assessment** tool is very comprehensive, and will take your organization some time to go through it. Furthermore, you may find that it identifies numerous areas where you need improvement. That is because the tool is based on a standard of excellence that is not easily reached, but is absolutely worth the journey if your goal is for your organization to achieve its mission and eventually attain its vision. If you would like to have a Dayton SCORE counselor help facilitate your organization's use of the **Nonprofit Assessment** tool, please feel free to call our office with that request.

We hope you find your use of the **Nonprofit Assessment**, which follows on the next pages, helpful.

Sincerely,

Dayton SCORE

Nonprofit Organizational Assessment

Dayton SCORE offers this Organizational Assessment as the initial step in a program designed specifically to address the typical issues encountered by small to medium-sized nonprofit organizations. This assessment is intended to assist key personnel (officers, trustees, board members) in identifying and prioritizing strengths and weaknesses within their organization. Dayton SCORE offers the services of its highly trained and experienced counselors in facilitating the use and implementation of this Assessment. In addition, SCORE offers five interactive workshops to guide and support each organization's progression to optimal accomplishment and effectiveness.

An organizational assessment is a data gathering and diagnostic process in which the nonprofit (Board, Committee, Executives, Consultant) steps back from day-to-day details of the organization to attempt to identify the big picture trends, patterns and dynamics that make the organization what it is. The review can be very broad covering all aspects (e.g., programs/services, structure, staffing, personnel, finances, systems, leadership, culture, etc.) or it can focus on specific areas identified by the organization as most important to them. The organizational assessment is typically the first step in a much broader planning, change or improvement process and should be followed by a strategic planning process (initial plan development or biannual update). The result of the assessment is ideally an accurate and possibly painfully honest picture of the organization's current situation, its strengths and weaknesses, culture, challenges and choices for the future.

The organizational assessment process must be adapted to fit the needs, timetable, budget and culture of the organization. An organizational assessment can be accomplished internally through the group's leadership/staff or by Board members in situations where there is general agreement on what challenges exist; the leadership, skill and time to devote to the process all exist within the group; and no major conflicts exist (i.e., members exhibit a high degree of mutual trust and respect). If any of these conditions is lacking, an external consultant should be employed to facilitate the assessment.

Some of the important components in the process might include the following steps.

- Agree on the scope of the review, responsibilities, timetable and participants. Establish and enforce confidentiality. Will an external consultant be used?
- Collect data regarding the current situation via records review, interviews (individuals, small groups, focus groups), brainstorming meetings and/or surveys.
- Critically assess the effectiveness of some or all of the following parameters:
 - Governance and leadership (Board, Executives, Staff)
 - Mission, vision and strategy
 - Program delivery and impact
 - Strategic relationships
 - Organizational culture
 - Strategic and operational planning (process and implementation)
 - Succession planning
 - Resource development (Training, Education)

- Internal operations (Facilities, Human Resources, Legal, Risk Management, Technology, Compliance, Marketing)
 - Financial administration
 - Fundraising
 - Management
 - Interpersonal relationships
 - Operational efficiency
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- Analyze and summarize the findings, identifying key issues and interrelationships.
 - Review findings with Board and/or staff to establish priorities.
 - Develop recommendations and discuss with Board.
 - Create action plan for addressing concerns, establish timelines and assign responsibilities.
 - Implement action plan and monitor progress.

Organizational assessments must be structured as a normal, developmental step in a time of renewal for the organization. The process is not by definition a negative, fault-finding exercise but rather an effort to strengthen and/or transform the organization by establishing (or affirming) their unity of vision, commitment to their mission and willingness to respond flexibly to the challenges presented. The optimal organizational assessment is one facilitated by an experienced consultant (a neutral outsider) who establishes a spirit of inquiry and evaluation, creates an attitude of learning and discovery and presents a process for constant adjustment that provides a long-term solution to the organization. A formal strategic planning process ideally follows the assessment.

How to Use this Tool

The checklist indicators represent what is needed to have a healthy, well-managed organization. Since it is a self-assessment tool, organizations should evaluate themselves honestly against each issue and use the response to change or strengthen its administrative operations.

Ratings:

Each indicator is rated based on its importance to the operation and effectiveness of any nonprofit organization. The ratings are:

E: Essential or basic requirements to the operations of *all* nonprofit organizations. Organizations which do not meet the requirements of these indicators could place their organizations in jeopardy.

R: Recommended as standard practice for effective nonprofit organizations.

A: Additional indicators which organizations can implement to enhance and strengthen their management operations and activities.

Checklist Responses:

Organizations can respond in one of three ways to each indicator:

1. **Needs Work** - Implies that work has been done towards achieving this goal. The organization is aware of the need for this indicator, and is working towards attaining it.
2. **Met** - The organization has fulfilled an essential management need, but should review these indicators periodically to be certain that their management remains healthy in view of the many internal and external changes which constantly occur in all organizations.
3. **N/A** - Not Applicable to this organization or sure of the need to meet the requirements of this indicator or has not met, nor is working on this indicator presently, but may address it in the future.

All responses to indicators should be reviewed carefully to see if they could improve management operations. Indicators checked "N/A" due to uncertain applicability to the organization must be further reviewed to determine if they should become a part of "doing business." If the assessors simply do not know what the indicator means, further information may be needed to accurately assess the feasibility of its application. Indicators marked "N/A" because they have not been met but that apply to the organization, may require immediate attention. Technical assistance, consulting, or training may be required to implement these indicators.

The indicators in this checklist should be informative and thought provoking. The checklist can be used to achieve not only a beginning level of good management, but improve existing management to provide the organization with greater stability, reliability and success in the nonprofit community. It is also a useful tool if an organization is experiencing management problems, to help pinpoint any weaknesses so action can be taken or

assistance sought to improve the organization's health. All organizations should use the checklist to re-assess themselves periodically to ensure compliance with established rules and regulations. *(Certain portions of this information provided courtesy of Greater Twin Cities United Way).*

General Fundraising

Rating *	Indicator	Met	Needs Work	N/A
E	1. Funds are raised in an ethical manner for activities consistent with the organization's mission and plan.			
E	2. The Board of Directors is knowledgeable about and actively participates in the fundraising process.			
E	3. The Board of Directors has established a Committee charged with developing, evaluating, reviewing and implementing fundraising policies, practices and goals.			
E	4. The Committee is actively involved in the fundraising process and works to involve others in these activities.			
E	5. The organization is accountable to donors and demonstrates its stewardship through donor recognition programs and periodic reports.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Financial Activities

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization follows generally accepted accounting practices.			
E	2. The organization has systems in place to provide the appropriate information needed to make sound financial decisions and to fulfill IRS filing requirements.			
R	3. The organization prepares timely financial statements which are clearly stated and useful for the Board and Staff.			
E	4. The organization develops an annual comprehensive operating budget which is reviewed and approved by the Board of Directors.			
E	5. The organization reconciles all cash accounts monthly.			
E	6. Payroll is prepared following appropriate State and Federal regulations and organizational policy.			
E	7. Persons employed on a contract basis meet all Federal requirements. Disbursement records are kept and 1099's issued at year end.			
E	8. The organization has documented a set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.			
E	9. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.			
E	10. All expenses of the organization are approved by a designated person before payment is made.			
R	11. Budgets and capital needs are reviewed at least annually by the Board and priorities identified.			
R	12. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.			
E	13. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverages are in place.			

R	14. Employees, board members and volunteers who handle cash and investments are bonded to help assure the safeguarding of assets.			
E	15. The organization files IRS Form 990 in a timely fashion.			
R	16. The organization reviews income annually to determine and report unrelated business income to the IRS.			
R	17. The organization has a periodic independent audit of their financial statements, prepared by a certified public accountant, as required, and the results are presented directly to the Finance Committee and/or the Board.			
E	18. The audit and/or annual report is/are made available to service recipients, volunteers, contributors, funders and other interested parties upon request.			
A	19. Training is provided for Board and appropriate Staff on relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.			

E=Essential; R=Recommended; A=Additional to strengthen organizational activities

Planning -- Total Organization

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization's purpose and activities meet community needs.			
R	2. The organization has a written mission statement that reflects its purpose, values and population served, and is well communicated by its constituents.			
R	3. The Board and Staff periodically review the mission statement and modify it to reflect changes in the environment.			
E	4. The Board and Staff developed and adopted a written strategic plan to direct its mission.			
E	5. The plan integrates all the organization's activities around a focused mission, prioritizes goals and develops timelines for accomplishment.			
A	6. The plan establishes an evaluation process and performance indicators to measure the progress toward the achievement of goals and objectives.			
A	7. The plan is available to all stakeholders of the agency -- service recipients, board, staff, volunteers and the general community.			
E	8. The organization has a written vision statement that clearly defines its desired future state and is communicated throughout the organization.			
E	9. The Board regularly reviews and approves the organization's vision and ensures the integration of the vision and mission.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Planning -- Organization's Programs

Rating *	Indicator	Met	Needs Work	N/A
E	1. Programs are congruent with the agency's mission and strategic plan.			
R	2. Sufficient resources are allocated to ensure each program can achieve the established goals and objectives.			
R	3. Staff has sufficient training and the skills to produce the program.			
R	4. Each program has performance indicators to insure that the program meets its goals and objectives which are reviewed periodically.			
E	5. The agency networks and/or collaborates with other organizations to produce the most comprehensive and effective services to clients.			
R	6. Every year, the organization evaluates its activities to determine progress toward goal accomplishment.			
R	7. The evaluation includes a review of organizational programs and systems to insure that they comply with the organization's mission, values and goals.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Human Resources

Rating *	Indicator	Met	Needs Work	N/A
R	1. The organization has a written personnel policy that is regularly reviewed and updated.			
E	2. The organization follows nondiscriminatory hiring practices.			
R	3. The organization provides access to the written personnel policy to all members of the Board, the Executive Director and all Staff members.			
R	4. The organization's Board of Directors conducts an annual review/evaluation of its Executive Director in relationship to a previously determined set of expectations.			
R	5. The Executive Director's salary is set by the Board of Directors in a reasonable process and is in compliance with the organization's compensation plan.			
A	6. The organization has a process for reviewing and responding to ideas, suggestions, comments and perceptions from all staff members.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Volunteer Management

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization has a clearly defined purpose of the role that volunteers have within the organization.			
E	2. The organization follows a recruitment policy that does not discriminate, but respects, encourages and represents the diversity of the community.			
E	3. The organization provides appropriate training and orientation to assist the volunteer in the performance of their activities.			
R	4. The organization is respectful of the volunteer's abilities and time commitment and has various job duties to meet these needs.			
A	5. The organization has a process for reviewing and responding to ideas, suggestions, comments and perceptions from volunteers.			
A	6. The organization provides opportunities for program participants to volunteer.			
A	7. The organization maintains contemporaneous records documenting volunteer time in program allocations. Financial records can be maintained for the volunteer time spent on programs and recorded as in-kind contributions.			
R	8. The organization has a process to celebrate and acknowledge the value of volunteers to the organization.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Board of Directors

Rating *	Indicator	Met	Needs Work	N/A
E	1. The roles of the Board and the Executive Director are defined and respected, with the Executive Director delegated as the manager of the organization's operations and the Board focused on policy and planning.			
R	2. The Executive Director is recruited, selected, and employed by the Board of Directors. The Board provides clearly written expectations and qualifications for the position, as well as reasonable compensation.			
R	3. The Board of Directors acts as governing trustee of the organization on behalf of the community at large and contributors while carrying out the organization's mission and goals.			
R	4. The nominating process ensures that the Board remains appropriately diverse with respect to gender, ethnicity, culture, economic status, disabilities, and skills and/or expertise.			
E	5. The Board members receive regular training and information about their responsibilities.			
E	6. New Board members are oriented to the organization, including the organization's mission, bylaws, policies, and programs, as well as their roles and responsibilities as Board members.			
E	7. If the organization has any related party transactions between Board members or their family, they are disclosed to the board of directors, the Internal Revenue Service and the auditor.			
E	8. The organization has at least the minimum number of members on the Board of Directors as required by their bylaws or state statute.			
R	9. If the organization has adopted bylaws, they conform to state statute.			
R	10. The bylaws should include: a) how and when notices for Board meetings are made; b) how members are elected/appointed by the Board; c) what the terms of office are for officers/members; d) how Board members are rotated; e) how ineffective Board members are removed from the Board; f) a stated number of Board members to make up a quorum which is required for all policy decisions.			
R	11. The Board of Directors reviews the bylaws periodically.			

A	12. The Board has a process for handling urgent matters between meetings.			
E	13. Board members serve without payment unless the agency has a policy identifying reimbursable out-of-pocket expenses.			
R	14. The organization maintains a conflict-of-interest policy and all Board members and executive Staff review and/or sign to acknowledge and comply with the policy.			
R	15. The Board has an annual calendar of meetings and an attendance policy such that a quorum of the organization's Board meets at least quarterly.			
A	16. Meetings have written agendas, and materials relating to significant decisions are given to the Board in advance of the meeting.			
R	17. The Board conducts an annual self evaluation of their responsibilities and achievements.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Legal Activities

Rating *	Indicator	Met	Needs Work	N/A
E	1. All relevant filings to the Secretary of State are current.			
E	2. The organization is registered with and has filed its annual report with the State as required.			
E	3. The organization has filed the IRS form 1023 (application for 501(c) status, if applicable) and has received a letter of determination. If the Form 1023 was either filed after 7/15/87 or was in the organization's possession on this date, it is made available for public inspection.			
E	4. IRS form 990 and 990T (unrelated business income) if required, have been filed and copies of the 990 are available to the public.			
E	5. Federal and state payroll tax withholding payments are current.			
E	6. Quarterly and annual payroll report filings are current.			
E	7. The organization has filed all necessary State Unemployment Insurance documents.			
E	8. If the organization has qualified employee health and welfare and retirement benefit plans, they meet all the federal laws, including: COBRA; initial IRS registration; plan documents; annuals filings of the 5500 C/R with copies available to employees.			
E	9. Organization acknowledges and discloses to their Board and auditor any lawsuits or pending legislation which may have a significant impact on the organization's finances and/or operating effectiveness.			
E	10. When the Board of Directors makes decision, a quorum is present and minutes are maintained.			
E	11. If the organization is subject to sales tax, State and City filings and payments are current.			
E	12. Organizations that participate in grassroots or direct lobbying have complied with all filings and government regulations.			
E	13. The organization has access to legal counsel as needed.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				

Marketing Activities

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization has a written marketing plan that establishes clearly defined and measurable goals.			
E	2. The Board is actively involved in the design and implementation of the marketing goals and regularly monitors the effectiveness of the organization in accomplishing these goals.			
E	3. The organization regularly reviews and approves the marketing plan and the integration of said plan into the strategic plan.			
E	4. The organization has clearly defined its target audiences for clients, donors, and volunteers.			
E	5. The organization has a visual identity that strengthens its awareness among its target audiences and utilizes that identity (name, logo, tagline, etc.) on its print and electronic communications.			
E	6. The organization has a structured communications plan to build awareness in the community of the real value of its programs and services and to attract donors and volunteers.			
E	7. The organization's communications plan utilizes multiple means to market effectively; i.e., website, e-mail, events, print materials, social media, public relations, alliances and networking.			
R	8. The organization has established alliances with other non-profit organizations to build its brand and better serve its clients.			
<i>E=Essential; R=Recommended; A=Additional to strengthen organizational activities</i>				