

## **GOAL Scholarship Program, Inc.**

Model Ethical Principles and Standards Adopted  
June 11, 2008

### **GUIDING PRINCIPLES**

#### **1. MISSION AND PROGRAM**

An SGO should have a well-defined mission, and its programs should be designed and implemented to effectively and efficiently achieve that mission. SGOs should devote the human, financial, and other resources that are necessary to achieve its mission.

#### **2. GOVERNING BODY**

SGOs are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the SGO. An effective board should determine the mission of the SGO, establish management policies and procedures, assure that adequate human resources (volunteer or paid staff) and financial resources (earned income and charitable contributions) are available, and actively monitor the SGO's financial and programmatic performance.

#### **3. CONFLICTS OF INTEREST**

SGO board and staff members should act in the best interest of the SGO, rather than in furtherance of personal interests or the interests of third parties. An SGO should have policies in place to prevent actual, potential, or perceived conflicts of interest, and should routinely and systematically implement those policies.

#### **4. HUMAN RESOURCES**

An SGO's relationship to its employees and volunteers is fundamental to its ability to achieve its mission. An SGO's human resource policies should address both paid employees and volunteers, and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

#### **5. FINANCIAL AND LEGAL**

SGOs must practice sound financial management and comply with a diverse array of legal and regulatory requirements. An SGO's financial system should assure that accurate financial records are kept and that the SGO's financial resources are used in furtherance of the SGO's charitable purposes. SGOs should conduct periodic reviews to address regulatory and liability concerns.

#### **6. OPENNESS**

SGOs are tax-exempt non-profit corporations that operate for public purposes with public support. As such, they should provide the public with information about their mission, program activities, finances, and ethical standards. They should also be accessible and responsive to members of the public who express interest in the affairs of the SGO.

## **7. FUNDRAISING**

Charitable fundraising provides an important source of financial support for the work of most SGOs. An SGO's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising practices should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

## **8. PUBLIC AFFAIRS AND PUBLIC POLICY**

To advance their mission and to the extent permitted by the laws relating to the political activities of 501(c)(3) tax-exempt organizations, SGOs should engage in public education and public policy advocacy and encourage their board members, staff, volunteers, and constituents to do likewise.

# **ETHICAL STANDARDS**

## **I. MISSION AND PROGRAMS**

An SGO should have a well-defined mission, and its programs should be designed and implemented to effectively and efficiently achieve that mission. SGOs should devote the human, financial, and other resources that are necessary to achieve its mission.

### **A. Mission**

- An SGO's purpose should be specifically stated in the Articles of Incorporation, bylaws, and other organizational documents of the SGO and should be approved by the Board of Directors. The SGO's programs and activities should be consistent with its stated purpose.

### **B. Organizational Evaluation**

- An SGO should periodically review its mission (e.g. every 3 to 5 years) and, to enhance SGO effectiveness and efficiency, adjust its programming accordingly.

### **C. Program Evaluation**

- An SGO should have defined, cost-effective procedures for evaluating, both qualitatively and quantitatively, its programs and projects in relation to its mission. These evaluative procedures should address programmatic efficiency and

effectiveness, the relationship of these impacts to the cost of achieving them, and the outcomes for program participants, to the extent that the SGO has access to that information.

- Evaluations should be candid, be used to strengthen the effectiveness of the SGO and, when necessary, be used to make programmatic changes.

#### **D. Program Service**

- An SGO should conduct its programs and services in a professional manner and should treat SGO Stakeholders with respect. An SGO should have policies in place that protect the confidentiality of personal information and should provide a grievance procedure to address complaints. SGOs should regularly monitor the satisfaction of program participants and, whenever reasonably possible, take steps to improve the level of program participant satisfaction.

### **GOVERNING BODY**

SGOs are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the SGO. An effective board should determine the mission of the SGO, establish management policies and procedures, assure that adequate human resources (volunteer or paid staff) and financial resources (earned income, government grants, and charitable contributions) are available, and actively monitor the SGO's financial and programmatic performance.

#### **A. Board Responsibilities**

- The board should engage in long-term and short-term planning activities as necessary to effectively and efficiently pursue the mission of the organization; to define, in cooperation with SGO staff, specific goals and objectives related to the mission; and to evaluate the success of the SGO toward achieving the mission.
- The board should establish policies for the effective management of the SGO, including financial and, where applicable, personnel policies.
- The board annually should approve the SGO's budget and periodically should assess the SGO's financial performance in relation to the budget. As part of the annual budget process, the board should review the percentages of the SGO's resources spent on programming, administration, and fundraising.
- The board should hire the executive director, set his or her compensation, and, on an annual or more frequent basis, evaluate his or her performance.
- The board should periodically review the appropriateness of the overall compensation structure of the SGO.

## **B. Board Composition**

- The board should be composed of individuals who are personally committed to the SGO's mission and possess a diverse set of skills that facilitate the effective and efficient pursuit of the mission.
- The board should take all reasonable steps to safeguard against having an SGO employee who is also a voting member of the board unduly influence board proceedings and outcomes.
- The board should have no fewer than five (5) unrelated directors. Seven (7) or more directors are preferable.
- The SGO's bylaws should set forth term limits for the service of board members.
- Board membership should reflect the diversity of the communities served by the SGO.
- Board members should serve without compensation. Board members may be reimbursed for expenses directly related to their board service.

## **C. Conduct of the Board**

- The board is responsible for its own operations, including: the education, training and development of board members, the annual evaluation of its own performance, and where appropriate, the selection of new board members.
- The board should establish stated expectations for board members, including expectations for participation in fundraising activities, committee service, and program activities.
- The board should meet as frequently as is needed to fully and adequately conduct the business of the SGO. At a minimum, the board should meet two (2) times a year.
- The SGO should have written policies that address attendance and participation of board members at board meetings and include a process to address noncompliance.
- Written meeting minutes reflecting the actions of the board, including reports of board committees when acting in the place of the board, should be maintained and distributed to board and committee members.

### **CONFLICT OF INTEREST**

SGO board and staff members should act in the best interest of the SGO, rather than in furtherance of personal interests or the interests of third parties. An SGO should have

policies in place to prevent actual, potential, or perceived conflicts of interest, and should routinely and systematically implement those policies.

#### **A. Conflict of Interest Policy**

- SGOs should have a written conflict of interest policy. The policy should be applicable to board members and staff, and volunteers who have significant independent decision making authority regarding the resources of the SGO. The policy should identify the types of conduct or transactions that raise conflict of interest concerns, should set forth procedures for disclosure of actual or potential conflicts, and should provide for review of individual transactions by the uninvolved members of the board of directors.

#### **B. Conflict of Interest Statements**

- SGOs should provide board members, staff and volunteers with a conflict of interest statement that summarizes the key elements of the SGO's conflict of interest policy. The conflict of interest statement should provide space for the board member, employee or volunteer to disclose any known financial interest that the individual, or a member of the individual's immediate family, has in any business entity which transacts business with the SGO. The statement should be provided to and signed by board members, staff, and volunteers, both at the time of the individual's initial affiliation with the SGO and at least annually thereafter.

### **HUMAN RESOURCES**

An SGO's relationship to its employees is fundamental to its ability to achieve its mission. An SGO's human resource policies should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

#### **A. Personnel Policies**

- SGOs should have written personnel policies and procedures, approved by the board of directors, governing the work and actions of all employees of the SGO. In addition to covering basic elements of the employment relationship (e.g. working conditions, employee benefits, vacation and sick leave), the policies should address employee evaluation, grievance procedures, confidentiality of employee, client and SGO records and information, and employee professional growth and development.

#### **B. Employee Performance Evaluation**

- SGO's should have a system in place for regular written evaluation of employees by their respective supervisors, which should take place at least annually.

## **C. Employee Orientation**

- New SGO employees should receive an orientation, which includes review of the SGO's personnel policies and procedures, position description and an introduction to the Standards. Employees should be provided with a copy of the personnel policies and the Standards, and should acknowledge receipt in writing.

## **FINANCIAL AND LEGAL**

SGOs must practice sound financial management and comply with a diverse array of legal and regulatory requirements. An SGO's financial system should assure that accurate financial records are kept and that the SGO's financial resources are used in furtherance of the SGO's charitable purposes. SGOs should conduct periodic reviews to address regulatory and liability concerns.

### **A. Financial Accountability**

- An SGO should operate in accordance with an annual budget that has been approved by the board of directors.
- An SGO should create and maintain financial reports on a timely basis that accurately reflect the financial activity of the SGO.
- For SGOs with annual revenue in excess of \$300,000, the accuracy of the financial reports should be subject to audit by a Certified Public Accountant.
- Internal financial statements should be prepared no less frequently than quarterly, should be provided to the board of directors, and should identify and explain any material variation between actual and budgeted revenues and expenses.
- SGOs should provide employees a confidential means to report suspected financial impropriety or misuse of organization resources.
- SGOs should have written financial policies adequate for the size and complexity of their operations governing: (a) investment of the assets of the organization, (b) internal control procedures, (c) purchasing practices, and (d) unrestricted current net assets.

### **B. Legal Compliance and Accountability**

- SGO's must be aware of and comply with all applicable federal, state, and local laws. This may include, but is not limited to, the following activities: complying with laws and regulations related to legislated scholarship programs, fundraising, licensing, financial accountability, human resources, lobbying and political advocacy, and taxation.

- SGOs should periodically assess the need for insurance coverage in light of the nature and extent of the SGO's activities and its financial capacity.
- SGO's should periodically conduct an internal review of the SGO's compliance with known existing legal, regulatory and financial reporting requirements and should provide a summary of the results of the review to members of the board of directors.

## **OPENNESS**

SGOs are tax-exempt non-profit corporations that operate for public purposes with public support. As such, they should provide the public with information about their mission, program activities, finances, and ethical standards. They should also be accessible and responsive to members of the public who express interest in the affairs of the SGO.

### **A. Annual Report**

- SGO's should prepare, and make available annually to the public, information about the SGO's mission, program activities, and basic financial data. The report should also identify the names of the SGO's board of directors and management staff.

### **B. Public Access**

- SGO's should provide members of the public who express an interest in the affairs of the organization with a meaningful opportunity to communicate with an appropriate representative of the organization. SGO's should have at least one staff member who is responsible to assure that the organization is complying with both the letter and the spirit of federal and state laws that require disclosure of information to members of the public.

## **FUNDRAISING**

Charitable fundraising provides an important source of financial support for the work of most SGOs. An SGO's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising practices should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

### **A. Fundraising Activities**

- An SGO's fundraising costs should be reasonable over time. On average, over a five (5) year period, an SGO should realize revenue from fundraising and other development activities that are at least three (3) times the amount spent on conducting them. SGOs whose fundraising ratio is less than 3:1 should demonstrate that they are making steady progress toward achieving this goal, or should be able to justify why a 3:1 ratio is not appropriate for the SGO.

- Solicitation and promotional materials should be accurate and truthful and should correctly identify the organization, its mission, and the intended use of the solicited funds.
- All statements made by the SGO in its fundraising appeals about the use of a contribution should be accurate and truthful.
- SGO's should honor the known intentions of a donor regarding the use of donated funds.

## **B. Donor Relationship and Privacy**

- Except to the extent that applicable laws require that names, contact information, or other information relating to donors be provided to a regulatory authority, SGO's should respect the privacy of donors and safeguard the confidentiality of information that a donor reasonably would expect to be private.
- Except to the extent that applicable laws require that names, contact information, or other information relating to donors be provided to a regulatory authority, SGO's should provide donors an opportunity to state that they prefer to remain anonymous and that their name, the amount of their gift, or other information not be publicly released.
- SGO's should provide donors an opportunity to have their names removed from any mailing lists which are sold, rented, or exchanged by the SGO.
- SGO's should honor requests by a donor to curtail repeated mailings or telephone solicitations from in-house lists.
- Solicitations should be free from undue influence or excessive pressure, and should be respectful of the needs and interests of the donor or potential donor.

## **C. Acceptance of Gifts**

- An SGO should have policies in place to govern the acceptance and disposition of charitable gifts that are received in the course of its regular fundraising activities. These policies should include procedures to determine any limits on individuals or entities from which the SGO will accept a gift, the purposes for which donations will be accepted, the type of property which will be accepted, and whether to accept an unusual or unanticipated gift in light of the SGO's mission and organizational capacity.

## **PUBLIC AFFAIRS AND PUBLIC POLICY**

To advance their mission and to the extent permitted by the laws relating to the political activities of 501(c)(3) tax-exempt organizations, SGOs should engage in public education and public policy advocacy and encourage their board members, staff, volunteers, and constituents to do likewise

### **A. Public Policy Advocacy**

- SGO's should have a written policy on advocacy defining the process by which the SGO determines positions on specific issues.

### **B. Public Education**

- SGO's should assure that any educational information provided to the media or distributed to the public is, to the best of the SGO's knowledge, information, or belief, factually accurate and provides sufficient contextual information to be understood.

### **C. Promoting Public Participation**

- SGO's should engage in promoting public participation in community affairs in a nonpartisan manner and take all reasonable steps to ensure such a result.