

# Standards of Excellence Certification Program® for Voluntary Health Agencies

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National Health Council  
Standards of Excellence  
Certification Program®

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The National Health Council (NHC) has adopted a set of good operating practices to ensure that its voluntary health agency (VHA) members maintain the highest standards of organizational effectiveness and public stewardship. The standards cover the areas of governance, human resources, programs, fundraising, finance, accounting and reporting, and evaluation. These standards are completely aligned with, but more extensive than, the Standards for Charity Accountability adopted by the Better Business Bureau's Wise Giving Alliance (WGA).

**Standard 1:** The organization's governance documents state that: a) its primary purpose is health-related and national in scope; b) there is a procedure for governing the organization; c) the organization conforms with applicable state and federal law regarding the filing of governance documents; d) the organization has been in operation for no less than three years; and e) relationships with any affiliated organizations using the same name and logo are codified in a written agreement.

## GOVERNANCE

**Standard 2:** The organization's governing arrangements include a volunteer Board of Directors with an established committee structure. The duties and responsibilities of the Board, officers, and committees are in written form and communicated to the respective parties.

**Standard 3:** The Board has a minimum of eight members.

**Standard 4:** The organization's bylaws specify term limits for Board members.

**Standard 5:** The organization's bylaws provide for election of Board members and officers and a method of filling interim vacancies.

**Standard 6:** The organization's bylaws provide that the Board meetings have representation of at least a simple majority of eligible voting members (in person or by telephonic/electronic conferencing), unless otherwise required by state law to have greater than a majority in attendance.

**Standard 7:** The organization's bylaws provide that the Board has at least 10 days' notice of routine meetings and adequate information about action items on the agenda.

**Standard 8:** The Board of Directors meets a minimum of three times annually, with at least two being face-to-face meetings. There is evidence of actual Board member attendance at meetings. The Board has an individual attendance policy which limits the number of absences.

**Standard 9:** Board members may not receive compensation for their Board service other than reimbursement for reasonable expenses incurred to fulfill their Board duties. Board members may be directly or indirectly compensated by the organization for other services, subject to review and approval by the governing Board and provided that a substantial majority of the Board remains independent.

**Standard 10:** The organization has a conflict of interest policy applied to Board members and staff, which is reviewed periodically (at least every three years) by legal counsel to ensure compliance with applicable state and federal law.

**Standard 11:** The Board establishes policy which includes oversight of: a) financial operations; b) planning and program activities; c) administrative policies affecting public accountability (e.g., reporting of financial operations); d) fundraising practices; and e) the chief staff executive's selection, performance review, compensation, and discharge.

**Standard 12:** The organization has a policy which encourages diversity within its Board. This includes consideration of age, gender, culture, race or ethnic origin, geographic distribution, and other factors relevant to the organization's mission.

**Standard 13:** Organizations that conduct and/or fund biomedical research that involves the use of animals must have a written Board-approved policy that adheres to the following principles:

- Animals shall be used in biomedical research only when no other means of obtaining scientifically sound, valid, and useful results are available.
- The minimum number of appropriate animals required to obtain and validate results shall be used.
- The acquisition, care, and use of animals must be in accordance with all applicable federal, state, and local laws and regulations.
- Certifications must be received from research facilities prior to being approved for a research grant that the facility(ies), its researchers and employees adhere to the Animal Welfare Act, National Research Council *Guide for the Care and Use of Laboratory Animals*, and any appropriate U.S. Department of Agriculture or National Institutes of Health regulations and standards.
- In cases requiring the death of an animal, only the most appropriate and humane form of euthanasia shall be used consistent with the purpose of the research.

**Standard 14:** The organization has a Board-approved “whistleblower” policy that covers illegal practices and violations of organizational policies.

**Standard 15:** The organization has a Board-approved policy that protects and preserves the organization’s important documents and business records in accordance with applicable state and/or federal law.

## **HUMAN RESOURCES**

**Standard 16:** Organizations with three or more paid staff have a written statement of personnel policies, reviewed periodically (at least every three years) by legal counsel to ensure compliance

with applicable state and federal law and reviewed annually by the chief staff executive or other authorized senior staff person to assure appropriate personnel practices.

**Standard 17:** The organization employs a chief staff executive either directly or through outsourced management.

## **PROGRAMS**

**Standard 18:** The organization is engaged in any one or more of the following programs: research, professional education, public education and health promotion, health services, community services, advocacy, or social action.

**Standard 19:** The organization spends at least 65 percent of annual expenses for program services.

## **FINANCE**

**Standard 20:** The organization operates with an annual budget under defined procedures of construction, examination, and Board approval.

**Standard 21:** The organization maintains financial records and prepares financial statements in accordance with generally accepted accounting principles (GAAP), as certified by a qualified independent certified public accountant. The audited financial statements are reviewed by the Board and made available to the public online within six to 12 months after the close of the fiscal year.

**Standard 22:** The organization has a formal policy for building its net assets and establishing an appropriate unrestricted operating reserve.

**Standard 23:** The organization does not have an operating deficit in its unrestricted net assets for more than the three previous consecutive fiscal years.

**Standard 24:** The organization demonstrates a broad base of public support in its funding sources by: 1) maintaining its section 501(c)(3) public charity status in accordance with the requirements of the Internal Revenue Code and Treasury regulations and 2) developing a Board-approved gift acceptance policy that must cover: a) a requirement for mission-related benefit, independence and control, consistency, and balance (consistent with Standard 32); b) types of acceptable donations (i.e., property, stock); c) types of acceptable donors (i.e., individual, foundation); d) criteria for refusal; and e) process and operating procedures for evaluating gifts.

## **FUNDRAISING**

**Standard 25:** Fundraising, publicity, and promotional activities are: a) truthful and not deceptive; b) void of techniques intended to deceive, coerce, harass, or intimidate potential contributors; and c) contain the name of the organization, its purpose, and the address from which additional information may be obtained.

**Standard 26:** The organization does not enter into agreements with organizations or individuals to raise funds on a commission or percentage basis.

**Standard 27:** The organization includes on any website(s) that solicit contributions the following information: the mailing address of the organization; electronic access to its most recent IRS Form 990; conflict of interest policy; and whistleblower policy.

**Standard 28:** The organization addresses the privacy concerns of donors by:

1. Providing a clear, prominent, and easily accessible privacy policy on any of its websites that tells visitors:
  - a. What information, if any, is being collected about them by the organization and how this information will be used;
  - b. How to contact the organization to review personal information collected and request corrections;
  - c. How to inform the organization (e.g., a check-off box) that the visitor does not wish his/her personal information to be shared outside the organization; and
  - d. What security measures the organization has in place to protect personal information.
2. Ensuring that the confidentiality of contributors' "giving" histories is protected.
3. Providing, preferably in all written and electronic appeals to first-time donors but not less than annually, a means (e.g., a check-off box) for both new and continuing donors to inform the organization if they do not want their name and address shared outside the organization.

**Standard 29:** The organization obtains prior permission before using the names of individuals, organizations, or companies in ways which imply endorsement of program or fundraising activities.

**Standard 30:** If merchandise, services or admission to fundraising events are provided in return for payment, the organization specifies which portion of the payment is tax deductible as a charitable contribution. Any offer or sale of merchandise made on behalf of the organization specifies the amount or percentage of money from the sale that will actually go to the organization, the duration of the campaign (e.g., the month of October) and any maximum or guaranteed minimum contribution amount (e.g., up to a maximum of \$200,000).

**Standard 31:** Organizations engaged in corporate relationships must have a Board-approved policy that: 1) enumerates the criteria for evaluating corporate relationships including mission-related benefit, independence and control, consistency with mission, income balance, and privacy; 2) requires a written agreement with the corporation prior to entering the relationship; 3) mandates the disclosure of the name of the individual corporation identified on Schedule B of its Form 990 (more than the greater of \$5,000 or 2% of the total amount of contributions reported on line 1H of Part VIII of Form 990) and the aggregate amount of support provided by each corporation OR the total amount of corporate support from pharmaceutical, biotechnology, and medical device companies as a percentage of total organizational revenue; 4) requires compliance with its corporate relations policy by divisions, chapters, and affiliates of the organization; and 5) mandates the development of written operating procedures for the review and approval of corporate relationships and ongoing evaluation of such relationships.

**Standard 32:** If unordered merchandise is used to encourage donations, recipients are prominently and clearly informed that they are under no obligation to pay for or return any such items or to make a donation to the organization.

**Standard 33:** The organization and governing Board evaluate the effect of commercial activities on the organization's tax exempt status and makes it available upon request with descriptive and financial information for such activities.

### **ACCOUNTING AND REPORTING**

**Standard 34:** The organization ordinarily spends no more than 35 percent of its public support income on fundraising.

**Standard 35:** The organization's accounting systems enable it to exercise proper control over contributions and accurately allocate expenditures to various program, fundraising, and administrative functions.

**Standard 36:** The organization has an audit of national office operations performed annually by an independent certified public accountant.

**Standard 37:** The organization prepares annually a report to the public which includes: a) a full account of activities and accomplishments; b) a roster of Board members that specifically identifies the officers of the Board (e.g., chair, vice chair, secretary, treasurer); c) name(s) of chief administrative personnel; d) a report of financial operations of the national office and divisions, chapters, and affiliates (where they exist) or a combined audit in conformity with generally accepted accounting principles (GAAP). The annual report is available within six to 12 months after the end of the organization's fiscal year.

Such a report can take the form of a page on the organization's website that includes a summary of the past year's activities and accomplishments along with properly labeled links to the other referenced content requirements of an annual report. If someone asks for a physical copy of the annual report, these items can be collectively printed out and mailed to the individual.

### **EVALUATION**

**Standard 38:** The organization has a Board-approved policy that establishes a formal mechanism for evaluating its operations and program activity effectiveness, no less than every two years, as measured against the organization's purposes, resources, and potential. The organization can produce evidence of undertaking this evaluation and of directing the results to the appropriate body(ies) within the organization.