



INDEPENDENT
SECTOR

Need Help?

To accompany the Principles, Independent Sector has carefully curated the Principles Resource Center – a comprehensive digital collection of resources designed to further guide your organization.

Begin with a comprehensive organizational assessment. After answering a series of questions, IS will present a score and a correlating set of recommendations for better aligning your organization with the Principles. The recommendations will help you navigate more than 300 valuable resources from across the sector to help you reach your goals. The Principles Resource Center also provides in-depth historical information about the development of the Principles.

Access the Principles Resource Center at PrinciplesForGood.com.

Principles for Good Governance and Ethical Practice
A Guide for Charities and Foundations

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PANEL ON THE NONPROFIT SECTOR, 2004 2007

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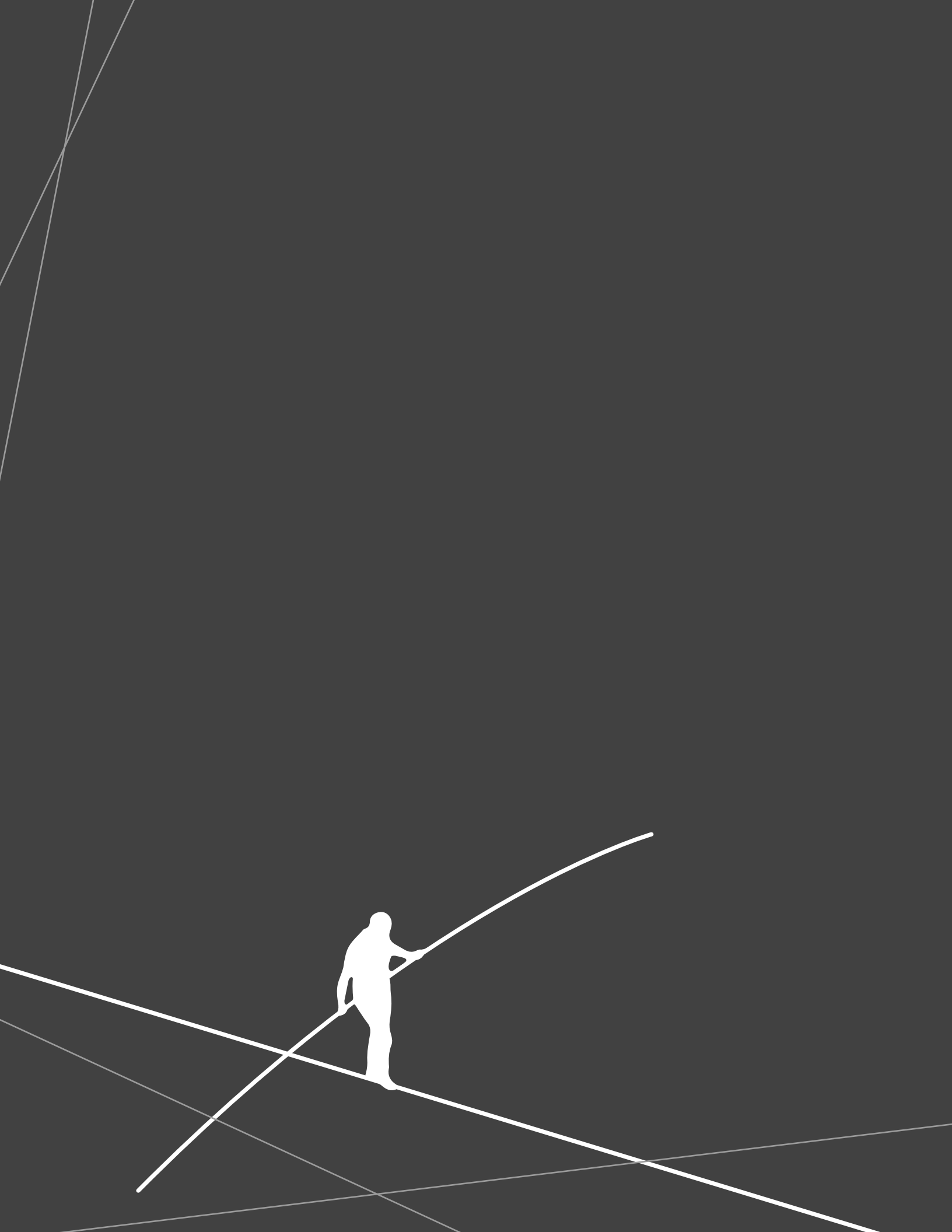
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6WDWHV²HGXFDFWLRQDO FKDULWDEOH FLYLF DQG UHOLJLRXV
LQVWLWXWLRQV RI HYHU\ VLJH DQG PLVVLRQ²UHSUHVHQW WKH
PRVW ZLGHVSUHDG RUJDQLJHG H[SUHVVLRQ RI \$PHULFDQV†

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that the Principles ZHUH FRQVLGHUHG WR EH D YDOXDEOH
UHVRXUFH WKDW LV EHLQJ XVHG WR VWUHQJWKHQ JRYHUQDQFH
DQG HWKLFDO Prncples DUH XWKHG E\
QRQSUR¿W RUJDQLJDWLRQV E\ FRQVXOWDQWV ODZ\HUV DQG
DFFRXQWDQWV ZKR IRFXV RQ JRRG JRYHUQDQFH DQG HWKLFDO
SUDFWLFH LQ RUJDQLJDWLRQV DQG DV HGXFDWLRQDO PDWHULD
LQ JUDGXDWL FRXUVHV DQG E\ WKH ,56 DV SDUW RI WKHLU
WUDLQLQJ IRU RYHUVLJKW R FLDOV

A New Look at the Principles

Transparency vs. Privacy

IRU RYHUVHHLQJ RU FDUU\LQJ RXW PDQ\ RI WKH DFWLYLWLHV
LPSOLHG E\ WKHVH SULQFLSOHV ,W LV WKHUHWRUH WR WKH
ERDUGV DQG FKLHI H[HFXWLYHV RI QRQSUR¿W RUJDQL]DWLRQV
WKDW WKLV GRFXPHQW LV SDUWLFXODU\ WKRXJK QRW
H[FOXVLYHO\ DGGUHVVHG
7KH SULQFLSOHV WKDW IROORZ DUH RUJDQL]HG XQGHU IRXU
PDLQ FDWHJRULHV



PRINCIPLE 01

A charitable organization must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is formed or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations, and conventions.

&KDULWDEOH RUJDQLJDWLRQV RWKWKUWK DQHF RDOFKLHZZFXUMHV OLVWVG
DSSO\ WR WKH ,QWHUQDO 5HYHQXHL QIGUYSHFQHG HQWUWHFRVJOUR VKLURCS UFKDFLLSVO
DV WD[H[HPSW RUJDQLJDWLRQV XQGUHQVHJFDWLRQV DQG WKHLU ERDUGV X
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WD[GHGXFWLEOH FRQWULEXWLRQV5HYKRXFX6HV YLKFHQSYJRYLGHV D QXPEH
DQQXDO LQIRUPDWLRQ UHWXUQV ,5HJRUJBLQJ DGGHUDO QDZWSRQZIZV ZHI
DELGH E\ WKH UXOHV DQG UHSRUWLQV URYXSLKDUPLHQLVHV VHVVRQ 3UR¿WV 0
IRU VXFK RUJDQLJDWLRQV E\ WKH IRUWURDQHRVYH HQFHQW DQG FKDULW\ R
7KH\ PXVW DOVR DELGH E\ VWDWH REGSOREDOHEDLZWHV ZLWK LQIRUPDWLR
UHJDUGLQJ JRYHUQDQFH SURWHFWLRQLRUWFDWURWDEHIXLUMVHFWWV DQG R
VROLFLWDWLRQ RI FKDULWDEOH FRQRVIRUEXQLRQWL RQD\HVSHDQWLQJ LQ WK
D UDQJH RI RWKHU UHTXLUHPHQWV WKDW DSSO\ WR ERWK
IRU SUR¿W DQG QRQSUR¿W HPSOR\HUV DQG SURYLGHUV RI
YDULRXV W\SHV RI VHUYLFHV \$Q RUJDQLJDWLRQV YVWUHL DQG UHJLRQ
ERDUG LV XOWLPDWHO\ UHVSQRVLEOHIRU RYHUJLQJ DWRQV SURYLGH
HQVXULQJ WKDW WKH RUJDQLJDWLRQ UHFRYSHV WZLWK RDBXILG DQFH RQ
LVV OHJDO REOLJDWLRQV DQG IRU DGGFWHWWQSDUWLFHPHQVIRU QRQSUR¿W
ZURQJGRLQJ E\ PDQDJHPHQW :KLOH ERDUGPHQW DQG JRYHUQDQFH 2UJD
DUH QRW UHTXLUH WR KDYH VSHFLDOHQV RQWKRZSHQWR FRQVXC
WKH\ VKRXOG EH IDPLOLDU ZLWK WKH UHFRYHLYL4HXOVR DQG 0@` `A@pA `0•
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FRPSO\ DQG VKRXOG VHFUXH WKH QHFHVVDU\ OHJDO
DQG ¿QDQFLDO DGYLFH DQG DVVLVWDQFH WR VWUXFWXUH
DSSURSULDWH PRQLWRULQJ DQG RYHUVLJKW PHFKDQLVPV
DQG PDQDJH FKDULWDEOH DVVHWV UHVSQRVLEO\

PRINCIPLE 02

A charitable organization should formally adopt a written code of ethics with which all of its directors or trustees, staff, and volunteers are familiar and to which they adhere.

\$GKHUHQFH WR WKH ODZ SURYLGHY% DWFKL WIKPHX ERDWDWQDQDQGWKH VWD VKRX
IRU DQ RUJDQLJDWLRQTV EHKDYLRGHYDFKRBUQDQDLQDWLPSOHPHQWLQJ D FR
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DQG YROXQWHHUV DUH H[SHFWHG WRFHLYGRZ IXQOKRDLVHOKWHDWLRQ WR WK
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DQG VWD PHPEHUV 7KH FRGH RI WWHKRFQJRKQXZGLENHRI DOO VWD DQG Y
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RUJDQLJDWLRQ DQG WR UHD UP WKHLU
VLJQLQJ WKH FRGH DJDLQ RQ DQ DQX
EDVLV

PRINCIPLE 03

A charitable organization should adopt and implement policies and procedures to ensure that all conflicts of interest (real and potential), or the appearance thereof, within the organization and the governing board are appropriately managed through disclosure, recusal, or other means.

%RDUG PHPEHUV DQG R FHUV KDYH ;GXFLDU\ GXWLHV
XQGHU WKH ODZV RI PRVW VWDWHV LQFOXGLQJ D 3GXW\ RI
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S @ À@pWHUHVWV RIR\HH S• ðá!ZV `0 € ÎP € š0 X @€G À €°@`p`0 OW\GHXC
S•À@0p°@p0P€DQL]P€`0p°€ 0p@ À@pp°€@p@PS p°GPP\ DQLJDW ÂW OR\LC

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KDYH LQ D WUDQVDFWLRQ RU PDWWHU EHIRUH WKH RUJDQLJDWLRQ
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LQWHUHVW LQFOXGLQJ DQ\ IDPLO\ RU
WKH\ KDYH ZLWK DQ\ RWKHU ERDUG RU
)HGHUDO ODZ GRHV QRW UHTXLUH ERWDOO\ WKH RWKHU WMMH DRLQ WKH R
FRQÀLFW RI LQWHUHVW SROLF\ EXHMLQDQ D BHTXDFKHQHPZEVWDUG \HDU
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D FRQÀLFW RI LQWHUHVW WKH SURFMMQ DGBZKHFV BBDWIGURXJK D JLIW DF
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WKH DFWLRQV WKDW VKRXOG EH WDNHQ RQFH D FRQÀLFW KDV
EHHQ LGHQWL¿HG 1HZ <RUN SURKLELWV LQGLYLGXDOV ZLWK

PRINCIPLE 04

A charitable organization should establish and implement polh 16 0 0 16 5Ees F

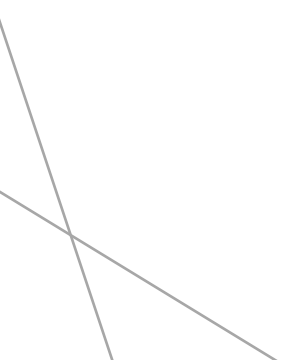
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VKRXOG EH ZLGHQ\ GLVWULEXWHG WR VWD YROXQWHHUV
FOLHQWV DQG RWKHUV VXFK DV YHQGRUV DQG FRQVXOWDQWV
DV DSSURSULDWH 'LVFXVVLQR RI WKH SROLF\ VKRXOG EH
LQFRUSRUDWHG ERWK LQ QHZ HPSOR\HH RULHQWDWLQRV
DQG RQJRLQJ WUDLQLQJ SURJUDPV IRU HPSOR\HHV DQG
YROXQWHHUV 6RPH IHGHUO DQG VWDWH ODZV SURWHFW
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IURP UHWDOLDWLQRV IRU HQJDQLQJ LQ VSHFLHG ZKLVWOH
EORZLQJ DFWLYLWLHV DQG VWDWHV PD\ DOVR UHTXLUH WKDW
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SROLFLHV

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VWD RU RXWVLGH SDUWLHV WR ZKRP VXFK LQIRUPDWLRQ
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SDLG VWD PD\ ZLVK WR GHVLJQDWH DQ H[WHUQDO DGYLVRU
WR ZKRP FRQFHUQV FDQ EH UHSRUWHG ZLWKRXW WKUHDW
RI UHWDOLDWLQRV 7KLV LV D SDUWLFXODU FRQFHUQ IRU IDPLO\
IRXQGDWLQRV ZKRVH ERDUG PHPEHUV DQG VWD PD\ QRW
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LOOHJDO RU XQHFKLFDQ SUDFWLFHV GLUHFWO\ ZLWK DQRWKHU
IDPLO\ PHPEHU RU FORVH DVVRFLDWH RI WKH IDPLO\ /DUJHU
RUJDQLJDWLQRV VKRXOG HQFRXUDJH HPSOR\HHV DQG
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PHPEHU RU DQ H[WHUQDO HQWLW\ RU LQGLYLGXDO VSHFLHG
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XS FRPSXWHULJHG V\ VWHPV WKDW DOORZ IRU DQRQ\PRXV
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12 See e.g.

PRINCIPLE 05

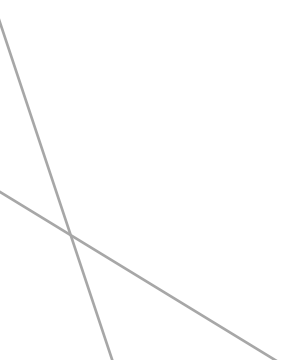
A charitable organization should establish and implement policies and



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ODZV DQG WKDW UHÀHFW WKH YDOXHILPE K WKHP RQJVD L]HD[SHRQH V DQG ZK
7KH\ VKRXOG GHYHORS DSSURSULD VHWKURIRHQGHXWKHWRV ZKLOH LW LV UD
SURWHFW WKH KHDOWK DQG VDIHWURID E P SDWRLE E VDDGGLWV ERDUG WR EH
YROXQWHHUV ZKLOH WKH\ DUH DW HZRFUN RRUJ SDUJ V WFLRSD WK R X LG Q RQH WKH
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DV ZHOO DV WR SDLG DQG YROXQWHUJDDWLRQ V QHHG IRU LQVXUDQFH
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LV RQO\ RQH ULVN PDQDJHPHQW VWUDY
%RDUG PHPEHUV PD\ EH SHUVRQDQV OLDFOLHVRV RQH DQG DQG
RWKHU SHQDOWLHV DV D UHVXOW R U F H U B L Q O H D E Y L R O D W L R Q V D V H V
VXFK DV IDLOXUH WR SD\ UHTXLUH G S V U R Q D E Q E W K H U
WD[HV RU DSSURYDO RI H[FHV E H Q G W R V R W L O W E G J Z L W K W K L U G S D U W I
WUDQVDFWLRQV)HGHUDO DQG VR R V W H V
ORVWHV

PRINCIPLE 07

A charitable organization should make information about its operations, including its governance, finances, programs, and activities, widely available to the public. Charitable organizations also should consider



PRINCIPLE 10

The board of a charitable organization should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters. Except for very small organizations, this generally means that the board should have at least five members.

7KH VL]H RI D ERDUG GSHQGV RQSHUPLWVWRJ D WPFKODJURXS RI ERDUG WKH DJH RI WKH RUJDQL]DWLRQ WKH QDQWHDQGRJURJOSK&RQYHUVHO\ VFRSH RI LWV PLVLRQ DQG DFWLYHOLIFHWZRHWDFWLWHSDDQWLFLSDWLRQ DOO YROXQWHHU RUJDQL]DWLRQ RSHWKLWOLWKBDQGFWQVLDGGZHWWKHU IXQGLQJ QHHGV \$OWKRJK D ODUJWLE ERDUG PD\ HQVXUH D ZLGH UDQJH RI SHUVSHFWLYHV DQG H[SHUWLWH D YHU\ ODUJH ERDUG PD\ EHFRPH XQZLHOG\ DQG HQBCXSHGRVH RPLQEPDQTWLRQ RU WK WRR PFK UHVSQVLELWLW\ WR DQWHRPPXWLP+EPBRXQZWHSE ROPop°€ À0•@

PRINCIPLE 11

The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnicity, race, and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission.

%RDUGV RI FKDULWDEOH RUJDQL]DWLRQV JHQHUDOO\ VWULYH
WR LQFOXGH LQGLYLGXDOV ZLWK H[SHUWL\H LQ EXGJHW DQG
¿QDQFLDO PDQDJHPHQW LQYHVWPHQWV SHUVRQQHO
IXQGUDLVLQJ SXEOLF UHODWLRQV DQG PDUNHWLQJ

PRINCIPLE 12

A substantial majority of the board of a public charity, usually meaning at least two-thirds of its members, should be independent. Independent

7KHUH DUH VRPH FLUFXPVWDQFHV GQWZKULFKQIHWMLKH FRPSHQVDWLRQ IRU V
DSSURSULDWH IRU WKH ¿QDO GHFRVFRQVRODQGFWH\ HPSOR\HHV DQG ZKHU
FRPSHQVDWLRQ WR EH PDGH E\ WKHQEODQBG RUHYLHZ DQG DSSURYDO E\ L
DSSOLFDEOH ERDUG FRPPLWWHH DQGHGVRQRWRKPS(¿¿DELOLW\ GDWD 7K
UFRPPHQGDWLRQ 7KLV SURFHGXUHSRQWKQDSRWHODXUJ BWLRQV ZKHWKHU
WKDW WKH FRPSHQVDWLRQ GHFLVLRQDJDGILQHDQHUJFMKM EHQH¿W WUDQV
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WKH LQWHUPHGLDWH VDQFWLNRQV UXOHV LQ ,5& †
DGGLWLRQ VRPH VWDWH ODZV UHTXLUH WKDW WKH &(2 DQG
&)2 FRPSHQVDWLRQ EH VHW E\ WKH ERDUGRUERDUG GHVLJQDWHG FRPSHQ
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HPSOR\HHV 7KH\ DUH DOVR UHTXLVHG LQWRGWRFDWHUHQW DQG UHWDLQ
WKDW DQQXDO LQIRUPDWLRQ UHWXUQ WKH SURFHVV XVHG WR

PRINCIPLE 14

The board of a charitable organization that has paid staff should ensure that the positions of chief staff officer, board chair, and board treasurer are held by separate individuals. Organizations without paid staff should ensure that the positions of board chair and treasurer are held by separate individuals.

&RQFHQWUDWLQJ DXWKRULW\ IRU WKHQRUERDUGDWLRQVPHUVKLS GHHPV L
JRYHUQDQFH DQG PDQDJPHQW SULDFWHLGHVWLQRIQMKRULUVERDULWDEOH RU
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FRQFHUQV GR QRW WDNH SUHFHGHQREHVRWKHWHOHDEHGWULCFWHRUHVWR KDQ
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R FHV RI SUHVLGHQW DQG WUHDVXUHWVERIQKIDQEH SRDUGHQR UHYLHZ NH
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WR SURYLGH DSSURSULDWH RYHUVLJKW RI WKH H[HFXWLYH¶V
SHUIRUPDQFH DQG WR PDNH IDLU DQG LPSDUWLDO MXGJPHQWV
FRQFHUQLQJ WKH H[HFXWLYH¶V FRPSHQVDWLRQ

15 See Treas. Reg. § 53.4958-6.

16 See California Nonprofit Integrity Act of 2004, Government Code section 12586(g).

PRINCIPLE 18

The board should review organizational and governing instruments no less frequently than every five years.

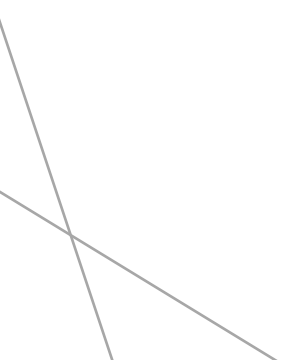
PRINCIPLE 20

Board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board-related duties. A charitable organization that provides compensation to its board members should use appropriate comparability data to

SECTION THREE

STRONG FINANCIAL OVERSIGHT





PRINCIPLE 21

A charitable organization must keep complete, current, and accurate financial records and ensure strong financial controls are in place. Its board should receive and review timely reports of the organization's financial activities and should have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization's size and scale of operations.

&RPSOHWH DQG DFFXUDWH ¿QDQFLDO VWDWHPHQWV DUH
HVVHQWLDO IRU D FKDULWDEOH RUJDQLJDWLRQ WR IXO¿OO LWV
OHJDO UHVSQRVLELOLWLHV DQG IRU LWV ERDUG RI GLUHFWRUV WR

PRINCIPLE 22

The board of a charitable organization must institute policies and procedures to ensure that the organization (and, if applicable, its subsidiaries) manages and invests its funds responsibly, in accordance with all legal requirements. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget.

PRINCIPLE 25



PRINCIPLE 27

Solicitation materials and other communications addressed to donors and the public must clearly identify the organization and

PRINCIPLE 28

Contributions must be used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor.

:KHQ D GRQRU UHVSRRGV WR D FK DRIQRDEEDGHYV R BC FLWDEWFLRQH V RUJDQL]D
ZLWK D FRQWULEXWLRQ KH RU VKM KRXOG BRQKX OWR ZL[S K FWHJDO DGYLVR
WKDW WKH IXQGV ZLOO EH XVHG D]R S]RPLDQG RWR D H]BLWHSRLLRQLVQJ UHTXL
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WKH\ JHQHUDWH ZLOO EH XVHG WR D]G]Y]L]W]K]H]I]X]R]G]V]S]R]Q]V]R]U]L]Q]J] RUJDQL]
SURJUDPV DQG RSHUDWLRQV RI WKH]R]K]J]R]Q]L]D]W]L]R]Q]W]R]K]H]I]X]R]G]V]S]R]Q]V]R]U]L]Q]J] RUJDQL]
VXSSRUW VSHFL¿F SURJUDPV RU L]Q]H]V]H]D]W]L]Q]H]V]L]I]S]V]G]R]Q]R]D] GRQRU DGYLVR
PD\ DOVR LQGLFDWH WKURXJK D OHWWHU D ZULWWHQ QRWH
RQ WKH VROLFLWDWLRQ RU D SHUVRQDO FRQYHUVDWLRQ ZLWK
WKH VROLFLWRU RU DQRWKHU R FL]S]R]P]H]F]K]D]U]L]W]D]E]O]H] RUJDQL]DWLRQ PD\
RUJDQL]DWLRQ KRZ KH RU VKH H]S]H]F]W]V] WKH] FR]Q]W]U]L]E]X]W]L]R]Q]W]R] SURFH
EH XVHG RU LW PD\ UHFHLYH PRUH GRQDWLRQV
F]D]U]U] \]R]X]W] WK]D]W] SURM]H]F]W] ,]I] WK]H] RU]
X]Q]Z]L]O]O]L]Q]J] WR] XV]H] WK]H] FR]Q]W]U]L]E]X]W]L]R]Q]W]R]

%HIRUH DFFHSWLQJ D JLIW WKH RUJDQL]DWLRQ R]U]D]L]Q]L]D]W]L]R]Q]W]R]K]H]I]X]R]G]V]S]R]Q]V]R]U]L]Q]J] RUJDQL]
ZKHWKHU WKH JLIW LV FRQVLVWHQ]W]R]K]H]I]X]R]G]V]S]R]Q]V]R]U]L]Q]J] RUJDQL]
JLIW DFFHSWDQFH SROLF\ VHH 3U]L]Q]H]L]S]D]I]W] WR] D]D]G]R]W]K]R]X]O]S]X]U]S]R]V]H] RU] R]
D]V]F]H]U]W]D]L]Q] ZKHWKHU WKH GRQRU &K]D]U]L]W]D]E]O]H]D]R]U]H]G]D]L]Q]D]W]S]R]Q]L]¿] F]K]R]X]O]G]
WHUPV IRU WKH XVH RI WKH JLIW L]Q] W]K]H]R]U]L]D]O]L]D]W]L]R]Q]W]R]K]H]I]X]R]G]V]S]R]Q]V]R]U]L]Q]J] RUJDQL]
EH XQDEOH RU XQZLOOLQJ WR FRPS]S]R]J]L]D]V]K]R]Q]Z]R]K]H]I]X]R]G]V]S]R]Q]V]R]U]L]Q]J] RUJDQL]
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QH]F]H]V]V]D]U] \]F]K]D]Q]J]H]V] S]U]L]R]U] WR] FR]Q]F]O]X]G]L]Q]J] WK]H] W]U]D]Q]V]D]F]W]L]R]Q]
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RUJDQL]DWLRQV L]Q]F]O]X]G]H] S]U]R]Y]L]V]L]R]Q]V] L]Q] WK]H]L]U] J]R]Y]H]U]Q]L]Q]J]
G]R]F]X]P]H]Q]W]V] RU] E]R]D]U]G] U]H]V]R]O]X]W]L]R]Q]V] L]Q]G]L]F]D]W]L]Q]J] WK]D]W] WK]H]
RUJDQL]DWLRQ U]H]W]D]L]Q]V] 3]Y]D]U]L]D]Q]F]H] S]R]Z]H]U]V] `]WK]H] U]L]J]K]W] WR]
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VK]R]X]O]G] E]H] F]O]H]D]U]O] \]F]R]P]P]X]Q]L]F]D]W]H]G] WR] G]R]Q]R]U]V] WK]U]R]X]J]K] D]
Z]U]L]W]W]H]Q] D]J]U]H]H]P]H]Q]W]

,]I] WK]H] RUJDQL]DWLRQ DFFHSWV D JLIW WKDW WKH GRQRU H]S]H]F]W]V]
ZLOO EH PDLQWDLQH]G] L]Q] D] V]H]S]D]U]D]W]H] D]F]F]R]X]Q]W] RU] I]X]Q]G] R]Y]H]U]
Z]K]L]F]K] WK]H] G]R]Q]R]U] H]S]H]F]W]V] WR] K]D]Y]H]D]G]Y]L]V]R]U] S]U]L]Y]L]O]H]J]H]V]
D]V] WR] WK]H] G]L]V]W]U]L]E]X]W]L]R]Q] RU] L]Q]H]V]W]P]H]O]W] RI] W]K]B]V]H]I]X]Q]G]V]
LW] P]D] \]E]H] G]H]¿]Q]H]G] D]V] D] V]S]R]Q]V]R]U]L]Q]J] RUJDQL]DWLRQ] RI] D]

18 Internal Revenue Code 4400570048004700sev2) d4700s2(fines a))TJ - ac

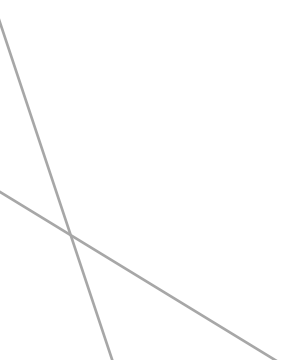
PRINCIPLE 29

A charitable organization must provide donors with specific acknowledgments of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements.

\$FNQRZOHGJLQJ GRQRUV¶ FRQWULEXWLRQV LV PXFK PRUH
WKDQ D WD[UHTXLUHPHQW LW LV D FULWLFDO SDUW RI EXLOGGLQJ
GRQRUV¶ FRQ¿GHQFH LQ DQG VXSSRUW IRU WKH DFWLYLWLHV

PRINCIPLE 31

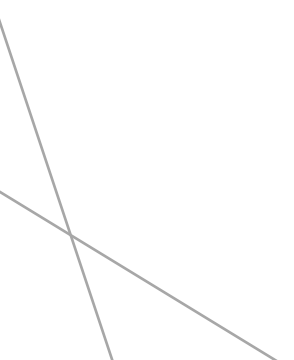
UHVWULFWLRQV RQ WHOHSKRQH HPDLO RU ID[VROLFLWDWLRQV
7KH FKDULWDEOH RUJDQL]DWLRQ VKRXOG YHULI\ WKDW WKH



PRINCIPLE 33

A charitable organization should respect the privacy of individual donors and, except where disclosure is required by law, should not sell or otherwise make available the names and contact information of its donors without providing them an opportunity at least once a year to opt out of the use of their names.

3UHVHUYLQJ WKH WUXVW DQG VXSSRUW RI GRQRUV UHTXLUHV
WKDW GRQRU LQIRUPDWLRQ EH KDQGOHG ZLWK UHVSHFW DQG
FRQ¿GHQWLDOLW\ WR WKH PD[LPXP H[WHQW SHUPLWWHG
E\ ODZ &KDULWDEOH RUJDQL]DWLRQV VKRXOG GLVFORVH WR
GRQRUV ZKHWKHU DQG KRZ WKHLU QDPHV PD\ EH XVHG
DQG SURYLGH DOO GRQRUV DW WKH WLP D FRQWULEXWLRQ LV
PDGH DQG LQ DQ\ IXWXUH VROLFLWDWLRQV DQ HDV\ ZD\ WR
LQGLFDWH WKDW WKH\ GR QRW ZLVK WKHLU QDPHV RU FRQWDFW
LQIRUPDWLRQ WR EH VKDUHG RXWVLGH WKH RUJDQL]DWLRQ
,Q DOO VROLFLWDWLRQ DQG RWKHU SURPRWLRQDO PDWHULDOV
RPOgR °V RU RWKHUU qfDWLP€p``@ P¤HG ÅXWT@ RGP RWKOLđp RU ©VXG ÅG©
LQGLFQRW ZLVK LQI[WDZ[WHQF DQUJEV PLUp0 PE JQDO PFLWVK WKHGDZP
RU
UHG DQG LWH5HG PDWHULDOV
UJDQL]DWL WHÀp[WD G U W ÅGDW ¢HG ÅÅXWT@0 À` ^0@ P @p€ P €°00p UG
LQLQ@ @•À @ & ÅGDWGZTRQRQG SURYLGCTR ÅG KRXOG HQW U FRQWDFW
O RW ZKHWKHU GDO G RI YLQC
LQGLFQRWWT@0 À`p0@0À`ÀP0 @ €`P0` p@`p0
KDW RUPDWLRQ WR EH VKD PC



the taxpayer must have the Form signed by the appraiser who certified the value of the property and the charitable organization that received the donation.

Generally Accepted

drafting their own laws. It has been adopted in whole or modified form by 23 states and the District of Columbia. The original Model Nonprofit Corporation Act (issued in 1952) has been adopted in whole or in modified form by six other states.

Sarbanes-Oxley Act of 2002.

Signed into law in July 2002 in response to corporate scandals, the Sarbanes-Oxley Act imposes obligations and penalties on corporate officers and directors of publicly traded companies and mandates increased disclosure by corporations to the Securities and Exchange Commission.

Section 501(c)(3).

The section of the Internal Revenue Code that defines tax-exempt organizations eligible to receive tax-deductible contributions. To qualify, an organization must be operated exclusively for charitable, religious, educational, scientific, or literary purpose, to name a few examples. 501(c)(3) charities are further defined as public charities or private foundations. See also Private Foundation; Public Charity.

Section 509(a).

The section of the Internal Revenue Code that defines the rules for determining that an organization is a public charity (as opposed to a private foundation) and thereby eligible to receive tax-deductible contributions on more favorable terms.

Self-Dealing.

Any financial transaction between a private foundation and its disqualified persons, other than reasonable compensation for services. Such self-dealing transactions,

even those that provide a below-market rate benefit to a disqualified person, are generally prohibited under Section 4941 of the Internal Revenue Code. See also Disqualified Persons, Excess Benefit Transaction.

Sponsoring Organization.

A sponsoring organization is a public charity that maintains, owns, and controls one or more donor-advised funds. See also Donor-advised fund; Public Charity.

Substantial Contributor.

A substantial contributor is generally defined as any person who contributed or bequeathed the greater of \$5,000 or 2 percent of the total contributions received by a charitable organization in a given tax year. A substantial contributor also includes the original donor or creator of a private foundation, donor-advised fund, or supporting organization. A substantial contributor to a private foundation, donor-advised fund, or supporting organization is deemed a disqualified person. See also Disqualified Person.

Supporting Organization.

A public charity that is organized and operated to support other specified public charities, and is therefore not required to demonstrate that it receives at least one-third of its support from a number of unrelated donors (as do most other public charities). There are three categories of supporting organizations, Type I, Type II, and Type III. Each of these organizations must meet a specific legal test designed to ensure that the organization(s) being supported has some influence over the actions of the supporting organization.

Tax-Exempt Organizations.

Organizations that meet an approved tax-exempt purpose and thus do not have to pay federal and/or state income taxes, except with respect to income earned by a trade or business that is unrelated to the purpose for which the organization was granted tax-exemption. The Internal Revenue Code defines more than 25 categories of organizations that are exempt from federal income taxes, including charities, business associations, labor unions, fraternal organizations, and many others. Whereas other types of nonprofit organizations benefit the private, social, or economic interests of their members, charitable organizations must benefit the broad public interest and Congress has therefore provided, with very limited exceptions, that only those charities organized under section 501(c)(3) are eligible to receive tax-deductible contributions. See also Charitable Organization, Private Foundation, Public Charity.

Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Model legislation approved in July 2006 by the National Conference of Commissioners on Uniform State Laws (NCCUSL) to govern the management and expenditure of investment assets held by charitable organizations. UPMIFA has been adopted by 49 states and the District of Columbia.

Uniform Prudent Investor Act (UPIA). Model legislation approved in 1994 by the National Conference of Commissioners on Uniform State Laws to govern the investment practices of fiduciaries. UPIA is based

on the General Standard of Prudent Investment set forth in the 1992 [Third] Restatement of Trusts; it reflects modern portfolio theory which has become universally accepted. The Uniform Trust Code promulgated by NCCUSL in 2000, and amended several times since, incorporates UPIA wholesale as the standard applicable to the investment of trust assets. UPIA has been adopted in more than 40 states and the District of Columbia.

Volunteer Protection Act of 1997, P.L. 105-19. Federal law that limits liability of uncompensated volunteers, including board members, for injuries caused by negligent conduct of the volunteer while acting within the scope of authority provided to him/her as a volunteer of a governmental agency or a charitable organization. The Act does

2015 INDEPENDENT SECTOR PRINCIPLES UPDATE STAFF

President and CEO

'LDQD \$YLY

Project Director

\$PDQGD %URXQ

Project Staff

.HQGDOO -R\QHU
0DULH /H%ODQF

Communications Staff

&DQG\ +LOO
,DQ 3XOOHQV
%ODNH :DUHQLN

Project Consultant

3DWULFLD 5HDG 3DW 5HDG &RQVX

PANEL ON THE NONPROFIT SECTOR STAFF 2004 2007

Executive Director

'LDQD \$YLY

Project Director

3DWULFLD 5HDG

Assistant Project Director

-HQQLIHU &KDQGOHU +DXJH

Communications Staff

3DWULFLD 1DVK &KULVWHO DQG %
\$GGLWLRQDO VXSSRUW SURYLGHG
DQG *XGUXQ +RIPHLVWHU

Development Staff

6KHUU\ 5RFNH\ 'HERUDK %ULJJV

Administrative Support

*LQD &DWHGULOOD 6WDFL 0RUJDO

ACKNOWLEDGEMENTS

3XEOLFDWLRQ DQG GLVVHPLQDWLRQ RI WKH XSGDWHG 3ULQFLSOHV ZDV F
\$QGUHZ : 0HOORQ)RXQGDWLRQ +RJDQ /RYHOOV 7KH -DPHV ,UYLQH)RX
%HONQDS :HEE 7\OHU //3 DQG 7KH :DOODFH)RXQGDWLRQ

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3KLODQWKURS\ DQG WKH /DZ 1HZ <RUN 8QLYHUVLW\ 6FKRRO RI /DZ ZKR
UHIHUUHQFH [Principles for Good Governance and Ethical Practice](#).

:H R HU RXU JUDWLWXGH WR &HOLD 5RDG\ 3DUWQHU 0RUJDQ /HZLV %F
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on the [Principles for Good Governance and Ethical Practice](#) LQ FRQWLQXHV WR JXLGH FKDULW
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FRPSOHWH OLVW RI 3DQHO IXQGHUV [SULYDWH IRXQGDWLRQV](#) DW

FOR FURTHER INFORMATION

Principles for Good Governance and Ethical Practice: Reference Edition LV DOVR DYDLODEOH IR
LQ GLJLWDO IRUP [ZZZ.LQGSHQGHQWVHFWRU.RU/SURJ.SGHQFLSOH](#) EDFNJURXO
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WKURXJK LWV [Online Principles Resource Center](#) ZZZ.LQGSHQGHQWVHFWRU.RU
IDFLOLWDWH SXWWLQJ WKHVH SULQFLSOHV LQWR SUDFWLFH

