

Accountability & Transparency Review Report for BOUNDLESS EDVENTURES

Based on current website information – 28 OCT 2023

Accountability and Transparency Overview

Accountability and Transparency (A&T) are terms related to compliance and disclosure representing nonprofit best practices. As a public trust, a charity is obligated to meet the legal and ethical expectations of the community. The willingness to endure public scrutiny by sharing information externally is an effective way to build confidence in your organization. Establishing trust is a key tool you can use to gain sustainable investment in your mission. It is part of a focus on Social Sector Excellence designed to benefit charities through increased support for your cause.

Accountability is not mandatory for nonprofit organizations. There are several ways to show your voluntary desire to earn donor trust and confidence. These include information provided on your annual 990 tax form, information posted to your website, and external validation through ratings (e.g. Charity Navigator), self-reporting through on-line sources (e.g. GuideStar/Candid and Charity Navigator's Impact Reporting features) or accreditation (e.g. Better Business Bureau's Wise Giving Alliance Charity Seal Program).

Transparency is reflected by simple disclosure of operational information, making it readily available to the public. *Make it easy to find the information!* Your website is the first opportunity to positively impact donor trust and confidence by providing fast access to information about your finances, governance, operational performance and mission impact.

ELEMENTS of ACCOUNTABILITY

Defined Board of Directors
Defined Staff – key employees
Defined Ethics Policy/limited conflict of interest
Audited Financial Results/reporting

ELEMENTS of TRANSPARENCY

Disclosed Articles, Bylaws, IRS designation
Disclosed governance policies
Disclosed financials
Disclosed Conflict of Interest/Ethics policy

Website Review for A & T

The attached *ACCOUNTABILITY & TRANSPARENCY ASSESSMENT* document provides a useful outline to determine what is needed to meet best practices for transparency. Disclosure items needed on your website to meet requirements are identified in red, with yellow highlight comments for more detailed inputs or explanations.

We recommend that you create a main-page tab clearly titled **ACCOUNTABILITY & DISCLOSURE**, or something similar. Or you can include this in your ABOUT tab. It is best practice to make information easily available, especially in today's digital world which dictates a web presence with information to establish trust and attract donor support.

A proposed structure and information text for this tab is included with the attached A & T Guide document. You can utilize this text to populate a webpage tab, and then link or insert the noted documents for disclosure.



Smaller charities are typically not required to have audited financials. However, you should definitely have some form of financial report included on your website. Ideally, you want a detailed Summary of Activities / P & L and a Balance Sheet document. Both are part of the 990, but reporting in categories is different, so both types of financials should be provided. You should also post at least three (3) years of data, including your 990 documents.

Some funding organizations require a formal audit, regardless of organizational size/revenue. In addition, there are State requirements, and the BBB WGA Charity Seal accreditation requires an audit. It would be useful to formally create an Audit/Financial Committee or similar functional group to oversee this activity on an annual basis, allowing you to answer YES for that question on the 990 document.

Donor privacy is a key concern for individuals as well as organizations who review your charitable operations. This is often confused with the website privacy statements typically provided by web designers. Charity Navigator (CN) very specifically wants to see use of the word DONOR in privacy statements as it relates to the potential for trading or selling data.

The full 990 document includes a section on Governance and Management. The IRS asks questions about your operational practices, which are reflected on the A & T Assessment checklist. These documents serve to identify some of the best-practices for policy and procedures, and I would recommend that you review the current documents and include the policy details on Schedule O as indicated by the 990.

The website is currently missing the following key documents for disclosure:

- Financials, minimum 3 years of data (when available)
- Form 990 for at least 3 years
- Donor Privacy Policy Statement
- Conflict of Interest Policy
- Articles of Incorporation
- Bylaws
- IRS Designation Letter

With regard to Best Practices, there are additional policies and procedures recommended by the Better Business Bureau's Wise Giving Alliance 20 Standards for Charitable Accountability.

2022 990 Document Review for A & T – NOT AVAILABLE FOR REVIEW

Since there are no 990EZ or 990 documents completed yet, a review of the A & T items disclosed was done without them. Since the EZ reduced input form does not include the four (4) policies which need to be adopted for 100-point rating by Charity Navigator, it is recommended to file the full 990 for future operating years, and adopt the following.

- Conflict of Interest/Ethics Policy with annual disclosure
- Whistleblower Policy
- Document Retention Policy
- CEO Compensation Policy

These policy operational requirements need to be described in summary detail as instructed on Schedule O. The Conflict of Interest Policy is supported annually with a formal disclosure from each board member, and easily monitored throughout the operating year through a Conflict of Interest Declaration at the start of each board meeting.

As a note, it is good practice to file the 990 on time, by May 15th (the 15th day of the 5th month after FYE). Donors often look for this information and delays do not help build trust in the organization. The 990 is often used for grant applications as well, so make it readily available.

Additional Items to Consider for Accountability:

We would recommend you consider adopting the **AFP DONOR BILL OF RIGHTS** and posting this to your website as well. This is attached for your reference, and can be easily incorporated into the A & T disclosure tab, as indicated.

It is good that you make your Federal TAX ID Number (EIN) easily available at the footer of your website pages. This is probably the most critical piece of information for donors to confirm that you are a legitimate charity and donations are tax deductible. Your number is currently in the upper right corner of your website.

Charity Navigator's (CN) ratings and the BBB WGA Accreditation both consider financial performance metrics in their assessments. These metrics are determined as a benchmark for well-performing organizations. Unfortunately, the 990EZ inputs do not provide the financial information to enable an assessment regarding performance to best practices as follows:

- **Program Services expenses:** ??% - BBB WGA requires >65% for accreditation, CN ratings define 75% as good, and 85% or more as excellent. Since AA18 has virtually no overhead, this ratio is a benefit that is under emphasized.

- **Administrative expenses:** ??% - CN suggests this number should be <15%. Since AA18 has virtually no overhead, this ratio is a benefit that is under emphasized.

- **Fundraising expenses:** ??% - CN suggests this number should be <10%. Having 0 suggests you aren't participating in fundraising, creating the question that the organization may not be a sustainable charity worthy of donor investment.

- **Liabilities to Assets ratio:** ??% - CN suggests this number should be <5%. The 2021 990EZ, Page 2 Balance Sheet, Part II, Line 26 reflects no liabilities.

- **Working Capital ratio:** > ??% - CN suggests that a financially sustainable organization will have one year of operating expenses (100%) on reserve to support programming in the event of revenue disruption.

The expense reporting on the full 990 requires an allocation between the three (3) use categories of Programming, Administration and Fundraising. This often requires a tax preparer to have a detailed knowledge beyond the simple P & L reports typically provided for accounting purposes. This will generally require that expense category allocations are determined outside of the accounting system and information provided to the tax preparer along with the financial statements. This ensures that expense ratios best reflect the actual use of funds and represent best practice standards for good or excellent nonprofit fiscal performance.

It is important to keep in mind that the 990 document, although sent to the IRS, is not really a tax document, but much more of a public image document regarding operational performance for nonprofits. Charity watchdog organizations regularly utilize inputs from the 990 to identify potential shortcomings and can create negative assessments as a result.

These are just a few examples of the incidental items included in the 990 reporting that may not seem important for 'tax purposes' but are actually used by granting organizations and donors to evaluate nonprofit performance. These items and more like them are part of the accreditation provided by the BBB WGA through their Charity Seal program. We utilize the Charity Navigator ratings metrics and the BBB WGA's 20 Standards for Charities as guides to establish nonprofit best practices for high-performing organizations.

We may introduce more on these red-flag issues and other performance metrics as we work through the items included in the implementation portion of our agreement. This assessment is intended to guide our work, identify deliverables, and very importantly, reflect how a potential donor would review your organization as they strive to make informed giving decisions. Ideally, we are working to attract investment in your mission, which is much more than a simple donation.

Further Inputs on the Website and General Information Available.

Typically, there are two (2) fundamental purposes for a charity website, attracting donors and attracting program participants. Since the services provided by most charities are low or no cost, the larger challenge is often attracting donors. This need requires a website focused on attracting donors and enabling easy transactions to DONATE.

Considering this objective, it is important to easily identify that an organization is, in fact, a charity. Currently, the BE website does reflect this on the home page in minimal form. A recommended method for this is to add a footer statement like the following:

Boundless Edventures is an IRS designated 501(c)(3) nonprofit, Charitable Organization Number 81-2749968.

The vision and mission statements need to be inspirational to connect with donors. The vision reflects the ideal state of the world your organization is trying to establish. The mission is how you plan to achieve the vision. The programs are specific actions you will take to support the mission and achieve the vision. Making this clear to the casual visitor is essential to convert them into donors.

For nonprofit organizations, identifying IMPACT is a key to continued support and investment by donors. All investors want to see the results of their support. Make this impact easy to view on the website. A suggestion is to change the MEDIA tab to IMPACT, and then incorporate program stories, photos and participant testimonials which identify the results your program has. This is the impact. Identify it, measure it, report it and promote it. This will keep investors engaged.

Attachments:

NPFS A & T Assessment Worksheet
Accountability & Disclosure Guide
AFP Donor Bill of Rights

ACCOUNTABILITY & TRANSPARENCY ASSESSMENT

For BOUNDLESS EDVENTURES

WEB SITE INFORMATION - as of 28 October 2023

- Board Members Listed
Looks like 4, 5 is a minimum number; 8-15 is recommended
- Key Staff Listed
- Audited financials, most recent
OK if not audited; not required for < \$500,000 in revenue
- Form 990, most recent
Recommend 3 or more years of financials
- Donor Privacy Policy
Should also have Website Privacy Policy & Data Security Policy
- Conflict of Interest Policy
Confirm annual & periodic declarations. BoD meeting agenda
- IRS Designation Letter
Need to include IRS Charity Statement & EIN on Website
- Articles of Incorporation
- Bylaws

DATA REPORTED ON FORM 990

- Loans to related parties not acceptable
- Material diversion of assets - other use of funds
- Documents board meeting minutes
- Provides copy of form 990 to board members before filing
- CONFLICT OF INTEREST Policy
- WHISTLEBLOWER Policy
- RECORDS RETENTION Policy
- CEO listed with salary
- CEO COMPENSATION Policy or process
Confirm incorporation of IRC 4958 requirements
- Non-compensated board
- Independent accountant for audited financials
- Formal audit committee