

Morgan Stanley



Non-Profit Governance Guidelines

August 2024

Non-Profit Governance Guidelines

Guideline Title	Description	Topic Covered
Board Attendance	Ensures that each meeting has the minimum number of attendees to conduct official business. Policy will define the organization's expectation of board member attendance per meeting schedule	<ul style="list-style-type: none"> • Expectations of meeting attendance • Minimum quorum requirements • Establishes policy regarding proxies
Board Member Expectations	Outlines expectations of board members	<ul style="list-style-type: none"> • Expectations
Board Recruitment	Establish procedure for recruiting and screening process to ensure that all candidates are qualified and evaluated using consistent criteria and process	<ul style="list-style-type: none"> • Define needs of board and organization • Outline responsibility, authority, and accountability of position • Set term restrictions, time commitment, legal/financial commitment • Mandate qualification and skill required for role
Chapter, Branch, and Affiliate	These documents will describe the relationship among a "parent" organization and any affiliates. The structure of these relationships will govern the manner in which these agreements are prepared. There are a variety of different models, each presenting different characteristics	<ul style="list-style-type: none"> • Corporate structure and name of new organization • Tax exemption clause • Shared employees, office space, and equipment • Describe manual and governance of organization's activities • Grants/loans between organizations • Outline monitoring of activities
Code of Conduct/Code of Ethics	Provides ethical conduct and provides process for reporting unethical behavior. Should comply with relevant laws and policies	<ul style="list-style-type: none"> • Framework for developing high standards of professional ethics and conduct • Accountability, Professional Excellence, Personal Gain, Equal Opportunity, Confidentiality, Collaboration
Compensation	A compensation policy will set forth the overall compensation philosophy of an organization along with the manner in which compensation is determined	<ul style="list-style-type: none"> • Must account for executive compensating, including retirement plan contributions, deferred compensation, health and welfare benefits • Detail process by which it approves compensation for top management officials • Must list impartial decision makers • Provide comparable data that demonstrate the fair market value of the compensation in question

Non-Profit Governance Guidelines Cont'd

Guideline Title	Description	Topic Covered
Confidentiality	Establish respect of privacy for clients, donors, members, staff, volunteers, and organization, particularly personal and financial information. These policies are heavily influenced by the type of activities the organization engages and, most importantly, the type of information/data that the organization will receive. Compliance with state, federal and (if applicable) foreign laws will need to be addressed. This is a rapidly changing environment	<ul style="list-style-type: none"> Establish which information is privileged and proprietary in nature Timeline on when materials containing confidential information should be returned at time of separation from employment or expiration of service Create appropriate discipline policy for violations of policy
Conflict of Interest	Requires those with a conflict or potential conflict to disclose. Prohibits board members from voting on matters in which there is a conflict	<ul style="list-style-type: none"> Outlines process of how the board will manage conflicts usually through role-playing Minutes of board meetings should reflect when a board member discloses conflict
Crediting	Establishes how donors at various gift levels are recognized for their generosity and donations. Provides opportunities for thanking supporters throughout the year	<ul style="list-style-type: none"> Outlines events where donors are recognized and other special programming Mandates giving levels required for naming opportunities, scholarships, research funds, publications, society recognitions, etc.
Document Retention and Destruction	Records what types of documents the nonprofit must retain and for how long. Policy should specify that nonprofit will adhere to regular business practice of document destruction according to set policy	<ul style="list-style-type: none"> Identifies record retention responsibilities of all Maintaining and documenting storage and destruction of organization' documents and records State law regulation on document retention varies
Endowment	Establishes endowment and guiding documents via donor intent or resolution by board of directors. Also, stipulates the restricted use of the endowed funds and expected usage of investment income	<ul style="list-style-type: none"> Identifies usage of interest earned each year Outlines who is responsible for oversight of fund's market performance i.e. board of directors, professional investment firm, money manager Stipulates how endowed assets will be invested Prohibits withdrawal of endowed assets absent specific authorization from the board
Expense Reimbursement	Permit to pay for or reimburse ordinary and necessary expenses incurred while carrying out organization's activities including the cost of travel	<ul style="list-style-type: none"> Permitted business reasons for expense Plan regarding submitting business expenses Plan regarding Officer or employee making reimbursement payment

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Guideline Title	Description	Topic Covered
Gift Acceptance	Manages the expectations of donors and also serves as guidance for board and staff members who are on asking or receiving end of contributions. Maintains discipline in gift acceptance and administration	<ul style="list-style-type: none"> Identify which gifts run counter to nonprofit's values Outline whether organization is equipped to manage the value of certain gifts: estates List of circumstances under which legal counsel will be engaged
Investment Policy Statement	Establish investment policies, guidelines, and securities eligible to be held as assets by organization. Specifies management of funds and identifies criteria against which performance of investment will be measured against	<ul style="list-style-type: none"> Delegate responsibilities concerning management of funds Schedules oversight of management of investments Monitor and evaluate performance of investments
Media Relations	Establish the process for responding to media inquiries regarding personnel issues, crisis management, emergencies, policies, and fiscal operations. Designate a media contact to avoid conflicting messages and/or press leaks	<ul style="list-style-type: none"> Establish media policy to ensure consistency of message Establish individual who may speak on behalf of organization Designate subject matter experts on staff
Nondiscrimination	Mandates that nonprofit shall not discriminate on basis of race, color, creed, gender, gender expression, age, national origin, disability, marital status, sexual orientation, or military status. Commitment to providing an inclusive and welcoming environment for all	<ul style="list-style-type: none"> Hiring and firing of staff Selection of volunteers and vendors Provision of services
Risk Management	Ensures that non profit has a process in place for when claims are made and how they are handled. Insurance is only relevant on the policy in terms of being a source to fund claims and thereby manage risk	<ul style="list-style-type: none"> Insurance policies Deductibles and similar expenses Limitations of coverage

Non-Profit Governance Guidelines Cont'd

Guideline Title	Description	Topic Covered
Spending	Supports organization's mission by maintaining current level of spending and growing the size of current investments to keep pace with inflation and support future organizations as it "draws" upon organization's endowment(s)/restricted funds	<ul style="list-style-type: none"> • Address current and future obligations • Prioritize objectives of organization • List portfolio ceiling and floor • Determine extent of organization's volatility in spending
Whistleblower Protection	Prohibits retaliation against employees who "blow the whistle" on all practices of their employer. Commitment to an internal process for addressing complaints about financial practices	<ul style="list-style-type: none"> • Outlines internal process for addressing complaints • Lists procedure for investigating and fixing potential issues • Mandates against retaliation by any board member, officer, or volunteer who reports ethics violation • Provides confidentiality for those submitting complaint

Disclosures

The suggested guideline oversight is suggestive in nature and is not meant to suggest a standardized organization structure. Each organization will vary in its structure and those necessary in providing oversight. This material has been prepared for informational purposes only. The information contained herein has been obtained from sources considered to be reliable. Morgan Stanley Smith Barney LLC (“Morgan Stanley”) does not guarantee their accuracy or completeness. It does not provide individually tailored investment advice. Morgan Stanley recommends individuals independently evaluate their particular circumstances and strategies, and encourages individuals to seek the advice of a tax advisor for matters involving taxation and tax planning and their attorney for legal matters concerning their organization.

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