

Reviews for New and Reforming Organizations

Last updated: June 2015

New organizations that were incorporated within the last three years or have not filed an IRS Form 990 for the past three years can still go through the Accountability Wizard[®] and work toward earning the Meets Standards[®] Seal. Charities Review Council applauds new organizations beginning their nonprofit existence as accountable and transparent organizations.

Through the Accountability Wizard[®] review process, we collect data and documents from your organization. As a new organization, you may not have 3 years of financial data and other key policies in place. As such, there are some Accountability Standards[®] that will not be applied depending on your organization's age. With other Accountability Standards[®], there is variation with how Council staff applies the Standard depending on the organization's age.

Since not all Standards can be evaluated and met right away, the normal one-year limit on Review in Progress status is removed. Your organization will continue to be listed as a Review in Progress beyond that one-year timeframe, allowing you time to meet all the Standards once you've completed your third fiscal year.

Year 1 applies to organizations that have completed zero or one fiscal year.

Year 2 applies to organizations that have completed two full fiscal years.

Year 3 applies to organizations that have completed three full fiscal years.

Standard	Year 1	Year 2	Year 3
Annual Report & Communication	<p>Partially Meet This Standard</p> <p>The nonprofit is reporting on the following:</p> <ul style="list-style-type: none"> • Mission statement, • Definition of geography and population served, • Descriptions of each major program, • List of the board of directors, • List of key employees or key volunteer staff, and • Balance sheet (assets and liabilities). 	<p>Fully Meet This Standard</p> <p>All Year 1 requirements along with the following:</p> <ul style="list-style-type: none"> • Related accomplishments for each major program, • Income statement (with income and expenses), • Functional expense allocation, and • Total expense for each major program. 	<p>Fully Meet This Standard</p>
Balanced Reserves	<p>Not Applicable</p>	<p>Fully Meet This Standard</p> <p>Unrestricted net assets (for current use) are not more than 3</p>	<p>Fully Meet This Standard</p>

Standard	Year 1	Year 2	Year 3
Board Length of Service		times the current or next year's budgeted operating expenses.	
	Not Applicable	Not Applicable	Fully Meet This Standard Elected voting board members do not serve more than 5 years without standing for re-election. Bylaws limit the number of consecutive terms that can be held by a board member.
Conflict of Interest Policy	Not Applicable	Fully Meet This Standard There is a policy that prohibits an interested party from approving or voting on a conflicted transaction and requires annual disclosure of potential conflicts. Additionally, the nonprofit does not provide loans to or relieve debts of any of its directors.	Fully Meet This Standard
	Partially Meet This Standard The nonprofit identifies what information it will be tracking.	Partially Meet This Standard The nonprofit has identified goals/measurements and is tracking information.	Fully Meet This Standard Board and key staff collect and review information about the nonprofit's participants, volunteers, vendors, staff, partners, board of directors, practices, and programs, comparing its internal composition and practices to its external composition (e.g. population served and stakeholders) and identifies related goals, opportunities, gaps, and progress.
Diversity, Equity, and Inclusion			
Federal Tax Filing Review	Not Applicable Applicable only if one full fiscal year has been completed.	Fully Meet This Standard The board conducts a timely review of the complete IRS Form 990 and all attachments.	Fully Meet This Standard
	Not Applicable	Partially Meet This Standard For the current fiscal year, unrestricted net assets (at the end of the year) is a positive	Fully Meet This Standard
Financial Health Management			

Standard	Year 1	Year 2	Year 3
Financial Transparency		number, and the change in unrestricted net assets (beginning of year to end of year) is either a surplus or a deficit no greater than -5%.	
	Not Applicable	Fully Meet This Standard If revenue exceeds \$750,000, the nonprofit is independently audited and receives an unqualified opinion.	Fully Meet This Standard
Governing Document Review	Not Applicable	Partially Meet This Standard Confirm a date when the board will review the nonprofit's bylaws and other governing documents.	Fully Meet This Standard The board reviews the bylaws and other governing documents at least every three years.
	Not Applicable	Fully Meet This Standard The nonprofit describes on an annual basis its accomplishments in the previous year in relation to its mission and its community impact. The nonprofit also states its goals for the following year.	Fully Meet This Standard
Impact on the Community	Partially Meet This Standard The nonprofit is aware of laws governing nonprofits.	Fully Meet This Standard To the best of its knowledge, the nonprofit does not violate any federal or state laws or regulations.	Fully Meet This Standard
	Not Applicable	Fully Meet This Standard Solicitors who are not staff or volunteers of the nonprofit identify themselves as professional fundraisers and upon request provide the name and address of their employer or contracting party. If the nonprofit is engaged in cause-related marketing, or its name is used in connection with an event or the sale of marketing of goods or services, the nonprofit provides accurate information about the percentage of gross revenue the nonprofit receives.	Fully Meet This Standard
Legal Compliance			
Soliciting Practices			

Standard	Year 1	Year 2	Year 3
Expense Reimbursement Policy	Not Applicable	Fully Meet This Standard There is a board and staff policy that describes acceptable expenses, sets reasonable limits, and sets procedures for reimbursement.	Fully Meet This Standard
	Not Applicable	Partially Meet This Standard For this year, at least 65% of the nonprofit's annual expenses are used to directly support programming (ideal range is 70%–90%).	Fully Meet This Standard At least 65% of the nonprofit's three-year average annual expenses are used to directly support programming (ideal range is 70%–90%). On an annual basis, the board monitors this ratio and, if necessary, develops a plan to address any shortages of investment in programs, infrastructure, or administrative capacity.
Use of Funds	Not Applicable	Fully Meet This Standard The nonprofit maintains a policy and communicates procedures for the reporting and investigation of complaints about perceived or possible illegalities, questionable practices, or policy violations. The policy provides for the confidentiality of the individual who reports the complaint and protects him/her from retaliation by the organization.	Fully Meet This Standard
Whistleblower Policy	Not Applicable	Fully Meet This Standard	Fully Meet This Standard

The following Accountability Standards® are applied no matter the age of the new or reforming organization:

- Board Fiduciary Oversight
- Board Meetings
- Board Orientation & Assessment
- Chief Executive Assessment & Compensation
- Donor Financial Information Security
- Donor Privacy
- Fundraising Disclosures
- Monitoring Mission & Strategy
- Separation of Roles
- Voluntary Board Service