

Board Governance Essentials

A Non-Profit Board Primer

Heather Johnson
Director, Volunteer Halton



**Volunteer
Halton**
Community
Development
Halton



Community Development Halton

Through research, community development, planning, and promoting volunteerism, Community Development Halton (CDH) strives to improve the quality of life for all residents of Halton.

Two Pillars of Service:

- Social Planning and Research
- Volunteer Halton
- www.cdhalton.ca | www.volunteerhalton.ca
- 905-632-1975

Volunteer Halton

We envision a Region where volunteerism is accessible, inclusive, and valued, contributing to community well-being and engagement.

- *CDH Educates Workshop Series*
- *Focused Conversations*
- *Volunteer Recruitment and Referrals*
- *Advocacy*
- *Catalyst for volunteerism and civic engagement in Halton Region*



- 20+ years of experience as a volunteer engagement professional
- Certified in Volunteer Administration (CVA) in 2019
- Joined CDH as the Director of Volunteer Halton in May 2021
- Works closely with organizations and agencies who engage volunteers to provide:
 - Education and training workshops
 - Customized support
 - Data-driven research and resources
- Provide consultations and support to volunteer-seekers



Agenda

- Purpose of Board
- Board Types
- Board Members and Board Roles
- Legal Responsibilities & Duties
- Financial Oversight & Planning

Introduction

“Directors of not-for-profit organizations have various duties and responsibilities. The most fundamental of these responsibilities is the duty of directors to act in the best interests of the organization they serve at all times, even at the expense of their own self-interest”.

-Jane Burke-Robertson, B.SOC,
SCI, L.L.B, Partner, Carters
Professional Corporation



Purpose of Boards

**The Board is the
Organizational
Steward.**

**Everything it does
should advance
and protect the
organization**

Legislation

Articles of Incorporation

By-Laws

Board Policies

Broader body of non-profit
knowledge

Non-Profits and Charities **MUST** have Boards

Vision & Mission

Values or Principles

Achieving the mission

Governance

Financial health

Strategic planning

Hiring & firing of CEO/ED

Types of Boards



Non-Profit vs. For-Profit Boards

Non-Profit Boards

- Voluntary involvement
- Strong focus on mission
- Priority to attaining funding
- Performance metrics tied to social impact and revenue (equally important)
- Executive staff reports to Board
- Members with diversity of experiences including people with lived experiences

Corporate Boards

- Paid work
- Mission not as important
- Priority to making profit
- Performance metrics tied to marketability and profit margins
- Executive staff is Chair/sits on Board
- Membership generally people with extensive field knowledge and experience in executive positions

Source: Volunteer Toronto "Board Governance Essentials" training

Hands-On Boards

Plans the work and helps to execute it

- Governance responsibilities come first
- Operational Planning
- Handling important filings
- Directly involved with fundraising, programs, and staff
- Ambassadors

Working Board

Operating Board

Collective



Hands-Off Boards

Makes decisions but does not participate
in operations

- Governance focus
- Set policy direction
- Committee driven
- Approve plans, finances
- Ask questions to help steer policy and practices
- Handle high-level policy complaints
- Ambassadors

Board Governance Essentials: A Non-Profit Board Primer

Policy Board

Governance Board

Supervisory Board





Board Members & Board Roles

New to the Board

Need to Learn

- **Structure & responsibilities**
- **Bylaws, policies, procedures, mission**
- **Legislative changes**
- **Financial management basics**

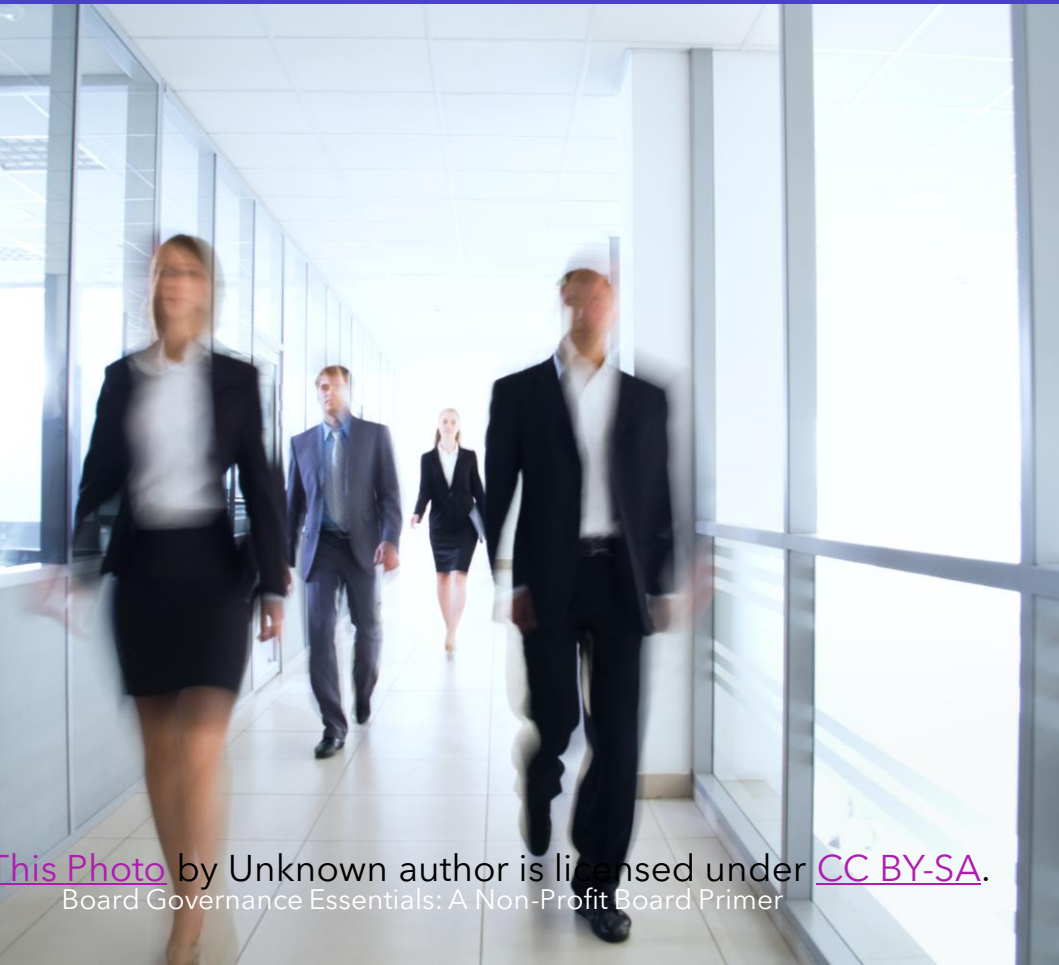
Need to Contribute

- **Your expertise/skills**
- **Regular attendance and input**
- **Active leadership**
- **Advocacy and ambassadorship**

Need to Commit To

- **Acting in the best interest of the organization**
- **Be aware of and avoid conflicts of interest**
- **Respect confidentiality**
- **Support decisions**

Board Member Role



MEET: Prepare for and attend meetings

- Regular, special, members', planning, Board development

DECIDE: Engage in deliberations and make decisions

- Ask questions, express a viewpoint, make motions and vote

STEP UP: Contribute as an Officer and on Committees

KNOW: Become knowledgeable of the organization and its work

Board Member Role



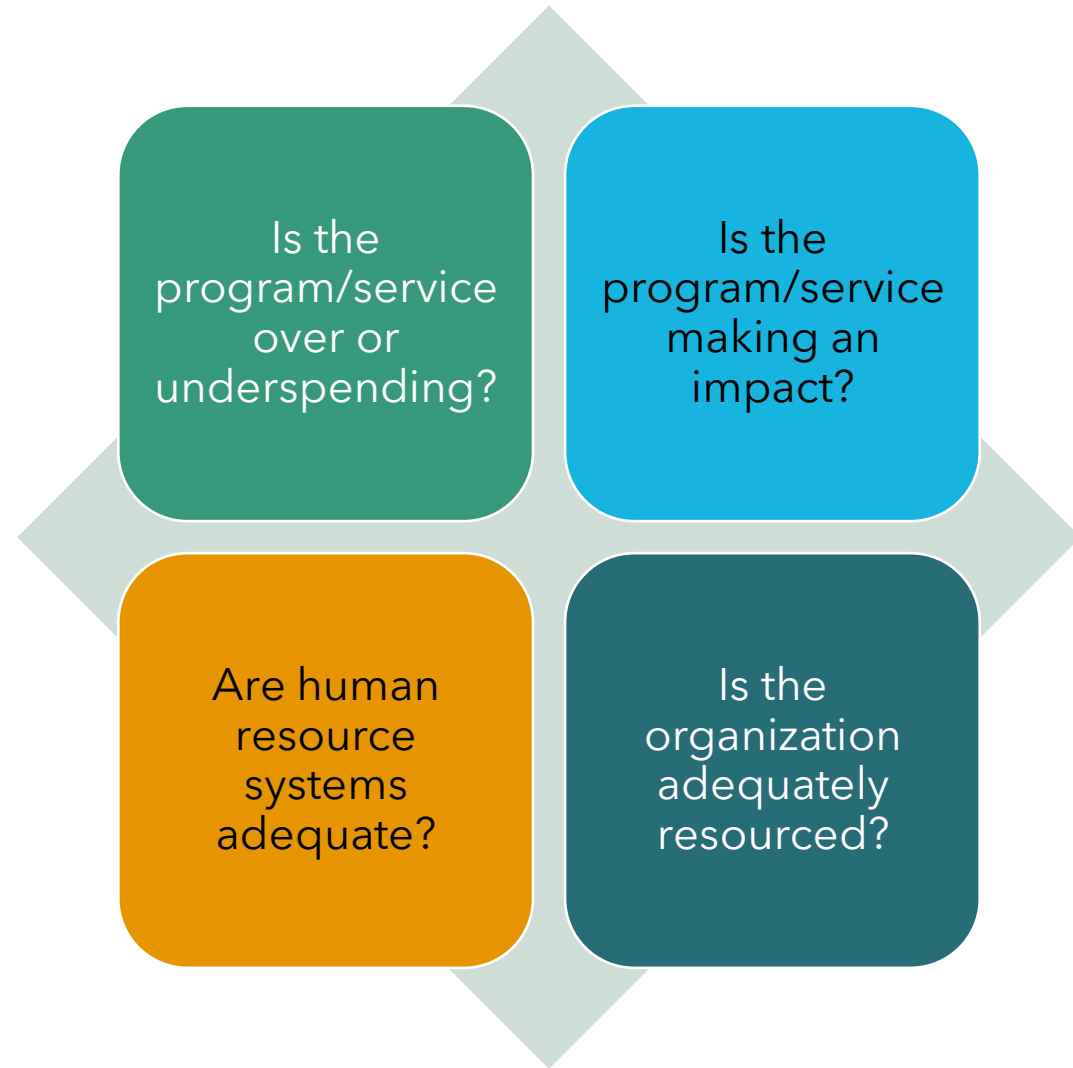
PROMOTE: Represent and promote the organization through advocacy and at events

RECRUIT: Help recruit new Board members

ACT: Act in a way that reflects well on the organization

SUPPORT: Embrace decisions of the Board and support action stemming from those decisions

Responsibilities Explored



Executive Members

- **Chair/President**
- **Vice-Chair/President**
- **Secretary**
- **Treasurer**

At Large & Committee Members

- **General/At Large**
- **Committee Chairs**
- **Committee Vice-Chairs**

+ Ex Officio*, Staff

- **Executive Director**
- **Persons with particular expertise or influence**

Board vs ED/CEO Roles & Responsibilities

The Board

- Establishes and sets mission, strategic directions, and plans
- Ultimately accountable for (and oversees) financial, administrative, and program outputs
- Hires, evaluates, and supports an Executive Director/CEO to operationalize and manage the above, for and with them

The Executive Director/CEO

- Creates and manages operational plans aligned with mission and strategic direction
- Ensures and provides all information, data, and evidence required for Board planning and oversight
- Leads and implements all administrative, financial, HR, fundraising, and programming of the organization

Committees allow the Board to focus on specific areas of governance and create clear divisions of labour

- **Standing Committees**
 - Permanent, ongoing
 - **Ad Hoc Committees**
 - Short-term, as needed
 - **Advisory Committees**
 - Expertise, recommendations
- Executive
 - Audit
 - Human Resources
 - Governance
 - Programs & Services
 - Finance
 - Strategic Planning



Legal Responsibilities & Duties

Legal Obligations

Canadian Federal Laws

- Canada Not-For-Profit Corporations Act
 - Wages
 - Conflict of Interest
 - Books, Minutes, & Records
 - Reporting Requirements
- Income Tax Act
- Anti-terrorism Legislation
- Canadian Environmental Protection Act

Provincial (Ontario) Laws

- Ontario Not-For-Profit Corporations Act
- Employment Standards Act
- Occupational Health & Safety
- Child & Family Services Act
- Charities Accounting Act
- Trustee Act
- Workplace Safety & Insurance Act

By-Laws

Under the ONCA, by-laws must define the conditions of membership in your organization.

They may contain other rules, as long as those rules do not override the rights and responsibilities in the ONCA.

By-laws may include rules on the following issues

- Member roles and responsibilities
- Director elections and terms of office
- Officer appointments and terms of office
- Meeting procedures
- Notice of requirement for Board and members' meetings



Policies

Policies and procedures govern the actual operations of your board



Policies explain how your organization handles certain operational issues. The ONCA does not require any policies, however, some other laws might require you to have policies on certain issues, for example, the Occupational Health & Safety Act.

Policies are the rules, procedures are the mechanisms.

Board policies include:

- Structure | Committees
- Responsibilities | Accountability
- Duties
- Confidentiality
- Code of Conduct
- Conflict of Interest
- Dispute Resolution
- Decision-making processes

Staff policies include:

- Executive limitations
- Rights and responsibilities
- HR processes
- Complaints, harassment
- Compensation, benefits
- Termination

Fiduciary Duty

Fiduciary: A person with a legal duty to work in the benefit of the organization

Fiduciary Duty: Acting in the best interest of the organization with legal imperatives: duty of care, duty of loyalty, and duty of obedience

Duty of Care:

Standard of care to act honestly, practice due diligence, exercise power appropriately

Duty of Loyalty:

Acting in good faith, not profiting from decisions, avoiding conflicts of interest

Duty of Obedience:

Making sure that all policies are followed and adhered to in a consistent manner

Liability as a Board Member

Board could be liable if they do not meet board structure requirements set out by law

Board could be liable if a contract is breached or actions/failure to act causes injury or damage

Small Boards:
Do what a reasonable person would do

Directors and Officers Insurance can protect board members



Financial Oversight & Planning

Managing Property & Funds

Financial Oversight

- Establish and ensure compliance with financial policies, procedures, and controls
- Carry out a regular evaluation of the organization's viability: financial, mission-related, managerial
- Ensure and monitor all financial statutory and regulatory reporting

Financial Guidance

- Look over the numbers, ask questions when:
 - You're not sure about something
 - You want to understand an issue or imbalance
- Think about the narrative of your organization's finances

Financial Training for New Board Members

Every organization should offer "Non-Profit Finance 101" to its Board members



Delivered by the head of finance for your organization



Should include:

Funder reporting requirements	Budget Preparation	Funder Budget Forms	Agency Financial Statements	Funder Quarterly Reports	Audit and Year End Reporting	Financial Policies
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Financial Statements

Financial statements, including the budget and balance sheets enables the Board and staff to track and measure finance performance

Budget is usually prepared annually, with monthly or quarterly reporting to monitor progress/support variance

Financial reporting package needs to contain sufficient detail to help judge and monitor revenue/expense projections

Statements are prepared, submitted for review and approval, and must be sanctioned and filed by the Executive Director (if one) and Board members in a quorum

Strategic Planning

Key Questions

Why do we exist?

- Re-visit and review your mission, vision, and values

Where are we now and where are we going?

- Scan of current and predict context to inform planning model

How will we get there?

- Identify major organizational goals for 3-5 years to fulfill mission and vision

How will we know?

- Ensure operational plan is developed with metrics

Wrapping Up

Board has a range of legal duties including

- Managing or supervising management
- Duty of Care
- Duty of Loyalty
- Complying with a range of legislation

Individual Board members must:

- Be knowledgeable
- Meet, discuss, and decide
- Fulfill other duties

Board is the organizational steward and must

- Provide leadership
- Exercise oversight
- Manage itself



"Start where you
are. Use what you
have. Do what you
can."

- Arthur Ashe

Thank you



- **Heather Johnson**
- **hejohnson@cdhalton.ca**
905-632-1975 ex. 2
- **www.cdhalton.ca**

Resources

- Tom Little's BIG Ideas for Non-Profit Boards (2011)
- CMCS Consulting Services (www.cmcs.on.ca)
- Succession Planning workshop notes, Reva Cooper (2022)
- Nonprofit Law Ontario ([Home - Nonprofit Law Ontario \(cleo.on.ca\)\)](http://Home - Nonprofit Law Ontario (cleo.on.ca))))
- Charities in Ontario (Charities in Ontario | ontario.ca)
- 20 Questions Directors of Not-For-Profits Should Ask About Fiduciary Duty, Jane Burke-Robertston (CPA, 2009)
- Volunteer Toronto Board Governance Workshop (attended Feb 2021)