

Krista V Hiddema
FOR THE GREATER GOOD



KristaHiddema.com
kristavaleriehiddema@gmail.com



Krista Hiddema

- ED of For The Greater Good for 3 years
- 5 degrees in human resources including a MA in organizational development
- Doctoral Candidate – employment experiences of animal rights activists
- 6 years a VP for Mercy For Animals
- Founding Board President of HEEFS for 6 years (home of Esther the Wonder Pig)
- Advisory for: One Protest, Rancher Advocacy Program, Egg-Truth, Dairy-Truth
- 10 years as the Co-Founder and Partner of a boutique employment and labour law firm in Toronto
 - Only non-lawyer partner of a law firm in Canada
 - Consulted to organizations in Canada and the United States
- 15 years in the for-profit sector in senior human resources roles
 - Vice President of Human Resources for the largest software company in the world (SAP AG)

Agenda

- Profit versus Non-profit
- What is governance
- Why it matters
- Board Lifecycle
- Top 10 Board Roles and Responsibilities
- Topics for another day

Profit vs Non-profit (501c3)

- Profit
 - Exist for shareholder value
 - Few restrictions apply
 - Board of Directors is only required for publicly traded companies
- Non-profit
 - 11.4M employees in the US – staff and volunteers
 - Exists to benefit society as a whole / is not “owned”
 - Is tax exempt (except for payroll taxes and income derived on non-core activities)
 - Can issue tax receipts for giving
 - Board of Directors is legally required
 - You are accountable to the public

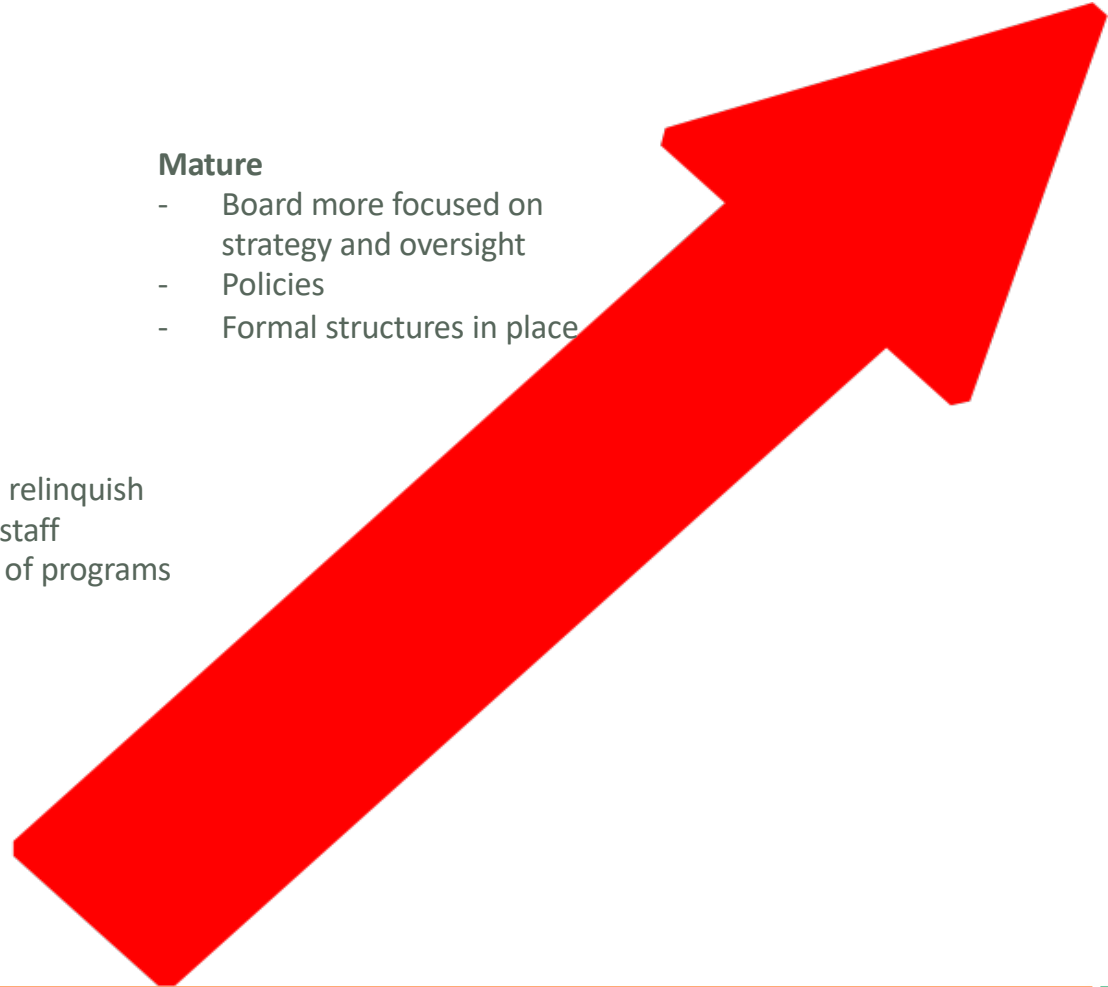
What is Governance?

- To govern is to steer and influence from a legitimate position of authority, and to make decisions on behalf of an organization
- Boards are:
 - Accountable to the public
 - Accountable to the IRS/CRA
 - Accountable to Federal, State/Provincial, and Local laws
 - Responsible for maintaining public trust in part through transparency

Why it Matters

- Helps to cultivate a culture of integrity, accountability, and trust
- Board should provide support, mentorship, advice
- Board should help the organization to remain focused on the mission
- It shows the market, including donors, that an organization is well managed, and as such, it fosters greater trust in the organization – leading to stronger fundraising
- Reduces costs – streamlined work can reduce rework, waste, and other inefficiencies
- Emphasizes organizational effectiveness
- Positions the organization for long term success
- Helps manage risk
- **Legal compliance – ensures ongoing 5013c status**

Boards Life Cycle



Mature

- Board more focused on strategy and oversight
- Policies
- Formal structures in place

Adolescent

- Starting to relinquish control to staff
- Expansion of programs

Start Up

- Founding Board
- Passionate
- Committed
- Operational

Board Roles and Responsibilities – Top 10

1. Determining the mission, vision, and purpose of the organization.
2. Ensuring that the organization is effectively carrying out its mission, vision, and purpose.
3. Hiring the executive director (ED).
4. Supporting and evaluating the performance of the executive director including setting compensation.
5. Constantly monitoring, assessing, and if necessary, amending the mission, vision, and purpose.
6. Ensuring the financial health of the organization (involved in fundraising).
7. Providing financial oversight.
8. Ensuring that the Board is carrying out its duties and regularly assessing its own performance.
9. Ensuring that the organization complies with all aspects of the law, including employment laws.
10. Working to constantly monitor and build the reputation of the organization with the general public.

Board Roles and Responsibilities – Top 10

1. Determining the mission, vision, and purpose of the organization.

2. Establishing the organization's mission statement.
3. Developing the organization's strategic plan.
4. Ensuring the organization has adequate resources to carry out its mission.
5. Monitoring the organization's performance and progress.
6. Ensuring the organization is financially sound.
7. Ensuring the organization is compliant with applicable laws and regulations.
8. Ensuring the organization is working to constantly monitor and build the reputation of the organization with the general public.
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**Set Strategic
Direction**

1 & 2

**Ensure
Adequate
Resources**

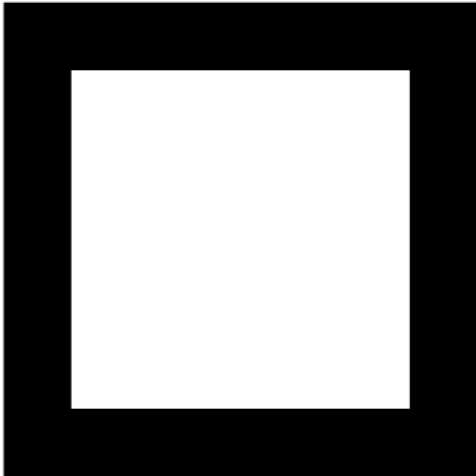
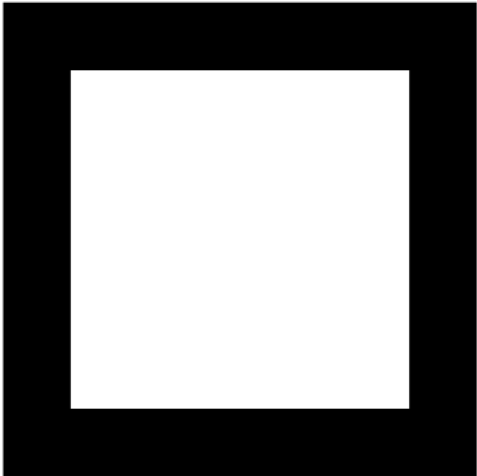
3, 4, 5 & 6

**Provide
Oversight**

7, 8, 9 & 10

Top 10 Responsibilities

**Set Strategic
Direction**



Set Strategic Direction

1. Determining the mission, vision, and purpose of the organization.
2. Ensuring that the organization is effectively carrying out its mission, vision, and purpose.

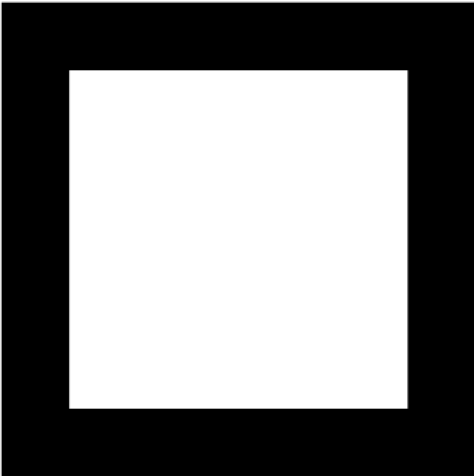
1. and 2. Mission, Vision, and Purpose

- Determine Mission, Vision, and Purpose, and advocate for them
- Center them in all decision making
- Create a strategic plan and work in accordance with the plan

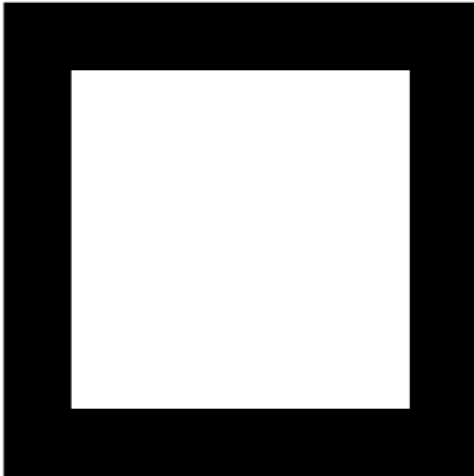
Set Strategic Direction

- Create a Strategic Plan
 - Mission, Vision, and Purpose
 - “How” the organization will meet it’s Mission, Vision, and Purpose
 - Advocacy plan
 - Staffing
 - Board of Directors
 - Financial projections
- This may be the single most important document the Board will create
- It should guide all aspects of your mission and vision – and be “living”
- Assists with fundraising
- Transparency is critical

Top 10 Responsibilities



**Ensure
Adequate
Resources**



Ensure Adequate Resources

3. Hiring the executive director.
4. Supporting and evaluating the performance of the executive director including setting compensation.
5. Constantly monitoring, assessing, and if necessary, amending the mission, vision, and purpose.
6. Ensuring the financial health of the organization (involved in fundraising).

3. and 4. Hiring/Support the Executive Director (ED)

- Hire, Orient, Support, Review, and determine ED Compensation
 - Based on the Mission and Vision
 - They should lead together and communicate frequently
 - Annual Review – with input from entire Board
 - If necessary - dismissal (get legal advice)
- The ED reports to the Board
- The ED
 - Manages the organization and the staff in accordance with the Mission and Vision
 - Is accountable to the Board

3. and 4. Hiring/Support the Executive Director (ED) – con't

- Chair and ED
 - At the heart of the board-staff partnership is the relationship between the Board Chair and ED. This relationship has the capacity to transform an organization and move it forward. A positive, productive relationship signals direction, purpose, and excitement about the organization's mission, whereas a lackluster or confrontational relationship will have a detrimental effect on the Board, on individual Board Members' commitment, and potentially even on funder relations.
 - They co-lead
 - Should have open and regular dialogue
 - Should deal with issues quickly

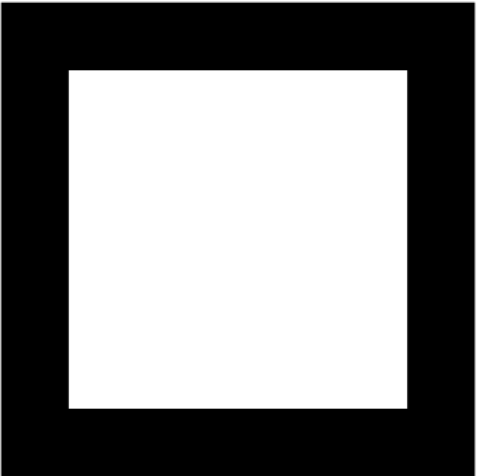
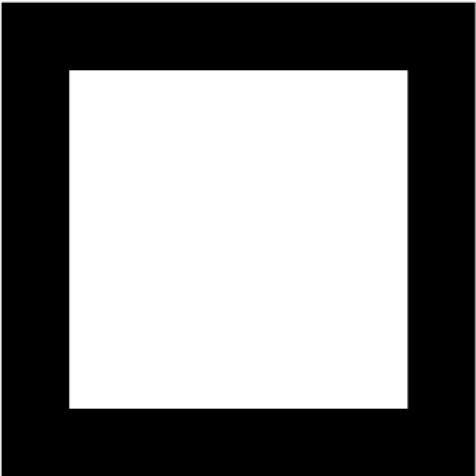
5. Monitor/Review the Strategic Plan

- Regularly review the Strategic Plan based on Internal and External Forces
- Internal Forces
 - Maturity of the organization
 - History and habits
 - Challenge all aspects of your work all the time
- External Forces
 - Politics
 - Economics
 - Generational Issues
 - Technology
 - Ethics
 - Laws
 - Other (e.g. COVID)
 - Generational issues
 - Availability of resources

6. Financial Health and Fundraising

- Financial Health
 - Ensure adequate resources
 - Reasonable spending
- Fundraising
 - Boards should play a major role in fundraising
 - Board Members should give
 - Critical to understand giving trends
 - In the US – 501c3's must register in each State where fundraising occurs

Top 10 Responsibilities



Provide Oversight

7. Providing financial oversight.
8. Ensuring that the Board is carrying out its duties and regularly assessing its own performance.
9. Ensuring that the organization complies with all aspects of the law, including employment laws.
10. Working to constantly monitor and build the reputation of the organization with the general public.

7. Financial Oversight

- Approve annual budget
 - Should reflect strategic plan
- Review financial statements regularly
 - Balance Sheet
 - Income Statement
 - Cash Flow
- Ensure adequate internal financial controls
- Annual financial reporting (990/T220)
- Oversee any audits
- Assess financial performance
- GAAP – Generally Accepted Accounting Practices

8. Board Duties and Board Self-Evaluation

- Board Members need to fully understand their own duties, which include:
 - Board job descriptions
 - Promote Board diversity and inclusion
 - Understanding effective Board structures
 - Holding effective Board meetings
 - Ongoing Board education
 - Board retreats
 - Regular Board self-evaluation
 - Strategic Board building (next slide)

Strategic Board Building

- Finding, recruiting, orienting, and engaging Board Members – should be an on-going process
 - How:
 - Ask colleagues, community members, professors, funders, post publicly, use board matching programs
 - Assess Board needs:
 - Age
 - Race/ethnicity
 - Community connections
 - Skills (finance, human resources, fundraising)

Promote diversity and inclusion - In addition to having a strong board/staff partnership, the highest performing boards also embrace diversity and inclusion. The best boards are composed of engaged individuals who bring a variety of skills, perspectives, backgrounds, and resources to the organization – empowering the organization to tackle strategic challenges.

Board Meetings

- Clear and documented roles and responsibilities
- Be prepared
- Send all materials in advance – ED report provided in writing in advance
- Clarify information versus what needs to be discussed
- Time limits on matters, abide by start and stop times
- Occasional closed meetings (e.g. discuss ED performance)
- Board Meeting minutes – consider making public

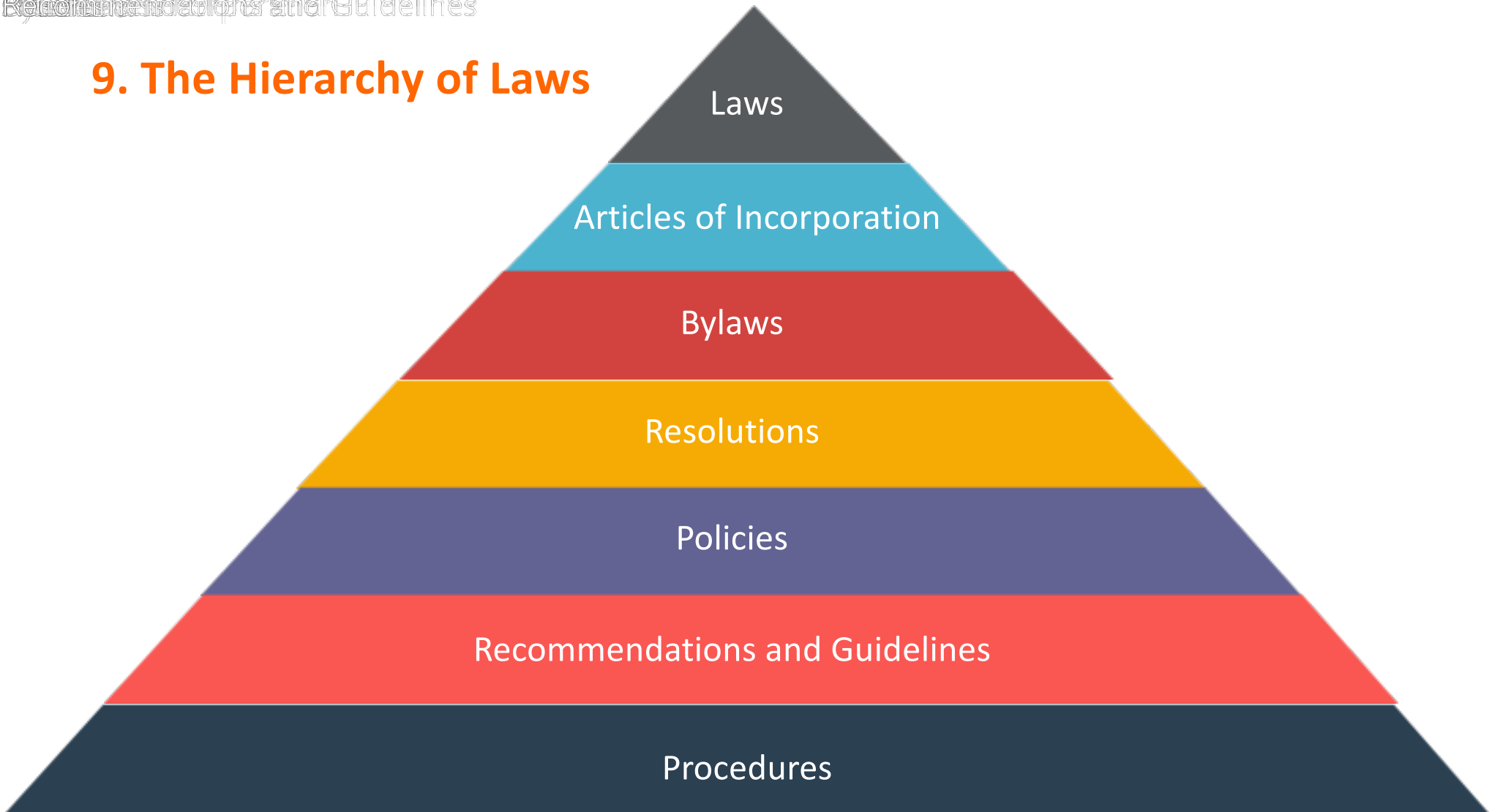
Board meetings should focus on governance and high-level decision making, not about the administrative or operational matters that fall under the responsibility of the ED.

Board Self-Assessment

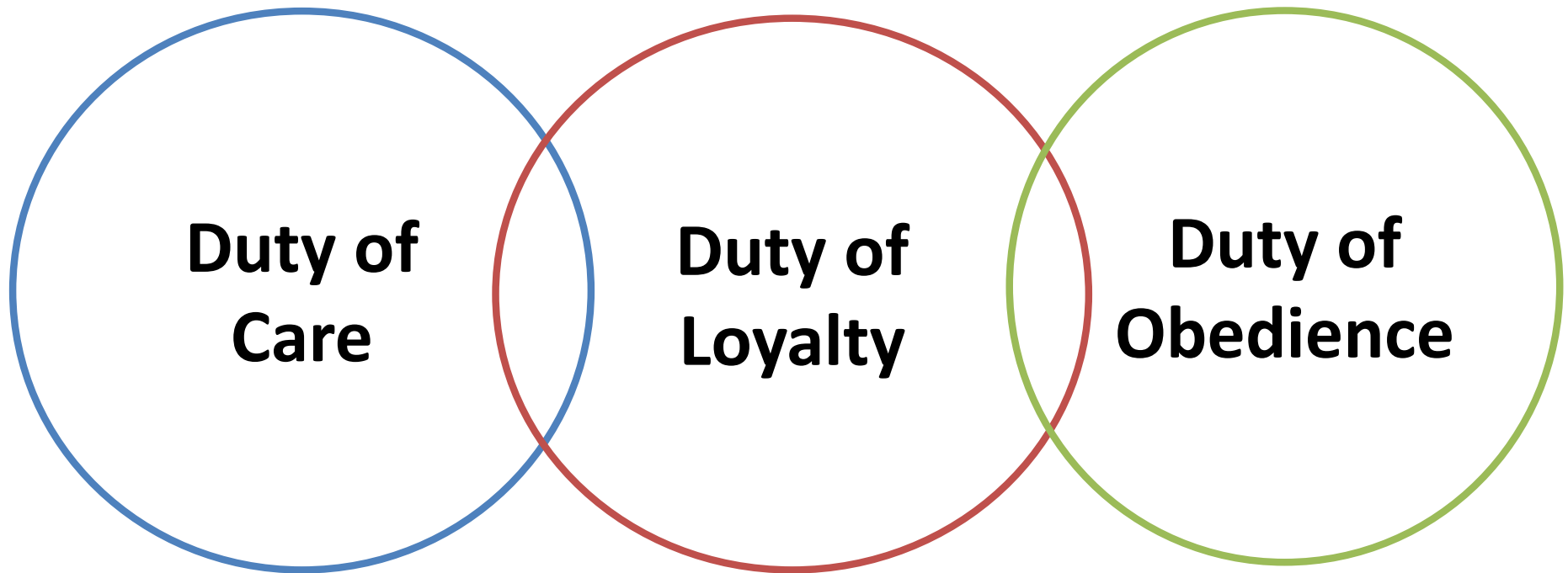
When a Board Self-Assessment takes place, Board Members should compare their individual assessments, identify areas of consensus and of concern, and develop a plan of action for strengthening the board.

	Does Well	Needs Work	Consensus
Organization's Mission			
Relationship with Chief Executive			
Program Evaluation			
Fundraising			
Financial Oversight			
Strategic Planning			
Selection and Orientation of Board			
Board/Staff Relations			
Public Relations and Advocacy			
Board Operations			
Board Liability and Risk Management			

9. The Hierarchy of Laws



9. Legal Duties of Board Members



9. Duty of Care – Board Members must:

- Actively participate, prepare for, and attend board meetings
- Exercise independent judgement
- Review financials and policies regularly
- Ask good questions

9. Duty of Loyalty – Board Members must:

- Pursue the best interests of the organization
- Maintain confidentiality
- Act on behalf of the organization and not self-interest
- Adhere to conflict of interest considerations

9. Duty of Obedience – Board Members must:

- True to the Mission
- True to the By-Laws
- True to the Law
- True to Governance principles
- Act in accordance with rules and policies

9. Complying with the Law

- Articles of Incorporation
 - Register as a nonprofit
 - Full name of organization
 - Statement of purpose
 - Name and address of board of directors
 - Various legal clauses

9. Complying with the Law

- By-Laws – Ideally available on your website
 - Indemnification and insurance
 - Minimum and Maximum number of Board Members
 - Number required for a quorum
 - Terms, term limits
 - Officers
 - Procedure for removing Board Members
 - Conflict of interest policy
 - Minimum number of board meetings per year
 - How to call an emergency/special board meeting
 - Creation of committees
 - Managing meetings/calls/electronically

9. Complying with the Law

- Resolutions
 - Board resolutions
 - Documented in the minutes of meetings or elsewhere
- Policies
 - Conflict of Interest
 - Ethics
 - Whistleblower
 - Confidentiality
 - Social Media

9. Employment Law and Human Resources

- Human Resources – Date TBD
- Respect in the Workplace – Date TBD

10. Organizational Reputation

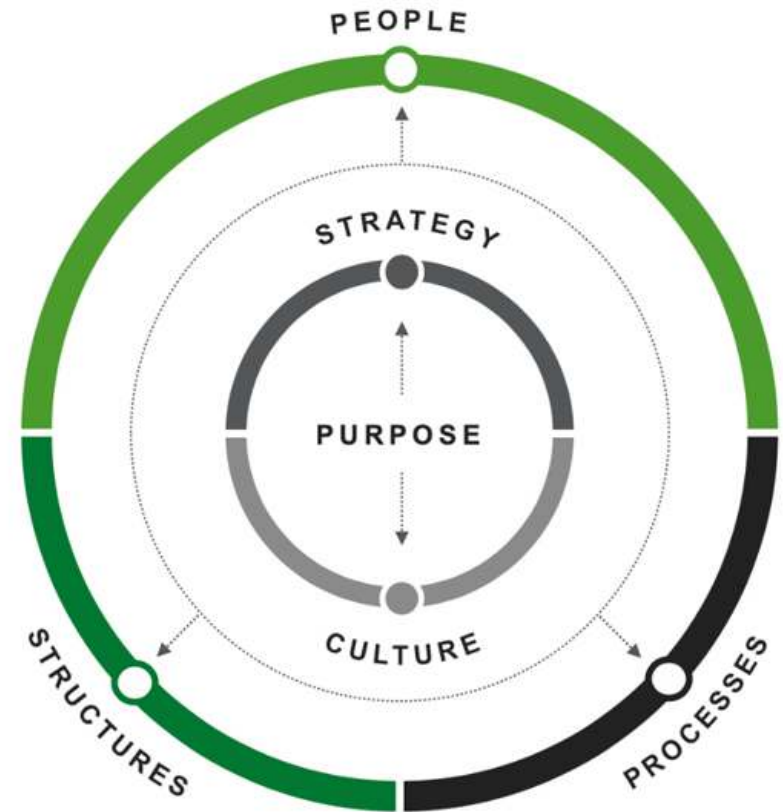
- Have a Media Relations Policy, a Whistleblower Policy, and a Respect in the Workplace Policy
- An Employee Handbook and a Volunteer Handbook
- Board should be involved in their communities
- Ethos of transparency
- Have information readily available on your website
 - Annual Report, Annual Financial Reports, Policies, Board Meeting Minutes
 - Sunshine States
- Get expert advice when needed

10. Organizational Reputation – What is Private?

- Planning Documents
- Confidential Materials
- Budget
- Executive Minutes
- Donors
- Private Addresses of Board Members
- Personnel Files
 - Any Health Information

In Summary . . .

Boards are responsible for all aspects of **Organizational Effectiveness**



Resources

- Charity Navigator (US)
 - www.charitynavigator.org
- GuideStar (US)
 - www.guidestar.org
- Charity Intelligence Canada (Canada)
 - <https://www.charityintelligence.ca/>
- Several Board governance organizations (BoardSource, BoardVoice, etc.)
- Harbor Compliance / CT Corporation (US)
- IRS Publication 1771 - Donation Substantiation and Disclosure Requirements (US)
 - <https://www.irs.gov/pub/irs-pdf/p1771.pdf>
- Operating a Canada Charity (Canada)
 - <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity.html?fbclid=IwAR3DUcAWX4rhhcUZ1OegbLDDJGZEsGc0a5zcKKfNbsvaYj-QVGqATDNaxDs>

Resources

- Thank you to Zee Griffler for adding board governance resources to The Open Sanctuary Project website
- <https://opensanctuary.org/boards>

Topics for Another Day

- Lobbying as a 501c3/charity
- Holding effective Board Meetings
- Employment Law and Human Resources *
- Respect in Workplace *
- Board Diversity and Inclusion
- Board Committees and Advisory Boards
- Conducting a Board Self Evaluation
- Dealing with Conflict
- The Overhead Myth

Contact Information

- www.KristaHiddema.com
- KristaValerieHiddema@gmail.com
- <https://kristahiddema.com/blog>
- <https://kristahiddema.com/sanctuaries>



Thank You

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