



The Well-Governed Non-Profit

A FASKEN GUIDE

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Fasken has a long history of supporting non-profit organizations and charities in their many forms, and in the process has developed substantial experience in governance.

We have prepared this manual in order to share our knowledge, and to assist non-profit organizations and charities in achieving their objectives.

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1. The Importance of Non-Profit Organizations

Non-profit organizations and their volunteers and employees play an important role in society. They allow individuals to work together to achieve personal goals and to achieve substantial and widespread benefits to society.

There are many different kinds of NPO's: from the large and sophisticated to the small and grassroots, from the incorporated to the non-incorporated, from those with a world-wide scope to those with a local focus. Some have budgets into the millions of dollars along with professional staff; others have hardly any funds and no staff at all.

NPO's and charities usually structure themselves as incorporated societies or not-for-profit corporations pursuant to either provincial or federal legislation. Accordingly, this manual assumes an entity incorporated under such legislation. Other potential legal structures include trusts, cooperatives, or unincorporated associations, but such structures will not be covered in this manual.

Non-profit governance is in many ways more complex than governance of for-profit organizations. For-profit entities largely define and measure their success by profitability and maximizing shareholder value, while NPO's have to define their own aims and purposes, often according to some social purpose, which can be a complex exercise and difficult to measure.

Non-profit governance has a number of objectives, which include:

- Defining and managing the organization in a way that best achieves its purposes and goals
- Running the organization in a way that is attractive to donors, volunteers, and other supporters of the organization
- A commitment to transparency
- Ensuring alignment between the goals of the organization and its Directors and members

| Good governance will help *your non-profit thrive*.

Even with well-defined goals, an NPO's success may be difficult to measure as it is often tied to the subjective experience of its members and those it serves, rather than the "bottom line".

Many NPO's face the situation where their objectives must be adapted to match their volunteer or resource capacity. The most successful non-profit boards have a solid grasp of what their organization has set out to do, how to do it, and how to tell when they have done it. Speaking generally, an NPO succeeds when its purposes and goals can be accomplished within the limits of volunteer time and budget dollars.

This manual is written to be general enough to apply in any of these contexts, and specific enough to be useful in all of them. It offers a comprehensive introduction to governance for novice directors, and best practice tips and guidelines for experienced directors. The suggestions made throughout this manual are suggestions, not rules. It is important for each board to determine what works for it, as one size does not fit all.

| *Understand and measure* what success means to your organization.

2. The Role of Directors in Non-Profit Governance

The long-term health of NPO's depends on people being willing to volunteer their time, and people and other organizations being willing to donate money. They need to be able to see that an organization is well-run and credible. Non-profit boards must commit their organizations to transparency and accountability.

Directors are also responsible for envisioning the future of their organization. This may include setting goals, drawing road maps toward those goals, and securing the resources necessary to reach them. This topic is further discussed in our "Strategy" section at the end of this manual.

The board ensures that the organization is on-track and progressing towards its goals, while staying within legal limits and using resources efficiently. The board then reports on progress made, or setbacks encountered, to stakeholders.

One of the most important, and challenging, aspects of governance is the interplay between the board and management. This is addressed below in the section titled "Oversight". A general rule to keep in mind is "noses in, fingers out".

Non-profit governance has to work, and it has to be seen to work - *accountability is crucial.*

3. The Nature of the Board

Non-profit boards come to exist in different ways. For example, directors may be:

- Elected by their organization’s members
- Selected by existing members of the board
- Appointed by an external authority (such as a government or religious body)
- Elected by some combination of the above systems

Non-profit boards also vary in the type of work they do. Examples of how boards may be organized include:

- **Traditional governance boards:** this type of board exclusively acts in a stewardship capacity, meaning it can devote all of its attention to monitoring, overseeing, and strategizing.
- **Working boards:** in many smaller NPO’s, directors perform operational tasks in addition to their stewardship responsibilities. Directors on working boards assist or act as management, and take on certain duties in line with their respective expertise. For instance, one director might fundraise and organize events, another with artistic skills might design the website or promotional materials, and a director who is a banker or accountant might serve as treasurer.
- **Fundraising boards:** the primary role of some boards is fundraising. These will still fulfil the governance obligations, but most of the board’s effort will be to raise money to further the goals of the organization.

Board members may wear multiple “hats” but must still keep them separate. Directors who take on operational roles cannot lose sight of their governance obligations. Directors should not participate in the oversight of operational activities that they themselves assist with, as one example.

| Find the governance model that *works for your organization*.

4. The Duties of Directors

The board of directors of a not-for-profit corporation is responsible for managing or supervising the management of the organization's activities and internal affairs. This means that the board as a whole is responsible for:

- Hiring the most senior person in the organization
- Monitoring and supervising senior staff
- Providing strategic direction
- Developing policy

Directors must be (or become) knowledgeable about the financial and business affairs of the organization. In fulfilling its mandate to manage the affairs of the not-for-profit corporation, the board must comply with:

- The relevant provisions of the statute under which it is incorporated
- The bylaws of the organization
- The objects of the organization

Directors must therefore become familiar with the governing documents and bylaws of their organization.

Directors owe fiduciary duties to the organization, which can be broken down into two categories:

- The duty of loyalty: this duty requires that a director act honestly and in good faith with a focus on the best interests of the organization
- The duty of care: this duty requires that a director act with a certain level of skill and competence when carrying out their obligations

These duties are often expressly included in the legislation governing not-for-profits.¹

| Directors must always and only *act in the best interests* of their organization.

1. See, for example, s. 53 of the *British Columbia Societies Act*, s. 148(1) of the federal *CNCA*, s. 109(1) of the *Not-for-Profit Corporations Act* (Saskatchewan), s. 127.1(1) of the *Corporations Act (Ontario)* (and s. 43(1) of the *Ontario Not-for-Profit Corporations Act, 2010*, once it comes into force).

A. Honesty, Good Faith & Best Interests of the Organization

Directors must act honestly and in good faith. They must always act in the best interests of the organization. This duty imposes various obligations on directors: to be truthful, prepared and not to have any conflict of interest.

| Directors must be *entirely truthful* in all dealings for their organization.

The duty to act honestly and in good faith requires directors to disclose the entire truth in their dealings with other directors, and actively avoid dishonesty, impropriety and the withholding of information. This does not mean that directors must disclose confidential information. There will often be confidential board discussions that cannot be disclosed. Directors must know where confidential information begins and ends.

In fulfilling the organization's reporting obligations, directors must accurately represent the organization. This demands accurate accounting and record-keeping practices. When dealing with the general public or government, directors must honestly portray the organization's objectives and activities.

| Directors *may not act in conflict* with their NPO.

Directors must place the interests of the organization above their personal self-interest in all dealings with the organization, and must avoid all situations in which their duty to the organization conflicts with their own personal interests.

Directors must not stand to gain from any proposed contracts with the organization, and they should not take personal advantage of opportunities that arise from their position with the organization.

| When in doubt, *declare*.

Directors, their family members, or companies they work for or own, may enter into contracts with a non-profit organization IF AND ONLY IF, they follow certain steps that are discussed below.

Conflicts of interest arise when, for example:

- A director (or even a director's friends or, family or employer) might benefit financially from the actions of the NPO
- A director serves two or more organizations with competing interests

Directors must make full and prompt disclosure of all actual or potential conflicts of interest, whether direct or indirect. Further, they must:

- Not participate in discussions about the issue or opportunity
- Leave board meetings where the issue or opportunity is discussed and voted on
- Abstain from voting on the issue or opportunity²

The board should have a conflict of interest policy in place, as well as a mechanism to regularly remind directors to disclose potential conflicts. A conflict of interest policy could be as simple as requiring the director to notify the board of and disclose any potential conflicts of interest, as described above. For an example of an effective conflict of interest policy, see Appendix A.

Potential conflicts should be considered as the agenda is approved at each board meeting. Further, the minutes of a meeting at which a potential conflict of interest is discussed should record the views of all conflicted and non-conflicted members, as well as the abstention or recusal of directors who have declared conflicts.

Directors must not disclose any confidential information that they have acquired in connection with their position, particularly information that might be detrimental to the interests of the NPO. Directors should also avoid the disclosure or discussion of the differences of opinion within the board outside of the boardroom. Gossip can be poisonous to good board relations.

2. For full disclosure requirements, see s. 56 of the British Columbia *Societies Act*.

B. Competence and Skill

Throughout most of Canada, directors are held to the standard of competence and skill that they bring to the organization; this is a subjective standard. For example, an accountant will be held to a higher standard when dealing with financial issues than someone without that background. British Columbia, Alberta, Saskatchewan, Ontario and the federal legislation (*Canada Not-for-profit Corporations Act*) use an objective standard, meaning that all board members are held to the same benchmark when their decisions are scrutinized, regardless of background or experience³.

Directors should make decisions affecting the NPO only after fully considering all appropriate information, if necessary with the benefit of professional advice. This duty requires directors to exercise diligence in managing the affairs of the organization by:

- Meeting regularly
- Creating and maintaining appropriate records
- Reviewing the board package in advance of each meeting, and making concerted efforts to inform themselves
- Ensuring they become appropriately knowledgeable about the organization, for example by:
 - Receiving and reviewing agreements, legal opinions, financial reports, and other information necessary to understand the issues before them
 - Remaining aware of the laws affecting the organization
 - Obtaining professional advice when necessary
 - Understanding the organization’s objects, bylaws, and internal policies
 - Working with senior staff to formulate and review the organization’s budget and strategic plan
 - Regularly obtaining information about the operations of the organization
 - Monitoring, supervising, and assessing senior management
- Overseeing financial performance

³ See, for example, s. 53 of the *British Columbia Societies Act*, s. 148(1) of the federal *Canada Not-for-profit Corporations Act*, s. 109(1) of the *Non-Profit Corporations Act* (Saskatchewan), s. 127.1(1) of the *Corporations Act* (Ontario) (and s. 43(1) of the *Ontario Not-for-Profit Corporations Act, 2010*, once it comes into force).

5. Building a Good Board

A. Board Composition and Recruitment

A board is only as good as the people who serve on it. The first step to building a good board is determining what kinds of skills and knowledge the board needs, and then recruiting people who have those qualities. Important considerations include:

- The needs of the particular NPO – the board of a symphony orchestra, for example, probably needs at least one director with an understanding of music and symphonic repertoire
- Skills that are valuable to every kind of NPO – for example, financial literacy, legal background, and fundraising ability
- The strategic direction in which the NPO is moving
- Succession planning, terms of directorships and maintaining cohesion and skill sets throughout transitions on the board – skill sets will likely need to be replaced when a director resigns or has their term end

Building a good board starts with *identifying the needs* of the organization and *recruiting the right people* to fulfil those needs.

The Board Skills Matrix, set out at Appendix B, may be a helpful tool for assisting with this exercise.

Recruiting new directors is an ongoing process and the responsibility of the whole board. Recruitment is a chance to make an NPO and its board members more visible in the community; people are more likely to join a board if they know about the organization and those involved with it. Directors should think about what initially drew them to join the board, and the benefits they have gained from board service.

In recruiting new board members, directors should think about what drew them to the organization, and what *benefits and rewards* they have gained through their work as directors.

People join boards for many reasons, including:

- The personal fulfillment or satisfaction that they get from the work
- A commitment to the mission and goals of the organization
- The opportunity to gain experience
- The satisfaction that comes from contributing to an organization

Any opportunity to talk to the wider community about the NPO and the role of the board is also an opportunity to attract and identify potential directors. Newsletters, websites, and annual reports are all excellent platforms for communicating about the board's duties, activities and its members.

While recruiting, boards must be candid about *challenges, struggles and constraints*, as well as accomplishments.

It is common for boards to appoint a Nominating Committee responsible for identifying, assessing and recommending candidates for board appointments. In evaluating prospective candidates, the Nominating Committee may consider whether a candidate has board experience, and whether they have an understanding of the duties and responsibilities of NPO governance. Prior board experience is helpful, but not always necessary – even if a candidate has never been a director before, they may have other valuable skills. Other questions to consider when recruiting a new director include:

- Does the candidate have the time and energy to commit to joining the board?
- Is the candidate sincerely interested in the NPO and its mission?
- Does the candidate have any relationships or ties that are either adverse or beneficial to the interests of the NPO?
- What is the candidate's professional and personal reputation? What are their ethical standards?
- Will the candidate be able to make independent assessments and place the interests of the organization first and foremost, but ultimately support the decisions of the board when made?
- Can this candidate work effectively and collaboratively with existing board members?
- Can the candidate make a meaningful contribution, either through committing time, knowledge, funding, or other resources?

The board may find it useful to develop a recruitment package for prospective directors, containing:

- The history and mission of the NPO
- The board's mandate
- A director's job description
- A list of current board members
- Details about committees
- Summary of relevant financial information
- Any other pertinent information

When seeking out new candidates, boards should undertake a broad search with the goal of having broad and balanced representation on the board. The board may maintain a list of potential candidates. Recruitment is a long-term investment, and even if a fantastic candidate is uninterested in joining the board now, their circumstances might change in the future. Making a consistent and regular effort to recruit new directors is crucial to maintaining a strong board.

While it is important to maintain a certain level of organizational consistency and knowledge, it is equally important to inject new ideas into an organization to nourish innovation and novelty.

B. Succession Planning

Boards can lose directors for a variety of reasons: term ends, retirement, to other organizations and other commitments, or through disappointing performance – either on the part of the director or the organization. This can happen suddenly and unexpectedly; good governance requires being ready to adapt to unexpected and/or changing circumstances.

Some best practices to consider when engaging in succession planning include:

- Using revolving board terms to ensure all terms do not end simultaneously
- Setting a limit on the amount of times a director can be re-elected
- Putting out a call for nominations
- Establishing and implementing a succession planning policy

An example of a good board approach to succession planning is as follows:

- Determine which positions are essential to the execution of the NPO's strategic plan. For each position, the board should draw up a list of necessary or ideal skill sets
- Identify people who could fill each vacant position, either temporarily or for the long-term. These people could be current volunteers or staff members
- Consider what kinds of information the successor will need in order to perform in their new role. In the event that a successor needs to be promptly appointed and oriented, this basic preparation will help to smooth the transition

In addition to ensuring continuity of leadership, succession planning should also be aspirational. Choosing future leaders of the NPO provides a significant opportunity to shape its future.

Succession planning is inextricably tied to *evaluation and recruitment*.

A board should consider the potential loss of directors when choosing who to recruit.

C. Orientation

Director orientation can be a formal process, ad hoc meetings, or casual discussions. What is important is that the orientation be timely, thorough and tailored to each new director.

Some new recruits will be seasoned board members, but may need extra briefing on the work of the NPO. Others may have volunteered for the NPO for years, but may have little to no board experience. The kind of information distributed to new directors typically includes some or all of the following:

- The organization's constitution and/or bylaws
- Any relevant legislation
- Basic information about the NPO, such as a profile of the NPO, the board's mandate, a list of directors and their contact information, a board calendar, and a director's job description
- Policies, such as the NPO's vision, mission, and values statements, board process policies (such as a code of conduct and conflict of interest policy), and committee mandates
- Minutes of board meetings from the current year
- Financial reports
- Fundraising plans
- Information about the NPO's industry or community, new government policies, relevant newspaper clippings, and articles about board governance
- Promotional materials, such as newsletters, press releases, flyers, and other handouts or materials produced by the NPO⁴

Many new directors find it helpful to have this information prepared for them to help bring them up to speed when starting out. The information can also serve as a useful tool to help board members prepare for meetings after their orientation is complete.

Another strategy to help orient new board members is to set aside time to introduce them to the rest of the board. This allows new board members to become comfortable and acquainted with their fellow board members, and will hopefully contribute to effective working relationships among the board.

| Effective orientation *helps new directors* contribute to the organization.

4. Much of this information will be confidential. The recipient must be advised of this. Confidential documents should be marked as such.

D. Director Education and Development

A director's education should not end with their orientation. Opportunities for formal ongoing director education are offered by universities, professional organizations, and conferences. Good boards encourage and facilitate continuing education, for example through an annual session with an outside expert.

Efforts should also be made to ensure the board continues to work effectively together. Showing interest in and appreciation for the work of other directors is an easy way to strengthen the board. Opportunities for informal board get-togethers in relaxed settings can also promote board development, and foster productive ideas and discussions.

| *Nurture your board* through ongoing director education.

E. Evaluation

Ideally individual directors should undergo performance evaluations annually. Evaluations are helpful tools for ensuring individual directors are content with their roles on the board as well as the work they do, and to ensure the board as a whole is working effectively. Different boards conduct director evaluations differently: some choose to administer self-assessments, while some conduct peer assessments, and others bring in a neutral third party.

In order to evaluate the board's processes, a neutral party can be invited to sit in on a board meeting, observe the meeting process, and make recommendations for improvements. The observer assesses things such as:

- The content of the meeting
- The use of time
- The effectiveness of presentations
- The convenience of meeting time and location
- The length and flow of the meeting
- The participation of board members
- The availability of necessary information for decision-making

Boards can also evaluate meeting process and productivity by having directors complete a short annual review or survey at the end of a meeting. The secretary can gather the surveys, organize the responses, and distribute the results along with that meeting's minutes. A more formal board evaluation consists of an assessment of board meetings in general, rather than just a snapshot survey of one board meeting. This kind of full board assessment can take the form of a questionnaire, or a discussion that each board member has with a member of the governance committee.

| *Regular director evaluations* help individual directors and the board as a whole.

Self-assessment is the least intimidating approach, while assessment by a neutral third party is often viewed as the most effective. Ideally, a board would conduct both kinds of assessments, because each yields different and valuable information. Third party assessments are useful because they are usually the most objective. Self-assessments, while inherently prone to bias, are useful for determining whether or not a director is satisfied with their role on the board.

Examples of director evaluations are provided in Appendix C.

The general results should be shared with everyone on the board. Individual assessments will usually be shared with the director they relate to, and the board Chair, the Chair of Governance Committee, or the third party.

For example, the more cost-efficient approach often utilized by smaller organizations is to have the results of the evaluations go to the board Chair, while comments about the board Chair go to the Chair of the Governance Committee. The board Chair then provides the general results to everyone on the board, while the Chair of the Governance Committee shares the board Chair's results with him or her individually.

6. Liabilities

Your board should obtain legal advice to understand all liabilities to which it may be exposed. Directors may be personally liable in a variety of circumstances, for example, actions that fall outside the scope of the organization's legal authority. Because they are not acting within the organization's authority, they assume personal responsibility for those actions.

Directors are not normally personally liable for acts of the NPO except in certain situations where their conduct itself was improper. This could occur in a situation of negligent mismanagement, where the action causing harm could be attributed to the carelessness of the board in overseeing some aspect of the operations of the organization. If the board knew of, or ought to have foreseen, a problem and failed to adequately address it, then directors could be held liable.

Directors can be personally liable for their actions and for the NPO's actions:

Buy Directors And Officers Liability Insurance!

Individual directors can also be liable for intentional acts of dishonesty or for acting in a conflict of interest.

Directors may also be liable under statute. The applicable statutes and liabilities will depend on the nature of the organization and its operations. The most common types of directors' liability imposed by statute relate to:

- Employees
- Taxation
- Environmental regulation
- Reporting requirements

Charitable organizations and their boards must also comply with statutes affecting charitable fundraising. This is a good example of an area where directors should obtain legal advice in order to understand their potential liabilities.

The board should also obtain appropriate directors' and officers' liability insurance ("D&O Insurance"). Directors should be aware of their D&O Insurance policy and coverage so that they know about any limitations and can take measures to mitigate these risks.

Directors of charities have elevated trustee duties for managing and investing charitable assets.

7. In The Boardroom

A. The Board's Mandate

The board should consider including the following in its mandate, depending on its particular needs:

- The role of the board in hiring and firing, appointing officers, and setting compensation and compensation policy
- The role of the board in strategic planning
- For smaller organizations, whether the board will play any operational role
- Whether the board is to appoint an audit committee to assist with financial reporting
- Financial strategies, such as budgeting

It may be prudent for the board to review and approve its mandate annually.

| The board should have a *clear mandate* and from that, build its work plan.

B. The Board's Work Plan

A good work plan should spread the board's work load evenly throughout the year so that each meeting deals with matters of substance, and sufficient time is allotted for specific matters. There will of course be issues that fall outside of the work plan, which should be scheduled for each meeting as they arise.

Ideally, the annual work plan should be distributed to board members along with the materials for each meeting. The secretary should highlight what part of the work plan the meeting's agenda will tackle, and which portion is set for future meetings. This practice sets momentum, keeps the big picture front and center, and gives the board context for what it is doing at each particular meeting.

| A work plan divides the *key tasks and decisions* among the board meetings scheduled for the year.

C. Description of Common Officer Positions

Chair

A board Chair is responsible for organizing and running board meetings. In fulfilling this role, the Chair's demeanour is important: the Chair is responsible for keeping control of the room, but should not be so overbearing so as to stifle debate or prevent ideas from surfacing. A good Chair encourages every director to speak and respects the input of everyone.

Another key task of the Chair is to act as an intermediary between the board and management. In doing so, the Chair:

- Ensures the information needs of the board are met
- Serves as a spokesperson for the organization in its communications with stakeholders
- Plays an important role in setting the tone for the organization

The Chair also initiates contact with external advisors where a matter requires advice from outside the organization. However, it is important to note that the Chair does not act with independent authority unless this is expressly granted by the organization.

It is clear that the Chair's responsibilities provide him or her with a great deal of influence over the strategic direction of the organization. For this reason, in NPO's with professional management, the general rule is that the Chair be independent of management. If the Chair is not independent, duties such as setting the agenda should be delegated to an independent lead director.

Secretary

The Secretary of the NPO is frequently responsible for carrying out various administrative tasks, such as:

- Issuing notice of meetings of the NPO and of directors
- Taking minutes of all meetings
- Keeping custody of all records and documents of the NPO (except those required to be kept by the Treasurer)
- Maintaining the register of members

In reality, the Secretary often assigns some or all of these tasks to the Executive Director of the NPO, or a designate of the Executive Director, depending on the size and structure of the organization. Accordingly, societies often have an administrative secretary who is in charge of duties like filing meeting minutes, but who does not hold the official title of Secretary. Once this administrative secretary has drawn up the minutes, the minutes are handed off to the executive Secretary, who holds them until they are reviewed and approved by the board at its next meeting. Upon approval, the minutes are signed by the executive Secretary as well as the Chair.

Treasurer

The Treasurer of an NPO is responsible for its financial affairs, including:

- Keeping proper accounting records
- Being responsible for the deposit of money
- Being responsible for the disbursement of the funds
- Coordinating the preparation of financial statements

D. The Role of Committees

Board committees deal with matters that are not feasible or sensible for the whole board to deal with in detail – either because it is so much work, or because it requires specialized skills or knowledge. Each committee is responsible for their specific mandate, and reports back to the larger board with its progress.

Some potential core committees typically utilized in most organizations are as follows:

Governance Committee	Ensures an appropriate governance model is in place and oversees the evaluations of the board, directors, and committees. Also responsible for proposing new members to the board.
Fundraising Committee	Ensures the appropriate structures and procedures are in place for securing resources for the organization. Also plays a key role in organizing and leading fundraising efforts.
Finance Committee	Oversees development of the budget, ensures accountability for funds, and reviews major grants.

Other committees to consider, based on the particular board, include:

- Audit Committee
- Human Resource Committee
- Risk Management Committee
- Nominating Committee
- Policy Development Committee
- Communications or Marketing Committee
- Ethics Committee

Large boards might also consider establishing an executive committee, or a group of officers that regularly meets between meetings. In the not-for-profit context, organizations often rely on directors for financial contributions or fundraising, meaning that trimming down the board may not be a viable option. An active executive committee does not displace the larger board, but can act on routine matters efficiently, without becoming unwieldy and unproductive.

Every committee should have a written mandate of its own. See for example the mandates attached as Appendix D.

Committees should keep the board informed of their progress as follows:

- Each committee should circulate a report to the board prior to each board meeting
- The Chair of each committee should report briefly to the board at each board meeting

In general, committees should be small, and no director should serve on more than two or three committees. Certain functions of the board should be kept distinct when constituting committees: for example, it is generally recommended that the Chair of the audit committee not sit on the finance committee, or that the majority of members of the audit committee not sit on the finance committee.

Board committees take on *specific board duties* and make recommendations to the board.

E. Structuring Meetings

A good meeting agenda leaves sufficient time for board discussion in addition to presentations, while also ensuring discussion is controlled and remains on-focus. If staff members will be presenting at the board meeting, clear guidelines regarding the content and duration of presentations should be in place and made known to staff.

Boards that also assist in operational matters face a particular challenge in structuring meetings. They should aim to deal with the board matters first, and the operational matters later, so that the board does not run out of time and energy before moving on to operational issues.

Time should be set aside at the end of each meeting for an in camera session, which means a private session where one or more people present at the meeting are excused. In the non-profit context, this typically means excusing the Executive Director and possibly others, so that only independent, non-management directors remain. Taking minutes of the in camera portion of meetings is a sensitive thing; minute-taking practices should preserve the confidentiality of the in camera session, while still reporting key decisions. Some boards do not take minutes of these meetings at all.

Examples of good meeting agendas are provided at Appendix E.

Meeting agendas should define the business to be done, and should be followed.

F. Taking Useful Minutes

Minutes from board meetings should be comprehensive but concise, with just enough detail to give the reader the important points. Minutes are used for various purposes, including:

- As a record of decision-making for future directors of the organization
- To inform absentee directors of the decisions that were made
- To record resolutions of the board
- To remind directors of their assigned tasks and timelines

Complete and informative minutes can also support the due diligence defence of directors if a liability claim arises, whereas bad minutes can make the situation worse.

Ideally, the board will have an administrative secretary: often a dedicated volunteer who is not a board member, appointed specifically to take minutes of board meetings. It is difficult for a minute-taker to fully participate in the meeting; a designated secretary means that no board member loses their chance to contribute to discussion. (For more information about the administrative secretary and their role, see subsection C(ii) above.)

A full guide to minute-taking is beyond the scope of this manual, but minutes should include the following:

- Name of the organization as well as the date, location and start and stop times of the meeting
- Attendees and absences. If individual directors arrive late or leave early, note those times
- Issues reviewed by the board which will largely be a mirror of the agenda
- Decisions made by the board and whether they were unanimous. The number of votes opposed as well as abstentions should be noted
- Action items and deadlines

Note that minutes should NOT chronicle discussions. It is poor practice to include a record of what was said during deliberations and by whom.

There are five steps in preparing minutes: planning the meeting, note-taking at the meeting, writing the minutes, distributing them, and storing them.

| Good minutes are *clear and concise* showing issues considered and decisions made.

Planning the meeting

The Chair is typically responsible for structuring and planning upcoming meetings. This task usually includes the creation of a standing agenda, which outlines what will be covered at the meeting. The agenda, along with any relevant handouts, should be distributed to the board well in advance of each meeting to allow the directors time to review and attend meetings prepared.

| From the agenda, the Secretary should create an outline/template that they can fill in with notes on each item as the meeting progresses.

Note-taking at the meeting

The minutes should record who is in attendance, as well as their time of arrival and departure. The secretary should note decisions taken, or notes on action items as soon as they occur, and should not hesitate to ask for clarification if necessary.

| The board speaks through its minutes.

The board speaks through its minutes, which means the only record of its business carried out at board meetings should be in the Secretary's minutes themselves. Accordingly, in the event a director takes personal notes of the business conducted at a board meeting, those notes should be shredded.

Writing the minutes

The Secretary should write up the minutes as soon as possible following the meeting.

The minutes should be objective and neutral—they are the official record of the events of the meeting. Personal remarks or observations are inappropriate. The minutes should make note of all issues that were considered and decisions that were made during the meeting. The Secretary should avoid using the names of individuals, even when recording motions and seconds. Acronyms also have no place in minutes—no one will know what these mean in a decade. Important documents referred to in the meeting should be attached to the minutes as appendices.

For an example of effective meeting minutes, see Appendix F.

Distributing the minutes

Promptly made and reviewed meeting minutes are more accurate, and more effective. They notify and remind directors of action items and deadlines, provide directors who were absent from the meeting with an opportunity to record their dissent if they disagree with an action taken, and allow directors who were in attendance at the meeting to object to anything that has been inaccurately recorded. If it is not possible to distribute the full minutes, it can be useful to distribute a list of action items. Minutes can be sent out via email, or uploaded to an online sharing service.

Distribute the minutes in draft to the board members for *review, comment and approval*.

Storing the minutes

Minutes can be kept in digital or hard copy – the important thing is that they are well-organized, secure, and saved for a period that complies with relevant record retention requirements. The board should make sure to store handouts and presentation materials from the meeting (which should be attached as appendices) along with the minutes. It is important for the Secretary to maintain strict control over which version of the minutes is the official final version, and this can be challenging when drafts are circulated electronically. After the minutes are finalized, all earlier drafts should be deleted and destroyed.

Minutes must be accessible to the board and members of the NPO.

G. Discussion at Board Meetings

Good decisions come from good discussions. The board Chair must encourage input from every director and manage discussions to ensure they are respectful and productive. However, once a decision is made, that decision must be accepted and supported by all members of the board, including those who voted against the decision.

H. The Annual General Meeting

An organization is required to hold an annual general meeting (“AGM”) with its members once each calendar year, pursuant to its relevant legislation.

Some organizations view the AGM as a purely technical event to be completed quickly. Others use it as a forum to gather the “public”, complete administrative board tasks, and engage presentations from committees and other groups. Typical activities carried out at AGMs include:

- Electing directors
- Approving financials
- Appointing auditors
- Endorsing or approving the Directors’ Report

These activities are reflected in the sample AGM documents provided in Appendices G to I.

The precise requirements governing an organization’s AGM will depend on what is set out in its relevant legislation and bylaws. These documents should be carefully reviewed and applied throughout the AGM process.

| The NPO’s members elect the board of directors at the Annual General Meeting.

8. Oversight

The board of an NPO has overall responsibility for the affairs of an organization and must ensure sufficient oversight to fulfil this obligation. In fulfilling this obligation, directors must take care to understand their responsibilities, and the limits of their responsibilities. Unless called on to do so, individual board members have no role or authority for the affairs of management. That is delegated to the Executive Director and sometimes to committees. “Noses in, fingers out” is the general rule for boards.

However, for financial reasons, many NPO’s do not have the luxury of keeping their fingers out of daily operations. In consultation with management, boards should carefully gauge their degree of involvement in the day-to-day activities of the organization according to its operational capacity, and whether that capacity is generated through volunteers or professional staff.

One key aspect of board oversight relates to risk management. At a minimum, a board should ensure there is a system in place to:

- Identify the material risks pertaining to its organization and its mandate
- Satisfy itself that those risks are being appropriately mitigated or transferred

In the non-profit context, there is no one-size-fits-all way to do this. For small NPO’s, a simple risk register and regular board consideration of potential risks may be adequate, while larger organizations may require more detailed management and review processes.

The NPO board’s role is *not to engage* in the organization’s day-to-day activities. However...

9. Strategy

NPO's succeed if they are able to achieve their goals. Strategy defines the path to achieving those goals. From the strategy flow the tactics that will be followed.

The role of the board in strategy formation will vary with each organization. Boards of some organizations have strategy development as a key activity. Others leave it largely to staff. Either way, it is ultimately the responsibility of the board to ensure the organization has an effective strategy and that it is being implemented effectively.

Strategy formation provides various benefits, such as:

- Providing overall direction to the organization
- Ensuring the board to be active, not just reactive
- Engaging the board in anticipating, planning, and shaping the future of the NPO
- Ensuring everyone is on the same page
- Clarifying values and beliefs
- Stimulating creativity and promoting investment in the NPO

The board should anticipate potential opportunities and challenges in the NPO's future, and consider how the organization could rise to overcome those events. The end result of those discussions – a strategic plan – will provide a framework and foundation for future action.

For most boards, strategic planning involves writing and reviewing statements of the NPO's mission, vision, values, and objectives. Before starting these tasks, it can be helpful for the board to have a wide-ranging discussion about the NPO and the context in which it operates. An example of what this discussion might look like is as follows:

- Considering the needs of the community or constituency which the NPO serves
- Assessing the external circumstances that might affect the work of the NPO or the needs of its community, such as social, political, technological, and economic changes. Operations and program and service offerings should be able to adapt and respond to changes in the world
- Assessing the NPO's strengths and limitations, threats and opportunities. This discussion will involve a review of the NPO's history and projections of its future
- Seeking input from stakeholders and including their comments and concerns in the planning effort

After engaging in these discussions, the board can proceed to develop its mission statement and its vision statement. Each of these statements should be focused, clear, and concise.

After articulating its mission, vision, and values, the board should develop a list of goals and objectives that follow from those statements.

After setting out goals and objectives, the board should think about how the organization will accomplish its goals. This is the true element of strategy in the process of strategic planning. Consider:

- What resources will the NPO need, and how will it obtain them?
- What approaches and tactics will it use?

Once the board has discussed and recorded the answers to these questions, it may choose to draft an implementation plan with specific action steps. The board should review and update its strategic plan at regular board meetings.

Appendices

Appendix A

Conflict Of Interest Policy

[Society/Corporation] A (the “[Society/Corporation]”)

CONFLICT OF INTEREST POLICY

Policy

The [Society/Corporation] recognizes the importance of protecting its integrity while preserving the rights of employees, volunteers, and members of the Board of Directors (the “Board Members”) to participate as private citizens with a multiplicity of interests in the life of the community.

This Conflict of Interest Policy establishes the standards of conduct that the [Society/Corporation]’s employees, volunteers and Board Members must meet when acting in the [Society/Corporation]’s best interest. Its purpose is to ensure the continuance of public support and respect necessary for the [Society/Corporation] to carry out its charitable mandate and maintain its valuable reputation.

A Conflict of Interest is any situation where an individual, or an outside organization which he/she represents or has an interest in, (i) has a competing interest with the [Society/Corporation]’s activities, whether such interest is actual, potential, perceived, direct, indirect, pecuniary or economic, (ii) furthers his, her or its private interests as a result of information received from, or affiliation with, the [Society/Corporation], or (iii) impairs the interests of the [Society/Corporation].

Employees and Volunteers

The relationship between the [Society/Corporation] and its employees is founded on trust and commitment. It is expected that an employee’s time, labour, skills and attention will be devoted to the business of the [Society/Corporation] in accordance with employment agreements and the [Society/Corporation]’s Human Resources Policy.

The [Society/Corporation]’s property, materials and services will be utilized only as authorized by an employment agreement or otherwise agreed and for the sole purpose of furthering the [Society/Corporation]’s charitable mandate.

For the avoidance of doubt, participation of employees and volunteers in other businesses, organizations or activities that disadvantage the [Society/Corporation] in any way will constitute a Conflict of Interest. Employees and volunteers must consult with and fully disclose to their supervisor any circumstances that may give rise to a Conflict of Interest, at the earliest opportunity

and prior to engaging in any activities that may give rise to it, including without limitation the following:

- Having a vested interest in an external business which may provide materials or services to the [Society/Corporation]
- Accepting or soliciting services or materials while making use of the person's employment or position with the [Society/Corporation], for a purpose other than furthering the [Society/Corporation]'s charitable mandate.
- Utilizing [Society/Corporation] premises, equipment, services or materials for a purpose other than furthering the [Society/Corporation]'s charitable mandate
- Pursuing private gain over the [Society/Corporation]'s charitable interests

Employees or volunteers may engage in remunerative employment with another employer, participate in volunteer activity or carry on a business outside their position with the [Society/Corporation], without the prior written consent of the [Society/Corporation], when:

- It does not interfere with the performance of [Society/Corporation] duties
- It does not bring the [Society/Corporation] into disrepute
- There is no related advantage derived from employment with the [Society/Corporation]
- There is no related representation of the [Society/Corporation] or its public positions or policies
- It does not involve the use of [Society/Corporation] premises, services, equipment or materials

Where an employee or volunteer persists in activities that engage a Conflict of Interest or may disadvantage the [Society/Corporation], supervisors, as well as such employee or volunteer, will be responsible for informing the Executive Director of such Conflict of Interest.

If the [Society/Corporation] concludes upon reasonable grounds that an employee or a volunteer failed to disclose a Conflict of Interest or honour the provisions of this Conflict of Interest Policy, appropriate disciplinary and corrective action may be taken against such employee or volunteer, including without limitation, if the Conflict of Interest is a material one, termination of employment.

Employees and volunteers will confirm in writing that they have received and read this Conflict of Interest Policy before performing any work or services for the [Society/Corporation].

Board Members

Board Members will disclose to the Board of Directors any circumstances that may give rise to a Conflict of Interest, at the earliest opportunity and prior to engaging in any activities that may give rise to it, including without limitation the following:

- Having a vested interest in an external business that may provide materials or services to the [Society/Corporation]

- Being offered and accepting services or materials as a result of their membership on the Board
- Making use of their membership on the Board to solicit services or materials for personal gain
- Utilizing [Society/Corporation] equipment, services or materials to benefit an external business
- Pursuing personal gain as a priority over the interests of the [Society/Corporation] in the context of serving on the Board

If the [Society/Corporation] has reasonable cause to believe that a Board Member has failed to disclose a Conflict of Interest, the individual shall be informed of the basis for such belief and be afforded an opportunity to explain the alleged failure to disclose.

Appendix C

Sample Director Evaluations

[Society/Corporation] A (the “[Society/Corporation]”)
BOARD MEMBER SELF-EVALUATION

In the last year, have you:	Yes	No
Attended every Board meeting?	<input type="checkbox"/>	<input type="checkbox"/>
Consistently read the material in advance of the meetings?	<input type="checkbox"/>	<input type="checkbox"/>
Consulted with the Executive Director as needed prior to the meetings to make sure you know what will be emphasized on the agenda, what help is needed from you specifically, and from the Board as a whole?	<input type="checkbox"/>	<input type="checkbox"/>
Explicitly identified (and discussed with co-Directors) any potential conflicts of interest that have arisen?	<input type="checkbox"/>	<input type="checkbox"/>
Worked with the [Society/Corporation] outside of the Board on any projects and gotten to know the management team and other key contributors?	<input type="checkbox"/>	<input type="checkbox"/>
Communicated with fellow Directors as needed regarding alignment of interests?	<input type="checkbox"/>	<input type="checkbox"/>
Contributed positively and tried to make a difference for this [Society/Corporation]?	<input type="checkbox"/>	<input type="checkbox"/>
Established and maintained an effective oversight role?	<input type="checkbox"/>	<input type="checkbox"/>
Stayed focused during the Board meetings and limited use of the PDA or laptops to designated breaks?	<input type="checkbox"/>	<input type="checkbox"/>

[Society/Corporation] A (the “[Society/Corporation]”)
BOARD OF DIRECTORS ASSESSMENT

Privileged and Confidential

The following assessment tool is designed to solicit your thoughts regarding the performance of the Board of Directors as a group. It is intended to enhance the Board’s overall effectiveness. Please complete the questionnaire and return it in the enclosed envelope to [address]. Your responses are requested by [date].

Please evaluate the extent to which each of the following statements is true with respect to this [Society/Corporation]’s Board using the following rating system and add your comments as appropriate in the right column.

1	2	3	4	5
Completely False	Generally False	Neither True nor False	Generally True	Unqualifiedly True

Principal Components	Rating	Comments/Action Plan to Improve Effectiveness
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Section 1 - Structure and Composition of Board

1. Board Size The current size of the Board [__ members] is appropriate	1 2 3 4 5	
2. Board Committees The Board has an appropriate number of formal committees given the [Society/ Corporation]’s current stage of development.	1 2 3 4 5	
3. Board Composition The Board has the appropriate balance and breadth of backgrounds, business experience, skills and expertise in areas vital to the [Society/Corporation]’s success given its present markets served and stage of development.	1 2 3 4 5	
4. Director Performance Independent Directors are adequately contributing to the Board.	1 2 3 4 5	
5. Director Performance Directors are adequately contributing to the Board.	1 2 3 4 5	
6. Director Performance Management Directors are adequately contributing to the Board.	1 2 3 4 5	
7. Familiarity with [Society/Corporation] The Board is appropriately familiar with the [Society/Corporation], the markets it serves (including competitive factors) and its strategic plans and reflects this understanding on key issues throughout the year.	1 2 3 4 5	

Section 2 - Board Culture and Communications

<p>8. Executive Director - Board Communication I am able to individually communicate informally with the Executive Director on a regular basis in advance of Board meetings in order to have advance knowledge of issues that will be discussed at the meeting.</p>	<p>1 2 3 4 5</p>	
<p>9. Director-Director Communication I communicate with other board members informally. As a group, we are well informed about each other's positions on issues affecting the [Society/Corporation].</p>	<p>1 2 3 4 5</p>	
<p>10. Overall Effectiveness The Board grasps and deliberates on the important issues and brings decision topics to closure in a timely manner.</p>	<p>1 2 3 4 5</p>	
<p>11. Board Initiative The Board asks the penetrating questions necessary to uncover serious problems.</p>	<p>1 2 3 4 5</p>	
<p>12. Board Support of Management The Board is appropriately balanced in challenging and supporting management.</p>	<p>1 2 3 4 5</p>	
<p>13. Board Candour The Board encourages a culture that promotes candid communication.</p>	<p>1 2 3 4 5</p>	
<p>14. Board Collegiality The Board and management work together to achieve a constructive decision making atmosphere that encourages a respectful examination of different views.</p>	<p>1 2 3 4 5</p>	
<p>15. Board Relationships There is a relationship of mutual trust and respect among Board members.</p>	<p>1 2 3 4 5</p>	

Section 3 - Board Information

16. Accuracy of Information The information provided to the Board by management and outside advisors is accurate and reliable.	1	2	3	4	5
17. Relevance of Presentations Presentations to the Board are appropriately focused on the key issues for Board consideration	1	2	3	4	5
18. Digestibility of Presentations Presentations to the Board are appropriately “to the point” and do not contain an inappropriate amount of unnecessary data and/or analysis.	1	2	3	4	5
19. Timeliness of Information The information provided between Board meetings is timely, enabling members to fully prepare.	1	2	3	4	5
20. Access to Management The Board has appropriate access to the Society’s senior management.	1	2	3	4	5
21. Director Requests Director requests for information from management are reasonable in amount and time frame and are responded to appropriately.	1	2	3	4	5

Section 4 - Board Process

22. Board Meeting Agendas The Board has appropriate input into the preparation of the agendas; there is proper priority of agendas.	1	2	3	4	5
23. Time Allocated for Board Meetings Sufficient time is allocated for Board meetings to assure full discussion of important matters.	1	2	3	4	5
24. Number of Meetings The Board has an appropriate number of meetings per year and schedules its meetings at appropriate times.	1	2	3	4	5
25. Conduct of Board Meetings Board meetings are conducted in a manner that endures effective utilization and prioritization of the time available.	1	2	3	4	5
26. Executive Sessions There is sufficient time and opportunity for outside Directors to meet independently during the time allotted for the formal Board meeting.	1	2	3	4	5

Section 5 - Board Responsibilities

27. Board Involvement with Strategic Plan

I am satisfied with the Board's involvement in the development of, and the process for approving, the Strategic Plan.

1 2 3 4 5

28. Compliance with Laws and Policies

I am satisfied that appropriate systems are in place to ensure the [Society/ Corporation] is in compliance with all applicable laws, regulations and policies.

1 2 3 4 5

29. Board Support

I receive the necessary support and resources from management in order to effectively carry out my responsibilities as a board member.

1 2 3 4 5

Please evaluate and answer one final question with respect to this process.

27. Board Review Process

Are we doing a good job at assessing and improving the performance of the Board through this self-evaluation process?

YES NO

If you answered NO, please describe the reason for your response. How would you recommend we improve the process?

Appendix D

Sample Committee Mandates

[Society/Corporation] A (the “[Society/Corporation]”)

CORPORATE GOVERNANCE COMMITTEE MANDATE

I. PURPOSE

The Corporate Governance Committee (the “Committee”) of the [Society/Corporation] is a committee of the Board of Directors which is responsible for improving the [Society/Corporation]’s corporate governance, recruiting and orienting the [Society/Corporation]’s directors, succession planning for the Board of Directors, as well as assessing and reducing the [Society/Corporation]’s exposure to various risks.

The primary function of the Committee is to establish, implement, and improve the [Society/Corporation]’s corporate governance policies and procedures. Among the Committee’s most important tasks is implementing a conflict of interest policy applicable to the [Society/Corporation]’s directors, and to monitor its use. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the [Society/Corporation]’s policies, procedures and practices at all levels.

The Committee’s primary duties and responsibilities are to:

- Develop and implement corporate governance policies and procedures.
- Monitor the [Society/Corporation]’s use of corporate governance policies and procedures, with a view towards continuous improvement.
- Assess and reduce the [Society/Corporation]’s exposure to risk.
- Oversee the recruitment and succession planning of the [Society/Corporation]’s Board of Directors.

II. COMPOSITION

- The Committee shall be comprised of a representative of [--] or [--] and at least one more Director, whom shall be an independent non-management Director, as determined by the Board of Directors.
- All members of the Committee shall have a working familiarity with all laws and policies that may apply to the [Society/Corporation], as well as the [Society/Corporation]’s Charter and Board Governance Manual.
- Members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until the next such meeting or until their successors shall be duly elected and qualified. A majority of the members of the Committee shall be resident Canadians.
- Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to

be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after their election as a member of the Committee.

- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

III. MEETINGS

- The Committee may appoint one of its members to act as Chair of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the “Secretary”). The Secretary does not have to be a member of the Committee or a Director and can be changed by simple notice from the Chair.
- The Committee will meet as many times as it deems necessary to carry out its responsibilities.
- The time at which, and the place where the meetings of the Committee shall be held, and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the bylaws of the [Society/Corporation] or otherwise determined by resolution of the Board of Directors.
- The Committee may invite such other persons to its meetings as it deems necessary.
- Subject to the provisions of the [relevant legislation and constating documents], if required for expediency or to prevent loss to the [Society/Corporation], the Chair of the Committee may exercise the powers of the Committee in between meetings of the Committee. In such event, the Chair shall immediately report to the members of the Committee and the actions or decisions taken in the name of the Committee shall be recorded in the proceedings of the Committee.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

Corporate Governance Knowledge

- Monitor laws and policies that might be applicable to the [Society/Corporation]
- Regularly review the [Society/Corporation]’s Charter and Board Governance Manual and corporate governance procedures
- Assist the Board of Directors to gradually improve the [Society/Corporation]’s corporate governance, in particular by:
 - Establishing and implementing a conflict of interest policy, and monitoring its use;
 - Instituting further internal reporting practices that allow directors to satisfy their fiduciary responsibility of ensuring adequate internal controls;
 - Reviewing Board meeting procedures, including the appropriateness and adequacy of the information supplied to directors prior to and during Board meetings; and
 - Recommending to the Board the structure, composition and functioning of the Board and all Board committees (including the role of those committees in establishing their own mandates and operating procedures)

Risk Management

- Continuously assess the [Society/Corporation]'s key risk areas so as to eliminate all manageable risk including ensuring the adequacy of directors' and officers' insurance coverage.

Recruitment and Succession Planning

- Assess the performance and composition of the Board, including:
 - Periodic reviews of Board performance;
 - Identifying, screening and recommending qualified candidates to serve as directors of the [Society/Corporation];
 - Reviewing and recommending retirement policies for directors;
 - Reviewing and recommending a compensation plan for non-management directors.
- Periodically receive and consider recommendations from the Executive Director regarding succession at the Board of Director level.

Director Orientation

- Develop and implement an orientation program for new directors as well as an ongoing education program for existing directors.

Committee Improvement

- Review the Committee Charter from time to time and recommend any changes thereto to the Board.

Reports

- Produce the following reports (which may take the form of an oral report from the Chair or any other members of the Committee designated by the Committee to make the report) and provide them to the Board:
 - An annual Report of the Committee outlining the significant activities of the Committee.
 - An annual performance evaluation of the Board. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.
 - An annual performance evaluation of the committees of the Board. This report will compare the performance of each committee with the requirements of its mandate, including its Charter, if applicable. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.
 - An annual performance evaluation of each director, which shall assess the contribution of each director. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.

[Society/Corporation] A (the “[Society/Corporation]”)

FINANCE COMMITTEE MANDATE

I. PURPOSE

The Audit Committee (the “Committee”) of the [Society/Corporation] is a committee of the Board of Directors which is responsible for reviewing the financial statements, accounting policies and reporting procedures of the [Society/Corporation].

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the [Society/Corporation] to members, any governmental body, or the public; the [Society/Corporation]’s systems of internal controls regarding finance, accounting, and legal compliance that management and the Board have established; and the [Society/Corporation]’s auditing, accounting and financial reporting process generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the [Society/Corporation]’s policies, procedures and practices at all levels.

The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the [Society/Corporation]’s financial reporting process and the system of internal controls.
- Monitor the independence and performance of the [Society/Corporation]’s external [auditors/public accountants].
- Provide an open avenue of communication among the independent [auditors/public accountants], financial management, and the Board of Directors.

II. COMPOSITION

- The Committee shall be comprised of a representative of [--] or [--] and at least one more Director, whom shall be an independent non-management Director, as determined by the Board of Directors.
- All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise.
- Members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until the next such meeting or until their successors shall be duly elected and qualified. A majority of the members of the Committee shall be resident Canadians.
- Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a Director.
- Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after their election as a member of the Committee.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

III. MEETINGS

- The Committee may appoint one of its members to act as Chair of the Committee. The Chair will appoint a secretary who will keep minutes of all meetings (the “Secretary”). The Secretary does not have to be a member of the Committee or a Director and can be changed by simple notice from the Chair.
- The Committee will meet as many times as it deems necessary to carry out its responsibilities. The Committee shall meet at least once annually with the external [auditors/public accountants], with management not present. As part of its job to foster open communication, the Committee should meet at least annually with management, and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.
- The time at which, and the place where the meetings of the Committee shall be held, and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the bylaws of the [Society/Corporation] or otherwise determined by resolution of the Board of Directors.
- The Committee may invite such other persons to its meetings, as it deems necessary. The external [auditors/public accountants] should be invited to make presentations to the Committee as appropriate.
- Subject to the provisions of the [relevant legislation and constating documents], if required for expediency or to prevent loss to the [Society/Corporation], the Chair of the Committee may exercise the powers of the Committee in between meetings of the Committee. In such event, the Chair shall immediately report to the members of the Committee and the actions or decisions taken in the name of the Committee shall be recorded in the proceedings of the Committee.

IV. RESPONSIBILITIES AND DUTIES

To fulfil its responsibilities and duties the Committee shall:

Documents/Report Review

- Review the interim unaudited financial statements and the annual audited financial statements, and shall report thereon to the Board of Directors.
- Satisfy itself, on behalf of the Board of Directors, that the [Society/Corporation]’s annual audited financial statements are fairly presented in accordance with generally accepted accounting principles and shall recommend to the Board of Directors whether the annual financial statements should be approved.
- Review any reports or other financial information of the [Society/Corporation] submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent [auditors/public accountants].

- Have the right, for the purpose of performing their duties: (i) to inspect all the books and records of the [Society/Corporation] and its subsidiaries; (ii) to discuss such accounts and records and any matters relating to the financial position of the [Society/Corporation] with the officers and [auditors/public accountants] of the [Society/Corporation] and its subsidiaries; and (iii) to commission reports or supplemental information relating thereto; and any member of the Committee may require the [auditors/public accountants] to attend any or every meeting of the Committee.

Independent [Auditor/Public Accountant]

- Satisfy itself, on behalf of the Board of Directors, that the [Society/Corporation]’s [auditors/public accountants] are “independent” of management, within the meaning given to such terms in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies.
- Review the terms of engagement, performance and the remuneration of the [Society/Corporation]’s [auditors/public accountants] and make recommendations to the Board of Directors in connection therewith.
- Approve in advance the fees and terms of engagement for any services to be provided by the external [auditors/public accountants] which are not related to the audit.
- Satisfy itself, on behalf of the Board of Directors, that the audit function has been effectively carried out and that any matter which the independent [auditors/public accountants] wish to bring to the attention of the Board of Directors has been addressed and that there are no “unresolved differences” with the [auditors/public accountants].

Financial Reporting Processes and Risk Management

- Satisfy itself, on behalf of the Board of Directors, that the [Society/Corporation] has implemented appropriate systems of internal control over financial reporting and the safeguarding of the [Society/Corporation]’s assets and other “risk management” functions affecting the [Society/Corporation]’s assets, management, financial and business operations and the health and safety of its employees and that these are operating effectively.

Legal and Regulatory Compliance

- Satisfy itself, on behalf of the Board of Directors, that all material statutory deductions have been withheld by the [Society/Corporation] and remitted to the appropriate authorities.
- Satisfy itself, on behalf of the Board of Directors, that all regulatory compliance issues have been identified and addressed and identifying those that require further work.

Budgets

- Assist the Board of Directors in the review and approval of operational, capital and other budgets proposed by management.

General

- Perform any other activities consistent with the [Society/Corporation]’s Charter, By-laws, and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

Appendix E

Sample Meeting Agenda

[Society/Corporation] A (the “[Society/Corporation]”)

AGENDA

MEETING OF THE BOARD OF DIRECTORS

held
[weekday, month day, year]
at
[time am/pm] at [location, including full address].

Board Members

Other Attendees

Agenda Items

1. Welcome, quorum and notice of meeting, appointment of secretary and Chair of meeting.
2. Approval of Agenda
3. Approval of Minutes of Last Meetings
4. Presentation from Financial Committee and Approval of:
 - a) YTD Results and Forecasts
 - b) Financial Statements for Fiscal Year ended [day month, year]
 - c) Management Discussion and Analysis in relation to Financial Statements for the Fiscal Year ended [day month, year]
 - d) Press Release regarding [year] Financial Results
 - e) Risk Management Presentation
 - f) Investor Relations Update
 - g) Internal Reorganization

5. Presentation from Human Resources Committee and Approval of:
 - a) Diversity Policy
 - b) Board Composition, Independence and Compensation
 - c) Compensation Risk Management
6. Approval of Calling of [year] Annual General Meeting and Fixing of Record Date
7. Approval of Notice of [year] Annual General Meeting
8. Varia
9. Other business, if any
10. In-Camera Session
11. Termination of Meeting

Appendix F

Sample Meeting Minutes

[Society/Corporation] A (the “[Society/Corporation]”)
**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF THE SOCIETY**

held
[weekday, month day, year]
at
[time am/pm] at [location, including full address].

In Attendance	Regrets
<hr/>	<hr/>

Staff

[Chair name], the Chair, called the meeting to order at [time am/pm] and confirmed that a quorum was present. [Chair name] reported that John Doe would like to add a verbal report on fundraising to today’s agenda. [Secretary name] acted as Recording Secretary.

Item	Discussion, Decisions and Action Items
1. Prior Minutes (time - time am/pm)	On a motion duly made and seconded, it was unanimously resolved that the minutes of the [month day, year] meeting be approved as presented.
2. Reports (time - time am/pm)	<p>Verbal</p> <p>Risk Management Committee (time - time am/pm)</p> <p>[Committee Chair] reported that the Risk Management Committee was working on developing a risk management policy and a report would be delivered to the Board sometime in [month]. S/He distributed a list of the reportable risks. The Board’s job would be to overlook the policy only.</p> <p>Governance Committee (time - time am/pm)</p> <p>[Chair name] reported on the Board Self Evaluation process. The Evaluation questionnaire would be issued on [month day, year] with a request for responses by [month day, year].</p> <p>The Governance Committee recommended that the Board proceed with the Self Evaluation as provided in the proposed questionnaire. The Governance Committee also requested a budget of up to \$X to undertake the review of Evaluations and compile the results of the questionnaire.</p> <p>On a motion duly made and seconded, it was unanimously resolved that the Governance Committee proceed as recommended.</p> <p>Written</p> <p>Human Resources Committee report taken as written. Governance Committee report taken as written.</p>
3. Other Business (time - time am/pm)	
4. Adjournment (time am/pm)	There being no further business, the board meeting was terminated at [time am/pm].

Approved

CHAIR

SECRETARY

Appendix G

Sample Notice of AGM*

[Society/Corporation] A (the “[Society/Corporation]”)

NOTICE OF THE 20__ ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20__ Annual General Meeting of the [Society/Corporation] will be held

on _____ [month day], year

at _____ [time, including a.m./p.m.]

at

(location)

For the following purposes:

1. To receive and consider the report of the Directors, and the financial statements of the [Society/Corporation] for the financial year ended _____, 20__;
2. To appoint the [independent auditor/public accountant] for the ensuing year;
3. To elect Directors for the ensuing year; and
4. To conduct the following special business:

Not applicable

OR

Dated as of _____ [month day, year].

BY ORDER OF THE BOARD OF DIRECTORS

*Note that this notice does not provide for an electronic or partially electronic meeting.

SECRETARY

Appendix H

Sample Certificate of Mailing of Notice of AGM

[Society/Corporation] A (the “[Society/Corporation]”)

CERTIFICATE OF MAILING

OF NOTICE OF
[year] ANNUAL GENERAL MEETING

The undersigned, being the [Secretary/Chair] of the [Society/Corporation] hereby certifies that on _____ [month day, year], Notice of the [year] Annual General Meeting of the [Society/Corporation] was sent by prepaid mail or hand-delivered to each Member of the [Society/Corporation] to the address recorded in the Register of Members for each Member.

Dated as of _____, [year]

SECRETARY

Appendix I

Sample AGM Minutes*

[Society/Corporation] A (the “[Society/Corporation]”)

MINUTES OF THE [year] ANNUAL GENERAL MEETING HELD on _____ [month day, year] at _____ [time, including a.m./p.m.] AT _____ [location]

PRESENT

_____	_____
_____	_____
_____	_____
_____	_____

CHAIR AND SECRETARY

_____ acted as Chair of the meeting and the meeting was called to order.

With the consent of the meeting, the Chair appointed _____ to act as Secretary of the Meeting.

NOTICE OF MEETING

Check one:

The Chair stated the Notice of the meeting was given to Members on _____ [month day, year].

OR

The Chair stated that all the Members of the [Society/Corporation] entitled to receive notice of the meeting had waived entitlement to notice or agreed to reduce the period of notice of such meeting.

QUORUM

The Chair reported that quorum of Members was present at the meeting and the meeting was regularly called and duly constituted for the transaction of business.

ANNUAL GENERAL MEETING MINUTES

The Chair presented the minutes of the Annual General Meeting held on _____ [month day, year].

UPON MOTION DULY MADE IT WAS RESOLVED that the minutes of the Annual General Meeting held on _____ [month day, year] be approved.

*Note that these sample AGM minutes do not contemplate an electronic or partially electronic meeting.

FINANCIAL STATEMENTS

The Chair presented the financial statements for the year ended _____
[month day, year], together with the auditor’s report, if any, for consideration.

DIRECTORS’ REPORT

Check one:

The Directors presented the report to the Members of the [Society/Corporation].

UPON MOTION DULY MADE IT WAS RESOLVED that the report presented to the Members be adopted and confirmed and that the acts and proceedings of the Directors and Senior Managers for the preceding year be ratified and confirmed.

OR

UPON MOTION DULY MADE IT WAS RESOLVED that the Members of the [Society/ Corporation], being familiar with the affairs of the [Society/Corporation], waived the presentation of a report by the Directors and that the acts and proceedings of the Directors and Senior Managers for the preceding year be ratified and confirmed.

APPOINTMENT OF [AUDITOR/PUBLIC ACCOUNTANT]

Check one:

UPON MOTION DULY MADE IT WAS RESOLVED that _____
be appointed [Auditor/Public Accountant] of the [Society/Corporation] for the ensuing year.

OR

Not applicable

ELECTION OF DIRECTORS

UPON MOTION DULY MADE IT WAS RESOLVED that the following persons were elected to act as Directors for the term set out beside their names and the number of Directors was determined at _____:

Name	Address	Term
_____	_____	_____
_____	_____	_____
_____	_____	_____

Check if applicable:

Additional directors to be listed and attached in a schedule

ELECTION OF SENIOR MANAGERS [If applicable]

UPON MOTION DULY MADE IT WAS RESOLVED that the following persons were elected to act as Senior Managers of the [Society/Corporation] to the office set opposite their respective names for the ensuing year, or until successors are appointed:

Name	Office(s) Held
_____	_____
_____	_____
_____	_____

Check if applicable:

Additional senior managers to be listed and attached in a schedule

SPECIAL BUSINESS

Check one:

Not applicable

OR

UPON MOTION DULY MADE IT WAS RESOLVED BY SPECIAL RESOLUTION that:

Dated as of _____ [month day, year].

TERMINATION

There being no further business, UPON MOTION DULY MADE IT WAS RESOLVED that the meeting be terminated.

CHAIR

SECRETARY

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