



Requirements for New Not-for-Profit Child Care Corporations

New Child Care Corporations- Building a Not-for-Profit Board of Directors

A founding board is an important function when a Not-for-Profit organization is developed. Many new founders consider adding their friends as board members however, board members play a critical role in ensuring the vision and overall financial health of the organization is maintained. A number of items need to be considered, some of which are described below:

- 1. Understanding the role of a Not-for-Profit Board** – Board of Directors are responsible for ensuring the organization is fulfilling its mission, meeting legal and ethical standards and, managing its financial resources effectively. Key responsibilities including setting strategic direction, overseeing the financial health of the organization, and hiring and evaluating the performance of the child care Executive Director/Manager/Supervisor. Board of Directors should be familiar with requirements under the Ontario Non-for-Profit Corporations Act (ONCA) and ensure they are in compliance with the Act at all times. For information about the ONCA, refer to the [Guide to the Not-for-Profit Corporations Act, 2010 | ontario.ca](#)
- 2. Board member recruitment** – Board members should possess the skills, experiences and passions that align with the organization's mission and goals. Not-for-Profit organizations should have an understanding of the skills, knowledge and experiences they need to meet their mission. The recruitment process should include screening potential candidates for compatibility and conducting interviews and reference checks. Once selected, board members should receive resources and support to ensure they fulfill their responsibilities effectively.
- 3. Trust and transparency** – Board of Directors must be transparent with its decision making and communicate openly with stakeholders. Not-for-Profit organizations should have clear policies and procedures for decision making and communication. Non-for-Profit organizations should be open to feedback and input from stakeholders. This will help identify areas for improvement and build strong relationships with the broader community.
- 4. Develop a Strategic Plan** – a strategic plan provides a roadmap for achieving the organization's mission and goals and, outlines resources and activities that will help meet these objectives. The strategic plan should be measured for progress in meeting the goals and should also be reviewed to ensure it remains relevant.
- 5. Board meetings** – hosting effective board meetings provide members with the opportunity to discuss and make decisions on important items related to the organization's mission and goals. Meetings should have a clear agenda. For more information about board meetings, please refer to the County of Wellington's Board of Directors Handbook.

6. **Financial management** – Not-for-Profit organizations should have clear policies and procedures for financial management. This includes developing a budget, monitoring financial performance and conducting regular monitoring of the organization's finances. Organizations should ensure board members understand their financial responsibilities.
7. **Conflict resolution** – Not-for-Profit organizations should have policies and procedures for conflict resolution. Please refer to the County of Wellington's Board of Directors Handbook for more information.
8. **Succession planning** – succession planning involves identifying and developing potential board members who can take on leadership roles in the futures. Current board members should identify any gaps in skills or experience. They should then develop a plan for recruiting new board members to fill these gaps.

Key Tasks for New Board of Directors

1. Recruit the first board. This includes determining what the ideal size is to achieve the organization's mission and goals.
2. Define the staff (management) role, remembering that the child care Executive Director/Manager/Supervisor (key executive leader) reports to the board who has the power to remove them.
3. Determine the name and legal address for the organization to be included in all legal document
4. Elect officers
5. Authorize new officers to make business decisions for the organization such as signing cheques, banking, filing reports, file funding applications, etc.
6. Create a set of by-laws and, articles of incorporation.
7. Assign duties to board members
8. Create committees to accomplish the board's work/activities (e.g. governance committee)

Conflict of Interest

Not-for-Profit organizations that wish to enter into funding agreements with the County of Wellington Children's Early Years Division must have a conflict of interest policy. Under the ONCA, specific requirements are identified for directors and officers to report a conflict of interest in certain circumstances. In accordance with County of Wellington Agreements, Service Providers are prohibited from engaging in any activity or provide any service which creates an actual or potential conflict of interest, in the sole opinion of the County. Service Providers are required to disclose to the County of Wellington Children's Early Years Division, any actual or potential situation that may be reasonably

interpreted as either a conflict of interest or a potential conflict of interest. Breach of this may result in termination of the Agreement.

Service Providers are required to identify through a conflict of interest policy created by them, the following standards for identifying and addressing conflicts of interest:

1. A conflict of interest includes the following circumstances

- The personal or business interests of a Board of Director, employee, partner, advisor, sub-contractor, agent and volunteer are in conflict with the interests of the Service Provider;
- A personal gain, benefit, advantage, or privilege is directly or indirectly given to or received by a Board of Director, employee, partner, advisor, sub-contractor, agent, and volunteer of the Service Provider or, a person related to one of them as a result of a decision by the Service Provider;
- Decisions made by a Board of Director, employee, partner, advisor, sub-contractor, agent, and volunteer while carrying out duties on behalf of the Service Provider, which would likely have an adverse effect on the Service Provider.

For the purposes of the conflict of interest policy, a person related to a Board of Director, employee, partner, advisor, sub-contractor, agent, and volunteer includes the following:

- A parent, spouse, child, household member, sibling, uncle, aunt, nephew, niece, mother-in-law, father-in-law, sister-in-law, brother-in-law, grandparent, or a person with whom a Board of Director, employee, partner, advisor, sub-contractor, agent, or volunteer has a business relationship.

Definitions

“Service Provider” means a corporation or an individual who operates a programme or service pursuant to the Agreement.

“Person Related” in relation to a Board of Director, employee, partner, advisor, sub-contractor, agent or volunteer means an individual who, together with a person related has declared that the individual and a Board of Director, employee, partner, advisor, sub-contractor, agent or volunteer are spouses, or; an individual who is residing in the same dwelling place as a Board of Director, employee, partner, advisor, sub-contractor, agent or volunteer if the social and familial aspects of the relationship between the individual and a Board of Director, employee, partner, advisor, sub-contractor, agent or volunteer amount to cohabitation. This includes all household members, parent, spouse, child, sibling, uncle, aunt, nephew, niece, mother-in-law, father-in-law, sister-in-law, brother-in-law, grandparent or, a person with whom the Board of Director, employee, partner, advisor, sub-contractor, agent, or volunteer has a business relationship.

2. Service Provider's responsibilities for avoiding a conflict of interest situation includes the following

- The Service Provider must create and promote fair and open best practices in its purchasing, hiring, and contracting;
- The Service Provider must closely monitor all purchasing, hiring, and contracting to ensure that a perceived, potential, or actual conflict of interest does not exist;
- The Service Provider must provide an opportunity to have conflict of interest declarations as a standing item on every Board meeting agenda. The opportunity to declare and its responses must be included in the Board meeting minutes.

3. Service Providers are required to address conflict of interests to the satisfaction of the County of Wellington which includes the following steps:

- a) If a Board of Director, employee, partner, advisor, sub-contractor, agent, or volunteer associated with the Service Provider identifies a perceived, potential, or actual conflict of interest, the person in the identified conflict must immediately notify the Board Chair/President in writing.
- b) The Board Chair/President must ensure that the individual in the conflict of interest removes themselves and remains isolated from the decision-making process.
- c) The Board Chair/President must address the conflict of interest at the first Board meeting after the notice of a perceived, potential, or actual conflict of interest is received by the Chair/President.
- d) The Board of Directors must review the available options and decide which best represents the interests of the Service Provider.
- e) The Board meeting minutes must include the following information when a conflict of interest is declared:
 - Who declared the conflict of interest;
 - What was the nature of the conflict of interest;
 - What were the options available to the Board of Directors;
 - Who was present for the discussions and final decision;
 - How the Board of Directors resolved the conflict;
 - How the Board of Directors decision was in the best interest of the Service Provider.
- f) All conflict of interest notices and meeting minutes must be stored, maintained and easily accessible for a minimum of seven years.

4. Conflict of Interest Reporting to the County of Wellington

All declared conflicts of interest shall be reported to the satisfaction of the County of Wellington Children's Early Years Division.

- The report must be in writing and submitted to the County of Wellington Children's Early Years Division prior to the next Board of Directors meeting after a conflict of interest has been declared (Not-for-Profit) or, immediately upon a conflict of interest has been declared (For-Profit).
- The report is required to include the Board of Director meeting minutes (Not-for-Profit) or documentation (For-Profit) as described details included in Steps 1 through 6 above.

The County of Wellington Children's Early Years Division will provide a written response to the declared conflict of interest report. The Service Provider is required to comply with all requirements noted in the County of Wellington's written response.

Not-for-Profit Funding Agreement Requirements

Not-for-Profit Service Providers applying for funding and wishing to enter into a funding agreement with the County of Wellington Children's Early Years Division must meet the minimum requirements identified in Wellington's Not-for-Profit Funding Agreement Requirements and submit Wellington's Declaration of Not-for-Profit Compliance completed by a solicitor qualified to carry on the practice of law in the Province of Ontario.