

PLAN FOR INSTITUTIONAL STABILITY



GREAT LAKES
ISLANDS ALLIANCE

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OVERVIEW

The Great Lakes Islands Alliance (GLIA) encourages relationship building, fosters information exchange, and leverages resources to address shared challenges and embrace opportunities in island communities.

GLIA is a binational group composed of concerned individuals, business owners/leaders, elected officials, governmental agencies and units, tribes, NGOs etc. from fifteen islands throughout the Great Lakes that have year-round residents. They share many common interests and concerns that are unique to living surrounded, and isolated, by water. Appendix A provides an overview of GLIA's current organizational structure.

GLIA currently works with a strong non-profit fiduciary that holds and manages GLIA's financial accounts, which presently supports one major expense: hosting annual in-person GLIA Summit. While other GLIA activities operate primarily with volunteered time and partner organization support, GLIA aspires to grow and diversify its program work which will likely require dedicated staff and possibly a change in organizational setup.

GLIA has requested that The Stewardship Network (TSN) undertake the following analysis and develop recommendations that will best meet GLIA's goals to achieve institutional growth and stability while establishing a strong and credible reputation.

As a first step, TSN completed a process in which a total of 16 relevant organizations were reviewed, compared and contrasted based on a pre-determined set of parameters (Appendix B). TSN conducted a comparative analysis and determined that GLIA's goals could be achieved either through two options: (1) immediate creation of a separate non-governmental organization (NGO) or (2) through continuation and refinement of the current approach of operating within another NGO that is acting as GLIA's fiduciary, providing staff, etc.. This second option is not quite "status quo" as the existing GLIA/NGO relationship would be expanded.

Second, a targeted pros/cons assessment of the two approaches was developed through discussion with the GLIA Leadership Committee as it reviewed the comparative matrix.

The assessment and findings were provided to the GLIA Leadership Committee (Steering Committee and supporting partners) on September 11th, 2020. GLIA's Leadership Committee favored the second option – do not become an independent NGO just yet, continue to use a fiduciary for the time being, and revisit this decision on an annual basis as resources and needs change over time. This interim decision was presented to the full GLIA membership on its

October 7, 2020 monthly teleconference. Multiple members spoke in favor of the decision and none opposed. The GLIA Steering Committee asked TSN to provide a process for this annual decision (“road map”) as part of its final set of recommendations.

Following is a more detailed summary of the analysis, recommendations, and road map forward.

ANALYSIS AND METHODOLOGY

TSN examined questions of institutional stability and credible reputation by researching similarly networked groups and completing a pros/cons assessment of the key question of operating as a separate NGO or via a fiduciary.

Comparative Matrix: For the comparison of the 16 selected organizations, the list was narrowed down to highly functional, active organizations, ranging in age from 4 to 50 years. With this list, TSN developed a comparative matrix that identified the following elements: mission/vision, audience (members vs. general public), jurisdiction/reach, governance structure, staff, tax status and reasoning, fiduciary partnerships, membership details, annual budget, and revenue sources. The following chart highlights some key features of these sixteen organizations, with the much more detailed summary provided in Appendix B:

ORGANIZATION	AGE	NGO OR FIDUCIARY	BUDGET	REVENUE SOURCES
Alliance for the Great Lakes	50	Separate NGO	\$3.5M	Grants/Donors
California Landscape Stewardship Network	4	Via Fiduciary	\$.5<	Grants/Donors
Central Algoma Freshwater Coalition	11	Via Fiduciary	<\$.1M	Grants/Donors
European Small Island Network	15	Via Fiduciary	<\$.1M	Grants/Members
Headwaters Invasive Plant Partnership	5	Via Fiduciary	<\$.1M	Grants/Members
Healing Our Waters	16	Via Fiduciary	\$1.5M	Federal Grants
International Small Islands Studies Assoc.	28	Separate NGO	<\$.1M	Membership Fees
Island Conservation	26	Separate NGO	\$6.7M	Grants/Donors
Middle Rock Conservation Partners	19S	Separate NGO	\$.8M	Grants/Donors
Northwest Illinois Invasive Species Coop	34	Via Fiduciary	<\$.1M	Membership Fees
One Tam	6	Via Fiduciary	\$4M	Grants/Donors
River to River Cooperative Weed Mgmt Area	14	Vis Fiduciary	?	Fed/State Grants
Southern Illinois Prescribed Burn Assoc.	14	Separate NGO	<\$.14M	Membership Fees
The Island Institute	37	Separate NGO	\$7M	Grants/Donors
The Stewardship Network	22	Separate NGO	<\$1M	Grants/Donors
West Michigan Conservation Network	14	Via Fiduciary	<\$.1M	Grants/Donors

The comparative matrix includes a range of details on the selected organizations, all of which can inform GLIA as it further develops as an organization. Details of governance structures, membership approaches, fee schedules, and the like are all useful guidance.

Pros/Cons Analysis of Organizational Models:

Both types of organizations, those organized as independent NGOs and those operating within a larger entity, were able to demonstrate success in achieving institutional stability as well as credibility in reputation. The following pros/cons analysis of organizational models brings added focus to the requirements, benefits, and risks of the two approaches.



GLIA Using a Fiduciary and NOT Becoming an Independent NGO

PRO

All administrative tasks are taken care of by the fiduciary, including payroll, audits, receiving grants and other funding, budget tracking, accounts payable and receivable, bank reconciliation, and ensuring that policies and procedures are in place for compliance. This frees the primary organization to focus its energy on its mission, for example developing programming or implementing on-the-ground projects. Depending on the size of the organization, these tasks take a considerable amount of time and energy, causing some organizations to staff entire departments to meet these needs.

Often times, elements such as grant reporting and technology support are also taken care of by the fiduciary. In some cases, the organization and the fiduciary share resources and benefit from programmatic synergies without having to stray from their respective goals. When being considered for a grant, the primary organization can build additional clout through working with an established fiduciary (track record, income, audit, etc.) Examples of large, active, and credible organizations that use a fiduciary are Healing our Waters Coalition and the California Landscape Stewardship Network.

CON

The typical cons of utilizing a fiduciary are often related to control, responsiveness, and occasionally a lack of independence. Organizations may feel their projects are lost within the fiduciary, or their fiduciary is not responsive to their requests for information or assistance. The fiduciary itself can have issues of stability, which poses a risk to the primary organization. Depending on the nature of the arrangement and how it is communicated outwardly (who is on the "front end"), there may be confusion among members or the public about the autonomy of the primary organization. This could be significant if the primary organization is looking to create its own brand. Lastly, it is possible that the financial arrangement with the fiduciary is not ideal for the primary organization, i.e. the cost of fiduciary may be excessive for services needed.

GLIA Becoming an Independent NGO and NOT Using a Fiduciary

PRO

The primary pro is independence. All administrative services would be controlled by the primary organization and they would not need to work with another organization to have tasks completed. There may be a sense of increased credibility, but that is not always the case.

CON

Organizations have to take on all of the administrative tasks associated with being an independent organization, including payroll, annual audits/financial review, budget tracking, accounts payable and receivable, bank reconciliation, insurance, and ensuring that policies and procedures are in place for compliance. Additionally, the organization must address legal requirements, filling out an annual state/provincial and federal forms; recruiting, retaining, and engaging board members; document storage; and maintaining the status of various systems (e.g., DUNS number). The administrative tasks require paid staff (or contracted out) or experienced, committed, dedicated volunteers. A newer organization with little track record of money management could be seen by funders as high risk.



A final key consideration for GLIA as it considers a transition to a stand-alone NGO are the administrative tasks that would be required, such as development of by-laws and the creation of a Board of Directors (BOD).

- By-laws: In its current configuration, GLIA has a Charter which outlines the basic organizational guidelines, including mission, goals and objectives, and roles and responsibilities. It was enacted by the membership by voice vote in fall 2018. Though the Charter provides a starting point, it may not cover all of the necessary information for effective by-laws and would need to be re-written.
- BOD: According to the Council of Nonprofits, the board of directors of a nonprofit has three primary legal duties known as the "duty of care," "duty of loyalty," and "duty of obedience."
 1. Duty of Care: Take care of the nonprofit by ensuring prudent use of all assets, including facility, people, and good will;
 2. Duty of Loyalty: Ensure that the nonprofit's activities and transactions are, first and foremost, advancing its mission; Recognize and disclose conflicts of interest; Make decisions that are in the best interest of the nonprofit corporation; not in the best interest of the individual board member (or any other individual or for-profit entity)
 3. Duty of Obedience: Ensure that the nonprofit obeys applicable laws and regulations; follows its own bylaws; and that the nonprofit adheres to its stated corporate purposes/mission.

However, an NGO board of directors does not exist solely to fulfill legal duties and serve as a fiduciary of the organization's assets. Board members also play very significant roles providing guidance to nonprofits by contributing to the organization's culture, mission, strategic focus, effectiveness, and financial sustainability, as well as serving as ambassadors and advocates. In some organizations, they bear a considerable load for fundraising. Board members are often responsible for major organizational decisions such as the hiring of the executive director. Beyond fulfilling legal duties, board members can be important resources for the organization in multiple other ways.

In its current configuration, GLIA has a volunteer, 5-member Steering Committee. It serves some similar basic functions as a Board of Directors, however the roles, responsibilities, and expectations would need to greatly expand, possibly with a commensurate increase in the size of the Steering Committee itself.

ROADMAP FORWARD Recommendations

The following summary of the NGO versus Operating Via Fiduciary was shared with the GLIA Leadership for discussion and development of a recommendation on this key question. It illustrates the steps required to start a new NGO and then operating it over time, and the areas where burdens are lifted by working with the Fiduciary, which takes on those same startup and operational tasks, while supporting operations with programs, projects, and services – with GLIA collaborators focusing on the actual community work.

NGO versus Operating via Fiduciary

Operating Alone

1. Starting a Non-Profit:

- o File articles of incorporation
- o Apply for tax exemption in US and/or Canada
- o Pay fees
- o Apply for state/provincial tax exemption
- o Draft Bylaws
- o Appoint directors
- o Assemble board & hold meeting(s)

2. Running a Non-Profit:

A. Administrative

- o Annual tax filing (in US the 990)
- o Board of Directors assembly, meeting, and management
- o IT – url management, CRM, systems administration
- o Policies and procedures
- o Grants, contracts and donor management
- o Insurance
- o Document storage
- o DUNS Registration number



B. Financial

- o Bookkeeping/Accounting system
- o Financial review
- o Budget approval
- o Accounts payable and receivable
- o Bank reconciliation

C. Human Resources, if there are staff

- o Timesheets and Payroll
- o Taxes, Workman's Comp
- o Health Insurance
- o Retirement plans

3. Adding Mission Driven Work

A. Operations:

- o Programs
- o Projects
- o Services

Operating via Fiduciary

- o Fiduciary provides #1 and #2 above
- o GLIA provides:
 - o Programs
 - o Projects
 - o Services
- o GLIA leadership can focus on programs, projects, services

Note that a key positive with operating via fiduciary approach – the flexibility to consider moving to a NGO organizational model at any time in the future. It should be noted that a number of the organizations in the comparative matrix that are currently structured as separate NGOs, were managed via a fiduciary during their early years.

GLIA's Leadership Committee has long recognized the long-term desire for GLIA to one day become an independent, stand-alone organization that would provide meaningful support of the island communities of the Great Lakes. Through this Mott project, it sought to take a strategic, informed, measured approach to this major step. On September 11th, 2020, after reviewing and discussing the comparative matrix and pros/cons of becoming an independent non-profit document, GLIA's Leadership Committee made the preliminary decision that it would not become an independent non-profit organization just yet, but rather continue to use a fiduciary for annual Summit expenses and expand the fiduciary role for other needs (e.g., receiving grants, hiring staff, managing donor-based fundraising, developing communications tools). It determined that this decision could be revisited on an annual basis as the needs and resources available to GLIA change over time. This interim decision was presented to the full GLIA membership on its October 7, 2020 monthly teleconference, and was supported by the membership.

TSN RECOMMENDATION: As contractor for this project, TSN recommends that the GLIA Steering Committee enact its earlier preliminary decision to continue the current organizational arrangement by aligning GLIA with an existing NGO for basic fiduciary needs; further, it should also refine the arrangement to allow for greater roles by the NGO beyond managing budget at the next Summit. These areas for growth can be achieved through GLIA's alignment with an existing NGO fiduciary and do not require its own immediate transition to NGO status. Recognizing the long-term vision and continually changing needs, the Steering Committee should revisit this decision annually, with the fall Islands Summit being the obvious forum to engage the members. TSN arrives at this recommendation based on analysis of the information collected throughout this project and witnessing months of discussion among Steering Committee members. TSN also acknowledges the importance of the support received from GLIA's other partner organizations and from the full GLIA membership.



Recommended process for moving forward with decision on fiduciary vs. non-profit decision-making.

The current status is that GLIA is working with The Stewardship Network, a US based nonprofit, as fiduciary from the US. TSN has arranged a relationship with a sister Canadian nonprofit to receive donations/funding from Canadian sources that would be used for purposes on Canadian islands.

GLIA Steering Committee will evaluate whether they would like to continue moving forward with this arrangement, informally look around for other NGO fiduciary partners, or would like to put out a formal Request for Proposals for a fiduciary partner. Appendix C has a set of questions the Steering Committee members can use to guide this decision-making process.

Once that decision has been made, Appendix D has a sample memorandum of agreement to be put into place between GLIA and its 2021 fiduciary.

From this point on the annual process will be:

- In September an evaluation survey (see Appendix E) will be sent to the Steering Committee to seek input on the relationship with the current fiduciary and gauge the level of service provided to GLIA by the fiduciary.
- On an annual basis at the Summit or, if not held, a virtual meeting in the fall, GLIA will present results of the survey to the GLIA membership and get their input on whether to continue the fiduciary relationship, pursue becoming a nonprofit or take other steps as deemed appropriate.
- If the decision is made to pursue becoming a nonprofit, the next question will be whether to pursue NGO status in both the US and Canada or one country and in that case which one.
- If the decision is made to pursue becoming a nonprofit, the process will be initiated to file paperwork, secure legal support to draft bylaws, conflict of interest policies, licenses to solicit, etc, appoint board/s of directors, open bank account/s, set up bookkeeping systems, secure directors and officers and general liability insurance, arrange for all technology support as required including website development and management, and if there are employees set up payroll, health insurance and retirement plans.

APPENDICES

Appendix A: Current GLIA Overview and Structure

Appendix B: Comparative Matrix

Appendix C: Survey for Determining Fiduciary Arrangement

Appendix D: MOU Language

Appendix E: Fiduciary vs. Non Profit Evaluation Survey



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