



Community Futures  
Development Corporation  
of  
Nadina

BOARD ORIENTATION  
MANUAL

2015

# BOARD ORIENTATION MANUAL

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## INTRODUCTION

### ***Welcome to Community Futures of Nadina***

The purpose of this guide is to give you some insight into the key roles the key roles and responsibilities of a volunteer Community Futures Board Member and the functions of the Staff.

The Community Futures Development Corporation (CFDCs) and the Community Futures (CF) program started in 1985 as a PROGRAM OF human Resources Development Canada. CF is a community economic development program that is managed by a community representative Board of Directors. The focus of CF is to build community economic and entrepreneurial capacity, with an emphasis on long-range strategic planning and results. CFDC's are independent and non-profit organizations.

This guide will explain some of the terminology you will hear over time, and hopefully will give you a better understanding of what will be required of you as a volunteer Board Member or Committee Member of CFDC of Nadina. You will play an important role in your community's economic development.

### **1.Vision Statement**

Communities working together,  
creating a better social economic future,  
recognizing our unique history  
and cultural values.

### **2.Mission Statement**

Community Futures Development Corporation  
of Nadina will provide programs and services  
to the people of the Bulkley Valley  
and Lakes District.

Community Futures Development Corporation  
of Nadina will actively seek opportunities to  
develop and sustain cooperative community economic  
ventures and initiatives.

## FOREWORD

This document was prepared by the Community Futures Development Corporation of Nadina, a group of citizens concerned about the economy and its effect on their communities. These people, and the staff employed by CFDC of Nadina have a great deal of experience and expertise between them. To that, they added the commitment that only comes from caring about our communities.

We are not unique or alone in this. There are many such groups in the community: church groups, cubs and scouts, recreational associations and civic organizations of every kind. The list is long and honorable. However, CFDC of Nadina has placed itself in an area where others don't usually go ... the economy. The members of CFDC of Nadina believe a healthy economic future for our communities requires community involvement. We think that the more people who are involved in Community Economic Development, the healthier the economy will be.

CFDC of Nadina has identified a need to provide training and education and practical assistance as a means of creating an entrepreneurial climate for the residents of the Bulkley Valley and Lakes District area. With this in mind the strategic issues facing the area will be further enhanced by developing an infrastructure of support, positive atmosphere and technical assistance to the residents of the Nadina area.

Critical to success is the need for the Community Futures Development Corporation of Nadina Board of Director's and its sub-committees to be an organization whose members are interested and involved in the issues facing the area.

The Board must act in cooperation with other key organizations working out decisions by consensus rather than confrontation. Having a board whose members enjoy themselves while working with the issues will allow more creative and constructive solutions to the issues they face. Ongoing recruitment of active members will be easier and more effective if membership is viewed in a positive light.

The Community Futures Development Corporation of Nadina is viewed as an organization whose mandate is to act as a catalyst in the process of community economic development. CFDC of Nadina has acted to provide this diversification, skill development, training, education and most of all, helped to create an entrepreneurial culture.

## BACKGROUND

Nadina Community Futures area was approved by the Minister of Employment & Immigration, once Human Resources Skills Development Canada (HRSDC), in the fall of 1993. Nadina Community Futures became incorporated as a non-profit society on December 1, 1993.

### ***GEOGRAPHICAL AREA***

The geographical area served by CFDC of Nadina extends from its eastern border near Endako to the western border outside of Moricetown. It extends from Ft. Babine, just north of Granisle, to Wisteria south of Grassy Plains and Francois Lake.

The Board determined that the Self Employment Assistance Option (SEA) was of vital importance to the Nadina region. An arrangement was made between Nadina Community Futures Society, HRDC, and 16/37 Community Futures to administer a part time SEA Coordinator who would provide services to the Nadina area. The part time SEA Coordinator was hired in November 1993. The Nadina-16/37 SEA program, assisted in the start up of 18 new businesses from November to May 1994.

Several training sessions, and information gathering meetings were held to assist the Board in determining its direction and develop its community vision and mission statements. A contract was signed with HRDC in March, 1994 for CF funding. A CF Coordinator/Manager was hired in April 1994, and the office opened in May 1994.

In June of 1994, Nadina Community Futures Society signed a contract with HRDC, for the delivery of the Self Employment Assistance Program. A total of 248 new businesses have been created through the SEA program to February 2000.

In response to the needs of its communities, in August 1994, Nadina CF submitted its proposal to HRDC requesting the option for providing Loan services to its communities. Approval was given in September 1994, though no funds were available. Part of Nadina's proposal was to provide technical service (for loans) to the Stuart-Nechako Community Futures group. Further, CFDC of Nadina would make available a portion of its Loan funds to the CFDC Stuart-Nechako, until that group received its own funds.

In April 1995, Nadina Community Futures Society became the Community Futures Development Corporation of Nadina. The Community Futures program contract

responsibility was transferred from Human Resources Development Canada to Western Economic Diversification (WED).

In May of 1995, CFDC of Nadina hired a Small Business Development Officer to provide technical assistance to the Nadina area and the Stuart-Nechako area (Vanderhoof). CFDC of Nadina provided full technical support for CFDC of Stuart Nechako. To meet the demand for loans in both areas, CFDC of Nadina entered into an arrangement with 16/37 Community Futures (Terrace) to provide the funds until our own funds became available.

In December of 1995, Community Futures Development Corporation of Nadina reached an agreement with Western Economic Diversification to gain access to loan funds held by that group.

### ***DESIGNATED AREA FOR THE OPERATION OF CFDC OF NADINA***

The geographical boundaries of the area to be served by the Community Futures Development Corporation of Nadina include:

Broman Lake	Broman Lake Band
Burns Lake	Burns Lake Band
Cheslatta	Carrier Nation
Colleymount	Decker Lake
Forestdale	Granisle
Grassy Plains	Houston
Lake Babine Band	Nee Tahí Buhn Band
Nora Lee	Old Fort
Ootsa Lake	Palling
Perow	Quick
Rose Lake	Southbank
Smithers	Streathen
Tachet	Telkwa
Tintagel	Topley
Topley Landing	Wistaria
Woye	

## COMMUNICATIONS

### ***FUNDING***

All CFDC's are mandated to become self-sustaining organizations within a specified period of time. The Community Futures program is partially funded by contracts with Western Economic Diversification and other Government agencies and the private sector. CFDC of Nadina may also receive funds from interest earned on loans and in some cases, charging a "fee for services".

The mandate of the Community Futures program is as follows:

*"The goals of the Community Futures program are to develop the planning and organizational skills, the economic and social infrastructure and the employment adjustment measures that are required to assist in the creation of a sustainable work force and income base in eligible communities confronted with structural changes."*

The program was developed in the recognition that community development solutions need to be initiated at the community level. In order to ensure the "bottom up" planning approach, communities form a volunteer board, which represent the interests of the communities. These boards are able to negotiate their role and function with the Federal government and deliver Community Futures programming under local direction and control.

### ***LOCAL MANDATE***

The mandate of Community Futures Development Corporation of Nadina is to support the development of a sustainable and diversified economy in the Nadina region through:

- The development of economic sectors where there are increasing opportunities for employment assisting
- The diversification of local economies reducing dependencies on resource extraction
- Information resources, support and training for small business
- Market development initiatives for small business
- Small business financing
- Income support for Employment Insurance recipients starting a small business, and entrepreneurship development
- The development and implementation of watershed restoration projects within the Nadina region.
- The development of a database and research material on various issues related to watershed restoration to be available throughout the region.

The organization will maintain a highly visible profile and will regularly and clearly communicate its plans, activities and results.

### ***PLANNING***

"The organization's vision, strategic and operational plans are fundamentally driven by its communities' needs and realities."

### ***PROGRAMS AND SERVICES***

"The Programs and Services are designed and delivered in a manner which meets the communities' needs, creates self reliance and increases the capacity to manage change."

### ***GOVERNANCE***

"The organization will be governed by the communities through a system which is effective, equitable and representative of the developmental interests and needs of the communities.

### ***PARTNERSHIP DEVELOPMENT***

"The organization will work through partnerships in order to strengthen the impact of its community development activities, streamline access to services and contribute to cost effectiveness."

### ***ASSESSMENT***

"The organization will regularly assess and communicate the impact of its activities on the life of the community."

### ***WHAT IS COMMUNITY FUTURES?***

Community Futures (CF) is a nation wide program that in the western provinces of Canada is funded in part by Western Economic Diversification Canada. Community Futures are independent non-profit organizations, guided by volunteer boards of directors and staffed with professionals. Together community volunteers and staff are actively engaged in helping to develop and implement community-based economic development and diversification strategies. These strategies result in the growth within our rural communities; growing communities one idea at a time.

CFDC's are independent, non-profit organizations, and are partners with several government and private agencies, a partial list includes:

- BC Business Service Centres
- Women's Enterprise Society
- Western Economic Diversification
- Service Canada
- Industry Canada
- WorkBC
- Working Opportunity Fund
- Fisheries Renewal BC
- Department of Fisheries & Oceans
- Forest Renewal BC
- District of Houston
- Burns Lake & District CED
- Burns Lake Community Forest Ltd.
- Morice Community Skills Centre

### ***WORKING WITH THE COMMUNITY***

The volunteers and staff who drive the CFDC of Nadina believe that strong, vibrant communities are built by working together.

- CFDC's often act as facilitators, bringing together diverse groups to develop a vision for their future and to integrate community resources into a long-term strategy.
- Collaboration often combines economic, social, educational, cultural and environmental goals.

The following is a partial list of Community Economic Development projects that CFDC of Nadina has been involved with or administered:

- Strategic Planning
- Artisans Directory
- Leakage Surveys
- Recycling Initiatives
- Consultants Directory
- Business Opener Workshops
- NW BC Broadband Initiative
- Alternative Energy Centre
- Watershed Restoration Projects
- Salmonid Habitat Enhancement Projects
- Air Quality Assessments
- Junior Achievements
- NW BC Strategic CED Planning
- Forest Economic Development Strategy
- Small Business Guide
- Backyard Adventure Tourism Show
- Youth Projects
- Community Access Program
- CED Internship Program
- UBET Program
- Beyond the Market
- Land Resource Management Plans
- And Many More!

## ***WORKING WITH SMALL BUSINESS/SOCIAL ENTERPRISES***

Building entrepreneurial capacity is one of the keys to thriving, healthy communities.

- Each CFDC has a resource of business information. They are part of a network of business services in Western Canada. Through liaison with Business Service Centres, Small Business BC and Women's Enterprise Centres, people living in rural communities can access the same information as those in major urban areas.
- CFDC's provide a wide range of business counselling services. Survival rates for CFDC sponsored businesses outstrip the national average, often because of the combination of business counseling, loans and training.
- Bridging the Generational Divide and Business Succession Planning Workshops
- HR Management Toolkit for Small Businesses.

## ***LOANS***

Loans are available for new business start-ups, business expansions, or to stabilize an existing business.

- CFDC's can provide small businesses with syndicate loans of up to \$150,000.00 on commercial terms. Loans, loan guarantees and equity investments are provided to those that are unable to obtain sufficient funding from banks and other traditional lending institutions. In certain circumstances, larger loans may be provided.
- Through syndication, loans up to \$500,000.00 may be provided.
- Targeted or sector specific loan funds (Youth, Forestry, Disabled, etc)

### **Loan Applications are evaluated on the following criteria:**

- Economical and social benefit to the Nadina region
- Potential for job creation or job maintenance
- Project viability
- Management ability
- A reasonable personal financial investment
- Provision of adequate security.

One-on-one counselling, group sessions, or computer and on-line library resources are available to assist individuals in a variety of areas including:

- General business information
- Starting a new venture or buying an existing business
- Business planning
- Advertising and marketing
- Arranging financing for small business
- Home-based business
- Management
- Statistics and market research
- Cash flow and sales projections
- Research material for partnerships and proprietorship
- Business succession planning

### ***WORKING WITH YOUTH***

CFDC's have long been concerned with youth unemployment and the drain of young people from their home communities in search of employment.

- CFDC's encourage young people to consider starting a business as a viable career option.
- Under the Western Canada Youth Entrepreneurship Program, CFDC's provide loans to a maximum of \$25,000 for youths.

Many CFDC's also work with youths through schools, the Jr. Achievement Program, the Millionaire Program and other local youth initiatives.

### ***WORKING WITH DISABLED ENTREPRENEURS***

CFDC's provide assistance for those persons with special needs, in developing creative innovative ideas for self-employment.

- CFDC's assist with business plan writing, cash flow forecasting and market research.
- CFDC of Nadina provides loans for business start up and for specialized needs.

### ***PRINCIPLE GOALS AND OBJECTIVES***

It is the goal of CFDC of Nadina Board of Director's to expand and diversify the economic base in the Nadina area through the provision of business advice and counselling, participation in the community planning process and to enhance the access to capital increasing employment and employment opportunities and in facilitation of community economic development projects. We also hope to encourage others to participate in the community economic development process.

We will encourage the fostering of new businesses and expansion of existing businesses through the resources of the loan portfolio and the professional services of the Small Business Development Officer.

We have sought to increase the participation and commitment of Board members to the organization through better recruitment, designation of members to chair sub-committees, and recruitment of non-board members for serving on sub-committees.

### ***HOW IS THE CFDC ORGANIZED?***

There are a number of requirements necessary for the effective operation of a CFDC. The most important legal and organizational tool for the CFDC is a comprehensive set of bylaws, which elaborate on the organization's articles of incorporation.

Articles of Incorporation (also known as the Corporate Charter) constitute the basic organizational document for a non-profit corporation. They typically contain a statement of purpose and outline legal authority and limitations. As well, the articles contain governance provisions (e.g., how to select Board Members etc.). Because the organizing documents provide basic rules for governing a CFDC, it is essential that each Board Member be very familiar and act in accordance with them. As well, the CFDC should revisit organizational documents periodically to determine appropriateness to current needs. Contracts: CFDC's are also bound by the contracts they sign with their funders (e.g., Western Economic Diversification and other government agencies, etc.), and Board and Committee Members should be aware of this.

CFDC's may have special projects, which require that contracts be signed with other government and non-government agencies.

### ***COMMUNITY ECONOMIC DEVELOPMENT***

CED Is a community-based and community-directed process that explicitly combines social and economic development and is directed towards fostering the economic, social, ecological and cultural well being of communities and regions. As such it recognizes, affirms and supports all the paid and unpaid activity that contributes to the realization of this well-being.

CED has emerged as an alternative to conventional approaches to economic development. It is founded on the belief that problems facing communities, unemployment, poverty, job loss, economic instability, environmental degradation and loss of community control ~ need to be addressed in a holistic and participatory way.

CED is an evolving, on-going process

**Equity:** CED is based on the principle of fairness, and the belief that community members should have equitable access to community decision making processes, resources and the benefits of CED projects, regardless of race, gender, country of origin, class, religion, sexual orientation, geographic location, income, age and ability.

**Participation:** CED encourages the active participation of all members of the community in the planning, decision-making and benefits of CED initiatives and works to remove the barriers that limit the participation of marginalized citizens. In particular, CED needs to encourage the active participation of marginalized citizens. In particular, CED needs to encourage the active participation of women, youth, seniors, differently able people, racial/ethnic groups, the poor and First Nations' People in the public life of the community.

**Community building:** CED seeks to build a sense of community of fostering relationships of acceptance, understanding and mutual respect.

**Cooperation and Collaboration:** CED recognizes that there are important linkages and connections both within communities and between communities and regions, and that many problems can't be addressed in isolation. CED therefore encourages relationships based on cooperation and collaboration.

**Integration:** CED recognizes that the healthy development of communities requires a holistic approach that addresses the social, economic, cultural and ecological dimensions of community well being.

**Interdependence:** CED recognizes that the local communities exist within the context of a larger, complex web of relationships and that its decisions can have an impact far beyond its own boundaries. Therefore, CED embraces strategies that aim to benefit both the local and larger community.

**Living within ecological limits:** CED recognizes that the social, cultural and economic well-being of the community depends on healthy local, bioregional and global ecosystems, and that there are real ecological limits to human economic activities. Therefore, CED encourages processes, structures and initiatives that respect these ecological limits and supports work that is sustaining, regenerating and nurturing of both the community and the earth.

**Self-reliance and community control:** CED builds on local strengths, creativity and resources, and actively seeks to decrease dependency on, and vulnerability to, economic interests outside the community and region. Furthermore, CED supports decentralized, non-hierarchical decision-making processes that strengthen autonomy of the individual, the community and the region.

**Capacity Building:** CED contributes to self-reliance by encouraging the acquisition of relevant skills and the development of supportive structures and institutions.

**Diversity:** CED contributes to self-reliance by encouraging economic activities that are diverse and appropriate to the expressed needs within the community and region. As a result, CED looks different in each community.

**Appropriate Indicators:** CED monitors and evaluates its progress through community-derived and appropriate economic, social, cultural and ecological indicators, rather than through conventional measures and standards.

### ***WORKING WITH CED***

Community Economic Development (CED) is a community-controlled process of local and regional revitalization. It is a perspective, which makes the community the foremost player in its growth or renewal.

CED focuses on the economic, social, cultural, environmental, and educational needs of a community as a whole, for all must be addressed if the community is to develop and still maintain its quality of life.

CED emphasizes that the people of a community should be directly involved in pursuing and managing their own economic development. It recognizes that different regions have different needs and opportunities and all economic development must be charged with local community-led planning and implementation.

CED is driven by a community-based, bottom-up approach to economic development.

### ***WHAT ROLE DOES CFDC PLAY IN CED?***

CFDC's, through their strategic planning determine the role they will play in CED in their communities. For example they may decide to be the leaders; or the facilitators; coordinators; partners etc. The CFDC has many "tools" which they can use to affect CED within their area. These tools can include such things as a loan portfolio, technical support, a counselling function, training programs and project development.

### ***WHY IS CED NEEDED?***

The principles of CED require the residents to get together to confront the issues affecting the quality of life in their community. Using those principles, CFDC's assist in wealth creation, job creation, value-added activities, business and cooperative development, and enhanced viability for the community, the region and the province.

### ***WHAT ARE THE OBJECTIVES OF CED?***

- Diversifying the local environment
- Reducing economic vulnerability; making the community more competitive
- Improving existing infrastructure; replacing declining business and industry sectors
- Reducing the out migration of youth by providing job opportunities in the community
- Enhancing the investment and entrepreneurial environment
- Building capacity within the community by developing people and organizations capable of managing positive change

### ***WHAT ARE THE KEY ISSUES?***

- Commitment to the role of volunteers
- Sustainability and stewardship - sound resource management and environmental protection
- Strategic planning - a guide for development efforts
- Business-like attitudes - recognize the importance of market-driven enterprises, profitability and long-term viability
- Entrepreneurial attitudes - the private sector is the main engine of real economic growth
- Emphasize changing knowledge-based Economy - to remain viable in the new economies, industries must become knowledge-based and innovative
- Human Resource Development - education and training must be consistent with the strategic economic plan of the community
- Modern telecommunications - modern communication tools enable people to become knowledgeable and well informed about new economic activities
- Global outlook - "think globally and act locally".
- Partnerships - the key is partnerships among communities, agencies, government, and business
- Commitment from Government - Rather than being regulators and deliverers of programs and services, government officials and agencies play a developmental and supportive role in community-based initiatives

## ***CFD ASSOCIATION OF BC***

The CFD Association of BC is an organization formed in 1992. Its purpose is to enhance the overall development of CED initiatives in BC regions. Association membership by a CFDC is voluntary; CFDC of Nadina is a member. CFDA of BC Directors are made up of six regional representatives, elected from the Chairpersons and managers, or past Chairs of CFDC groups. There are two managers representatives who sit on the CFDA Board. Its objectives are summarized below:

- To create, promote and encourage better understanding, unity, harmony and cooperation amongst the members
- To seek, obtain and encourage on behalf of the members the support, recognition and understanding of the public and all levels of government and government agencies or bodies regarding CED in British Columbia;
- To promote, coordinate and facilitate on behalf of the members, CED initiatives
- To act as a liaison for the members to facilitate constructive communication and coordinated effort amongst the members and with other sympathetic or interested organizations and agencies of a similar or allied nature;
- Provide a framework and forum for the discussion of issues and concerns effecting the members and distinct regions in which they operate;
- To lead the development of the members toward their common vision, through the provision of system strategic planning, facilities, services and advocacy support; and
- To do all things as are incidental to or conducive to the attainment of the aforementioned objectives.
- A copy of the CFDA of BC business plan may be obtained from the CFDC office. All board members are encouraged to familiarize themselves with the purposes and objectives of the CFDA of BC. This organization takes its direction from the volunteers from each CFDC.
- The BC CFDA is a part of the Pan Western FC Associations that include Manitoba, Saskatchewan and Alberta, comprised of over 90 CF offices. Further, CF's are a part of the Pan Canadian CF Associations that span Canada and include over 270 CF offices.
- We hope the information you have read will be of assistance to you. If you require further information or explanations, please contact your CFDC chair or the general manager

## THE BOARD

### ***CHAIR***

The role of the Chairperson, in essence, is to act as the “chief volunteer” for the organization. With the Board of Directors and the staff, the Chair works to achieve the CFDC’s Mission. The Chair often acts as a mediator of board actions with respect to organizational priorities and governance concerns. The position of Chairperson of a CFDC is not one of a “figurehead”. He or she is the focus of CFDC activities and plays a leadership role in the organization.

### ***VICE-CHAIR***

Acting as a support person for the Chair, the Vice-chair’s responsibilities often go unnoticed. He or she generally chairs one or more sub-committees as well as any regular board meetings the Chair is unable to attend.

### ***TREASURER***

Treasurer duties include chairing the finance committee, assisting in the preparation of the budget, helping develop fundraising plans, and making regular reports to the Board.

### ***SECRETARY***

Secretarial responsibilities include keeping records of board actions, as well as ensuring that corporate records are maintained. In Nadina, the Treasurer and Secretary positions are combined.

### ***BOARD DIRECTORS/MEMBERS***

Board Members provide governance and vision for the organization, represent it in the community, and ultimately, accept legal responsibility for it. Board Members act on behalf and represent the views of the CFDC’s constituents - the citizens of the community. As a result, they have the principal responsibility for the carrying out of the organization’s mission and strategic objectives. Board Members accomplish their functions through attendance at regular meetings plus participation on committees and sub-committees. Board Members are charged with four phases of organizational development: planning, organization, operations, and audit/evaluation.

### ***BOARD ETHICS***

There are ethics that are considered essential for individuals participating as board members.

***A GOOD DIRECTOR WILL:***

1. Believe in, support and talk positively about the organization.
2. Attend and take part in meetings.
3. Know enough about the organization to make decisions that help the organization.
4. Be able to get along and work with the other Directors as a team.
5. Not expect special favors for themselves, their family or friends because they are on the board.
6. Keep confidential matters from board meetings and CF operations to him or her.
7. Suggest ideas that will help the agency reach its goals.
8. Be aware of agency operation, money management, budgeting, planning and organizational practices.
9. Develop leadership abilities - talk to people and help the Board make plans to meet members' needs.
10. Learn the importance of being able to communicate to community members and Directors about the business.

## ***WHAT IS COMMUNITY ACCOUNTABILITY?***

Community accountability is a fundamental principle of community economic development. Without accountability to its community, the community economic development process and the organization leading this process will not reflect the needs and vision of the community.

## ***WHY HAVE IT?***

Without community accountability, the community itself is not a full participant in the realization of the community's long-term vision. The Community Futures across Western Canada understand this and are committed to being accountable to their communities. The three year business plans written by each CFDC clearly demonstrate the active consultation with the community through a variety of mechanisms ranging from town hall meetings to client services feedback mechanisms such as surveys and data bases.

## ***BOARD MEMBERS PERSONAL & LEGAL RESPONSIBILITIES***

In general the board members of an organization are legally responsible for the management and control of the organization. Included in this general standard of responsibility, board members are liable for the results of actions that work against the success of the organization. This does not mean that a director should fear being sued for every loss or mishap that occurs. As long as board members act responsibly and in good faith, with the best interests of the organization in mind, they have very little to fear.

There are however, three areas of responsibility that should be focused upon. They are ***non-management, miss-management, and conflict of interest.***

### ***NON-MANAGEMENT***

- Failing to look at facts and information when making decisions
- Failing to use controls in the organization
- Failing to attend board meetings

### ***MIS-MANAGEMENT***

- Failing to ensure that planning happens
- Not setting up controls so that there is a reporting system
- Failing to review reports for problems

## ***CONFLICT OF INTEREST***

This is the most serious of all charges against board members. Self-dealing concerns board members who vote on issues from which they will personally benefit.

## ***HOW CAN YOU PREVENT LEGAL PROBLEMS***

- Attend all board meetings
- Have a thorough knowledge of duties and responsibilities of the organization
- Record personal conduct and dissent in the minutes
- Avoid self-dealing Ensure board members

## ***RESPONSIBILITIES AND DUTIES OF A DIRECTOR***

- A member of a Board of Directors becomes legally responsible to fulfill certain duties
- Directors of an organization assume duties, and, if these duties are not adequately met, the Directors may be liable for the injury, damage, or loss which their actions cause
- Volunteer Directors have the duty to act honestly and in good faith in the best interests of the organization
- Directors must also use care, diligence and skill in performing their tasks as Directors
- Directors must put the interests of the organization before their own private interests and may not use their position as Directors to profit at the organization's expense

Directors owe these duties to each other as board members, to the members of the organization, and to anyone who may be closely affected by their actions such as employees or creditors of the organization.

## ***THE DUTIES OF CARE AND DILLIGENCE***

Volunteer Directors are required to exercise care and diligence in performing their responsibilities

Although Directors are not required to be familiar with every detail of daily administration, they should be up-to-date and knowledgeable about the policies and affairs of the organization. It is essential for Directors to be familiar with the following aspects of the organization:

- The functions and actions of the staff
- The manner in which the affairs of the organization are conducted;
- The sources of revenue, assets and liabilities, and expenditures of the organization

- Careful and diligent Directors will make inquiries about the management and operation of the organization when necessary, will promptly do tasks which they have agreed to do, will attend meetings and will read the minutes and reports. A failure to do so is a breach of duty.

### ***DUTY OF SKILLS***

- Directors are required to use skill in managing the organization. If a Director has special skills or expertise, for example, training as a lawyer or an accountant, then that Director will be required to practice a standard of care that is equal to his or her professional ability.
- Directors who have no special skills, must maintain a level of care that a "reasonably prudent person" would use.
- If an organization is incorporated under the federal Canada Corporations Act, Directors are required to use all the skills and experience at their disposal, and their required degree of skill and knowledge is that which could reasonably be expected of a person of similar knowledge and experience.
- There is a duty on a Director to make sure that the Director understands by asking questions and insisting on full explanations.

### ***DUTY OF TRUSTWORTHINESS***

- Directors have a legal duty to manage the organization's funds properly and in a trustworthy manner. This is called the Director's "Fiduciary duty".
- The term "fiduciary duty" refers to the following set of obligations and duties to:
  - be honest
  - be loyal to the organization and act in good faith
  - act in the best interests of the organization and avoid making a personal profit at its expense
- The fiduciary duty requires the Director to inform the other board members of any possible conflict of interest and then refrain from voting on that issue or being counted as part of the quorum. This is known as the "duty to disclose".
- The disclosure must be full, honest and be made promptly. Failure to do so is a breach of the Director's fiduciary duty and that Director will be required to account for any profits made because of the transaction or any financial loss suffered by the organization.

### ***ACTS OUTSIDE THE DIRECTOR'S AUTHORITY***

- Every Director should fully understand the legal purpose of their society found in the constitution and by-laws of the organization.
- Over time, the organization's direction may change. If the constitution is not formally changed to meet these new purposes, the actions by the Directors will be outside of their authority, and they may be personally liable for any losses to the society, no matter how well intentioned their decisions may have been.

## ***DEBTS OF THE ORGANIZATION***

- Directors are generally not personally liable for any debts contracted in the organization's name
- If a Director enters into a contract or transaction in his or her own name without making it clear to the other person that he or she represents the organization, then that Director may be personally liable for any debts arising from the contract or transaction
- Any Director who enters a contract on behalf of the organization without the approval of the board of directors may be personally liable for any debts arising from that contract.