



COMMUNITY FUTURES
LEADERSHIP
INSTITUTE

it begins with you.

Introductory Module Board Orientation

Growing Leaders.
Growing Boards.
Growing Communities.

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Board Orientation

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A. Introduction

1. An Orientation to Your Role as a Community Futures Director

As a director on a Community Futures board, you have assumed a leadership role with an organization that has the capacity to significantly impact the future growth and development of the communities in your region in a very positive way. To do so effectively, however, it is important to have an understanding of the history and evolution of the Community Futures Program in western Canada.

It is also critical that you have a sound knowledge of your roles and responsibilities as a director of a Community Futures organization, as well as the contractual obligations that you have accepted in that position.

As an orientation to your role as a Community Futures director, this module has been designed to begin the process of enhancing your knowledge and effectiveness as a leader of a Community Futures organization. It offers a broad overview of the background of the Community Futures Program, the structure and function of the various Community Futures support networks, as well as the governance and operational framework that serves to underpin the Community Futures model. *Your Board peers and your local CF Manager/Executive Director should be sought out for specific particulars about the history and governance of your CF.*

This Board Orientation Module is part of the Community Futures Board Development Program that has been developed by the Community Futures Pan West Network's Community Futures Leadership Institute. It serves as an introduction to material that is dealt with in more detail in the Community Futures Board Development training modules outlined later in this document.

2. Board Orientation Module Objectives

The purpose of this module is to provide you with an orientation to your role as a director on a Community Futures board. After completing this module, you will have an understanding of:

- The history of the Community Futures Program in western Canada;
- The structure and functions of a generic Community Futures office, provincial associations, the regional Pan West Network and the national Community Futures Network of Canada;

- The governance and operational framework that guides the operations of Community Futures organizations;
- The variety of programs and services provided by Community Futures and how they are funded;
- The contractual requirements of Community Futures organizations;
- The board development resources that are available to you as a director and how they can be accessed.

3. *Format*

This module is designed to provide you with a general understanding of the Community Futures Program in western Canada and of your roles and responsibilities as a director of a Community Futures. It has been structured for delivery as a facilitated session or for in-house delivery by the board or staff of your Community Futures organization.

B. What is a Community Futures Organization?

1. *Governance and Operational Framework*

Community Futures organizations are independent, locally-autonomous corporations that are directed by a volunteer board who, together with qualified professional staff, become actively engaged in helping their communities to develop and implement community-based economic development strategies.

Typically, Community Futures organizations have established a board of directors comprised of an average of 10 to 12 members and they have staffed their offices with 3 to 5 staff that can include a general manager/executive director, one or more small business analysts or loans officers, a CED/special projects coordinator and an administrative assistant. In many cases, the groups have acquired the services of other staff members such as Youth coordinators, Self Employment Program coordinators, designated staff associated with various Provincial Government contracts, etc.

CFs involve themselves in issues such as entrepreneurial and small business development, the development of local infrastructure, enhanced labour force training and readiness, improved access to sources of capital, and the introduction of a wide range of skill development programs and services for

small business. Their focus is on complementing rather than duplicating the services of other organizations involved at the community level.

The operations of a Community Futures organization are usually supported by the establishment of sub-committees whose function is to champion specific initiatives that have been identified as priorities through the strategic planning process. Examples of some of the sub-committees that can be established by Community Futures groups include:

- Small business investment committees,
- Audit committees,
- Youth entrepreneurship committees,
- Training or human resource development committees,
- Sector-specific committees focused on agriculture, tourism, forestry, etc.
- Administrative/governance committees

2. Board and Staff Roles and Responsibilities

a) Board of Directors

A Community Futures board of directors serves to provide the overall strategic leadership and direction to the organization and delegates the authority for the operations/management of the organization to a general manager who, in turn, will hire any other staff as required.

It is important that the board ensures that the organization's goals are clear, that expectation levels are appropriately set, and that the evaluation criteria used in measuring success are mutually understood. As such, while the board and the general manager have very distinct responsibilities, they should complement each other in advancing the mission of the organization.

A Community Futures board of directors delivers its leadership function in the following ways:

- It defines the strategic direction and determines the mission, goals and priorities of the organization;
- It establishes the policies that reflect the values and principles of the group and that serve to guide the organization in the fulfillment of its mission;
- It provides financial and legal stewardship so that the organization's financial resources are allocated in a manner that is consistent with the organization's strategic plan, goals and priorities;

- It regularly monitors and evaluates the organization's progress and thus provides an opportunity to make any adjustments that may be required in order to achieve the goals that have been identified;
- It hires and provides direction to a general manager and periodically evaluates his/her performance.

b) The General Manager

The general manager is responsible for the effective and efficient management of the Community Futures organization in accordance with the policies and the strategic directions that have been established by the board. As such, the general manager has full authority over the organization's operating activities and resources, and is responsible and accountable for the completion of tasks assigned by the board to facilitate the achievement of the organization's strategic goals.

The general manager is also responsible for ensuring that timely and concise information is provided to the board so that it can fulfill its leadership responsibilities.

The general manager is accountable to the entire board of directors, but communication between the board and the general manager flows through the board chairperson. Individual directors do not provide direction to the general manager or other staff regarding management or implementation issues. All other staff within the organization report directly to the general manager.

3. Community Accountability

For Community Futures groups, the notion of community accountability means being both responsive and responsible to the community. Some principles of community accountability include:

- Maintaining a highly visible profile by regularly and clearly communicating your organization's plans, activities and results;
- Ensuring your organization's vision and strategic and operational plans are driven by the community's needs and realities;
- Designing and delivering programs and services that meet community needs and assisting individuals and the community to manage change;
- Ensuring that the board of directors is effective, equitable and representative of the interests and the needs of the community;
- Developing and working with partnerships to strengthen the community development activities and to help streamline access to services;
- Monitoring and assessing the impact of activities and reporting results to community stakeholders.

With the increased public profile the Community Futures Program has achieved in recent years, the need to ensure proper accountability for the use of public funds has become even more important for Community Futures.

Directors need to be aware of the issues relevant to the activities of their Community Futures organization in order to participate in board discussions on a basis consistent with their role as directors. They have responsibilities in each of the following accountability areas:

- Internal accountability of the board of directors
- Stakeholders
- Human resources
- Community/Region
- Financial resources
- Strategic planning
- Co-operative relations
- Provincial and federal legislation

As indicated above, in your role as a Community Futures director you are accountable to the community, your organization and the law. As such, you are responsible for establishing and maintaining corporate standards that are compatible with the values and expectations of the people who live in the communities you serve.

As a steward of public funds, you are expected to fulfill your fiduciary duty, acting ethically and with loyalty and good faith for the benefit of your organization. This can be accomplished by establishing appropriate policies, including codes of conduct and a conflict of interest policy for directors, the general manager, staff members, and others involved with the organization, and then regularly monitoring the business operations of your organization for soundness and stability.

A valuable tool in helping a Community Futures organization satisfy its accountability requirements is the annual report. The annual report allows a Community Futures organization to report on its performance and serves as a way to provide the community with the opportunity to assess this performance against the goals in the Community Futures' strategic plan.

A Community Futures annual report will include information such as:

- An assessment of its performance in implementing its strategic and operational plans,
- The audited annual financial statements
- The activities during the year that helped to implement its strategic plan, and
- Particulars of other relevant issues that would assist the community in making an assessment of its operations and performance.

4. Legal Responsibilities and Risk Avoidance

a) Fiduciary duties

Volunteer directors of non-profit organizations such as Community Futures have what are called “fiduciary” duties – broadly encompassing the duties to act honestly, carefully, in good faith and in the best interests of the organization (essentially the same as the duties directors owe to companies in the business of making money).

One specific fiduciary duty is to perform the job with diligence, trustworthiness, care and skill. Directors are expected to know about the policies and business being transacted by the organization, to attend board meetings and to actively participate in making decisions. If you disagree with any substantial decision, ensure your dissent is recorded in the minutes.

Directors with special skills or expertise – such as lawyers and accountants – may well have the additional obligation to exercise a standard of care that corresponds to their professional abilities. A chartered accountant, for example, would be expected to apply his or her professional knowledge when reviewing the organization’s financial statements.

If you don’t have a financial background and don’t understand the statements, it’s not good enough to rely on your lack of knowledge as protection against any claim

– you have a fiduciary duty to ask questions and get proper explanations.

Another fiduciary duty is the duty to act prudently and avoid taking unreasonable risks. Unlike directors of a for-profit corporation, Community Futures directors have no reason to take risks with the organization’s funds; their job is not to make money but to manage the organization’s funds sensibly and carefully.

Another important fiduciary duty is to avoid a conflict of interest. Directors must put the interests of the organization first, ahead of their own personal interest, and report any conflict of interest that arises. Conflict of interest examples include taking friends out to dinner on the organization’s expense account or charging personal taxi rides to the organization, failing to advise the board that the beneficiary of funds is a personal friend, and using the organization’s client list for personal business.

If you as a director stand to personally gain from a transaction the organization is involved in, inform the board immediately of the conflict of interest and refrain from voting or deciding on the issue.

Among many other legal responsibilities, there are a number of statutory duties that directors must meet as well. For example, provisions of the Canada Corporations Act stipulate that a director can be held responsible for up to six months' wages of an employee under certain circumstances. It is in the best interest of you and the corporation for you to be aware of all such responsibilities.

b) The Duties of Board Members

Briefly stated, the board of directors of a Community Futures organization is ultimately responsible for the performance of the organization in all areas of its work. Directors cannot abdicate their responsibility to be in charge and to direct.

As a director you must, first and foremost, make certain the organization is operating within its legal framework. As a steward of public funds, you have a legal responsibility for the protection of all assets. It is important to validate all major contracts by giving and recording formal approval.

Attend Meetings

In order to protect your interests, directors should attend most board meetings, not just on occasion. Absence from a board meeting does not release a director from responsibility for decisions made. A pattern of absence may indeed be presumed to increase an individual's liability because she/he cannot demonstrate a serious dedication to the obligations of the position.

There is no absolute protection against someone bringing suit against you. Conscientious performance is the standard. The best defense is a good offense: strive hard to do everything right and be able to show that you did your best – that way you are much more likely to be protected.

Read Minutes and Reports

The assumption in the law is not necessarily that you must make the correct decision, but that you must make the decision correctly. It helps greatly to be able to show that the board made serious consideration of an action before the action was taken. Board minutes should reflect that this care has been taken.

Ask Questions

It is not a crime to be wrong - but did you ask the right questions and respond as another reasonable individual would in that situation? Board members are more at risk for taking no action than for taking the wrong action for the right reasons.

While you have the right to rely on information supplied to you in due form, and on the accuracy and integrity of others (particularly in areas of special competence) you must use reasonable judgment in this area, too.

c) Liability Insurance for Directors

There is insurance available to protect directors against personal liability incurred by their own negligent acts or omissions, or the acts or omissions of employees of the organization.

Insurance coverage for directors extends to personal liabilities of directors and officers for wrongful acts and expenses incurred in defending actions. It is important to note, however, that the insurance policies regarding directors' liability exclude:

- Libel and slander
- Personal gain found to be illegal
- Improper reimbursement
- Breaches of legislation affecting organizations which provide an advantage to an individual
- Failure to maintain insurance on assets of the organization
- Dishonesty of directors

Exercise: Taking Care of Business

a) If your Community Futures board did not meet for six months, what difference would it make?

b) What types of measures could be put in place to enhance your Community Futures' ability to evaluate its operations?

c) Describe what your Community Futures can do in the area of board recruitment, training, and evaluation to ensure your board has the strength and knowledge it needs to fulfill its mission.

C. Background of the Community Futures Program

1. *Why Community Futures Was Created*

The Community Futures Program is an initiative that was introduced in 1986 by Prime Minister Brian Mulroney through Employment and Immigration Canada as part of the Canadian Jobs Strategy (CJS).

The Program was designed to bring together long-term strategic planning with community-directed economic development programming to mitigate the effects of economic downturns (e.g. high rural unemployment, major employer closings, downsizing and restructuring) or chronic economic disadvantages (e.g. those experienced by remote and isolated northern communities) in non-metropolitan communities.

The program has evolved through several government and government ministry changes and in 1995, responsibility for the program in western Canada transferred from Human Resources Development Canada to Western Economic Diversification Canada (WD), one of Canada's six Regional Development Agencies (RDAs). WD provides financial and advisory support for the creation and ongoing operation of western Community Futures organizations.

The RDAs in the other regions of the country (i.e., The Federal Economic Development Initiative for Northern Ontario (FedNor) and Federal Economic Development Agency for Southern Ontario (FedDev) in Ontario, Canada Economic Development (CED) in Quebec, and the Atlantic Canada Opportunity Agency (ACOA) in Atlantic Canada) provide similar funding and technical support to the Community Futures organizations in their respective regions. CF organizations in the Territories are currently funded by their territorial governments, though a new RDA, the Canadian Northern Economic Development Agency (CanNor), was established in 2009 to serve Canada's North.

Additional financial support for the activities that are pursued by the Community Futures organizations is obtained from a variety of other funding and fee for service contract sources, including federal and provincial government departments and ministries, crown corporations, as well as the private sector.

The Community Futures Program in western Canada is founded on the principles of Community Economic Development (CED). As such, Community Futures organizations are governed, guided and managed by local people who make decisions based on the economic, environmental, social, educational, cultural and historic make-up of their communities. The emphasis of the Community Futures model of CED is on local capacity building as a means to facilitate growth.

2. Objectives of the Community Futures Program

According to the terms and conditions approved by Treasury Board effective October 2010, the objectives of the Community Futures Program are as follows:

Funding provided by this program is to further the ultimate objective of assisting communities to successfully pursue:

- a. Economic stability, growth and job creation;*
- b. Diversified and competitive local rural economies;*
- c. Economically sustainable communities.*

3. Organizational Structure

a) Local Community Futures Organizations

Currently, there are 90 local Community Futures operating in western Canada. Briefly stated, they are:

- non-profit organizations guided by a volunteer board of directors and staffed with business professionals, who together are actively engaged in helping to develop and implement community-based economic development strategies;
- user-friendly business development centres that control and manage investment funds from which they make fully repayable loans to community members who are interested in starting or expanding their own businesses;
- entrepreneurial development centres that provide one-on-one business training to assist individuals who are interested in self-employment or in expanding their business.

In addition to the business development services they provide, Community Futures also involve themselves in a wide array of community initiatives, including strategic planning processes, research and feasibility studies, and the implementation of a diverse range of community economic development projects.

While these organizations share common objectives, the manner in which they work towards the accomplishment of these objectives can vary significantly from one community to another.

However, the critical elements that define local Community Futures organizations are the following:

- They are locally-based, non-profit organizations
- They are community driven
- They involve multi-stakeholder collaboration
- Emphasis is placed on local strategic planning
- The initiatives that they pursue are tied to their strategic plans
- The groups are directed by volunteer boards

As locally-driven organizations, Community Futures have been able to develop and evolve their structure, characteristics, and services to reflect factors such as:

- Locally specific economic conditions, opportunities and constraints;
- Issues considered to be of highest priority by the community;
- The capacity of the organization; and
- Other resources and programming available in the community.

b) Provincial Community Futures Associations

Provincial Community Futures associations have been established in each of the four western provinces. The operations of the provincial associations are overseen by boards of directors comprised of board members and/or staff from local Community Futures organizations who are elected or appointed by the members of the associations. Financial support for the provincial associations is provided by Western Economic Diversification Canada, and in some cases augmented through membership fees.

As with the local Community Futures organizations, while the provincial associations, for the most part, share common objectives, the manner in which they work towards the accomplishment of those objectives varies from one province to another.

Sensitive to the uniqueness, diversity and varied interests of their members, the key functions of the provincial Community Futures associations are, generally:

- To promote and encourage communication and cooperation amongst their members, including the sharing of best practices;
- To provide a framework and forum for the discussion of issues and concerns effecting their members;
- To obtain, on behalf of the members, the support, recognition and

understanding of the public and all levels of government regarding the value of Community Futures' achievements;

To facilitate communication and coordinated effort with other community economic development organizations and related agencies.

c) Community Futures Pan West

In 1996, representatives from the four associations in British Columbia, Alberta, Saskatchewan and Manitoba came together to form the Community Futures Pan West Network, an informal, proactive group that focuses on initiatives designed to strengthen Community Futures in western Canada.

Working closely with WD, the four provincial associations have been successful in accessing resources that have enabled Community Futures organizations across the West to develop their capacity to deliver effective programs and services to their communities.

The board of Community Futures Pan West is comprised of volunteer board members and the executive directors of the four western provincial Community Futures associations. The group convenes regularly to discuss topics of common interest, to meet with representatives from WD to deal with issues related to the Community Futures Program and to develop strategic plans for how the Pan West Network can add value to the Community Futures thrust in western Canada.

Since its inception, the Pan West group has undertaken a number of important regional initiatives including, among others:

- The creation of the Community Futures Leadership Institute. Its Community Futures Board Development Program (CFBD) is helping to provide Community Futures directors with the skills and knowledge they need to build stronger, more sustainable organizations, leading to stronger, more sustainable communities.
- The development of a framework to assist CFs in establishing greater accountability throughout their organizations;
- The development of a Community Futures common branding protocol for western Canada;
- Encouraging the adoption of new technologies to enhance CF efficiency and reduce costs
- An impact study that provided an objective, systematic assessment of the impacts and effects generated by the Community Futures initiative across western Canada, and:

d) The Community Futures Network of Canada

Established in May 2000, the Community Futures Network of Canada (CFNC) works on behalf of Community Futures organizations across our country. Its primary purpose is to raise general awareness of the Community Futures network and its services, and to facilitate the exchange of information between communities and participants across the country.

From the beginning, the CFNC has focused its energy on creating an informal network that supports Community Futures organizations without adding another layer of bureaucracy.

As previously mentioned, not all Community Futures organizations deliver the same array of programs and services across the country. They are all unique, having been designed to focus on addressing the particular needs of their communities and/or regions. All, however, recognize that new ideas and new approaches evolve out of the interaction between people and through the sharing of knowledge and experiences.

The CFNC has been instrumental in encouraging the exchange of ideas and information nationally, through the creation of a Pan Canadian Internet portal (www.communityfutures.ca) that makes it easy for Canadians to access information about Community Futures services and initiatives across the country.

The group has also created a national Best Practices website (www.bestofcf.com) for Community Futures practitioners. The Best Practices site allows Community Futures organizations to share their case studies, client success stories, business planning tools, and policy guidelines with their colleagues.

A board of directors comprised of volunteer board members and the executive directors from the provincial and territorial Community Futures associations oversees the operation of the CF Network of Canada. They meet semi-annually. Funding for the activities of the CFNC is shared by the Regional Development Agencies and Territorial governments.

D. Community Futures Functions

The guiding principle of the Community Futures program in western Canada is to support Community Economic Development and its process within a region. This support may include both financial and non-financial resources.

The focus of a Community Futures' activities is generally more regional in scope, while the focus of the majority of other community and economic development players is generally more local.

As one of several community and economic development organizations operating within a community or region, it is very important that Community Futures keep informed of the plans, activities and priorities of other key players within their local area. This is important to ensure that the plan outlined for the Community Futures is responsive and complementary to the plans outlined by other players.

1. The Business of Community Futures

There are three broad dimensions to the work of a Community Futures:

- The first involves the planning and organization of a development strategy tailored to the needs, resources and desires of the community;
- The second involves ensuring the construction and maintenance of an appropriate physical and social infrastructure to support functions that establish an environment conducive to entrepreneurial and/or business activity; and
- The third dimension involves realizing the organization's objective of improving local residents' skills, income levels and employment and self-employment opportunities in the community.

The majority of a Community Futures' activities can be categorized within the following four functions:

1. Information Function – As an information hub regarding the socio-economic development of a region, the role of Community Futures is to gather and distribute relevant data on the community/region from and through various channels;
2. Integration Function - As a facilitator in helping to integrate a broad range of community development activities, the role of Community Futures is to pull together, in an effective way, the key representatives in the community and to act as an unbiased and credible sounding board or point of referral around which subjects of interest for the whole community can be brought together.
3. Planning Function – As a catalyst in promoting and assisting in strategic planning processes, the role of Community Futures is to facilitate greater collaboration and more effective decision-making regarding the future development of the region and its communities, and of the Community Futures organization itself.
4. Action Function - As an agent of change, the role of Community Futures is to carry out the key projects and activities necessary to implement the strategic plans that have been developed.

Exercise: Dealing with Local Challenges

a) What would you describe as the most significant challenges that are impacting the future growth and development of your community?

b) What would you suggest could be done by your Community Futures to effectively deal with those challenges?

c) What other stakeholders would need to be involved?

2. Community Futures Core Programs and Services

To achieve the objectives of the Community Futures Program as established by the federal government, Community Futures organizations receive core funding from Western Economic Diversification Canada to engage in the following activities:

- a) Fostering strategic community planning and socio-economic development by working with their communities to assess local problems, establish objectives, plan and implement strategies to develop human capital; institutional and physical infrastructure; entrepreneurship; employment; and the economy.
- b) Providing a range of business services to entrepreneurs such as business counselling, information services, and training on topics such as:
 - Business counselling
 - Creating business plans
 - Business training
 - Conducting market research
 - Understanding financial options
 - Accessing business resources and information on topics such as marketing, export and trade, regulations and licensing, trademarks and patents, selling to government markets, and other government products, services, and support programs
- c) Providing access to capital to assist existing businesses or to help entrepreneurs to create new businesses. Business loan programs include:
 - General entrepreneur loans up to \$150,000
 - Loans for entrepreneurs with disabilities or health conditions (up to \$150,000)
 - Loan products targeted to specific entrepreneurial groups, e.g. start-ups, growth-oriented businesses, exporters, etc.
- d) Supporting community-based projects and special initiatives by collaborating with other partners in the public sector and civil society to implement strategic community projects or deliver special initiatives targeted to communities. These projects will vary considerably from one community to another and could include a wide range of local initiatives in areas such as tourism, entrepreneurship, economic opportunities for specific client groups such as women, youth, Aboriginal people and members of official language minorities, or projects which respond to specific challenges facing a community such as downturns in important industries.

3. Non-Core Programs and Services

Most of the Community Futures organizations in western Canada are also involved in delivering a variety of programs and services that do not receive financial support through the core funding that they receive from Western Economic Diversification. These are referred to as non-core services.

The following provides a brief overview of some of the types of non-core programs and services that Community Futures groups offer:

- **Self Employment Program**
The Self Employment Program is a program funded by the federal government and administered by provincial governments in western Canada. It is designed for people who are trying to start their own business. The program provides income support, training, and counselling to eligible participants through Employment Insurance Benefits while they develop and implement their business plan.
- **Employment Assistance Services Program**
This program is designed to assist unemployed individuals prepare for, obtain and maintain employment by providing them with services such as employment counselling, job search techniques, job placement and labour market information. Funding is provided by Service Canada.
- **The Community Access Program (CAP)**
CAP is a Government of Canada initiative, administered by Industry Canada, that aims to provide Canadians with affordable public access to the Internet and the skills they need to use it effectively.
- **Youth Initiatives**
Many Community Futures organizations are involved in a variety of youth initiatives designed to help youth understand entrepreneurship and the role that business can play in their lives. These programs are generally designed to help youth hone their skills in areas such as critical decision-making, interpersonal and communication skills, as well as analyzing and exploring the various roles that are found in a business environment.
- **Targeted Immigration Programs**
Some Community Futures organizations work with other regional and community partners to increase their local population by encouraging potential new Canadians to become entrepreneurs by starting or purchasing businesses in their region.

- **Community Economic Adjustment Initiatives**
Community Futures organizations are often involved in community economic adjustment initiatives that are created to provide assistance to communities whose economies have been negatively impacted by downturns in industry sectors that often drive their local economies. These initiatives usually are supported with dedicated funding that is provided by the federal or provincial governments.
- **Rural Community Economic Development Projects**
The federal and provincial governments regularly team up to develop programs that support rural and remote communities in creating and implementing sustainable development strategies that will help strengthen their ability to build local solutions to local challenges. Community Futures organizations are often looked to as key partners in helping to deliver these important programs.

4. Communications/Marketing Policies and Practices

Marketing is the art of making others aware of your products and services. In order to ensure that Community Futures is visible in the community and that the local population is aware of the programs and services that are available to them, it is imperative that Community Futures organizations create and integrate effective communications/marketing strategies into their operational plans.

Community Futures organizations need to market themselves in two ways:

- a) Direct marketing of their products and/or services

In these days of greater self-sufficiency, Community Futures organizations need to effectively promote the services they provide. This will serve not only to help ensure their programs are successful but, potentially, to bring in additional revenue from other agencies who perceive them as effective program delivery mechanisms.

- b) Indirect marketing of the agency, its programs and the people involved in the organization

Indirect marketing activity is alternatively known as image-building, community and public relations, or public education about Community Futures and the programs and services it provides.

Community Futures organizations need to pay careful attention to the way they position themselves in multiple markets, to public perception of their purpose and quality, as well as to the way they package and present their services to a variety of clients.

Even the best of programs can fade into obscurity, and the CF Program is also at risk unless Community Futures organizations intentionally make other groups, associations, businesses, and individuals aware of their mission and continuously maintain that level of awareness.

Communication builds understanding and advocates change. Your Community Futures organization needs to define its intended audiences, target its messages to these groups, and develop strategic communications plans that will best utilize limited resources to meet your organization's goals and objectives.

Putting together a synergistic, integrated and cohesive communications/marketing plan will allow your organization to reach its intended audience. Developing a media plan that incorporates and effectively uses the tools that will benefit your organization to the maximum will give the best results.

The following are some essential elements of a successful communications strategy that will work to build community awareness and support:

1. Identify your target audiences. Define the groups that your organization wants to reach.
2. Maintain consistent communication. Plan your communications strategy for the next year. Develop a timeline for press releases, newsletters, social media updates, special events, and other marketing efforts.
3. Create a strong visual identity. Communicate visually, as well as verbally. Frequently display your organization's name and logo on its social media sites, newsletters, reports, signs, and brochures. Pay attention to the design of the material your organization produces. Also leverage our western CF common brand. A memorable, well-designed visual image like the CF "leaf" will strengthen awareness of your organization.
4. Use message repetition and variation. An audience is more likely to remember a message if it is reiterated in different types of communication. For example, print your mission statement in a brochure, include it in press releases and on your Facebook page, and provide it to news reporters. Slogans are a way to effectively capture the essence of a message in brief and memorable form.
5. Employ multiple communications tactics. Community Futures organizations often need to target several audiences, which may respond to different approaches. Various communications campaigns can help establish and maintain a more widespread positive image.

6. Select and use appropriate media. Plan to use a combination of approaches best suited to reaching your targeted audiences and that make best use of your financial resources. Include a variety of methods including phone calls, letters, e-mail, social media, newsletters, web sites, public service announcements, press releases, and editorials, etc.
7. Develop a strong, well-known identity over time. Building visibility and awareness is a gradual process. Be patient, persistent, and consistent.

Exercise: Getting the CF Message Across

a) What audiences do you feel should be targeted for messaging about your CF and its activities?

b) What key messages do you feel should be delivered to these different audiences in order to raise the profile of your CF and awareness of its services?

c) What means do you feel should be used to effectively convey these messages to their respective audiences?

E. Guiding Documents

1. *Articles of Incorporation and Bylaws*

The Articles of Incorporation and Bylaws of a Community Futures organization establish the ground rules for the board of directors to follow in carrying out its governance authority.

a) **Articles of Incorporation**

The Articles of Incorporation, also known as the corporate charter, constitute the basic organizational document for your Community Futures organization.

The Articles of Incorporation typically contain a statement of the organization's purpose and explain its legal powers and authority, including any limitations upon its powers. A Community Futures organization cannot undertake any activities that are not specifically permitted by its charter.

b) **Bylaws**

Bylaws are another important source of the internal law of a Community Futures organization.

Bylaws are the list of rules or constitution under which your organization operates. They are adopted by a general meeting of the organization and provide the framework for the operation of the organization and serve as guidelines for policy.

Bylaws cannot contradict legislation. They function to clearly set out the fundamental principles and rules, not covered by the Corporations Act, by which the organization will be governed.

(Insert sample bylaws here)

The by-laws commonly include such items as:

- A statement on how the board of directors was formed; when and how future directors will be elected; an outline of the board's powers and duties; and the process for setting up committees and their powers;
- A statement that defines who the members are: the qualifications, terms and conditions of their membership; their voting rights; and the process for termination of their membership;
- A statement that outlines how meetings will be carried out, for example: the notice to be given; the frequency; how decisions will be made; the required quorum for decision-making, and the requirements for proxy votes;

- A statement on the rules for preparing and submitting financial statements;
- Time and notice requirements for an annual general meeting;
- Rules for borrowing money;
- A wind-up clause specifying where any assets will go if the organization disbands in the future.

The Canada Corporations Act and/or provincial legislation dictate some provisions of the Articles of Incorporation and Bylaws and prescribe how the corporation must handle certain matters of internal governance if the Articles of Incorporation and Bylaws are silent on the question.

The Articles of Incorporation and Bylaws are usually supplemented by a wide variety of other documents that obligate the corporation, such as internal policy statements, contractual obligations and descriptions of the organization's activities. Collectively, these documents establish the internal law of the organization.

2. *Policies and Procedures*

A Community Futures organization's policies and procedures documents serve as a safety measure to ensure your organization works smoothly.

In the event something goes wrong, you can expect others to look for your policies and procedures — and to be critical of the board if they are not sufficient to address the situation.

Although they will vary somewhat from one organization to another, some typical Community Futures policy areas are the following:

a) Board Policies

- Board job descriptions
- Board self-evaluation
- Board nomination process
- Conflict of interest policy
- Confidentiality policy

b) Personnel policies

- Human resource management policies
- Harassment policies
- Conflict of interest and confidentiality policies

c) Others

- Financial policies, including lending and investment policies
- Travel policy
- Privacy policy
- Code of Ethics

Sound board policies will help attract board members who understand their roles and agree to perform them. At the very least, these policies will help keep your Community Futures organization running smoothly and efficiently and eliminate confusion regarding operational matters.

(Insert sample policy documents here)

Conflict of interest policies are especially important. Because public confidence is particularly important to Community Futures, boards should take steps to avoid even the appearance of impropriety. Loss of public confidence and a damaged reputation are the most likely results of poorly managed conflicts of interest.

(Insert sample Conflict of Interest guidelines here)

Comprehensive personnel policies are equally important. Like the conflict of interest policies, they will help your organization run smoothly and avoid lawsuits. Community Futures organizations are more likely to find themselves on the wrong side of a lawsuit in an employment dispute than for any other issue, and strong employment policies can go a long way toward forestalling such an event.

Other Community Futures organizations are generally willing to share their policies and procedures documents. It can be helpful to review these and then adapt them to suit your situation. The task of drafting the appropriate policy documents for your organization can then be assigned to a board member, staff member, volunteer or intern. Of course, you can always rely on a local consultant who, for a fee, can also provide some expert advice. Once you make them a priority, policy documents can be drafted and approved relatively quickly. The key is to ensure that everyone in the organization is aware of and follows them.

The board, the staff, and all Community Futures volunteers should affirm on an annual basis that they understand the policies that apply to them. Orientation and training sessions, and even Board and staff meetings, can also reinforce the importance of these policies and procedures.

3. Contribution Agreement

Each Community Futures organization has signed a contribution agreement with Western Economic Diversification Canada.

Through these contribution agreements, Community Futures receive non-repayable contributions to offset general operating costs and to support their investment funds.

Eligible costs are those that are considered reasonable and necessary to carry out approved activities and may include the following:

- Rents, leases, leasehold improvements
- Personnel: salary and benefits
- Staff and board training and development
- Marketing
- Maintenance
- Equipment purchase and leases
- Information management and information technology acquisitions
- Legal, administrative, accounting, licensing, permits
- Consulting fees
- Research fees
- Interest charges, insurance, taxes
- Supplies, transportation
- Costs associated with maintaining local investment funds
- Costs associated with the collection of problem loans or recovery of bad loans
- Administration costs related to investment funds
- Costs associated with the implementation of community-based projects and/or special initiatives that have been identified as integral to strategic plans and/or to advance local, regional and/or national priorities, and
- Other costs that are reasonable, incremental, and directly attributable to activities necessary to support desired activities and achieve desired results, as specified by the contribution agreement

Contributions to local Community Futures organizations may not exceed \$400,000 per year to support operating costs. This maximum may be increased by up to an additional \$40,000 per year for Community Futures operating in remote areas to address the additional costs of travel in these areas.

In addition to addressing the funding allocations, Community Futures contribution agreements detail the terms and conditions that are attached to the operational funding received, and stipulate the Community Futures' reporting and financial audit requirements.

F. Community Futures Requirements

a) The Strategic Plan

To effectively fulfill their responsibilities, it is important that a Community Futures organization properly identifies the needs of the local communities in its region and develops a long-term strategic plan for dealing with those needs.

The Community Futures strategic plan should identify:

- The organization's vision for the community
- What the organization wants to achieve over at least a three year period
- How the organization plans to achieve this objective, and
- How the organization's success will be measured

Community consultation is an important part of the Community Futures strategic planning process. This process helps ensure that the community is aware of, understands, and can provide input regarding the direction in which their Community Futures organization is heading.

b) The Operational Plan

Every year, Community Futures organizations are required to prepare an operational plan for submission to Western Economic Diversification. The operational plan details exactly how the objectives of the strategic plan will be achieved in the following year. The operational plan states what is to be achieved, by when and within what budget. (Insert a copy of a CF operational plan here)

c) The Budget & the Board's Role in Finances

Each Community Futures organization must adopt a budget for the coming financial year. The budget identifies how the organization will spend the money it receives from Western Economic Diversification and other sources

of revenue during the year. The budget should be consistent with the organization's strategic and operational plans.

(Insert a sample CF budget here)

The board of directors of a Community Futures organization carries great responsibility in managing the finances of the organization. Its role in doing so can be summed up in four basic steps:

1. Setting financial policies
2. Ensuring board instructions are implemented
3. Monitoring financial outcomes, and
4. Meeting financial obligations

d) Financial Audit Requirements

In accordance with the Community Futures' contribution agreements with Western Economic Diversification Canada and the policies of the Treasury Board of Canada, all Community Futures must submit a copy of their signed audited financial statements no later than July 31st after each fiscal year.

The essential annual process includes the following:

- A review (and correction, if necessary) of Community Futures financial entries;
- A review and assessment (and hopefully endorsement) of Community Futures policies and procedures regarding financial management and record keeping;
- Objective, professional confirmation of Community Futures' financial transparency and accountability to its region and its funders, and
- Formal acknowledgement, through signatures, that the board recognizes and is carrying out its fiduciary duty with respect to the Community Futures' finances.

Community Futures auditors are required to conduct audits according to profession-wide standard guidelines called Generally Accepted Accounting Principles, or GAAP. Community Futures auditors are also bound to follow an additional set of guidelines from Western Economic Diversification Canada called the Community Futures Financial Statement Guide.

These standardized reporting methods help to improve the overall transparency and accountability of the program in the eyes of the funders and the people it serves.

e) Reporting Requirements

Each year, when the Community Futures organization submits its operational plan for the coming year, it provides Western Economic Diversification Canada with a report that reviews the organization's activities and achievements of the previous year.

In addition to this annual reporting process, each Community Futures is required to submit quarterly statistical reports of their activities to Western Economic Diversification Canada. Many Community Futures offices utilize a data management software program known as "The Exceptional Assistant" (TEA). This system allows WD to collect information from all of the Community Futures organizations on a consistent and standardized basis.

The reporting process is crucial to demonstrating the results generated by the Community Futures Program, thereby helping to make the case for continuing support of the program by the Government of Canada.

Exercise: The Importance of a Strategic Plan

- a) What would you describe as the most important elements of a Community Futures strategic plan?

- b) Other than your CF's board members and staff – who else do you feel should be consulted when your CF develops its strategic plan?

- c) How often do you feel your CF's progress against its strategic plan should be monitored? And how often should the plan be updated?

G. Community Futures Board Development Program

The Community Futures Leadership Institute has developed the Community Futures Board Development Program that offers a series of training modules that address numerous aspects of leadership. These training modules have been designed to enhance your core competencies as community leaders and increase your effectiveness as Community Futures directors.

The following table provides a summary of these modules and their objectives:

Module	Module Topics and Objectives
<p>Module 1</p> <p>Community Economic Development and the Role of Planning</p>	<p><i>The goal of this module is to provide a thorough understanding of Community Economic Development (CED), its objectives, and the main issues affecting it. Participants will:</i></p> <ul style="list-style-type: none"> • Understand the key differences between CED and other approaches to economic and community development • Review the role of strategic planning as part of a strategic management cycle • Examine the role of the board in the planning process for Community Futures and the community itself.
<p>Module 2</p> <p>Operations - Board and Staff</p>	<p><i>Board, management, and staff each have roles to play in the effective operation of Community Futures organizations. Participants will:</i></p> <ul style="list-style-type: none"> • Examine principles such as accountability and transparency • Describe the relationship between the board, management and staff • Understand the organizational structures and compositions of a board • Discuss the concept of board sustainability

<p>Module 3</p> <p>Legal Responsibilities of Boards</p>	<p><i>The purpose of this module is to familiarize directors with the legal environment that exists for Community Futures and the legal framework within which they provide leadership. Participants will:</i></p> <ul style="list-style-type: none"> • Learn how to understand and apply the legal guidelines governing Community Futures directors • Identify the circumstances that create liability for directors • Review how boards can protect themselves against liability
<p>Module 4</p> <p>Financial Management of a Community Futures</p>	<p><i>Boards must be able to set financial policies and evaluate their organization's financial performance. Participants will:</i></p> <ul style="list-style-type: none"> • Examine how to establish accountability for achieving the objectives set out in the board's plans • Identify the financial reports that are used to measure the financial performance of the organization • Review financial objectives and audits, and the role of the audit in maintaining accountability
<p>Module 5</p> <p>Board Development and Evaluation</p>	<p><i>This module examines the role in accountability of board self-examination and development. Participants will:</i></p> <ul style="list-style-type: none"> • Discuss the importance of advanced board succession planning and formal recruitment strategies • Examine on-going development for all board members • Understand the importance of a formal board evaluation process
<p>Module 6</p> <p>Community Futures Lending</p>	<p><i>The objective of this module is to review the role of boards in loan administration and the overall management of the loan fund. Participants will:</i></p> <ul style="list-style-type: none"> • Review the roles, responsibilities and functions of a loans committee • Discover how the loans committee is accountable to the board for its actions • Discuss the economic and social climate in which Community Futures lending takes place

<p>Module 7</p> <p>Management Recruitment, Performance, and Evaluation</p>	<p><i>As boards, you lead the organization in the hiring of a new general manager and his/her ongoing compensation and evaluation. Participants will:</i></p> <ul style="list-style-type: none"> • Review management selection procedures • Examine compensation packages and levels • Discuss performance planning and evaluation • Learn how to deal with performance concerns
<p>Module 8</p> <p>Board Leadership</p>	<p><i>This module allows you to evaluate your skills as a leader in the capacity of a Community Futures board member and enhance your abilities as a strong leader. Participants will:</i></p> <ul style="list-style-type: none"> • Examine styles of leadership • Discuss self-evaluation and strategies for effective leadership • Review the director’s role in exercising leadership • Identify steps boards can take to exercise leadership within the not-for-profit sector and the community
<p>Module 9</p> <p>Cultural Awareness</p>	<p><i>This module deals with the cultural diversity of our country and communities and examines the growing importance of cultural sensitivity. Participants will:</i></p> <ul style="list-style-type: none"> • Understand the impacts of demographic shifts • Identify opportunities for community economic development as a result of shifting demographics • Review self- evaluation and identifying actions needed to become a culturally-aware organization and community • Discuss the actions necessary to become culturally aware • Define methods of connecting with an entire community

<p>Module 10</p> <p>Social Economy</p>	<p><i>This module delves into the whole concept of social economy, what it is, and what role Community Futures has to play in the instigation and implementation of social economy components. Participants will:</i></p> <ul style="list-style-type: none"> • Learn about the social economy • Identify the leadership strategies Community Futures can implement • Examine the links between the social economy and community economic development • Define tools that can be used to enhance Community Futures participation in the social economy
<p>Module 11</p> <p>Organizational Assessment</p>	<p><i>This module aims to help participants recognize the achievements of their board and CF organization and to identify where further improvements can be made. Participants will:</i></p> <ul style="list-style-type: none"> • Recognize the achievements of their board to date • Identify areas of improvement • Clarify how the achievement of goals is linked to the process by which they were first achieved
<p>Module 12</p> <p>So You Want To Be a Community Futures Chair – Chairing with Confidence</p>	<p><i>This module examines the chair’s roles and responsibilities as they relate to the public, stakeholders, partners, funders, the corporation, board members, and Community Futures staff. Participants will:</i></p> <ul style="list-style-type: none"> • Learn how to approach the role of chair with skill and confidence • Understand the roles and responsibilities associated with the chair’s position • Discuss the specific skills required to be a chair • Examine how to support their chair and work together as a strong team