

**Community Development Corporation
Manual
for Northern Affairs Communities**

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Introduction

Purpose of the Manual

This is a comprehensive, yet easy-to-use manual and is specifically applicable to Northern Affairs communities (NACs) formed under The Northern Affairs Act (the act). It includes practical information about how a NAC can start and operate a community development corporation (CDC) in Manitoba. It provides community members, community leadership, development service providers and other stakeholders with a tool for economic development. The information can serve as a starting point for discussion, for action and for developing a solid understanding of CDCs.

Organizing for Community Development

Every community, whether on a local or regional basis, should have an economic development strategy or plan, in place. An economic development strategy outlines the community's intentions to address community and economic development and is recommended under subsection 54(3) of the act which reads a council may adopt a strategic plan for economic development in the community.

A CDC is a legal entity that will allow the community to form a group to address the economic development strategy. Historically, the main reason to form a CDC has been to:

- organize for community economic development (CED)
- create and retain jobs
- stabilize or increase the local population base
- take advantage of opportunities for small business development
- mobilize community resources to solve issues facing the community
- engage in community capacity building
- reinvest profits into the local economy

Time has shown that communities who have not organized themselves for economic development have substantially reduced their chances for long-term economic growth and prosperity. Without a strategic plan, they are often in a crisis mode, responding to emergencies and deadlines, doing more, but not necessarily doing better. A community without a strategic plan will lack clear priorities. It is important to choose actions strategically, but they must also match the capacity of the organization and available resources. Strategies contained in a plan are often categorized into the following areas:

- business development (ex: business expansion, attraction, prospecting and providing business assistance)
- locality development (ex: beautification, zoning)
- labour and human resource development (ex: population attraction)
- sector-specific (ex: tourism, housing)
- community liaison activities (ex: community marketing campaign)

Start-up

What is a Community Development Corporation?

A CDC is a company incorporated under Part XXI of The Corporations Act. See Appendix A which cites sections 262 to 264 of The Corporations Act. The primary role of a CDC is to promote its community with a view to achieving the objectives as set out in the CED strategy, the community management plan (CMP) or local development agency action plan. A CDC is often formed as a result of the formalization of an economic or community development committee or board normally initiated through community council. A CDC can conduct a wide range of activities to stimulate the local economy, one of which may be to act as a community lender, where funds are available.

To represent the interests of the community at large, the CDC must have the complete support of its local community council. To be successful, a CDC should also have the support of other community groups and other local businesses, and economic and community development groups. Matters affecting local economic development should regularly be sent to the CDC by these groups for review and recommendations.

The CDC's first responsibility is to recognize the community's needs and overall potential for development. To make change within the community, a CDC must have a strong community commitment and broad support through its volunteer base. The corporation is composed of key stakeholders who believe in persistence and hard work to successfully achieve their community goals. It is important to generate involvement from all community members, representing diverse backgrounds. Specialized programs and projects will require individuals with a strong financial, administrative and business knowledge or skill set.

CDCs generate ideas and implement initiatives that enhance community development throughout the province. **CDCs are masters of their own destiny** and as such, establish their own plans and set their own priorities.

CDCs operate as a non-profit organization, but can also own and form for-profit companies. For the purpose of this manual, shareholder refers to community members.

How are Community Development Corporations Formed?

A chart outlining the steps to form a CDC by a NAC is provided in Appendix B. These steps follow the initial community consultation to the eventual first meeting of the CDC board. At this meeting, the board will determine the focus of the CDC.

It is necessary to determine the level of commitment among community members to undertake the administrative, organizational and legal work necessary to establish a CDC and maintain it over the long term. Whether you establish a new CDC or reactivate an existing one, the ongoing support of key community leaders is vital to the success of this

organization. It can be very advantageous and cost-effective to work with other neighbouring communities to form a new CDC or join existing CDCs to work cooperatively on community and economic development priorities.

The whole process of establishing a CDC calls for careful thought and an appreciation of the community's character, economy, needs and capabilities.

A crucial step is forming a steering committee, composed of citizens representing the major segments of the local economy. It is critical to a CDC's success that all of the participants play an active role in the organization. Committee representatives should be drawn from such groups as:

- community council
- community residents
- major employers
- financial community
- other economic development organizations
- other interest groups or community organizations

It is advisable that a significant number of committee members have a strong business, economic or financial background. The steering committee may wish, in conjunction with the community council, to hold a public community meeting to discuss the formation and objectives of the CDC.

The Manitoba government will only approve CDCs with a community council as the shareholder. A CDC is a share capital corporation, but it cannot distribute profits to anyone. This is done to protect board members and to ensure profits are only distributed for public good, not for individual gain.

A volunteer board of directors, who serve without pay and are dedicated to the ongoing development of their community, conduct the affairs of the corporation and develop its programs and governing policies. They should represent a cross-section of community leaders, stakeholders and experts. In selecting board members, care must be taken to ensure the board is a workable size. Experience has shown that a good working number is a minimum of three directors. The number of persons applying for a corporation charter should be the same as the number of directors the corporation plans to have. This is because the applicants will be the first directors of the corporation.

Resolution by Community Council

There can only be one CDC representing a community or a defined part of a community. The area in which a CDC can be incorporated can include more than one community, provided they adjoin. The community council must pass a resolution approving the incorporation of the CDC. See Appendix C for a sample certified council resolution.

Ministerial Approval

The Manitoba government website has the current version of forms at www.companiesoffice.gov.mb.ca/forms.html. Each form has instructions to ensure information is provided in the format required. The steps toward getting ministerial approval for a CDC in a NAC are as follows:

Step 1: Complete **one** copy of the [Request for Name Reservation Form](#). The proposed name must be typed or printed. Along with this document, include a **separate** cheque in the amount required as stated on the form, payable to the Minister of Finance.

The Corporation name must include the words Community Development Corporation to clearly designate it as a CDC. The mandate must indicate: To facilitate community development in the community of [Community Name].

Step 2: Complete **two** copies (both with original signatures) of the [Articles of Incorporation \(share capital\)](#). Please type or print. Along with these documents, include a **separate** cheque in the amount required as stated on the form, payable to the Minister of Finance.

The following restrictions must be stated in the Articles of Incorporation:

Section 7:

“No shares shall be transferred to any person without the prior consent of the sole shareholder, the _____ Community Council (including the mayor).”

Section 8:

“The business of the corporation is restricted to fostering the social and economic development of _____ (insert Community Name).”

Step 3: Send completed documentation, both cheques and **one** certified copy of the community resolution supporting the CDC formation to the appropriate regional office to the attention of the community and resource development consultant (CRDC). (Note: This is different than the Companies Office as specified in the corporate filing request form as the department needs to review all documentation first to ensure it is complete.) Once reviewed by the CRDC, the department will forward the documentation to the Companies Office on behalf of the community.

Step 4: Upon verification by the CRDC that all information is in order, the incorporation documents and cheques will be forwarded directly to the Companies Office. (Note: The CDC’s steering committee does not send the documents directly to the Companies Office).

Step 5: The minister responsible for administering The Corporations Act approves the formation of the CDC.

Guidelines for Articles of Incorporation and Bylaw

The CDC should seek legal counsel in establishing its articles of incorporation and bylaw (see Appendix D for a sample bylaw) and must include the following information:

- name of corporation
- quorums
- head office location
- fiscal year
- restrictions on activities
- geographical boundaries
- voting procedures
- remuneration and compensation
- directors and officers
- borrowing restrictions/abilities
- election and removal of directors
- eventual distribution of assets
- term of office
- prescribed rules and regulations
- bylaw amendment procedures
- banking requirements and location
- filling of vacancies
- administering documents
- authority of directors/officers
- location and frequency of meetings
- books and records
- confidentiality and conflict of interest

Financial Structure

A CDC can be funded directly by the community through unconditional municipal operating grant allocations or a grant under subsection 54(4) of the act:

Condition of Grant

54(4) *A council may make a grant for the purpose of economic development in the community, but the grant must not be used directly or indirectly to reduce the amount of community or school taxes payable to the community or to reimburse a person for community or school taxes that are paid or payable to the community.*

A CDC can also be funded by interest on loans and capital, by grants and by shares or securities sold to investors. The financial structure of a CDC set up in a NAC would usually not involve securities. Appendix E cites section 56 of the act, which provides the community council the power to make grants.

Directors' and Officers' Liability Insurance

For CDCs formed by a NAC under Part XXI, the department covers the cost of liability insurance for CDC board members through the Insurance and Risk Program. Upon start-up, the department will forward CDC board members' names to Manitoba Finance to ensure coverage and reduce the potential for liability. If there is a change to existing membership, following the policy renewal date (usually November 1), changes will be forwarded by the department.

It is important that CDC board members note the exclusions to this coverage for their own protection. For example, coverage does not apply to fraud, illegal profits/gains or illegal/intentional acts they know to be wrong. Coverage extends only to wrongful acts as defined under the policy.

Operating Guidelines

Key Functions of a Community Development Corporation

CDCs can play a significant and diverse role in establishing appropriate and strategic actions for community enhancement. These key functions are:

Planning

Preparing and maintaining a broadly-based development strategy with a focus on business, commercial and industrial development should include:

- assessing the present situation and capabilities
- analysing existing potential

These plans should be an integral part of the community's planning processes, be well documented with both short and long-term perspectives, and be reviewed and updated on a regular basis.

Liaison

Successful local development is not driven in isolation by one element within a community. Rather, it is an outcome of the cooperation of several interested groups that ultimately share in the benefits. The key to successful development often depends on effective communication and coordination between various parties. Therefore, an important function of a CDC is to act as a liaison or a coordinator. Since there are many groups which affect community or economic development, a CDC can facilitate the planning and implementation of various projects or initiatives with other stakeholders. These stakeholders could include service clubs, agricultural organizations, local chambers of commerce, the community council, provincial and federal agencies, tourism associations, labour organizations, business organizations and educational institutions. A particular emphasis should be placed on the creation of a strong partnership with the CDC and the community council. A CDC should keep in close contact with any other economic development service providers in the region to ensure their economic development plans are consistent with the region's overall goals.

The liaison function does not end at the community, but is an ongoing function between government and outside business. It is important for the community to have a single and clear access point that acts as a central body to supply information or contact points, as well as initiating contact with other outside sources or opportunities. The CDC, in fact, becomes a conduit for information flow. Outside organizations prefer to deal with one organization in a community. The more effective the contact point, such as the CDC, the greater the impact on the community.

Mentoring/Advocacy

CDCs should provide mentoring assistance to local businesses and government, as required. This can be done by providing input to the community council on matters such as business, industrial and commercial land requirements, zoning, industrial park development, sales and

tax policies, licensing and permits. The same type of mentorship can apply to businesses, where legal advice is required regarding issues, including sales tax, regulatory requirements, accounting and zoning.

To effectively carry out this role, it is important for a CDC to identify and utilize local residents who have the appropriate skills and knowledge. These individuals can then act as mentors or advocates through a committee, or independently. Some examples of CDC mentoring are:

- advising government on a policy or regulatory issue to enhance local development
- acting as an agent between an entrepreneur and a lending institution
- promoting business growth through industry and manufacturing incubators

Promotion

To foster continued growth and competitiveness, the CDC must maintain a high level of community visibility. The CDC should formulate and implement a community public relations program for internal and external use. Community visibility is important, so that other jurisdictions, governments and businesses are aware of the benefits and positive conditions that exist in the area. This promotion can be accomplished through a wide range of tools, which can include print and social media. The community must focus on a medium they feel may be most effective for their purposes. Some examples include:

- preparing tourism and industrial development brochures, literature and advertising
- developing a community website to tell the economic story of the community and its people, industry and business, their products and successes
- providing newsletters or news releases to announce timely events or share updated information

Prospecting

For a community to attract outside business and resources, the CDC must conduct a host of prospecting activities through research, promotion and personal contact. Prospecting also means gathering information on strategic options available for use within the community. This is done to attract new opportunities, facilities, businesses and industries to the CDC service area. Prospecting is a function of the CDC and can be achieved through a wide range of activities, including:

- networking at local, provincial or national conferences or business gatherings
- researching business and government publications and/or websites
- providing local tours or community promotional days

Business Assistance

The CDC must always actively promote and encourage new and expanding facilities, businesses and industries. This can be achieved through mentorship or business assistance, including financial support and/or training. This assistance would include knowledge or availability of grants, loans, software, business promotion and training. For example:

- promoting the sale of locally-made products through trade fairs and advertising

- assisting in organizing industry, labour and business management courses/ seminars
- providing access to internal/external financial assistance to new or expanding community enterprises
- providing options for business partnerships or taking an equity position in a local business

Research

To be an effective source of communication and information and be market-ready for strategic planning and action, a CDC must have a strong and ongoing research component. The research can be conducted through a variety of sources, that may include the Internet, Statistics Canada, Manitoba Bureau of Statistics, Manitoba Health population report, World Trade Centre Winnipeg - Business InfoCentre, Entrepreneurship Manitoba, Economic Development Specialist from Manitoba Economic Development, Investment and Trade (EDIT), CRDCs from the department, Look North Economic Development Advisors from the Communities Economic Development Fund (CEDF), Community Futures Development Corporation (CFDC) staff, media, industry associations, local survey data, key stakeholder interviews, business retention/expansion programs and other CDCs. Through this research, the CDC will be positioned to provide current and effective data which will have a direct impact on planning, negotiations, implementation and development of local projects and initiatives. The research may include:

- human, business and natural resource inventory
- labour and market trends
- government programs and services
- local and regional organizations, initiatives and plans
- community leakage studies (refers to money leaving the local area)

Research can be used to create a community profile of demographic data, analysis of the local economy and community information, as well as inventories of business listings, business opportunities or vacant buildings and property.

Community Enhancement

In conjunction with the community council and other community organizations, the CDC will propose programs for the beautification of the community and development of other amenities to attract new investment.

Monitoring

To maintain its growth and impact on the community, a CDC must monitor its programs, services and projects. To determine the effectiveness of its plan and initiatives, the CDC should design and maintain a regular review process that is documented throughout the year and included in its annual report. The monitoring should focus on such basic indicators as job creation and maintenance, expenditures, business growth and impact on tax base and other variables associated with healthy community development.

Effective monitoring allows a CDC to adapt or modify its plans or approaches to changing circumstances. Monitoring is important, but should be conducted in a way that is neither time consuming nor complicated. It should not be a substitute for action.

Other Functions

Where there are no services or ideas for CDCs to use, CDCs must use their cooperative ingenuity and imagination to determine the most effective initiatives for their own local community. Sample ideas could include:

- business incubation through a common space or through the actual creation of a business which is later sold
- product promotion for local businesses or manufacturers
- residential and commercial real-estate ownership and/or development
- attracting national or international business interests for the purpose of partnerships or relocation
- equity positions/partnerships in business ventures

Financing a Community Development Corporation

Revenue Sources

There is no regular source of CDC funding. CDCs can generate revenues through a variety of means in their service area. The ability to get funds is often directly related to the level of confidence or impact to the local economy. The more proactive a CDC becomes, the more projects it is involved in, the more products and services it provides, the greater its community awareness, the better the chances are for a CDC to obtain support from government, business and other interested stakeholders. CDCs can receive their initial funding from sources such as the community council, local financial institutions, service clubs, school boards, shareholders, local philanthropists, foundations, charities or through special CDC events. The sources are limitless. A CDC only needs to use its imagination and initiative. It is important for a CDC to make contact with the various funding partners and establish relationships.

The CDC may receive ongoing revenue from repayment of any loans it has made, from repayment of any mortgages it holds, from any properties it has leased or sold, from operating profits of companies under its umbrella and from any securities in companies it may have accepted as partial payment for services or facilities it has provided.

A CDC may obtain funds from the local community in the form of annual grants through property taxation or the unconditional municipal operating grant. A CDC can also generate revenues by providing fee-for-service consulting services to local clients, agencies and other CDCs.

The directors of a CDC can use community grants to cover operating expenses or they can designate and use them for specific purposes, such as defraying advertising expenses, survey or report costs or feasibility study costs.

Community Development Corporation Administration

Strategic Planning

To be effective, it is important members of an organization have a clear understanding of the organization's goals. A strategic plan incorporates the views and ideas of its membership and becomes the guiding principle by which the organization conducts its business. The plan will include actions to achieve the vision and mission of the CDC. In addition, the plan should:

- include strategies already established by the council (ex: development plan)
- provide a framework to coordinate activities with other community groups and organizations
- be proactive and reflect the vision of the community at large, not just the board
- contain Specific, Measurable, Attainable, Realistic, Timely (SMART) objectives and expectations

Bylaw

The bylaw sets out the rules and regulations that govern the directors in the administration and operation of the corporation. The bylaw is developed in conjunction with the incorporation process. The bylaw can be amended and/or redeveloped based on the experience of the CDC. Amendments to the bylaw are often adopted at the annual general meeting and are subject to a vote by the membership. It is the responsibility of the directors and the membership to be current with the CDC bylaw and to ensure it is applied in a consistent manner.

Management

The board of directors is charged with the responsibility of providing leadership, direction and decision-making related to CDC activities. Directors must be committed and willing to allocate a significant amount of attention to their offices. The board is a critical element for the success of the CDC. A successful board consists of enthusiastic members with strong commitment and sound judgement. The board elects officers who have additional responsibilities within the CDC. Board officers, and their duties, include the:

- *president* – acts as the board chair and chief executive officer of the corporation; has powers and responsibilities as determined by the board
- *past president* – usually provides continuity and guidance to the board and should have full voting privileges
- *vice-president* – assumes the duties of the president in their absence; handles other responsibilities determined by the board
- *secretary, treasurer or secretary-treasurer* – may be a member of the board or someone appointed from outside the board and shall:
 - issue all notices of meetings of the directors, executive committee and shareholders
 - record the resolutions at all meetings and have charge of the minute books of the corporation
 - ensure safe storage of all the records and documents of the corporation, including the corporate seal

- be bondable and take care of all the funds and securities of the corporation, depositing them in a specified financial institution, as determined by the board

Directors cease to be board members if they:

- resign
- declare bankruptcy
- become insolvent
- cease to be a resident in the community
- fail to attend a specified number of meetings
- are found to be of unsound mind

Administrator or Community Development Officer

The board may appoint an administrator or community development officer who can, but need not be, a director of the corporation. The board shall prescribe, in writing, the duties, responsibilities and term of office. The incumbent shall conform to all lawful orders given by the board. This member shall give the board all information it requires regarding the affairs of the corporation. This person can be a volunteer, a community employee or – depending on workload – a part-time or full-time employee of the corporation. Small corporations may get professional and administrative help from other organizations within the community or solicit other fundraising, advertising or consulting assistance to undertake specific projects. Other officers may be appointed, as required by the board, to fulfill the mandate of the directors and perform such duties as directed.

General Administration

Duties and Responsibilities

The duties and responsibilities of the directors and staff of a CDC include:

- | | |
|---------------------------------|--|
| ● budget preparation | ● record keeping |
| ● financial management | ● public consultation |
| ● business development planning | ● liaison with industry and government |
| ● research | ● developing, accessing and delivering programs |
| ● promotion | ● other strategic initiatives as identified by the directors |
| ● fundraising | |
| ● meeting participation | |

The board and its administrators can prepare and implement documentation for any economic development strategies, such as fundraising and publicity campaigns, which may be undertaken.

Human Resources

It is generally expected that a volunteer-run organization uses its directors and volunteers to carry out its duties and responsibilities. Responsibilities are delegated to certain board

members or committees through portfolios. However, the organization may sometimes require a staff person or contractor to carry out some of the corporation's business. For example, administration and accounting responsibilities may be done by community administration staff or a local financial institution.

Depending on the size of the board, the workload and access to budget resources, the CDC may want to hire full or part-time staff, contract out management services or make arrangements for a secondment. The board is responsible for setting the terms of reference for all staff positions. It is vital that the CDC first determines the need for staffing and its ability to pay wages, benefits and other associated employment and administrative costs.

Before hiring staff:

- develop a job description
- define position requirements
- decide on compensation
- implement search procedures
- prepare selection criteria
- identify a short list

Taxation Implications

Canada Revenue Agency has certain tax requirements for CDCs. Because CDCs are incorporated, they must file income tax returns as all corporations must do, even if they are deemed exempt from paying corporate taxes. The necessary taxation form, titled [T2 Corporations Income Tax Return](#), must be filed annually. Information on [Non-profit Corporations and Tax Implications](#) can be found online. Be sure to review this information with an accountant.

Annual Return of Information

Every CDC is required by law to file an [Annual Return of Information](#) online every year with the Companies Office. The Companies Office will send the CDC a partially-filled form. This form is necessary to update the Companies Office about board membership. The CDC has up to six months to file this annual return with the Companies Office. Failure to file returns for two consecutive years will result in the dissolution of the CDC.

Banking, Legal and Accounting

It is the board's responsibility to select professional support service providers (ex: legal, accounting) to maintain strong working relationships with. The CDC should research the service providers available and review references for those under consideration. Professional fees are often negotiable, including those associated with financial institutions.

CDCs, as legal entities, are considered to be under the control of the community council. Community council normally appoints all of the directors. To consolidate CDCs and other community-controlled entities, the CDCs should prepare audited financial statements. A CDC is a separate legal entity from the community. CDCs are responsible for their auditor's fees. Some CDCs have negotiated their fee with the auditor who completes the community

financial audit, but the auditor still needs to provide a separate financial audit opinion for the CDC.

Meetings, Committees and Public Relations

The board should conduct regular meetings (usually monthly), scheduled in advance, to have the greatest level of participation. CDC business should be carried out in a timely and consistent manner. To encourage community participation, CDCs should conduct public meetings and welcome input from local residents. Annual general meetings or AGMs should be held at a suitable time and place and be well advertised and open to the general public. This is an opportunity for the board and CDC members to demonstrate their accomplishments and present their goals for the future. The board should form committees to carry out its various functions. These committees should be encouraged to function as proficiently as the board itself. To ensure meetings are properly run, it is recommended they be conducted using *Robert's Rules of Order*.

Development projects and the operations of the CDC should be discussed at these meetings. Appropriate plans for action should be made to further the economic development of the community and the interests of the CDC. Minutes of all meetings should be kept.

Policies and Procedures

It is important that a CDC develop sound policies and procedures. These provide guidelines about the operations of the CDC as well as:

- guidelines for action to achieve the organization's mission
- general directives to ensure consistent decision making
- a point of reference for precedent-setting decisions

An example of a policy is:

All expense claims shall be in accordance with the Manitoba government rate policy.

Procedures are the organization's operational guidelines. In most cases, they specify how things will be done, when they will be done and by whom. Procedures communicate working methods and provide detailed instructions to volunteers and staff. Some examples of organizational procedures are:

- general office rules
- expense claims
- staff evaluation
- board of directors orientation

An example of a procedure is:

Expense claims must be submitted to the administrator within 30 days of being incurred.

Use of Financial Agencies

A CDC may use the resources of any private financial agency in the course of its operations. Commercial banks may be approached for short-term loans. Firms in the mortgage field may be approached for projects involving real estate. Funding for projects may be approved or rejected upon the financial agency's assessment of the merits of the proposed investment.

Support Organizations

Consultative support services from the department, CEDF and EDIT are available on a continuing basis to advise CDCs formed in a NAC. A contact list for these support organizations is provided in Appendix F. The directors and staff of CDCs are encouraged to consult these offices about the formation and operation of their corporations.

Support staff will not usually give advice on specific loans or business deals, but can give advice on policies, programs, bylaws and operating procedures. If program details or technical advice is required, support staff can be invited to board meetings.

Resources

The following other resources are recommended for CDCs:

- Community Profiles (First Nations, NACs, Municipalities)
- The Northern Affairs Act, The Securities Act, The Corporations Act
- Canada Revenue Agency
- *Robert's Rules of Order*
- World Trade Centre Winnipeg - Business InfoCentre
- Entrepreneurship Manitoba
- Community Futures Development Corporations
- Communities Economic Development Fund
- Area Chamber of Commerce

Other Information

Reactivating an Existing Community Development Corporation

A community reactivating an existing CDC must complete the [*Articles of Revival*](#) form and file it with the Companies Office. Reactivating a CDC requires a fee, payable to the Minister of Finance.

Dissolution of the Community Development Corporation

The board of a CDC may decide to dissolve if the corporation is no longer functioning or it has decided to amalgamate with another CDC. Upon dissolution of a CDC, no distribution of profits or assets may be made unless the distribution is approved by the Manitoba government (by order of the Lieutenant-Governor in Council). This does not apply to the dissolution of an insolvent corporation. To dissolve a CDC, complete the *Articles of Dissolution* form.

The board must provide the following information on this form:

- declaration of the corporation's solvency
- copy of an audited financial statement for the latest fiscal year
- copy of the resolution, authorizing the dissolution and distribution of assets ratified by two-thirds of the shareholders at an authorized meeting
- listing of any objectors to the resolution
- solicitor's opinion about the legality and compliance to The Corporations Act and related legislation in the dissolution of the CDC

Upon review and approval by the Manitoba government, documentation is returned for filing at the Companies Office.

Appendix A
Part XXI, Sections 262 to 264 of The Corporations Act

COMMUNITY DEVELOPMENT CORPORATIONS

Application

262(1) Except where it is otherwise expressly provided this Part applies to every corporation with share capital heretofore or hereafter incorporated as a community development corporation.

Consent of minister required

262(2) No articles shall be accepted for filing without the prior approval of the minister.

Additional requirements in articles

262(3) The articles shall be in the form the Director requires and in addition shall

- (a) state that the business of the corporation is restricted to fostering the social and economic development of a municipality or other local area in the province; and
- (b) state the name of the municipality, or clearly describe the area, in respect of which the corporation is incorporated.

One corporation in any area

263 Where a corporation is incorporated in respect of any municipality or area, the Director shall not issue any articles to any other corporation in respect of the same municipality or area or in respect of an area that includes the whole or any part of the same municipality or area.

Limitation on the distribution of profits or assets

264 A corporation to which this part applies shall not

- (a) make any distribution of profits; or
 - (b) make any distribution of capital or assets on a liquidation, dissolution or otherwise;
- unless the distribution is approved by order of the Lieutenant Governor in Council; but this section does not apply to the winding-up of an insolvent corporation.

Appendix B
Chart to Form a CDC in a NAC

| <u>Steps</u> | <u>Activity</u> | <u>Estimated Timeline</u> |
|---------------------|---|---|
| 1 | *Consultant holds meeting(s) with community council to introduce the CDC concept. <i>This is not restricted to a single meeting. The consultant may need to meet with council on multiple occasions to provide information and answer any community concerns.</i> | Dependent upon community council (up to two months) |
| 2 | Community council passes a resolution to form a CDC. <i>The resolution is an indication of the community's commitment to proceed with setting up a CDC.</i> | |
| 3 | Community council completes the following forms: 1. Request for Name Reservation 2. Articles of Incorporation (share capital) <i>The consultant may help the community fill out the required forms. Separate cheques will be required to process the applications.</i> | Six months – longer (up to nine months) if the articles of incorporation filed are incomplete |
| 4 | Community council submits completed documentation (including cheques and certified resolution) to the department for review. | |
| 5 | Documents are sent by the department to the Companies Office for ministerial approval. | |
| 6 | Community receives approval from the Companies Office to form a CDC. | |
| 7 | Community council schedules the initial shareholders meeting to introduce the board members. <i>The consultant may assist the community by facilitating the shareholders meeting.</i> | |
| 8 | CDC board holds their first meeting to elect directors, review and approve the CDC bylaw. <i>The consultant can assist the community in developing this bylaw. The consultant may assist the board by facilitating the first CDC board meeting or participate virtually. Typically, the CDC decides on its area of focus during the first CDC board meeting.</i> | Within three months of incorporation |
| 9 | CDC is now operational. Congratulations! | |

***Consultant:** The consultant can be the department CRDC, CEDF's Look North economic development advisor or EDIT's economic development specialist.

Appendix C
Sample Certified Resolution for the Formation of a CDC

Certified Resolution

Resolution Form
Community of (Community Name)

COMMUNITY RESOLUTION: # _____

MOVED BY: _____

SECONDED BY: _____

WHEREAS: the (Community Name) Council wishes to incorporate a Community Development Corporation.

THEREFORE BE IT RESOLVED: that the (Community Name) Council approves the incorporation of the (Community Name) Community Development Corporation.

CARRIED

I certify that the above resolution was passed at the regular (X) or special () meeting of the (Community Name) Council.

chair

I certify that the above is a true and correct copy of the motion/resolution as it appears in the minutes of the meeting of the (Community Name) Council held on ___ day of _____ 20__.

community administrative officer

Appendix D Sample Bylaw

(COMMUNITY NAME) Community Development Corporation Bylaw No. _____

Being a bylaw to establish the (COMMUNITY NAME) Community Development Corporation, in accordance with the provisions of Part XXI of The Corporations Act, R.S.M. 1987, C.C225.

Be it enacted and it is hereby enacted as a bylaw of the (COMMUNITY NAME) Community Development Corporation (hereinafter called the Corporation) as follows:

HEAD OFFICE

1. The head office of the Corporation shall be (COMMUNITY NAME) in the area of the (COMMUNITY NAME) Community Council boundary.
2. The name of the Corporation shall be “(COMMUNITY NAME) Community Development Corporation.”

MISSION

3. The mission of the Corporation is restricted to fostering the social and economic development in the community of (COMMUNITY NAME).

DEFINITION OF PERSON

4. In this bylaw of the Corporation, the singular includes the plural, and the plural the singular. The word person shall include firms and corporations.

NUMBERS

5. No more than seven and no less than three directors shall constitute the board of directors (hereinafter called the Board) and shall manage the affairs of the Corporation.

QUALIFICATIONS

6. A person shall be qualified to be nominated for, and elected or appointed as, a director of the corporation, if the person is:
 - a Canadian citizen
 - at least 18 years of age on the day of election or appointment
 - a resident of the community of (COMMUNITY NAME) and has been so for at least six months before election day or appointment
 - not be in bankrupt status, though a person who has previously been bankrupt may be a director after receiving a full bankruptcy discharge

TERM OF OFFICE

7. Three directors shall be appointed from the community council. ____ (*indicate number*) more directors will be elected by a general vote held in conjunction with the annual shareholders meeting.

8. The term of office for directors shall be no longer than one year.
9. A vacancy on the Board, created prior to the annual shareholders meeting, may be filled for the balance of the term by appointment by quorum of the Board.

ELECTIONS

10. (i) Election of directors shall not be by ballot unless demanded. Elections shall be held at the annual shareholders meeting.
(ii) If, at the shareholders meeting, there are not enough individuals coming forward to fill vacant Board seats, community council will appoint individuals from the community of (COMMUNITY NAME) to serve a one-year term.

REMOVAL

11. A director forfeits office due to:
 - written resignation
 - becoming bankrupt or insolvent
 - ceasing to be a resident within the boundary of the (COMMUNITY NAME) Community Council
 - being found to be of unsound mind
 - missing three consecutive meetings without Board approval

LOCATION

12. The Board shall meet at a location pre-determined by the Board, or as called by the president. A meeting may be convened by the president or vice-president, or by any two directors. Notice of meetings may be by phone, mail, fax, email or personal contact. Notice of meetings must be provided one week in advance, unless the directors agree to waive this notice by mutual consent.

FIRST MEETING

13. The first meeting of the Board shall be held immediately following the annual shareholders meeting and after elections of the directors have been completed, provided a quorum is present.

QUORUM

14. Fifty percent (50%), plus one, of the directors shall form a quorum for the transactions of business. Resolutions of the Board shall be decided by a majority vote. The president or chair is entitled to vote on any matter, and in the case of an equality of votes, the motion shall be declared lost.

REMUNERATION

15. Directors shall serve without remuneration. Directors shall be reimbursed for travel and other expenses duly incurred while on authorized business for the Corporation outside the (COMMUNITY NAME) Community boundary. The travel will be reimbursed in accordance with rates and policies established by the Board at a shareholders meeting.

DIRECTORS AND OFFICERS

16. Each year, immediately after the annual shareholders meeting, the elected directors shall meet to elect directors to the following positions, namely:

President

The president shall act as chair for the Board, as well as, chief executive officer of the Corporation. The duties shall be to possess and exercise such powers and fulfill such duties as the Board shall from time to time determine by resolution.

Past President

The past president shall provide continuity and guidance to the Board and have full voting privileges.

Vice-President

The vice-president shall, in the absence of the president, assume the duties and responsibilities of the president, and such other responsibilities that the Board may direct from time to time.

Secretary, Treasurer, or Secretary-Treasurer

The secretary, treasurer, or secretary-treasurer, as the Board deems necessary from time to time, may be a member of the Board or appointed from outside the Board.

- (i) The secretary shall issue all notices of meetings of the directors and shareholders, record the resolutions at all meetings, have charge of the minute books of the Corporation and hold in safekeeping all the records and documents of the Corporation.
- (ii) The treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit them in such bank or credit union as the Board directs from time to time, by resolution. The Board may require the treasurer to be bonded.

Other Officers

Other officers may be appointed, as required by the Board, to fulfill the mandate of the directors and perform such duties as directed.

At any time, the Board may appoint individuals to serve in an advisory capacity to the Board. These individuals may include ex-officio appointments and may include, but are not restricted to, local banking managers and other professional persons. These appointed individuals will be non-voting.

17. All cheques, documents and instruments of the Corporation shall be signed by two of the three directors – president, vice-president or secretary-treasurer.

FISCAL YEAR

18. The fiscal year of the Corporation will be terminated on the 31st day of December, in each year.
- (a) The sole shareholder of the Corporation shall be the community council (including the mayor) of the Community of (COMMUNITY NAME).

ANNUAL SHAREHOLDERS MEETING

19. The annual shareholders meeting shall be held within 90 days of the fiscal year end.

OTHER SHAREHOLDERS MEETINGS

20. Other shareholders meetings may be convened at any time or place by order of the president or vice-president, or by the Board on their own motion, or at the written request of five shareholders.

NOTICE OF SHAREHOLDERS MEETINGS

21. Notice of shareholders meetings shall be given in writing, stating the time, place, date and purpose of the meeting. Notice shall be given seven days in advance of the meeting date.

RESERVE FUND

22. The Board may, from time to time, set aside such sums as it deems fit as a reserve fund to meet appropriate contingencies. The Board may in its discretion, increase, reduce or abolish any reserve fund completely, or in part, and may transfer the whole or any part of any reserve fund to surplus.

SHARES AND SECURITIES IN OTHER COMPANIES

23. Where the Corporation owns voting shares in other companies, the Board may appoint a person to represent the Corporation as directed. The Board may issue voting certificates and other evidence of the right to vote in such names as it may determine.

FINANCIAL ADMINISTRATION

24. The Board shall develop a budget for the operation of the Corporation and a new and existing project status report on an annual basis. This shall be prepared for presentation and approval at the annual shareholders meeting. Financial statements will be prepared and audited on an annual basis as per generally accepted accounting principles.

INSPECTION OF BOOKS BY SHAREHOLDERS

25. The Board may, from time to time, determine whether and to what extent, and at what time and place, and under what conditions or regulations, the accounts and books of the Corporation shall be open for inspection by the shareholders.

CONFLICT OF INTEREST POLICY AND GUIDELINES

26. (a) Policy Statement:

It is essential that directors and officers of the Corporation maintain high standards of honesty, integrity, impartiality and conduct. They avoid situations which may result in an actual or apparent conflict of interest or that constitute misconduct. The Corporation's directors and officers shall, at all times, abide by the standards of official and personal conduct set forth in this policy statement and in their declaration of confidentiality.

(b) Conflict of Interest Guidelines

(i) General Provisions:

The Corporation's directors and officers shall avoid conducting themselves in any manner that may result in, or create the appearance of the directors and officers

receiving a private gain due to their position or authority. In particular, the Corporation's directors and officers shall not:

1. Engage directly or indirectly in any personal business transaction or private arrangement for personal profit which accrues from, or is based upon, confidential or non-public information which they gain due to such position or authority.
2. Divulge confidential or non-public information to any unauthorized person, or release such information in advance of authorization for its release.
3. Act in any official matter where there is a personal interest which is incompatible with an unbiased exercise of official judgment.
4. Place them in a position where they are under obligation to any person or organization that may benefit from improper considerations.
5. Favor on their part or seek in any way, to gain improper treatment from them in the discharge of their official duties and responsibilities.

(c) Disclosure:

The Corporation's directors and officers are responsible to disclose to the Board or other designated officer, any situation or matter where there is a conflict of interest or a foreseeable conflict of interest. All disclosures shall be in accordance with section 115 of The Corporations Act.

If a member is in a conflict of interest, they shall not have a vote.

CONFIDENTIALITY

27. (a) All materials that an applicant provides to the Corporation in connection with a request for financing must be considered as confidential and care must be taken to ensure that the circulation of all such material relating to the fund, is restricted to those officers and staff who have a direct responsibility for the specific aspect of the administration of the account. Disclosure of information to anyone not authorized to deal with it is prohibited. In extraordinary cases, these prohibitions may be waived with the written consent of the applicant.
- (b) Where the Corporation obtains credit and/or character references from outside sources, these are to be kept confidential and access to them without permission of the source must be denied to the applicant.

PROTECTION OF DIRECTORS

28. The Corporation hereby consents that each and every director or officer of the Corporation shall be deemed to have assumed the office on the expressed understanding and agreement that they, their heirs, executors and administrators shall at all times be indemnified and saved harmless out of the funds of the Corporation against all costs, charges and expenses, whatsoever which may be sustained or incurred in or about actions, suits or proceedings that are brought, commence or prosecuted against them. In respect of any act, deed, matter or thing whatsoever made, done or permitted by them in or about the execution of the duties of their office; except such costs, charges or expenses as are occasioned by their own willful neglect or default.

COMING INTO FORCE

29. This bylaw shall come into force and effect on the day and year it is sanctioned at a general meeting of the shareholders.

AMENDMENTS

30. This bylaw may be amended, from time to time, at any general meeting of the shareholders, provided seven days notice is given to the shareholders of such proposal to amend this bylaw.

PASSED and ENACTED at a general shareholders meeting held this

____ day of _____, AD 20____.

(COMMUNITY NAME) Community Development Corporation

Signatures

President: _____

Secretary-Treasurer: _____

Appendix E

Section 56 of The Northern Affairs Act

GRANTS

Power to make grants

56(1) A council may make a grant to or otherwise assist

- (a) a charitable or non-profit organization, association or corporation;
- (b) another community; or
- (c) a municipality or local authority;

If in its opinion the purpose for which the grant is made is in the interest or to advantage of the community or its residents.

Benefit may be to only part of community

56(2) A council may make a grant under this section even though only a part of the community or only some of the residents may benefit from the grant.

Recipient may be outside community

56(3) A council may make a grant under this section even though the recipient, or any of its facilities, programs or activities, is primarily or solely located or carried on outside the community, if the residents of the community, or some of them, will or could benefit from the grant.

Grant to community or regional development corporation

56(4) A community may enter into an agreement with a community or regional development corporation for the making of a grant to the community or regional development corporation, but such an agreement must not provide for

- (a) a grant to be made after the council's term of office expires; or
- (b) any renewal or continuation of the agreement by reason of the failure of a party to give notice.

Condition of grant

56(5) A grant under subsection (4) must not be used directly or indirectly to reduce the amount of community or school taxes payable to a community or to reimburse a person for community or school taxes paid or payable to a community.

Definitions

56(6) The following definitions apply in this section.

“community development corporation” means a corporation incorporated under Part XXI (Community Development Corporations) of The Corporations Act.

“regional development corporation” means a corporation incorporated under Part XXII (Corporations Without Share Capital) of The Corporations Act.

Appendix F

Support Organizations Contact List

Manitoba Indigenous Reconciliation and Northern Relations

website: www.manitoba.ca

Email: NAB.General@gov.mb.ca

Community and Resource Development Consultants:

Northern Affairs Branch
59 Elizabeth Drive (Box 27)
Thompson, MB R8N 1X4
Phone: 204-670-5711
Fax: 204-677-6525

Northern Affairs Branch
27-2nd Avenue, SW (Box 15)
Dauphin, MB R7N 3E5
Phone: 204-648-7510
Fax: 204-622-2305

Manitoba Economic Development, Investment and Trade

website: www.manitoba.ca

Economic Development Specialist:

1129 Queens Avenue
Brandon, MB R7A 1L9
Phone: 204-726-6381
Fax: 204-726-6260

Communities Economic Development Fund

website: www.cedf.mb.ca

Look North Economic Development Advisors:

Head Office
15 Moak Street
Thompson, MB R8N 2B8
Phone: 204-778-4138, ext. 252, 253 or 254
Toll free: 1-800-561-4315
Fax: 204-778-4313

Site 103A – Otineka Mall
Opaskwayak Cree Nation, MB R0B 2J0
Phone: 204-627-8139
Toll free: 1-888-347-4678
Fax: 204-623-7667

800 - 31 Main Street
Flin Flon, MB R8A 1J5
Phone: 204-271-0154