

RE: Community Futures Development Corporation Nicola Valley (CFDCNV) – Board of Directors

Dear Interested Board Member,

Thank you for your interest in Community Futures Nicola Valley. In brief, the CFDCNV Board provides policy guidance to staff in delivering Business Development assistance, administration of a Loans Portfolio, Community Economic Development (CED) services (projects and investment / marketing platforms), and pathfinding (government programs and services).

CFDC Nicola Valley is one of 34 Community Futures (CFs) in British Columbia and we are proud of the accomplishments made through our efforts in Merritt and the Nicola Valley. For the operational year 2018-2019, 11 new business loans were made at an average value of \$48,000, while 241 Clients were served and a further 1,108 Clients were provided advisory services. This led to the creation and maintenance of 34 full-time and part-time jobs in the community.

Membership with the Board of Directors requires a commitment to attend a meeting every month, and Directors may also be asked to be involved with various committee structures relevant to their areas of expertise and interest. This is a “policy” Board however, not an “operational” Board.

Please review the attached documentation and if interested in the opportunity and contributing your talents, respond accordingly. Should you have questions, I would be pleased to answer them.

I look forward to hearing from you!

Sincerely yours,

Tom Reynolds, Chair
Community Futures Nicola Valley



Application for the Position of Board Director

Community Futures Nicola Valley
2185 Voght Street, Merritt, BC V1K 1B8
250-378-3923
www.cfdcnv.com

Name: _____

Address: _____

Phone Number: _____ **Cell Number** _____ **Email Address:** _____

1. How long have you resided in the Nicola Valley? _____

2. List some of the volunteer agencies you have worked with:

3. What interests you about volunteering with Community Futures Nicola Valley?

4. Have you previously been a Director on a volunteer Board? _____
If yes, what was the society?

5. Do you have a specific area within the community that you would like to work on?

Name: _____

Signature: _____

Is there any additional information that you wish to share with us, which will assist in determining your suitability?



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The following is a list of the Board of Directors of Community Futures Nicola Valley as at September 2019:

- Jane Bartle
- Noreen Cross (Secretary/Treasurer)
- Tony Luck
- Jean Perog
- Jack Polmans
- Tom Reynolds (Chair)
- Jared Thomas



BUSINESS FINANCING

LOAN PROCESS

ELIGIBILITY CRITERIA & TERMS:

- Small businesses located within the CFDCNV region
- Loans are available to individuals, partnerships, societies, corporations or co-operatives
- Eligible projects must meet the test of viability and environmental sustainability
- Equity contributions by the applicants must be deemed acceptable by the committee
- Security coverage will be required to cover the amount of loan requested
- An interest rate of Prime+3.5% (minimum of 6%) with regular scheduled payments of principal and interest

PROJECTS THAT WILL NOT BE FINANCED:

- The purchase of franchises;
- Multi-level marketing schemes;
- Gambling establishments;
- Projects of a religious or political nature;
- Projects of a sexual nature; and
- Unlawful operations.

SUBMISSION MATERIALS FOR APPLICATIONS:

- Loan application package and 1% application fee (minimum \$200 for loan applications under \$10,000.00) plus legal fees. When the security documents are prepared "in-house", there will be a \$300 legal fee for loan applications under \$10,000.00 and \$200 legal fee for loan applications under \$5,000.00
- Client loan submission and due diligence may include the following:
 - Business plan describing the products, operations, marketing, and financial activities and plans
 - Personal net worth statements and biographies
 - Annual financial statements – 3 years if possible
 - Verification of statement from CRA indicating that trust accounts are paid
 - Security, appraisals, environmental studies, other supportive materials
 - Proposed program and financing; breakdowns of the costs and verifications if possible (i.e. construction quotes, equip. purchase invoices, purchase offers or agreements etc.)

APPLICATION REVIEW:

The due diligence credit summary prepared by the CFDCNV loans officer will cover the following areas of analysis:

- Confirmation and follow-up will be done on all information submitted
- Proposed loan terms and conditions by the CFDCNV to the client
- Management; history and competence
- Project analysis; Why? When? How? Confirmation of costs, suitability, community economic impact and benefit
- Personal net-worth statement review; are the sources of funds apparent, any cash drains or cause for concern; should also confirm or address other sources of funds
- Security proposed - costs, liquidation values, and potential for disposal difficulties or high costs
- Equity – levels, format adequacy for the present and future needs of the business
- Working capital – analysis of adequacy for immediate and future needs
- Repayment abilities – historical cash flow generation analysis, forecasts, including supportive evidence for key elements of forecasts, addressing competition, market conditions, etc.
- Environmental commentary – prescribed checklist plus nature of business/business practices review

The Loan Credit Summary will address the following:

- Benefits and risks of the project
- Provide analysis of the viability of the project
- Security to be taken and loan terms

APPROVAL OR DECLINE:

The application is then presented to the Loans Committee for the final decision.

Requests may be declined where the Committee feels that:

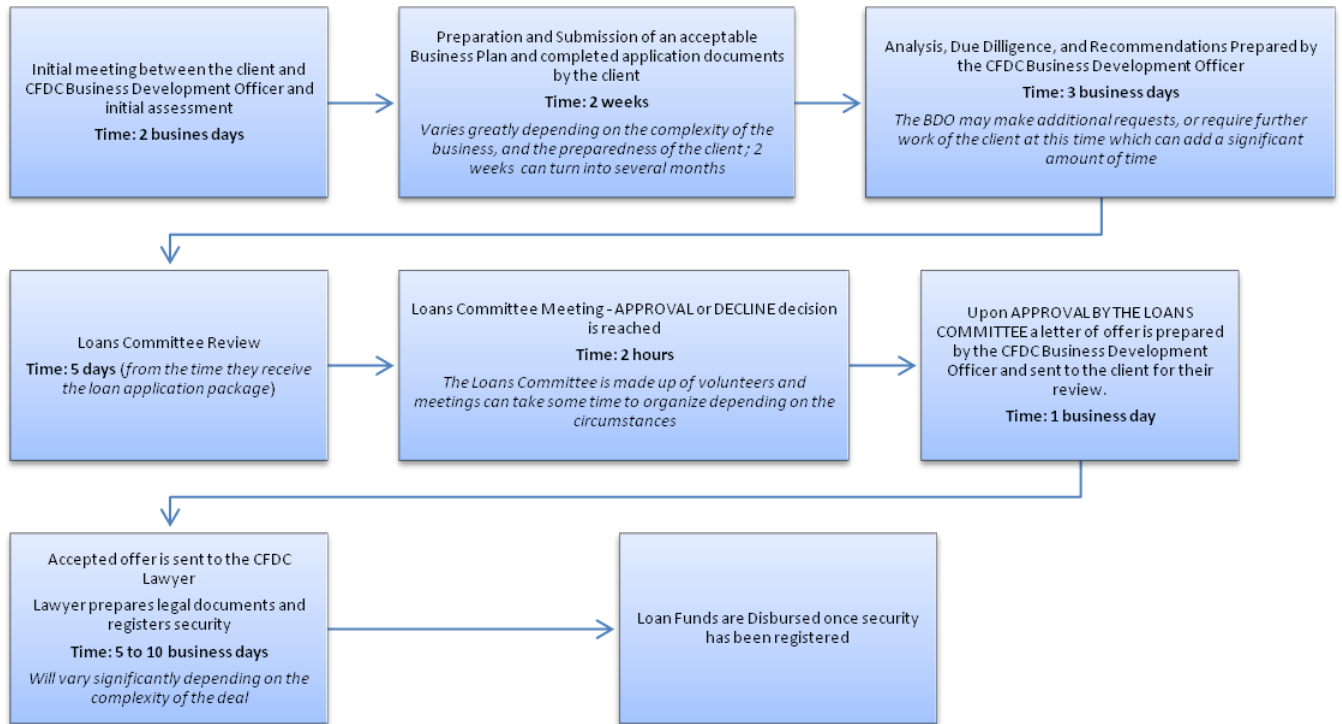
- The project does not fully meet the program criteria
- The risk of failure is too great
- Inadequate security exists for the loan
- Due diligence has not been reasonably completed
- Components of the program do not comply with policies required

LOAN REPAYMENT:

- The normal term for loan repayment is 5 years with monthly installments. The loan amortization varies with the amount and nature of the borrowing.
- Generally, Community Futures organizations allow loans to be prepaid at any time without penalty unless otherwise specified.

PROCESS CHART:

Note: the time it takes for this process depends heavily on the preparedness of the client; the times listed here are minimum requirements under ideal circumstances and are very loose estimates



ATTACHMENT "A"

Loan Approval Authorities

| Loan Amount | Level | Minimum Application Requirements | Level of Review | General Approval |
|---|-------|---|---|--|
| \$500 - \$10,000 (plus additional admin & legal fees & life and/or disability insurance) | 1 | Credit check Business concept One year cash flow forecast | Manager and Business Development Officer | Manager And Business Development Officer |
| \$10,001 - \$15,000 | 2 | Credit check Basic Business Plan One year cash flow forecast | Manager and BDO. Advise Board members | In person Committee meeting. Client may be asked to attend and interview |
| \$15,001 - \$50,000 | 3 | Credit check Basic Business Plan One year cash flow forecast | Manager and BDO. Full Committee Package must be prepared, and 5 days allowed for review | In person Committee meeting. Client may be asked to attend and interview |
| \$50,001 - \$150,000 | 4 | Credit check Detailed Business Plan 2-5 year cash flow forecast | Manager and BDO Full Committee Package must be prepared and 5 days allowed for review | In person Committee meeting. Client may be asked to attend and interview |

Amended April 30, 2018

For further information contact:

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 Business Development Officer
 Community Futures Nicola Valley
 2185B Voght Street, Box 159
 Merritt, BC V1K 1B8
 Tel: 250-378-3923
 Cell: 250-280-6104
 Email: manuel@cfdcnv.com

What Community Futures Nicola Valley Looks for in a Loan Application:

When your local Community Futures staff and volunteer board assess the merits of your loan application, they take into account our own version of the classic banking industry guideline “The Five C’s of Lending.” As we are developmental lenders – and because community economic development is our number one priority – we are able to interpret and prioritize lending criteria a bit differently than traditional banks.

Here’s some insight into the criteria your local Community Futures staff and volunteer board will use when assessing the merits of your loan application:

1. Character

Character is a combination of your credit history, your training and work history, and any proven experience you have at running a business. Most banks look primarily at how the loan will be secured. While this is also important to us, we value your personal experience and track record too. We’ll also want to know about the industry skills and management experience of your leadership team, because even the best business ideas don’t succeed without strong management. It’s all part of ensuring that you are set up for success in business – not just loan repayment!

2. Capacity

Capacity refers to your ability to take on and repay debt based on the earning potential and cash flow of the business. We look at your business plan very carefully to determine the strength and marketability of your idea as well as the viability of the business. It is therefore very important that you take the time to carefully research and thoroughly test your business concept. We also want to make sure there will be adequate cash flow, to ensure that you can realistically afford the loan. If you are asking for a loan for an existing business, we’ll look carefully at your historical financial statements. If you are starting a new business, we’ll review projected financial statements as well as data like industry averages.

3. Conditions

When assessing a loan request, we take great care to understand the market and conditions in which you are planning to operate your business. Is the industry mature or emerging? What are the current political, environmental, social, and technological issues affecting the industry? To gain insight, we look at data from industry associations and government and regulatory bodies, as well as your own marketing plan research. And, of course, we factor in the ability of your business to help drive rural economic diversification – adding recognition for big potential impacts.

4. Capital

Capital includes your personal and corporate net worth, the “sweat” and real equity you have invested in the business and your ability to access other financial reserves. We want to make sure you have adequate capital to grow your business and to weather any unexpected emergencies or setbacks. Having insufficient capital is a common mistake for too many businesses, and we want to ensure it doesn’t happen to you.

5. Collateral

Because Community Futures organizations are developmental lenders, we place a greater focus on the management team, business capacity, market conditions, and cash flow of a business. However, we do have a responsibility to lend money responsibly, and therefore must take adequate security. We will be as creative as we can in assessing your collateral, but we are aiming for a 1:1 security to loan principal ratio.

Your chances of obtaining a loan depend upon how you are assessed in each of these areas. By becoming familiar with these criteria, you can ensure that your business plan addresses all the essential points, and that you are prepared to answer any questions the review board may have. Be ready to show us the creativity, energy and drive behind your business idea – and we’ll do our best to help.



DIRECTOR AND / OR COMMITTEE MEMBER CONFIDENTIALITY, CONDUCT AND DISCLOSURE POLICY

POLICY INTENT:

This Policy is intended to ensure that Directors and Committee Members of Community Futures Development Corporation Nicola Valley (CFDCNV) are fully aware of their responsibilities concerning: Confidentiality; Conduct towards staff, each other, the community-at-large; and, Disclosure concerning pecuniary interests.

GUIDING PRINCIPLES:

- Being loyal to the not-for-profit organization and its members
- Avoiding Conflict of Interest, including direct and indirect gains which could accrue to you or another Committee Member as a result of actions or decisions made in the capacity of board authority.
- Dealing with the public, staff, clients, and board peers in an ethical, fair, and straight forward manner – all exercising 'best judgment'
- Not exercising individual authority over the CFDCNV or its staff (unless specifically authorized to do so (in accordance with governance policy and procedures)
- Speaking positively of and representing the CFDCNV with integrity
- Fostering friendly and positive working relationships between the CFDCNV (Directors, Committee Members, and Staff) and key stakeholders groups / the business community, and, the general public within the CFDCNV service area
- Maintaining confidentiality of Board business (including all committee work)

A/ Client and Employee (Staff) Privacy

Respect of the privacy rights of clients and employees of the CFDCNV is fundamental to the organization's effective operations. All Directors and Committee Members with knowledge of client's affairs must respect and protect the confidentiality of that information.

- You may divulge only client information which is:
 - Public information; or
 - Information required by law; or
 - Information authorized for release by the client
 -
- You may not access client's information for purposes other than CFNV business.
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- You may not access or use for personal reasons, any information not ordinarily available to the public, or provide this information to the public.

B/ Protection of Propriety Information

- Certain information about CFDCNV plans, methods, and activities is proprietary and confidential (this is particularly applicable to, but not restricted to, Lending and Counseling activities). You may not disclose such information without proper authorization.
- Use good judgment in your social and informal association with others. There is risk that you may reveal (knowingly or unknowingly) information about the organization's security measures or other confidential information that could be used in perpetrating a crime against CFDCNV or against a client.
- Never show any documentation to outsiders without proper authorization. Use care when talking about the organization with outsiders and in public places.
- If you leave the service of CFDCNV, you are obligated to safeguard the privacy of clients and employees and to protect the confidentiality of CFDCNV's affairs.

C/ Conflict of Interest

Duty of a Director, Committee Member

Where an Active Board Member and / or Committee Member, either on his or her own behalf or while acting for, by, with or through another, has any pecuniary interest, direct or indirect, in any matter and is present at a meeting of CFDCNV at which time the matter is the subject of consideration, he or she:

- (i) will prior to any consideration of the matter at the meeting, disclose his or her interest and the general nature thereof;
- (ii) will not take part in the discussion or vote on any question in respect of the matter; and in fact
- (iii) will absent himself or herself from that part of the meeting during which the matter over which the conflict arises is being discussed.

Pecuniary Interest

An Active Board Member and / or Committee Member would have an indirect pecuniary interest in any matter where he or she or their immediate family ["Immediate family is defined as: a parent, grandparent, grandchild, former guardian, wife, husband, common-law spouse, sibling, father-in-law, mother-in-law, brother-in-law, sister-in-law, and any other relative with whom the employee permanently resides]:

- (i) is a shareholder in a private corporation; or
- (ii) has controlling interest in a public corporation; or
- (iii) is a member of a body corporate; or
- (iv) or is a partner of a person; or
- (v) is in the employment of a person or body corporate; which has a pecuniary interest in the matter.

[Pecuniary in this sense means of or involving money]

D/ Enforcement

Any Director and /or Committee Member of CDFCNV who violates the codified requirements of behavior as expressed in the Agreement is subject to immediate dismissal at the discretion of the Chair of the CFDCNV.

Such dismissal shall not preclude the right of action or recovery of damages through applicable legal standards, regulations and laws.

AGREEMENT

I, _____,
(print name)

acknowledge that I have read, understand and by way of affixing my signature, do hereby agree to be bound by the terms, conditions and spirit of this Director Confidentiality, Conduct and Disclosure Policy.

Signature

Date

Witnessed by:

Signature

Date

Here at **Community Futures Nicola Valley**, we can assist you with:

- ✓ Small Business Counselling;
- ✓ Provision of basic steps to start your business;
- ✓ Help you select the most appropriate business structure;
- ✓ Submission of your Business Name (NR) for approval;
- ✓ Registration of your Business with your chosen structure;
- ✓ Help you open your GST/HST CRA account if required;
- ✓ Help you promote your Small Business;
- ✓ Provision of basic steps to set up your books;
- ✓ Guidance while preparing your Business Plan;
- ✓ Small Business Financing; and much more;
- ✓ One-on-one Social Media Training;
- ✓ One-one-one Bookkeeping Training.

For additional information, please contact Manuel at:

(250) 378-3923 or at manuel@cfdcnv.com