



# KAWARTHA LAKES SOCCER CLUB

## Liability of Directors of Not-For Profit Corporations

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Not-For Profit organizations are an integral and essential part of Canadian Society. They provide many important services and perform functions which sustain and improve the quality of life that we Canadians enjoy. From organizing and operating sports and recreational clubs for our youth, to fund raising for medical research, to promoting the welfare of less fortunate persons and families in our communities, the list of beneficial activities carried out by Not-For Profit organizations is impressive.

Every Not-For Profit organization is run by a group of individuals who are dedicated to fulfilling a need in their community or a need of Canadian Society in general. Some perform specific tasks for the organization; some organize programs and events; and some take on responsibility of managing the organization as directors. All of these individuals volunteer their time, energy and knowledge, and often their only reward is seeing the benefit realized by the community from their efforts.

While directors of Not-For Profit organizations commonly receive only modest or no remuneration for their services, this does **not** mean that they are exempt from personal liability with respect to carrying out these services. Rather, there are a number of areas in which directors can be found personally liable. It is important that individuals who are directors or are contemplating becoming directors of a Not-For Profit organization, are aware of these potential liabilities and are aware of the steps they need to take to protect themselves from personal liability.

Attached to this this acknowledgement is a 12 page article found on the Industry Canada website which describes the various sources of potential liability for directors and some steps that directors should take to prevent such liability from arising. The article can be read in less than one hour and should be read by each proposed director before signing this acknowledgement.

For those wanting more information about how to protect the organization and themselves from liability, there is also an excellent article (21 pages) named "20 Questions Directors Not-For Profit Organization Should Ask about Fiduciary Duty" that can be found on the internet by googling the article name.

## Acknowledgement

I, \_\_\_\_\_, am aware that as a director of a Not-For Profit organization, I may be subject to personal liability for contracts, commitments, debts and other liabilities arising during the period that I am a director of the organization, including but not limited to:

- ❖ Government remittances (HST, payroll deductions)
- ❖ Employee salaries (up to 6 months of unpaid salaries and vacation pay)
- ❖ Environmental contamination
- ❖ Contracts not properly authorized by the organization
- ❖ Liability arising from carelessness or negligent mismanagement of my duties as a director
- ❖ Failure to maintain a current membership list; unlawful use of a membership list or sale of a membership list

I am aware that such liability exists whether the organization is incorporated or not.

I have read, or had the opportunity to read the Industry Canada article “Chapter 3: Liability of Directors” before signing this Acknowledgement.

On the basis of foregoing, I agree to accept the position or continue in the position of Director of **KAWARTHA LAKES SOCCER CLUB**.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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(Signature of Director)