

Newsletter/bulletin Articles for Existing Not-for-Profit Corporations For distribution by Associations

Long version:

New Act to Provide Up-to-date Rules - 337 words

Ontario's new Not-for-Profit Corporations Act, 2010 will provide not-for-profit corporations with up-to-date rules to run the organization, and will ensure greater transparency and accountability.

When the Act comes into effect, it will generally apply automatically to all Ontario not-for-profit corporations.

Existing not-for-profit corporations will have a three-year transition period once the Act comes into effect to make any changes to their incorporation and other documents necessary to bring them into conformity with the Act. Existing corporations are encouraged to review their documents before the end of the transition period.

The government is helping not-for-profit corporations make the transition and thrive under the new Act by providing the following support:

- A plain-language guide to the Act that explains the sections that will likely have the most impact.
- A transition checklist that existing not-for-profit corporations can use as a reference to ensure compliance with the Act.
- A draft default by-law that existing corporations can use as a guide when reviewing and making any necessary changes to their by-laws during the transition.
- The default by-law will apply automatically to newly incorporated not-for-profit corporations that do not pass an organizational by-law within 60 days of their date of incorporation.

The government has also given a grant to Community Legal Education Ontario (CLEO) to support the sector during the transition period.

The Act is targeted to come into effect in 2014. Amendments to more than 80 statutes including the Act were introduced in the legislature in June 2013. It is anticipated that these amendments will be debated in the legislature in fall 2013. If the amendments are passed by the legislature, the Act is anticipated to come into force no earlier than six months after passage in order to ensure adequate time for not-for-profit corporations to prepare for transition.

Check the Ministry of Consumer Services' website regularly to confirm the effective date. More information is available online at www.sse.gov.on.ca/mcs/en/Pages/Not_For_Profit.aspx

Short version:

New Act Expected to Provide Up-to-Date Rules – 199 words

Ontario's new Not-for-Profit Corporations Act, 2010 will provide not-for-profit corporations with up-to-date rules to run the organization, and will ensure greater transparency and accountability.

Existing not-for-profit corporations will have a three-year transition period once the Act comes into effect to make any changes to their incorporation and other documents necessary to bring them into conformity with the Act. Existing corporations are encouraged to review their documents before the end of the transition period.

The government has also given a grant to Community Legal Education Ontario (CLEO) to support the sector during the transition period.

The Act is targeted to come into effect in 2014. Amendments to more than 80 statutes including the Act were introduced in the legislature in June 2013. It is anticipated that these amendments will be debated in the legislature in fall 2013. If the amendments are passed by the legislature, the Act is anticipated to come into force no earlier than six months after passage in order to ensure adequate time for not-for-profit corporations to prepare for transition.

Check the Ministry of Consumer Services' website regularly to confirm the effective date. More information is available online at www.sse.gov.on.ca/mcs/en/Pages/Not_For_Profit.aspx.

Sidebar with more transition details to accompany long or short article:

Transition Sidebar – 464 words

Will your corporation be ready? Existing not-for-profit corporations will have a three-year transition period once the Act comes into effect to make any changes to their incorporation and other documents necessary to bring them into conformity with the Act. New corporations created after the Act comes into effect will need to come into compliance immediately.

Existing corporations are encouraged to review their documents before the end of the transition period.

A full checklist is available at the Ministry of Consumer Services' [website](#). [for articles not sent electronically use the full web address:

[http://www.sse.gov.on.ca/mcs/en/Pages/onca4.aspx/.](http://www.sse.gov.on.ca/mcs/en/Pages/onca4.aspx/)]

Items to consider as part of the transition include:

- Letters patent and supplementary letters patent
 - Review the corporation's purposes to make sure they reflect current or proposed future activities and are consistent with other laws or court decisions that may govern the corporation.
 - Review special provisions, such as the number of directors, powers of the corporation and the distribution of a corporation's remaining property when it winds up or dissolves.
 - Review the corporation's articles – if the corporation has two or more classes or groups of members, at least one class or group needs to be given the right to vote at member meetings, and this must be set out in the articles. Many existing not-for-profit corporations have these in their by-laws.
- By-laws
 - Review director and officer provisions, for example, to make sure a director's maximum term of office lines up with what is in the Act.
 - Review member provisions. The by-laws must set out the conditions for being a member.
 - Review borrowing powers. Under the new Act, a not-for-profit corporation does not need to pass a by-law for borrowing powers.
 - Consider whether any changes should be made to voting methods in light of the new requirement for mandatory proxies or alternative means of voting at members' meetings such as mailed-in ballot, telephone or electronic means.
 - Consider whether or not to add a provision allowing membership transfers otherwise membership may only be transferred to the corporation.

To help not-for-profit corporations make the transition to the new Act, the government is preparing some tools:

- A plain-language guide to the Act that explains the sections that will likely have the most impact.
- A transition checklist that existing not-for-profit corporations can use as a reference to ensure compliance with the Act.
- A draft default by-law that existing corporations can use to help review and make any necessary changes to their existing by-laws during the transition.
- The default by-law will apply automatically to newly incorporated not-for-profit corporations that do not pass an organizational by-law within 60 days after the date of incorporation.

More information is available online at

www.sse.gov.on.ca/mcs/en/Pages/Not_For_Profit.aspx.

Check the website frequently for updates, support tools and to confirm the Act's effective date.

**Newsletter/bulletin Articles for Potential New Not-for-Profit Corporations
For distribution by Associations**

Becoming a Not-for-Profit Corporation to Get Easier - 100 words

Sports clubs, associations and other organizations will find it much easier to incorporate when Ontario's new Not-for-Profit Corporations Act, 2010 comes into effect.

The Act will make it simpler to incorporate and provide not-for-profit corporations with up-to-date rules to run the organization. It will also ensure greater transparency and accountability.

The Act is targeted to come into effect in 2014. Check the Ministry of Consumer Services' website regularly to confirm the effective date. More information is available online at www.sse.gov.on.ca/mcs/en/Pages/Not_For_Profit.aspx.

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