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HOW TO TAKE ACTION ON CANADA'S NEW N.F.P. CORPORATION ACT RIGHT NOW

THE NEW FEDERAL Canada Not-for-Profit Corporation Act has come into effect.

Every federally incorporated not-for-profit corporation must secure a “certificate of continuance” before October 17, 2014 under the terms of the new Canada Not-for-Profit Corporations Act. There are *no exceptions*.

WHAT IS IT?

In 2011, Canada enacted a new Not-for-Profit Corporation Act along with a new focus by the Canada Revenue Agency (CRA) on a variety of not-for-profit accounting practices. All existing not-for-profit organizations must apply for a certificate of continuance, and new ones must incorporate under new rules. The Act has new approaches to transparency. It is an opportunity to renew our understanding of our organizations, as well as address antiquated by-laws, develop governing instruments that nurture stewardship, and build trust to achieve success.

A feature of the new Act is a greater emphasis on member rights and member access to decisions made by third sector boards. These changes were made to satisfy concerns Canadians have expressed with the transparency of many not-for-profits and, particularly, charitable organizations. It seems that there is still a low awareness in the not-for-profit sector about this new Act. You need to pay attention to this now. Pass it along.

This Act does not apply to organizations incorporated

provincially. However, the provinces plan to harmonize out of practical necessity at some point. Keep an eye on this in your home province.

With a December 2014 deadline looming, this could slip past a lot of us with dire consequences. Don't think, “Oh lots of time, no sweat”. If you forget, sweat will be the least of your worries because **failure to apply and be certified will result in automatic dissolution**.

The old Corporations Act is repealed. If you fall under the old act you **MUST** apply for a certificate of continuance before the deadline. Among the changes is the requirement to establish your organization as either soliciting or non-soliciting. (Most non-for-profit organizations are soliciting organizations.)

There are a myriad of new rules, everything from member rights and member classes to the number and definition of directors. Letters patent disappear but your original or modernized “objectives” must be submitted in the application process.

Recommend to your board that they undertake a strategic planning review to ensure that the goals and objectives of the organization will be accurately reflected in the application documents. This is a big undertaking, I know, but one that will help the organization as it reviews its objectives and current by-law to ensure they are keeping pace with change.

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**WHAT TO DO:**

Set a time frame for completion right up front. If you know the date when you should apply (as in well before the deadline) then you can scroll back to a doable work plan, then stick with it.

Review the new Act and regulations [here](#). I recommend you download relevant documents and study them in full, then state the process. The instructions are accessible. The material includes an interactive by-law builder and a step-by-step process.

Where possible, go with the new Act's recommended by-laws. Wording is offered for many general items that are consistent with the Act. This will save time and may help the quality of your application.

Have your current governance documents at hand (letters patent, objectives, by-laws). Make sure they are fully digitized for editing purposes. Expect to cut and paste.

Organize a committee of the board to review documents as you develop the application. This does not need to be a shirtsleeves committee reviewing eye-watering documents in all-night sessions. Rather, a virtual committee with several sets of eyes can help you stay on track—best to have people with the not-for-profit experience if possible.

Prepare your board for the changes. It is better to provide bite-sized pieces of the applications rather than dumping a great tome upon the board at once. This may inspire your directors to actually read the material and offer some suggestions. Ultimately, the board must recommend that the members approve your application content, so have your champions well prepared.

You must have member approval for proposed certificate of continuance materials before you apply. You can seek approval at the annual meeting or a special meeting of members called for this purpose.

If you have charitable status too—heads up. Even if the certificate is approved, it does NOT secure your charitable status (if you have it). That is the domain of the CRA. Ensure that your submission for a certificate of continuance is consistent with your approved or pending charitable status.

There are good materials available from the [Canadian Society of Association Executives](#).

Good luck!

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