

New Canada Not-for-Profit Corporations Act (CNCA)

The new *Canada Not-for-Profit Corporations Act (CNCA)* came into force on October 17, 2011.

Every existing federally incorporated not-for-profit organization will be required to transition under the new legislation within three years of the in-force date, that is, by October 17, 2014.

Failure to transition under the new Act within the three-year deadline will result in the dissolution of the organization.

The new Act will bring many changes. These include voting rights for members (and even non-voting members in some circumstances), elimination of ex officio directors, the distinction between soliciting and non-soliciting corporations, a standard of care for directors, and other provisions. There are also obligations under the new Act around practices such as record keeping, members' rights and audit requirements.

With this new legislation, not-for-profit organizations are required to replace their letters patent and by-laws with new charter documents that comply with the new Act. The required transition should be looked on as an opportunity to re-examine and renew the purposes, governance and other fundamentals of your organization.

What CAFII needs to do (about a 6-9 month process):

- Establish a transition team
- Review Letters Patent, Supplementary Letters Patent, By-laws, Policies and Procedures
- Draft new Articles
- Revise existing By-laws to ensure compliance
- Seek the approval of members for the continuance documents at a special meeting of members or the AGM
- Submit the required documents to Corporations Canada

How to proceed:

- CAFII can work directly with a law firm to take you through from start to finish, or
- An appointed transition team can work with T.OCS on the review of your current bylaws and have legal consultation along the way and for final vetting/filing of documents

It is recommended that CAFII first have a consultation with its legal advisors in order to get their input as to how CAFII should proceed on this initiative, as well as a sense of what their fees would be, before determining the next steps.