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**Proposal for Activities Associated with
the Coordination and Administration During the
Transition to the New Canada Not-For-Profit Corporations Act
for
The Canadian Association of Financial Institutions in Insurance (CAFII)**

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, 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.

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 CAFII. For instance:

- Do the membership classes make sense in the current environment?
- Are your non-voting "members" really members?
- Does the board have ex officio directors?
- What type of funding does the organization get?

There are also obligations under the new Act around record keeping, members' rights and audit requirements to name only three. Only after fulsome consideration can CAFII structure its new documents.

Earlier this year, T•OCS advised the CAFII Board of Directors of their availability to facilitate the necessary discussions, document changes and work with you through this transition. Key activities include:

- Reviewing Letters Patent, Supplementary Letters Patent, By-laws, Policies and Procedures
- Drafting new Articles
- Revising By-laws to ensure compliance
- Seeking the approval of members for the continuance documents
- Submitting the required documents to Corporations Canada

Legal Disclaimer:

T•OCS' role is to provide information about the new Canada Not-for-Profit Corporations Act (CNCA) and help CAFII work through the CNCA transition process, including administrative activities. We do not provide legal advice and have recommended that appropriate legal counsel be retained to sit on the CAFII CNCA Transition Team.

One-Time Project Fee:

Under the current contract between T•OCS and CAFII no time has been allocated to governance. Therefore, this project would require that activities be billed on a one-time project basis.

We have estimated this coordination role will require 35 hours — provided that the bylaws of the corporation are not unduly complex — and will be billed as a one-time project in the amount of \$2,500.00. If we determine that the existing or proposed corporate structure is of a more complex nature, and your costs are likely to increase substantially, we will advise you immediately by email.

Any additional work, including, but not limited to, attending the meeting of members where this matter will be concluded, will be at an additional cost. For your information, the current rate for corporate governance activities is \$400 per day.

Authorization:

This will confirm the authority of the Canadian Association of Financial Institutions in Insurance, and in particular, Cathy Honor and/or Brendan Wycks, to provide instructions to T•O Corporate Services on behalf of the Canadian Association of Financial Institutions in Insurance regarding continuance under the CNCA.

Concluding Comments:

If you agree to the terms herein, please sign where indicated on the attached and return one original executed copy to our office. We trust the above is satisfactory and we look forward to hearing from you in this regard. In the interim, if you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours truly,

T•O Corporate Services

Per: Lynn Beauregard, President
lynn@tocorp.ca | 416.921.4060 x 306

Pamela Smith, Governance Officer
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November 19, 2012

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The Canadian Association of Financial Institutions in Insurance (CAFII)

This is to confirm that the Canadian Association of Financial Institutions in Insurance (CAFII) wishes to retain T•O Corporate Services in acting as its CNCA Coordinator for the above-referenced matters in accordance with the terms of the retainer letter.

Dated at the City of _____, in the Province of _____, Canada, this _____ day of _____, 2012.

**THE CANADIAN ASSOCIATION OF FINANCIAL
INSTITUTIONS IN INSURANCE (CAFII)**

Per: Brendan Wycks, Executive Director

I have authority to bind the corporation.