



Club Toolbox Breakout: ONCA and More!

ERIN DURANT

DURANT BARRISTERS



Learning Objectives:

- Understanding club corporate structures.
- The Ontario Not For Profit Corporations Act (ONCA).
- Governance Best Practices.
- Small Group Discussions.

slido



What kind of organization is your club?

ⓘ Start presenting to display the poll results on this slide.

Not for profit corporations and for profit corporations

Not for Profit Corporations

Governed by the Ontario Not for Profit Corporation or Federal Equivalent.

Profit is not the purpose.

Money brought in invested back into the objectives to the corporation.

For Profit Corporations

Governed by the Business Corporations Act.

Owned by shareholders.

Has a clear business purpose for profit.

Changes with the ONCA most relevant to your clubs

- **Enhanced members' rights**
 - By-laws must clearly set out the conditions of membership and who is a member;
 - There is now a statutory duty to disclose conflicts of interest;
 - Members have more powers and ability to request new information:
 1. Can make proposals that are considered at an AGM.
 2. Board of Director must present financial information to members at the AGM (and members can request them before the AGM).

Introduction of Public Benefit Corporations

If you're not sure whether your nonprofit is a PBC, you may want to follow the rules for PBCs to avoid problems in the future.

A nonprofit is a public benefit corporation (PBC) if one of the following is true:

- The nonprofit is a charity.
- The nonprofit received more than \$10,000 in the previous financial year from public sources. This includes:
 - grants or other similar financial help from the Federal, Provincial, or a municipal government or from an agency of a government, such as the Ontario Trillium Foundation
 - gifts or donations from people who are not a member, director, officer, or employee of the nonprofit.

Some of your clubs may be PBC. You may meet the definition in some years but not others (if you receive major grants from your city, province or the Trillium Foundation).

What do PBC's have to do?

1. PBCs cannot have more than one-third of their directors be employees.
2. Different audit requirements (more on next slide).
3. Specific rules about what happens if the organization is dissolved (assets must go to another PBC with similar goals, or to a government or government agency, or a municipality). They cannot distribute their assets to their members.

Audit and Financial Requirements

Note: Your By-Laws may require more strenuous audit requirements. These should be reviewed prior to changing your internal processes.

Annual Revenue	Public Benefit Corporation	Not a Public Benefit Corporation
\$100,000 \$499,999.99	You can pass an extraordinary resolution to have a review engagement	You can pass an extraordinary resolution that says you don't need to do an audit and review engagement
\$500,000+	You must have an audit	You can pass an extraordinary resolution to have a review engagement

Governance Basics

- Term limits.
- Diversity.
- Targeted recruitment.
- Avoidance of conflicts of interest.
- Inclusion over exclusion.
- Record keeping.

Great Free Online Resources

[Guide to the Not-for-Profit Corporations Act, 2010 |
ontario.ca](#)

[Resources - Ontario Nonprofit Network \(theonnn.ca\)](#)

[Governance Resources - Board Voice](#)

[Swim Ontario – Resources](#)

[Business Law Clinic | Queen's Law \(queensu.ca\)](#)

[Corporate - Pro Bono Ontario](#)

[Non-profits - Other help - CALC \(communitylegalcentre.ca\)](#)



Case Studies

Real Life Example 1

Your club is a public benefit corporation. Your club president has been in the role for 15 years. Outside of the sport, the president owns a sports clothing goods store. All clothing for the club is automatically purchased from that store without question or shopping around.

The club recruits three new board members. These three board members raise a concern about this practice in the past and going forward.

What does the board do?

Does the answer change if the issue was raised by a member and not a board member?

Real Life Example 2

You are a board member. The entire board of the club has been the same for 12 years. The current board members feel burnt out and there is grumblings in the club that nothing ever changes. There is also very little diversity on the board.

How can you go about renewing the board? Create a 3 point plan to present to the group.



Thank you

Erin Durant

613-408-3513

edurant@durantbarristers.com