ONCA Basics
Webinar November 2013
Outline

• What is the ONCA?
• Does the ONCA apply to my nonprofit?
• What has changed in the new law?
• Areas to watch – Q and A
• What do we have to do?
• Q and A
How we got here

• Few updates since the 1950’s
• Consultations starting in 2007
• In 2010 the ONCA (Bill 65) passed, but it is not yet in effect
• Likely in effect in 2014
• 3 year transition - comply by 2017
What has changed

• Easier and quicker to incorporate
• More clarity for directors and for members
• Audits or financial review requirements eased
Does the ONCA apply to us?

- Yes, if you are incorporated under the Ontario Corporations Act
- Special statute corporations – the ONCA applies “except where otherwise expressly provided”
Areas to Watch

• Member classes and member rights
• Meetings, voting and proxies
• Directors terms and conditions
• Definition of public benefit corporations
• Financial reviews and audits
Member rights and classes

• Member rights
  – Lower numbers to propose ideas, call meetings or nominate directors

• Types of members = member classes
  – e.g. supporters, clients, honorary members

• More access to info
  – Articles, bylaws, members’ list, financial statements

• Mandatory proxies
Directors

- More and clearer rules
- Maximum four year terms
- Number of directors now in articles
- 1/3 of directors can be employees - but not if you’re a charity
- Limit to # of vacancies a board can fill
Public Benefit Corporations

• Charities are automatically public benefit corporations (PBCs)
• If you are not a charity, source of funding determines status
  – over $10,000 a year from gov’t or 3rd party (not members or employees) = PBC
• Requirements are different for PBCs and non-public benefit corporations
  – e.g. financial reporting, dissolution requirements
Audits and Financial Reviews

- Qualified, independent auditors
- Financial Reviews cheaper, less effort
- For smallest organizations, members can agree to waive audits or reviews
  - 80% agreement renewed at each annual meeting
Audits and Financial Reviews

• PBCs < $500k a year – can waive audit, have review
• PBCs < $100k a year – can waive both and have internal report only
• Non-PBCs < $500k a year – can waive audit and review
How will this affect you?

• **Members and Directors**: will structures or practices need to change?

• **Meetings and Proxies**: will member proposals, notice periods or the proxy requirement be a challenge?

• **Financial Audits and Reviews**—what reporting can and will we do?
What to do

1. Gather your documents
2. Monitor: things are changing as we go
3. Look at mandatory, default and alternate rules
4. Consider changing member structures now before the ONCA takes effect
Useful Links

• Ministry of Consumer Services site:
  – Transition Checklist
  – Guide to the ONCA
  – Draft organizational bylaw
  http://www.sse.gov.on.ca/mcs/en/Pages/Not_For_Profit.aspx

• Bill 65 – ONCA legislation
  http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&Intranet=&BillID=2347
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• Amendments
  – www.theonn.ca/onca