

time is ticking for federal not-for-profit organizations: failure to continue into the new Canada not-for-profit act may result in dissolution

The new *Canada Not-for-profit Corporations Act* (the "Act") came into force on October 17, 2011. The Act completely overhauls the governance of federally incorporated not-for-profit ("NFP") corporations. **NFP corporations have until October 17, 2014 to complete their continuance to the Act. If not completed by that date, they can be administratively dissolved.**

Under the Act, NFP corporations have articles of continuance rather than letters patent. As well, in almost all cases, changes will need to be made to the NFP corporation's by-laws to conform to the Act. There are new provisions regarding members, including the provision of limited voting rights to non-voting members. Certain rules in the Act distinguish between soliciting and non-soliciting corporations. There are various options for giving notice of and holding meetings of members. NFP corporations should be aware that continuance must be approved by not less than 2/3rds of the votes cast at a meeting of the members. For those NFP corporations that are registered charities or other "qualified donees" under the *Income Tax Act*, **time should be allowed for pre-approval of the statement of purpose in their articles by the Charities Directorate** of Canada Revenue Agency. The

October 17, 2014 deadline does not leave much time for NFP corporations whose members meet only once a year at an annual meeting.

McMillan LLP acts for a wide variety of large and small NFP corporations, including academic institutions, cultural organizations, community foundations, professional and trade associations, recreational associations, churches, hospitals and their related foundations and private foundations. **We have already assisted many NFP corporations with their transition to the Act.**

by [Barbara Sinclair](#), [Wayne Gray](#) and [Philip Plante-Ajah](#)

If you require assistance with continuance under the Act, the opportunities/options available under the Act, the development of new articles and by-laws or how best to work with the new Act, we would be pleased to assist. For more information, contact the following:

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[a cautionary note](#)

The foregoing provides only an overview. Readers are cautioned against making any decisions based on this material alone. Rather, a qualified lawyer should be consulted.

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