

By-law No. 10

*relating generally to the conduct of the affairs of the
Ottawa Hungarian Community Centre (the "Corporation")*

as approved by the membership on

November 29th, 2020

Ottawa, Ontario, Canada

BE IT ENACTED as a By-law of the Corporation as follows:

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1 General

1.1 Definitions

In this By-law and all other By-laws of the Corporation, unless the context otherwise requires:

"Act" means the Canada Not-For-Profit Corporations Act S.C. 2009, c.23 including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted, as amended from time to time;

"annual return" means a document (Form 4022 - Annual Return) that includes information about the Corporation that must be filed within 60 days of the Corporation's anniversary date (i.e., the date of continuance);

"Articles" means the original or restated Articles of Incorporation or Articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Corporation;

"audit engagement" means the process of engaging an independent public accountant to examine the accounting records and other evidence supporting the financial statements; to prepare financial statements; and to render a professional opinion that the financial statements present a fair picture of the organization's financial position and its activities during the period in which the audit was carried out;

"Board" means the board of directors of the Corporation;

"By-law" means this By-law and any other By-law of the Corporation as amended and which are, from time to time, in force and effect;

"compilation" means the process whereby an accountant compiles unaudited financial information into financial statement format based on information provided by the organization, without providing any assurances as to the accuracy or veracity of the statements. The Act does not require a compilation to be conducted by a public accountant;

"Corporations Canada" means the branch of Industry Canada that administers the Act;

"director" means a member of the Board: an individual elected by the members to supervise the management of the Corporation;

"Director" means the head of Corporations Canada;

"financial statements" means the comparative financial statements of the Corporation;

"meeting of members" includes an annual meeting of members or a special meeting of members; "special meeting of members" includes a meeting of any class or classes of members and a special meeting of all members entitled to vote at an annual meeting of members;

"non-soliciting corporation" means a corporation that has received no public funds or less than \$10,000 in public funds in each of its three previous financial years [ref. Act 2(5.1) and Reg. 16] (Appendix B.1);

"officer" means a member of the Corporation who manages some specific day-to-day activities of the Corporation;

"ordinary resolution" means a resolution passed by a majority of not less than 50% plus 1 of the votes cast on that resolution;

"proposal" means a proposal submitted by a member of the Corporation that meets the requirements of section 163 of the Act;

"public accountant (PA)" means a person who meets the qualifications set out in the Act [ref.180];

"Regulations" means the regulations made under the Act, as amended, restated or in effect from time to time;

"review engagement" mean the process of engaging an independent public accountant to prepare financial statements on a review basis. The accountant will not express an opinion on the fairness of the financial statements, but will only provide a limited assurance that the financial information is plausible and conforms to generally accepted accounting principles;

"soliciting corporation" means a corporation that has received more than \$10,000 in income from public sources in a single financial year [ref. Act 2(5.1) and Reg. 16] (Appendix B.2);

"special resolution" means a resolution passed by a majority of not less than 2/3 (two-thirds) of the votes cast on that resolution;

"unanimous resolution" means a resolution passed by all of the votes cast by members entitled to vote on that resolution.

1.2 Interpretation

In the interpretation of this By-law, words in the singular include the plural and vice-versa, words in one gender include all genders, and "person" includes an individual, body corporate, partnership, trust and unincorporated organization.

Other than as specified above, words and expressions defined in the Act have the same meanings when used in these By-laws.

1.2.1 Priority of Governing Documents

These By-laws and the Articles have been prepared in compliance with the Act. In areas where the Act permits options, the Articles and these By-laws present the option chosen, or the fact that options are available. In areas where the Act leaves no options, the Articles and these By-laws present the mandatory action prescribed by the Act.

If a particular matter is specifically described in the By-laws, the By-laws shall govern. On matters where the By-laws are silent, the Articles shall govern. On matters where both the Articles and By-laws are silent, the Act shall govern. Furthermore, in case of conflict the Act takes priority over both the Articles and the By-laws.

See also Section 9 "Directors' And Officers' Liability".

1.3 Corporate Seal

The seal, an impression of which is stamped in the margin of this document, shall be the seal of the Corporation. The Secretary of the Corporation shall be the custodian of the Corporate Seal.

1.4 Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any 2 (two) of the following 4 (four) elected directors: President, Vice-President, Treasurer and Secretary. In addition, the Board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any person authorized to sign any document may affix the Corporate seal (if any) to the document. These directors may certify a copy of any instrument, resolution, By-law or other document of the Corporation to be a true copy thereof.

When any 2 (two) board members with signing authority are in familial (legal guardians included) relationship with each other, only one of them may sign

the same legal document, inter alia, a financial statement or cheque issued on behalf of the Corporation.

2 Membership - Matters Requiring Special Resolution¹

2.1 Membership Conditions

Subject to the Articles, there shall be one class of members in the Corporation. Membership in the Corporation shall be available to individuals interested in furthering the Corporation's purposes and who have applied for and been accepted into membership in the Corporation by resolution of the Board or in such other manner as may be determined by the Board.

Each member shall be entitled to receive notice of, attend and vote at all meetings of the members of the Corporation.

Members will pay a membership fee, as set by the Board of directors and approved by ordinary resolution of the members. Membership is maintained by paying the yearly regular membership fee.

2.2 Membership Transferability

A membership may only be transferred to the Corporation.

2.3 Notice of Members' Meetings

Regulations prescribe that notice of the time and place of a meeting of members shall be given to each member entitled to vote at the meeting by the following means:

- a) by mail, courier or personal delivery to each member entitled to vote at the meeting, during a period of 21 to 60 (twenty-one to sixty) days before the day on which the meeting is to be held; or
- b) by telephonic, electronic or other communication facility to each member entitled to vote at the meeting, during a period of 21 to 35 (twenty-one to thirty-five) days before the day on which the meeting is to be held. However, if notice was given electronically and if a member requests that the notice to be given non-electronically, the Corporation must give notice to the member according to subsection a.

¹Pursuant to subsection 197(1) (Fundamental Change) of the Act, a special resolution of the members is required to make any amendments to this section of the By-laws if those amendments affect membership rights and/or conditions described in paragraphs 197(1)(e), (h), (l) or (m).

3 Membership Dues, Termination And Discipline

3.1 Membership Dues

Membership fees are approved by an ordinary resolution of the members on the recommendations of the Board of directors and take effect at the beginning of the following calendar year. Membership fees are due by January 31st. Membership renewal forms will be mailed to the membership. Members in default shall automatically be suspended with the loss of the members' rights and privileges.

The BOD cannot and will not accept or process any membership payments within 72 hours prior to any membership meeting.

3.1.1 Member in good standing for at least one year

Maintained continuous membership for the past one full year, and is a paid-up member currently.

Only members in good standing for at least one year may be elected Directors.

3.1.2 New member (never before member)

New members need to apply for membership. Membership is not automatically granted, but at the discretion of the Board of Directors.

Proportional payment after the March AGM is only available to first-time members, not to lapsed, resigned or expelled members.

Fee Amount Paid by			Member Rights			
Jan 31	March AGM	Dec 31	Member discounts	March AGM election package	Voting	Eligible for BOD
Full	-	-	Yes, after payment	Yes	Yes after payment	No
-	Full	-	Yes, after payment	No	Yes after payment	No
-	-	Proportional	Yes, after payment	Not applicable	Yes after payment	No

3.1.3 Regular member

Continued membership is guaranteed to those members who have been accepted once, have continuously maintained their membership by paying the annual fee in full each year, have not resigned or been expelled.

Fee Amount Paid by			Member Rights			
Jan 31	March AGM	Dec 31	Member discounts	March AGM election package	Voting	Eligible for BOD
Full	-	-	Yes, after payment	Yes	Yes after payment	Yes after 1st anniversary of membership payment, if membership continuously maintained
-	Full	-	Yes, after payment	No	Yes after payment	No
-	-	Full	Yes, after payment	Not applicable	Yes after payment	No

3.1.4 Members who lost membership

3.1.4.a Lapsed member

A regular member who failed to pay the membership renewal fee by December 31 has to apply for membership as a new member in following year.

3.1.4.b Resigned member

A member who resigned in a membership-year (calendar year) may only apply again for membership in the following membership-year (calendar year) the earliest.

3.1.4.c Expelled member

A member who has been expelled may only apply again for membership after one full year had passed from the date of expulsion.

Fee Amount Paid by			Member Rights			
Jan 31	March AGM	Dec 31	Member discounts	March AGM election package	Voting	Eligible for BOD
Full	-	-	Yes, after payment	Yes	Yes after payment	Yes after 1st anniversary of re-applying for membership and payment , if membership continuously maintained.
-	Full	-	Yes, after payment	No	Yes after payment	No
-	-	Full	Yes, after payment	Not applicable	Yes after payment	No

3.2 Termination of Membership

A membership in the Corporation is terminated when:

- a) the member dies;
- b) the member resigns, by delivering a written resignation to the Board of Directors in which case such resignation shall be effective on the date specified in the resignation;
- c) the member fails to maintain any qualifications for membership described in Section 2.1 of these By-laws;
- d) the member is expelled or his membership is otherwise terminated in accordance with Section 3.4 below or his membership is otherwise terminated in accordance with the Articles or By-laws;
- e) the member's membership has been in the continuous suspension for 1 (one) year;
- f) the Corporation is liquidated and dissolved under the Act.

3.3 Effect of Termination of Membership

Subject to the Articles, upon any termination of membership, the rights of the member, including any rights in the property of the Corporation, automatically cease to exist.

3.4 Discipline of Members

The Board shall have authority to suspend or expel any member from the Corporation for any one or more of the following grounds:

- a) violating any provision of the Articles, By-laws, or written policies of the Corporation;
- b) carrying out any conduct which may be detrimental to the Corporation as determined by the Board in its sole discretion;
- c) for any other reason that the Board in its sole and absolute discretion considers to be reasonable, having regard to the purpose of the Corporation.

In the event that the Board determines that a member should be expelled or suspended from membership in the Corporation, the President, or such other officer as may be designated by the Board, shall provide 20 (twenty) days' notice of suspension or expulsion to the member and shall provide reasons for the proposed suspension or expulsion. The member may make written submissions to the President, or such other officer as may be designated by the Board, in response to the notice received within such 20 (twenty) day period.

In the event that no written submissions are received by the President, the Vice-President, or such other officer as may be designated by the Board, it may proceed to notify the member that the member is suspended or expelled from membership in the Corporation. If written submissions are received in accordance with this section, the Board will consider such submissions in arriving at a final decision and shall notify the member concerning such final decision within a further 20 (twenty) days from the date of receipt of the submissions. The Board's decision shall be final and binding on the member, without any further right of appeal.

An expelled former member may re-apply for membership in the Corporation one year later by written request to the Board of Directors.

4 Meetings Of Members

4.1 Persons Entitled to be Present at Members' Meetings

Members, directors and the public accountant of the Corporation are entitled to be present at a meeting of members. However, only those members entitled to vote at the members' meeting according to the provisions of the Act, Articles and By-laws are entitled to cast a vote at the meeting. Non-

members may be admitted to attend but not to vote at the invitation of the President or by an ordinary resolution of the members.

4.2 Chair of Members' Meetings

The Chair of members meetings is the President, and in his absence the Vice-President. In the event that both the President and Vice-President of the Board of Directors are absent, the members who are present and entitled to vote at the meeting shall elect a member to chair the meeting.

4.3 Quorum at Members' Meetings

A quorum at any meeting of the members (unless a greater number of members are required to be present by the Act) shall be 20% (twenty percent) of the members entitled to vote at the meeting. If a quorum is present at the opening of a meeting of members, the members present may proceed with the business of the meeting. A quorum is required for every voting.

4.4 Votes to Govern at Members' Meetings

At any meeting of members every question shall, unless otherwise provided by the Articles or By-laws or by the Act, be determined by a majority of the votes cast on the questions. All amendments to the Articles and the By-laws require special resolution of the members (see Section 14.1).

In case of an equality of votes either on a show of hands or on a ballot or on the results of electronic voting, the Chair of the meeting in addition to an original vote shall have a second or casting vote.

4.5 Place of Members' Meeting

Meetings of members of the Corporation shall be held in the City of Ottawa.

If the Corporation makes available a communication facility (telephonic, electronic or other) that permits participants to adequately communicate with each other during the meeting, then any person entitled to attend the meeting may do so by means of such facility. A person so participating in a meeting is deemed to be present at the meeting.

The directors or members calling a meeting of members may determine that the meeting shall be held entirely by means of such a communication facility (ref. Act 159).

4.6 Members Calling a Members' Meeting

The Board of Directors shall call a Special Meeting of members in accordance with Section 167 of the Act, on written requisition of members carrying not less than 5% of the voting rights. If the directors do not call a meeting within 21 (twenty-one) days of receiving the requisition, any member who signed the requisition may call the meeting.

The Corporation is not required to hold a meeting if

- a) a meeting has already been called within 21 (twenty-one) days;
- b) it clearly appears that the purpose of the proposal is to enforce a personal claim or redress a personal grievance against the Corporation or its directors, officers, members or debt obligation holders;
- c) it clearly appears that the proposal does not relate in a significant way to the activities or affairs of the Corporation;
- d) substantially, the same proposal was submitted to members in a notice of a meeting of members held not more than 5 (five) years before the receipt of the proposal and it did not receive the minimum required support at that meeting; (see Act 163 (6)(e) and Regulations 68 for further clarification);
- e) the rights conferred by this section are being abused to secure publicity.

5 Voting

Voting at a meeting of members shall be by show of hands or by ballot. A member may demand a ballot before any vote by show of hands.

Voting by ballot may be executed in its entirety in the following ways: on-site ballot voting, mail-in ballot voting, and voting by a communication facility (telephonic, electronic, or other means). Methods shall not be mixed when gathering votes on the same item.

All ballot voting methods must:

- enable the votes to be gathered in a manner that permits their subsequent verification, and
- permit the tallied vote to be presented to the Corporation without it being possible for the Corporation to identify how each person voted (ref. Act 165, Reg. 71).

The voting methods to be employed in the election of directors and officers are constrained as described in sections 6.3.2 and 8.2.

The Board of Directors may, from time to time, review and revise the voting procedures in light of technological change and the needs and abilities of the Corporation and its members.

6 Directors

6.1 Qualification of Directors

Members must meet the following criteria to be a director of the Corporation:

- a) be in good standing for at least one year,
- b) be 20 years of age or older,
- c) has not been declared incapable by a court,
- d) must be an individual, and
- e) does not have the status of a bankrupt.

6.2 Number of Directors

The Articles provide for a minimum and maximum number of directors. At the time of acceptance of this By-law, the Board shall be comprised of seven directors. The number of directors on subsequent boards shall be determined from time to time by the members by ordinary resolution or, if the ordinary resolution empowers the directors to determine the number, by resolution of the board. The number of directors may be fixed no less than 90 (ninety) days prior to the Annual General Meeting when elections are to be held.

For Soliciting Corporations see Appendix B.2.1.b.

6.3 Election of Directors

6.3.1 Candidacy

Qualified (see Section 6.2) members wishing to serve as director shall announce and submit their candidacy to the BOD in writing by electronic or regular mail no later than thirty-five (35) days before the end of the mandate of the Board or the date of the actual elections, whichever comes first, hereon The Elections. The Board must notify all candidates of the complete list of candidates no later than thirty (30) days prior to The Elections. The acknowledgement of this notification must be received by the Board at least

twenty-five (25) days before The Elections. Only members whose announced candidacy is fully verified by such double confirmation are entitled to run on the elections and have their names printed on the ballots. Candidates who wish to withdraw from the election campaign may do so no later than the date the back-confirmations to the Board are due, which is twenty-five (25) days before The Elections.

No additional candidacies are acceptable within thirty (35) days prior to and including The Elections.

The list of candidates, and their brief biography must be communicated by the BOD to the membership no later than twenty-five (25) days before The Elections. As the BOD is responsible for this communication, the above outlined double confirmation of candidacy announcements is a must.

If twenty-five (25) days prior to The Elections there is an insufficient number of candidates, the Board whose mandate is about to expire is obligated to extend its mandate for another sixty (60) days to canvass for candidates and organize another round of election campaign.

6.3.2 Election Process

If mail-in ballots are to be used, votes may only be cast by means of tamper-proof ballots issued by the Board. These must be returned in a sealed and unmarked envelope inserted into a mailing envelope which must clearly state the name and return address of the voter. The so prepared ballot must be received by the Board the latest at the beginning of The Elections. Ballots may be delivered in person or by mail. Ballots mailed by registered mail must be receivable by the Board at least five (5) days prior to The Elections. The Board is not responsible for any postal service delays whatsoever.

All ballots are to be opened and accounted for by a committee excluding Board members and candidates. The counting must proceed in the presence of at least two Board members who can verify the legitimacy of the voters' membership standing. Such a committee must have at least three (3) members assembled through a call for volunteers.

6.4 Term of Office of Directors

The members will elect the directors for a two-year term at the first meeting of members following the approval of this By-law.

Thereafter, at every second annual meeting, directors shall be elected for a two-year term.

Where a vacancy occurs for any other reason than a removal, the Board shall appoint a director for the unexpired portion of the two-year term.

6.5 Appointment of Additional Directors

Pursuant to the Articles, following the conclusion of the annual general meeting of members each year, the Board may appoint additional directors to hold office for a term expiring not later than the close of the next annual meeting of members. The number of appointed directors shall not exceed 1/3 (one-third) of the number of directors elected by the members at the previous annual meeting of members.

6.6 Removal of Directors

Directors can only be removed by the body that appointed them.

Removing an elected director requires the approval of the majority of members who cast their votes at a meeting of members called for the purpose of removing the director. At that meeting, the members may elect another director to fill the vacancy created by the removal.

Appointed directors can be removed by a majority vote of the Board of Directors.

A director elected or appointed to fill a vacancy holds office for the unexpired term of their predecessor.

If a meeting is called to remove or replace a director, that director may submit to the Corporation a written statement giving reasons for opposing his or her removal or replacement as a director. The Corporation will need to give notice of this statement to the members and must also file a copy of the statement with Corporations Canada.

6.7 Remuneration

The directors and officers shall not receive, directly or indirectly, any compensation for acting as such nor receive any profit from their office.

The directors may fix a reasonable remuneration of the employees of the Corporation.

A director, an officer or an employee will receive reimbursement for their expenses incurred on behalf of the Corporation as a director, an officer or an employee.

A director, an officer or a member may receive reasonable remuneration and expenses for any services to the Corporation that are performed in any other capacity.

7 Meetings Of Directors

7.1 Calling of Meetings of Board of Directors

Meetings of the Board may be called by the President, the Vice-President or any 2 (two) directors at any time.

7.2 Notice of Meeting of Board of Directors

Notice of the time and place for the holding of a meeting of the Board shall be given by telephonic, electronic or other communication facility, or by personal communication to every director of the Corporation not less than 10 days before the time when the meeting is to be held.

Notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting.

No notice of meeting needs to specify the purpose or the business to be transacted at the meeting, except if the matter to be dealt with at the meeting

- a) involves a matter that requires member approval,
- b) fills the vacancy of a director or public accountant,
- c) appoints additional directors,
- d) issues debt obligations,
- e) approves financial statements,
- f) adopts, amends or repeals By-laws, or
- g) establishes members' contributions or dues (subsection 138(2) of the Act).

7.3 Regular Meetings of the Board of Directors

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. The quorum on these meetings shall be the majority of the directors. A copy of any resolution of the Board fixing the place and time of such regular meetings of the Board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except if

subsection 136(3) (Notice of Meeting) of the Act requires the purpose thereof or the business to be transacted to be specified in the notice. (See list under Section 7.2)

7.4 Quorum at Meetings of the Board of Directors

A majority of the number of directors specified in the Articles constitutes a quorum at any meeting of the Board, provided that where there is a minimum and maximum number of directors specified in the Articles, a quorum shall be a majority of the number of directors determined in accordance with Section 6.2.

7.5 Votes to Govern at Meetings of the Board of Directors

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the Chair of the meeting in addition to an original vote shall have a second or casting vote.

7.6 Committees of the Board of Directors

The Board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the Board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the Board may from time to time make. Any committee member may be removed by resolution of the Board of Directors.

8 Officers Of The Corporation

8.1 Description of Offices

Unless otherwise specified by the Board (which may, subject to the Act modify, restrict or supplement such duties and powers), the offices of the Corporation, if designated and if officers are appointed, shall have the following duties and powers associated with their positions:

- a) President – The President shall be a director. The President shall, subject to the authority of the board, be responsible for the general supervision, management and direction of the Corporation. The President, when present, shall preside at all meetings of the Board of Directors and of the members. The President shall have such other duties and powers as the Board may specify.

- b) Vice-President – The Vice-President shall be a director. If the President is absent or is unable or refuses to act, his duties shall be performed and his power shall be exercised by the Vice-President. The Vice-President shall have such other duties and powers as the Board may specify.
- c) Treasurer – The Treasurer shall be a director. The Treasurer shall keep full and accurate books of account, including a ledger, in which he shall record all receipts and disbursements of the Corporation and, under the direction of the board, shall control the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The Treasurer shall render to the Board whenever required an account of all his transactions as Treasurer and of the financial position of the Corporation. The Treasurer shall have such powers and duties as the Board may specify.
- d) Secretary – The Secretary shall be a director. The Secretary shall attend and be the secretary of all meetings of the board, members and committees of the board. The Secretary shall enter or cause to be entered in the Corporation's minute book, minutes of all proceedings at such meetings; the Secretary shall give, or cause to be given, as and when instructed, notices to members, directors, the public accountant and members of committees; the Secretary shall be the custodian of all books, papers, records, documents, corporate seal and other instruments belonging to the Corporation.
- e) All other officers shall fulfill their duties as defined by the Board of Directors.

8.2 Appointment of Officers

All officers must be members and the President, Vice-President, Treasurer and Secretary must also be directors. Any other officer may, but need not be, a director. Two or more offices may be held by the same person.

The membership will elect through consecutive secret ballot the President, Vice-President, Treasurer and Secretary, in this order, from the new Board of Directors immediately after election of the Board. Board members may present their candidacy for each of the above officer positions. As the candidacy of each Board member may dynamically change as the sequential election is progressing, no mail-in voting is possible.

In case of an uncontested nomination where there is only one candidate for a position, there is no need for a secret ballot.

The Board may designate the remaining officers of the Corporation, appoint officers on an annual or more frequent basis, specify their duties and, subject

to the Act, delegate to such officers the power to manage the affairs of the Corporation.

8.3 Removal of Officers

Officers can only be removed by the body that appointed them.

In the absence of a written agreement to the contrary, the Board may remove, whether for cause or without cause, any officer of the Corporation except for the President, Vice-President, Treasurer and Secretary who can only be removed by the members.

Removing an elected officer requires the approval of the majority of members who cast their votes at a meeting of members called for the purpose of removing the officer. At that meeting, the members shall elect another officer from the remaining members of the Board to fill the vacancy created by the removal.

An appointed officer can only be removed by a majority vote of the Board of Directors.

An officer that is also director will remain director after his removal from office.

8.4 Vacancy in Office

Unless removed, an officer shall hold office until the earlier of the officer's

- a) successor being appointed,
- b) resignation,
- c) ceasing to be a director (in the case of President, Vice-President, Treasurer and Secretary), or
- d) incapacitation or death.

A vacancy for President, Vice-President, Treasurer or Secretary must be filled through election by the membership from the remaining elected Board members.

Any other vacancy in office may be filled through appointment by the Board from the general membership.

9 Directors' And Officers' Liability²

The Act requires (subsection 148) that every director and officer of a corporation shall comply with

- a) the Act and the regulations, and
- b) the Articles, the By-laws and any unanimous member agreement.

Every director of a corporation shall verify the lawfulness of the Articles and the purpose of the Corporation.

Subject to subsection 170(5) (Unanimous member agreement), no provision in a contract, the Articles, the By-laws or a resolution relieves a director or an officer from the duty to act in accordance with the Act or the regulations or relieves them from liability for a breach of the Act or the regulations.

9.1 Standard of Care

Directors and officers are required to exercise at least the level of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. They are also required to act honestly, in good faith and in the best interests of the Corporation, rather than in their own personal interest.

In meeting this duty, directors and officers may rely in good faith on reports prepared by professionals. Directors, but not officers, may also rely on the Corporation's financial statements prepared by the Corporation's public accountant.

9.2 Conflict of Interest

Directors and officers must disclose in writing any personal interest they may have in a material contract with the Corporation. A director who declares a conflict of interest shall not vote on the resolution with respect to the contract or transaction. If a director or officer fails to make such a disclosure, the Corporation or a member may apply to a court to request that the contract be set aside, and that the director/officer repay any profits or gains realized from the contract.

9.3 Liability

Directors of the Corporation who vote for or consent to a resolution authorizing

² Detailed description of the subject can be found in Sections 141 through 151 of the Act.

- a) a payment or distribution to a member, a director or an officer contrary to the Act, or
- b) a payment of an indemnity contrary to the Act

are jointly and severally, or solidarily, liable to restore to the Corporation any money or other property so paid or distributed and not otherwise recovered by the Corporation.

A director who is present at a meeting of directors or of a committee of directors is deemed to have consented to any resolution passed or action taken at the meeting unless the director requests a dissent to be entered in the minutes of the meeting. A director who votes for a resolution is not entitled to dissent.

9.4 Indemnity

The Corporation may indemnify a present or former director or officer of the Corporation, or another individual who acted at the Corporation's request, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of their association with the Corporation.

The individual has the right to indemnity if all of the following conditions are met:

- a) the individual acted honestly and in good faith with a view to the best interests of the Corporation
- b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful
- c) was not judged by the court or other competent authority to have committed any fault or to have omitted to do anything that the individual ought to have done.

The Corporation shall purchase and maintain insurance for the benefit of an individual against any liability incurred by the individual in their capacity as a director or an officer of the Corporation.

10 Notices

10.1 Method of Giving Any Notice

Any notice (which term includes any communication or document), other than notice of a meeting of members or a meeting of the Board of Directors, to be given (which term includes sent, delivered or served) pursuant to the Act, the Articles, the By-laws or otherwise to a member, director, officer or member of a committee of the Board or to the public accountant shall be sufficiently given:

- a) if delivered personally to the person to whom it is to be given or if delivered to such person's address as shown in the records of the Corporation or in the case of notice to a director to the latest address as shown in the last notice that was sent by the Corporation to Corporations Canada (in accordance with section 128 (Notice of directors) or 134 (Notice of change of directors));
- b) if mailed to such person at such person's recorded address by prepaid ordinary or air mail;
- c) if sent to such person by telephonic, electronic or other communication facility at such person's recorded address for that purpose; or
- d) if provided in the form of an electronic document in accordance with Part 17 of the Act.

A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch.

A director must notify the Corporation of a change of address within fifteen (15) days. The Corporation must notify Corporations Canada of any change among its directors or of the address of a director within fifteen (15) days.

The Secretary may change, or cause to be changed, the recorded address of any member, director, officer, public accountant or member of a committee of the Board in accordance with any information believed by the Secretary to be reliable. The declaration by the Secretary that notice has been given pursuant to this By-law shall be sufficient and conclusive evidence of the giving of such notice.

The signature of any director or officer of the Corporation to any notice or other document to be given by the Corporation may be written, stamped, type-written or printed or partly written, stamped, type-written or printed.

10.2 Computation of time

In computing the date when notice must be given under any provisions requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

10.3 Invalidity of any Provisions of this By-law

The invalidity or un-enforceability of any provision of this By-law shall not affect the validity or enforceability of the remaining provisions of this By-law.

10.4 Omissions and Errors

The accidental omission to give any notice to any member, director, officer, member of a committee of the Board or public accountant, or the non-receipt of any notice by any such person where the Corporation has provided notice in accordance with the By-laws or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

11 Dispute Resolution

11.1 Mediation and Arbitration

Disputes or controversies among members, directors, officers, committee members, or volunteers of the Corporation are as much as possible to be resolved in accordance with mediation and/or arbitration as provided in the section on dispute resolution mechanism of this By-law.

11.2 Dispute Resolution Mechanism

In the event that a dispute or controversy among members, directors, officers, committee members or volunteers of the Corporation arising out of or related to the Articles or By-laws, or out of any aspect of the operations of the Corporation is not resolved in private meetings between the parties then without prejudice to or in any other way derogating from the rights of the members, directors, officers, committee members, employees or volunteers of the Corporation as set out in the Articles, By-laws or the Act, and as an alternative to such person instituting a lawsuit or legal action, such dispute or controversy shall be settled by a process of dispute resolution as follows:

- a) The dispute or controversy shall first be submitted to a panel of mediators whereby the one party appoints one mediator, the other party (or if applicable the Board of the Corporation) appoints one mediator, and the two mediators so appointed, jointly appoint a third mediator. The three mediators will then meet with the parties in question in an attempt to mediate a resolution between the parties.
- b) The number of mediators may be reduced from three to one or two upon agreement of the parties.
- c) If the parties are not successful in resolving the dispute through mediation, then the parties agree that the dispute shall be settled by arbitration before a single arbitrator, who shall not be any one of the mediators referred to above, in accordance with the provincial or territorial legislation governing domestic arbitrations in force in the province or territory where the registered office of the Corporation is situated or as otherwise agreed upon by the parties to the dispute. The parties agree that all proceedings relating to arbitration shall be kept confidential and there shall be no disclosure of any kind.

The decision of the arbitrator shall be final and binding and shall not be subject to appeal on a question of fact, law or mixed fact and law.

All costs of the mediators appointed in accordance with this section shall be borne equally by the parties to the dispute or the controversy.

All costs of the arbitrators appointed in accordance with this section shall be borne by such parties as may be determined by the arbitrators.

12 Financials

12.1 Financial Year

The financial year end of the Corporation shall be December 31 in each year.

12.2 Banking Arrangements

The banking business of the Corporation shall be transacted at such bank, trust company or other firm or corporation carrying on a banking business in Canada or elsewhere as the Board of Directors may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Corporation and/or other persons as the Board of Directors may by resolution from time to time designate, direct or authorize.

12.3 Borrowing Powers

Up to the maximum of 5% of the operating budget of the previous year, the directors of the Corporation may, without membership approval,

- a) borrow money on the credit of the Corporation;
- b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation; and
- c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any debt obligation of the Corporation.

Only with the authorization of the members by special resolution may the Board of Directors exceed the 5% borrowing limit.

12.4 Corporate Records

12.4.1 Corporate Records to be kept

The Act [21(1) and 21(3)] requires that the Corporation prepare and maintain records containing

- a) the Articles and the By-laws, and amendments to them, and a copy of any unanimous member agreement;
- b) the minutes of meetings of members and any committee of members;

- c) the resolutions of members and any committee of members;
- d) if any debt obligation is issued by the Corporation, a debt obligations register;
- e) a register of directors;
- f) a register of officers;
- g) a register of members; and
- h) minutes of meetings and resolutions adopted by the directors and committee of directors.

For further details see Appendix A.1.

The Act [21(3)] also requires that the Corporation prepare and maintain adequate accounting records (Appendix A.2).

A computerized accounting ledger shall be maintained and its continuity from year to year must be ensured.

12.4.2 Access to Corporate Records

See Appendix A.3.

12.4.3 Retention of Corporate Records

The Corporation must keep its accounting records (books, records, and their related accounts and source documents) for a period of six years after the end of the financial period to which the accounting records relate [ref. IC78-10r5e sec.26].

Records and supporting documents concerning long-term acquisitions and disposals of property, and other historical information that would have an impact upon liquidation or wind-up of the Corporation must be kept indefinitely [ref. RC4409-11e p.7].

12.5 Annual Financial Statements and Review

The Regulations [75] prescribe that comparative financial statements must be prepared in accordance with the generally accepted accounting principles (GAAP) set out in the Canadian Institute of Chartered Accountants Handbook – Accounting.

12.5.1 Year End Review of Non-soliciting Status

The Corporation must determine, at its financial year-end, the total amount it received for that financial year from public sources, as defined in Appendix B.2 [ref. Act 2(5.1) and Regulations 16].

If the total amount is more than \$10,000, the Corporation meets the criteria of a soliciting corporation. See Appendix B.2.1 for important additional requirements that apply in this case.

12.5.2 Financial Statements

The Regulations [79] prescribe that comparative financial statements include the following:

- a) a statement of financial position (balance sheet)
- b) a statement of comprehensive income (retained earnings)
- c) a statement of changes in equity (income statement)
- d) a statement of cash flows (changes in financial position);

12.5.3 Financial Statements to Members

Directors are required to provide the members with the Corporation's financial statements, including the public accountant's report, if any [ref. Act 172]. The financial statements must be approved by the directors and shall bear the manual signature of one or more of the directors [ref. Act 178].

The Corporation shall send a copy or a summary of the financial statements or a copy of a publication of the Corporation containing the financial information or a summary of such information to each member not less than 21 (twenty-one) days but not more than 60 (sixty) days before the Annual General Meeting of members. If a summary of the information is provided to the members, the Corporation must tell the members how to access a full copy of the documents, at no cost to the member [ref. Act 175].

At the discretion of the board, instead of sending the financial statements to each member, the Corporation may provide notice to the members that the financial statements are available at the registered office of the Corporation and that any member may obtain a free copy in person or by prepaid mail.

12.5.4 Financial Statements to Corporations Canada

As long as the Corporation meets the criteria of a non-soliciting corporation, it is not required to send financial statements to Corporations Canada. For soliciting corporations see requirements in Appendix B.2.1.c.

12.5.5 Financial Review

As long as the Corporation meets the criteria of a non-soliciting corporation and its annual gross revenue is under \$1 (one) million, members must either appoint a public accountant (PA) by ordinary resolution at each Annual General Meeting [ref. Act 181 (1)] or waive appointment of a PA by annual unanimous resolution [ref. Act 182].

If the Corporation's financial statements are not solely for internal use but a third party is expected to use them or rely on them, a PA should be appointed.

If PA is appointed, it must conduct a review engagement [ref. Act 188 (1)]. Members may pass an ordinary resolution at the annual meeting to require an audit instead [ref. Act 188 (2,3)].

If no PA is appointed, the financial statements may be prepared by compilation. If the requisite financial expertise exists among the members, the financial statements may be compiled in-house. If financial expertise is not available within the Corporation, an external accountant shall be engaged to compile the financial statements.

If the financial statements are compiled in-house, every four years a PA should be appointed and a review engagement conducted to ensure that the Corporation's accounting and business practices comply with GAAP and with the applicable tax and corporate legislation.

For Soliciting Corporations see Appendix B.2.1.d.

12.5.6 Public Accountant

Excerpted from Corporations Canada: *Glossary* [ref. Act 180 (1)], a public accountant shall

- a) be a member in good standing of a provincial branch of the Chartered Accountants of Canada (CA), Certified General Accountants (CGA) or Certified Management Accountants (CMA);
- b) have any provincial licenses required to conduct an audit or review engagement in the province where the financial review will take place; and
- c) be independent of the Corporation.

The public accountant appointed by ordinary resolution of members at the Annual Meeting holds office until the close of the next Annual Meeting [ref. Act 181 (1)].

A public accountant of a Corporation ceases to hold office when the public accountant dies or resigns; or is removed by ordinary resolution of members at a special meeting of members. A vacancy created by the removal of a public accountant may be filled at the meeting at which the public accountant is removed or, if not so filled, may be filled by the Board of Directors. The directors shall immediately fill a vacancy in the office of public accountant [ref. Act 183-185].

If a public accountant is not appointed at a meeting of members, the incumbent public accountant, who was appointed at the first meeting of directors or at the previous meeting of members, continues in office until a successor is appointed [ref. Act 181 (3)].

The remuneration of a public accountant may be fixed by ordinary resolution of the members or, if not so fixed, shall be fixed by the directors [ref. Act 181 (4)].

12.5.7 Internal Auditors

Three Internal Auditors are elected from the membership for a two-year term at the Annual General Meeting. In case of an uncontested nomination where there are no more candidates than internal auditor positions, it is not a must to hold a secret ballot. The Internal Auditors

- a) have the duty to do inventory control and review physical assets,
- b) must advise the directors of potential irregularities, and
- c) suggest improvements to the functioning of the Corporation.

The Internal Auditors are accountable only to the general membership and report at the Annual Meeting.

13 Membership in External Organizations

A special resolution of the members is required to permit the Corporation to become a member of another organization.

14 Effective Date

14.1 By-laws and Effective Date

Subject to the Articles, the Board of Directors may, by resolution, make, amend or repeal any By-laws that regulate the activities or affairs of the Corporation. Any such By-law, amendment or repeal shall be effective from the date of it being confirmed by the members by special resolution.

Copies of any new By-laws, amendments or repeal of By-laws must be sent to Corporations Canada within 12 (twelve) months of such changes being confirmed or approved by members. Corporations Canada will not review or approve the new By-laws, but copies will be provided to interested parties upon request.

14.2 Effective Date of this By-law

This By-law is effective upon the issuance of a Certificate of Continuance of the Corporation by the Federal Government under the *Canada Not-for-Profit Corporations Act* and approval of the By-law by special resolution of the members.

Certified to be By-Law No. 10 of the Corporation, as amended and confirmed by the members of the Corporation by special resolution on the 29th day of November, 2020, dated as of the 30th day of November, 2020.



Dr. Tibor Lapohos
OHCC President



Edit Palencsár
OHCC Treasurer

APPENDIX A - Records

A.1 Corporate Records

Excerpted from Corporations Canada: *Corporate Records* and reproduced here for convenience [ref. Act 21(1)-(3), Regulations 2-3].

The Corporation is required to keep certain records at its registered office or at some other location in Canada chosen by the Board of Directors. These records must include the following:

- a) all articles of the Corporation, (e.g. Articles of Incorporation, Articles of Continuance, Articles of Amalgamation); By-laws and their amendments; and unanimous members agreements;
- b) minutes of meetings of members and committees of members;
- c) resolutions of members and committees of members;
- d) if any debt obligations are issued by the Corporation, a debt obligations register showing: the name and residential or business address of each debt obligation holder; an e-mail address, if the debt obligation holder has consented to receiving information or documents electronically; the date on which each person named in the register became a debt obligation holder; the date on which each person named in the register ceased to be a debt obligation holder; and the principal amount of each of the outstanding debt obligations of each debt obligation holder
- e) a directors register showing: the name and residential address of each director; an e-mail address, if the director has consented to receiving information or documents electronically; the date on which each person named in the register became a director; and the date on which each person named in the register ceased to be a director;
- f) an officers register showing: the name and residential address of each officer; an e-mail address, if the officer has consented to receiving information or documents electronically; the date on which each person named in the register became an officer; and the date on which each person named in the register ceased to be an officer; and
- g) a members register showing: the name and residential or business address of each member; an e-mail address, if the member has

consented to receiving information or documents electronically; the date on which each person named in the register became a member; the date on which each person named in the register ceased to be a member; and the class or group of membership of each member, if any.

In addition, the Corporation must prepare and maintain minutes of meetings and resolutions adopted by the directors and committee of directors.

A.2 Accounting Records

Excerpted from IC78-10R5e sections 6-8 and reproduced here for convenience.

Books and records have to:

- a) permit the taxes payable or the taxes or other amounts to be collected, withheld, or deducted by a person to be determined and
- b) be supported by source documents that verify the information in the books and records.

A source document includes items such as sales invoices, purchase invoices, cash register receipts, formal contracts, credit card receipts, delivery slips, deposit slips, work orders, docketts, cheques, bank statements, tax returns, and general correspondence whether written or in any other form.

In addition, other documents, whether written or any other form, including supporting documents such as accountants working papers that were used to determine the obligations and entitlements with respect to taxes payable, collectible or to be remitted are considered part of the books and records.

A.3 Access to Corporate Records

A.3.1 Access by Directors

Excerpted from Corporations Canada: *Corporate Records* and reproduced here for convenience [ref. Act 21 (7)].

The records described in A.1 (a to (g) above, together with the Accounting Records, must be open to inspection by the directors at all reasonable times. In addition, following a request from a director, the Corporation must provide the director with any extract of the records free of charge.

A.3.2 Access by Members

Excerpted from Corporations Canada: *Corporate Records* and reproduced here for convenience.

Upon request, a member, a member's personal representative, and a creditor (e.g., a landlord or supplier) may examine the records referred to in A1 (a to (f above and may, on payment of a reasonable fee, obtain copies of such records during the Corporation's usual business hours [ref. Act 22 (1)].

Also upon request, a member is entitled to receive, free of charge, one copy of the Articles and By-laws, as well as amendments to these documents and any unanimous member agreements [ref. Act 22 (3)].

If a member wishes to examine a Corporation's register of its members A.1 (g, or the debt obligations register that lists debt obligation holders A.1 (d, or to obtain a list of members or debt obligation holders, additional requirements must be met [ref. Act 22(4) to (7), 23].

The Act does not require that accounting records be available for review by members, except in the case of financial statements.

A.3.3 Access by Internal Auditors

The Internal Auditors shall have access to the Corporation's accounting records and source documents (purchase receipts and cash register records) after these have been recorded in the accounting system. For an unscheduled audit a minimum of seven (7) days written notice is required.

APPENDIX B - Type of Corporation

Excerpted from Corporations Canada: *Requirements for Soliciting Corporations under the Canada Not-for-Profit Corporations Act (NFP Act)* and reproduced here for convenience [ref. Act 2(5.1), Reg.16)].

B.1 Non-soliciting Corporation

A corporation is non-soliciting if it has received no public funds or less than \$10,000 in public funds in each of its three previous financial years.

B.2 Soliciting Corporation

A corporation is a soliciting corporation if it receives income during a single financial year in excess of \$10,000 in the form of:

- a) donations or gifts or, in Quebec, gifts or legacies of money or other property requested from any person who is not:
 - 1) a member, director, officer or employee of the corporation at the time of the request,
 - 2) the spouse of a person referred to in subparagraph 1 or an individual who is cohabiting with that person in a conjugal relationship, having so cohabited for a period of at least one year, or
 - 3) a child, parent, brother, sister, grandparent, uncle, aunt, nephew or niece of a person referred to in subparagraph 1 or of the spouse or individual referred to in subparagraph 2;
- b) grants or similar financial assistance received from the federal government or a provincial or municipal government, or an agency of such a government; or
- c) donations or gifts or, in Quebec, gifts or legacies of money or other property from a corporation or other entity that has, during the most recent financial year, received income in excess of \$10,000 in the form of donations, gifts or legacies referred to in paragraph a or grants or similar financial assistance referred to in paragraph b.

B.2.1 Additional requirements for soliciting corporations

The following five requirements will apply only when the Corporation holds its annual meeting of members following that financial year end. The annual

meeting allows the Corporation to make any changes needed to meet the requirements. The requirements will continue to apply until the Corporation does not meet the definition of soliciting corporation for three financial years in a row.

B.2.1.a Articles of Continuance - Article 9.

On dissolution, soliciting corporations must ensure that the assets of the corporation go to a "qualified donee" as defined by the Income Tax Act [ref. Act 235].

B.2.1.b By-Laws - Section 6.2 Number of Directors

Soliciting corporations must have a minimum of three directors, two of whom are not officers or employees of the corporation [ref. Act 125].

B.2.1.c By-Laws - Section 12.5.4 Financial Statements to Corporations Canada

Soliciting corporations must send financial statements to Corporations Canada not later than 6 months after the end of the Corporation's preceding financial year [ref. Act 176, Reg. 78].

B.2.1.d By-Laws - Section 12.5.5 Financial Review

Members of soliciting corporations over \$50,000 gross annual revenue must appoint a PA by ordinary resolution at each annual meeting [ref. Act 179, 181 (1), Reg. 80. Members of soliciting corporations under \$50,000 gross annual revenue may waive appointment of PA by annual unanimous resolution [ref. Act 179, 182, Reg. 80].

In the case of soliciting corporations with gross annual revenue over \$250,000, PA must conduct an audit [ref. Act 189 (1)]. For soliciting corporations with gross annual revenue between \$50,000 and \$250,000, PA must conduct an audit, but members can pass a special resolution to require a review instead [ref. Act 189, Reg. 84]. If members of a soliciting corporation with gross annual revenue under \$50,000 appointed a PA, the PA must conduct a review [ref. Act 188 (1)], but members may pass an ordinary resolution to require an audit instead [ref. Act 188 (2,3)].

B.2.1.e Act - Section 170. Unanimous Member Agreement

Voting members of a corporation may enter into a unanimous member agreement that permits decision-making power to be transferred from the directors to the members. A unanimous member agreement is most useful when a corporation has few members, since it can serve to dispense with the formal division of powers between directors and members by moving all decision-making to the membership level.

Soliciting corporations may not have a unanimous member agreement [ref. Act 170 (1)].