# Governance, Risk, Compliance and Board Effectiveness Review

For Ontario Private Golf, Social, Activity and Membership Organizations

**Prepared by: CEO Capital Strategies Inc.**

**Governance | Risk | Compliance | Board Effectiveness**

*Efficiently. Professionally. Confidently.*

## Executive Overview

> **Is your incorporated not-for-profit club governance model fully compliant, effective, and built for long-term success?**

Golf clubs, tennis clubs, curling clubs, yacht clubs, and other incorporated not-for-profit social and sports organizations require effective, informed, transparent, and legally compliant governance structures in order to remain successful, focused on their mission, and sustainable over the long term.

**Today, strong governance requires organizations to build capacity in two essential areas.**

The first is compliance with prevailing not-for-profit incorporation legislation, whether federally or provincially. In Ontario, this requires compliance with the Ontario Not-for-Profit Corporations Act (ONCA).

The second is the continuous development, review, and modernization of the organization's governance model, governance processes, and governance practices to ensure the Board is operating effectively and in alignment with the organization's mission and responsibilities.

**Effective governance is not simply legal compliance. It is the foundation of organizational sustainability.**

## Governance Legal Framework and Compliance

In Ontario, compliance with ONCA was originally set for October 18, 2024. However, Social Clubs with share capital were granted a two year extension to October 18, 2026, to achieve compliance.

Non-compliance may result in ONCA becoming the legal default position where Articles and/or By-Laws are not aligned with legislation. This could expose governance decisions and actions to legal challenges.

Most clubs in Ontario have already chosen to align with ONCA and have completed the compliance process. Others continue to face the responsibility of reviewing and updating their governing documents.

Ensuring initial compliance with ONCA amendments is an important governance responsibility, as is monitoring and aligning with future legislative amendments as they arise.

## Governance Model, Processes and Practices

While compliance with ONCA is essential, it must also be recognized that legislation establishes only a legal framework, with certain prescribed requirements.

Beyond these legal requirements, organizations have considerable latitude in designing their governance model, governance processes, and governance practices.

Examples of this flexibility include:

- Number of Board meetings
- Board agenda structure
- Director nomination processes
- Director term limits
- Officer structures and responsibilities
- Meeting Chair voting rights
- Committee structures
- Governance policy frameworks

Understanding how to govern, and what effective governance truly requires, are critical success factors that cannot simply be assumed or ignored.

Strong governance is the essential foundation for organizations seeking to achieve their mission while effectively meeting the diverse needs and expectations of members and broader stakeholders.

The following sections summarize core governance considerations in two important dimensions: legal compliance and governance effectiveness.

## Compliance Review Checklist

There are a variety of major and minor compliance requirements affecting both Articles of Incorporation, but particularly organizational By-Laws.

Boards should review the following:

- Is there a clear range for the number of Board Director positions and a defined process for filling vacancies?
- Is the Director nomination process clearly outlined regarding skill requirements, governance capacity needs, and Director termination procedures?
- Does the By-Law clearly define member classes regarding eligibility, voting rights, and privileges?
- Are meeting notice timelines for Board meetings, Annual General Meetings, and Special Members' Meetings clearly identified?
- Are member qualifications clearly outlined and registration processes properly defined?
- Are meeting quorum requirements precise and clearly documented?
- Does a comprehensive Conflict of Interest policy exist and is it signed annually by Directors?
- Does the By-Law clearly outline Director eligibility requirements?
- Are policies established regarding Board due diligence responsibilities, including Duties of Care, Loyalty, and Obedience?
- Is there a clearly defined process governing financial reporting, financial statement access, and financial oversight?
- Does the By-Law clearly articulate Members' exclusive rights, including election of Directors, selection of auditors, access to financial statements, and approval of Articles or By-Law amendments?
- Are Officer positions, eligibility requirements, and responsibilities clearly defined?

# Governance Model and Process Review Checklist

Legal compliance is essential, but effective governance extends well beyond legislative requirements. Today, numerous not-for-profit organizations are moving toward formal Policy Governance frameworks whereby the Board governs and provides strategic direction, while management is responsible for day-to-day operations. This results in clearly defined and accountable responsibilities for each leadership group. Board Governance Policies define how the Board governs on behalf of members.

Directional Policies establish Board expectations for management across key functional areas including:

- Finance
- Human Resources
- Administration
- Technology
- Programming and Services
- Organizational Operations

Boards should review the following governance practices:

- Are Director term limits being considered, ideally to a maximum of four-year terms, in order to periodically refresh the Board?
- Does each Board committee operate under formal Terms of Reference outlining responsibilities, reporting expectations, and membership requirements?
- Are formal onboarding processes in place for new Directors?
- Is there an established process for ongoing policy development, amendment, and review?
- Is there clarity regarding the purpose, role, and use of in-camera meetings?
- Is there transparency, fairness, and consistency in complaint handling procedures and resolution processes?
- Are complaint management and file management systems properly documented?
- Is the authority to speak publicly on behalf of the organization clearly defined and allocated?
- Is a strong Director Code of Conduct in place?
- Does the Board conduct annual Board evaluations, organizational performance evaluations, and General Manager / CEO / President evaluations against clearly defined performance metrics?
- Does the organization maintain a comprehensive Executive Requirements and Limitations Policy to support effective management oversight?

## Governance Principles for Long-Term Organizational Success

Successful governance is built upon far more than legal compliance.

Strong organizations consistently operate within governance cultures built upon:

- Legal Compliance
- Board Accountability
- Transparent Decision Making
- Continuous Learning
- Governance Discipline
- Innovation
- Mission-Driven Leadership

Organizations that fail to continuously review and strengthen governance systems often discover vulnerabilities only after disputes, legal challenges, or organizational performance failures emerge.

Many organizations believe their governance systems are functioning effectively — until structural weaknesses are revealed.

## Why CEO Capital Strategies Inc.

If your organization has concerns regarding legal compliance, governance effectiveness, board accountability, or long-term governance sustainability, undertaking a comprehensive governance review may be prudent.

At CEO Capital Strategies Inc., we help Ontario membership-based organizations strengthen governance systems, reduce unnecessary legal exposure, modernize Board practices, and ensure compliance with evolving legislative requirements.

We help organizations implement governance systems aligned with modern best practices — efficiently, professionally, and cost-effectively.

**Governance done right. Efficiently. Professionally. Confidently.**

**Contact CEO Capital Strategies Inc. for a confidential Governance compliance and practices review.**

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