

# ORGANIZATION REVIEW

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**OTTAWA REAL ESTATE INVESTMENT  
ORGANIZATION**

**Authored by: OREIO CHANGE COMMITTEE 2020**



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# OBJECTIVE

To review current organization structure and options for an organizational transition.

Methodology and Professional Consultations

**Professional Consultation by: BDO – George Dube**  
**Conduct Law - Kristen Godwin-Stewart**

As per motion member motion in 2019, the change committee formed has explored the following operating flows:

- 1) Club Operations (Current Model)
- 2) Incorporation – For Profit
- 3) Incorporation – Non Profit
- 4) Co-operative

***“To explore operational organization and possible  
evolutional changes to OREIO”***

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## ***Club Operations – Not-for- Profit (Current Model)***

### Governance Structure

- Assigned Board Positions or Board of Directors
- Taxable benefits are incurred if executives are compensated

### Membership Structure and Revenues

- Membership only – non share capital
- Profit/losses can be retained kept within club year over year with the limits of operating revenue and membership revenues being similar.
- Club operations are not clearly defined by the government by design and intention.

### Accounting Costs – Bookkeeping **\$800**

### **HST Remittance not a requirement when not-for profit at current operation size**

### Audit Requirement – As requested

*Reference Government Law: Ontario Not-for-Profit Corporations Act*

## ***Incorporation Non-Profit***

### Governance Structure

- Assigned Board Positions or Board of Directors
- Taxable benefits are incurred if executives are compensated

### Membership Structure and Revenues

- New adapted by laws required and articles of incorporation **\$4500-8000**
- Membership Non share capital / share capital
- Profit/losses can be retained kept within club year over year with the limits of operating revenue and membership revenues being similar.
- Cannot make a profit with any investment structure ie. Mutual funds to GIC accounts
- Defined operations (legal and taxation) through government compliance
- Complexity of Compliance: Revenues are required to be used on membership operations. Excess revenues can become audited and taxed under CRA definitions.
- Cannot support political party
- No conflict with lobbying groups ie. EOLO
- Can have a community / education purpose

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## Accounting

- **\$3000-2500** per year - Conversion cost **\$6500**
- Similar to for-profit filing except for compliance as a non-profit
- HST charges are required
- HST credits are available

## Audit Requirement – Yearly

*Reference Government Law: Ontario Business Corporations Act*

## ***Incorporation For-Profit***

### Governance Structure

- Assigned Board Positions or Board of Directors
- Taxable benefits are incurred if executives are compensated

### Membership Structure and Revenues

- New adapted by laws required and articles of incorporation **\$4500-8000**
- Membership Non Shareholder / Shareholders
- Can make a profit within any investment structure ie. Mutual funds to GIC accounts
- Defined operations (legal and taxation) through government compliance
- Can have a business and education purpose

### Accounting Costs - **\$3000-2500** per year - Conversion cost **\$6500**

- HST charges are required
- HST credits are available

### Audit Requirement - Yearly

*Reference Government Law: Ontario Business Corporations Act*

## ***Incorporated Co-operative***

### Governance Structure

- Board of Directors

### Membership Structure and Revenues

- New adapted by laws required and articles of incorporation **\$7500-9000**
- Members – Shareholders
- Profits are redistributed to members

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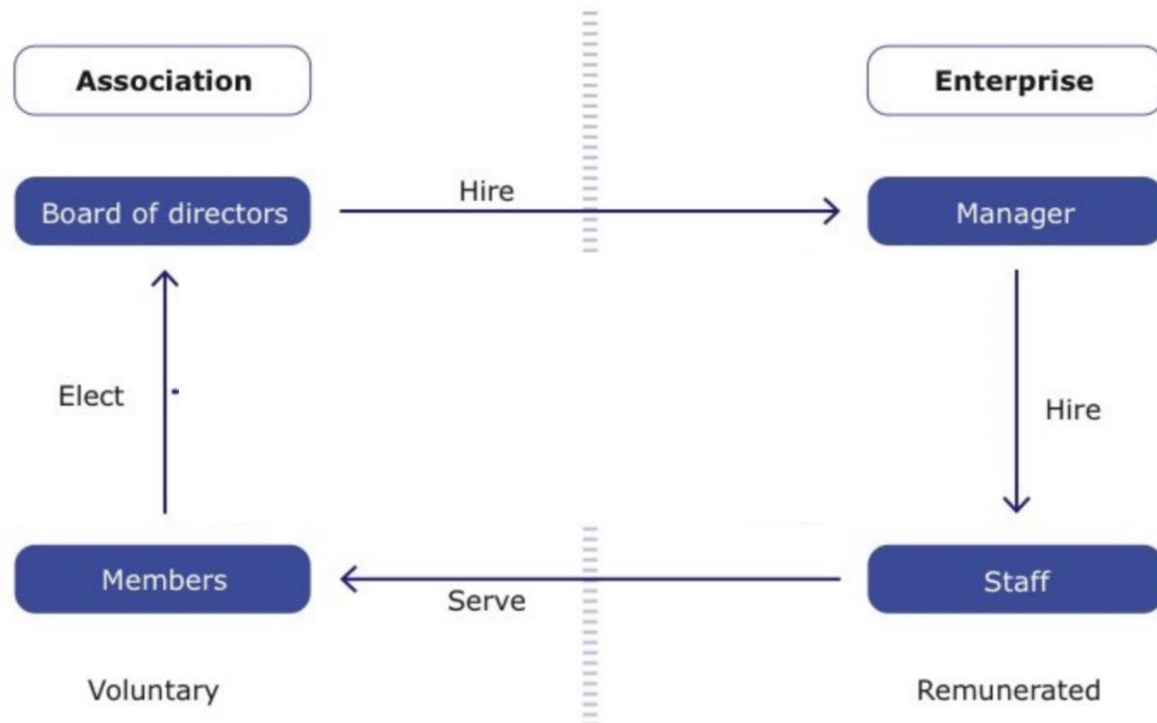
Accounting Costs - **\$3000-2500** per year - Conversion cost **\$6500**

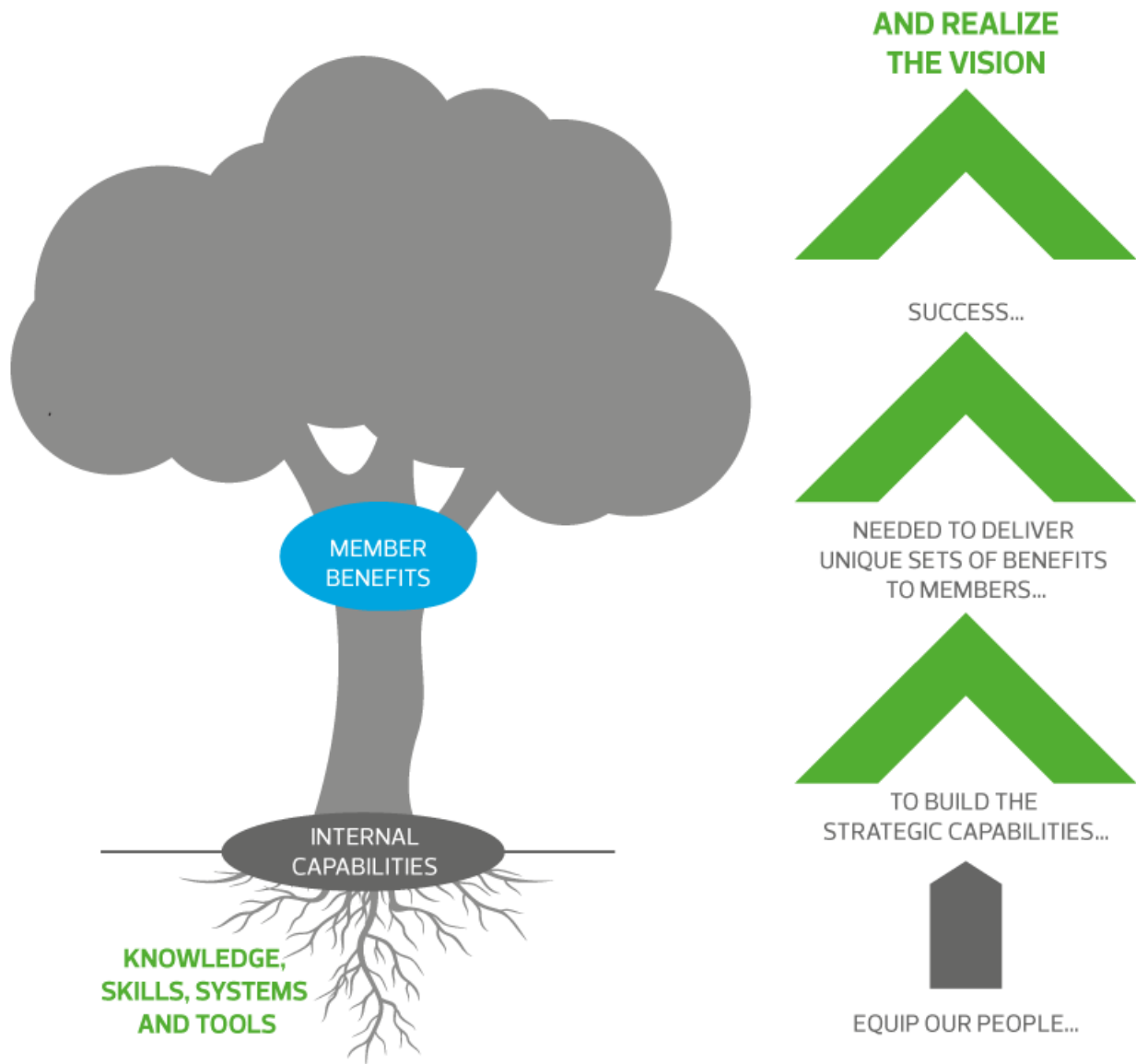
- Accounting remittance and records is required
- HST charges are required
- HST credits are available

Audit Requirement – Yearly

Reference Government Law: *Ontario Co-operative Corporations Act*

Hiring Employee Model - regular payroll requirements are possible under all models.





- Internal: To satisfy our members, in which business process must we excel?
- Member: To achieve our vision, what member needs must we serve?
- Financial: To satisfy our members and other stakeholder (e.g. lenders), what financial objectives must we accomplish?
- Legal: To achieve our goals, what risks are associated with our structure?