

Common Challenges in Franchise and Not-for-Profit Practice

Institute of Law Clerks of Ontario
Advanced Corporate CLE
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Agenda

Andrae Marrocco:

Introduction to Canadian Franchise Law

Kathy Le:

Challenges in the Not-for-Profit Practice:

Franchise Law in Canada

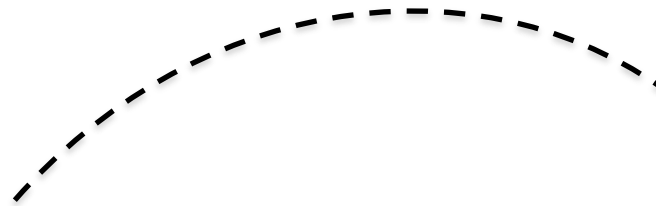
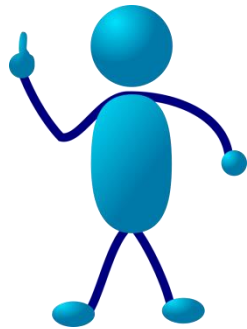
- Provincially regulated (ON, PEI, NB, MB, AB – BC to come)
- Reliance on the provincial court system
- *Arthur Wishart Act, Franchisee Disclosure 2000*

Granting of a Franchise

1. Step One: General Information Request
2. Step Two: Franchise Disclosure Document
3. Step Three: Due Diligence
4. Step Four: Meet with Franchisor
5. Step Five: Discovery Day
6. Step Six: Review, negotiate and Sign Franchise Agreement



Step One: General Information Request



Step Two: Franchise Disclosure Document

Section 5 of the *Arthur Wishart Act*



- (a) All material facts;
- (b) Financial Statements;
- (c) Copies of all proposed franchise agreements and other agreements;
- (d) Prescribed statements and certificates;
- (e) Other information as prescribed.

Step Three: Due Diligence

- Territory
- Financial
- Corporate Support
- Operational Items
- Training
- Marketing



Step Four: Validation

- Contact other franchisees
- Meet with and speak to franchisor management
- Inspect other locations
- Assess franchisee satisfaction

Step Four: Discover Day

- Opportunity to speak to key executives
- Ask questions not previously answered
- Goals:
- Get a sense of how the franchise is operated

Step Six: Review and Sign Franchise Agreement

- Terms
- Territory
- Termination
- Fees
- Support



Challenges in the Not-for-Profit Practice

Creating a Not-For-Profit Corporation

- Creating a Not-For-Profit Corporation
- Transitioning to the new Canada Not-For-Profit Corporations Act

Steps Following Incorporation

- First Meeting of Directors
 - Bylaws
- First Meeting of Members
- Provincial Registrations
- Business Number
- Other Permits and Formalities

Corporate Records and Filing Obligations

- Corporate Records
- Accounting Records
- Annual Returns
- Changes to Registered Office Address
- Changes regarding Directors
- Up-to-date Articles
- Bylaws
- Financial Statements

Registering as a Charity under the Income Tax Act