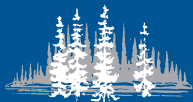


Understanding Your Corporate Documents

Board Development Workbook Series



The Muttart Foundation

Legal and Ethical Duties of Directors
of Not-for-Profit Organizations

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This workbook does not replace legal advice.

This workbook can only provide general background on some of the most common matters a board may have to deal with. Do not rely on it to make decisions or to take any action.

Always check with a lawyer or other expert to get advice on your specific situation. See [Getting Professional Help](#) in the Resources section for some suggestions for where to start.

The Purpose of This Workbook

This workbook is designed to help members of the boards of incorporated not-for-profit organizations in Alberta understand the legal world in which they operate. It is the companion to the workbook *Organizing Your Corporate Documents*. Other workbooks in this series focus on specific rules and responsibilities. All the workbooks are available on the website of The Muttart Foundation at www.muttart.org.

One of the first obligations of a director is to understand the legal structure of the organization. The best place to start in meeting that responsibility is to become familiar with the legal documents that created your organization:

- the Act that enabled your organization to be incorporated and
- your constitution

This workbook will help you understand those documents and how they affect your organization.

The Resources section of this workbook contains

- [Getting Professional Help](#), a list of various agencies that may be able to help your board deal with its legal duties,
- [A Guide to Searching Government Registries](#), which your board may find helpful in finding important information about your organization,
- [Numbers, Numbers, Numbers](#), a guide to finding your organization's various business numbers,
- [Samples of Key Corporate Documents](#), and
- a [Glossary](#) of terms used in this workbook. You may want to have a quick look at it before you begin.



If your organization is not incorporated, this workbook may be of interest to you but will not apply directly to your organization.

If you wish to consider incorporating, you may find the workbook [Drafting and Revising Bylaws for Not-for-Profit Organizations in Alberta](#) helpful. It is available at the Muttart Foundation's website (www.muttart.org) or at www.culture.alberta.ca/bdp/workbooks.aspx.

How to Use this Workbook

We have designed this workbook to be used by boards of not-for-profit organizations. Your board may want to work through it together or assign it to a smaller committee to complete. You may prefer to ask an individual board member (for example, the Vice President or Secretary) or the Executive Director to do it on your behalf. Before deciding, you may want to skim through the workbook to see what will work best for your board. If you decide not to do the workbook as a board, be sure to spend time going through the documents referred to. It is important that all the members of the board know what they contain.

This workbook assumes that you

- have a copy of your organization's constitution,
- know what legislation enabled your organization to be incorporated, and
- have a copy of that Act.



If you do not know whether your organization is incorporated or if you have difficulty finding your constitution or the legislation that enabled your organization to be incorporated, you may find it helpful to do the workbook, *Organizing Your Corporate Documents*, before doing this one.

We hope this workbook will help you keep your organization on a firm legal foundation and prevent many problems from arising. However, we ask you to keep the following cautions in mind:

- The law is complex and there are important exceptions to many rules. There are also many legal issues that are not covered in this workbook, and many situations and options that are not discussed.
- The law is always changing, so some of the information in this workbook may be out of date by the time you read it.
- Every organization is different and its problems may be unique. This workbook cannot cover all those situations.

Please remember that this workbook does not replace legal advice. Do not rely on it to make decisions or to take any action. Always check with a lawyer or other expert to get advice on your specific situation. See [Getting Professional Help](#) in the Resources section for some suggestions for where to start.



Throughout this workbook, we sometimes refer to an incorporated not-for-profit organization as a "corporation". This may seem odd if you are used to thinking of a corporation as a large, for-profit business.

However, if your organization has been formally incorporated, whether as a society, a co-operative, a not-for-profit company, or a federally incorporated not-for-profit organization, it is considered in law to be a corporate entity or corporation.

Understanding Your Legal World

Not-for-profit organizations operate within a framework of laws that govern what they can do and how they must do it. Some of these rules are made by governments and can be thought of as external rules. Other rules are made by the organization itself and are its internal rules. Your organization must follow all relevant external rules as well as its own internal rules.

External Rules

Laws have developed over the years to provide some sense of order and stability in our lives. They reflect our need to know that other people and organizations will keep their promises if at all possible. Laws also give us ways of dealing with promises that are broken. Laws may be made by all levels of government: federal, provincial, or municipal.

Like ordinary people, incorporated organizations must obey the law. Those laws touch on almost all aspects of the activities of boards and their organizations. Unfortunately, there isn't a single statute or even area of law that sets out all of the rights, duties, and liabilities of boards of directors. As a result, board members tend to learn about the law by

- serving on boards of incorporated not-for-profit organizations,
- talking with others,
- going to conferences and workshops,
- consulting experts from time to time, and
- reading news stories, magazine articles, workbooks, and other resources that have been prepared to help them.

[Getting Professional Help](#) in the Resources section contains a list of organizations that provide resources to the not-for-profit sector. You may find some of them of particular interest.

Internal Rules

Through their constitutions, policies, and customs, boards create their own rules. Some of these internal rules are also legally binding. Board members are responsible for knowing and following their organization's policies and for up-dating them from time to time as necessary. The organization's constitution usually says how those changes are supposed to be made. Policies can often be changed using the same procedures that were used to create them.

Putting It All Together

The series of activities in this workbook will help you find and understand some of the external and internal rules that your organization must follow:

- the statute that enables your organization to exist, and
- your constitution.



To understand your organization's legal position in any matter, it is necessary to look at both the law and any rules your organization has made for itself.

Incorporation

Incorporation is the process by which an organization gets formal legal status. Once incorporated, an organization is considered to be a “legal person” and has almost the same status in law as a human being. Societies, companies, and cooperatives are all examples of types of corporations.

Various statutes set out the procedures for incorporating particular types of organizations. Not-for-profit organizations can be incorporated under provincial laws, such as the *Alberta Societies Act* or the *Companies Act*, or under federal laws such as the *Canada Not-for-profit Corporations Act (CNCA)*. Until recently, federal not-for-profit organizations were generally created under the *Canada Corporations Act*. However that has now been replaced by the *CNCA*. Not-for-profit organizations can also be incorporated by a private act or under specific legislation, for example, condominium corporations are incorporated under the *Alberta Condominium Property Act*.

The process and requirements for incorporation vary depending on the statute being used.

Although the procedures for incorporating differ from statute to statute, generally speaking an organization is required to file documents stating the general objects of the organization and bylaws stating who will be allowed to become a member and how decisions will be made. These documents are the organization’s constitution. A chart listing several statutes and the types of organizations they govern is included on p. 8.

Why Does It Matter?

Legal Status

Once an organization is incorporated, it acquires an identity of its own almost as if it were a real person. It can then do many of the same things that a real person can do.

For example, an incorporated organization can own its own property and enter into its own contracts. It is also responsible for its own debts and any other claims that someone may have against it.

Scope of Activities

Although it is considered in law to be like a real person for many purposes, there are some restrictions on what a not-for-profit corporation can do.

If an incorporated not-for-profit organization makes decisions or does things for which there is no authority either pursuant to the law under which it was incorporated or in its constitution and bylaws, that behaviour may be challenged. Procedures and penalties differ according to circumstances, but members, regulators or the courts may take legal actions against the organization or its directors over the questionable behaviour.



If an incorporated organization does something that it is not allowed to do by either its statute or its constitution, the directors may be personally liable for the costs of that activity. The specific circumstances under which this liability may arise will depend on what statute the organization is constituted under.

Decisions by corporations

Since a corporation is not actually a real person, it needs real people to make its decisions and to act for it. The group of people that make decisions for the organization is usually the board of directors or the officers of the organization.

When the board or officers are acting within their powers, their actions are considered to be the actions of the organization, not the actions of individual board members or officers. Those actions are considered to be done in the name of the organization and not in the name of the individuals.

For example, if the board decides to purchase property for the organization, the title to the property should be in the name of the organization. If the board decides to enter into a contract, the contract should also be in the name of the organization.

Generally speaking, since directors or members of an incorporated organization are acting on behalf of the organization, they are not personally responsible for the organization's debts or other obligations.

For example, if you are properly authorized to sign contracts on behalf of your organization, you will not be personally liable for any commitments made in the contracts.

This is because the contract is not entered into by you acting as an individual, but by you acting on behalf of another legal person – your organization.



If board members or officers do something that they have not been given the power to do, they may be personally liable for the costs of that activity.

Limited Liability

One of the advantages of incorporating an organization is that the liability of its board and other members is normally limited to your membership fee unless you have made some other specific financial commitment. If so, your liability is normally limited to paying any part of that membership fee that you still owe. This is the basis of the principle of “limited liability”.



The principle of limited liability does not protect you from financial commitments you make in your own name such a guarantee for money that the organization has borrowed or any purchases it has made.

Your Governing Statute

In order for your organization to be incorporated, its founders must have applied to the corporate registry of either the federal or a provincial government and have been approved by that agency.

Although the procedures for incorporating differ from statute to statute, generally speaking an organization is required to file documents stating the general objects of the organization and bylaws stating who will be allowed to become a member and how decisions will be made. These documents are the organization's constitution.

To use this workbook effectively, you will need to have a copy of

- the legislation that enabled your organization to be incorporated
- your organization's constitution.

The following table shows the main statutes used to incorporate not-for-profit organizations and the names of the documents that form the organization's constitution.

Jurisdiction	Statute	Constitutional Documents
Alberta	<i>Societies Act</i> R.S.A. S-18	<ul style="list-style-type: none"> • Application for Incorporation • Bylaws • Certificate of Incorporation
Alberta	<i>Companies Act</i> R.S.A. 1980, c. C-20	<ul style="list-style-type: none"> • Memorandum of Association • Articles of Association
Federal (until October 16, 2011)	<i>Canada Corporations Act</i> R.S.C. 1970, c. 32 (Part II)	<ul style="list-style-type: none"> • Letters Patent • Application for Incorporation • Bylaws
Federal (from October 17, 2011)	<i>Canada Not-for-profit Corporations Act</i> S.C. 2009 c. 23	<ul style="list-style-type: none"> • Articles of Incorporation • Certificate of Incorporation • Bylaws

Some types of not-for-profit organizations are incorporated under other legislation, such as the *Cooperatives Act* and the *Religious Societies' Land Act*.



Some organizations might seem like incorporated not-for-profit organizations, but are not. For example, Parent School Councils in Alberta are set up like a society with bylaws but the Alberta School Act forbids a school council to incorporate as a society or a not-for-profit company. Since these school councils do not have the power to raise funds, a separate fundraising society is often formed with the same people serving on both boards. The school council itself is not incorporated, but the affiliated fundraising group might be.

Worksheet 1: Getting organized

To use this workbook you will need to have a copy of your governing statute and your constitution handy. If you have already completed the workbook *Organizing Your Corporate Documents*, they will be in your Organizational Binder.

- ☐ Get a copy of the statute used to incorporate your organization.
 - For Alberta statutes – Copies of provincial acts and their regulations are available online at www.qp.gov.ab.ca/catalogue or contact the Queen's Printer for a print version. See [Getting Professional Help](#) in the Resources section for contact information.
 - For federal statutes –The *Canada Not-for-profit Corporations Act* can be found online at <http://laws.justice.gc.ca/PDF/C-7.75.pdf>. The *Canada Corporations Act - Part II* can be found online at <http://laws.justice.gc.ca/PDF/Statute/C/C-1.8.pdf>. You can get a print version by contacting the Government of Canada. See [Getting Professional Help](#) in the Resources section for contact information.
 - Alberta Law Society Libraries— Law Society libraries throughout Alberta are open to the public. They all have copies of both provincial and federal legislation. For locations and services provided see www.lawlibrary.ab.ca. If you do not have access to the Internet, check your phone book for the courthouse nearest you.
- ☐ Get a copy of your organization's constitution from either
 - your Organizational Binder,
 - your organization's files, or
 - your organization's lawyer.



If you do not know what these documents are see [Samples of Key Documents](#) in the Resources section. They may help you recognize your documents. If you still cannot find them, you may find it helpful to do the workbook *Organizing Your Corporate Documents* before continuing.

Operating According to Your Governing Statute

The statute that enabled your organization to be incorporated sets out the powers of your board and a number of rules that your organization must follow to conduct its business and to remain “in good standing” as a corporation. Since the duties of the directors vary depending on which statute is used, you need to read the statute that governs your organization carefully.

The following worksheets will help you find your way through your governing statute and help you identify key rules.

Worksheet 2: Becoming familiar with your governing statute

In Worksheet 1, you found the statute that enabled your organization to be incorporated. This worksheet will help you understand the importance of the statute for your organization.

- ☐ Flip through the Act quickly to see how it is laid out.
Statutes are often divided into sections and the sections may begin with headings.

For example, the Alberta *Societies Act* contains headings such as “Incorporation,” “Members,” and “Dissolution”.

The federal *Canada Not-for-profit Corporations Act* includes the sections “Incorporation,” “Capacity and Powers” and “Corporate Finance” among others. The *Canada Corporations Act – Part II* features headings such as “Powers of Directors” and “Letters Patent”.

- ☐ Find the “Definitions” section.
Statutes often provide specific definitions for key words. The definitions section is likely located near the beginning of the statute.

For example, the Alberta *Societies Act* defines director as “any person occupying the position of director by whatever name called”. The *Canada Not-for-profit Corporations Act* uses the same definition but substitutes “individual” for “person”.

The *Canada Corporations Act – Part II* defines director as “any person occupying the position of director by whatever name he is called”.

- ☐ Read a few sections of the Act.
Look for sentences that say that someone “shall” or “must” do or decide something. Whenever you see those words, the person must do whatever the statute says. Sometimes the statute will give a person the ability to delegate a task or a decision.

For example the Alberta *Societies Act* states in section 32 (3) that “The directors of each amalgamating society shall submit the amalgamation agreement to the members of the society for adoption by special resolution”.

Worksheet 2 (continued)

- ☐ Look for sentences that say that someone “may” do or decide something. In those cases, the person has the choice whether or not to do or decide something.

For example, the Alberta *Societies Act* states in section 11 that “The Registrar may refuse incorporation for any reason that appears to the Registrar to be sufficient”.

- ☐ Now that you have a sense of the general layout of the statute, read through the whole statute.

Often a later section will refer back to an earlier section, perhaps modifying its effect or excluding it from something like a penalty.

For example, the Alberta *Societies Act* states in section 36.1(2) that “Notwithstanding section 36, a society may disclose the register”.

- ☐ Look for any references to the ability of a Minister or the Cabinet to make “regulations”.

For example, the Alberta *Societies Act* states in section 39 that “The Lieutenant Governor in Council may make regulations (a) for carrying out the purposes of this Act....”.

- ☐ Check to see if any regulations have been passed under the Act. Regulations are often hard to find.

One of the best ways is to call the Corporate Registry office and ask if any have been passed and, if so, how you can get a copy. You can also go online to the Queen’s Printer site. A search of the catalogue will give you a list of regulations associated with each statute. See [Getting Professional Help](#) in the Resources Section for contact information.

Regulations look a lot like statutes. They frequently contain details that may need to be changed often, such as amounts of fees and fines or time limits for getting things done. Since the process for changing a regulation is much easier and faster than the process required to change a statute, matters such as these can be updated in a timely way.

Worksheet 3: Finding the Key Statutory Provisions

Now that you are familiar with the way your governing statute is laid out and what is in it, you need to note certain key provisions that are the basis of your legal responsibilities and powers.

- ☐ Use the attached chart to record key statutory provisions.
Since not all statutes cover the same topics, you may not find anything in your statute on some of the items listed. As you work through this workbook, you may find that these items are covered by your constitution or bylaws instead.
- ☐ If your organization has an Organizational Calendar, add the following dates
 - the deadlines for filing annual or other returns, holding annual general meetings, or anything else required by the statute.
 - a reminder to check a few weeks before that date to be sure someone is taking care of the annual or other returns, annual general meetings, or other requirements.
 - the deadline for holding your organization's annual general meeting.
- ☐ If you have an Organizational Binder, put the summary of key statutory provisions behind the Tab containing your constitutional documents.



If your organization does not have an Organizational Calendar, you might want to start one. You may find the workbook *Organizing Your Corporate Documents* helpful.

Name of Statute: _____

Regulations: _____

Key Statutory Provisions of Your Governing Statute

Powers of Directors
Powers of Others (if any)
Deadline for Annual Returns
Deadline for Other Returns (if any)
Deadline for holding Annual General Meeting
Amount of Notice of Annual General Meeting

When Special Meetings must be called
Amount of Notice for Special Meetings
Audit
Quorum for directors' meetings
Quorum for annual meetings
Amount of notice for special resolutions
Papers to be filed (if any)

Maintaining Your Corporate Status

An incorporated organization must file certain documents with its corporate registry every year to maintain its corporate status.

The fact that your organization has a certificate confirming incorporation does not necessarily mean it is still “alive”. Its registration could have lapsed because no one filed its annual returns. This is a serious matter. Ask your organization’s lawyer for advice if you think this may have happened. Reinstating an organization is a costly legal process so it pays to stay on top of these filing requirements.

To find out if your organization has been filing its annual reports, you can search its corporate registry. To conduct a search, see [A Guide to Searching Government Registries](#) in the Resources section.

Worksheet 4: Filing documents at your registry

- ☐ Check the notes you made in Worksheet 3 to see what documents you must file with your government registry on a regular basis.
- ☐ Note any deadlines that must be met for filing documents, holding meetings, etc.
- ☐ Put deadline dates on your organizational calendar.
- ☐ Assess the amount of time your organization will need to meet those commitments and put reminders on your calendar for when you need to get started.
- ☐ Check to see if your last year’s annual (and other) returns were completed and filed on time
 - If not, make sure someone files them.
- ☐ Check to see if your last year’s audited financial statements were completed and filed on time.
 - If not, make sure someone files them.
- ☐ If you are not sure whether these documents were filed, you will need to do a search of the corporate registry. See [A Guide to Searching Government Registries](#) in the Resources Section for information on how to do a search.

Operating According to Your Constitution

In addition to following the federal and provincial laws, your organization must follow its own rules. This is the law that your founders and members have created through your constitution and the many decisions and policies that your board and the members have made. This internal law must be followed until your organization uses the appropriate procedures to change it.

Your organization's constitution and the motions passed by the board of directors or members give your organization the authority to do what it does.

If your organization does not follow its own rules, any decisions or actions it takes may be invalid and, in some cases, may lead to claims for damages and even personal claims against directors.

For example, if the organization enters into a contract that is clearly outside the objects of the organization, the contract may be invalid and the board members may be personally liable for any costs that the organization incurs.

If the board makes a decision without the required members present for quorum, the decision may also be invalid. Again, the board members may be personally responsible for the costs that arise as a result.



Board members may be personally liable if their organization does not follow its own rules.

Your Constitution

Constitutions vary slightly and have different forms and titles depending upon the statute that governs them. Usually, they include at least three documents

- a certificate of incorporation or letters patent stating that the organization is incorporated
- an application for incorporation or memorandum of association
- bylaws (or sometimes Articles of Association)

Jurisdiction	Statute	Constitutional Documents
Alberta	<i>Societies Act</i> R.S.A. S-18	<ul style="list-style-type: none"> • Certificate of Incorporation • Application for Incorporation • Bylaws
Alberta	<i>Companies Act</i> R.S.A. 1980, c. C-20	<ul style="list-style-type: none"> • Memorandum of Association • Articles of Association
Federal (until October 16, 2011)	<i>Canada Corporations Act</i> R.S.C. 1970, c. 32 (Part II)	<ul style="list-style-type: none"> • Letters Patent • Application for Incorporation • Bylaws
Federal (from October 17, 2011)	<i>Canada Not-for-profit Corporations Act</i> S.C. 2009 c. 23	<ul style="list-style-type: none"> • Certificate of Incorporation • Articles of Incorporation • Bylaws

See [Samples of Key Corporate Documents](#) to get an idea of what some of these documents look like.

Your certificate of incorporation

The *certificate of incorporation* and *letters patent* announce to the rest of the world that your organization is in existence.

Your application for incorporation

The *Application for Incorporation*, *Articles of Incorporation*, *Memorandum of Association*, and *Letters Patent* set out the organization's purpose(s) or objects. This is an extremely important document because these establish the mandate of an organization and may limit what it has the legal capacity to do.

Your bylaws

The statute your organization was incorporated under may require your organization to have bylaws. The bylaws or articles of association tell your members how your organization will be managed and how decisions will be made.

The Scope of Your Activity

Although in many ways a corporation resembles a real person, there is one main difference. An incorporated organization can only carry out activities that help it achieve the purpose or purposes for which it was incorporated. Although some organizations have restricted their purposes to one “object”, most have several.

When your organization became incorporated, it had to state what its purpose was. Unless your organization amends its constitution it can only do things that relate to its purpose or objects.

What difference do the objects make?

Since your organization may be legally allowed to do only what is identified as its objects, it is important for you to know what these are. If your organization does something that is not covered by its objects, you are entitled to insist that the organization stop doing those things.



It is important to know your organization's objects if you want to apply for charitable status. Only certain objects are considered to be charitable under the law. This is discussed later in this workbook on page 26.

Worksheet 5: How to find your organization's objects

In Worksheet 1 you found a copy of your constitution. In order to find your organization's purpose you need to find the part of your constitution that refers to its objects.

- If your organization is incorporated under the Alberta *Societies Act*, you will find your objects in the Application to Form a Society.
- If your organization is incorporated under the Alberta *Companies Act*, your objects will appear in the Memorandum of Association.
- If your organization is incorporated under the federal *Canada Corporations Act* your objects will be found in the Articles of Incorporation.
- If your organization is incorporated under the federal *Canada Not-for-profit Corporations Act* your purpose(s) and any restrictions will be found in the Articles of Incorporation.

- ☐ Look at the appropriate part of the constitution for your organization and find the objects for your organization. Read them carefully.

There is no particular format required for writing objects, but they tend to look something like this:

Sample objects:

- To provide relief to persons with disabilities by developing and implementing recreation, education, and social integration programs for the disabled.
- To provide training for, and to assist in, the placement of persons with disabilities in employment.
- To provide life management counseling and other support services to assist persons with disabilities to become more independent in the community.

- ☐ If you have any questions about what your organization was set up to do, discuss them at the next board meeting.
- ☐ If your board is still unclear as to the purpose of your organization, meet with your organization's lawyer to discuss your objects.



If you cannot find any purpose(s) or objects for your organization in its constitution check with your organization's lawyer. Your organization may be a for-profit corporation.

Governing Your Organization

Your bylaws

The statute your organization was incorporated under may require your organization to have bylaws. The *bylaws* or *articles of association* tell your members how your organization will be managed and how decisions will be made.

Generally speaking, bylaws deal with matters such as

- who can be a member of your organization and under what conditions
- how many directors can be on your board and how they will be chosen
- what officers your organization will have and how they are chosen
- how your organization will call meetings
- how many people must be present at meetings to do business (quorum)
- voting rights of members
- who will have custody of the corporate seal and who is allowed to use it to certify your organization's documents
- how bylaws can be changed
- whether certain kinds of decisions require special levels of approval or consent
- providing an indemnity for the directors

Certain changes to your organization's bylaws are governed by statute.

For example, the Alberta *Societies Act* requires organizations incorporated under that Act to change bylaws by special resolution of the society. This means a resolution passed at a general meeting held after giving members 21 days notice of the resolution. The vote must be carried by at least 75% of those who vote.

The statute under which your organization is incorporated may require certain matters to be dealt with in the bylaws.

For example, the Alberta *Societies Act* states that not-for-profits incorporated under that statute must set the following specific items in their bylaws

- terms of admission of members
- members' rights and obligations
- how members withdraw or may be expelled
- how general and special meetings will be called



Some organizations are incorporated under more specific statutes.

For example, hospital foundations are incorporated under the regulations to the *Regional Health Authority Act*, and condominium corporations are incorporated under the *Condominium Property Act*.

Some organizations may even have their very own private act. In such cases, the objects (and other important rules and limitations) will be set out in those statutes.

Worksheet 6: Summary of Key Provisions of your Bylaws

In the activities so far, you have

- read your governing statute and regulations and found the key provisions governing your organization,
- determined whether your organization is in good standing,
- read your constitution and found the objects of your organization.

In this Worksheet, you will look for specific provisions of your constitution that are important in running your organization.

- ☐ Read through your bylaws.
- ☐ Use the following Guide to help you go through your constitution and find the key provisions.
- ☐ Put the answers to the questions in the appropriate space on the *Key Provisions of the Bylaws* Chart.
- ☐ If you can't find answers to some of these questions, reread your governing statute. Some items may be covered by it. Similarly, you may find some of the answers to items in Worksheet 3 in your bylaws. If so, make the necessary adjustments to your summaries of key provisions.
- ☐ Compare this summary to the summary you developed in Worksheet 3 regarding the key provisions of your governing statute. If you find any items that seem in conflict, check them out with other members of your board, your Executive Director, and, if necessary, your lawyer.
- ☐ Place the *Key Provisions of your Bylaws* chart at the beginning of the constitution section of your Organizational Binder so it is handy when you need it.



See [Getting Professional Help](#) in the Resources section for contact information for the Charities Directorate.

Guide to Key Provisions of your Constitution

Membership. What qualifications does someone have to have to be a member? Who sets the criteria for membership? Do your bylaws define different categories of membership? What rights and obligations does each category have? How may members become disqualified or expelled from the organization?

Directors. How many directors will there be? How long are their terms?

Officers. What officers are required under the bylaws? Must the officers be directors? How are the officers selected? How long are their terms?

Notice of Meetings. What notice must be given for board meetings, annual general meetings, and special general meetings? How can notice be given (mail, telephone, fax, email)? Do you have to give notice of the text of any special resolution to be passed at a members' meeting? What notice periods are required?

Annual General Meetings. Does it have to be in a particular month? Does your AGM have to be held within a certain number of days after your fiscal year end? Does it have to be held in a certain geographic area? Can it be, or is it prohibited from being, held electronically? What must be decided or done each year?

Meeting quorums. What is the quorum for board meetings, annual general meetings, and special general meetings? Are any special quorums required by your governing statute for special resolutions?

Auditors. Who may be appointed as auditor? What kind of audit or financial review are you required to provide, and what authority do members have to opt for a different type of review? Who appoints the auditor? When must the audited reports be provided to the members? Must the reports be filed with a government registry? Is there a deadline for filing the reports?

Corporate Seal. Who should keep it? Who can use it?

Changing bylaws. What procedures must be followed for changing your bylaws? (Check both your governing statute and bylaws for procedures). Do you have to send members advance notice and the text of the proposed resolution to change bylaws? What notice period is required? What majority is needed on a vote to change your bylaws? What do you have to do to notify your corporate registry of the changes? When do the changes come into force?

Key Provisions of the Bylaws of

Membership
Directors
Officers
Notice of Meetings Board Meetings Annual General Meetings Special General Meetings
Annual General Meetings
Meeting Quorums Board Meetings Annual General Meetings Special General Meetings
Auditors
Corporate Seal
Changing Bylaws

Is Your Organization a Not-for-profit Organization?

Your next task as a director is to confirm that your organization is set up as a not-for-profit organization.

Under corporate law, a not-for-profit organization can be set up for any legal purpose as long as its members do not get a direct financial benefit from the revenues or assets of the organization. That means that a not-for-profit organization is forbidden from distributing any profit earned to its members. It is expected to plan for a balanced budget. If it makes a small surplus it may retain it as an operating reserve.

Under tax law there is a separate test. To be a non-profit organization under the *Income Tax Act (ITA)*, the organization cannot have any profit-making purpose. This applies whether or not the purpose is stated in the organization's documents if it is apparent through the organization's actions. The source, amount, or use of organizational revenues may all be looked at when a group's qualification as a non-profit is being considered. However, modest revenue generation from members or activity that is closely linked to stated purposes and related to meeting reasonable needs of the group will generally not put an organization offside. Groups set up as not-for-profit organizations that are also registered charities (dealt with under Section 149.1 of the *ITA*) face restrictions on their profit-making and business activities as well. Revenue generation that is not in keeping with the rules governing registered charities can result in not-for-profit organizations that are charities losing their charity status and facing tax liability.

Why be a not-for-profit organization?

There are many reasons for setting up a not-for-profit organization but your founders may have thought it was the best way to achieve the organization's purpose(s). Many people choose the not-for-profit organization because

- it reflects the kind of work they want to do,
- it is a matter of principle – they may think it isn't right to make a profit from certain kinds of activities,
- it enables them to govern themselves in a particular way – with all members having an equal vote,
- it makes the organization eligible for certain tax benefits.

However, if you want to benefit from tax exemptions, not-for-profit organizations have to be set up according to the rules under Canadian tax law.



Simply being exempt from income tax does not make your organization a charity. Charitable status is something that must be applied for separately from the Canada Revenue Agency. If you are not sure if you are a registered charity see [A Guide to Searching Government Registries](#) in the Resources section.

Worksheet 7: How to tell if your organization is a not-for-profit

You can tell whether an organization is a not-for-profit by checking its constitution and reviewing its tax status.

To be a tax-exempt not-for-profit organization, your constitution must clearly state that no one can receive financial benefit from either its revenues or its assets.

- ☐ Look for a clause in your Application for Incorporation or Memorandum of Association that limits who can receive financial benefit from your organization's revenues or assets.

For example, your bylaws may say "the society may not pay any dividends or distribute its property among its members".

- ☐ Look for a clause saying what is to happen if your organization winds up.

For example, your bylaws may say "any funds or assets remaining after paying all debts are paid to a registered and incorporated charitable organization".

- ☐ If you cannot find the clause in your Application or Memorandum, check the bylaws to see if they contain such a clause.

As well, you must meet the criteria for a nonprofit organization under Section 149(1)(l) or for a registered charity under Section 149.1 of the *Income Tax Act*.

- ☐ Check to see if you have forgotten to include a clause in your constitution limiting the distribution of profits or assets.
- ☐ Check to see if your constitution contains a stated for-profit purpose.
- ☐ Check to see if any revenue-generating activity you do could be considered an unstated for-profit purpose.

If any of these situations apply, your organization may be a for-profit organization.

Is Your Organization a Registered Charity?

The term charity is defined in various ways municipally, provincially, federally, and by specific commissions and other bodies. Whenever you are applying for funding, tax benefits, or conducting fund-raising activities, check to see what definition of charity is being used. Groups that qualify as registered charities under the federal *Income Tax Act* are eligible to issue receipts for donations. They must also abide by certain rules set out in the *Income Tax Act*.

There are three categories of registered charities: charitable organizations, public foundations, and private foundations. Groups that primarily carry out their own activities (as opposed to funding others to do charitable work) are generally classified as charitable organizations. In this guide we have used that term as the most often applicable to the organizations described. Where not-for-profit organizations are public or private foundations, the same considerations described below generally apply. Foundations, however, are subject to stricter rules for certain aspects of their operations.

A not-for-profit organization does not have to be a registered charitable organization, but it may be. On the other hand, a registered charitable organization must be operated on a not-for-profit basis. If your organization is a registered charitable organization, there are special rules you need to know about.

To be a registered charitable organization, your organization must have a purpose that is **recognized in law** as being of public benefit. At this time, there are only four purposes recognized in law:

- the relief of poverty,
- the advancement of education,
- the advancement of religion,
- other purposes beneficial to the community that the courts have found to be charitable.

Your organization must also be registered as a charity with the Charities Directorate of the Canada Revenue Agency.



If you intend to ask Albertans for donations, you may also need to follow the rules in the Alberta *Charitable Fund-raising Act* and its regulations. You can find the act and regulations online at www.qp.gov.ab.ca. Search the catalogue by statute name or contact the Queen's Printer to order a copy of the act and regulations.

Benefits and Responsibilities of Being a Registered Charitable Organization

Like many not-for-profit organizations, registered charitable organizations do not have to pay income tax and may have other special tax benefits. The most important of these is that registered charitable organizations can provide charitable receipts for donations. Their donors are able to get credit for their donations when they file their tax returns.

In exchange for special fund-raising privileges and tax benefits, charities must submit to rules restricting what they can do and to extra accountability to the public. These include

- ensuring that your organization continues to conduct charitable activities only;
- carrying out only charitable activities that are consistent with the charitable purposes under which your organization was registered;
- abiding by restrictions on how you can raise and use your money;
- spending certain minimum amounts each year;
- filing special annual information returns with the Charities Directorate of the Canada Revenue Agency;
- making no changes to your constitution without approval from the Canada Revenue Agency; and
- requiring that at least 50% of your directors are at arm's length (i.e., not in a close relationship) with each other.



An organization that is not officially registered with the Canada Revenue Agency and does not have a charitable tax number **cannot issue deductible tax receipts for donations**. In fact, it is illegal to do so. The organization can, however, still receive donations and engage in fund-raising activities.



Nonprofit organizations generally cannot make asset or revenue distributions. However, the *Income Tax Act* provides an exception to this in Section 149(1)(l) for payments to owners or members of a national club, society, or association whose primary purpose and function is to promote amateur athletics in Canada. This allows certain athletic groups to make distributions in support of athletes and sport.

Worksheet 8: How to tell if your organization is a registered charitable organization

If your organization is a registered charitable organization, it will have been issued a Notification of Registration by the Canada Revenue Agency (formerly Revenue Canada or the Canada Customs and Revenue Agency). It will also have been issued an official Business Number (BN) with a charitable registration suffix. These are not the same as a fund-raising registration number issued by the province or municipality.

If you think that your organization is a registered charitable organization there are three ways of checking:

1. Notice of Registration

- ☐ Check to see if you can find a Notification of Registration form in your files or other records.
- ☐ If you are unable to locate your Notification of Registration, check with other board members, your Executive Director, or your organization's lawyer.
- ☐ Put a copy of the form behind Tab 3 in your Organizational Binder.

2. Business Number

- ☐ If you can't find a Notification of Registration, check to see if your organization has been issued a Business Number (BN). See [Numbers, Numbers, Numbers](#) in the Resources section.
- ☐ Record your BN on your Organizational Calendar which is behind Tab 1.
- ☐ If your organization has a Business Number, check to see if it contains the letters RR plus four numbers (eg RR0001). If so, your organization has been registered as a charitable organization.

3. Charitable Organizations Registry

The Canada Revenue Agency Charities Directorate website lists Canadian registered charitable organizations.

- ☐ Search online at www.cra-arc.gc.ca. If your organization is not listed on the site, it was never registered or its charitable status has been revoked.
- ☐ If you find your organization listed, record its Business Number on your Organizational Calendar which is behind Tab 1 of your Organizational Binder.

Even if your organization was registered as a charity, it may have been struck from the registry.

- ☐ Check to see if your organization's charitable status under the *Income Tax Act* has been revoked by searching online at www.cra-arc.gc.ca. Since this is only a list of recently revoked organizations, you may not find your organization listed if its charitable status was revoked some time ago.
- ☐ If you are still in doubt about whether your organization is a registered charitable organization or whether its registration is still active, call the Charities Directorate of the Canada Revenue Agency or talk with your organization's lawyer.

Follow Through

Congratulations on taking your first responsibilities as a board member so seriously. Now you know

- your governing statute and its key provisions
- the constitution and the objects of your organization
- whether your organization is in good standing
- whether your organization is not-for-profit
- whether your organization is a registered charitable organization

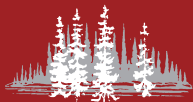
Worksheet 9: Keeping Current

As you begin your job as a director, you will have many questions about what your organization can do and how it should do it. Now that you are familiar with your governing documents, you will find that they contain many of the answers to those questions. Be sure to consult them from time to time as questions arise.

Now that you have spent the time to learn about your organization's constitutional framework, it is important that you keep these documents and the summaries you have prepared handy.

- ☐ Someone in your organization should create an Organizational Binder and keep it up to date. This might be done by a staff member or a director. It might be added to the job description of your Vice-President or Secretary. The workbook *Organizing Your Corporate Documents* will help you do this.
- ☐ Whether or not your organization decides to create an Organizational Binder, you may want to keep your own copy of your governing statute and constitution handy for board and committee meetings. You might do this simply by keeping your copy in the same file you keep your board minutes in.
- ☐ Either way, be sure to look at your constitution and governing statute from time to time. Make a note to do so at least once a year.
 - If your organization keeps a Corporate Calendar, add it to the calendar a month or so before your annual general meeting. If your organization doesn't have a Corporate Calendar, make a note in your personal calendar.
- ☐ If you want to create a Corporate Calendar you may find the workbook *Organizing Your Corporate Documents* has some useful suggestions.

Resources



The Muttart Foundation

Legal and Ethical Duties of Directors
of Not-for-Profit Organizations

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Legal Documents Checklist

Getting Professional Help

Finding legal assistance

Information Sources of Interest

Samples of Key Corporate Documents

A Guide To Searching Government Registries

Corporate Registry

Canada Revenue Agency – Charities Directorate

Charitable Fund-raising Registry – Alberta

Numbers, Numbers, Numbers

Corporate Number

Business Number (BN)

Charitable Fund-raising Number (Alberta)

Glossary

Evaluation form

Legal and Ethical Duties of Directors of Not-for-Profit Organizations

Legal Documents Checklist

Organizational Calendar

- ☐ Start an Organizational Calendar.
- ☐ Assign someone to keep it up-to-date.
- ☐ Find out when Annual Returns are due and note the dates in your Organizational Calendar. Also note who is responsible for preparing and filing the Annual Returns.
- ☐ Find your organization's federal or provincial corporate number, Business Number (BN), charitable registration number (if appropriate), and charitable fund-raising number (if appropriate) and note these numbers on your Organizational Calendar.
- ☐ Make sure you have included key dates relating to your organization's contracts, funding agreements, and lease arrangements.
- ☐ Review and update your Organizational Calendar monthly.

Key Contacts

- ☐ Create a list of key contacts for your organization.
- ☐ Assign someone to keep it up-to-date.
- ☐ Find out who your organization's lawyer is.
 - Check to see if the contact information in your Organizational Binder is correct.
- ☐ Find out who your organization's auditors are.
 - Check to see if the contact information in your Organizational Binder is correct.
- ☐ Find the location of your organization's Registered Office.
 - Check to see if the contact information in your Organizational Binder is correct.
- ☐ Add the names and contact information for board members and senior staff members.
 - Check to see if the contact information in your Organizational Binder is correct.
- ☐ Add names and contact information for other key people (eg your funders, bank manger, building supervisor, emergency services) that your board may need to contact quickly.
 - Check to see if the contact information in your Organizational Binder is correct.
- ☐ Update your Key contacts after every AGM or whenever board members change.
- ☐ Update your Key Contacts whenever there is a change in senior staff or other important people.

Constitutional Documents

- ☐ Get a copy of your organization's constitution and read it. If you are uncertain as to the documents that make up your constitution, see chart on [page 14 of Organizing Your Corporate Documents](#).
- ☐ Make a note of any deadlines or other important dates on your Organizational Calendar.
- ☐ Put a copy of the constitution behind Tab 3 in your Organizational Binder.
 - Has it been amended? Add any amendments to your binder.
- ☐ Review your constitution yearly before your organization's Annual General Meeting.
- ☐ Find out if your organization is a registered charitable organization.

Governing Statute

- ☐ Get a copy of the legislation that your organization was incorporated under and read it.
- ☐ Make a note of any deadlines or other important dates on your Organizational Calendar.
- ☐ Put a copy of the legislation behind Tab 4 in your Organizational Binder.
- ☐ Review your governing statute yearly before your Annual General Meeting.

Policies

- ☐ Get a copy of any policies your organization has and read them.
- ☐ Make a note of any deadlines and add them to your Organizational Calendar.
- ☐ Put a copy of these policies in your binder behind Tab 5.
- ☐ Review your policies yearly at the first Board meeting after the Annual General Meeting.

Minutes

- ☐ Get a copy of the last two years' minutes of your Board and read them.
 - Note the key issues your board has been dealing with.
 - Note the matters that still need to be dealt with.
 - Add notes on these matters behind Tab 6 in your Organizational Binder.
- ☐ Make a note of any deadlines or other important dates in your Organizational Calendar.
- ☐ Put a copy of these minutes behind Tab 6 in your Organizational Binder.
- ☐ Get a copy of minutes of the last two years' members' meetings, the Annual General Meeting (AGM), and any other special meetings that were held.
 - Note the issues that were raised.
 - Note the matters that still need to be dealt with.
- ☐ Make a note of any deadlines or other important dates in your Organizational Calendar.
 - Put these minutes and your notes on these matters behind Tabs 7, 8, and 9 as appropriate.

Finances

- ☐ Get a copy of the minutes of the banking resolution that gives financial signing authority to specific individuals.
- ☐ Note the names of those people on the Key Contacts directory behind Tab 2 of your Organizational Binder.
- ☐ Put a copy of these minutes behind Tab 11 of your binder.
- ☐ Get a copy of the budgets and financial reports for the last two years and read them. If they are not clear, ask the President, Treasurer, or the Executive Director to explain them to you.
 - Note your organization's major sources of revenue.
 - Note your organization's major expenses.
 - Note your organization's debts.
- ☐ Make a note of any deadlines or other important dates in your Organizational Calendar.
- ☐ Put a copy of the budgets and financial records behind Tab 11 in your Organizational Binder.
- ☐ If your organization is a registered charitable organization, find your organization's Business Number and charitable suffix and add it at the top of your Organizational Calendar.
- ☐ Ask if your organization is actively fund-raising. If so, find your organization's charitable fund-raising number, if required, and add it at the top of your Organizational Calendar.

Contracts, Grant or Operating Agreements, Leases

- ☐ Get a copy of any current contracts, grant agreements, and leases your organization has signed and read them.
- ☐ Make a note of any deadlines and add them to your Organizational Calendar behind Tab 1.
- ☐ Put a copy of the contracts, grant agreements, and leases behind Tab 12, 13, and 14 in your Organizational Binder as appropriate.
 - If there are too many contracts or they are too long to put in your binder, make notes of the parties to each contract, the nature of the contract, the important terms of the contract, and any deadlines that must be met by your organization or the other parties. Put these notes in your Organizational Binder behind the appropriate tabs.

Insurance

- ☐ Get a copy of your Directors and Officers Liability insurance policy, your Comprehensive Insurance policy, or any other insurance policies and read them.
- ☐ Make a note of any deadlines or renewal dates and add them to your Organizational Calendar behind Tab 1.
- ☐ Put a copy of the policies behind Tab 15 in your Organizational Binder.

Getting Professional Help

Most not-for-profit organizations have few legal problems. They may need help getting incorporated and then operate for years without needing any other kind of legal help. However, when problems arise, it is usually best to get help quickly before a small problem becomes a much larger one.

Some lawyers will provide some services to not-for-profit organizations for free. Many will donate their own time. However, often legal work involves paying filing fees, couriering documents, or paying for the work done by other people. Often lawyers are not willing to pay for these out-of-pocket expenses.

Finding legal assistance

The Lawyer on Your Board

Many organizations have adopted the practice of including at least one lawyer on their board. They hope by doing so that they will have easy access to legal advice when they need it. If you have a lawyer on the board, check to see if your lawyer is comfortable playing this role. Your lawyer may not practice in the relevant field of law or may not always have the time to do your organization's legal work.

Word of Mouth

One of the best ways of finding a lawyer is to get a referral from a satisfied client. Ask someone who sits on another board who they use and whether they have been happy with the service they have received.

Lawyer Referral

www.lawsociety.ab.ca/public/lawyer_referral.aspx

The Law Society of Alberta maintains a telephone service to help people find a lawyer who lives in the person's community and who practices the type of law the person needs. They may be able to help you locate a suitable lawyer. Phone (403) 228-1722 in Calgary or 1-800-661-1095 toll free from other points in Alberta.

Pro Bono Students Canada

The Pro Bono Students Canada Project matches law students with eligible non-profit organizations to provide free legal services under the supervision of a lawyer. Alternatively, students may be matched with individual lawyers requiring assistance with pro bono files. PBSC does not provide direct assistance to individuals.

For assistance in Edmonton:

Emily Murphy House 1
11011 – 88 Avenue NW
Edmonton, AB T6G 0Z3
Phone: (780) 492-8287
Fax: (780) 492-7574
Email: pbsc@ualberta.ca
www.slsedmonton.com/pbsc/index.html

For assistance in Calgary:

University of Calgary. Faculty of Law
Room 2390, Murray Fraser Hall
2500 University Drive NW
Calgary, AB T2N 1N4
Phone: (403) 220-2690 Fax: (403) 282-8325
Email: probonos@ucalgary.ca
www.ucalgary.ca/probono/



Discuss all fees and costs with your lawyer to be sure you understand how you will be charged and what you will be charged for.

Information Sources of Interest

Alberta Board Development Program

www.culture.alberta.ca/BDP

The Board Development Program provides assistance to not-for-profit boards in the area of governance through workshops, consultations, training of volunteer instructors, resource materials, and special presentations to conferences and seminars. Contact the Board Development Program via email at bdp@gov.ab.ca or telephone (780) 427-2001 in Edmonton. From other points in Alberta call 310-0000 and ask to be connected to (780) 427-2001

Alberta Government Services

www.servicealberta.gov.ab.ca

AGS maintains a website that contains useful information on Alberta Registry Agents, Corporate Registry, incorporating not-for-profit organizations, forms, information for charities and donors, fundraising, registering a charity, and the like.

Consumer information on registry services (business, land, motor vehicles, charities and societies) and other matters is available at www.servicealberta.gov.ab.ca/Consumers_Licenses.cfm. Phone Toll free 1-877-427-4088, in Edmonton (780) 427-4088

Alberta Law Society Libraries

www.lawlibrary.ab.ca

The Alberta Law Society Libraries system is comprised of a network of libraries located in courthouses in Calgary, Drumheller, Edmonton, Fort McMurray, Grande Prairie, Lethbridge, Medicine Hat, Peace River, Red Deer, St Paul and Wetaskiwin. The libraries provide legal research and information services to the legal profession, court officers and the public in Alberta. You can access the libraries' collections and services in person, by telephone, facsimile, or e-mail. See the website for contact information for all locations or check your local telephone directory for the address and phone number of the courthouse nearest you.

Canada Revenue Agency

www.cra-arc.gc.ca

The Canada Revenue Agency (CRA) administers tax laws for the Government of Canada and for most provinces and territories; and various social and economic benefit and incentive programs delivered through the tax system.

Contact information for Alberta Tax Services Offices and Tax Centres – addresses, counter service hours, and fax numbers is available online.

Charities Directorate

www.cra-arc.gc.ca

The Canada Revenue Agency (CRA) registers qualifying organizations as charities, gives technical advice on operating a charity, and handles audit and compliance activities. Registered charities are required to file an annual return with the CRA, a portion of which is available to the public, and must meet certain requirements of the *Income Tax Act* concerning their expenditures and activities.

You can get copies of all forms, pamphlets, information circulars, and interpretation bulletins from the Charities Directorate or from any of the tax services offices. You can find forms and publications on the CRA website.

You can reach the Charities Directorate by calling:
1-800-267-2384 for toll-free, long-distance calls

Charity Law in Canada: An Annotated Bibliography of Selected Web Resources

www.charitycentral.ca

This bibliography identifies web resources that provide information about the law governing charities in Canada at both the federal and provincial levels. It identifies the key Canadian agencies that use the web to provide information about charity law and regulation.

Corporations Canada (Industry Canada)

www.ic.gc.ca

Industry Canada is responsible for federally incorporated organizations. Information on how to incorporate a not-for-profit can be found on the Corporations Canada site under the subject Not-for-profit Organizations.

For further information contact Corporations Canada:

Telephone (toll-free in Canada): 1-866-333-5556
Telephone (National Capital Region and outside Canada): 613-941-9042
Fax: 613-941-4803

Government of Canada – Publications

<http://publications.gc.ca>

You can order free and priced publications published by the Government of Canada by telephone, fax, regular mail or online. Information is available online.

The site also lists bookstores located in Alberta cities which are registered to sell Government of Canada publications. The bookstore will be able to order a publication for you, or it may have the item in stock.

Hours of operation: Monday to Friday 8 a.m. to 5 p.m. ET
Telephone: 1-800-635-7943 or 613-941-5995
TTY: 1-800-465-7735

By fax: 1-800-565-7757 or 613-954-5779
By mail: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa ON K1A 0S5

Imagine Canada

www.imaginecanada.ca

Imagine Canada's mission is to advance knowledge and relationships to foster effective and sustainable charitable and non-profit organizations.

2 Carlton Street, Suite 600 Toronto, ON M5B 1J3

Phone: 416-597-2293

Fax: 416-597-2294

Toll free: 1-800-263-1178

E-mail: info@imaginecanada.ca

Sector Source Library

<http://sectorsource.ca/>

Sector Source connects charities and nonprofits with resources and information that help them develop their organizations and get the job done for the communities they serve.

LawNow

www.lawnow.org

LawNow is an electronic newsletter about the law, the legal process, and the relationship of law to life in Canada. Articles frequently address issues of interest to the not-for-profit sector.

Mount Royal College, Faculty of Continuing Education and Extension Nonprofit Studies and Research

www.mtroyal.ab.ca/nonprofit

Mount Royal University brings together education, training and research tailored to meet the rapidly changing needs of the nonprofit sector. It works in collaboration with the nonprofit community, business and other post-secondary institutions to ensure curriculum meets the most important needs.

4825 Mount Royal Gate S.W. Calgary, AB T3E 6K6

Fax: 403-440-8811

Phone: 403-440-6013

Toll free: 1-888-392-3655

Not-for-Profit & Charity Law

www.law-nonprofit.org and www.charitycentral.ca

This website provides information on not-for-profit and charity management; liability of directors, volunteers, and employees; fund-raising law; and tax law. Information is presented through the LawNow reprint series and Frequently Asked Questions (FAQs). Charity law news items and links to other sites of interest are also included.

Queen's Printer

www.qp.gov.ab.ca

The Alberta Queen's Printer publishes, distributes and sells Alberta's Acts, Regulations and various legislation-related materials. In addition to online purchasing, government and the public can access Alberta's laws free online through the Internet.

Volunteer Alberta Resource Centre (VARC)

www.rcvo.org

VARC offers a wide range of services to support the effort of voluntary organizations. It has an extensive collection of articles, periodicals, and books related to nonprofit board governance and management and leadership issues.

#217 Birks Building
10113 - 104 Street
Edmonton AB T5J 1A1

To make an appointment to visit VARC, all 780.482.3300 ext. 232.

E-mail: rcvo@macewan.ca

Legal Documents
Checklist

Getting
Professional Help

Samples of Key
Corporate Documents

A Guide to Searching
Govt Registries

Numbers, Numbers,
Numbers

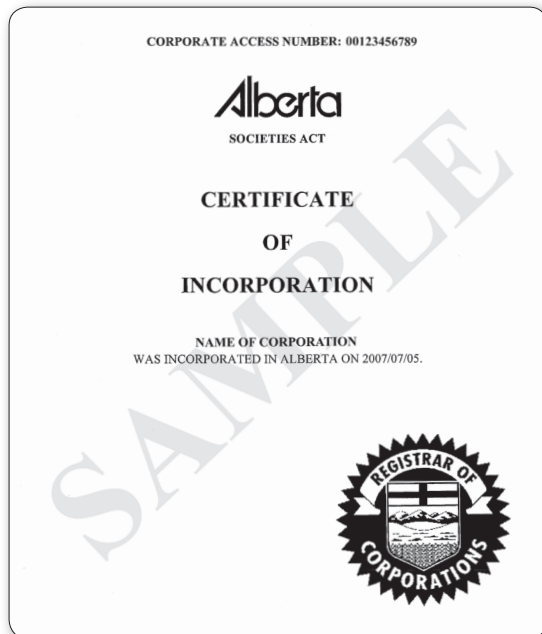
Glossary

Evaluation Form

Samples of Key Corporate Documents

Alberta *Societies Act* Incorporation

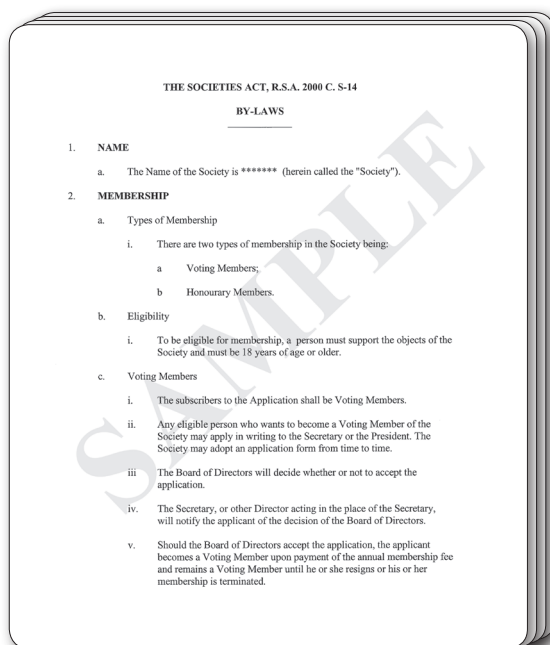
Sample: Alberta *Societies Act* Certificate of Incorporation



Sample: Alberta *Societies Act* Application to Form a Society www.servicealberta.ca

A sample Application to Form a Society form. The form includes sections for "The name of the society is:", "The objects of the society are:", and "Additional Objects:". It also has a "Dated" section with a table for signatures and addresses. A large "SAMPLE" watermark is visible across the center.

Sample: Alberta *Societies Act* Bylaws www.servicealberta.ca



Alberta Companies Act Incorporation

Sample: Alberta Companies Act Certificate of Incorporation

CORPORATE ACCESS NUMBER: 00123456789

Alberta
COMPANIES ACT

**CERTIFICATE
OF
INCORPORATION**

NAME OF CORPORATION
WAS INCORPORATED IN ALBERTA ON 2005/03/18 AS A COMPANY LIMITED BY SHARES.

**REGISTRAR OF
COMPANIES**

Sample: Alberta Companies Act Memorandum of Association

Form 3
**Memorandum of Association of a
Company Limited by Guarantee**

1. The name of the company is "Limited (or Ltd.)."

2. The objects for which the company is established are:

3. The liability of the members is limited.

4. Every person who is a member of the company undertakes to contribute to the assets of the company in the event of its being wound up while the person is a member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before the person ceases to be a member, and for the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding \$

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company pursuant to this Memorandum of Association.

(Full Names, Addresses and Occupations of Subscribers.)

Dated

Witness to the above signatures:

Full Name

Address

Occupation

(Note: If the company has a share capital, the following must be substituted for the memorandum after the clause 4:

5. The share capital of the company is \$ divided into shares of \$ each.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company pursuant to this Memorandum of Association, and we respectively agree to take the number and class of shares in the capital of the company set opposite our respective names.

And in addition to each subscriber's name and address and occupation, there must be shown opposite each name the number and class of shares each subscriber takes.)

Sample: Alberta Companies Act Articles of Associations

RECEIVED
APR 29 1975
OFFICE OF THE REGISTRAR OF COMPANIES
PROVINCE OF ALBERTA LTD.

REGISTERED
MAY 12 1975
THE REGISTRAR OF COMPANIES
PROVINCE OF ALBERTA

Memorandum of Association

The name of the Company is _____

(2) The objects for which the Company is incorporated are:

(a) to contribute to, advance and promote the legal knowledge and education of the people of Canada.

(b) to develop, sponsor, provide, promote, produce, distribute and evaluate programs, materials, resources and facilities for legal education.

(c) to establish, maintain and operate legal resource centres and libraries.

(d) to conduct any research and to act as consultant in respect thereof either as principal or agent.

(e) to establish and conduct a school or schools and to provide for the delivery and holding of lectures, classes, conferences, exhibitions and meetings.

(f) to publish, distribute and deal in all books, magazines, periodicals, pamphlets, leaflets, text-books, publications, audio, visual and audio-visual materials, supplies and resources of every kind.


(g) to act as a consultant to individuals and groups in matters relating to legal education.

(h) to purchase, lease, take in exchange or otherwise

Canada Not-for-profit Corporations Act Incorporation

Sample: Articles of Incorporations under
Canada Not-for-profit Corporation Act
(Form 401) <https://www.ic.gc.ca/>

Sample: Model by-laws under the *Canada Not-for-profit Corporations Act*
<http://www.ic.gc.ca/>

	Industry Canada	Industrie Canada	<p>Canada Not-for-profit Corporations Act (NFP Act)</p> <p>FORM 4001</p> <p>ARTICLES OF INCORPORATION</p>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Print</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 5px;">Reset</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 5px;">Next page</div>
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1 - Corporate Name

2 - The province or territory in Canada where the registered office is situated

▼

3 - Minimum and maximum number of directors (for a fixed number, indicate the same number in both boxes)

Minimum number

Maximum number


4 - Statement of the purpose of the corporation

5 - Restrictions on the activities that the corporation may carry on, if any


Print


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4/6/2014

 Government of Canada

 Government of Ontario

Model By-Law - Corporations Canada

Canada

Industry Canada

Home > Corporations > Corporations Canada > Not-for-profit Corporations > Canada Not-for-profit Corporations Act

Corporations Canada

Model By-Laws

BY-LAW NO. 1

A by-law relating generally to the conduct of the affairs of
[NAME OF CORPORATION]
(the "Corporation")

TABLE OF CONTENTS

Section 1 - General

Section 2 - Membership - Matters Requiring Special Resolution

Section 3 - Membership Dues, Termination and Discipline

Section 4 - Meetings of Members

Section 5 - Directors

Section 6 - Meetings of Directors

Section 7 - Officers

Section 8 - Notices

Section 9 - Dispute Resolution

Section 10 - Effective Date

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

SECTION 1 - GENERAL

1.01 Definitions^[1]

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

a. "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;

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

c. "board" means the board of directors of the Corporation and "director" means a member of the board;

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

e. "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;


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

g. "proposals" means a proposal submitted by a member of the Corporation that meets the requirements of section 163 (Shareholder Proposals) of the Act;

http://www.ic.gc.ca/nr/publicat/statut-loi/cnltrng/eng/0009/0009.html#sect1

9/11

Sample: Articles of Continuance (Form 4031) <https://corporationscanada.ic.gc.ca>

	Industry Canada	Industrie Canada	<div style="display: flex; justify-content: flex-end; gap: 5px;"> <div style="border: 1px solid black; padding: 2px 5px;">Print</div> <div style="border: 1px solid black; padding: 2px 5px;">Reset</div> <div style="border: 1px solid black; padding: 2px 5px;">Next page</div> </div>
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Canada Not-for-profit Corporations Act (NFP Act)

Form 4031

Articles of Continuance (transition)

To be used only for a continuance from the Canada Corporations Act, Part I.

1 - Current name of the corporation

2 - If a change of name is requested, indicate proposed corporate name

3 - Corporation number

4 - The province or territory in Canada where the registered office is situated

▼

5 - Minimum and maximum number of directors (for a fixed number, indicate the same number in both boxes)

Minimum number

Maximum number

6 - Statement of the purpose of the corporation


7 - Restrictions on the activities that the corporation may carry on, if any

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Relevant Legislation

Sample: Alberta *Societies Act*

www.qp.alberta.ca

SOCIETIES ACT	
Chapter S-14	
<i>Table of Contents</i>	
1	Definitions
2	Application to existing societies
Incorporation	
3	Incorporation
4	Shares, etc.
5	Reservation of name
6	Name of society
7	Revocation of name
8	Application to change Registrar's decision
9	Application for incorporation
10	Discretion of Registrar
11	Refusal of incorporation
12	Incorporation certificate
13	Certificate as evidence of regularity
14	Effect of certificate
15	Rescission, etc. of bylaws
16	Alteration of objects
17	Powers of society
18	Borrowing powers
19	Negotiable instruments
Members	
20	Minors
21	Limitation of liability of members
22	Arbitration
23	Fines
Returns	
24	Registered office


Sample: Alberta *Companies Act*

www.qp.alberta.ca

COMPANIES ACT	
Chapter C-21	
<i>Table of Contents</i>	
1	Definitions
2	Interpretation
2.1	Limited application of Act
Part 1	
Application of Act	
3	Existing companies
3.1	Non-application of Act to corporations
4	Partial application of Act
5	Winding-up
6	Companies formed by special Act
Part 2	
General Provisions	
8	Extra-territorial capacity of Provincial corporations
9	Property in joint tenancy
10	Use of word "limited", etc.
11	Name of company
12	Change of name
13	Powers of companies
14	Loans
Part 3	
Incorporation and Organization	
Division 1	
Memorandum of Association	
15	Formation of companies
16	Company limited by shares
17	Company limited by guarantee
18	Use of Limited or Ltd.
19	Specially limited company
20	Powers of company
Division 2	
Articles of Association	
21	Company with share capital

Sample: Federal Canada *Not-for-profit Corporations Act* (NFP Act)

<http://laws-lois.justice.gc.ca/eng/acts/C-7.75>

	
S.C. 2009, c. 23	L.C. 2009, ch. 23
An Act respecting not-for-profit corporations and certain other corporations	Loi régissant les organisations à but non lucratif et certaines personnes morales
[Assented to 23rd June 2009]	[Sanctionnée le 23 juin 2009]
Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:	Sa Majesté, sur l'avis et avec le consentement du Sénat et de la Chambre des communes du Canada, édicte :
SHORT TITLE	
1. This Act may be cited as the <i>Canada Not-for-profit Corporations Act</i> .	1. Loi canadienne sur les organisations à but non lucratif.
PART I	
INTERPRETATION AND APPLICATION	
DEFINITIONS ET INTERPRÉTATION	
2. (1) The following definitions apply in this Act.	
«activities» «activités»	«activité» S'entend notamment de tout acte accompli par l'organisation et visé par sa déclaration d'intention et de toute activité commerciale de la personne morale. Sont exclues les affaires internes de celle-ci.
«affairs» «affaires internes»	«affaires internes» Les relations entre l'organisation, les personnes morales appartenant au même groupe et leurs membres, actionnaires, administrateurs et dirigeants.
«articles» «statuts»	«articles» Les statuts ou articles de la personne morale.
«body corporate» «personne morale»	«personne morale» Une personne morale.
«corporation» «organisation»	«corporation» Une personne morale.

Registered Office

Sample: Alberta Notice of Registered Head Office

www.servicealberta.ca

Sample: Federal Notice of Registered
Head Office

www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h_cs02145.html

Notice of Address or Notice of Change of Address <small>Business Corporations Act Section 20</small>				
1. Name of Corporation <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>	2. Corporate Access Number <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>			
3. Address of Registered Office (P.O. Box number can only be used by a Society)				
<i>Street</i>	<i>City / Town</i>	<i>Province</i>	<i>Postal Code</i>	
OR				
<i>Legal Land Description</i>	<i>Section</i>	<i>Township</i>	<i>Range</i>	<i>Meridian</i>
4. Records Address (P.O. Box number cannot be used)				
<i>Street</i>	<i>City / Town</i>	<i>Province</i>	<i>Postal Code</i>	
OR				
<i>Legal Land Description</i>	<i>Section</i>	<i>Township</i>	<i>Range</i>	<i>Meridian</i>
5. Address for Service by Mail (if different from item 3) <small>NOTE: If this is a change, please repeat instructions carefully.</small>				
<i>Post Office Box Only</i>	<i>City / Town</i>	<i>Province</i>	<i>Postal Code</i>	
<hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <small>Authorized Signatures (for societies and non-profit companies only)</small> </div> <div style="width: 30%;"> <small>Name of Person Authorizing (please print)</small> </div> <div style="width: 30%;"> <small>Date</small> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <small>Telephone Number (optional)</small> </div> <div style="width: 30%;"> <small>Identification (not applicable for societies and non-profit companies)</small> </div> <div style="width: 30%;"> <small>Title (please print)</small> </div> </div> <hr/>				
This information is being collected for the purposes of corporate registry records in accordance with the Business Corporations Act. Questions about the collection of this information can be directed to the President or Information and Protection of Privacy Coordinator for the Alberta Government, Box 3146, Edmonton, Alberta T6B 0S1, (780) 427-7013.				

ANNEX 1

**Sample Letter to Corporations Canada for
Amending the Place of the Head Office**

Date: _____ Corporate Number: _____

To: Corporations Canada
Industry Canada
9th Floor, Jean Edmonds Towers South
365 Laurier Avenue West
Ottawa, Ontario K1A 0G3

Option 1

Enclosed are:

1. A copy of a single purpose by-law amending the place of the head office certified under the seal of the corporation; and
2. A copy of the *Canada Gazette* notice.

The street address of the head office is: _____

Option 2

Enclosed is a copy of a single purpose by-law amending the place of the head office certified under the seal of the corporation.

We confirm that notice of this change [will be published in the *Canada Gazette* / was published in the *Canada Gazette* on _____, 20__] (The notice must be bilingual.)

I hereby certify that I have the relevant knowledge of the corporation and that I am authorized to sign and submit this application.

SIGNED: _____
(Authorized officer (e.g., President))


NAME: _____ (Corporate Seal)

ADDRESS: _____

TELEPHONE NUMBER: _____

Sample: Form 4002 – Initial Registered
Office Address and First Board of
Directors

<http://www.ic.gc.ca>

 Industry Canada	Industrie Canada	Canada Not-for-profit Corporations Act (NFP Act) FORM 4002 INITIAL REGISTERED OFFICE ADDRESS AND FIRST BOARD OF DIRECTORS (To be filed with articles of incorporation, continuance (transition), amalgamation, or continuance (import))																
1 - Corporate name <div style="border: 1px solid black; height: 60px; margin-top: 5px;"></div>																		
2 - Complete address of the registered office (cannot be a post office box) Number and street name <div style="border: 1px solid black; height: 25px; margin-top: 5px;"></div> City Province or Territory Postal code <div style="border: 1px solid black; height: 25px; margin-top: 5px; position: relative;"> <div style="position: absolute; right: 10px; top: 5px;">▼</div> </div>																		
3 - Directors of the corporation (if space available is insufficient, complete attached schedule) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">First and last name</th> <th style="width: 60%;">Address (cannot be a post office box)</th> </tr> </thead> <tbody> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> </tbody> </table>			First and last name	Address (cannot be a post office box)														
First and last name	Address (cannot be a post office box)																	
4 - Declaration I hereby certify that I am an incorporator of the new corporation, or that I am a director or an authorized officer of the corporation continuing into or amalgamating under the NFP Act. Signature: _____ Print name: _____ Phone Number: _____																		
Note: A person who makes, or assists in making, a false or misleading statement is guilty of an offence and liable on summary conviction for a fine of not more than \$6,000 or to imprisonment for a term of not more than six months or to both (subsection 242(2) of the NFP Act).																		

A Guide To Searching Government Registries

Corporate Registries

Both the federal and provincial governments can incorporate not-for-profit organizations and they both maintain registries of those organizations that they have incorporated. At several places in this work book we suggest that you might want to do a search of either or both government registries:

- ☐ To find out if an organization is incorporated
- ☐ To find its corporate numbers
- ☐ To get a copy of its constitution
- ☐ To find out if its constitution has been amended
- ☐ To get a copy of any amendments to the constitution that have been filed
- ☐ To find its registered office

If you know where your organization was incorporated you only need to search the registry for that level of government. However, if you are not sure whether your organization was incorporated provincially or federally, you may need to search both registries.

Registry of Charitable Organizations

All charities must be registered with the Canada Revenue Agency to receive charitable tax benefits and to issue tax deduction receipts. To find out if your organization is a registered charity, search the Registry of Charitable Organizations.

Charitable Fund-raising Registry

An organization that wants to carry out a public fund-raising campaign in Alberta may need to be registered with Alberta Government Services. To find out if your organization has registered, search the Charitable Fund-raising Registry.



Some provincial Registry Agents will also search the federal registry. Ask about this service when choosing your Registry Agent.

Be sure to ask about fees before you order a search.

Corporate Registry

Alberta

Organizations incorporated under Alberta statutes are registered in the Government of Alberta Corporate Registry. The Corporate Registry System (CORES) contains information on corporations, non-profit companies, societies, partnerships, and trade names registered in Alberta. Corporate Registry keeps track of the organization's status based on annual returns or other documents that it requires organizations to file from time to time. These include a change in the organization's directors or its registered office. These are considered to be "public" documents and may be looked at by anyone. However, only lawyers and special registry agents have direct access to the Registry. That means that anyone who wants to do a search of Corporate Registry has to go to a lawyer or a registry agency to have the search done. Corporate Registry, lawyers and registry agencies charge fees for their services.

The Alberta Government Corporate Registry website at www.servicealberta.gov.ab.ca has a great deal of information about the province's Corporate Registry, authorized registry agents, service levels and fees. Not all registry agents provide all Corporate Registry services. Some registry service providers provide downloadable forms for searches on corporate status, corporate searches and NUANS (Newly Upgraded Automated Names Search at www.nuans.com) requests. You may find it helpful to browse the site for more information. If you do not have access to the Internet you can call Alberta Registries. See Getting Professional Help for contact information.

Conducting a Search of the Alberta Corporate Registry

You or anyone else can do a search of the registry

- ☐ To find out if an organization is incorporated
- ☐ To get a copy of its constitution
- ☐ To find your organization's corporate number
- ☐ To find out if its constitution has been amended
- ☐ To get a copy of any amendments to the constitution that have been filed
- ☐ To find its registered office

It will be more efficient for you if you do your searches of the Alberta Corporate Registry all at once.

- ☐ Do a list of all searches you need
- ☐ Choose a Registry Agent
 - You can find the location of your nearest registry agency at www.servicealberta.gov.ab.ca. If you do not have access to the Internet, call Toll free 1-877-427-4088, in Edmonton 780-427-4088
 - The Registry Agent will provide you with the required form(s) for the search or searches that you want.

- You will need to provide the registry agent with the full and accurate name of your organization or the organization you are searching.
 - The registry agent will charge you a fee.
- ☐ If you think you may also need to search the federal registry check to see if your Registry Agent will also do that search for you.

Federal

The registry of federally incorporated not-for-profit corporations is maintained by Industry Canada. Anyone can search the federal corporations database free of cost.

Conducting a Search of the Corporations Data On-Line

You or anyone else can do a search of the registry

- ☐ To find out if an organization is incorporated
- ☐ To find the organization's corporate number
- ☐ To find out if it has been filing its annual reports and annual summaries
- ☐ To find its registered office
- ☐ To find its business number

It will be more efficient for you if you do your searches all at once.

- ☐ Do a list of all searches you need.
- ☐ The database can be found on the Industry Canada website at All Topics: Corporations: Find a corporation. www.ic.gc.ca
- ☐ Searches can be performed by Corporate Number, name, business number, creation date, city, province, corporation status or Act.
- ☐ If you do not have access to the Internet see Corporations Canada (Industry Canada) contact information in [Getting Professional Help](#).

Obtaining a copy of incorporation and related documents

To obtain a copy of a federally incorporated not-for-profit's constitution (Letters Patent and by-laws) and any amendments, fax your request to Corporations Canada (Industry Canada) at 1 (613) 941-5789. As of the time of writing this workbook, the cost for this is \$1/page. These charges may be paid by credit card. To do so, include the credit card number, expiry date, and name of cardholder in the fax.

Canada Revenue Agency – Charities Directorate

The Charities Directorate of the Canada Revenue Agency maintains a list of over 80,000 charities registered with the CRA. The list includes the name of the charity, Business Number (BN)/Registration Number, mailing address, designation type, category code, and – when available – the charity’s annual information returns starting with the 2000 T3010A, Registered Charity Information Return.

Conducting a Search of Canadian registered charitable organizations

You or anyone else can do a search of the registry

- ☐ To find out if your organization is a registered charitable organization
- ☐ To find out if it is in good standing
- ☐ To find its contact information for the purposes of receiving notices from the CRA

To search the online directory go to the Charities Listing segment of www.cra-arc.gc.ca. Searches can be conducted using the charity name, Business Number(BN)/Registration Number or other fields. Instructions about searching the list are available on the site.

If you do not have access to the Internet see the Charities Directorate contact information in [Getting Professional Help](#).

Charitable Fund-raising Registry – Alberta

This is an online registry of incorporated or unincorporated organizations formed for a charitable purpose, as defined by the *Charitable Fund-raising Act*, who are licensed to solicit funds in Alberta.

Conducting a Search of the Charitable Fund-raising Registry

You or anyone else can do a search of the registry to find out if your organization is licensed to carry out a public fund-raising campaign in Alberta.

- ☐ To search for a charitable organization licensed under the Alberta *Charitable Fund-raising Act* see information at www.servicealberta.gov.ab.ca
- ☐ Refine your search by selecting “Charitable Organization” from the dropdown menu of License Type.

If you do not have access to the Internet see Alberta Government Services contact information in [Getting Professional Help](#).

Numbers, Numbers, Numbers

The various federal and provincial departments that deal with corporations assign them unique numbers to help keep track of their records. If your organization deals with more than one government department, it may have to keep track of several numbers for use when filing documents or locating information. For example, your organization may have

- a Corporate Number (federal or provincial),
- a Business Number (Canada Revenue Agency), and
- a Charitable Fund-raising Number (Alberta)

Corporate Number

Alberta

Organizations that incorporate under Alberta legislation are assigned a corporate access number at the time they incorporate.

- ☐ Your corporate access number may be on your organization's Certificate of Incorporation or in files where you keep government correspondence or on the annual returns that are sent to you.
- ☐ If you are unable to locate your organization's corporate access number in your organization's files you can do a search of the Alberta Corporate Registry. For information on how to search the registry see [A Guide to Searching Government Registries](#). To find contact information for the registry see [Getting Professional Help](#).
- ☐ Note your corporate access number on your Organizational Calendar.

Federal

Organizations that incorporate under federal legislation are assigned a corporate number at the time they incorporate. That number is to be used when dealing with any federal government department.

- ☐ Your organization's corporate number may be on your organization's Certificate of Incorporation or in files where you keep government correspondence or on the annual returns that are sent to you.
- ☐ If you are unable to locate your organization's corporate number in your organization's files, you can search the federal Corporations Data On-line registry. For information on how to search the registry see [A Guide to Searching Government Registries](#). To find contact information for Corporations Canada see [Getting Professional Help](#).
- ☐ Note your corporate number on your Organizational Calendar.

Business Number (BN)

The Canada Revenue Agency (CRA) deals with all corporations by using a Business Number (BN) as the main identification number. They then add additional suffixes to identify different “accounts” which your organization has with the government. Those accounts relate to your status as

- a registered charitable organization,
- an employer, or
- a GST registrant

If your organization is registered with the CRA it will have been given a nine digit Business Number (BN) plus two letters and four digits describing each account it has.

For example your BN Registration Number could look like this:

1	2	3	4	5
---	---	---	---	---

6	7	8	9
---	---	---	---

 (9 numbers)

These nine digits are your registration number. They identify your business. Your registration number is unique. It will stay the same no matter how many or what types of CRA accounts you have.

And your account number could look like this:

R	C
---	---

0	0	0	1
---	---	---	---

 Program Identifier (2 letters) and Reference Number
(4 numbers)

The two letters identify the type of account; in this case, a corporate income tax number. The letters and accounts they identify are

- RC – corporate income tax
- RP – payroll deductions
- RR – registered charity
- RT – goods and services (GST) tax/harmonized sales tax

The last four digits identify the account number; in the example above, a corporate income tax account.

For example, a registered charitable organization’s BN could look like this:

1	2	3	4	5
---	---	---	---	---

6	7	8	9
---	---	---	---

R	R
---	---

0	0	0	1
---	---	---	---

- ☐ To find your Business Number look in your organization's files for a letter from the Canada Revenue Agency. The letter will confirm your organization's Business Number and any accounts opened, (eg GST, payroll, etc) along with a summary of the information your organization provided on Form RC1, *Request for a Business Number (BN)* submitted by your organization.
- ☐ If you cannot find a confirming letter, call the Canada Revenue Agency at 1-800-959-5525 and ask for the business number for your organization.
- ☐ If your organization is a registered charitable organization you might find your Business Number online by searching the List of Canadian Registered Charities at www.cra-arc.gc.ca
- ☐ Note your BN and any account identifiers on your Organizational Calendar

Charitable Fund-raising Number (Alberta)

An organization must be registered under the *Charitable Fund-raising Act* if

- it uses a fund-raising business, and/or
- it intends to raise more than \$25,000.00 in gross contributions in its financial year from solicitations (requests for contributions) to individuals in Alberta, or
- during or after the campaign it finds it has raised more than \$25,000.00. If so, the charity must register within 45 days after the contributions reach \$25,000.00.

The Act applies to any incorporated or unincorporated organization that is formed for a charitable purpose. It applies even if the organization is incorporated under the *Societies Act* or registered with the Canada Revenue Agency. It also applies to any person asking for contributions to be used for a charitable purpose or charitable organization, even if that person is not connected to any charitable organization.

- ☐ To find your organization's charitable fund-raising number look in your files for correspondence.
- ☐ You can search the Charitable Fund-raising Registry online to confirm if your organization is registered to fund-raise. For information on how to search the registry see [A Guide to Searching Government Registries](#).
- ☐ To find your organization's charitable fund-raising number, you can contact Service Alberta at (780) 427-4088 in Edmonton or toll free in Alberta at 1-877-427-4088. Information is also available online at www.servicealberta.ca
- ☐ Note your charitable fund-raising number on your Organizational Calendar.

Glossary

Absolute Majority

When a motion or nominee has the support of more than half of the voters.

Annulment

Under the *Income Tax Act*, the Minister of National Revenue can annul a registered charity's status if it was registered in error or if it has ceased to be a charity as a result of a change in law. A charity that has been annulled is deemed never to have been registered as a charity and, consequently, is not subject to revocation tax. However, an official donation receipt issued by a charity prior to the annulment of its registration is valid as long as it would have otherwise been valid.

Act

An individual piece of legislation passed by a government. This term is used interchangeably with "statute" except when used in the name of a specific act.

Amendment

Formal change to a statute, incorporation document, policy or motion.

Business Number (BN)

Numbering system used by Canada Revenue Agency (CRA) that simplifies and streamlines the way businesses deal with the federal government. It is based on the idea of one business, one number.

Bylaws

The portion of a corporation's constitution that sets out the internal rules by which the organization will be governed.

Charitable Fund-raising Number

Unique number issued to an organization licensed under the Alberta *Charitable Fund-raising Act*.

Corporate Access Number (Alberta)

Unique number issued to a corporation by the Alberta Corporate Registry Office upon registration of the organization. (Number is located on the top right corner of the Certificate of Incorporation document)

Corporate Number (federal)

Unique number issued by the government of Canada upon incorporation of an organization.

Consensus

A general agreement among the members of a given group or community.

Consensus Decision-Making

A process that not only seeks the agreement of a majority of participants, but also seeks to resolve or minimize the objections of the minority to achieve the most agreeable decision.

Constitution

The documents used to incorporate an organization. The specific documents will vary depending upon the statute that the organization is incorporated under. The constitution sets out the purpose of the organization and the way it is to be governed. The constitution is binding on the organization's directors and members.

Contract

A set of promises or an agreement that the courts will enforce.

Corporate Seal

A seal adopted and used by a corporation as part of its official signature.

Deregistration

See *revocation*.

Dissolution

The breaking down or ending of the organization – OR – The act of ending, terminating or winding up a company or state of affairs. For example, when the life of a company is ended by normal legal means, it is said to be “dissolved”.

Federal Incorporation

Incorporation under a federal statute.

Fiscal Year

Period of 12 consecutive months chosen by an organization as its accounting period, which may or may not be a calendar year – or – the 12 months (or, for incorporated charities, a period of up to 53 weeks) covered by an organization's financial statements.

In good standing

A corporation that has complied with all statutory and regulatory requirements for filing of documents

Incorporation

The process of creating a corporation. These can include business corporations, co-operatives, not-for-profit companies, and societies. Incorporation takes place according to the specific requirements of an act passed by a province or the federal government.

Legislation

Acts or statutes passed by governments together with any regulations made under the authority of the statute.

Letters Patent

“Letters patent” refers to the document setting out an organization's corporate objects or purposes issued by a Minister or other representative of the Crown under certain federal or provincial legislation. In more modern corporate legislation Letters Patent have been superseded by Article of Incorporation or similar documents.

Majority

The number of people who must favour a motion before it can be carried. A “simple majority” is more than half the members voting, that is, 50 percent plus one additional person.

Majority Rule

The system of giving the largest group in a particular place or area the power to make decisions for everyone – OR – Rule by the choice of the majority of those who actually vote, irrespective of whether a majority of those entitled to vote participate.

Minutes

Written record of the decisions at a meeting.

NUANS

NUANS (Newly Upgraded Automated Name Search) is a computerized search system that, for the purposes of Corporate Registry, compares a proposed corporate name to a database of existing corporate names.

Objects

Aim or purpose, the thing sought to be attained or accomplished. A corporation's objects are stated in its constitution

Policy

A policy is a deliberate decision made by the Board that provides guidance for addressing identified objectives and concerns.

Quorum

The minimum number of people, as specified in the bylaws, required at each board meeting, general meeting, or special meeting for business to be legally carried out. In the absence of a quorum, most rules of order state that debate cannot continue.

Registered Office

Official location where official forms and notices must be delivered to the organization.

Revocation

Cancellation of a charity's registered charitable status. Action which may be taken by the Canada Revenue Agency when a charity has not met the filing requirements of the *Income Tax Act*. On revocation of a charity's registration:

- the charity is no longer exempt from tax, unless it qualifies as a non-profit organization;
- it cannot issue official donation receipts; and
- it may be subject to a tax equivalent to the full value of its remaining assets (revocation tax).

Statute

An individual piece of legislation passed by a government. It is used interchangeably with "Act" except when used in the name of a specific statute.

Struck

Removal of the corporation from the active status records of a corporate registry.

Winding Up

The process of settling the accounts and liquidating the assets of a corporation for the purpose of distributing any assets and dissolving the organization.

Year End

Final date of a fiscal year – OR – taking place at the close of a fiscal year;
eg. “year-end audit”

Legal Documents
Checklist

Getting
Professional Help

Samples of Key
Corporate Documents

A Guide to Searching
Govt Registries

Numbers, Numbers,
Numbers

Glossary

Evaluation Form

Evaluation form

Legal and Ethical Duties of Directors of Not-for-Profit Organizations

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