



**Law For Non-Profits**  
Legal Help at Your Finger Tips

# Starting a Non-Profit

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# What is a Society?

- In British Columbia, a non-profit organization is called a society.
- Non-profits are governed by a law known as the [Societies Act](#)
- The *Societies Act* sets out the rules and procedures for incorporating, managing, and dissolving a non-profit in British Columbia.
- Societies are registered with BC Registries through the [Societies Online](#) website.
- Societies have less stringent reporting requirements than charities, but they cannot issue tax receipts for donations.
- A society can operate a business to support its purposes.
- Societies may have a wide range of purposes, including non-charitable purposes like sports and social clubs.



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# What is a Society?

- Legal “person” formed to further a purpose or set of purposes. The purposes are described in the constitution
- Purposes can include:
  - Agricultural
  - Artistic
  - Benevolent
  - Charitable
  - Educational
  - Environmental
  - Patriotic
  - Philanthropic
  - Political
  - Professional
  - Recreational
  - Religious
  - Scientific
  - Social or Sporting
  - Other lawful purpose
- ***Keep it simple***



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# Pros & Cons of Incorporation

## Pros

- Access to funding and grants
- Society is legal “person” which can enter contracts and leases, purchase property, open a bank account, and employ staff
- Limits liability of directors
- Perception of legitimacy with public and media
- Provides a structure to sustain efforts

## Cons

- Some information made public
- More record-keeping and accountability (could be a pro)
- Cost of filing annual reports
- Extra work of managing member expectations

# What is a Federal Not-For-Profit Corporation?

- Federal not-for-profit corporations are incorporated under the [Canada Not-For-profit Corporations Act](#), SC 2009, c 23.
- BC Societies Act is less burdensome than CNCA. *Legal Help Guide coming soon.*

| Topic                                | Federal Not-for-profit Corporation  | BC Society (non-member funded)   |
|--------------------------------------|---|--|
| <b>Constitution</b>                  | Known as “articles” : Contains name, purposes, registered office location, range of directors, restrictions on activities, liquidation clause | Contains name and purposes only  |
| <b>Bylaws</b>                        | Directors may make, amend, and repeal bylaws to be approved by members  | Voting members pass bylaw amendments at general meetings   |
| <b>Directors</b>                     | Minimum one director; must have a public accountant on the board if soliciting corporation  | Minimum three directors, one of whom resides in BC   |
| <b>Financial Review Requirements</b> | Stringency of review depends on amount of revenue - can be onerous; members may waive audit if revenue below \$50,000                         | Not required to have an audit unless required by the members or the bylaws (or by funders)   |
| <b>Financial Disclosures</b>         | Must prepare financial statements every calendar year; Must send summary financial statements to members prior to AGM                         | Must prepare financial statements every calendar year; Must disclose all employees or contractors paid over \$75,000 per year; Directors can only be paid if bylaws permit; If directors receive any money from the society, it must be disclosed in financial statements; Must provide financial statements to members of public upon request |



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# Charity vs Society

## Charity

- Registered with CRA
- More stringent reporting requirements
- Can issue tax receipts
- Activities must be exclusively charitable
- 4 CRA-approved purposes:
  - Advancement of **education**
  - Relief of **poverty**
  - Advancement of **religion**
  - Other purposes **beneficial to the community**  
(e.g. health, environment)

## Society

- Registered with BC Registries
- Less stringent reporting requirements
- Cannot issue tax receipts
- Many approved purposes, including non-charitable such as social, and sports
- Broader scope of activities



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# The Steps of Incorporation

1. Sign up for BCeID
2. Choose a Name
3. Draft a Constitution
4. Draft or Adopt Bylaws
5. Select Three Directors (minimum)
6. Confirm Registered Address and Email



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# What is a BCeID?

- an online account that allows individuals to access a wide variety of online services provided by the government of British Columbia, including Societies Online.
- a BCeID account is required to incorporate a non-profit society.
- To create a BCeID, go to [bceid.com](https://bceid.com) or [bcregistry.ca/societies](https://bcregistry.ca/societies) and click on *Register for Basic BCeID*



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# What is Societies Online?

- The online portal for societies incorporated in BC - access all filings - annual report, statement of directors, bylaws and constitution and amendments
- A BCeID is required to access Societies Online
- To sign into Societies Online, go to [bcregistry.ca/societies](https://bcregistry.ca/societies)
- Once signed in you can incorporate the society through the system



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# Choosing a Name

- Must be unique
- Name may be rejected if simply descriptive- can add acronym as a workaround may also use dba
- Should reflect the society's purposes
- Should include word "*society*" or "*association*"
- Must request permission to use "BC" through Protocol Office
- NUANS Search
- File the Name Request through *Societies Online*
- Note: Registering the name of the society is not the same as a trademark



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# Drafting a Constitution

A non-profit's constitution is one of the two foundational documents that are required in order for a non-profit to incorporate.

The constitution should **ONLY** state:

- the name of the non-profit as approved by the registrar
- the purposes of the non-profit

It is **OPTIONAL** to align the constitution with one of the CRA-approved charitable purposes:

1. relief of poverty
2. advancement of education
3. advancement of religion
4. other charitable purposes beneficial to the community (e.g. health, environment)



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# Drafting or Adopting By-Laws

Bylaws:

- Bylaws are the rules by which the non-profit operates.
- Legally they are a contract between the member of a society and the society
- Contain rules about important matters such as holding meetings, borrowing money, elections, and director remuneration.
- If an application for charitable status is likely add winding up and dissolution provision



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# Drafting or Adopting By-Laws

Three Options:

1. Adopt Schedule 1 Bylaws
2. Adopt Schedule 1 Bylaws with Modifications
3. Draft Custom Bylaws

Key considerations:

- Make sure the bylaws work for you.
- Will the bylaws work in 5-15 years as you grow?
- Bylaws are a living document and can be amended.



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# Membership Considerations

- Membership structure – who will be members and why?
  - There is **no right** to be a member of a society
  - The directors should always approve application
- Will there be classes of members?
  - Voting/non-voting
- What are the criteria to become a member?
  - Create a policy that sets out criteria
- Member access to official records has been enhanced!
  - access to some records can be restricted in bylaws
- draft a privacy policy if you don't already have one
- Member disputes now being handled by CRT and are among the most costly legal issue for societies – consider how to handle conflicts



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# What needs to be in the By-laws?

## General Meetings:

- quorum for general meetings, which is the minimum number of members required to conduct business (if the bylaws don't address this, the default is 3 voting members);
- whether proxy voting is permitted;
- if electronic voting, voting by mail, or delegate voting is permitted, the rules for how that vote is conducted.
- How notice is provided
- Remember: Members can requisition special meetings or bring a member proposal to get a topic on Annual General Meeting agenda

## Directors:

- i. how directors are elected or appointed;
- ii. the length or expiry of a director's term (if the bylaws don't address this, the default term is until the end of the next annual general meeting after the director's election or appointment).

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# Selecting Directors

- **Minimum of Three Directors**
  - name and address (can be home or business)
- **Registered address**
  - where mail can be delivered
  - can be home, office, or PO box
- **Email address**
  - have a separate email address for the society, rather than using a personal email address



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# Who can be a Director?

- **The following will be disqualified from election to a Board:**
  - Undischarged bankrupt
  - Court ordered incapacity
  - Fraud conviction or other named offences in last 5 years
- **Due diligence requires all prospective directors are asked about the above**
- **Bylaws may permit 16/17-year-olds to serve**
- **Majority of directors must not be employed or under contract for services with the society**
  - COI policy a good idea
- **Bylaws must include board director terms if more than one year**



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# Member Funded Societies

- Member-Funded = special category of society
- Most societies are *not* incorporated as member-funded
- If the society is **entirely** funded by members may incorporate as member-funded without the accountability of other societies
- Can have just 1 director and can be converted into a corporation
- If the society plans to receive grants or funding from the public above the threshold - \$20,000 or 10% of income over 2 years – they should not incorporate under these provisions
- Not available to registered charities or qualified donees
- Seek legal advice if you are thinking of incorporated as a member-funded society



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# Recap

- Choose a name that reflects society's purpose
- Draft simple purpose statements
- Consider whether purpose statements are consistent with charitable requirements of the CRA if the society will seek charitable status
- Bylaws – Schedule 1 is an option. Very simple, however some things are missing – access to records and notice
- Create a membership structure that reflects the needs of the society
- Remember bylaws are an evolving document – they can always be changed



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- Remember to use the Legal Help Guides on [www.lawfornonprofits.ca](http://www.lawfornonprofits.ca)
- Societies Act: <https://lawfornonprofits.ca/assessment/societies-act>
- [Constitution & Bylaws](#)
- [Membership](#)
- [Directors](#)
- [Finances](#)
- [Meetings of Members](#)