



Objects & Bylaws: Govern Yourself Accordingly

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Introduction

Living your objects and loving your bylaws is one of the keys to a healthy organization. What is behind an organization's objects and bylaws? What are the differences and what are the limits of these important tools. Learn about the integral wording for these documents and try your hand at creating a new object and pertinent Bylaw clause for your organization.



What are objects? How to find them.

❖ Do you have Incorporation documents?

- Alberta Companies Act, Part 9
- Alberta Societies Act
- Canada Not-for-Profit Corporations Act

❖ Created by a Constitution?

❖ Settled by a Trust?



3

Ultra vires

In corporate law, ultra vires describes acts attempted by a corporation that are beyond the scope of powers granted by the corporation's objects clause, articles of incorporation or in a clause in its Bylaws, in the laws authorizing a corporation's formation, or similar founding documents.

- Wikipedia https://en.wikipedia.org/wiki/Ultra_vires



4

A Charity Under the *Income Tax Act* of Canada

- ❖ An organization must have purposes that are exclusively charitable activities that support those purposes.
- ❖ Purposes (aka objects) describe the aim or main intent of the organization.
- ❖ Activities describe how the organization will accomplish its purposes.



5

Charitable Purposes

- ❖ The term “charitable” is not defined in the *Income Tax Act*.
- ❖ The courts have identified four categories of charity:
 1. *Relief of Poverty*
 2. *Advancement of Education*
 3. *Advancement of Religion*
 4. *Certain other purposes that benefit the community in a way the courts have said is charitable*
- ❖ An organization’s purposes must fall within one or more of these categories to be considered for registration as a charity.



6

Legal Obligations

- ❖ A registered charity must be created for charitable purposes and must devote its resources (funds, personnel, and property) to its charitable purposes
- ❖ A registered charity is permitted to carry out its charitable purposes, both inside and outside of Canada, in only two ways:
 1. *Carrying on its own charitable activities*
 2. *Gifting to qualified donees*



7

The Basics

- ❖ Engage only in allowable activities
- ❖ Keep adequate books and records
- ❖ Issue complete and accurate donation receipts
- ❖ Meet annual spending requirements (disbursement quota)
- ❖ File Annual T3010 information return
- ❖ Maintain the charity's status as a legal entity
- ❖ Inform the Charities Directorate of any changes to the charity's mode of operation or legal structure



8

Bylaws

- ❖ What are Bylaws?
- ❖ Drafting Bylaws
- ❖ Model Bylaws



9

Common Bylaw Provisions: Membership

- ❖ Membership Categories
- ❖ Becoming a Member
- ❖ Withdrawing Membership
- ❖ Suspending or Expelling a member
- ❖ Membership Fees
- ❖ Rights and Obligations of Members



10

Common Bylaw Provisions: Meetings

- ❖ Directors Meeting
- ❖ Annual General Meetings
- ❖ Regular General Meetings
- ❖ Special Meetings
- ❖ Quorum
- ❖ Voting
- ❖ Rules for Meetings



11

Common Bylaw Provisions: Management

- ❖ Registered Office
- ❖ Corporate Seal
- ❖ Fiscal Year End
- ❖ Records and Books
- ❖ Minute Books and other Records



12

Fundamental Changes

- ❖ What are Fundamental Changes?
- ❖ Procedural Requirements
- ❖ Changes to the Objects/Purposes
- ❖ Bylaw Amendments
- ❖ Dissolution/Winding up



13

Exercise: Draft an object for one of the following:

Alberta Companies Act, Part 9

For the purpose of promoting art, science, religion, charity or any other useful object.

Alberta Societies Act

For any benevolent, philanthropic, charitable, provident, scientific, artistic, literary, social, educational, agricultural, sporting or other useful purpose, but not for the purpose of carrying on a trade or business.

Canada Not-for-Profit Corporations Act

To allow the incorporationwithout share capital, for the purposes of carrying on legal activities.



14

Exercise: Draft a bylaw amendment to create a new category of members:

Alberta Societies Act

Terms of admission of members and their rights and obligations; the conditions of withdrawal of members and the manner, if any, in which a member may be expelled.

Alberta Companies Act, Part 9

“Member” means a subscriber of the memorandum of a company and every other person who agrees to become a member of a company and whose name is entered in its register of members.

Canada Not-for-Profit Corporations Act

If there are two or more classes or groups, any voting rights attaching to each of those classes or groups.



15



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