

How to Form a Society Tipsheet

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Introduction

Societies are formed when a group of people join to promote their common interests. These interests may be recreation, cultural or charitable. Societies can be formed for any useful purpose but they cannot be formed to carry on a trade or business.

The *Societies Act* regulates societies incorporated in Alberta. A group is not required to incorporate under the *Societies Act*, the decision to incorporate is yours.

Advantages of incorporation a society include:

- A member of a society cannot be held responsible for a debt of the society.
- A society may hold title to property and contract in its own name.
- A society has a more definite and permanent status than an unincorporated group.
- A society is eligible to apply for government grants.
- A society that needs additional information on charities or how to register one, can contact us at:

Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5
Toll-free 1-800-267-2384
www.cra.arc.gc.ca/charities

Information to consider

Occasionally, society members disagree on how to handle internal matters. **Corporate Registry does not supervise the conduct of societies, nor does it provide a counseling service on matters other than forms and documents filed with them. Societies must be prepared to resolve their own internal disputes.**

To do so, a society may provide in its by-laws that disputes be settled by arbitration (see General Information and Section 22 of the *Societies Act*). To ensure that internal disputes are handled fairly, we recommend including a bylaw outlining an arbitration procedure.

Selecting a Name

To form a society you must first select an acceptable name. Your society's name must comply with the Regulations set out under the *Societies Act* and must not be the same or similar to that of any other society.

Regulations which affect your choice of name

1. The name of your society must contain one of the following words:

- Society
- Association
- Club
- Fellowship
- Guild
- Foundation
- Institute
- League
- Committee
- Council
- Board
- Centre, or
- Board

If you wish to use a name which does not contain one of these words, you must obtain special permission from the Registrar of Corporations.

2, The name must specifically describe the activity the society is engaged in. For example, use hockey instead of sports, or musical arts instead of arts. Your society name must also have a distinctive element – a unique word or a location which sets one society name apart from others. For example, the distinctive element Spruce Grove sets Spruce Grove Diving Association apart from other diving associations, just as Hohoe distinguishes Hohoe Gardening Club from other gardening clubs.

When your group is choosing a name, try to avoid commonly used distinctive elements such as Alberta, Canada, National, Western, Edmonton, or Calgary. If the distinctive element you choose is commonly used, your society's name may be too similar to another society's name, and you may have to obtain permission from that society to use it.

3. You must obtain permission from certain organizations if your society's name suggests association with:

- royalty,
- a government agency,
- a university, college, or technical institute,
- a professional or occupational association,
- the Olympic Games or its organizing committee,
- Kananaskis Provincial Park, or
- the Nakiska ski area.

A name containing a government connotation will require consent from the Governing body. Therefore, a name such as *University of Alberta Scholarship Foundation* would require consent from the Board of Governors of the University of Alberta.

4. Before using the name of a person in your society name, you must have the consent of that person or the person's heirs, executor, or guardian. For example, the name Sandy Smith Association for Lost Children would need consent from Sandy Smith or the heirs, executor or guardians of Sandy Smith.

After you have made your choice

Once your group has decided on a name, you must contact a Private Search House for an Alberta Search Report (see sample below); also known as NUANS report. This computer report lists the Alberta corporate and society names most similar to the name you want. All of the pages of the report must be sent to Corporate Registry within 90 days of the date the name was proposed. Corporate Registry uses this report to decide whether your group can use the name it has selected. If your name is very similar to another name you may not be allowed to use it. In some cases you have to get a letter from the other

corporation or society stating that it does not object to the name of your society. Corporate Registry also makes sure that your name conforms to all Regulations in the *Societies Act*. If you are concerned that Corporate Registry might not approve your name, you can send the Alberta Search Report ahead of time for a decision. Once the name has been approved by Corporate Registry you can prepare the other forms.

Application Form

There is an application form with this package. The form lists some common purposes for which societies are formed. You may add to or change this list or prepare your own form using the same format.

Please note that the standard objectives included in the "Application to Form a Society" meet current *Societies Act* requirements for society incorporation in Alberta. Use them if they meet your organization's needs. However, if your organization intends to register as a charity, these objectives may not meet the requirements of Canada Revenue Agency. If your intention is to become a charity, please contact Canada Revenue Agency to determine their requirements prior to registering your society.

Sample Alberta Search Report

<p align="center">Alberta Reservation Report/Rapport pour reservation en Alberta</p>							
<p>SOUTH FISH CREEK SPORTS & RECREATION ASSOCIATION 12345678 "FISH CREEK"</p>				<p align="right">Page 1 of/de 7 2010/Jn04</p>			
<p>COMPANY NAME / NOM DE L'ENTREPRISE</p>							
JUR. I NO.	DATE	CITY / VILLE	EP	TYPE	STATUS / STATUT	STAT. DATE / DATE EFF.	
<p>BUS. / ACT.</p>							
SOUTH FISH CREEK SPORTS & RECREATION ASSOCIATION	AB	12345678	2010Jn04			Prop. ABC	
FISH CREEK PHYSICAL THERAPY LTD,	AB	203545123	1991Jl12	CALGARY	Bus_Corp.	Active	
FISH CREEK SPORT ASSOCIATION	AB	503111728	1984/Ma16	CALGARY	Non_Prof.	Active	
SOUTH FISH CREEK RECREATION ASSOCIATION	AB	503536723	1992Jn29	EDMONTON	Non-Prof.	Prop. DEVON	
FISH CREEK PARK SOCIETY	AB	503770550	1999Ja21	CALGARY	Non-Prof.	Active	

By-laws

A set of society bylaws are included with this package. You may use them if they suit your society's needs. If you use these bylaws, be sure to fill in all the blanks. If you do not wish to use these bylaws, you may prepare your own.

Your by-laws must deal with all of the following:

1. Membership – Bylaws must set out the terms under which new members may be admitted to the society, and the rights and obligations of all the members. Members under 18 years of age are subject to the same fees and society rules as adult members.
2. Withdrawal of Membership – Bylaws must set out how members can voluntarily withdraw from the society, and how they can be expelled.
3. Meetings – bylaws must set out the procedure for calling general and special meetings. Make sure you set out how the members will be notified and the time frame for notification of each type of meeting, and what the quorum will be for each. Indicate how the members will vote (for example, by show of hands, secret ballot or proxy), and which members have the right to vote.
4. Directors and Officers – Bylaws must set out how directors and officers are appointed and how the members can remove directors and officers from office. Bylaws must also include the following:
 - the duties of the directors and of each officer
 - the powers of the board of directors and officers
 - whether or not directors and officers will be paid.
5. Exercise of Borrowing Powers – Bylaws must set out whether or not the society can borrow money. If your society can borrow money, make sure you set out how this will be done. If your society is going to raise money by issuing debentures, it must pass a special resolution each time debentures are issued.
6. Audit of Accounts – Bylaws should set out who will audit the society's financial records. You may state that a qualified auditor will be hired for this purpose, or you may state that two officers/members will perform this function. An audited financial statement must be presented to society members every year at the annual meeting.

7. Custody and Use of the Seal of the Society – Once your Society has incorporated under the *Societies Act*, it should purchase a corporate seal from any rubber stamp company. A seal is not necessary, but you should have one if your society will deal with legal documents. The bylaws must state who will have custody and use of the seal, whether or not one is ever purchased.
8. Altering, Rescinding and Adding Bylaws – Society members must pass a special resolution to alter, rescind or add by-laws. A statement to this effect must be contained in the bylaws. Changes do not come into effect until the special resolution is registered at Corporate Registry. Make sure that all special resolutions sent to the Registrar are dated and verified by a person authorized by the society.
9. Preparation and custody of Minutes and Other Books and Records – Bylaws must set out which officers will prepare and keep the minutes of society meetings and directors' meetings and which officers will keep any other books and records of the society.
10. Inspection of Books and Records by Members – Bylaws must set out the time and place at which books and records of the society may be inspected by society members.

The bylaws must be dated and signed by the same five people who signed the application. These signatures must also be witnessed. The witness must also sign and state their address on the bylaws.

Notice of Address or Notice of Change of Address (REG3016 Form 3)

Your society must have a registered office in Alberta at all times. A notice of Address or Notice of Change of Address (REG3016 Form 3) must be sent to the Registrar upon incorporation and within 15 days of a change. For new societies, items 1 and 3 must be completed, as well as 4 or 5 if applicable. For changes, items 1 and 2 must be completed, as well as the address to be changed (3, 4, or 5). Instructions are included.

Request for Corporate Services

You should submit all forms and documents to Corporate Registry with the Request for Corporate Services Form. When completed, this form advises Corporate Registry of the service you are requesting.

Instructions are on the back of the form. Keep the last page entitled Client's Copy for your records. You must submit a cheque for the proper amount payable to the Minister of Finance, with the Request for Corporate Services form.

Checklist for Incorporation

- 1. Are all the forms and documents enclosed?
 - Original Alberta Search Report less than 91 days old
 - Request for Corporate Services
 - Application
 - Bylaws
 - Notice of Address (Reg3016 Form 3)
 - \$50.00 Filing Fee**
- 2. Is the name of the society identical on all incorporation documentation?
- 3. Are the application and bylaws complete? Signed by the same people (at least five(5) signatures are required)
 - Dated
 - Witnessed
- 4. Are the signatures legible? If not, print the names under the signatures.
- 5. Is the Notice of Address signed and dated and is the title of the person signing stated?
- 6. Do all addresses include the street, town or city, province and postal code?
- 7. Are all documents clear? There should be good contrast between the background and the wording.
- 8. Have you enclosed a cheque for the proper fees, payable to the Minister of Finance?
- 9. Submit documents in duplicate.**

Completing Incorporation

Once you have completed all the forms and have prepared your application and by-laws they must be submitted, together with the Alberta Search Report, Novice of Address Form, and proper fees to corporate Registry. If you wish to receive filed copies of your records, you must send the forms in duplicate. The staff at Corporate Registry will examine your documents to make sure they meet the requirements of the *Societies Act*.

After Incorporation – Obligations and Responsibilities

After incorporation your society must operate according to the provisions of the *Societies Act*. If you fail to carry out certain responsibilities your society may be removed from Corporate Registry's active records.

Annual General Meetings

Your society must hold an annual general meeting in Alberta during which you must present a financial statement setting out the society's income, disbursements, assets and liabilities. The financial statement must be audited and signed by your society's auditor. (See section 25 of the *Societies Act*.)

Annual Filing

Your society must send a completed Annual Return to Corporate Registry **every year** before the last day of the month following your anniversary month.

You must attach the following to your Annual Return:

- A list of directors and officers of the society, including their full names, positions, mailing addresses and postal codes.
- The audited financial statement presented at the last annual general meeting of the society, setting out the society's income, disbursements, assets and liabilities, and signed by the society's auditor(s).

We suggest that you hold your annual general meeting before the Annual Return is due and after the end of your society's fiscal year. This will allow enough time to have your audited financial statement presented at your annual general meeting.

We will send a pre-printed Annual Return to your registered office every year before your anniversary month. If you misplace or do not receive this form you can get a blank form from Corporate Registry or the Service Alberta website at www.servicealberta.gov.ab.ca.

Your society must file an Annual Return every year. We suggest that you include this responsibility as one of the duties of an officer (See Section 26 of the *Societies Act*.)

Register of Members

Your society must keep a list of its past and present members, together with the following particulars for each person:

- Full name and home address
- The date on which they became members
- The date on which they ceased being members
- The class of membership, if any, to which they belong

This list must be kept at your society's registered office. Your society must determine, at a general meeting, when society members may inspect this list. At least two regular business hours of each regular business day must be set out as the time in which the list may be inspected.

You cannot charge a fee to society members who wish to inspect the list. If a member requests a copy of the list or part of the list, the society may provide one. A fee of not more than 25 cents for every 100 words copies can be charged for this service. (See Section 36 of the *Societies Act*.)

General Information

Acquiring and Dealing with Property

A society may purchase or be given real estate or other property. It may sell, mortgage, lease and develop property, and may erect and maintain any necessary buildings.

Property and funds of a society must only be used and dealt with for the society's legitimate objects in accordance with its bylaws. (See Section 17 of the *Societies Act*.)

Alteration of Objects

A society may add or remove some of its objects if the society members pass a special resolution to do so. The alteration to the objects does not take effect until the special resolution, which must be dated and verified by an authorized person of the society, is registered at Corporation Registry. (See Section 29 of the *Societies Act*.)

A notice of the alteration of the society's objects will be published in the Registrar's Periodical.

Arbitration

The bylaws of a society may provide that disputes will be settled by arbitration. Unless the bylaws provide otherwise, the arbitration will be regulated by the *Arbitration Act*. To obtain a copy of the Act, see page 8 of this fact sheet. (See Section 22 of the *Societies Act*.)

Branch Societies

Societies may establish branch societies, in which case the parent society must send a notice to Corporate Registry setting out:

- The date on which the branch society was authorized
- The title, locality and powers of the society (make sure the powers of the branch society do not exceed the powers of the parent society)
- Any other information the Registrar requires.

You must also notify Corporate Registry when a branch ceases to exist. (See Section 31 of the *Societies Act*.)

Distribution of Property Upon Winding Up

The bylaws of a society should provide for the distribution of assets when the society is voluntarily wound up.

Duplicate Filed Copies

If you wish to have Corporate Registry return a filed copy of any form you must send in two copies of the form.

Fines

The bylaws of a society can provide that any member who contravenes society bylaws may be fined not more than \$5.00. (See Section 23 of the *Societies Act*.)

General Penalties

A society that does not comply with the *Societies Act* is guilty of an offence and liable to a fine of not more than \$100.00. (See Section 37 of the *Societies Act*.)

Microfilm Quality

All documents submitted to Corporate Registry must be of a quality suitable for microfilming and photocopying. Because microfilming a document reduces the image 31 times, an unclear or faded text would make the microfilm image unreadable. Your documents should be:

- No larger than 11 X 14.5 inches
- On white paper
- Written in black or deep blue pen
- Clear and legible with dark text.

Revival

If a society has been removed from the active register at Corporate Registry, it must go through a revival process to resume operation. (See Section 35 of the *Societies Act*.)

Shares

A society cannot have shares and it cannot declare any dividends or distribute its property among members during its existence. (See Section 4 of the *Societies Act*.)

Society Annual Return

You must file an Annual Return every year following your incorporation year. If you fail to file this form, your society will be dissolved.

We will send you a copy of the Annual Return two weeks before your society's anniversary month. If you misplace or do not receive this form, you can obtain a blank form from Corporation Registry. A confirmation letter will be sent to you when filed.

Changing the Name of a Society –

Articles of Amendment
(REG3054 Form 4)

To change your society's name you must submit the following to Corporate Registry:

- An Alberta Search Report for your new name, within 90 days from the date that the name was proposed
- Articles of Amendment (REG3054 Form 4), and

- A \$25.00 fee payable to the Minister of Finance. Use REG3054 Form 4 for name changes only. Do not include by-law or object changes on this form.

Articles of Dissolution

(REG3038 Form 17)

You may formally dissolve your society by filing two copies of the Articles of Dissolution.

Before completing the Articles you must dispose of all property and liabilities of your society. (See Section 35 of the *Societies Act* and Section 211(1) of the *Business Corporations Act*.)

No fee is required for this service.

Articles of Revival of a Society

(REG3069 Form 15.1)

Any interested person wishing to revive a society to the active register may apply to the Registrar by completing and filing, in duplicate, Articles of Revival of a Society. (See Section 35 of the *Societies Act* and Section 208 of the *Business Corporations Act*.)

Note: Only a person with an interest in the society may revive it. An interested person is someone with monetary or legal rights which have somehow been affected by the dissolution, eg. a director, member, or creditor at the time of dissolution.

All delinquent annual returns must be filed with the Articles of Revival as well as, if applicable, a Notice of Change of Address (REG3016 Form 3).

A Revival fee of \$50.00 payable to the Minister of Finance is required. If the society has been struck off the register longer than three years, an original Alberta Search Report from a registered Search House must be submitted.

Instructions for completion of the forms listed above appear on the back of each form.

Glossary

Anniversary Month – the month in which the society was incorporated.

Annual Meetings – yearly meeting of all members.

Annual Returns – a form to be filled out every year giving basic society information including an attachment listing directors and/or officers.

Audit – an official examination of the society's financial records.

Auditor – any individual(s) authorized to examine and verify accounts.

Bylaws – rules and regulations of the society.

Debenture – a written acknowledgment of a loan which is secured by society assets.

Director – a person who helps to manage the affairs of the society. A director, usually but not necessarily, belongs to the society.

Incorporate – the act of forming a society.

Liability – a debt of the society.

Objects – the purpose for which the society is formed.

Officer – a person appointed or elected to perform a specific function (e.g. treasurer, secretary). An officer usually, but not necessarily, belongs to the society.

Ordinary Resolution – a decision passed by a majority of the members voting favourably on a motion made.

Proxy – the transfer of voting rights from one member to someone authorized to vote for that member in that members' absence.

Quorum – the minimum number of persons who must be present in order to hold a valid meeting.

Registered Office – the address where the society receives its mail and deliveries.

Registrar's Periodical – a publication containing information that may be of interest to the general public.

Rescind – to completely cancel something as though it never existed.

Special Meeting – a meeting of all the members called to deal with special business between annual meetings.

Special Resolution –

1. A resolution passed
(a) at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given,

and

(b) by the vote of not less than 75% of those members who, if entitled to do so, vote in person or by proxy.

2. A resolution proposed and passed as a special resolution at a general meeting of which less than 21 days' notice has been given, if all the members entitled to attend and vote at a general meeting so agree.

3. Or a resolution consented to in writing by all the members, who would have been entitled at a general meeting, to vote on the resolution in person or, where proxies are permitted, by proxy.

Copies of the Societies Act and Societies Regulation can be viewed or printed free of charge at www.qp.alberta.ca.

If you require a print copy of the Societies Act or Society Regulations to be mailed to you a minimal fee will be charged. Please contact:

Alberta Queen's Printer
5th Floor, Park Place
10611 98 Avenue
Edmonton, Alberta T5K 2P7
Telephone: (780) 427-4952
Website: www.qp.alberta.ca

To be connected toll-free outside Edmonton call 310-0000.