

Nonprofit Legal Anatomy

The Basics of Bylaws, Policies, and Procedures

January 16, 2025
10:30 – 12:00pm

 IntegralOrg



1

Incorporating Legislation for Nonprofits in Alberta

 IntegralOrg



2

What are Your Objects? And How to Check Your Incorporating Legislation

 IntegralOrg



3

Mohkinsstis Land Acknowledgement

Bearspaw First Nation

Siksika First Nation

Piikani First Nation

Goodstoney First Nation

Chiniki First Nation

Kainai First Nation

Tsuut'ina First Nation

Métis Nation of Alberta, District 5 and 6

This Photo by Unknown Author is licensed under CC BY-NC-ND

4

Nonprofit Legal Anatomy

The Basics of Bylaws, Policies, and Procedures

C. Yvonne Chenier, K.C.
IntegralOrg Legal Counsel, Founder



5

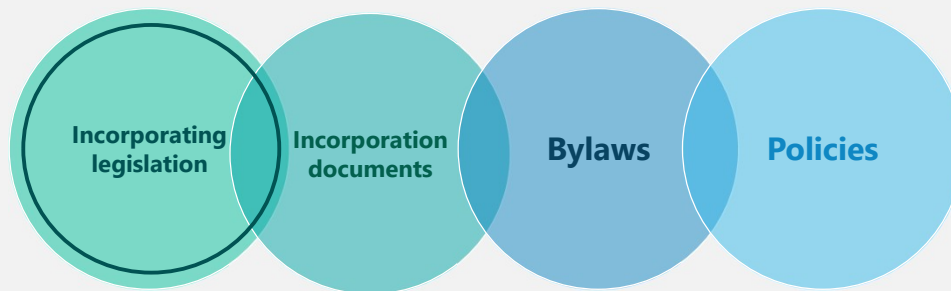


The how, why and what of an organization

- **Legislation:** How was it created? What governs an organization?
- **Objects:** Why do the organization's objects/purposes matter and how do they relate to the bylaws, policies, and procedures?
- **Bylaws:** What are some common bylaw elements?
- **Policies and Procedures:** Where do policies and procedures fit in and why are these important?

6

What governs your organization?



7

Commonly Used Nonprofit Legislation in Alberta



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.

Alberta Companies Act, Part 9

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

Canada Not-for-Profit Corporations Act

To allow the incorporation ... without share capital ... for the purposes of carrying on legal activities.

8



Where do I find my organization's incorporation documents?

Alberta Societies Act

Your Alberta Societies Act certificate of incorporation will be mailed to you after you successfully incorporate your society with the Alberta Corporate Registry.

To get a copy of your incorporation certificate, you can order it online. Visit the Alberta Corporate Registry's website and search for the society using its name or number.

9



Where do I find my organization's incorporation documents?

Alberta Societies Act

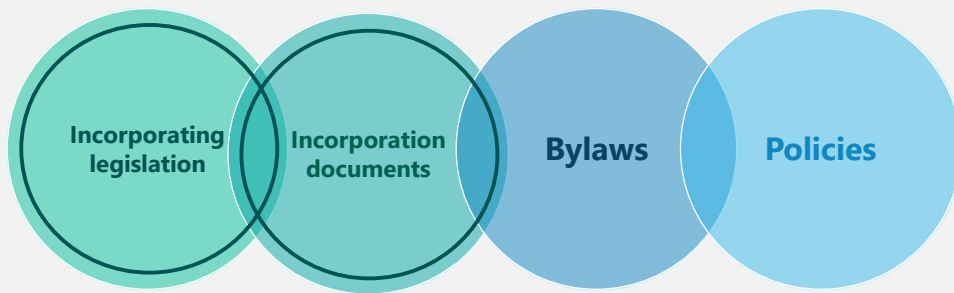
Your Alberta Societies Act certificate of incorporation will be mailed to you after you successfully incorporate your society with the Alberta Corporate Registry.

To get a digital copy of your incorporation certificate, you can order it online. Visit the Alberta Corporate Registry's website and search for the society using its name or number.

Check with Lauren.

10

What governs your organization?



11

Objects



12



What are Objects? How do I find them?

Do you have **Incorporation Documents**?

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

Are you created by **constitution**?

Are you created by **legislation**?

Settled by a **Trust**?

13



What are Objects? How do I find them?

Do you have **Incorporation Documents**?

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

14

Objects *Ultra vires*

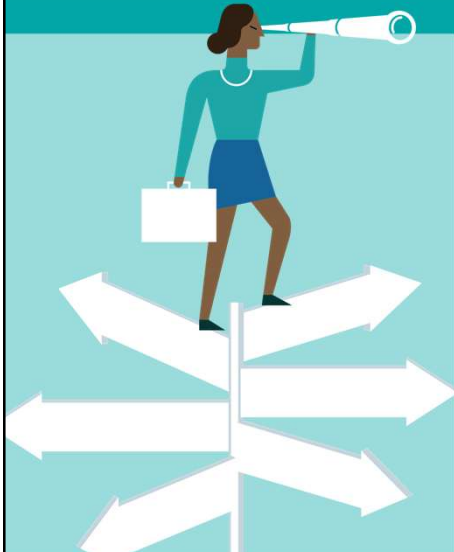
In corporate law, *ultra vires* describes acts attempted by a corporation that are beyond the scope of powers granted by the corporation's objects clause, articles of incorporation, or in a clause in its bylaws, in the laws authorizing a corporation's formation, or similar founding documents.

Source: Wikipedia



15

A Charity under the *Income Tax Act of Canada*



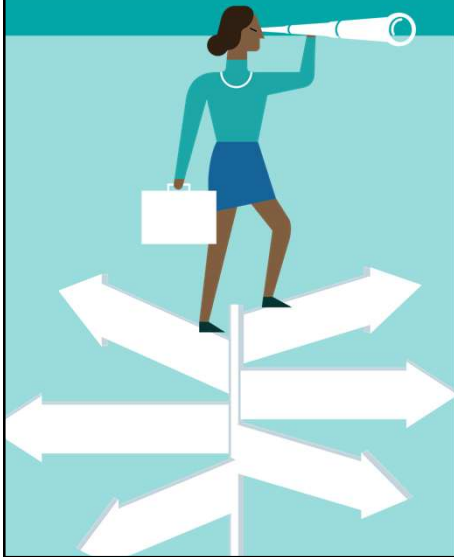
An organization that wants to attain the special status of a registered charity under the Income Tax Act...
must have purposes that are exclusively charitable and carry on activities that support those purposes.

Purposes (aka Objects): describe the aim or main intent of the organization.

Activities: describe how the organization will accomplish its purposes.

16

Charitable Purposes



The term "charitable" is not defined in the Income Tax Act.

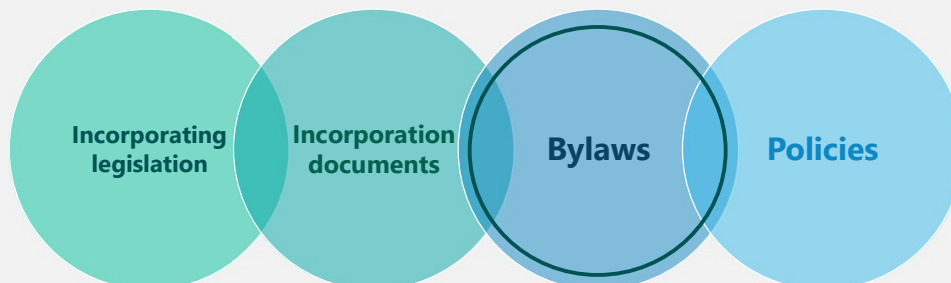
The courts have identified **four categories of charity**:

- Relief of Poverty
- Advancement of Education
- Advancement of Religion
- 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.

17

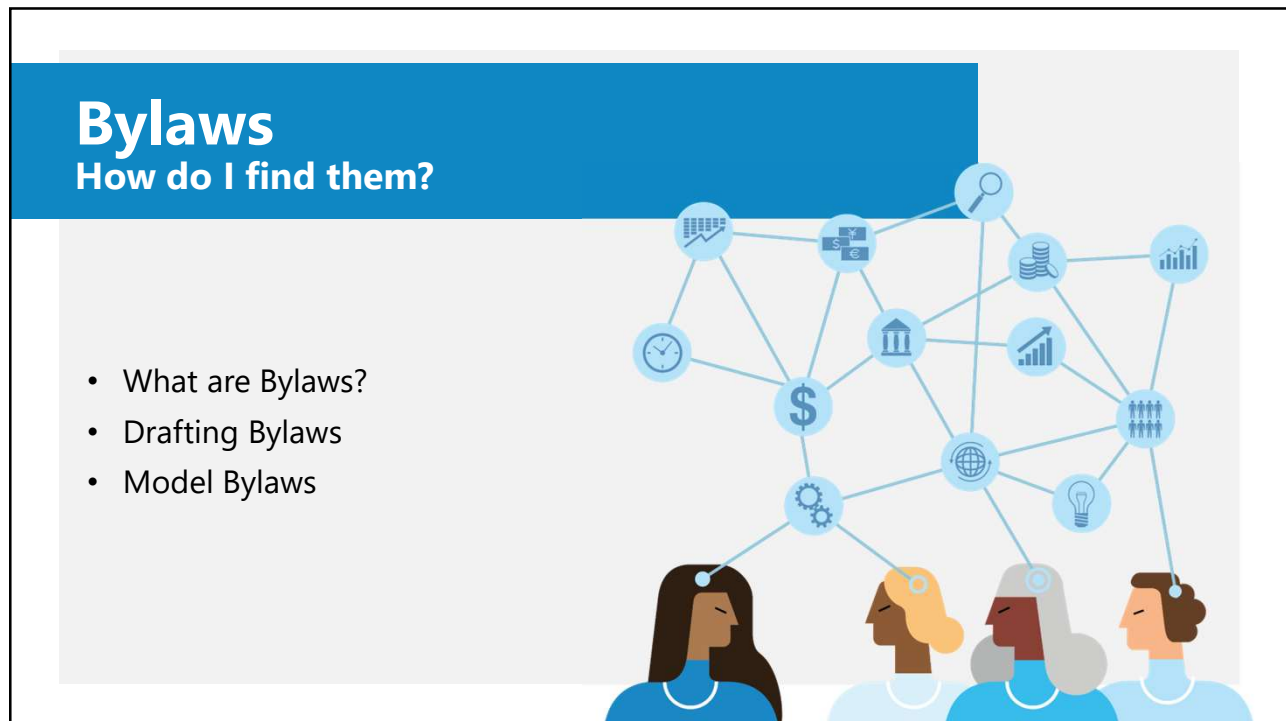
What governs your organization?



18

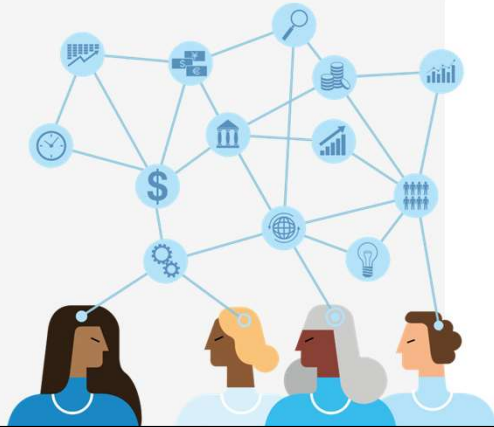


19



20

Common Bylaw Provisions

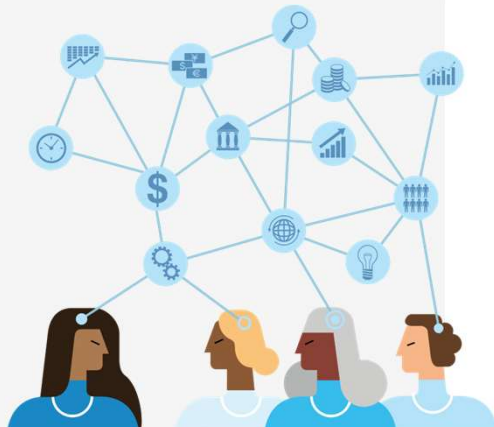


Membership

- Membership categories
- Becoming a member
- Withdrawing membership
- Suspending or expelling a member
- Membership fees
- Rights and obligations of members

21

Common Bylaw Provisions



Directors/Officers

- Elected or appointed
- Qualifications
- Resigning and Removing
- Roles, Duties and Powers
- Committees
- Policies
- Remuneration

22

Common Bylaw Provisions



Meetings

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

23

Common Bylaw Provisions



Management

- Registered Office
- Corporate Seal
- Fiscal Year End
- Borrowing Powers
- Records and books
- Minute books and other records

24

Differences in Legislation

Example Amendment re: 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.

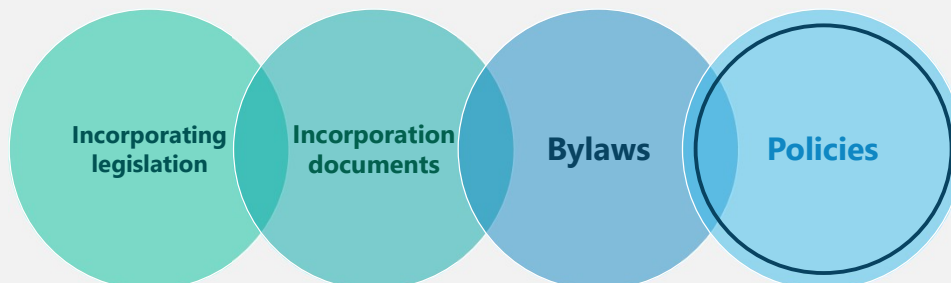
Canada Not-for-Profit Corporations Act

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



25

What governs your organization?



26

Policies



27

Policies



Why do charities and nonprofit organizations need policies?
Procedures are one giant step towards minimizing risk!

Some examples of policies/procedures:

- Relating to the **roles within an organization:** *creation or position description*
- **Governance of organization:** *financial management*
- **Required by legislation:** *Occupational Health & Safety*
- **Specific to organization:** *youth volunteers*

Policies/procedures cannot contradict bylaws or legislation.
Where do you find these documents? Where should they be stored?

28

A word about Fundamental Changes

What are considered Fundamental Changes?

Yes, a Fundamental Change

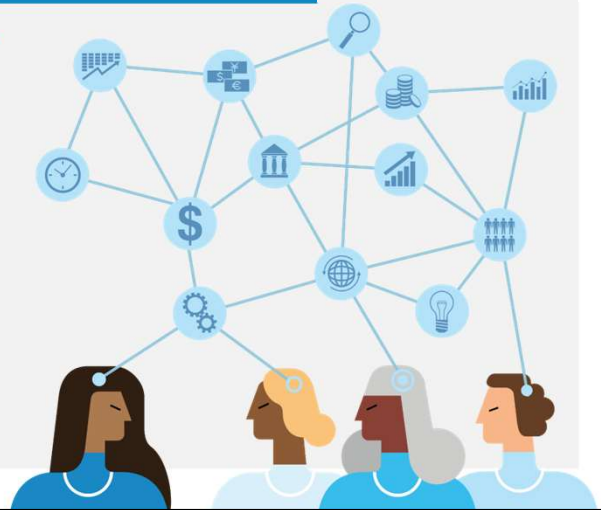
- Changes to the Objects or Purposes
- Bylaw amendments
- Dissolution/Winding up

Not a Fundamental Change

- Policy amendments

What are the **Procedural Requirements**?

Where do you find these rules?



29

Procedures



30

Procedures

- Icing on the cake to complete the governance model
- Legislation and bylaw wording may be general concepts
- Policies are prescriptive but may lack details
- Procedures are step-by-step instructions on how to implement policies that were created pursuant to bylaws that were enacted pursuant to legislation.



31

An Example for Nonprofits

Nominations for Board of Directors

- Bylaws might state that directors are elected at AGM
- Board creates a nominating committee pursuant to bylaws
- Nominations committee creates a nominations policy for approval by the Board
- Procedure to implement this policy created by step-by-step instructions or checklist created by the committee.

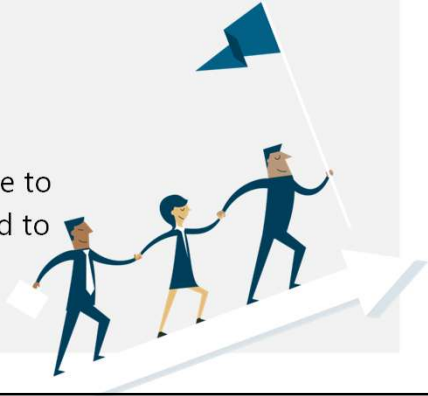


32

An Example for Charities

Gift Acceptance and Receipting

- The *Income Tax Act* has requirements for charities accepting and receipting gifts
- Each charity has different, needs, beliefs or capacity relating to gifts
- Board creates a gift acceptance policy
- Fund development committee/staff creates procedure to implement the policy and checklist for gifts presented to the charity with specific steps for each type of gift.



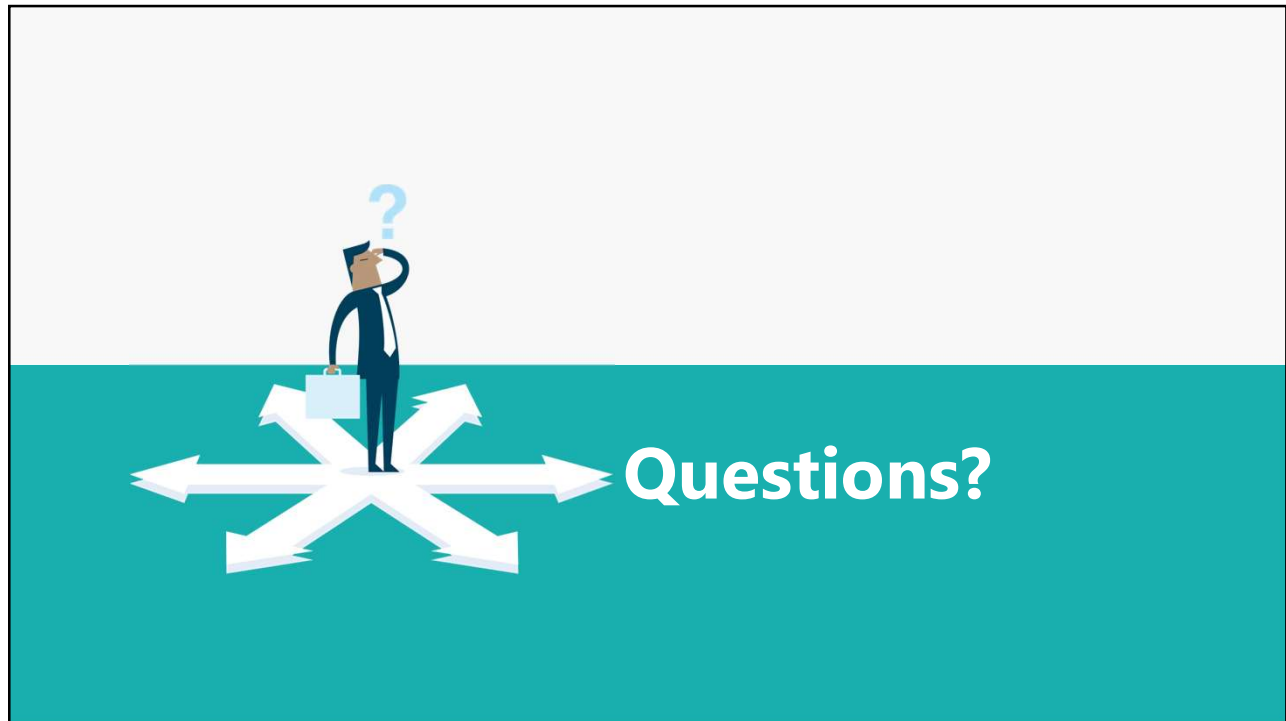
33

Resources



- Plenty of resources to help create bylaws, policies and procedures
- Ensure the resource is relevant to the legislation and jurisdiction of incorporation
- Be mindful of copyright violations as the use of another's IP has a degree of legal risk and potential embarrassment.
- If in doubt seek professional advice

34



35



36

When you have questions, IntegralOrg has services to help

**A virtual or phone conversation
or
A clinic, a 1-hour problem-solving
session between IntegralOrg
subject matter experts and your
team.**

You might have questions about

- Attaining charitable status
- Strategic planning
- Policies & bylaws (writing and review)
- Social enterprise legal structures
- Governance and board development

These services are free of charge!

Find out more at integralorg.ca/who-we-work-with/clinics/

37



Consultations | Workshops | Toolkits | Organizational Development Projects

**Go-to problem
solver for
your nonprofit**

- Governance
- Strategic Planning
- Risk Management
- Legal Compliance
- Financial Management
- Leadership Development

www.integralorg.ca | admin@integralorg.ca | (403) 910-7279

38

Disclaimer

This webinar provides general legal information only and does not take into account the specific legal circumstances of your organization.

For legal information more tailored to your organization, please contact us to arrange a free **one-on-one legal clinic** at <https://integralorg.ca/one-on-one%20support/> where we can even review organization-specific information in advance to prepare to help you.

If your organization requires immediate legal advice, please contact a knowledgeable nonprofit/charity lawyer.



39

Disclaimer



- All information or advice provided as part of this presentation is intended to be general in nature and you should not rely on it in connection with the making of any decision.
- IntegralOrg tries to ensure that all information provided is correct at the time of the presentation but does not guarantee the accuracy or completeness of such information.
- All content, information and advice is provided on an "as is" basis and IntegralOrg hereby expressly disclaims all liability for any action you may take as a result of relying on such content, information or advice or for any loss or damage suffered by you as a result of you taking this action.
- Neither IntegralOrg nor any of its employees or agents shall be liable for any damages either direct, indirect, special, consequential, punitive or other damages (including but not limited to financial losses, loss of data, loss of profits, loss of business, and business interruption) arising out of the use of the content, information or advice provided herein.

40