

Incorporating Your Nonprofit in Alberta

2024 VERSION

Welcome! Starting a nonprofit in Alberta is an exciting and fulfilling journey that allows you to make a meaningful impact in your community, so we are thrilled that you're here. This guide has been created to provide a basic overview of the formal incorporation process to help you decide if this is the right step for you. However, please note that depending on your mission and planned organizational activities, you might decide that forming an informal community organization or grassroots group rather than a formal nonprofit may be the best way forward to contribute to your cause.

As Volunteer Alberta continues our ongoing (un)learning journey, we see the increasing importance of reflecting on our ties to each other and the land. Our main office is situated on Treaty 6 Territory, in an area that holds many Indigenous names but is referred to by the Nehiyaw people as amiskwaciwâskahikan (ᓄᑦᑎᓂᓂᓄᓂᓄᓂᓄᓂ) and colonially as Edmonton. Our staff, board, and work extend into Treaty 4, 6, 7, 8 and 10 Territories, and we affirm the importance of honouring these historic agreements as well as all future treaties. The land we call Alberta is the ancestral territory and present-day home of many Indigenous peoples, including the Nehiyaw (Cree), Dene (Denesuliné, Dene Tha, Tsuut'ina), Iyârhe Nakoda (Nakota Sioux, Stoney), Anishinaabe (Saulteaux, Ojibwe), Niitsitapi (Blackfoot), Inuit, and Métis. They have cared for and advocated for the lands, waters, and animals for many generations despite historical and ongoing harmful actions against their communities. We are grateful for their stewardship of this land, and as an act of reconciliation and good will, it is our intention to ensure that our organization, along with the entire social impact/non-profit/voluntary sector, can become good partners in supporting the land and communities.

Some Things to Consider

Incorporation is the process of forming a distinct legal entity – also known as a corporation – separate from the individuals who started it or are running it. The process of incorporation will require an investment of resources, including finances and time. Many groups find this investment to be worth the effort as the long-term benefits may outweigh the ongoing administrative responsibilities. If you incorporate, your organization will be legally recognized as a nonprofit, you may gain access to a wider pool of funding, and you will be able to provide some protection for your board members via limited personal liability.

However, many organizations choose to remain as grassroots movements or collectives to be closer to the community they are supporting without the complexity of a formal structure. The ongoing administrative responsibilities may also not be currently feasible with your current structure, or you may be worried that the legislative requirements may hinder the flexibility your group has to be responsive to community needs.

Before incorporating ask yourself: What value will incorporation bring to your mission and vision? Are there opportunities to collaborate or partner with an existing organization to achieve the same goals? How will your incorporated organization be supported financially? Will you risk losing anything by incorporating? What might you gain by incorporating? Which method does your community support?

Nonprofit, Charitable Organizations, and Charities

Organizations can incorporate under different categories, and it can be confusing to know which status to register under, especially as it's common for the words 'nonprofit' and 'charity' to be used interchangeably outside of the sector. It's important to note that these are different statuses within Alberta and require different administrative processes. If you are incorporating your organization within Alberta, here are a few statuses you should know about:

Nonprofit organization

By far the most common incorporation method, in Alberta nonprofits can choose to incorporate under a provincial act. There are several provincial acts under which your organization could be registered. You select the one based on the activities and purpose of the organization and its intended clients. As each legislative act has a unique process and fees for submission, it's a good idea to understand which process suits your organization the best. These acts include but are not entirely limited to the Societies Act, Alberta Companies Act, Religious Societies Act, Cooperative Association Act, and more. We will go into further detail later in this document.

Charitable Organization

Organizations may also be registered as Charitable Organizations in Alberta under the [Alberta Charitable Fund-raising Act](#). This provincial registration is required if your incorporated or unincorporated organization intends to use a fundraising business (an external organization that solicits funds from individuals to raise funds for a charitable purpose) and/or raises more than \$25,000 through solicitations in a financial year. If during a fundraising campaign you find that your organization has solicited more than \$25,000 even though you had not intended to, you will need to register within 45 days after hitting that threshold.

This registration should not be confused with being a registered charity with the Canada Revenue Agency (CRA) - while registering through the *Alberta Charitable Fund-raising Act* does provide a charitable registration number, your organization would not be able to write charitable tax receipts through this status alone. Rather, it is a set of provincial regulations and standards that help protect the public from fraudulent or misleading solicitations.

Registered Charities

The process to become a Registered Charity is not done through the Provincial Government. Instead, it is done through a federal process completed via the Canada Revenue Agency (CRA). A registered charity is an organization established and operated for charitable purposes, and it must devote its resources to charitable activities. Whether you choose to register as a charity right away or later, you must ensure that your organization's objectives meet the CRA's requirements. There are multiple eligibility criteria to become a charity, and while a nonprofit's mission may be worthwhile and be beneficial to the community, not all purposes may be deemed 'charitable at law' under the federal [Income Tax Act](#).

One of the major advantages of obtaining charitable status is that your organization would be able to issue receipts to donors for income tax purposes - this can be a major advantage when soliciting for donations. In addition, charities receive certain tax exemptions and may be eligible for a wider range of funding options. Please be aware that according to the CRA, if you are operating as a charity you cannot be considered a nonprofit organization - while you must keep your incorporation status, whether that be provincially or federally, the rules regarding your charity status take priority over any provincial incorporation rules.

Of course, charity status also has a certain number of obligations you must fulfill, including

completing an annual Registered Charity Information Return (Form T3010), a minimum spending requirement for charitable activities, meeting an annual disbursement quota, and more. These are all in addition to any reporting requirements and filling with provincial and municipal governments. It is important to assess if your organization has the resources and capabilities to not only apply, but to maintain its status.

More information can be found on the CRA Website:

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/registering-charitable-qualified-donee-status/apply-become-registered-charity.html>

Diving Deeper: Nonprofit Organization

As mentioned earlier, there are different incorporation processes that your organization can follow, dependant on which type of organization you are or wish to incorporate into. When incorporating through an Albertan legislative act, it is done through the Corporate Registry via a registry agent or authorized Alberta service provider. It is important to note that in Alberta, we have three different levels of service providers – to incorporate you will need registry that is indicated to be offers “level 2” services. This service level can complete an Alberta NUANS Report, which is a name search report to ensure that the name you wish to incorporate under is not already taken. Service fees are not regulated, so be aware that different service providers may have different fees on top of the government’s registration fees. For a more direct list of service providers, please see here: <https://www.alberta.ca/find-business-registry>.

In the following sections, we will provide a more individualized summary of each pathway to incorporation:

Society

Incorporating under [Alberta’s Societies Act](#) is one of the most widely used methods of incorporation, likely due to its simpler process and lower financial cost to do so. It takes five or more people together to form the society, and these five people become board members. Your society must be dedicated to the purpose of either social activities, recreation, culture, and/or charity. These five people will join the organization as board members. As a society though, you will not be able to conduct any business activities, such as the sale of goods and services.

To form a society, you must provide a society name and address, a NUANS report , the objectives or purposes for which the society is to be incorporated, and the bylaws for the society. Once formed, your newly incorporated society will need to ensure that it holds an annual general meeting that presents its audited financial statements – the date of which is decided by the newly affirmed bylaws. As well, in the anniversary month of your incorporation you will need to submit an Annual Return in order to keep your society status active.

Link for more information: <https://www.alberta.ca/incorporate-a-society>

Nonprofit Company

A nonprofit company is one that is incorporated under the [Alberta Companies Act](#). This is also sometimes referred to as a “Part 9 Company”, in reference to the fact that Part 9 of the act refers specifically to nonprofit organizations. This is the required option if your organization will be involved in substantial business or trade, or has substantial holdings. While it may make revenue from its activities, these must be directed back into its charitable purposes. This is the recommended incorporation for Social Enterprises.

There are two types of nonprofit companies in Alberta: Private and Public. At least two people are needed to

form a private nonprofit company, but it cannot have more than fifty shareholders or members. There are further restrictions on invitations to the public to purchase shares or memberships, as well as the transfer of membership. Public nonprofit companies need at least three people to incorporate, but do not have any of those restrictions; however, they do have more intensive filing requirements. It should be noted that some organizations with over 50 members choose to incorporate as a society and then incorporate a private nonprofit company to operate its business portion – this can reduce the risk as if the business fails it does not eliminate the society outright.

To form a nonprofit company, you must provide a company name and address, a NUANS report, the type of nonprofit company, the purposes for which it will be incorporated, and the articles for the company. If you choose to incorporate under a numbered name (Ex. 123456 Alberta Inc.), you do not need to file a NUANS report.

Link for more information: <https://www.alberta.ca/incorporate-non-profit-company>

Religious Society

Religious groups can incorporate under the [Alberta Religious Societies Land Act](#) if it aims to own land in its own name. This land must be used for the religious group’s house of worship or burial grounds and is limited to a max of 320 acres.

To form a religious society, you must provide a religious society name (it should include a word that indicates it is a religious society such as the name of your Religion, Denomination or words like Church, Temple, Fellowship, Assembly, etc.) and address, a NUANS report, and the operational rules the congregation agreed to. These rules include a statement of who is entitled to vote in respect to the business of your religious society, what constitutes a quorum in these votes, and the officers who can exercise the powers of the society when dealing with property.

Link for more information: <https://www.alberta.ca/incorporate-religious-society>

Agricultural Society

If an organization is dedicated to the improvement of agriculture and enhancing the quality of life of agricultural communities, they may incorporate under the [Alberta Agricultural Societies Act](#). In order to form, it requires 50 persons (25% or more must be engaged in agricultural production) who are not part of another society and will sign the application form. The main office of this organization must also not reside within 80 km of another Agricultural Society.

To form an agricultural society, you must provide a society name (under the strict naming convention template of “The ____ Agricultural Society”) and address, the signed application with 50 members, a signed affidavit, and the bylaws for the society. Once formed, your newly incorporated society will need to ensure that it holds an annual general meeting as soon as practical. As well, in the anniversary month of your incorporation you will need to submit an Annual Return to keep your status active.

Cooperative

A cooperative is an autonomous association of people united voluntarily to meet their common economic, social, and cultural needs through a jointly owned corporation. All cooperatives in Alberta (except utility cooperatives and credit unions which are governed under their own legislative acts) are governed by [The Cooperatives Act](#). Nationally, they are governed by the Canadian Cooperatives Act. Excluding housing and day-

care cooperatives, when dealing with surplus, most cooperatives can provide what is known as patronage payments, which are payments to members proportional to the shares they have in the business. At least three people are required to start a cooperative.

To incorporate an Alberta-based cooperative, you need to provide the cooperative's name and address, a NUANS report, articles of incorporation, summary of articles of incorporation and statutory declaration, and a contact list of directors.

Link or more information: <https://www.alberta.ca/incorporate-an-alberta-cooperative>

Some additional statuses to be aware of:

Not-for-profit Corporation

If your nonprofit organization wishes to be involved in a business operation on a national scale across multiple provinces, you should consider registering through the federal [Canada Not-for Profit Corporations Act](#). If you do so, it will involve additional reporting requirements as you will need to file both provincially and federally. Incorporation through the Federal Act does not automatically mean that the corporation will be exempt from these filing its provincial reporting requirements.

Link for more information: <https://ised-isde.canada.ca/site/corporations-canada/en/not-profit-corporations/creating-not-profit-corporation>

Extra-provincial Corporation

Nonprofit corporations formed outside Alberta that want to conduct business in Alberta can register as an extra-provincial corporation under the [Alberta Business Corporation Act](#). This applies to an organization that is already incorporated under another jurisdiction so it can carry on operations in Alberta. This removes the need to have separate corporations in every province that the organization does business which can reduce the operational strain.

Link for more information: <https://www.alberta.ca/register-out-of-province-corporation>

Cooperatives and corporations that have their home jurisdiction in Alberta, British Columbia, Manitoba, or Saskatchewan have a streamlined process to register in one another's provinces thanks to the New West Partnership Trade Agreement.

What's Next: Consider Volunteer Alberta Membership

Once you have incorporated your organization, we invite you to contact us about Membership! While we welcome all community organizations to join us regardless of their incorporation status, we offer many resources and supports that can be particularly beneficial to a newly incorporated organization. These include:

- Access to OASSIS Employee Benefits for health and dental coverage
- Obtaining essential operational services like bookkeeping through ACCESS (Allied Community & Cooperative Shared Services)
- Discounts on Board Development and Governance Workbooks
- Access to a discounted Grant Connect subscription

And more!

We believe that connecting a network of individuals, organizations, and community partners strengthens Alberta at the local level. When you become a Volunteer Alberta member, you make a powerful investment in the sector and our communities. Membership for organizations is on a sliding scale based on your operating budget to fit your needs.

You're well on your way!

Thank you for your commitment to supporting your community. While this is the end of the guide, this is in no way the end of your journey. Whether you chose to formally incorporate or not, we hope this resource was helpful to better understand the landscape. We welcome you to reach out to us if you have any questions, feedback, or if you just wish to tell us your story.

With Warm Wishes,

The Volunteer Alberta Team

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