

# NOT-FOR-PROFIT INCORPORATOR'S HANDBOOK

# This handbook has been prepared jointly by the Ministry of Government Services, ServiceOntario

Ministry of Government Services, ServiceOntario and the Office of the Public Guardian and Trustee for Ontario, Charitable Property Program of the Ministry of the Attorney General

## For the purposes of this guide, the Mailing Address of ServiceOntario is:

ServiceOntario
393 University Avenue, Suite 200
Toronto, Ontario
M5G 2M2

The Mailing Address of The Public Guardian and Trustee is:

Office of the Public Guardian and Trustee Charitable Property Program Suite 800, 595 Bay Street Toronto, Ontario M5G 2M6

### **Table of Contents**

#### Part 1

#### **General Information**

1.1	Introduction
1.2	Nature of a Corporation
1.3	Should you Incorporate?
1.4	Types of Corporations
1.5	Incorporation Process and Corporate Maintenance
1.6	Self-help Remedies Available Under the Corporations Act

#### Part 2

#### **Corporate Name**

2.1	Name not to be Deceptively Similar	
2.2	Name to be Distinctive	
2.3	Types of Distinctiveness	
2.4	Elements of a Corporate Name	
2.5	Name not to be too General	
2.6	Name not to Suggest Connection with the Crown	
2.7	Name not to Suggest Connection with Government	
2.8	Use of the Name of Another Province	
2.9	Languages Permitted in the Corporate Name	
2.10	Prohibited Words / Expressions	
2.11	Choosing the Corporate Name	
2.12	Checklist	

2.13	The Corporate Name Search Report				
2.14	Warning - Use of the Proposed Name				
Part 3					
Incorporation					
3.1	Pre-Incorporation Considerations				
3.2	Completion of Application - General Comments				
3.3	Head Office				
3.4	Directors				
3.5	Objects - General				
3.6	Objects - Charities				
3.7	Ancillary Powers				
3.8	Special Provisions				
3.9	Objects and Special Provisions – Key Points				
3.10	Supporting Documents				
3.11	Checklist				
3.12	Timing				
Part 4					
Organization and Start Up					
4.1	Organization and Start Up				
Part 5					

#### **Corporate Maintenance and Filing Requirements**

5.1 Annual Meeting5.2 Election of Directors and Officers5.3 Quorum for Meetings

5.4	Reporting Requirements		
5.5	Penalties for Failure to Comply with Filing Requirements		
5.6	Additional Reporting Requirements		
5.7	Audit Provisions		
5.8	Record Keeping Requirements		
5.9	Use of Corporate Name		
5.10	Changing Corporate Name		
5.11	Use of a Name Other than Corporate Name		
5.12	Changing the Authorized Number of Directors		
5.13	Changing the Location of the Head Office		
5.14	Changing the Objects and Special Provisions		
5.15	Income Tax Act Considerations		
5.16	Ontario Corporations Tax Branch Requirements		
5.17	Dissolution - Surrender of the Charter		
Part 6			
Charities			
6.1	Incorporating a Charity		
6.2	What is a Charitable Corporation?		
	6.2.1 6.2.2 6.2.3 6.2.4	The name of the corporation The objects or purposes of the corporation Special Provisions Ancillary and Incidental Powers	
6.3	How to Apply for Letters Patent		
	6.3.1	Applying directly to ServiceOntario using only pre-	
	6.3.2	approved object and special provision clauses Applications for incorporation through the Public Guardian	
	6.3.3	and Trustee Grounds for refusing applications for charitable organizations	

6.4	Benefits of being a charity		
6.5	Special situations of religious organizations		
6.6	Other applications reviewed by the Public Guardian and Trustee		
	6.6.1 6.6.2 6.6.3 6.6.4	Supplementary Letters Patent Dissolution and surrender of charter Revival of a charity's charter Amalgamation	
6.7	The Public Guardian and Trustee		
	6.7.1	Notification and reporting requirements of the Public Guardian and Trustee	
	6.7.2	Additional information which may be required by the Public Guardian and Trustee	
6.8	Registration with Canada Revenue Agency		
	Appendix 'A'	Samples of Object Clauses for Non-Profit, Non-Charitable Corporations Under Part III of the <i>Corporations Act</i>	
	Appendix 'B'	Reporting Requirements for the Office of the Public Guardian And Trustee	
	Appendix 'C'	Pre-approved Object Clauses for use in Incorporating a Charity	
	Appendix 'D'	Special Provisions Required for Incorporated Charities	

Appendix 'E'

Appendix 'F'

Appendix 'G'

Contacts

Optional Incidental and Ancillary Powers

Fees as of the date of publication of the Handbook

#### PART 1 ■ GENERAL INFORMATION

#### Introduction

1.1 The purpose of this handbook is to provide general information on the nature of a not-for-profit corporation and guidelines on how to incorporate such a corporation. This handbook also provides basic information on incorporating charitable corporations, which are a special type of not-for-profit corporation.

Not-for-profit corporations incorporated in Ontario are governed by the *Corporations Act* and the Regulations made under it. Incorporation of not-for-profit corporations under the Act is at the discretion of the Minister (or his delegate). This is in contrast to 'incorporation as of right' for business corporations incorporating under the *Business Corporations Act*. Certain pertinent sections to the Act and the Regulations are included in this handbook. The reader is, however, referred to the *Corporations Act* and the Regulations to examine those sections not set out here.

This handbook contains general statements concerning the requirements of the Act and Regulations which are intended to serve only as a general guide and not as a substitute for statute when dealing with specific problems. Also, reference to this handbook should not be a substitute for consultation with a lawyer on legal considerations or an accountant on financial matters.

#### Nature of a Corporation

In law, a corporation is an artificial person or a legal entity having an independent existence, separate and distinct from that of its members. The corporation owns property in its own name, acquires rights, obligations and liabilities, enters into contracts and agreements and has the capacity to sue and be sued as would a natural person.

Thus, for example, a corporation may be insolvent while its individual members may be wealthy. As a separate legal entity a corporation is not affected by changes in its membership and its existence continues in perpetuity unless its members or the government take steps to dissolve it.

A corporation is managed or governed by a board of directors, which is elected by the members. The board of directors, in turn, elects a president and appoints other officers such as a secretary, treasurer etc. who are responsible for the actual operation of the corporation.

The directors, officers and members do not "own" the corporation, nor do they have any right of ownership to any particular asset of the corporation and the corporation may not be operated for pecuniary gain of its members, directors or officers.

In certain circumstances, a not-for-profit corporation may engage in activities that are revenue producing and that produce a surplus, or "profit". However, such activities must be incidental to the principal objects of the corporation and in furtherance of the principal objects. For example, a hockey club may hold a dance to raise funds for new uniforms for the team. If, after paying the expenses, the dance produces a "profit", the monies belong to the club and must be used for the benefit of the club (i.e. to purchase new uniforms for its team).

#### **Should you Incorporate?**

1.3 The act of incorporation offers certain advantages to the incorporators and their successors but at the same time it also places certain responsibilities upon them. Accordingly, before proceeding with incorporation, the members of an unincorporated organization should give the matter serious consideration. In this regard you may wish to consult a lawyer who has experience in corporate matters and who, given all the facts, can advise you whether it would be to your advantage to incorporate.

If you need a lawyer, you may wish to contact the Lawyer Referral Service of The Law Society of Upper Canada. The Lawyer Referral Service will provide you with the name of a lawyer who will provide a free consultation of up to 30 minutes to help you determine your rights and options (see Contacts - Appendix "G").

It is not mandatory for a not-for-profit organization to incorporate. There are in existence hundreds, possibly even thousands, of unincorporated organizations in Ontario that are carrying on their activities without any hindrance. Unincorporated organizations do not have a separate legal existence apart from their members.

#### Advantages of Incorporation

As the corporation is a separate legal entity distinct from its members and has the capacity to own property, to sue and be sued, it affords limited liability protection to its members. This means that individual members are not personally liable in certain instances, for the corporation's debts and obligations.

The corporation is not affected by changes in its members, be it due to death or any other reason. Therefore, it is easier to enter into a number of transactions in the name of the corporation such as, banking, owning real estate or signing a lease or contract.

A majority of the members of the corporation have the power to bind the others by their acts.

#### Disadvantages of Incorporation

As the corporation is a creature of statute, it is subject to some supervision by the Government of Ontario and it must conduct its affairs in accordance with the

applicable statutes. For example, the constitution or by-laws of the corporation, the election of directors and the calling of meetings of members are all governed by the *Corporations Act*. In addition, a corporation is required to report certain information on a regular basis to certain departments of the Government.

Failure to comply with reporting or disclosure requirements could render the corporation and its directors and officers liable to certain penalties, including the cancellation of the corporation.

#### **Types of Corporations**

1.4 Not-for-profit corporations are organizations that carry on activities without pecuniary gain. They are incorporated under Part III of the *Corporations Act* as corporations without share capital. They are all subject to section 126, which states:

Not to be carried on for gain -- section 126(1)

126. (1) A corporation, except a corporation to which Part V applies, **shall** be carried on without the purpose of gain for its members and any profits or other accretions to the corporation shall be used in promoting its objects and the letters patent shall so provide, and, where a company is converted into a corporation, the supplementary letters patent shall so provide.

Applications will not be accepted where the objects indicate that it is being incorporated for the purpose of profit.

Below are categories of the most common types of not-for-profit corporations:

- **A.** General type this would include such corporations as ratepayers' associations, professional associations, community organizations, etc.;
- **B.** Sporting and athletic organizations;
- **C.** Social clubs these are corporations with objects in whole or in part of a social nature;
- **D.** Service clubs such as Rotary, Lions, Kiwanis and Optimist;
- E. Charities these would include religious organizations and organizations that are engaged in carrying out certain good works that are of benefit to society. (See Part 6 in this handbook)

One of the main differences between a charity and another type of not-for-profit corporation is that upon dissolution a charity is required to distribute its remaining assets to other charities, not to its members, whereas another type of not-for-profit corporation may (unless prohibited from so doing in its charter or by-laws) on dissolution distribute its remaining assets among its members. Also, a charitable corporation, because it usually solicits funds from the public and

enjoys certain legal and tax advantages (e.g. under the federal *Income Tax Act*), is subject to more stringent reporting requirements than a not-for-profit corporation of another type.

#### **Incorporation Process and Corporate Maintenance**

**1.5** If a decision is made to incorporate, you should take the following steps:

**FIRST STEP** Determine if objects of the organization will be those of a

charity. If so, see Part 6 of this handbook.

**SECOND STEP** Select the proposed corporate name (see Part 2 of this

handbook).

**THIRD STEP** Prepare and file the application for incorporation (see Part

3 of this handbook).

**FOURTH STEP** Following the receipt of the Letters Patent of incorporation,

organize the corporation (see Part 4 of this handbook).

**FIFTH STEP** The organization of a corporation is followed by an

ongoing activity of "corporate maintenance", that is, ensuring that the corporation complies with the reporting requirements and conducts its affairs in accordance with the applicable Acts and Regulations (see Part 5 of this

handbook).

#### Self-help Remedies Available under the *Corporations Act*

1.6 The *Corporations Act* does not provide the Ministry with the authority to intervene and resolve internal disputes between members and its Board of Directors. It does provide members with various self-help remedies to ensure compliance with the Act.

You may wish to consult private legal counsel in determining the appropriate remedies available to you. See Appendix "G" for information about the Lawyer Referral Service of The Law Society of Upper Canada.

#### PART 2 ■ CORPORATE NAME

#### Name not to be Deceptively Similar

The Act (section 13(1)(a)) provides that a corporation shall not be given a name that is the same as or similar to the name of a known corporation, association, partnership, individual or business if the use of the proposed name would be likely to deceive, except where the existing corporation, association, etc. gives a consent in writing. The existing entity may also be required to dissolve or change its name. In other words, the Act permits the granting of a similar corporate name so long as the proposed name is not CONFUSINGLY or DECEPTIVELY SIMILAR to an existing name. No identical names are permitted, regardless of whether consent is given or the existing entity changes its name or dissolves.

#### Name to be Distinctive

Basically, to comply with the provisions of the Act, new corporate names must be "distinctive" - and this distinctiveness must survive certain media distortion as the corporation identifies itself to the various sectors of the public with which it interacts - including other corporations, its members, creditors, the general public and government agencies. In other words, a new corporate name must be such that it will not be confused with EXISTING names of corporations, trademarks or unincorporated organizations and will not MISLEAD or CONFUSE the public as to the undertaking or nature of the corporation or its relationship to other corporations.

#### **Types of Distinctiveness**

2.3 The name itself may be distinctive or may acquire its distinctiveness through long use.

Usually the most distinctive or unique names have a coined word as the distinctive element, for example:

- Avinta Social Club
- Zaltak Hockey Association
- 5-P Bowling Club

Unusual use or combination of generic words may produce a distinctive name, for example:

- All-That-Jazz Club
- Sorcerers Hockey Club
- Magic Eleven Soccer Club

Words that are coined using parts of other words, geographical location,

numbers, initials and dictionary words make a less distinctive name, for example:

- Sundance Social Club
- Kenora Hockey Association
- Guelph Dance Club
- Northern Lights Skating Club

#### **Elements of A Corporate Name**

- **2.4** Most corporate names consist of three elements:
  - 1. The **DISTINCTIVE** element is the main identifier of the corporate name. It may be a coined word or a dictionary word used in a fanciful sense quite different from its ordinary meaning or a geographic term. Every corporate name must have a distinctive element.
  - 2. The **DESCRIPTIVE** element describes the nature of the main corporate undertaking. Care should be taken not to use terms that may be deceiving or misleading.
  - 3. The **LEGAL** element indicates the status of the organization as an incorporated body. Either "Corporation" or "Incorporated" or "Incorporée" or their abbreviations may be used. The use of a legal element is optional.

**Note:** A corporation without share capital cannot have "Limited", "Limitée" or the corresponding abbreviations as part of the name.

DISTINCTIVE ELEMENT	DESCRIPTIVE ELEMENT	LEGAL ELEMENT
Canvelo Village Green	Cycling Club Square Dancers	Inc.
Don Mills	Student Exchange	Corp.

#### Name not to be too General

Regulation 181(section 5) provides that a corporate name shall not be too general. The reason for this prohibition is that corporate names that are too general tend to infringe on a number of existing names, are likely to contribute to confusion and unduly restrict or limit the possibility of using names in the future that otherwise would be available to the public except for the existence of the name that is too general.

A corporate name that is too general may be defined as a name that usually lacks the distinctive or descriptive element (see Item 2.4 Elements of a Corporate Name).

**Example A:** names that are too general consist of only the descriptive and the

legal elements, or only the distinctive and legal elements:

- Student Exchange Corporation (lacks the distinctive element)
- Canvelo Inc. (lacks the descriptive element)
- Jazz Singers Friendship Society (lacks the distinctive element)

**Example B:** a general name can be rectified by adding the missing distinctive or descriptive element:

- Don Mills Student Exchange Corporation (distinctive element added)
- Canvelo Cycling Club Inc. (descriptive element added)
- Soundville Jazz Singers Friendship Society (distinctive element added)

#### Name not to Suggest Connection with the Crown

The Act (clause 13(1)(b)) provides that a corporation shall not be given a name that suggests or implies connection with the Crown or the Royal Family.

The consent of the Governor General (see Contacts – Appendix "G"), on advice from the federal Department of Canadian Heritage, has to be obtained by the applicant where the word "Royal" is used as a prefix in a corporate name and where it suggests Royal Patronage. The onus is on the applicant to obtain such consent.

**Example A:** corporation names that **suggest** Royal Patronage and **need the consent** of the Governor General:

- The Royal Agricultural Winter Fair
- The Royal Canadian Yacht Club
- The Prince Charles Youth Foundation

**Example B:** corporation names where "Royal" is used as a descriptive adjective in the use of "majestic" or "grand" and Royal Patronage is **not** suggested and therefore the consent of the Governor General, is **not required**:

- Royal Wave Surfing Association
- Royal Mountain Ski Club

#### Name not to Suggest Connection with Government

2.7 The Act (section 13(1)(b)) provides that a corporation shall not be given a name that suggests or implies connection with any government or a government department, agency or activity without the written consent of the appropriate authority. In this connection particular attention should be given to the use of the words "Canada" and "Ontario". Federal Government departments are using names such as "Canada Revenue Agency", "Industry Canada" and care should be taken with proposed corporate names using this style.

**Example A:** names that **suggest** or **imply** government connection:

- Heritage Ontario
- Multi-Culture Canada
- Metro Toronto Sports and Recreation Authority

**Example B:** names implying government connection may be modified by rearranging and adding words thus eliminating the suggested government connection:

- Heritage Association of Kingston, Ontario
- Canadian Multi-Cultural Society of Timmins
- Sports and Recreation Association of Metro Toronto

#### **Use of the Name of Another Province**

2.8 Certain other provinces restrict the use of the name of their province in a corporate name. Accordingly, where it is desired to use the name of another province in a proposed corporate name, the incorporators should first contact the Director, Corporations Branch or Registrar of Companies, as the case may be, of the province in question to ensure the name will be acceptable. A name is not permitted that suggests or implies a connection with the Crown or government or any department, branch, bureau, service, agency or activity of any government without the consent in writing of the appropriate authority.

#### **Languages Permitted in the Corporate Name**

2.9 In Ontario the name for a not-for-profit corporation may be in any language, provided that only letters from the Roman alphabet or Arabic numerals or a combination thereof, together with such punctuation marks and other marks as are permitted by Regulation (O.Reg. 181 - section 8) are used, and the name complies with the requirements set out in the *Corporations Act* and its Regulations. The English language is an example of a language which uses letters from the Roman alphabet.

Despite the above, the *Corporations Act* (section 22) provides that a not-for-profit corporation may have a special provision in its Letters Patent or Supplementary Letters Patent allowing for the use of the approved corporate name in any form and any language. In other words, an exact translation of the corporate name into another language may be used. This is permitted, provided that such form and such language are clearly set out in the special provision.

#### **Prohibited Words / Expressions**

2.10 The Regulation (O. Reg. 181) prohibits the use of some words and expressions and restricts the use of others. Here is a summary of such prohibitions and restrictions:

#### Subsection 3 (1)

The following words and expressions shall not be used in a corporate name:

- "Amalgamated", unless the corporation is an amalgamated corporation resulting from the amalgamation of two or more corporations.
- "College" "institute" or "university" except with a consent in writing on behalf of the Ministry of Training, Colleges and Universities (see Contacts – Appendix "G")
- "Engineer" or "engineering" or any variation thereof, except with the consent in writing of the Association of Professional Engineers of Ontario (see Contacts – Appendix "G").
- "Royal" where used as an adjective, unless the consent of the Crown has been obtained through the Governor General (see part 2.6 for details).
- Numerals indicating the year of incorporation, unless the proposed corporation is the successor to a corporation the name of which is the same as or similar to the proposed corporation, or the year is the year of amalgamation of the corporation.
- Any word or expression that would lead to an inference that the corporation is a business corporation.

#### Subsection 5 (b) and (c)

With limited exceptions noted in this section, a corporate name cannot be:

- primarily or only a given name or surname used alone of an individual who is living or has died within the previous thirty years
- primarily or only a geographic name used alone.

#### Subsection 6(1)

A corporate name shall not contain a word or expression, an element of which is the family name of a particular individual who is living or who has died within the previous thirty years, whether or not preceded by a given name or initials, unless the individual, his heir, executor, administrator, assigns or guardian consents in writing to the use of his name. Certain limited exceptions are set out in subsections 6(2) and (3).

#### Section 7

A corporate name shall not contain any word or expression in any language that describes in a misleading manner the activities or services in association with which the corporate name is proposed to be used.

#### Section 9

A corporate name shall not exceed 120 characters in length, including punctuation marks and spaces.

The *Corporations Act* and its Regulations are available on the ServiceOntario e-laws Web Site at <a href="www.e-laws.gov.on.ca">www.e-laws.gov.on.ca</a> and should be available in the reference department of your local public library or they may be purchased through the ServiceOntario Publications website at <a href="www.publications.serviceontario.ca/ecom">www.publications.serviceontario.ca/ecom</a>.

#### **Choosing the Corporate Name**

When choosing the corporate name, consider the many and varied situations in which the corporate name will be used. For example, the name may be used visually (on stationery, signs, uniforms, cheques, correspondence, newsprint, advertising, etc.) and auditorially (telephone, radio, television). In each of these uses it would be to the advantage of the corporation to have a name that is memorable. To this end, the name should be distinctive and short.

Usually, a coined word or a dictionary word used in a fanciful sense quite different from its ordinary meaning can make a corporate name that is both distinctive and memorable. For example, "Canvelo Cycle Club" (for a cycling club) and "Magic Eleven Soccer Club" are likely to be memorable names that are easy to use visually and auditorially. As a rule of thumb, avoid using long, cumbersome names such as "Chirpsqueak Society of Friends of Non-Migratory Song Birds of South-Western Ontario".

Using your imagination in coining the distinctive element and carefully searching the proposed corporate name will, in the long run, save you time and money. Accordingly, when your group decides to incorporate, the following steps are recommended for choosing a corporate name:

- 1. Get your group together for a "brainstorming" session to come up with a word or words that would make the proposed name unique. A coined word usually is very effective. Try to have a least three choices.
- 2. Check section 13 of the *Corporations Act* and its Regulations to ensure that the proposed name does not conflict with the Act or the Regulations. The Regulations prohibit the use of certain words and restrict the use of others. The Act and the Regulations are available on the ServiceOntario e-laws Web site at <a href="www.e-laws.gov.on.ca">www.e-laws.gov.on.ca</a> and should be available in the reference department of your local public library or they may be purchased through the ServiceOntario Publications website at <a href="www.publications.serviceontario.ca/ecom">www.publications.serviceontario.ca/ecom</a>.
- 3. After the initial choice has been made, check the proposed name against the names listed in the telephone directories, municipal directories, hobby or sports magazines, etc. Many of these publications should be available in your local public library or on the Internet. If your proposed name is

confusingly similar to the name of an existing organization or corporation then abandon it and go to your second choice, third choice and so on, and if necessary, back to some more "brainstorming".

4. If the proposed corporate name will require consent from an individual or an existing organization, the applicants should obtain written consent before ordering a name search. For example, where the proposed corporation is to be affiliated with an existing corporation with a similar name the applicants should contact the existing corporation to ensure the organization will provide written consent. See part 2.10 for examples of when consent is required.

#### Checklist

You may save time and expense by checking the proposed name against this check-list. Remember, Search Houses charge a fee for each search of a proposed name. Accordingly, before requesting the required original Ontario-biased NUANS name search report, use this check-list to satisfy yourself that the name you have chosen does not conflict with the Act and Regulations.

#### Is the proposed name:

- 1. PROHIBITED BY THE ACT OR REGULATIONS?

  Section 13 of the Act and sections 3, 4, 5, 6, 7, 8 and/or 9 of Regulation 181.
- **2.** DISTINCTIVE?
  - (a) Too general?
    Section 5 of the Regulations items 2.4, 2.5 of this handbook
  - (b) Only descriptive? Item 2.4 of this handbook
  - (c) Primarily only name or surname?
    Sections 5 and 6 of the Regulations
  - (d) Primarily or only geographic name? Section 5 of the Regulations
- 3. MISLEADING?
  Section 7 of the Regulations
- **4.** DECEPTIVE / CONFUSING? Section 13 of the Act

Check local telephone directories and the Internet for identical or deceptively similar names. Consider degree of similarity of:

- appearance
- sound
- meaning

#### **The Corporate Name Search Report**

If the proposed name does not appear to be deceptively/confusingly similar to the name of an existing organization or corporation, and does not appear otherwise to contravene the Act or the Regulations, then you should contact a Search House in order to obtain an original Ontario-biased NUANS name search report for the proposed name of the corporation (see Appendix "G", Search Houses).

#### **Warning - use of the Proposed Name**

2.14 Do not complete the application for incorporation until you receive the name search report. The completed application must be submitted with the original Ontario-biased name search report. The name search report cannot be dated more than 90 days prior to the submission of the application. For example, applications submitted on November 28<sup>th</sup> could be accompanied by an original Ontario-biased name search report dated as early as August 30<sup>th</sup>, but not dated earlier. Do not print any stationery, or order a corporate seal or enter into any transactions using the corporate name until the Letters Patent incorporating the corporation are issued.

#### PART 3 INCORPORATION

#### **Pre-incorporation Considerations**

- 3.1 At this point, you should consider whether the activities or undertaking of the proposed corporation may come under the supervision or regulation of, or be of interest to a Ministry or an Agency of the Government. In particular:
  - Will the corporation seek financial assistance from the Government?
  - Are the proposed activities of the corporation regulated by a Ministry or Agency of the Government?
  - Will the corporation engage in activities that would supplement services provided by a Ministry or Agency of the Government?

If the answer to any one of the above questions is "yes", then it may be wise to consult the appropriate Ministry or Agency prior to completing the application. Some Ministries or Agencies may require that you contact them prior to incorporation and some may also offer suggestions for drafting objects for the proposed corporation.

Such consultation with the regulating bodies may, in the long run, save you time, inconvenience and expense.

#### For example:

- if the corporation is to operate a nursery school, home for children or a day care service, you should consult the Ministry of Children and Youth Services:
- if the corporation is to provide a home for the aged, you should consult both the Ministry of Community and Social Services, and the Ministry of Municipal Affairs and Housing;
- if the corporation is to provide cultural or citizenship programs you should consult the Ministry of Citizenship and Immigration or the Ministry of Culture;
- if the corporation is to provide education or training programs you should consult the Ministry of Education and the Ministry of Training, Colleges and Universities;
- if the corporation is to be a charity, you should consult the Office of the Public Guardian and Trustee (Ontario) and Canada Revenue Agency, Taxation; (see Part 6 of this handbook)
- if the corporation is to provide health care services or to engage in related activities or if the corporation is to be an association of health care professionals, you should consult the Ministry of Health and Long-Term Care:
- if the corporation is to provide prisoner rehabilitation services you should consult the Ministry of Community Safety and Correctional Services.

**Note:** This is not an exhaustive list of instances where other Ministries are to be consulted.

#### **Completion of Application - General Comments**

3.2 The Application for Incorporation of a Corporation without Share Capital, (Form 2 approved by the Minister as provided for in the Regulations to the **Corporations**Act), is available on the ServiceOntario web site at www.ServiceOntario.ca or in person from the Ministry of Government Services (see Contacts - Appendix "G").

Detailed instructions for completion accompany each set of application forms and those instructions are not repeated in the handbook. The information in this handbook is more general and is intended to clarify and supplement the instructions that are supplied with the application forms.

#### **Head Office**

Act). This does not necessarily mean that a corporation must own or lease a special building or a suite of offices. The intention of the Act is to have an address formally designated as the head office of the corporation where certain records are kept and where the corporation may be reached by an interested party. Some incorporators use their home address for this purpose and accordingly that address is set out in Item 2 of the application for incorporation.

#### **Directors**

The first directors, not fewer than three (section 283 of the Act) individuals named as directors in the Letters Patent, are the directors of the corporation until replaced by other individuals duly elected in their stead (section 284 of the Act). The first directors of the corporation have all the powers, duties and liabilities of directors that are elected to the board.

The office of director places on that person responsibilities and even liabilities. Accordingly, any person accepting a directorship should be prepared to assume the responsibilities that go with the director's office.

Generally, no person is permitted to be a director of the corporation unless he or she is a member of the corporation, and if the person ceases to be a member, he or she automatically ceases to be a director (section 286). However, a person may be a director of a corporation if he or she becomes a member of the corporation **within ten days** after his or her election or appointment as a director. If the person fails to become a member within the ten days, the person immediately ceases to be a director, and cannot be re-elected or reappointed unless he or she is a member of the corporation. The Act (subsection 286(3) also sets out a limited exception for hospitals and stock exchanges.

#### **Objects - General**

#### 3.5 Definition of Objects

Objects are concise statements of the ultimate purpose of the corporation.

# Content of Objects - See Part 6 for charitable standard objects

The principal objects, that is, objects which describe the primary undertaking of the corporation, should be the first statement, followed by secondary objects, if any.

The objects should not be an enumeration of the proposed activities and/or the aims of the corporation. It is advisable to keep the objects statement short but broad in nature, (except for charities, see Part 6 of this handbook), since a general object will include the particulars normally included in that sort of undertaking. On the other hand, the objects should be sufficiently specific so as to avoid ambiguity.

**Examples**: the objects for a community youth organization might be drafted as follows:

The establishment and operation of a youth organization for the purpose of:

- a) promoting the best interests of teenagers in the Town of Kenora;
- b) promoting interest in athletics, sports and recreation and establishing and maintaining facilities and equipment for same.

and other complementary purposes not inconsistent with these objectives.

- The objects of a ratepayers' association might be drafted as follows:

The establishment and operation of a residents' association for the purpose of

- a) promoting the interests of the residents of the community of Central Don Mills:
- b) carrying on research into problems connected with development of real property in the community.
- The objects of a social club, with premises, might be drafted as follows: The establishment and operation of a social club for the purpose of
  - a) promoting social and recreational activities among the members of the corporation;
  - b) providing recreational facilities and a club house for the accommodation of members of the corporation and their guests.

**SEE APPENDIX** "A" Draft Standard Clauses for non-profit, non-charitable, corporations under Part III of the *Corporations Act*.

**Note**: Clause 4, on the Application for Incorporation of a Corporation Without Share Capital under which the objects are set out (i.e. "The objects for which the corporation is incorporated are:") must contain objects only and **not** powers or special provisions.

#### **Objects - Charities**

**3.6** See Part 6, of this handbook.

#### **Ancillary Powers**

All corporations automatically acquire incidental and ancillary powers unless withheld in the Letters Patent or Supplementary Letters Patent. These powers are set out in clauses 23(1)(a) to (p) and (s), (u) and (v) of the Act. Any powers to be withheld pursuant to subsection 23(2) should be specified in clause 5 of the application under Special Provisions. All corporations also automatically acquire the powers set out in section 275 of the Act.

#### **Special Provisions**

The applicants may ask to have embodied in the Letters Patent any provision that may be made the subject of a by-law of the corporation except for provisions concerning the term of office for the directors or providing for the election and retirement of directors in rotation. The only provision that must appear in the Letters Patent of a corporation that is not a charity is the "No Gain" clause, which is pre-printed on the form. In most cases it is sufficient to set out the special provisions in the by-laws rather than the Letters Patent as provisions included in the Letters Patent cannot be changed without filing Supplementary Letters Patent.

Some items that may be included in the special provisions section are:

- (i) Borrowing powers (see wording in section 59)
- (ii) Distribution of assets
- (iii) Director's remuneration
- (iv) Membership qualification
- (v) French or foreign version of name
- (vi) Other powers

#### **Objects and Special Provisions - Key Points**

The 'objects' in the Letters Patent set out the purposes of the corporation, and the 'special provisions' deal with matters of corporate governance. All such provisions must fall within the scope of the *Corporations Act*. When an application for Letters Patent or Supplementary Letters Patent contains provisions that are not acceptable, the applicant is given an opportunity to revise

the application. The Act (sections 4, 5 and 9) provides authority for the Ministry to exercise discretion in reviewing applications and requiring revisions to proposed provisions.

#### **Supporting Documents**

3.10 Under certain circumstances an application for incorporation must be accompanied by supporting documents. For example where the proposed name of the corporation is similar to a corporation, association, partnership or individual, a consent of that person would be required.

#### Checklist

- **3.11** a) Have you fully completed **all** items in the application and, if not applicable, so stated?
  - **b)** Have you enclosed with the application
    - an original Ontario-biased NUANS Name Search Report for the proposed name of the corporation?
    - a cheque for the appropriate amount made payable to the Minister of Finance?
    - the appropriate supporting documents, if required?
    - a covering letter with the name, phone number and address of a contact person.

#### **Timing**

An application for incorporation is usually processed within approximately 6 to 8 weeks of receipt in the Branch. The Letters Patent will bear the effective date as of the date of delivery unless the application is returned for revision, in which case Letters Patent will bear an effective date as of the date of redelivery to ServiceOntario, provided the application is correct.

For an additional payment (see Fees – Appendix "F") there is an expedited service available on request with a processing time of 7 business days. The expedited service fee is for the review of application by the end of the seventh business day following the day of the request. When documents are deficient, they will be returned to the client for amendment and the expedite service time no longer applies.

#### PART 4 ■ ORGANIZATION AND START UP

#### Organization and Start Up

- 4.1 Once the corporation has received its Letters Patent, a number of essential steps are required to be initiated so that the directors may properly administer the affairs of the corporation. Among these steps are:
  - establishing directors' quorum
  - adoption of by-laws
  - banking and financial arrangements
  - appointment of auditors
  - appointment of officers

It is advisable to retain the services of a lawyer who specializes in corporation law to ensure the corporation is properly organized and the directors understand their responsibilities. By having the corporation properly organized, you should eliminate a number of potentially serious problems in the future.

You should refer to the:

- Corporations Act
- Corporations Information Act

The above Acts are available on the ServiceOntario e-laws website at <a href="www.e-laws.gov.on.ca">www.e-laws.gov.on.ca</a> or can be purchased through the ServiceOntario Publications website at <a href="www.publications.serviceontario.ca/ecom">www.publications.serviceontario.ca/ecom</a>.

In addition, detailed procedural information and precedents may be found in the:

- Ontario Corporation Manual;
- Ontario Corporations Law Guide; and
- Canadian Corporate Secretary's Guide.

These are private publications and are usually available in the reference department of most public libraries.

# PART 5 CORPORATE MAINTENANCE AND FILING REQUIREMENTS

#### **Annual Meeting**

An annual meeting of the members of the corporation must be held not later than eighteen months after incorporation and subsequently not more than fifteen months after the holding of the last annual meeting. (section 293)

#### **Election of Directors and Officers**

5.2 Usually the directors are elected annually at the general meeting by the members of the corporation. Directors in office at the time are retired and, if eligible, may seek re-election to resume office for another year. (section 287(1)(2))

Generally directors are elected by members, and officers are appointed by the board of directors.

There are three exceptions:

- -directors by virtue of their office (ex-officio directors) (section 127)
- -election of directors in rotation (section 287 (5))
- -division of members into territorial or common interest groups (section 130)

#### **Quorum for Meetings**

The quorum for meetings of directors is a majority, unless otherwise provided for in the Letters Patent, Supplementary Letters Patent or in a special resolution of the corporation, and in any event shall not be less than two-fifths of the board of directors. (section 288)

#### **Reporting Requirements**

#### 5.4 Initial Return

Within 60 days after the date of incorporation, the corporation is required to file an Initial Return (see section 2 of the *Corporations Information Act*) setting out the prescribed corporate information (e.g. head office address, directors and five most senior officers) with ServiceOntario. (Previously, Initial Returns were filed with the former Companies and Personal Property Security Branch)

#### **Notice of Change**

Subsequently, if there is any change to the information filed with the Ministry, such as a change in the Board of Directors or the corporation's head office

address, the corporation must file a Notice of Change (section 4 of the *Corporations Information Act*) within 15 days after the change takes place.

Currently, there is no fee for filing the Initial Return/Notice of Change, Form 1 with the Central Production and Verification Services Branch. The appropriate form is supplied to you at the time of incorporation. Additional forms may be obtained in person from ServiceOntario and are also available on the ServiceOntario website at www.ServiceOntario.ca.

The Initial Notice/Notice of Change can be filed in person or by mail to ServiceOntario or electronically through one of the Service Providers under contract with the Ontario government. For information about the Service Providers visit the ServiceOntario website at www.ServiceOntario.ca (see Contacts, Service Providers - Appendix "G").

# **Corporations Information Act** Annual Return Filings for Corporations

Currently, the Canada Revenue Agency collects the *Corporations Information Act* Annual Return on behalf of the Ministry of Government Services. Ontario corporations also have the option of filing electronically through the Service Providers under contract with the Ontario government. (see Contacts, Service Providers - Appendix "G")

#### The Corporations Information Act Annual Return (CIA AR) Process

Regulation 182 under the Ontario *Corporations Information Act* (CIA) has been amended to prescribe new requirements for filing the CIA AR that are effective as of January 01, 2009, when these amendments came into force together with related amendments to the CIA.

The following outlines the CIA AR filing requirement changes and options for tax years ending *after* December 31, 2008, when the Canada Revenue Agency began collecting the CIA AR together with tax or charity returns instead of the Ontario Ministry of Revenue. Ontario corporations continue to have the option of filing a stand-alone CIA AR electronically through the Service Providers under contract with the Ontario government for any current or previous tax year-end:

- Non-profit corporations subject to the Ontario Corporations Act that ARE Registered Charities under the federal Income Tax Act (ITA) are required to file their Corporations Information Act Annual Return using either:
  - Charities RC232WS Director/Officer Worksheet and Ontario Corporations Information Act Annual Return, or

- Charities RC232 Ontario Corporations Information Act Annual Return Worksheet in combination with the T1235, Director/Trustees and Like Officials Worksheet.
- The appropriate worksheet(s) must be submitted along with the T3010 Registered Charity Information Return.
- Non-profit corporations subject to the Ontario Corporations Act that are NOT
  Registered Charities under the federal ITA are required to file a Schedule 546,
  Corporations Information Act Annual Return for Ontario Corporations, together with
  their T2 return.

Ontario non-profit corporations will file their CIA AR to the Canada Revenue Agency together with their tax or charity return within six months after the end of their tax year. Previously, the CIA AR was filed within 60 days of the anniversary of incorporation or amalgamation.

Non-profit corporations will continue to have the option of filing a stand-alone CIA AR electronically with the Service Providers under contract with the Ontario government.

Non-profit corporations that are charities registered under the federal *Income Tax Act* will receive a 'turnaround' *Corporations Information Act* worksheet from the Canada Revenue Agency that must be filed together with their T3010 Registered Charity Information Return with the Canada Revenue Agency. Other non-profit corporations will no longer receive a 'turnaround' document.

The CIA AR must be filed with the Canada Revenue Agency together with your T2 Corporation Income Tax Return or your T3010 Registered Charity Information Return. The Canada Revenue Agency will not accept a stand-alone Corporations Information Act Annual Return.

#### Penalties for Failure to Comply with Filing Requirements

5.5 The importance of submitting these filings cannot be over-emphasized. Failure to comply may lead to cancellation of the Letters Patent and dissolution of the corporation. Penalties are provided in the *Corporations Information Act* for individuals (up to \$2,000) and for corporations (up to \$25,000) where reporting requirements are not complied with. Also, a corporation that is in default of the reporting requirements is not capable of maintaining an action in any court in Ontario in respect of business carried on by the corporation except with leave of the court.

#### **Additional Reporting Requirements**

Where a corporation is regulated or funded by a Ministry or Agency of the Government, it may be required to comply with other reporting requirements in addition to those contained in the handbook.

#### **Audit Provisions**

For not-for-profit corporations whose annual income is greater than \$100,000, members of the corporation must appoint an auditor to hold office until the first annual meeting and at each annual meeting, must appoint one or more auditors to hold office until the next annual meeting. There is no waiving of this statutory requirement (sections 96.1 and 133).

In respect of a financial year of a corporation where the corporation's annual income is less than \$100,000 and all the members consent in writing, corporations are exempt from a financial audit.

#### **Record Keeping Requirements**

- A not-for-profit corporation is required, among other things, to meet certain record keeping obligations such as:
  - proper books of account and accounting records (section 302)
  - minutes of meetings of members and directors (section 299)
  - maintain copies of Letters Patent, Supplementary Letters Patent, By-Laws and Special Resolutions (section 300)
  - a register of its members and directors (section 300)

#### **Use of Corporate Name**

The name of a corporation is set out in the instrument of incorporation (Letters Patent) or if subsequently changed, in the instrument of amendment (Supplementary Letters Patent) and that is the name that the corporation must use (for exception see paragraph 5.11) in all transactions.

#### **Changing Corporate Name**

A corporation may apply for Supplementary Letters Patent to change its corporate name. (see section 131 of the Act and section 19 of Regulation 181)

#### Use of a Name Other than Corporate Name

A corporation may use a name other than its corporate name. For example, a corporation called Federation of Ontario Moose Callers may carry on its undertaking under the assumed name "Ontario Moose Callers".

However, **NO** corporation shall carry on business in Ontario **or** identify itself to the Ontario public by a name other than its corporate name unless the assumed name is first registered with ServiceOntario (section 2(1) of the **Business Names Act**). The appropriate registration form, (Form 2, under the **Business Names Act**) is available on the ServiceOntario website or in person from ServiceOntario. Business names can be searched and registered online through ServiceOntario's

website at <a href="www.ServiceOntario.ca">www.ServiceOntario.ca</a>, through self-help workstations and electronically through Service Providers under contract with the Ministry of Government Services (see Contacts Appendix "G").

A corporation, which has registered and uses a name other than its corporate name is required to set out both its registered name and its corporate name on all contracts, invoices, negotiable instruments and orders for goods and services issued or made by the corporation (Section 2 (6) of the **Business Names Act**).

#### **Changing the Authorized Number of Directors**

The number of directors of a corporation is established at the time of incorporation, being the number of first directors named in the Letters Patent.

The board of directors of a corporation shall consist of a **fixed** number of directors not fewer than three (subsection 283(2)).

A corporation may by special resolution increase or decrease the number of its directors (section 285).

"Special Resolution" (section 1) means a resolution passed by the directors and confirmed with or without variation by at least two-thirds of the votes cast at a general meeting of the members of the corporation duly called for that purpose, or in lieu of such confirmation, by the consent in writing of all the members entitled to vote at such a meeting.

A Notice of Change under the *Corporations Information Act* must be filed with ServiceOntario within 15 days of any change to the directors of the corporation (see part 5.4).

#### Changing the Location of the Head Office

5.13 The location of the head office is established in the Letters Patent. However, a corporation may by special resolution (see Part 5.12) change the location of its head office to another place in Ontario (section 277).

A Notice of Change under the *Corporations Information Act* must be filed with ServiceOntario within 15 days of a change to the head office of the corporation (see part 5.4).

#### **Changing the Objects and Special Provisions**

5.14 A corporation may apply for Supplementary Letters Patent to change all or any of its objects and/or special provisions set out in the Letters Patent (see section131 of the Act and section 19 of the Regulations).

If the corporation is, or after issuance of Supplementary Letters Patent, would be funded, supervised, etc. by a Government Agency or Ministry, it is wise to consult with the funding or supervising Agency or Ministry prior to completing the

application for Supplementary Letters Patent.

Applications to change the objects or special provisions of Non-Profit Charitable Corporations must be accompanied by evidence that the proposed change meets the criteria for charitable corporations as set out by the Charitable Property Program of the Office of the Public Guardian and Trustee (Ontario). (see part 6.6.1)

The Application for Supplementary Letters Patent (Form 3 approved by the Minister as provided for in the Regulations to the *Corporations Act*), is available on the ServiceOntario website or in person from the Ministry of Government Services (see Contacts - Appendix "G").

Detailed instructions for completion accompany each set of application forms and those instructions are not repeated in the handbook. The information in this handbook is more general and is intended to clarify and supplement the instructions that are supplied with the application forms.

#### Income Tax Act Considerations

A charity or not-for-profit corporation may be exempt from federal income tax either as a "non-profit organization" as described in paragraph 149(1)(I) of the federal *Income Tax Act*, or if registered as a charity within the meaning of section 149.1.

Although an organization may not qualify for charitable status, the non-profit-non-charitable designation may still be advantageous from a federal income tax point of view. For more information visit the Canada Revenue Agency website at: <a href="https://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a>.

#### **Ontario Corporations Tax Requirements**

5.16 Corporations, whether share or non-share, which are exempt from both income tax and capital tax, are not required to file annual Ontario Corporations Tax Returns (CT-23) with the Ontario Ministry of Revenue.

Exempt corporations are defined for income tax purposes under section 57 of the Ontario *Corporations Tax Act* (the Act) and for capital tax purposes under section 71 of the Act. The *Corporations Tax Act* is available on the ServiceOntario e-laws website at <a href="https://www.e-laws.gov.on.ca">www.e-laws.gov.on.ca</a> and should be available in the reference department of your local public library or they may be purchased through the ServiceOntario Publications website at <a href="https://www.publications.serviceontario.ca/ecom">www.publications.serviceontario.ca/ecom</a>.

#### Dissolution - Surrender of the Charter

Where a corporation no longer serves the purpose for which it was incorporated or where the members have lost interest in the corporation, it may be desirable

for the members to terminate the existence of the corporation. To voluntarily dissolve a non-profit corporation pursuant to Section 319 of the Act an Application for Surrender of Charter must be completed and submitted to ServiceOntario. Charitable corporations must also obtain approval to the dissolution from the Office of the Public Guardian and Trustee (see part 6.6.2).

The Application for Surrender of Charter/Termination of Corporate Existence, (Form 9 approved by the Minister as provided for in the Regulations to the *Corporations Act*), is available by phone or in person from the Ministry of Government Services (see Contacts - Appendix "G").

Detailed instructions for completion accompany each set of application forms and those instructions are not repeated in the handbook. The information in this handbook is more general and is intended to clarify and supplement the instructions that are supplied with the application forms.

#### PART 6 ■ CHARITIES

These guidelines are intended to provide some basic information on incorporating a non-profit charitable corporation in Ontario.

#### **Incorporating a Charity**

6.1 The majority of Ontario charitable corporations are incorporated by Letters Patent issued under the provincial <u>Corporations Act</u>. The procedure for incorporating a charity under the <u>Corporations Act</u> is described in 6.2 and 6.3 below.

There are two other ways to incorporate a charity. They are not discussed in detail in the Not-For-Profit Incorporator's Handbook. If you need further information, you may contact the responsible organizations at the addresses set out below.

#### By private bill or special Act of the legislature

The provincial legislature can pass a private bill or special Act establishing a charity. This procedure is generally more time-consuming than the two other methods. Today very few charities are created by private bill or special Acts of the legislature.

The rules of procedure and the fees and costs related to applications for private bills are set out in the Standing Orders of the Legislative Assembly. Copies of the Standing Orders of the Legislative Assembly and the guide "Procedures for Applying for Private Legislation" may be obtained from the Legislative Assembly's Internet site or from the Clerk of the Standing Committee on Regulations and Private Bills (see Contacts - Appendix "G").

#### By federal Letters Patent issued through Industry Canada

Letters Patent can be issued under the <u>Canada Corporations Act</u>. For particulars of application procedures, forms and fees applicants should contact Industry Canada, Corporations Canada (see Contacts - Appendix "G").

Charities that operate or have property or offices in Ontario must also comply with Ontario law concerning charities even if they are incorporated under federal law.

#### What is a charitable corporation?

**6.2** Charities are a special kind of not-for-profit corporation. In order to be a charity, a corporation must meet the general requirements for not-for-profit corporations and some additional requirements. A summary of these additional requirements is set out below.

#### The name of the corporation

**6.2.1** The name of a charitable corporation must comply with the <u>Corporations Act</u> (see Part 2). The name should also describe the purpose of the charity.

With the exception of applications to incorporate a foundation, the name of a person or family should not be included in a charity's corporate name, as it is perceived to promote a private interest. The name of a person or family may be included in the name of a charitable corporation that is not a foundation if the proposed corporate name has a connection with the objects of the corporation and (a) has through use acquired a meaning that renders the name distinctive; or (b) is of historic, patriotic or philanthropic significance.

An application to incorporate a foundation may include a person's name as part of the corporate name for example, the "Smith Foundation". If "Foundation" is part of the corporate name, then the objects of the corporation must include the foundation object clause: To receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to charitable organizations that are also registered charities under the <u>Income Tax Act (Canada)</u>. A foundation may have other object clauses in addition to the foundation object clause but at the very least should carry out the function of a foundation.

If the name of a person or family is included in the corporate or foundation name, then the provisions relating to an individual's given name and surname or family name in <u>Regulation 181</u> of the <u>Corporations Act</u> must be complied with.

#### The objects or purposes of the corporation

**6.2.2** The objects, or purposes, of a corporation are set out in one or more paragraphs, in the Letters Patent, called the object clauses. The object clauses describe the nature of the work the charitable corporation will undertake.

A corporation can carry out activities described in the object clauses. It can also carry out other activities provided they further the objects or are minor in relation to the activities described in the object clauses. It is not permissible to use the property of the corporation for purposes, charitable or not, which are outside the scope of the objects set out in the Letters Patent. Examples of object clauses are found in Appendix "C".

For a corporation to be a charity, the objects must satisfy the following requirements:

#### The objects of the corporation must be legally charitable:

If a corporation is to be a charity its objects must be charitable in law. The legal meaning of charity is not the same as the popular meaning of the word. A charity, in the legal sense, must be set up to carry out activities that fall within one or all of the following headings:

- Relief of poverty;
- Advancement of education;
- Advancement of religion; and

• Other purposes beneficial to the community, as determined by the courts, but not falling under any of the above headings.

It is important that the object clauses clearly describe the activities the corporation will carry out. It is not acceptable simply to reproduce the four principal headings of charity.

All of the objects of a charitable corporation must be charitable. A corporation which has some charitable objects and some non-charitable objects is not a charity.

Objects must be stated precisely so that it is clear how the property of the charity is supposed to be used. If it is not clear whether an object is charitable, the courts have decided that it will not be considered charitable.

#### The objects must promote a public benefit:

A charity must benefit the community or a large part of the community - not only a few people. For example, raising funds for one person who suffers from a disease is not considered charitable because it provides a benefit only to that person. Raising funds for disease research is considered charitable because, while only the people who suffer from the disease benefit directly from research, the community as a whole benefits from decreased health care costs and decreased risk of contracting the disease.

#### **Special Provisions**

6.2.3 The special provisions set out some of the duties and obligations of the charity and its directors. The Public Guardian and Trustee requires that the special provisions found in Appendix "D" be included in the application for incorporation.

#### **Incidental and Ancillary Powers**

**6.2.4** The incidental and ancillary powers are the means by which the charity will fulfill its objects. Examples of possible power clauses are found in Appendix "E". The power clauses are optional. If no power clauses are stated in the Letters Patent, the corporation will have the powers set out in the **Corporations Act**, subject to any restrictions found in charities law.

#### **How to Apply for Letters Patent**

To obtain Ontario Letters Patent incorporating a charity you must complete a Form 2, Application For Incorporation of a Corporation Without Share Capital, in accordance with Parts 1 to 5 of this Handbook. In addition, you must follow the guidelines set out in this Part.

The Form 2, Application For Incorporation of a Corporation Without Share Capital is available by clicking

http://www.forms.ssb.gov.on.ca/mbs/ssb/forms/ssbforms.nsf/GetAttachDocs/007-07109~6/\$File/07109E.pdf, or by visiting the <u>ServiceOntario</u> website at <u>www.ServiceOntario.ca</u> or by telephone or in person from <u>ServiceOntario</u> (see Contacts - Appendix "G").

Once you have completed your <u>Application for Incorporation of a Corporation without Share Capital</u>, there are two ways to apply for Letters Patent:

- 1. Directly through <u>ServiceOntario</u> using only pre-approved object and special provision clauses. The procedure for incorporation directly through <u>ServiceOntario</u> is set out in 6.3.1 below.
- 2. Through the Public Guardian and Trustee using object clauses drafted for your charity. The procedure for incorporations requiring the approval of the Public Guardian and Trustee is set out in 6.3.2 below.

## Applying directly to <u>ServiceOntario</u> using only pre-approved object and special provision clauses

**6.3.1** The Public Guardian and Trustee has developed standard, pre-approved, object clauses for some of the most common types of charitable corporations. The pre-approved object clauses are set out in Appendix "C". If you use only the pre-approved object clauses, you can apply directly to the <a href="ServiceOntario">ServiceOntario</a>.

#### **Deciding Whether to Use the Pre-approved Objects**

The pre-approved object clauses cannot be used by all charities. A charity should only use the pre-approved object clauses if one or more of the clauses describe the intended purposes of that organization. It is important that the object clauses accurately describe the charitable purposes the corporation will carry out.

Before deciding to use the pre-approved object clauses you should think about the activities your charity will carry out both on start-up and in the foreseeable future. Engaging in activities beyond the scope of the objects set out in the Letters Patent is not permissible. Directors of a corporation which uses property for purposes not in the object clauses may be required by a court to repay the money used for other purposes.

If the pre-approved object clauses do not accurately describe the purposes you intend the corporation to carry out, or if you wish to add additional object clauses, the pre-approved object clauses should not be used. Other object clauses will have to be drafted and the application for incorporation must be reviewed and approved by the Public Guardian and Trustee. (The procedure for this is set out in 6.3.2 below)

#### **How to Use the Pre-approved Objects**

If you use the pre-approved object clauses to apply directly to the <u>ServiceOntario</u> you must also include the special provisions set out in Appendix "D". These must be included in Section 5 on page 3 of your application for incorporation.

To use the pre-approved object clauses you must:

- 1. Follow the directions in Parts 1 to 5 of the Not-For-Profit Incorporator's Handbook.
- 2. You may use one or more of the pre-approved object clauses.
- 3. Fill in any blank spaces with the relevant information (such as the particular faith or religion in the religious category).
- 4. Use the pre-approved object and special provision clauses word-for-word.

From time to time, the Public Guardian and Trustee will approve additional pre-approved object clauses. The list of pre-approved object clauses is attached as Appendix "C".

#### Where to send it

Send your completed application to <u>ServiceOntario</u>, Ministry of Government Services (see Contacts – Appendix "G").

#### **Canada Revenue Agency**

If you wish to issue tax receipts to donors, you must apply to Canada Revenue Agency for a charitable registration number under the federal *Income Tax Act*.

Canada Revenue Agency has developed a list of model objects most of which are acceptable to the Public Guardian and Trustee. If an application for incorporation includes a model object clause that has not been incorporated into the Public Guardian and Trustee's list of pre-approved object clauses, the application must be sent to the Public Guardian and Trustee for approval as described in 6.3.2.

If you intend to apply to Canada Revenue Agency for charitable registration and wish to use any of the pre-approved object clauses, it is your responsibility to make sure that you have used the pre-approved clauses word-for-word. Even if <u>ServiceOntario</u> issues the Letters Patent, Canada Revenue Agency may not approve the clauses if there is a variation in wording.

Canada Revenue Agency has approved the Public Guardian and Trustee's preapproved object clauses to help simplify the application process for a charitable registration number. However, your organization's use of proper objects is only part of Canada Revenue Agency's requirements for charitable registration. Canada Revenue Agency must take other factors into consideration, including the activities and programs your organization undertakes to achieve its objects. For information on how to apply to Canada Revenue Agency for charitable registration, you may wish to contact Canada Revenue Agency, Charities Directorate in Ottawa (see Contacts – Appendix "G").

#### Applications for incorporation through the Public Guardian and Trustee

**6.3.2** All applicants who do not use the pre-approved objects and special provision clauses must submit their applications for incorporation to the Public Guardian and Trustee for

approval. Applicants should submit their applications to the Public Guardian and Trustee as if they were applying to the <u>ServiceOntario</u> (that is, you need to follow the directions outlined in Parts 1 to 5 of the Not-For-Profit Incorporator's Handbook).

#### **Objects**

If you submit your application to the Public Guardian and Trustee for approval, you may draft object clauses tailored to fit the unique nature of the work your corporation will undertake. The pre-approved object clauses in Appendix "C" may help you in writing your own object clauses. The Public Guardian and Trustee will review your objects to determine whether they are charitable.

#### **Special Provisions**

The special provisions in Appendix "D" must be included in section 5 on page 3 of the application for incorporation.

#### **Powers**

If you intend to seek the approval of the Public Guardian and Trustee, you may choose from the power clauses set out in Appendix "E". These power clauses are optional. If they are to be included as part of the Letters Patent, they should be set out in section 5 of the application. If no powers are stated, the corporation will have the powers provided in the *Corporations Act*, subject to any restrictions found in charities law.

#### What to send

- Two duplicate original signed copies of the application to the attention of the Charitable Property Program.
- A covering letter setting out the name, address and telephone number of the person or firm to whom the Letters Patent or any correspondence regarding the application should be mailed.
- A cheque or money order made payable to the Public Guardian and Trustee. This
  fee covers the cost of the Public Guardian and Trustee's review and the review and
  filing fee of ServiceOntario. The fees as of the date of writing the Not-for-Profit
  Incorporator's Handbook are set out in Appendix "F".
- An original Ontario-biased NUANS name search report (described in section 2.13 of the Not-For-Profit Incorporator's Handbook). Remember that a NUANS search is only valid for 90 days. You should make every effort to submit your application as soon as possible after you obtain the NUANS report so that it does not expire before the Public Guardian and Trustee and the <u>ServiceOntario</u> receive it. To obtain a NUANS Report, you may visit the NUANS Name Search System at <a href="http://www.nuans.com/nuansinfo\_en/home-accueil\_en.htm">http://www.nuans.com/nuansinfo\_en/home-accueil\_en.htm</a>, or check the yellow pages.
- It is helpful if the applicant provides any literature or documents showing the nature of the organization's activities. This is useful in deciding whether the objects are within the legal definition of charity.

 If the organization is already in operation and wishes to become an incorporated charity, copies of its previous financial statements, governing documents and the names of the members of the board of trustees should be included.

#### Where to send it

Send your completed application to the Office of the Public Guardian and Trustee (see Contacts – Appendix "G").

The Public Guardian and Trustee will forward approved applications to <a href="ServiceOntario">ServiceOntario</a>. Please note that the Public Guardian and Trustee does not have a special expedited process available on payment of an increased fee. If you include the expedite fee for the <a href="ServiceOntario">ServiceOntario</a>, your application will receive expedited service only once it is received by the <a href="ServiceOntario">ServiceOntario</a>. For more information about expedited service please contact <a href="ServiceOntario">ServiceOntario</a> (see Contacts - Appendix "G").

#### **Grounds for refusing applications for charitable organizations**

- **6.3.3** The following are some of the reasons for which the Public Guardian and Trustee may refuse to approve an application to incorporate a charitable organization:
  - Objects are not wholly and exclusively charitable
  - · Objects are too broad or are vague
  - The power clauses include a purpose which is not legally charitable
  - There are concerns that the proposed charity will not be properly administered, considering a previous failure of the incorporators to comply with the law relating to charities
  - The organization has been operating as an unincorporated association and its financial documents show a disproportionate amount of charitable funds are being used for non-charitable purposes or administrative expenses
  - The name of the organization does not reflect the purposes set out in the application
  - The organization is primarily promoting private members' interests or benefits
  - The organization is pursuing political purposes
  - The organization's liabilities exceed its assets

If your application does not meet the Public Guardian and Trustee's requirements you will be notified of the deficiencies and, in most cases, given an opportunity to amend your application.

#### Benefits of being a charity

6.4 Charities enjoy certain tax privileges. Charities have exemption from, and reduced liability for, some municipal, provincial and federal taxes. Registered charities under the federal *Income Tax Act* can issue income tax donation receipts so that donors can obtain tax credits.

Charities enjoy legal protections intended to protect charitable property. When a charitable purpose or object becomes impossible or impracticable to carry out, the courts apply charitable property to new purposes which are as similar as possible to the original purposes. The courts can also use this power when charitable organizations dissolve without a clause in their Letters Patent providing for the distribution of its remaining property.

A charity reporting to the Public Guardian and Trustee derives the following benefits:

- Members of the public, charitable foundations and government agencies that
  provide funding and donations often seek confirmation from the Public Guardian
  and Trustee that the charity is complying with the Public Guardian and Trustee's
  reporting requirements.
- The Public Guardian and Trustee maintains a database of Ontario charities that is regularly used to find charities entitled to receive gifts under Ontario estates.
- The Public Guardian and Trustee's database may also be used to identify
  charities which may be suitable to receive the property of dissolved charities or
  gifts from estates to non-existent, defunct or unidentifiable charities.

#### Special situations of religious organizations

#### 6.5 Governing Law

If a religious organization becomes incorporated, its ecclesiastical, canon or church laws, rules or regulations may be subject to the <u>Corporations Act</u>. This means that if any ecclesiastical, canon or church law, rule or regulations conflicts with the <u>Corporations Act</u>, the organization, once incorporated, must comply with the <u>Corporations Act</u> and will no longer be able to use that law, rule or regulation in administering its affairs.

#### 6.6 Other applications reviewed by the Public Guardian and Trustee

#### **Supplementary Letters Patent**

**6.6.1** Supplementary Letters Patent are needed to change the name, objects or powers of an incorporated charity. Supplementary Letters Patent to change only the name of the corporation do not require the approval of the Public Guardian and Trustee. You can send the application for Supplementary Letters Patent to change the name of the corporation directly to <a href="ServiceOntario">ServiceOntario</a>. However, all other applications by charities for

Supplementary Letters Patent do require the approval of the Public Guardian and Trustee.

The Form 3, "Application for Supplementary Letters Patent" is available by clicking at <a href="http://www.forms.ssb.gov.on.ca/mbs/ssb/forms/ssbforms.nsf/GetAttachDocs/007-07108~1/\$File/07108E.pdf">http://www.forms.ssb.gov.on.ca/mbs/ssb/forms/ssbforms.nsf/GetAttachDocs/007-07108~1/\$File/07108E.pdf</a>, or by visiting the <a href="https://serviceOntario">ServiceOntario</a> website at <a href="https://www.ServiceOntario.ca">www.ServiceOntario.ca</a> or by telephone or in person from <a href="https://serviceOntario">ServiceOntario</a> (see Contacts - Appendix "G").

#### **Supplementary Letters Patent to Change Objects**

A charity's property can be used only to promote its charitable objects. Changes may take place that make the objects obsolete, not useful, or impossible to fulfill and, from time to time, it may be necessary to change the objects so that the charity's resources can be applied efficiently.

#### Significant Changes

The Public Guardian and Trustee will be concerned if the proposed change to the objects is so significant that the revised objects depart from the spirit and intent of the original objects. In that case, applicants may be required to include in the application for Supplementary Letters Patent a paragraph similar to the following:

"All funds and other property held by the corporation immediately before these Supplementary Letters Patent become effective or at any time thereafter received by the corporation pursuant to any Will, deed or other instrument made before these Supplementary Letters Patent become effective, together with all income thereon and accretions thereto, shall be applied only to the objects of the corporation as they were immediately before these Supplementary Letters Patent become effective."

#### The effect of this paragraph is:

- Property acquired after the Supplementary Letters Patent become effective can only be used for the objects as changed by the Supplementary Letters Patent.
- Property acquired before the Supplementary Letters Patent become effective
  can only be used for the objects in place before they were changed by the
  Supplementary Letters Patent. This includes income received from a Will, deed
  or other document made before the Supplementary Letters Patent became
  effective.

This paragraph is not usually required where the changes being made to the objects of the corporation are not significant. Examples of changes not considered significant are:

- Deleting objects the corporation no longer intends to carry out or narrowing the scope of the objects.
- Rewriting the objects to reflect social changes in the use of certain terminology, for example replacing words such as "crippled" with "disabled".

Expanding or otherwise changing the power clauses.

The paragraph may also not be required if the applicants can show that it would not be appropriate in the case of their charity. For example, if the applicant is amending Letters Patent because it has become impossible to carry out the original objects, and the new objects are similar to the original objects, it would not be appropriate to require property to be used for the old objects.

If the applicant believes that the paragraph is not appropriate they should not include the paragraph in the application for Supplementary Letters Patent submitted to the Public Guardian and Trustee. Instead they must provide a detailed explanation why the paragraph is not appropriate in the case of their charity.

#### **Special Provisions**

When a charity submits an application for Supplementary Letters Patent, it should also check to see if all of the special provisions mentioned in Appendix "D" have been included in its incorporating documents. If any of the special provisions are missing, the charity may be asked to amend its application for Supplementary Letters Patent to include the missing special provisions.

#### What to Send

The following should be sent to the Public Guardian and Trustee for review:

- Duplicate original signed copies of an application for Supplementary Letters Patent.
- A covering letter setting out the name, address and telephone number of the person
  or firm to whom the Supplementary Letters Patent, or any correspondence regarding
  the application should be mailed and setting out all names, including acronyms used
  by the charity.
- A cheque or money order payable to the Public Guardian and Trustee. This fee
  covers the cost of the Public Guardian and Trustee's review and the review and
  filing fee of ServiceOntario. The fees as of the date of the Not-For-Profit
  Incorporator's Handbook are set out in Appendix "F".
- A copy of the Letters Patent and any prior Supplementary Letters Patent, unless they have already been filed with our Office.
- The current names and addresses of the directors and officers.
- The annual audited financial statements for the last three financial years. For the period after August 1, 2007, unaudited financial statements may be accepted from charities with gross annual income of less than \$100,000.
- If the Supplementary Letters Patent contains a change to the name of the
  corporation, you must send an original Ontario-biased NUANS name search report
  (described in section 2.13 of the Not-For-Profit Incorporator's Handbook) with your
  application but remember that a NUANS search is only valid for 90 days. You

should make every effort to submit your application as soon as possible after you obtain the NUANS report so that it does not expire before the Public Guardian and Trustee and the <a href="ServiceOntario">ServiceOntario</a> receive it. To obtain a NUANS Report, you may visit the NUANS Name Search System at <a href="http://www.nuans.com/nuansinfo\_en/home-accueil\_en.htm">http://www.nuans.com/nuansinfo\_en/home-accueil\_en.htm</a>, or check the yellow pages.

Any other documentation in support of the proposed changes.

Once an application for Supplementary Letters Patent is approved, the Public Guardian and Trustee will forward it to <a href="ServiceOntario">ServiceOntario</a>. If the application for Supplementary Letters Patent meets the separate requirements of <a href="ServiceOntario">ServiceOntario</a>, it will issue the Supplementary Letters Patent.

#### Dissolution and surrender of charter

**6.6.2** Letters Patent generally set out what will happen to the property of the corporation if the corporation ceases to exist. Usually, the Letters Patent state that upon dissolution, and after payment of all debts and liabilities, the charity's remaining property will be distributed or disposed of to charities registered under the *Income Tax Act (Canada)*, in Canada. This is referred to as a "dissolution clause".

If the Letters Patent have a dissolution clause, the directors should pass a resolution to name the charity they want to receive the charity's remaining assets upon dissolution. This resolution should be passed before the charity is dissolved.

If the Letters Patent do not have a dissolution clause, the directors will have to pass a by-law to distribute the charity's remaining assets to other charitable organizations upon dissolution. This by-law should be passed before the charity is dissolved. After the directors have passed the by-law they should call a general meeting to confirm the by-law. The by-law must be confirmed by two thirds of the votes cast at the meeting.

If the directors do not distribute the charity's property, it will be forfeited to the Crown under <u>section 322 of the *Corporations Act*</u>. The Public Guardian and Trustee may apply for a court order or order-in-council to give the assets to a charity that conducts charitable work similar to that of the dissolved corporation.

In the course of dissolution, the charity should not pay any salary, remuneration, or honorarium to its directors. Neither should a director purchase any property of the charity, without prior approval of the court.

#### **Special Purpose Funds**

If money or other property is given to a charity for a special purpose, the charity must use the money for the special purpose - it holds the money in trust for that purpose. Directors of a dissolving charity must be careful to point out to the charity receiving the trust money that it is to be used only for the special purpose.

The last directors of a charity have an obligation to ensure that any special trust property is distributed when the corporation is dissolved. If money is held by a charity for a

special purpose and it is not possible to carry out that special purpose, the charity will need a Court Order to dispose of the property. An order can be obtained quickly and relatively inexpensively using Section 13 of the *Charities Accounting Act*, on the consent of the Public Guardian and Trustee. The Public Guardian and Trustee will work with the last directors of the charity to obtain such an order. You should contact the Charitable Property Program to see if this is feasible in your particular circumstances.

#### What to send

The following should be submitted for the Public Guardian and Trustee's review when submitting an Application for Surrender of Charter/Termination of Corporate Existence:

- Duplicate original signed copies of the Application for Surrender of Charter/Termination of corporate existence.
- A covering letter setting out the name, address and telephone number of the
  person or firm to whom any correspondence regarding the application should be
  mailed and setting out all names, including acronyms used by the charity.
- A cheque or money order payable to the Public Guardian and Trustee for its fees.
   ServiceOntario does not charge a fee in this case. The fees of the Public Guardian and Trustee as of the date of the Not-For-Profit Incorporator's Handbook are set out in Appendix "F".
- A copy of the Letters Patent and any Supplementary Letters Patent, unless they have already been filed with our Office.
- The current names and addresses of the directors and officers.
- The annual audited financial statements for the last three financial years. For the period after August 1, 2007, unaudited financial statements may be accepted from charities with gross annual income of less than \$100,000.
- If charitable property remains to be distributed, the proposed plan of distribution including the names of the proposed charitable beneficiaries.
- Confirmation either that the dissolving corporation does not hold any trust, special
  purpose or restricted purpose funds, or if it does hold such funds, how it proposes
  to transfer them to any successor charities.

If the Application for Surrender of Charter is accepted, the Public Guardian and Trustee will forward it to the <u>ServiceOntario</u>. <u>ServiceOntario</u> will by Order dissolve the corporation if the application and supporting documents meet the branch's separate requirements.

Further information on dissolution or surrender of the charity's charter may be obtained from the Office of the Public Guardian and Trustee or from <a href="ServiceOntario">ServiceOntario</a>.

The Application for Surrender of Charter/Termination of Corporate Existence, Form 9, is available by telephone or in person from ServiceOntario (see Contacts - Appendix "G").

#### Revival of a charity's charter

**6.6.3** If a charitable corporation is dissolved, application can be made to the <u>ServiceOntario</u> for revival of its charter. <u>ServiceOntario</u> may require the consent of the Public Guardian and Trustee before reviving the corporation.

#### What to send

If <u>ServiceOntario</u> requires the Public Guardian and Trustee's consent to the revival of a dissolved charity the applicant should submit the following documentation and information to the Public Guardian and Trustee:

- Duplicate original signed copies of the Application for Revival of a Corporation.
- A covering letter setting out the name, address and telephone number of the person or firm to whom any correspondence regarding the application should be mailed.
- A cheque or money order payable to the Public Guardian and Trustee. This fee
  covers the cost of the Public Guardian and Trustee's review and the review and
  filing fee of ServiceOntario. The fees as of the date of the Not-for-Profit
  Incorporator's Handbook are set out in Appendix "F".
- An original ONTARIO-BIASED NUANS name search report (see Part 2.13) is required if the corporation is reviving under a name other than the name at dissolution or if more than 10 years have elapsed since the corporation was dissolved. Remember that a NUANS search is only valid for 90 days. You should make every effort to submit your application as soon as possible after you obtain the NUANS report so that it does not expire before the Public Guardian and Trustee and the <u>ServiceOntario</u> receive it. To obtain a NUANS Report, you may visit the NUANS Name Search System at <a href="http://www.nuans.com/nuansinfo\_en/home-accueil\_en.htm">http://www.nuans.com/nuansinfo\_en/home-accueil\_en.htm</a>, or check the yellow pages.
- A copy of the Letters Patent and any Supplementary Letters Patent, unless they have already been filed with our Office.
- All outstanding notices and returns required to be filed by the corporation under the
   <u>Corporations Information Act</u> and with the Canada Revenue Agency (See Part
   5.4 of the Not-for-Profit Incorporator's Handbook).
- The current names and addresses of the directors and officers.
- The annual audited financial statements for the three financial years prior to the Application for Revival of a Corporation. For the period after August 1, 2007, unaudited financial statements may be accepted from charities with gross annual income of less than \$100,000.
- A statement of the cause or the reasons for the dissolution.

 A declaration that the organization will continue to pursue its objects as stated in the Letters Patent it had before dissolution.

If the Application for Revival of a corporation is accepted, the Public Guardian and Trustee will forward it to the <u>ServiceOntario</u>. The Public Guardian and Trustee's review portion of the fee is non-refundable even if the applicant discontinues the application.

The Application for Revival of a Corporation, Form 10 is available by telephone or in person from the Ministry of Government Services (see Contacts - Appendix "G").

#### **Amalgamation**

**6.6.4** Subject to certain conditions, the <u>Corporations Act</u> allows two or more corporations under that Act to amalgamate as one corporation. If one of the amalgamating corporations is charitable or if the amalgamated corporation is to be charitable, the request to amalgamate must be submitted to the Public Guardian and Trustee for its review and pre-approval.

#### What to send

The following should be submitted to the Public Guardian and Trustee:

- Duplicate original signed copies of the application for Letters Patent of Amalgamation.
- A signed copy of the Amalgamation Agreement.
- A covering letter setting out the name, address and telephone number of the person or firm to whom the Letters Patent of Amalgamation and any correspondence regarding the application should be mailed.
- A cheque or money order payable to the Public Guardian and Trustee. The fees
  as of the date of the Not-For-Profit Incorporator's Handbook are set out in
  Appendix "F".
- If the name of the amalgamated corporation will not be the same as the name of one of the amalgamating corporations, an original Ontario-biased NUANS name search report (see Part 2.13) is required with the application. Remember that a NUANS search is only valid for 90 days. You should make every effort to submit your application as soon as possible after you obtain the NUANS report so that it does not expire before the Public Guardian and Trustee and the <a href="ServiceOntario">ServiceOntario</a> receive it. To obtain a NUANS Report, you may visit the NUANS Name Search System at <a href="http://www.nuans.com/nuansinfo">http://www.nuans.com/nuansinfo</a> en/home-accueil en.htm, or check the yellow pages.
- The annual audited financial statements for *each* of the amalgamating corporations for the last three years (or since incorporation, if incorporated less than three years ago). For the period after August 1, 2007, unaudited financial statements may be accepted from charities with gross annual income of less than \$100,000.

Generally, a corporation (whether charitable or not) whose liabilities exceed its assets will not be permitted to amalgamate with a charitable corporation.

- A copy of the Letters Patent and any Supplementary Letters Patent for each amalgamating corporation unless they have already been filed with our Office.
- The current names and addresses of the directors and officers.

If the objects of the amalgamated corporation will be significantly different from those of one of the amalgamating corporations you may be required to amend the amalgamation agreement to include a clause similar to the following:

"All funds and other property held by the amalgamating corporations immediately before the Letters Patent of Amalgamation become effective or at any time thereafter received by the amalgamated corporation pursuant to any Will, deed or other instrument made before the Letters Patent of Amalgamation become effective, together with all income thereon and accretions thereto shall be applied only to the objects of the respective amalgamating corporations as they are immediately before the Letters Patent of Amalgamation become effective."

If the application for Letters Patent of Amalgamation is accepted, the Public Guardian and Trustee will forward it to <u>ServiceOntario</u>. The Public Guardian and Trustee's review portion of the fee is non-refundable even if the applicant discontinues the application.

The Application for Letters Patent of Amalgamation, Form 11 is available by telephone or in person from the Ministry of Government Services (see Contacts - Appendix "G").

#### 6.7 The Public Guardian and Trustee

#### Notification and reporting requirements of the Public Guardian and Trustee

6.7.1 Charities and others receiving or holding property for charitable purposes are required to provide information to the Public Guardian and Trustee under sections 1 and 2 of the <a href="Charities Accounting Act"><u>Charities Accounting Act</u></a>. This requirement is in addition to other reporting obligations, for example, to Canada Revenue Agency under the federal <a href="Income Tax"><u>Income Tax</u></a>
<a href="Act">Act</a>.

#### **Initial Reporting Requirements**

When you incorporate a charity, you must provide to the Public Guardian and Trustee the following documents and information:

- A copy of the Letters Patent governing the charity
- The street and mailing addresses of the charity, and the names and the street and mailing addresses of its directors and officers

- All legal and popular or common names or acronyms by which the charity is known or identified
- The registration and business identification numbers assigned by Canada Revenue Agency for charitable donation tax-credit purposes. Please advise if a registration number has not been assigned, or subsequently is revoked, and provide an explanation

No prescribed form is required to be completed. It is sufficient to provide the above information in letter form.

The reporting requirements also apply to charitable trusts and unincorporated charitable organizations.

#### **General Ongoing Reporting Requirement**

You must advise the Public Guardian and Trustee of any changes to the above information as they occur. Information should be mailed to the Office of the Public Guardian and Trustee (see Contacts – Appendix "G").

# Additional information which may be required by the Public Guardian and Trustee

**6.7.2** The Public Guardian and Trustee can request information and documentation about the administration or management of the corporation. When the information is requested under section 2 of the <u>Charities Accounting Act</u> the directors of the charity are required to provide it.

The Public Guardian and Trustee can require that the accounts of the administration and management of a charity's property be passed in the Superior Court of Justice. The passing of accounts is a legal process in which a charity submits a detailed record of its expenses and revenues. The Public Guardian and Trustee could ask for records for a period of many years.

### Registration with the Canada Revenue Agency

6.8 To issue tax receipts to donors, you must apply to <u>Canada Revenue Agency for a charitable registration</u> number under the federal <u>Income Tax Act</u>.

The application forms and an explanatory brochure can be obtained by calling the Canada Revenue Agency, Charities Directorate or by visiting the <a href="Charities Directorate">Charities Directorate</a> Website (see Contacts – Appendix "G").

# **APPENDIX "A"**

# Samples of Object Clauses for Non-Profit, <a href="Mon-Charitable">Non-Charitable</a> Corporations under Part III of the Corporations Act

#### **Athletics and Sports**

1.	Athletics Clubs:	The establishment and	I operation of	an athletics	club for
	the purposes of				

- a) promoting organized athletics sports, games and recreation, and in particular,\_\_\_\_\_\_;
- b) arranging games, matches and competitions, and establishing and granting prizes, awards and distinctions;
- c) fostering goodwill and sportsmanship;

and such other complementary purposes not inconsistent with these objects.

- Curling: The establishment and operation of a curling club for the purposes of
  - a) promoting the sport of curling;
  - b) providing facilities for curling;

and such other complementary purposes not inconsistent with these objects.

- **3. Fishing and Hunting (Rod and Reel) Club:** The establishment and operation of a hunting and fishing (rod and reel) club for the purposes of
  - a) encouraging organized sport fishing and gunmanship in accordance with all relevant legislation;
  - b) promoting better knowledge of safe handling and proper care of firearms;
  - c) promoting the study of local fish and game potential and their conservation;
  - d) fostering the principles of good sportsmanship;

and such other complementary purposes not inconsistent with these objects.

- **4. Flying**: The establishment and operation of a flying club for the purposes of
  - a) promoting interest in flying and aviation;

b) teaching and training of persons in the art and science of aviation and the operation of aircraft in accordance with all relevant legislation;

and such other complementary purposes not inconsistent with these objects.

- **5. Golf**: The establishment and operation of a golf, country, sporting and social club for the purposes of
  - a) promoting interest and participation in the sport of golfing;
  - b) arranging tournaments and competitions, and establishing and granting prizes, awards and distinctions;
  - c) providing dining, meeting, changing, and equipment rooms and other facilities for members and their guests;

and such other complementary purposes not inconsistent with these objects.

- **6. Hockey**: The establishment and operation of a hockey club for the purposes of
  - a) promoting interest in amateur hockey;
  - b) arranging matches and competitions, and establishing and granting prizes, awards and distinctions;

and such other complementary purposes not inconsistent with these objects.

- **7. Riding**: The establishment and operation of a riding club for the purposes of
  - a) fostering interest in horsemanship;
  - b) encouraging breeding and showing of horses (and, particularly, the sponsorship of an annual exhibition and horse show;
  - encouraging matches and competitions between various breeds of horses;
  - d) promoting the good qualities and merits of various breeds of horses;

and such other complementary purposes not inconsistent with these objects.

- **8. Snowmobiling**: The establishment and operation of a snowmobile club for the purposes of
  - a) promoting safe snowmobiling;
  - b) arranging for instruction, displays and exhibits of snowmobiling skills;
  - c) arranging matches and competitions and establishing and granting prizes, awards and distinctions;

and such other complementary purposes not inconsistent with these objects.

#### Arts

**1. Dance**: The establishment and operation of dance festivals for the purposes

of promoting dancing and the allied arts, and public appreciation and interest therein, and such other complementary purposes not inconsistent with these objects.

- **2. Literary**: The establishment and operation of a literary society for the purposes of
  - a) encouraging creative writing in all forms;
  - b) establishing and granting prizes, awards and distinctions;

and such other complementary purposes not inconsistent with these objects.

- **3. Music**: The establishment and operation of a music society for the purposes of
  - a) promoting interest in and the study and practice of the musical arts;
  - b) promoting lectures, concerts, classes and seminars in music and music-related activities;
  - c) arranging competitions and exhibitions, and establishing and granting prizes, awards and distinctions;

and such other complementary purposes not inconsistent with these objects.

- **4. Photography**: The establishment and operation of a photography club for the purposes of studying and promoting the art and science of photography, and such other complementary purposes not inconsistent with these objects.
- **Theatre**: The establishment and operation of dramatic theatre for the purposes of
  - a) promoting interest in and the practice of drama and the related arts;
  - b) establishing and operating a theatre and repertory group;
  - c) providing facilities for education and instruction in the theatrical arts;
  - d) advancing knowledge and appreciation of dramatic culture and tradition by theatrical performances;
  - e) conducting annual theatrical festivals;

and such other complementary purposes not inconsistent with these objects.

### **Business / Professional Groups**

- **1. Employees**: The establishment and operation of an employees' association for the purposes of
  - a) promoting the interests and well-being of the employees of
  - b) organizing cultural, educational and recreational events for the benefit of the members:

 to provide a forum for the discussion of issues of importance or of interest to the members;

and such other complementary purposes not inconsistent with these objects.

- **2. Merchants' Association**: The establishment and operation of a merchants' association for the purposes of
  - a) promoting the area of **(define locale, e.g. downtown Toronto)** as a desirable shopping district;
  - b) promoting and encouraging fair and courteous dealings with customers;
  - c) promoting and encouraging ethical business practices;

and such other complementary purposes not inconsistent with these objects.

- **3. Professional Association**: The establishment and operation of a (specify) professional association for the purposes of
  - a) uniting members of the **(specify)** profession and promoting the character and status of the profession, supporting ethical business practices, considering questions of professional usage and courtesy among members of the profession;
  - b) promoting the maintenance and improvement of the qualifications and standards of the profession;
  - c) sharing information for the mutual benefit of the members;
  - d) to represent the members and present their views to other associations and government and regulatory agencies;
  - e) to work with government agencies to develop quality assurance procedures that can be endorsed by government;

and such other complementary purposes not inconsistent with these objects.

- **4. Trade Association**: The establishment and operation of a **(type of trade, e.g. manufacturers)** association for the purposes of
  - a) promoting the interests and the rights of those engaged in the **(trade)** and incidental businesses:
  - b) promoting uniformity in usage, custom and trade conditions;
  - c) providing business information and statistics of interest to business persons in the **(trade)**;
  - d) promoting the maintenance and improvement of the qualifications and standards of the **(trade)**;
  - e) fostering good relationships and the exchange of expertise between Canadian and foreign businesses;

and such other complementary purposes not inconsistent with these objects.

#### Commun

d)

e)

unity	7			
1.		nunity Association: The establishment and maintenance of a unity organization for the purposes of		
	a) b) c) d)	developing and fostering community spirit; promoting organized athletics, arts, recreation, education, civic emergency, social service and other community endeavours; establishing educational, recreational and athletic programs for benefit to the community; promoting the establishment of adult educational programs and the attainment of athletic facilities and equipment for the benefit of the community;		
	and such other complementary purposes not inconsistent with these objects.			
2.	<b>Community Centre</b> : The establishment and operation of a community centre for the purposes of			
	a) b)	promoting the best interests of the community generally; promoting interest in athletics, sports and recreation in the community and establishing and maintaining physical facilities and equipment for same;		
	and such other complementary purposes not inconsistent with these			
3.	3. Conservation: The establishment and operation of a conservation association for the purposes of			
	a)	uniting all persons interested in the conservation of flora and fauna, the natural beauties of <b>(locale)</b> and the beautification, preservation and extension of parks and green belts;		
	b)	gathering and exchanging ideas, data and statistical, scientific, horticultural and botanical information:		
	c)	to promote the protection and appreciation of the environment;		
and such other complementary purposes not in		ch other complementary purposes not inconsistent with these objects.		
4. Ethnic: The establishment a		c: The establishment and operation of a club for the purposes of		
	a) b) c)	uniting the residents of Ontario who are of origin; preserving and perpetuating the traditions of; sponsoring literary, musical and other educational and cultural events, festivals, pageants and conventions for the promotion of people of		

promoting interests of members and mutual aid and assistance

establishing and maintaining a centre for cultural activities for

descent;

whenever necessary;

		Canadians ofdescent in the Province of Ontario;				
	and su	ch other complementary purposes not inconsistent with these objects.				
5.	Home and School Association: The establishment and operation of home and school association for the purposes of					
	a)	uniting the students, parents and teachers of <b>(specify school)</b> and promoting a high standard of education and development;				
	b)	to organize and perform fundraising activities to subsidise the cost of school outings and/or the attainment of sports and educational equipment;				
	c)	co-operating with government agencies, school boards and other home and school associations and to represent the interests of the students of (specify school);				
	and su	ch other complementary purposes not inconsistent with these objects.				
6.	-	<b>Lobbying</b> : The establishment and operation of a public lobbying organization for the purposes of				
	a)	securing public support in Canada for the enactment/repeal of legislation by the government dealing with;				
	b)	making representations to the government for the enactment/repeal of such legislation;				
	c)	rendering assistance to the government by supplying information collected as a result of research carried on under the auspices of the corporation;				
	d)	co-ordinating activities of the corporation with those of similar organizations, societies and individuals in Canada;				
	and su	ch other complementary purposes not inconsistent with these objects.				
7.	<b>Research / Scientific</b> : The establishment and operation of a non-prof research/scientific association for the purposes of					
	a)	undertaking technical, statistical and scientific research in commercial, industrial, cultural and scientific fields;				
	b)	engaging in the investigation and development of products, methods of manufacturing and distribution;				
	c)	promoting the science of and the knowledge and practice thereof;				
	d)	holding conferences, meetings and exhibitions for the discussion of problems and exchange of views thereon;				
	e)	establishing scientific projects;				
	f)	maintaining a website and/or publishing information in connection with				
	and su	; ch other complementary purposes not inconsistent with these objects.				

- **8. Residents**: The establishment and operation of a residents' association for the purposes of
  - a) advancing the cultural and social interests of the seasonal and permanent owners and residents of properties in and around \_\_\_\_\_ in the province of Ontario;
  - b) carrying on research and investigation into problems connected with the ownership and development of property in \_\_\_\_\_;
  - c) promoting aquatic, athletic, physical and other social and cultural activities among the residents of the said area;
  - d) maintaining private roadways and common areas on property owned by the corporation or in which the corporation has an interest.

and such other complementary purposes not inconsistent with these objects.

- **9. Service Club**: The establishment and operation of a service club for the purposes of
  - a) pursuing interests in the civic, commercial, social and moral welfare of the community:
  - b) providing a forum for the discussion of all matters of public interest;
  - c) promoting and fostering interests in the welfare of the World and international relationships;
  - d) promoting the principles of good government and good citizenship;
  - e) uniting persons interested in the bonds of friendship, good fellowship and mutual understanding;
  - f) encouraging and carrying on social and welfare work;
  - g) improving and promoting good business and professional ethics;

and such other complementary purposes not inconsistent with these objects.

- **10. Social Club**: The establishment and operation of a social club for the purposes of
  - a) providing facilities for the pleasure and accommodation of members and guests;
  - b) organizing social and cultural events;

and such other complementary purposes not inconsistent with these objects.

Based on *Canada Corporation Manual*, "Capacity-Powers" (Form IV.5), Kingston and Grover (eds.), Richard De Boo, Toronto. and

O'Brien's Encyclopaedia of Forms, "Corporations" (Vol. 5), Weinberg (ed.), Part IV, Ch 24, Canada Law Book, 10th edition, Toronto. 1975.

# **APPENDIX "B"**

# Reporting Requirements for the Office of the Public Guardian and Trustee

Charities and others receiving or holding property for charitable purposes are required to provide information to the Public Guardian and Trustee under sections 1 and 2 of the *Charities Accounting Act*, R.S.O. 1990, c. C.10 as amended. Property means anything that may be subject to ownership and includes money, real estate, investments, and chattels. For instance, artwork, term deposits or furniture donated to a charity is property.

This requirement is distinct from other reporting obligations, for example to Canada Revenue Agency under the federal *Income Tax Act.* 

This information is used to monitor compliance with charities law and to identify charities that may be candidates to receive funds and property of defunct charities, charitable gifts to named charities that cannot be identified, and charitable gifts not designated to be given to any named charity.

The general reporting requirements under the <u>Charities Accounting Act</u> are detailed below. Please review these requirements carefully and retain this Notice as a reference for future reporting.

Please provide the currently required documentation and information – items 1(a), 2(a), 3(a) and 4 – immediately. For the future, please provide the required documentation and information – items 1(b), 2(b), 3(b) and 4 – when required without further request. No prescribed form is required to be completed. It is sufficient to provide the above information in letter form.

#### **General Reporting Requirements**

- 1.
- a. A copy of the document establishing or governing the charity or charitable fund (e.g. corporate charter, trust, will, constitution) and of each document that has made any change thereto.
- b. For the future, a copy of all documents making or recording further changes, as those changes occur.
- 2. The street and mailing addresses of the charity or charitable fund, and the names and the street and mailing addresses of its trustees, directors and officers.
  - a. for each of its last three financial years (or since its establishment, if established less than three years ago), and
  - b. for the future, as this information changes.

- 3. All legal and popular or common names or acronyms by which the charity or charitable fund:
  - a. has been or is known or identified, and
  - b. in the future, becomes known or identified.
- 4. The registration number assigned by Canada Revenue Agency for charitable donation tax-credit purposes. Please advise if a registration number has not been assigned, or if it is subsequently revoked.

#### Issuing Income Tax Receipts

To issue tax receipts to donors, you must apply to Canada Revenue Agency and qualify for a charitable registration number under the federal <u>Income Tax Act</u>. For more information, please contact the Canada Revenue Agency, Charities Directorate toll free at 1-800-267-2384 or visit its website at http://www.cra-arc.gc.ca

Please mail or fax required information to:
Office of the Public Guardian and Trustee
Charitable Property Division
595 Bay Street, Suite 800
Toronto ON M5G 2M6

# **APPENDIX "C"**

# Pre-approved Object Clauses For Use In Incorporating A <a href="#">Charity</a>

#### 1. Religious Organizations

a) To advance and teach the religious tenets, doctrines, observances and culture associated with the (specify faith or religion) faith.

#### OR

- a) To preach and advance the teachings of the (specify faith or religion) faith and the religious tenets, doctrines, observances and culture associated with that faith.
- b) To establish, maintain and support a house of worship with services conducted in accordance with the tenets and doctrines of the (specify faith or religion) faith.
- c) To support and maintain missions and missionaries in order to propagate the (specify faith or religion) faith.
- d) To establish and maintain a religious school of instruction for children, youths and adults.

#### 2. Religious Schools

- a) To establish and maintain a religious school of instruction for children, youths and adults.
- b) To establish and maintain a religious day school.

#### 3. Foundations

To receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to charitable organizations that are also registered charities under the *Income Tax Act* (Canada).

#### 4. Services for Senior Citizens

#### Senior Citizens' Centres

a) To relieve loneliness and isolation of the aged or to improve their mobility and fitness by establishing, operating and maintaining a senior citizens' centre to provide

recreation, education, cultural activities and other programs for senior citizens.

#### Respite Services

b) To provide respite to persons caring for aged persons by providing temporary care to aged persons and by providing such services as housekeeping, meal preparation, nursing and shopping assistance.

#### **Home Care**

c) To provide support services for aged persons including personal care, housekeeping, meals, nursing and shopping assistance.

### 5. International Development

#### Relief of Poverty

a) To relieve poverty in developing nations by providing food and other basic supplies to persons in need.

#### **Health**

b) To develop or promote public health in developing nations by educating and instructing the public on prevention of, and curative measures for, health problems and by researching and documenting changes in the health of the community.

#### **Drinking Water**

c) To improve the quality of drinking water in developing nations by constructing wells and water treatment, irrigation and sewage treatment systems.

#### Agriculture

d) To improve skills in forestry, agriculture and horticulture and to assist in the preservation of the environment in developing nations.

#### Disaster Relief

e) To provide necessities of life to victims of disasters.

#### 6. Assistance for the Sexually/Physically Abused

#### **Child Abuse**

#### Education

a) To educate the public and professionals about prevention of, and responses to, child

sexual abuse by offering courses, seminars, conferences and meetings and by collecting and disseminating information on that topic.

#### Counselling

b) To assist those affected by child sexual abuse through counselling and treatment programs.

#### **Spousal Abuse**

c) To educate the public and professionals about prevention of, and responses to, spousal abuse by offering courses, seminars, conferences, and meetings and by collecting and disseminating information on that topic.

#### Counselling

d) To assist those affected by spousal abuse through counselling and treatment programs.

#### Shelters

e) To provide affordable and secure housing for women who have been emotionally, physically or sexually abused or traumatized and for their children.

# 7. Relief of Poverty

To relieve poverty by providing food and other basic supplies to persons of low income, by establishing, operating and maintaining shelters for the homeless, and by providing counselling and other similar programs to relieve poverty.

## 8. Programs for Physically or Mentally Disabled

#### Residences

a) To provide residential housing and a stable living environment to persons with disabilities.

#### Training, Education and Counselling

- b) To provide life management counselling and other support services to assist persons with disabilities to become more independent in the community.
- c) To provide training for, and to assist in, the placement of persons with disabilities in employment.
- d) To provide support and encouragement to persons with disabilities by offering programs in individual development and integration into the community.

e) To provide relief to persons with disabilities by developing and implementing recreation, education and social integration programs for the disabled.

#### Community Education

f) To educate the public on debilitating conditions and the needs of persons with disabilities by providing seminars and by collecting and disseminating information on that topic.

#### 9. Promotion of Health

#### Respite Services

a) To provide respite to persons caring for aged, ill or disabled persons by providing temporary care to aged, ill or disabled persons and by providing such services as housekeeping, meal preparation, nursing and shopping assistance.

#### Home Care

b) To provide support services for aged, ill or disabled persons including personal care, housekeeping, meals, nursing and shopping assistance.

#### Health Care Centre

c) To operate a community health care centre by providing medical, health and support services for the general public.

#### Health Care Co-ordination

- d) To coordinate health care and social services for people with debilitating diseases, illnesses and conditions.
- e) To provide social services to persons with debilitating diseases, illnesses and conditions.

#### Research

f) To conduct research into the causes, controls and cure of debilitating diseases, illnesses and conditions.

#### Mutual Support

g) To provide support for those affected by debilitating diseases, illnesses and conditions by offering education and counselling and by establishing mutual support groups.

#### 10. Substance Abuse

- a) To educate the public about the causes and effects of, and treatments for, substance abuse by offering courses, seminars, conferences and meetings and by collecting and disseminating information on that topic.
- b) To conduct research for the benefit of the public into the causes of, and treatments for, substance abuse.
- c) To coordinate health care and social support services for persons affected by substance abuse.
- d) To assist persons in coping with the effects of substance abuse by offering education and counselling and by establishing mutual support groups.
- e) To provide a treatment and recovery facility for substance abuse clients and to provide medical and social support services at the facility.

#### 11. Preservation of the Environment

- a) To organize or participate in environmental projects designed to:
  - preserve and protect flora and fauna;
  - X preserve, protect and restore rivers; or
  - X improve the urban environment.
- b) To educate and increase the public's understanding of the environment and its importance by offering courses, seminars, conferences and meetings and by collecting and disseminating information on that topic.
- c) To develop and provide programs promoting the protection and preservation of the environment through re-use, reduction, recycling and recovery of waste and to educate institutions, industries, businesses and individuals about efficient waste management systems.
- d) To conduct research relating to the environment and to disseminate the results of such research.

#### 12. The Arts

- a) To educate and increase the public's understanding and appreciation of the arts by providing performances of an artistic nature in public places, senior citizens' homes, churches, community centres and educational institutions and by providing seminars on topics relating to such performances.
- b) To provide instructional seminars on topics related to the performing and visual arts.
- c) To produce performing arts festivals for the purposes of educating and advancing the public's understanding and appreciation of performing arts and to educate artists through participation in such festivals and related workshops.

### 13. Community Centres, Immigrant Services, Literacy and Employment Training

a) To establish and operate a community centre to be used for workshops, programs, athletics, drama, art, music, handicrafts, hobbies and recreation for the benefit of the general public.

#### Immigrant services

b) To provide education, counselling and other support services for immigrants and refugees in need, including language instruction, employment training, job search programs, translation services and information programs on Canadian culture and life.

#### Employment preparation, training and counselling

- c) To establish, maintain and operate an employment training centre for needy unemployed and low skilled workers.
- d) To provide assistance to needy persons in drafting resumes, searching for employment and preparing for job interviews.
- e) To provide counselling to needy persons experiencing long-term unemployment.
- f) To develop employment training and education programs for needy persons.

#### Literacy

- g) To provide literacy programs and classes to members of the public.
- h) To develop and provide education and training programs to persons who will conduct literacy training.

#### 14. Low Cost Housing

To provide and operate non-profit residential accommodation and incidental facilities exclusively for:

- X Persons of low income;
- X Senior citizens primarily of low or modest income; or
- X Disabled persons primarily of low or modest income.

# **APPENDIX "D"**

# **Special Provisions Required for Incorporated Charities**

- a) The corporation shall be carried on without the purpose of gain for its members and any profits or other accretions to the corporation shall be used in promoting its objects.
- b) The corporation shall be subject to the *Charities Accounting Act*.
- c) The directors shall serve as such without remuneration and no director shall directly or indirectly receive any profit from their positions as such, provided that directors may be paid reasonable expenses incurred by them in the performance of their duties.
- d) The borrowing power of the corporation pursuant to any by-law passed and confirmed in accordance with section 59 of the <u>Corporations Act</u> shall be limited to borrowing money for current operating expenses, provided that the borrowing power of the corporation shall not be so limited if it borrows on the security of real or personal property.
- e) If it is made to appear to the satisfaction of the Minister, upon report of the Public Guardian and Trustee, that the corporation has failed to comply with any of the provisions of the *Charities Accounting Act*, the Minister may authorize an inquiry for the purpose of determining whether or not there is sufficient cause for the Lieutenant Governor to make an order under subsection 317(1) of the *Corporations Act* to cancel the letters patent of the corporation and declare them to be dissolved.
- f) Upon the dissolution of the corporation and after payment of all debts and liabilities, its remaining property shall be distributed or disposed of to charities registered under the *Income Tax Act* (Canada), in Canada.
- g) To invest the funds of the corporation pursuant to the <u>Trustee Act</u>.
- h) For the above objects, and as incidental and ancillary thereto, to exercise any of the powers as prescribed by the <u>Corporations Act</u>, or by any other statutes or laws from time to time applicable, except where such power is limited by these letters patent or the statute or common law relating to charities.

# **APPENDIX "E"**

# **Optional Incidental and Ancillary Powers**

#### Please note:

Applications containing power clauses must be submitted to the Public Guardian and Trustee for approval see Part 6.3.2. If power clauses are to be included as part of the Letters Patent they should be set out in section 5 on the application for incorporation.

- a) Power to Accumulate
  - To accumulate from time to time part of the fund or funds of the corporation and income therefrom subject to any statutes or laws from time to time applicable;
- b) Power to Solicit Donations and Grants
   To solicit and receive donations, bequests, legacies and grants, and to enter into agreements, contracts and undertakings incidental thereto;
- c) Power to Receive Personal Property To acquire by purchase, contract, donation, legacy, gift, grant, bequest or otherwise, any personal property and to enter into and carry out any agreements, contracts or undertakings incidental thereto, and to sell, dispose of and convey the same, or any part thereof, as may be considered advisable;
- d) Power to Hold and Dispose of Real Property

  To acquire by purchase, lease, devise, gift or otherwise, real property, and to hold such real property or interest therein necessary for the actual use and occupation of the corporation or for carrying on its charitable undertaking, and, when no longer so necessary, to sell, dispose of and convey the same or any part thereof;
- e) Power to Hire
  - **Either:** To employ and pay such assistants, clerks, agents, representatives and employees, and to procure, equip and maintain such offices and other facilities and to incur such reasonable expenses, as may be necessary, provided that the corporation shall not pay any remuneration to a Director in any capacity whatsoever;
  - **Or:** To employ and pay such assistants, clerks, agents, representatives and employees, and to procure, equip and maintain such offices and other facilities and to incur such reasonable expenses, as may be necessary, provided that the corporation shall not pay any remuneration to a Director in any capacity whatsoever; and provided that all of the foregoing is subject to sections 23 and 61 of the *Trustee Act* and any order of the court;
- f) Power to Cooperate with any Other Charitable Organizations
   To cooperate, liaise, and contract with other charitable organizations, institutions or agencies which carry on similar objects to that of the corporation;

#### g) Power to Participate in the Reorganization of a Company

To take up proportions of any increased capital of a company or corporation in which the corporation may at any time hold shares or obligations; to purchase any additional shares or obligations in such company or corporation; to join in any plan for the reconstruction or reorganization or for the sale of assets of any company or corporation, or part thereof; to enter into any pooling or other agreement in connection with the shares or obligations of a company or corporation held by the corporation; and to give consent to the creation of any mortgage, lien or indebtedness of any company or corporation whose shares or obligations are held by the corporation.

#### h) Power to Sue and Compromise Claims

To demand and compel payment of all sums of money and claims to any real or personal property in which the corporation may have an interest and to compromise any such claims, and generally to sue and be sued in its corporate name;

#### i) Power to Issue Cheques

To draw, make, accept, endorse, execute and issue cheques and other negotiable or transferable instruments:

#### j) Power to Pay Costs of Incorporation

To pay all costs and expenses of, or incidental to, the incorporation.

#### k) Restriction on Powers

Provided that it shall not be lawful for the corporation directly or indirectly to transact or undertake any business within the meaning of the *Loan and Trust Corporations Act*.

# **APPENDIX "F"**

# Fees as of the date of publication of this handbook

The fees payable to the ServiceOntario and the Public Guardian and Trustee for review of documents are listed below.

When submitting charitable applications directly to ServiceOntario the cheque or money order should be payable to the Minister of Finance. When submitting charitable applications to the Public Guardian and Trustee the cheque or money order should be payable to the Public Guardian and Trustee. Please note on the face of the cheque or money order Public Guardian and Trustee account 999-999, GL 515-05.

Applications for non-charitable Letters Patent or Letters Patent Containing Only the Preapproved Objects and Provisions:

- \$155 or \$255 (for expedited service) - payable to the Minister of Finance. The \$155 represents the ServiceOntario fee (service time 6 to 8 weeks). The expedited service fee of \$255 (\$155 + \$100) is for the review of the application within 7 working days from the date ServiceOntario receives the application. When documents are deficient, they will be returned to the client for amendment and the expedite service time no longer applies.

Applications for charitable Letters Patent not Containing Pre-approved Objects and Provisions:

- \$305 or \$405 (for expedited service) - payable to the Public Guardian and Trustee

The \$305 represents both the Public Guardian and Trustee fee for reviewing the application (\$150) and ServiceOntario fee for reviewing the application and issuing Letters Patent (\$155) and is payable to the Public Guardian and Trustee. Please note the Public Guardian and Trustee does not have a special expedited process. If you include the expedite fee (\$100) the expedited service will only apply once the application is received by ServiceOntario. The application should be submitted to the Public Guardian and Trustee.

#### **Applications for Supplementary Letters Patent:**

for non-charitable corporations or to change only the name of a charitable corporation.

- \$130 - payable to the Minister of Finance (submit application to ServiceOntario)

for charitable corporations (except for a name change only):

- \$280 - payable to the Public Guardian and Trustee

This represents both the Public Guardian and Trustee fee for reviewing the application

(\$150) and the ServiceOntario fee (\$130) for reviewing the application and issuing Supplementary Letters Patent. The application should be submitted to the Public Guardian and Trustee.

#### **Applications for Surrender of Charter/Termination of Corporate Existence**

#### for non-charitable corporations:

- no fee is charged by ServiceOntario

(submit application to ServiceOntario)

OI

#### for charitable corporations:

- \$150 - payable to the Public Guardian and Trustee

This is the Public Guardian and Trustee fee for reviewing the application. No fee is charged by ServiceOntario. The application should be submitted to the Public Guardian and Trustee.

#### **Applications for Revival of a Corporation:**

#### for non-charitable and charitable corporations:

- \$100 - payable to the Minister of Finance

(submit the application to ServiceOntario)

# If ServiceOntario requests consent of the Public Guardian and Trustee to revive a charitable corporation:

- \$250 - payable to the Public Guardian and Trustee

This represents both the Public Guardian and Trustee fee for reviewing the application (\$150) and the Service Ontario fee (\$100) for reviewing the application and granting an Order for Revival and is payable to the Public Guardian and Trustee. Submit the application to the Public Guardian and Trustee.

#### **Application for Letters Patent of Amalgamation:**

#### for non-charitable corporations:

- \$155 - payable to the Minister of Finance

(submit the application to ServiceOntario)

or

#### for charitable corporations:

- \$150 for each amalgamating corporation plus \$155 - payable to the Public Guardian and Trustee

This represents the Public Guardian and Trustee fee for reviewing the application (\$150 for each amalgamating corporation) and the ServiceOntario fee for reviewing the application and issuing Letters Patent of Amalgamation (\$155). Submit the application to the Public Guardian and Trustee.

**PLEASE NOTE:** The above are the fees at the time of printing of this handbook. To verify a particular fee contact ServiceOntario or the Office of the Public Guardian and Trustee (see Contacts – Appendix "G").

# **APPENDIX "G"**

#### Contacts:

#### **Alcohol and Gaming Commission of Ontario**

AGCO Head Office Licensing and Registration Branch 90 Sheppard Avenue East, Suite 200 Toronto, Ontario M2N 0A4

Telephone: (416) 326-8700 or toll free in Ontario: 1-800-522-2876

Website: www.agco.on.ca/en/h.home.html

#### **Association of Professional Engineers of Ontario**

To request consent to the use of the word "Engineer" or "engineering" or any variation thereof contact the Association of Professional Engineers of Ontario:

Professional Engineers Ontario 25 Sheppard Avenue West, Suite 1000 Toronto ON M2N 6S9

Phone: (416) 224-1100 Toll Free: 1-800-339-3716 Website: <u>www.peo.on.ca</u>

#### Canada Revenue Agency

**Charities Directorate** 

In writing: Charities Directorate

Canada Revenue Agency Ottawa ON K1A 0L5

Telephone in the Ottawa area:

613-954-0410 (English) or 613-954-6215 (bilingual)

Toll free elsewhere in Canada:

1-800-267-2384 (English) or 1-888-892-5667 (bilingual)

Website: www.cra-arc.gc.ca/charities

#### Clerk of the Standing Committee on Regulations and Private Bills

Committees Branch 99 Wellesley Street West Room 1405, Whitney Block Queen's Park Toronto ON M7A 1A2

Tel: 416-325-7352 Fax: 416-325-3505

Website: www.ontla.on.ca/web/home.do

#### Ministry of Government Services, Service Ontario

393 University Avenue, Suite 200 (by mail)
Toronto, Ontario
M5G 2M2
375 University Avenue, 2<sup>nd</sup> Floor (in person)
Telephone: (416) 314-8880 or

Telephone: (416) 314-8880 or toll free 1-800-361-3223

All forms are available in person or by mail from ServiceOntario. The forms, Application for Incorporation of a Corporation Without Share Capital and Application for Supplementary Letters Patent, are also available on the ServiceOntario website at www.ServiceOntario.ca.

TTY: 416-325-3408

TTY Toll Free: 1-800-268-7095

#### **Governor General**

The consent of the Governor General, on advice from the federal Department of Canadian Heritage, has to be obtained by the applicant where the word "Royal" is used as a prefix in a corporate name and where it suggests Royal Patronage. The onus is on the applicant to obtain such consent. The address is:

Office of the Governor General

1 Sussex Drive Ottawa, Ontario K1A 0A1

You may wish to visit the federal Department of Canadian Heritage website: www.canadianheritage.gc.ca

#### **Industry Canada**

Corporations Canada Jean Edmonds Tower South 365 Laurier Avenue West, 9th Floor Ottawa, Ontario K1A 0C8

Telephone: (613) 941-9042 - National Capital Region or

toll free: 1-866-333-5556

Website: www.strategis.ic.gc.ca

#### The Law Society of Upper Canada – Lawyer Referral Service

If you need a lawyer, you may wish to contact the Lawyer Referral Service of The Law Society of Upper Canada. The Lawyer Referral Service will provide the name of a lawyer who will provide a free consultation of up to 30 minutes to help you determine your rights and options.

The number is 1-800-268-8326 or 416.947.3330 (within the GTA)

Website: www.lsuc.on.ca

#### **Corporations Information Act – Annual Return Enquiry Telephone Numbers**

The CRA handles general enquiries about the CIA AR, including those related to tax years ending on or before December 31, 2008. Following are the CIA AR enquiry telephone numbers:

Type of Enquiry
Enquiries for T2/CIA AR, including prior year CIA AR filings
Telephone Number

1-800-959-5525 (English) 1-800-959-7775 (French) 1-800-665-0354 (TTY)

Type of Enquiry Charities enquiries including the CIA AR Telephone Number 1-800-267-2384 (English) 1-888-892-5667 (French) 1-800-665-0354 (TTY)

The Canada Revenue Agency, the Ontario Ministry of Revenue, and ServiceOntario are committed to keeping you informed on a timely basis. More information about the Single Administration initiative is available at:

Canada Revenue Agency -- <a href="http://www.cra-arc.gc.ca/ctao/">http://www.cra-arc.gc.ca/ctao/</a>
Ministry of Revenue -- <a href="http://www.ontario.ca/revenue">http://www.ontario.ca/revenue</a>

#### Ministry of Training, Colleges and Universities

To request consent to use the word "College", "institute" or "university" in the name of a corporation contact the Private Institutions Unit, Ministry of Training, Colleges and Universities. Please advise the Ministry that you are applying to incorporate under the *Corporations Act*.

Ministry of Training, Colleges and Universities Private Institutions Unit,

Telephone: (416) 212-6586 Website: www.edu.gov.on.ca

#### Office of the Public Guardian and Trustee

Charitable Property Program 595 Bay Street, Suite 800 Toronto, Ontario M5G 2M6

Telephone: (416) 326-1963 or toll free 1-800-366-0335

Website: www.attorneygeneral.jus.gov.on.ca/english/family/pgt/charities

#### **Search Houses**

An original Ontario-biased NUANS name search report must be obtained for the proposed name of the corporation. NUANS is a computerized search system that compares a proposed corporate name or trade-mark with databases of existing corporate bodies and trade-marks.

ServiceOntario does not provide this search. Suppliers are listed in the Yellow Pages under the heading "Searchers of Records" or visit Industry Canada's NUANS website

at, <u>www.nuans.com</u> for a list of registered search houses that can assist you with obtaining a NUANS search report and filing your corporate documents with the Ministry of Government Services.

#### **Service Providers**

The *Corporations Information Act* Annual Return for non-profit corporations and the Form 1, Initial Return/Notice of Change can be filed electronically via the Internet through one of the private sector Service Providers (SPs) under contract with the Ministry of Government Services.

Clients may also order an electronic data extraction report (data extract) to facilitate the electronic filing process. The data extract allows clients to review existing corporate information on the Public Record, temporarily store and edit this information, prior to filing the changes electronically. The SPs charge a fee for the immediate online service they provide.

For more information about the SPs visit the ServiceOntario website at <a href="https://www.ServiceOntario.ca">www.ServiceOntario.ca</a>.