

How to Form a Society

Table of Contents

Introduction	1
Forming a Society: Selecting a Name	1
Alberta Name Search Report	2
Application Form	2
By-laws.....	3
Notice of Address.....	4
Request for Corporate Services	4
Checklist for Incorporation.....	4
After Incorporation.....	5
Acquiring and Dealing with Property	5
Annual General Meeting.....	5
Annual Return	5
Arbitration.....	6
Branch Societies	6
Changing a Society's Bylaws	6
Changing a Society's Name	6
Changing a Society's Objectives	6
Dissolving a Society	7
Fines	7
General Penalties.....	7
Register of Members	7
Revival	7
Shares.....	8
Legislation	8
More Information	8

Introduction

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

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

Advantages of incorporating a society include:

- A member of a society cannot be held responsible for a debt of the society.
- A society may hold title to property and contract in its own name.
- A society has a more definite and permanent status than an unincorporated group.
- A society is eligible to apply for government grants.

Forming a Society: Selecting a Name

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

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

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

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

2. The name must specifically describe the activity the society is engaged in. For example, use a word like 'hockey' instead of 'sports', or 'musical arts' instead of 'arts'.

Your society name must also have a distinctive element – a unique word or a location which sets one society name apart from others. For example, the distinctive element 'Spruce Grove' sets 'Spruce Grove Diving Association' apart from other diving associations, just as 'Hohoe' distinguishes 'Hohoe Gardening Club' from other gardening clubs.

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

3. You must obtain permission from certain organizations if your society's name suggests association with:
 - royalty
 - a government agency
 - a university, college, or technical institute
 - a professional or occupational association
 - the Olympic Games or its organizing committee
 - Kananaskis Provincial Park
 - the Nakiska ski area.

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

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

Alberta Name Search Report

Once your group has decided on a name, you must contact a [search house](#) for an Alberta Corporate Name Report from the NUANS database. This computer report lists the Alberta corporate and society names most similar to the name you want.

The report must be sent to Corporate Registry, along with other incorporation documents, within 90 days of the date the name was proposed. Corporate Registry uses this report to decide whether your group can use the name it has selected. If your name is very similar to another name you may not be allowed to use it.

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

Application Form

The *Societies Act* [application](#) lists some common purposes or objectives for which societies are formed. Use them if they meet your organization's needs or customize them to suit your purposes.

Note that these objectives may not meet the requirements of Canada Revenue Agency, if you intend to register your organization as a charity.

If your intention is to become a charity, please contact Canada Revenue Agency to determine their requirements **before** incorporating your society.

[Charities and Giving](#)

Canada Revenue Agency
Toll-free 1-800-267-2384

By-laws

All societies need to have bylaws, the governing rules for the organization. You can use the [standard society bylaws](#) if they suit your society's needs. If you use these bylaws, be sure to fill in all the blanks. If you do not wish to use these bylaws, you may prepare your own.

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

1. Membership – Bylaws must set out the terms under which new members may be admitted to the society, and the rights and obligations of all the members. Members under 18 years of age are subject to the same fees and society rules as adult members.
2. Withdrawal of Membership – Bylaws must set out how members can voluntarily withdraw from the society, and how they can be expelled.
3. Meetings – bylaws must set out the procedure for calling general and special meetings. Make sure you set out how the members will be notified and the time frame for notification of each type of meeting, and what the quorum will be for each. Indicate how the members will vote (for example, by show of hands, secret ballot or proxy), and which members have the right to vote.
4. Directors and Officers – Bylaws must set out how directors and officers are appointed and how the members can remove directors and officers from office. Bylaws must also include the following:
 - the duties of the directors and of each officer
 - the powers of the board of directors and officers
 - whether or not directors and officers will be paid.
5. Exercise of Borrowing Powers – Bylaws must set out whether or not the society can borrow money. If your society can borrow money, make sure you set out how this will be done. If your society is going to raise money by issuing debentures, it must pass a special resolution each time debentures are issued.
6. Audit of Accounts – Bylaws should set out who will audit the society's financial records. You may state that a qualified auditor will be hired for this purpose, or you may state that two officers/members will perform this function. An audited financial statement must be presented to society members every year at the annual meeting.
7. Custody and Use of the Seal of the Society – Once your Society has incorporated under the *Societies Act*, it should purchase a corporate seal from any rubber stamp company. A seal is not necessary, but you should have one if your society will deal with legal documents. The bylaws must state who will have custody and use of the seal, whether or not one is ever purchased.
8. Altering, Rescinding and Adding Bylaws – Society members must pass a special resolution to alter, rescind or add by-laws. A statement to this effect must be contained in the bylaws. Changes do not come into effect until the special resolution is registered at Corporate Registry. Make sure that all special resolutions sent to the Registrar are dated and verified by a person authorized by the society.
9. Preparation and custody of Minutes and Other Books and Records – Bylaws must set out which officers will prepare and keep the minutes of society meetings and directors' meetings and which officers will keep any other books and records of the society.

10. Inspection of Books and Records by Members – Bylaws must set out the time and place at which books and records of the society may be inspected by society members.

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

Notice of Address

Your society must have a registered office in Alberta at all times. A [Notice of Address](#) must be sent to the Registrar upon incorporation and within 15 days of a change. .

Request for Corporate Services

Submit all forms and documents to Corporate Registry with the [Request for Corporate Services Form](#). Instructions are on the back of the form.

Keep the last page (client's copy) for your records.

You must include a cheque for the \$50.00 incorporation fee. Make the cheque payable to the Government of Alberta.

Checklist for Incorporation

- ✓ Is everything enclosed?
 - Application
 - Bylaws
 - Notice of Address (Reg3016 Form 3)
 - Original Alberta Corporate Name Report less than 91 days old
 - Request for Corporate Services
 - \$50.00 Filing Fee
- ✓ Is the name of the society identical on all documents?
- ✓ Are the application and bylaws complete?
 - Dated
 - Signed by the same five people
 - Witnessed
- ✓ Are the signatures legible?
 - If not, print the names under the signatures.
- ✓ Is the Notice of Address signed and dated and is the title of the person signing stated?
- ✓ Have you enclosed two copies of the application, bylaws, and address form?
- ✓ Do all addresses include the street, town or city, province and postal code?
- ✓ Are all documents clear and legible?
 - There should be good contrast between the background and the wording.
- ✓ Have you enclosed a cheque for \$50.00, payable to the Government of Alberta?

After Incorporation

After incorporation your society must operate according to the provisions of the *Societies Act*. Some of the more common provisions are:

Acquiring and Dealing with Property

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

Property and funds of a society must only be used and dealt with for the society's legitimate objects in accordance with its bylaws.

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

Annual General Meeting

Your society must hold an annual general meeting in Alberta. The board of directors must present the society's annual financial statement to the members.

The financial statement must set out the society's income, disbursements, assets and liabilities. It must be audited according to the society's bylaws.

Annual Return

The society must send a completed annual return to Corporate Registry every year before the last day of the month following the anniversary of the month of incorporation. Failure to submit an annual return can result in the dissolution of the society.

The annual return must be accompanied by:

- A list of directors and officers of the society, including their full names, positions, mailing addresses and postal codes.
- A copy of the financial statement presented at the last annual general meeting of the society. The financial statement has to be signed by the the society's auditor(s).

A good practice is to hold your annual general meeting before the annual return is due and after the end of your society's fiscal year. This will allow enough time to have your audited financial statement presented at your annual general meeting.

Corporate Registry mails a pre-printed annual return to the society every year, usually the month before the anniversary of the society's month of incorporation. [Blank annual return forms](#) are also available.

Filing the return is a recurring responsibility so Corporate Registry suggests that this responsibility be assigned to one of the society's officers, e.g. the treasurer or secretary, and included in the officer's duties in the bylaws.

Arbitration

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

To do so, a society may provide in its by-laws that disputes be settled by arbitration or mediation. The process will follow the *Arbitration Act* unless the society's bylaw outlines the society's own specific dispute resolution process.

Branch Societies

Societies may establish branch societies. Branch societies are not incorporated organizations that are separate from the parent organization. They are simply a division or part of an incorporated society.

When a branch society is created, the parent society must provide the following to Corporate Registry:

- The date on which the branch society was authorized.
- The title, locality and powers of the society (make sure the powers of the branch society do not exceed the powers of the parent society).
- Notice that a branch society has been closed or ceased operations.

Changing a Society's Bylaws

A society can change its bylaws when 75% of the members pass a resolution at a meeting of the society or when all of the entitled members consent to a written resolution.

The new bylaws must meet the requirements of the *Societies Act*. They do not take effect until they are registered at Corporate Registry.

Changing a Society's Name

A society may change its name when the following is sent to Corporate Registry:

- An Alberta Search Report for the new name, within 90 days from the date that the name was proposed.
- [Articles of Amendment](#)
 - Do not include by-law or object changes on this form.
- A \$25.00 fee payable to the Government of Alberta.

Changing a Society's Objectives

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

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

Dissolving a Society

A society can voluntarily dissolve by passing a resolution to do so. Dissolution occurs when two copies of the Articles of Dissolution are filed at Corporate Registry.

Before completing the Articles the society must dispose of all all property and liabilities.

Fines

The bylaws of a society can provide that any member who contravenes society bylaws may be fined not more than \$5.00.

General Penalties

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

Register of Members

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

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

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

The society cannot charge a fee to members who want to inspect the list. If a member requests a copy of the list or part of the list, the society may provide one. A fee of not more than 25 cents for every 100 words copies can be charged for this service.

Revival

If a society was dissolved less than five years ago, it may apply to be revived when it wants to resume operation.

Any interested person may apply to Corporate Registry by completing and filing, in duplicate, [Articles of Revival](#) of a Society. An interested person is someone with monetary or legal rights that have been affected by the dissolution, eg. a director, member, or creditor at the time of dissolution.

All delinquent annual returns must be filed with the Articles of Revival as well as a notice of address.

The revival fee is \$50.00. Cheques must be made payable to the Government of Alberta.

If the society has been dissolved for three or more years, an original Alberta Corporate Name Report from the NUANS database must also be submitted.

Shares

A society cannot have shares and it cannot declare any dividends or distribute its property among members during its existence.

Legislation

Copies of the *Societies Act* and Societies Regulation can be viewed or purchased from:

Alberta Queen's Printer
7th flr, 10611 98 Ave
Edmonton AB T5K 2P7

Telephone: 780-427-4952
(tollfree outside Edmonton: dial 310-000 followed by the office telephone number)
Website: www.qp.alberta.ca

More Information

Service Alberta Contact Centre
Telephone: 780-427-7013
(tollfree outside Edmonton: dial 310-0000 followed by the office telephone number)
E-Mail: cr@gov.ab.ca

[Service Alberta website](#)