

This information sheet is intended to provide general information to non profit organizations in Manitoba. It is not intended to provide legal or financial advice. It is not complete in all the areas of forming a non profit organization. For more specific information, consult a lawyer, accountant or other professional for advice.

### **What is a non profit organization?**

A non profit organization is one which is created with the intention to not make personal profits. It is formed for non-commercial purposes, for example, to perform community work or to establish a social or athletic club. Any profit that is made is used to further the goal or undertaking of the organization. Profits must not be used by the individuals involved for their own personal financial gain.

While it is not necessary for this type of organization to incorporate or note its name with the Companies Office in order to operate on a non profit basis, it may be advisable, and legal advice should be obtained in this connection.

The following paragraphs explain these two options in more depth.

### **Option 1: Incorporation under The Corporations Act of Manitoba**

Incorporation creates a legal entity for the organization and those individuals who are involved with it.

#### **Some advantages of incorporation are:**

##### **1. Limited Liability**

The individuals who are involved in the corporation are not normally responsible for the legal and financial obligations of the corporation. (There are exceptions to this general rule.)

##### **2. Title to Property**

The corporation can own property in its corporate name. Should the membership of the corporation change, the legal ownership of the property lies with the corporation.

##### **3. Legal Action**

The corporation can start a legal action under its corporate name which is separate and apart from its members.

##### **4. Funding**

If an organization requires funding, some federal, provincial or private funding agencies require that it be incorporated.

##### **5. Continued Existence**

The existence of a corporation does not depend on the continued involvement of its individual members or directors. The corporation exists until it is formally dissolved.

### Some disadvantages of incorporation are:

1. It is more expensive to incorporate.
2. It is more complex to operate. There is more of an administrative burden in that, for example, an auditor may have to be appointed, and annual return filings are required by the Companies Office.
3. It is more expensive to operate.

### General Information About Incorporation

- A director of a corporation:
  - must be 18 years of age or older
  - must be an individual
  - cannot be bankrupt
- There is a minimum of three directors required.
- The undertaking of the corporation must be either patriotic, religious, philanthropic, charitable, educational, agricultural, scientific, literary, historical, artistic, social, professional, fraternal, sporting or athletic in nature.
- The name of the corporation must end with a legal element, i.e. either the word, "Incorporated", "Incorporee", "Inc.", "Corporation", or "Corp.". The words, "Limited", "Limitee", "Ltd.", or "Ltee" are prohibited.
- The corporation must have its registered office in Manitoba. This address is where the corporate records are kept (e.g. minute book), and where the corporation may be contacted. The registered office must be a physical address.
- A corporate seal is not required under The Corporations Act. However, if desired, the organization can buy a seal from one of the companies listed in the Yellow Pages under "Seals-Notary and Corporation".
- By-laws are the rules which govern the internal affairs of the corporation. By-laws are not filed with the Companies Office. The following are matters that may be dealt with in a company's by-laws: membership, directors, fiscal year, meetings, voting, amendments, and record keeping.
- The by-laws and certain financial records of the corporation should be available for inspection by its members.
- If a corporation desires to be exempt from paying taxes and be able to give tax deductible receipts for donations, it must apply for charitable status. The toll free Federal Charities No. is 1-800-267-2384.

### Option 2: Filing a Name Notation under The Corporations Act of Manitoba

Any person, partnership, or association may make a notation of a name under which an undertaking is carried on. A name notation is typically used by non profit groups which are not incorporated. It is not mandatory and just notes the name of the organization on the records of the Companies Office for a period of three years.

### General Information

- A name notation does not have the advantages of incorporation as shown above.

## HOW CAN A NEW NON PROFIT ORGANIZATION REGISTER WITH THE COMPANIES OFFICE?

---

- If the organization requires funding, it may not be recognized by federal, provincial, or private funding sources as it is not incorporated.
- It may not be able to set up a bank account under the name notation as it is not an incorporated entity.
- The name is noted for three years. If the group remains in existence after three years, it can be renewed for a further three year period.
- A name notation cannot have the following words as part of its name: Incorporated, Limited, Corporation, or the abbreviation or French equivalent.

### Applying for Authorization to Engage in Fundraising Activity Within Manitoba

A non profit organization is required to obtain authorization to engage in fundraising activities within the Province of Manitoba.

- For information about authorization to engage in fundraising activity within the Province, call the Consumers' Bureau at 204-945-3800 or 1-800-782-0067 (toll free within Manitoba).
- For information about additional requirements for fundraising activity within other Manitoba towns, cities or municipalities, contact the local jurisdiction.

[Forms and instructions](#) are available for incorporation or name notation in person, by mail, and are also available on our Website.