

How to incorporate

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This short guide is based on the Not-for-Profit Incorporator's Handbook published by the Ontario government. It is available at Ontario Government Bookstores for \$8.00, published in 2000 (Go to <http://pubont.stores.gov.on.ca/pool/english/catalogue.asp?> and enter the title in the search area for details on how to purchase a copy). It is recommended that you use the services of a lawyer to incorporate your organization since the careful drafting of the letters patent and bylaws will avoid future problems.

Why incorporate (Part 1 of the handbook)

Limited Liability

Members and directors of an unincorporated choir can be liable for the debts and for the acts and omissions of the choir (slip and trip at a concert?). A corporation is a separate “person,” and members and directors are not liable for its debts, and generally not for its acts or omissions.

Ownership of Assets

The corporation owns the choir's assets once they are transferred to it—including the name. Members have no financial interest in the assets and can arrive and leave with no claim.

Steps to incorporate

1. Clear the proposed name. Your existing choir of the same name or similar name must consent to its use, and stop using it when incorporation is complete. (Part 2)
2. Prepare an application for letters patent of incorporation (Part 3). The general operating bylaw governing the affairs of the corporation should also be drafted now.
3. Objects (Appendix I). The application will state the objects of the corporation and these are reviewed by several government departments. An example of objects would be:
 - to operate an organization for choral singing;
 - to receive the name, assets, and good will of the (name of existing choir);
 - to conduct rehearsals, concerts, seminars, workshops, scholarships, and bursaries in support of the choral arts;
 - to maintain a library of choral music and to receive the library of the (name of existing choir); and
 - to educate and to promote the public understanding and appreciation of the choral arts.
4. Directors—how many and when elected? It is not desirable that the terms of all directors expire at the same annual meeting. Two-year terms expiring alternate years is suggested. You may wish to consider a limit to how many consecutive terms a director may serve. Continuity is useful. The directors are elected at the annual meeting of members.
5. Members. The directors approve admittance to membership and guidelines are required. For example, must members (and directors) be singing members of the choir, or may others in the community become members? Is there a membership fee?

6. The bylaw should include some way of removing members of the corporation from the rolls for reasons such as non-payment of dues since members often leave without resigning.

Starting up (Part 4)

When letters patent are received, there are formal organizing steps which must be taken.

The persons who signed the application are the first directors. They meet to elect the president and other officers, to admit the other persons who are to be members, to pass the general bylaw, to pass banking documents, and to decide who signs cheques. There should always be a requirement of two signatures on cheques—any two of perhaps four of the officers. Signing persons should be advised to never, never sign a blank cheque, even though it requires another signature to validate it.

Continuing (Part 5)

A corporation must keep a record book with all minutes of directors' and members' meetings, copies of all bylaws, and the like.

A corporation must keep proper financial records and prepare an annual financial statement, which must be audited. If you cannot afford a professional auditor, then appoint two or more persons, not include any officer, and have them conduct the audit and report to the annual meeting.

A corporation must hold an annual meeting of members, called in accordance to the general bylaw and within a reasonable time after the close of the financial year. The bylaw will fix a quorum for directors' and members' meetings, and the method of giving notice of meeting.

You should also review, *How to apply for a charitable license*.

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