

Registered Charity Status

CPF-SK is a registered Saskatchewan charity, number 106865231RR0001. All donations to CPF-SK are eligible for receipts for income tax purposes. Since services are received in return for the membership fee, the fee itself is not tax deductible.

In Canadian law a charity must fall under one of four general headings:

- Relief of poverty
- Advancement of education
- Advancement of religion
- Other purposes (beneficial to the community but not falling under any of the previous headings) which are recognized by the law as charitable

CPF falls under the category of advancement of education.

The Income Tax Act requires that a registered charity be an independent organization, created or established in Canada that has applied for registration, and has been registered as a charitable organization or a public foundation or a private foundation. In addition, it must keep adequate books and records at a Canadian address that is recorded with Canada Customs and Revenue Agency. Typically, it is responsible for administering a charitable program or series of programs. Registered charities devote their resources to the charitable activities carried on by the charity itself and ensure that no part of their income is payable to or available for the personal benefit of its members. Registered charities must also have an independent Board of Directors or Trustees.

Under the Income Tax Act registered charities have two significant tax advantages crucial to their funding and functioning:

1. Charities are exempt from paying tax on any income they earn, and
2. Donations to registered charities are tax-creditable to the donor.

In addition, a Registered Charity can apply to have half of all GST paid by it refunded by Canada Customs and Revenue Agency.

Being a registered charity carries with it the responsibility of using this status wisely and in accordance with Canada Customs and Revenue regulations.

- Due to the very stringent regulatory and reporting requirements, chapters are *not* encouraged to become registered charities, but to work under the auspices of the branch.
- Please contact the branch if you have any questions regarding how and when tax receipts can be issued or any other matters related to CPF-SK charitable status.

Incorporation

Incorporation and registration as a charity are two different things. A booklet prepared by the Public Legal Education Association of Saskatchewan, Inc (PLEA) outlines why an organization may want to incorporate. They say:

Incorporating gives an organization legal status. It is not essential for a non-profit organization to incorporate. Whether an organization decides to incorporate or not depends upon its activities, nature, or type of organization.

As a legal entity, an incorporated association is recognized by the legal system as having rights and responsibilities. An incorporated organization can enter into contracts, buy land, borrow money, have bank accounts, etc., in its own name.

Other advantages to incorporating include...

- the liability of the members is limited (for example, members are not personally liable for debts of the corporation)*
- continuity of the organization is assured while the membership changes*
- a corporation can own property in its name regardless of membership change*
- the ability to bring a legal action in its own name (an unincorporated body cannot), and*
- the chances of receiving government grants may increase because of the stability the organization appears to have*

For more information regarding incorporation visit the website of Saskatchewan Justice at: www.saskjustice.gov.sk.ca or visit the Public Legal Education Association of Saskatchewan website at www.plea.org