



# SOCIAL ENTERPRISE

CHOOSING A LEGAL FORM FOR YOUR SOCIAL ENTERPRISE

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## CHOOSING A LEGAL FORM FOR YOUR SOCIAL ENTERPRISE

SOCIAL ENTERPRISE SERIES  
DEVELOPED BY:



Western Economic  
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de l'Ouest Canada



Canada

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## 1. Foreword

Are you thinking about setting up a social enterprise? Starting a social enterprise is a complicated process. Organizations and individuals can expect to face many issues as they plan and develop a social enterprise. **The Business Link** has published a series of three guides to help you address these issues.

*Choosing a Legal Form for Your Social Enterprise* is one of these guides. It will help you deal with a very challenging issue: figuring out how to structure your new social enterprise. This guide will give you an overview of the legal context of your social enterprise. And it will take you through some of the steps in setting up the legal structure.

The other guides available in this series are:

- *Starting a Social Enterprise in Alberta*
- *Financing Your Social Enterprise*

Together the guides cover the basics of starting a social enterprise, but there is still much more to learn. You will find a list of resources at the end of each guide. For more information, you might also want to look up the references provided at the bottom of each page.

You can find these three guides in the social enterprise section of [www.cbsc.org/alberta](http://www.cbsc.org/alberta). In addition to the three guides, **The Business Link** maintains a collection of social enterprise materials in our library. Visit or call **The Business Link** to explore our *Social Enterprise Pathfinder*—a listing of social enterprise materials, resources, and external support organizations.

## 2. Legal Review

When launching your social enterprise, as with any business, there are a number of legalities and governance issues that you need to address. One of the first steps is to review the legal, financial, and administrative frameworks that govern your current organization. How you are organized in these areas today will affect the nature of your new venture, so it is important that you understand them early on.

If your current organization is considering starting a ‘for-profit’ venture, you must review your articles of incorporation to determine your current legal standing. In order to prevent costly and difficult complications down the road, at the outset you should also look at your bylaws, mission statement, charitable status, etc. If possible, review these legal documents together with your organization’s lawyer. These documents will help you decide if there are any legal issues that might get in the way of starting a social enterprise. For example, you might discover that your organization’s objects (the aims stated in your by-laws) do not allow you to own property, borrow money, or engage in business activities. You might discover that you do not have charitable status and cannot issue charitable receipts even though you are a non-profit society.

Once you understand the boundaries, if any, that your current legal structure has, you can explore options for:

- **starting a venture**
- **creating subsidiaries**
- **entering into partnerships**

You should also ensure that your organization maintains its charitable or not-for-profit status in good standing with the Canada Revenue Agency (CRA). (It is possible to amend by-laws if you need to do so, but most organizations prefer to leave that option as a last resort, particularly if proposed changes may cause the CRA to review your charitable status.)

### 3. Legal Structures: Marrying Business and Social Interests

In this section, we will look at the various structures that can be used to form a company. One option is to establish a traditional business model; this means that the entity will adopt one of the more traditional corporate models that for-profit enterprises use. Another is to consider models that are more commonly adopted by social organizations. Each approach has its pros and cons, some of which are listed here. Because the implications of structure are so important, especially when considering the importance of keeping charitable or non-profit status that is so important to many organizations, it is recommended to seek legal advice during the planning stage.

## 3.1. How Do You Decide on the Legal Form?

There is no one preferred legal structure for any and all social enterprises. *Starting a Social Enterprise in Alberta*, includes examples of social enterprises that have different legal forms. Below are some of the legal forms used by enterprises in Alberta:

SOCIAL ENTERPRISE	LEGAL FORM
Kids in the Hall Bistro	A program initiated by a registered charity
Earth Water	Privately held, for-profit corporation
Cosmos Bottle Depot	Non-profit corporation owned by a registered charity

Explore a number of different options when deciding what legal structure will best suit your enterprise. For example, a for-profit structure requires the organization to focus on making a profit. It also has tax implications. However, a non-profit structure increases the pressure to tackle complex social problems and may divert the organization away from creating needed profits or sustainability. Social enterprises are hybrid organizations where profit is required to attain the social good, so these options bring us back to the basic question: “What is the best way to achieve the mission of this enterprise?” Or, “Which option will support this mission best—a for-profit or a non-profit legal structure?”

The Roberts Foundation, a leader in social enterprise funding, suggests that “decisions about structure should flow from mission”.<sup>1</sup> An organization’s mission may be 100% social or 100% profit, or some kind of mix. Where is your organization’s mission on the social–profit continuum?

### 3.1.1 Deciding on the Most Appropriate Legal Structure

When you are clear about your central mission, you can make the connection between mission and structure. Your answers to the following four questions will help you decide what structure is most appropriate for your venture:

**Is the venture’s primary mission mostly social or profit?**

Is profit the most important motive for the business? Is the social mission the main goal of the enterprise? Considering the answer to these questions, will a for-profit or a non-profit structure be the most natural fit?

<sup>1</sup> Cynthia Gair, *If the Shoe Fits, Nonprofit or For-Profit?* Roberts Foundation, 2006, pp. 8–9. See [http://www.redf.org/download/other/REDF\\_If\\_the\\_Shoe\\_Fits\\_FINAL.pdf](http://www.redf.org/download/other/REDF_If_the_Shoe_Fits_FINAL.pdf)

## **What are the founders' views, skills, motives, and intentions?**

Why are these individuals starting the venture? What path is it already on? To know where the venture might go, it helps to know where it has come from and what the founding individuals are bringing to it.

## **What is the market for the primary activities (goods/services)?**

Who are your paying customers? Are they the people you are trying to help? The public at large? Or is your market an organization (e.g., a level of government or a foundation) that will pay you to serve low-income customers? If it is the latter, you will need to consider the contracting requirements of that organization.

## **How closely held is the organization?**

If a small number of individuals own and direct an organization, it is closely held. A complex combination of social and profit objectives is most likely to succeed when fewer individuals, with common points of view, own and direct the enterprise.<sup>2</sup>

Other factors to consider as you look to a model to adopt include:<sup>3</sup>

- How much control does your organization want to maintain?
- How big will the enterprise be? How much and how fast can it grow?
- How much money will you need and where will you get it?
- What level of risk and liability is your organization willing to take?
- What effect could the enterprise have on your organization's image and reputation in the community? Will others believe that your enterprise is competing unfairly with the private sector?

The Roberts Foundation provides an assessment tool to help you determine the legal structure that best fits your aims.<sup>4</sup> (The foundation makes it clear what it believes about charitable organizations: a “tax-exempt nonprofit legal structure is the best fit for supporting social mission-focused activities”.)

<sup>2</sup> Cynthia Gair, *If the Shoe Fits, Nonprofit or For-Profit?* Roberts Foundation, 2006, pp. 8–9. [http://www.redf.org/download/other/REDF\\_If\\_the\\_Shoe\\_Fits\\_FINAL.pdf](http://www.redf.org/download/other/REDF_If_the_Shoe_Fits_FINAL.pdf)

<sup>3</sup> Enterprising Non-Profits, *The Canadian Social Enterprise Guide*, 2005, p. 141.

<sup>4</sup> [http://www.redf.org/download/other/REDF\\_If\\_the\\_Shoe\\_Fits\\_FINAL.pdf](http://www.redf.org/download/other/REDF_If_the_Shoe_Fits_FINAL.pdf)

## 3.1.2 Is It Really Legal?

It is indeed legal for a non-profit or co-operative to create revenue by operating a social enterprise. Although, if you are also a charitable organization, some restrictions apply. This section will help you understand the legal context in which you operate. A non-profit company or charity may not create excess profits and still expect to retain its status. It is a complex topic and we suggest that you discuss this in more detail with your lawyer and accountant. This section will explain some options and considerations when you are deciding whether and how to launch a social enterprise.

## 3.2. How Do Non-Profit Entities Fit into the Picture?

Not all non-profit organizations have the same legal structure. Non-profit status does not automatically allow you to operate a non-profit business or provide charitable receipts. As with the legal structures previously listed, non-profits can take numerous forms. For example, a society may have charitable status and may also own a non-profit company. Social enterprises are normally hybrid organizations, so it is important that the business and the social entities are legally compatible.

A non-profit organization's main purpose is a social good—not the pursuit of profit for its own sake. Neither a non-profit society nor a non-profit company can distribute any of its profits to its members; the profits that are created are to be used for the sustainability of the organization. If a social enterprise is owned by a parent organization, the activities of the social enterprise must match the stated objects of the parent organization—society, charity, or non-profit company. Remember, the Canada Revenue Agency will look closely at any registered charity that engages in “business activity”.

See the following chart for an overview of the major similarities and differences between the legal structures of non-profit organizations. Note that a charity must first incorporate as a society before registering for charitable status. Therefore, the rules that apply to a society also apply to a charity.

# SOCIAL ENTERPRISE

## Legal Structures of Non-Profit Organizations in Alberta

	SOCIETY	NON-PROFIT COMPANY	CHARITY
<b>REASON FOR EXISTENCE (Purpose)</b>	<p>Exists to provide an organizational form for people who wish to carry out some purpose that is not a trade or business.</p> <p>A non-profit society is entitled to carry on any lawful activity, so long as it does not have making profit as a purpose.</p> <p>Can apply to register as a charity.</p>	<p>An Alberta non-profit company has the power to carry on a trade or business so long as the profits or surplus are not made available to the members. In that way it is like a society. However, its structure and operations are like those of other corporations.</p> <p>Cannot apply to register as a charity.</p>	<p>Can only engage in a narrow range of activities, those that</p> <ul style="list-style-type: none"> <li>• advance religion</li> <li>• relieve poverty</li> <li>• advance education</li> <li>• or fulfill other purposes that the courts have determined to be charitable<sup>5</sup></li> </ul>
<b>LAW</b>	Governed by the Societies Act (Alberta).	Governed by the Business Corporations Act (Alberta).	Registered as a charity under Income Tax Act (Canada).
<b>OBJECTS</b>	Must state explicit objects (say exactly what the organization aims to do) in the by-laws.		An organization's objects must qualify it for charitable status. All the activities of the organization must further its charitable purposes.
<b>INCOME TAX</b>	Exempt*	Exempt*	Exempt*
<b>ISSUE DONATION RECEIPTS?</b>	No	No	Yes
<b>DISTRIBUTION OF INCOME</b>	Cannot distribute income to members during its life. Cannot distribute assets to members when organization is dissolved (any assets must be transferred to another non-profit).		
<b>BENEFITS FOR SOCIAL ENTERPRISE</b>	Can operate the social enterprise as a program rather than as a business. Eliminates the need for another entity.	Creates a separate entity that shields the owner(s) from liability. Uses a traditional business structure, which might make it easier to raise financing.	Can receive grants from foundations.

\* Ensure that you follow all guidelines as established by the CRA

<sup>5</sup> Only those activities which have a public benefit. It is important to remember that there are a series of legal tests about each of these charitable categories of charitable purpose.. See CRA's Brochure RC4143 Registered Charities: Community Economic Development Programs <http://www.cra-arc.gc.ca/E/pub/tg/rc4143/rc4143-e.htm>



## 3.3. Special Consideration for Charities

Before a charity starts a social enterprise, it will need to consider a special set of rules. The Canada Revenue Agency accepts four kinds of charitable objects (purposes):

- relief of poverty
- advancement of education
- advancement of religion
- other purposes beneficial to the community

An organization's objects must clearly align with at least one of the above before it may qualify the organization to be a charity. Furthermore, the charity's full range of activities must support its charitable purposes and be consistent with them.

A charity's business activities must be clearly linked to the organization's charitable purpose. A social enterprise would likely connect to a "relief of poverty" object. If the charity fails to make the connection to this object, the organization could lose its charity status.<sup>6</sup>

The Canada Revenue Agency (CRA) recognizes four types of links to an organization's objects:

- a business activity that is necessary to the operation of the charitable programs
  - an off-shoot of a core charitable program
  - a use of excess capacity (resources already available but not yet fully used)
  - the sale of an item that promotes the charity
- (Ensure that you follow all guidelines as established by the CRA)

In order to comply with CRA rules, charities must distinguish between related and non-related businesses. A related business is one in which the business is linked to the charity's purpose, subordinate to that purpose, and/or run mainly by volunteers.

A subordinate activity is one that:

- ✓ represents a small portion of the charity's resources and
- ✓ is integrated into the charity's operations and
- ✓ is driven by the organization's charitable motives and
- ✓ does not allow private financial benefit

If the social enterprise does not meet all the criteria mentioned above, it cannot operate a venture within a charitable structure. However, a charitable organization can own and operate an unrelated business venture that is separately incorporated.<sup>7</sup> Be careful to follow the CRA's rules regarding whether or not the business is a subordinate activity. Failure to comply can result in a revocation of charitable status.

<sup>6</sup> People who are thinking about social enterprise and charity should read and study the CCRA Brochure RC4143 *Registered Charities: Community Economic Development Programs* <http://www.cra-arc.gc.ca/E/pub/tg/rc4143/rc4143-e.htm> and *Charities Providing Rental Housing for Low-Income Tenants* - <http://www.cra-arc.gc.ca/tax/charities/policy/cps/cps-020-e.html>

<sup>7</sup> Enterprising Non-Profits Program, *The Canadian Social Enterprise Guide*, 2005, p. 130.

Note that the Canada Revenue Agency can and does make changes to its regulations. Be sure to check the Charities Division of the CRA website (<http://www.cra-arc.gc.ca/tax/charities/menu-e.html>) for what's new and how changes might affect a charity operating a social enterprise.

### 3.3.1 Should We Apply to Become a Charitable Organization?

Right now you may be asking yourselves: should we apply to become a charitable organization? If you already are a charity, you may be considering: should we operate a social enterprise under our current legal structure? Or should we set up a separate entity?

There are many factors to consider when answering these questions. Charitable status significantly restricts what an organization can do. This limitation comes in exchange for tax-exempt status and the ability to issue donation receipts.

In one sense, the decision to become a registered charity (or to operate under a parent-charity) hinges on the main source of funding you intend to use. The decision to apply for charitable status may be easy if you can answer yes to both these questions:

- Will charitable donations be your main source of revenue?
- Will the organization's activities and programs be 100% charitable?

What if your programs and projects can only be partially supported by charitable donation? What if some of the proposed activities are non-charitable? Then the decision becomes more complex. You will need to weigh the advantages and disadvantages of charitable status, especially these:

- Advantage: Charities may receive donations and may receive grants from foundations.
- Disadvantage: 100% of a charity's programs and projects must be charitable.

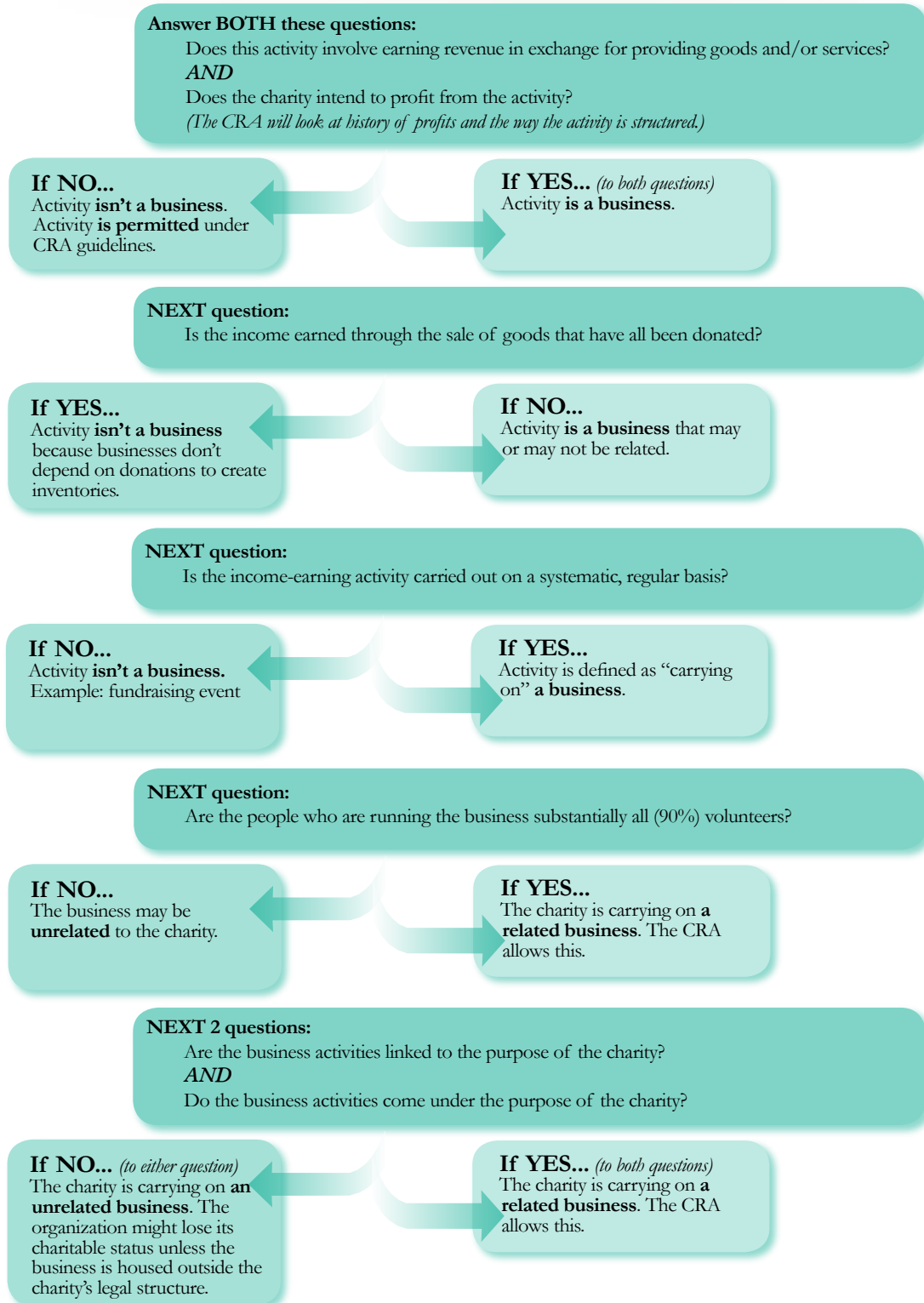
You will also need to look at the relationship between your charitable organization and the activities you are planning.

### 3.3.2 CRA and Charities Considering “Business Activities”

Is your organization a charity? Do you want your charity to operate a social enterprise? Then your charity will be doing “business activities”. Do you know what the CRA allows charities to do?

The following decision tree will help you understand what the CRA does and doesn't allow. Answer the questions for each activity that you are considering. Follow the tree as far down as you can. Stop when a branch ends.

## CRA Decision Tree for Charities Considering “Business Activities”<sup>8</sup>



8 Adapted from Enterprising Non-Profits Program, *The Canadian Social Enterprise Guide*, 2005, p. 147.

## 3.4. What Are the For-Profit Options?

Traditionally, you can carry on a business within three types of for-profit legal structures:

- **the sole proprietorship**
- **the partnership**
- **the for-profit corporation**

Another structure is the co-operative model. Co-operatives can be either for-profit or non-profit organizations. In some cases, you may want to consider going to a 'for-profit' model. Before making a decision, you will want to look at a number of factors affecting your business such as:

- **the nature of the business**
  - E.g. An organization that has a focus on training under-skilled workers may have difficulty designing a for-profit enterprise so they may choose a non-profit model. Whereas an organization that creates and sells a product may use a for-profit model.
- **the financial situation of the people starting it**
  - E.g. If the organization is less likely to qualify for a loan, they may partner up with other proponents who have money.
- **your goals for the business**
  - E.g. An organization may wish to bring together a group of like-minded individuals who are willing to participate with their finances and take time to evolve the concept of a new business. This organization may choose the membership-focused co-operative model.
- **other personal and financial factors**
  - This may depend on factors such as the risk. For instance, the proponents may choose to limit their liability by choosing to incorporate rather than setting up a partnership.

The following table gives information about each structure. The last row shows how a social enterprise might work within each structure. More information about how to register each type of business can be found in [The Business Link's Guide for New Alberta Businesses](#).

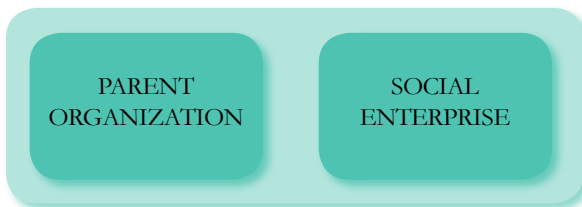
# SOCIAL ENTERPRISE

Business Structures and Social Enterprises				
Features	For-Profit Legal Structures			
	Sole Proprietorship	Partnership	For-Profit Corporation	Co-operative
<b>Ownership</b>	One person owns everything.	Two or more partners own the business together.	The business is a legal entity separate from its owners. It has all of the powers of a natural person.	All of the members own the business. One member has one vote, no matter how many shares each member owns.
<b>Liability</b>	Operation is same as person.	General partnership: Conduct business with two or more partners fully involved in the business. All partners share profits and liabilities.	Limited personal liability. Shareholders might have to give personal guarantees.	A co-operative is a form of corporation, so personal liability is limited.
		Limited partnership: Limited liability of some partners, as determined by partnership agreement. There must be one general partner who remains liable for all the debts of partnership.		
<b>Legal</b>	A business name (if not the person's own name) must be registered.	Must be registered.  A partnership involves legal liabilities between partners. It is recommended to seek legal advice to create a partnership agreement.	Must be registered.  May require legal advice.  Record keeping and tax matters are difficult and time-consuming tasks. Usually requires the services of an accountant.	Must be registered.  Will require specialized legal advice.  More expensive and complex to set up than the business corporation.
<b>Income Tax</b>	Calculated at the same time as personal income tax.	Tax considerations (profit and loss) are split proportionally between partners.	The corporation pays corporate taxes on profits. Owners pay personal taxes on the dividends that the corporation pays on their shares. The corporation cannot deduct dividends.	The tax status depends on whether the co-operative is for-profit (taxable) or not-for-profit (tax-exempt).
<b>Investment Considerations and Costs</b>	Owner usually provides the financing.	Partners usually provide the financing.	If outside investors are needed to provide business capital, a corporation is often necessary.	This is not a common business form. It may be difficult to obtain sufficient capital from members.
<b>Social Enterprise Connection and Benefits</b>	Not usually suitable for social enterprises.	May be suitable for a social enterprise. Be sure to understand your liability in the partnership.	Used in a number of social enterprises. Connection to social organization must be established, e.g., by joint-venture agreement or shareholders' agreement when there is more than one shareholder.  Benefits include greater focus on business outcomes reduced liability of the company's owners appeal to private investors and lenders	Used in a number of social enterprises (e.g., producer co-operatives, consumer co-operatives like retail co-ops, financial co-operatives like credit unions, service co-operatives).  Advantage: Co-op distributes profits to members in proportion to use of service (e.g., consumer co-ops) or contribution (e.g., producer co-ops)

## 3.5. To Separate or Not to Separate, That Is the Question

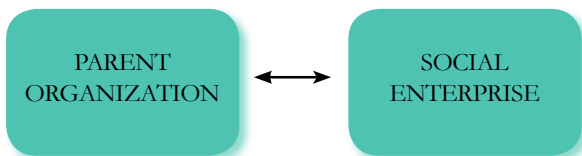
A social enterprise can operate as a program of a larger organization. It might also be set up as a separate non-profit or for-profit company owned by a parent organization. Finally, the enterprise might have no “parent”; it is an independent legal entity. The following diagrams show the possible relationships between the social enterprise and a parent organization.<sup>9</sup>

### Internal Program



The social enterprise is a department or program of the parent organization. The enterprise has no separate, financial or legal status. All staff, overhead and management systems are integrated.

### Separate Entity



The social enterprise is owned by the parent organization. Legally, and financially, it is a separate entity. If staff or office space is shared, it is done so by contract on a business basis.

### No Parent – Only One Entity



There is no parent or host organization. The social enterprise is a separate entity with its own legal, financial and management systems.

When you are considering the appropriate structure for your social enterprise, a number of issues related to control and profit arise:

- Who will make ultimate decisions for the enterprise? (i.e., where does control rest?)
- Who owns the enterprise?
- Who will receive the profits?
- Who will be liable for any losses?

<sup>9</sup> Kim Alter, *Social Enterprise Typology*, 2004, p. 40. Available at: <http://www.virtueventures.com/setypology.pdf>

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You will need to decide whether or not to house the enterprise in a parent non-profit organization. After you make this decision, a whole new set of possibilities will arise. These include legal and tax options. You will want a lawyer and a good accountant to advise you on the best legal and tax options for your enterprise.

A parent non-profit organization must decide whether to operate the social enterprise within the existing structure or to create another structure that is related or connected to it in some way. The following table illustrates some benefits and disadvantages of separating the social enterprise from the parent non-profit organization.

## BENEFITS AND DISADVANTAGES of Separating the Social Enterprise from the Parent Non-Profit Organization<sup>10</sup>

	SEPARATE THE STRUCTURE	DO NOT SEPARATE THE STRUCTURE
BENEFITS	<ul style="list-style-type: none"><li>• Does not distract management (and can be run to maximize profit).</li><li>• Keeps program focused on its purpose.</li><li>• Reduces bureaucracy.</li><li>• Is easy for donors or investors to see and understand. Inspires confidence.</li><li>• Shields the non-profit or charity from business risk.</li><li>• Enables investment in the business (i.e., a for-profit has more options for raising investment capital).</li><li>• May be sold to investors, employees or another company (a separate business can be sold outright as an exit strategy).<sup>11</sup></li></ul>	<ul style="list-style-type: none"><li>• Does not distract management (and can be run to maximize profit).</li><li>• Keeps program focused on its purpose.</li><li>• Reduces bureaucracy.</li><li>• Is easy for donors or investors to see and understand. Inspires confidence.</li><li>• Shields the non-profit or charity from business risk.</li><li>• Enables investment in the business (i.e., a for-profit has more options for raising investment capital).</li><li>• May be sold to investors, employees or another company (a separate business can be sold outright as an exit strategy).</li></ul>
DISADVANTAGES	<ul style="list-style-type: none"><li>• Parent organization might lose control.</li><li>• Some resources must be duplicated between enterprise and parent non-profit.</li><li>• Forming a separate entity can be expensive. Administration and legal costs may be high.</li></ul>	<ul style="list-style-type: none"><li>• Purpose of the parent organization may be diluted.</li><li>• Parent organization assumes liability for enterprise.</li><li>• Tax exempt status of parent organization might be jeopardized.</li></ul>

<sup>10</sup> Some of this table was summarized from Center for Community Futures, Profit Making for Non-Profits and Social Enterprise Toolkit, pp. 3-13–3-14.

<sup>11</sup> Pepin, Tranquada and Associates, Social Entrepreneurship: A Reference Guide, 2004, West Orange, NJ.

## 3.5.1 Staying In-House, No Separation

Most Canadian charities operate their social enterprises as in-house programs, so they avoid the need for a separate organization, board of directors, financial statements, etc. This approach works well when:

- ✓ the mission of the charity is very closely aligned to the social enterprise and
- ✓ the work of the enterprise is well integrated into the overall operations of the charity and
- ✓ the enterprise is focused on breaking even rather than making a profit

## 3.6. Separate Entities

Some business must be separated from their parent non-profit, and some are best separated. Charities are not allowed to operate unrelated businesses in-house. Related enterprises that have a profit motive are normally separated. Below are five possible kinds of separate entities.

### 3.6.1 Wholly Owned, For-Profit Subsidiary

A social enterprise can take the form of a corporation that is owned, and controlled, by a non-profit organization. This approach allows for a clear separation between the charity and the corporation. For example, the corporation must have a distinct name and its own board of directors. None of the charity's assets can be used to benefit the corporation.

Because it is a corporation, the enterprise can distribute profits. Corporation earnings will be taxable.

### 3.6.2 Subsidiary Company with a Partner

The non-profit society can be the majority shareholder in a company that has other shareholders. The other shareholders may be non-profit or for-profit entities. This complex structure will allow for investments from other sources. Also it will spread risk among all the shareholders. However, it will also create its own tensions around governance (board of directors) and management (operations).

### 3.6.3 Limited Partnership

Some partners have limited liability. There must be one general partner who remains liable for all the debts of partnership. The partnership agreement must state who is liable for what.



## 3.6.4 Joint Ventures

Joint ventures are a variation of a partnership where control is shared equally among shareholding partners. The details of these operations are often outlined in partnership agreements.

## 3.6.5 Co-operative

A co-operative is a form of corporation that has rules limiting its governance. Each member has only one vote, no matter how many capital shares they own.

Regardless of the type of separate entity chosen, be sure the entity best suits your needs and that you have addressed all the previously identified implications.

## 4. Contact Information and Resources

### Canada Revenue Agency's Publications

#### Social enterprises and charities

- RC4143E Registered Charities: Community Economic Development Programs

This publication covers the following topics:

- ✓ Community economic development defined
- ✓ Unemployment and employment
- ✓ Who is the organization helping?
- ✓ Preventing unemployment
- ✓ Types of programs
- ✓ Vocational, employability, and entrepreneurial training
- ✓ Training “businesses”

#### Registering a charity

- T2050 Application to Register a Charity under the Income Tax Act
- T4063 Registering a Charity for Income Tax Purposes

#### Operating a charity

- IT110R3 Gifts and Official Donation Receipts
- IT111R2 Annuities Purchased from Charitable Organizations
- IT297R2 Gifts in Kind to Charity and Others

#### Other Web-Based Information

Canadian Co-operative Association, BC Region. Co-operatives and Charity Law:  
[www.bcca.coop/pdfs/Co-opCharityLaw.pdf](http://www.bcca.coop/pdfs/Co-opCharityLaw.pdf)

Caftel, Ben. Legal Structures for Business Ventures: <http://www.tgci.com/magazine/97winter/legal1.asp>

# SOCIAL ENTERPRISE

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