



# Nonprofit Law Ontario

Rules and tools for organizations

## Fundraising and Membership Structures

Membership and Donations

Membership Structures

“Membership” in Communications

Membership and Tax

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Co-created with: **you!**

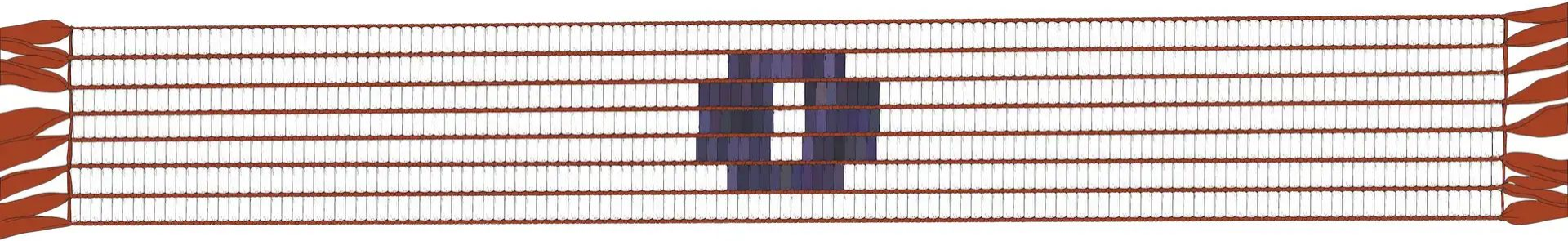
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## Who we are

Meeting your legal needs through education!

1. Out-of-the-box and custom workshops, e.g.
  - a. Charity law
  - b. Employment law
  - c. Privacy law
  - d. Negotiations
  - e. Board-ED relations
2. Custom research and educational materials, e.g.
  - a. [Charity law for land trusts](#)
  - b. [Granting to non-qualified donees](#)

# Dish With on Spoon Land



Who is a member?

# Housekeeping

There will be a period for questions at the end of each section, but feel free to ask questions throughout.

# Disclaimer

This presentation is:

- **general legal information** – it isn't legal advice tailored for your specific situation.
- **a high-level overview of ONCA, ITA, and CASL** – it isn't comprehensive and it doesn't address other areas of law.
- **about law** – it isn't about everything else that goes into effective fundraising.

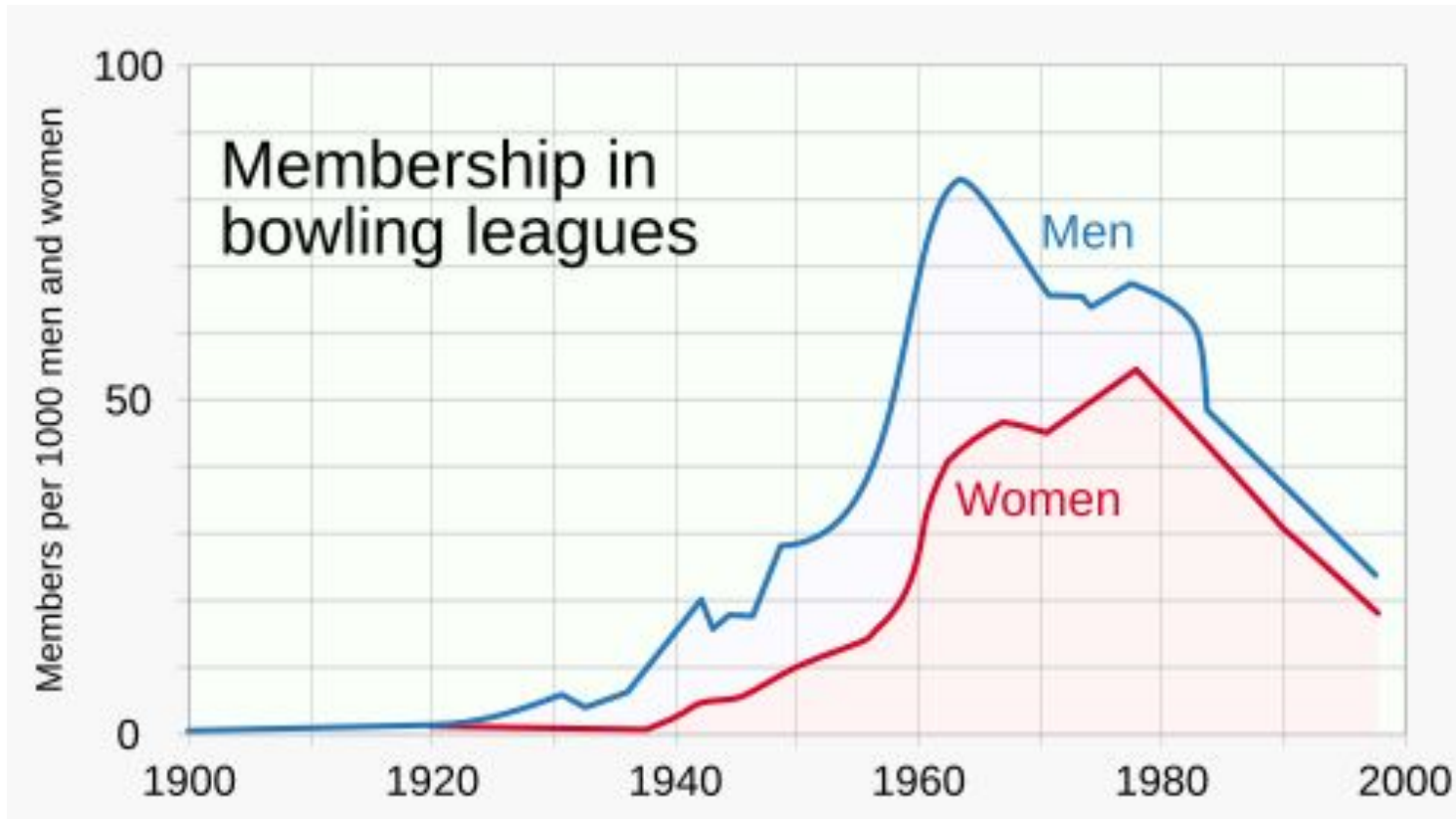
# Membership and Donations

History of Membership

Recent History of Membership in Ontario

Membership and Donations

# The History of Membership



*Bowling Alone*, Robert Putnam

# Recent History of Membership in Ontario

Since 2010, ONCA and CNCA has further discouraged membership.

- Member veto powers over fundamental changes
- Members personal information accessible by other members

# Membership and Donating

Why should fundraisers care about membership structure?

- **commitment, trust, satisfaction, and involvement** all influence donor retention (Naskerant & Siebelt, 2011)
- It provides **more reliable funding** than external partners (Sontag-Padilla, 2012)
- **Small organizations** are 2x likely to rely on membership/sales of goods and services ([NPLO legal needs study](#))
- **Membership length** may influence size of donations (Oh & Eyun-Jung, 2019)
- Poor membership structure may contribute to governance disputes that create **reputational risk**

# Membership Structures

Open Membership

Semi-Open Membership

Self-Perpetuating Board

Single Membership

Hybrid Membership

Representative Membership

Estimating Membership Structures in Ontario

# Model 1: Open Membership

Anyone who supports your nonprofit's vision, mission, and values can become a voting member.

Pros	Cons
<ul style="list-style-type: none"><li>• more accountability</li><li>• more volunteers</li><li>• more revenue</li></ul>	<ul style="list-style-type: none"><li>• more privacy concerns</li><li>• More chance for conflict</li><li>• More work to keep track of</li></ul>

# Model 2: Semi-Open Membership

Not everyone can become a member because your bylaws can have conditions on membership.

Examples of conditions:

- Who can be a member and how
- Requirements to stay a member
- Code of Conduct
- Maximum number of members

Similar pros and cons to open membership.

# Model 3: Self-Perpetuating Boards

Directors don't have to be members, under ONCA. However, your bylaws can say that directors will be the only members.

Pros	Cons
<ul style="list-style-type: none"><li>• <b>Less chance of conflict</b></li><li>• <b>No legal way to get around directors' duties</b></li><li>• <b>Less work to inform and keep track of members</b></li></ul>	<ul style="list-style-type: none"><li>• <b>No external accountability</b></li><li>• <b>Risks less stakeholder participation</b></li><li>• <b>Reputation for being "closed"</b></li><li>• <b>Risks confusion</b></li></ul>

# Model 4: Single Member

The founding person or organization is your only member.

Pros	Cons
<ul style="list-style-type: none"><li>• Easy to manage</li><li>• Member retains total control</li></ul>	<ul style="list-style-type: none"><li>• Less transparent</li><li>• Risk of less stakeholder participation</li><li>• Reputation for closed</li></ul>

# Model 5: Hybrid Membership

Your directors are your only voting members, and a non-voting class is open to anyone who supports your nonprofit's work.

Pros	Cons
<ul style="list-style-type: none"><li>• <b>More stakeholder participation</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Less accountability outside Board</b></li><li>• <b>More work to keep track of</b></li></ul>

# Model 6: Representative Membership

Your directors make up one class of voting members. You also have one or more other voting classes made up of members who are elected by and represent different types of stakeholders for example, regional or youth stakeholders.

Pros	Cons
<ul style="list-style-type: none"><li>• <b>More flexibility</b></li><li>• <b>More transparency</b></li><li>• <b>Less chance of mission drift</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Complicated to understand</b></li><li>• <b>More work to keep track of</b></li></ul>

# Membership Structures in Ontario 2/2

Based on NPLO's 2023 legal needs survey ,we estimate (+/-5%):

- **Open/semi-open membership:** Max. 32%
- **Self-perpetuating board:** 38% of orgs have same number of members and directors or believe they have no members.
- **Single Member:** Max. 23%
- **Hybrid Membership:** max. 30% have non-voting members.
  - 10% have a substantive hybrid membership,
  - 20% have a <10 (likely honorary) members.
- **Representative membership:** N/A

# Membership in Communications

Setting Expectations

CASL Advantages

Election Advertising

# Setting Expectations

**Colloquial use of membership** gives impression individuals have rights:

- Compounded when non-members invited to AGM

Individuals often ask me:

- “They don’t invite the membership to the AGM.”
- “They won’t give me the bylaws to determine if I’m a member.”
- “The Board elected themselves! Is that legal?”

# CASL Advantages

**Membership is implied consent** to receive commercial electronic messages ([CRTC](#))

- You must still allow them to unsubscribe.

Mail lists must be able to distinguish between members and non-members to take advantage of this.

# Election Advertising

A corporation's communications to its members is exempted from election advertising rules (see e.g. Election Finances Act, s.1(1)(c))

Mail lists must be able to distinguish between members and non-members to take advantage of this.

# Membership and Tax

HST  
Tax Receipting

# HST

Membership is HST exempt if the member does not personally get:

- A tangible good or service (beyond financially insignificant information or newsletter)
- Discounts whose upper value is worth more than 30% of the membership
- A right to acquire goods or service at below market value

Consider tax implications of membership terms.

# Tax Receipts

Registered charities cannot generally restrict programming to members.

A charity cannot issue a tax receipt if:

- A tangible benefit a member receives cannot be calculated (e.g. discount they may use), or
- A tangible benefit a member receives is worth more than 80% of the membership

A charity must deduct the value of any benefit from the tax receipt if more than the lesser of 10% of the membership or \$75.

# Questions?

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[theonnn.ca/topics/onnn-projects/non-profit-law-ontario/](http://theonnn.ca/topics/onnn-projects/non-profit-law-ontario/)

# Sources

Naskrent, Julia, and Philipp Siebelt. “The Influence of Commitment, Trust, Satisfaction, and Involvement on Donor Retention.” *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, vol. 22, no. 4, 2011, pp. 757–78. JSTOR, <http://www.jstor.org.onlineresources.tpl.ca:2048/stable/41307837>. Accessed 20 Apr. 2026.

Oh, Jeyoung, and Eyun-Jung Ki. “What Makes Association Members Donate More? Factors Influencing Members’ Donation Amount in Membership-Based Professional Associations.” *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, vol. 30, no. 4, 2019, pp. 800–10. JSTOR, <http://www.jstor.org.onlineresources.tpl.ca:2048/stable/45219090>. Accessed 20 Apr. 2026.

Sontag-Padilla, Lisa M., et al. “Challenges and Promising Practices of Financial Sustainability in Nonprofit Organizations.” *Financial Sustainability for Nonprofit Organizations: A Review of the Literature*, RAND Corporation, 2012, pp. 7–19. JSTOR, <http://www.jstor.org.onlineresources.tpl.ca:2048/stable/10.7249/j.ctt5hhvjg.8>. Accessed 20 Apr. 2026.

# NPLO Member Structure Data

#	Voting Members	Non-voting members
0	6.69%	64.02%
1-10	23.43%	16.74%
11-20	13.39%	2.51%
21-30	7.95%	0.42%
31-50	6.69%	2.51%
51-100	10.88%	0.84%
100+	28.45%	3.35%
I don't know	2.51%	5.86%