



# *TREASURE TROVE*

MAY 2021

THIS EDITION: OFFICER'S DESK REFERENCE  
THE LEGAL STATUS AND TAX CLASSIFICATION OF  
CANADIAN COUNCILS  
THE FORUM  
LOCK IT UP – SECURE PASSWORDS  
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INDEX (ARTICLES OF INTEREST IN PAST NEWSLETTERS)

## WORTHY COUNCIL FINANCIAL SECRETARIES & TREASURERS

Welcome to the *TREASURE TROVE*. It is dedicated to all Council Financial Secretaries & Treasurers but shared with the Council Grand Knight and all District Deputies. You may share this with anyone in your Council, but it relates strictly to your responsibilities in the Council. It is designed to provide Financial and other information on the Rules and Laws of our Order.

Remember...it is your responsibility to ensure that the Council Executive knows, understands, and follows these Laws and Rules.

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## THE LEGAL STATUS AND TAX CLASSIFICATION OF CANADIAN COUNCILS

A local *Knights of Columbus / Chevaliers de Colomb* Council in Canada is an unincorporated association, chartered by the Supreme Council. For purposes of Canadian tax law, it is considered to be a tax-exempt non-profit organization. It is not a registered charity.

*The legal classification ...*

An unincorporated association is defined as a group of individuals working together for a common purpose. An unincorporated association is not legally separate and distinct from

the members of the association, which means that the Council lacks legal status for certain purposes. For example, it may not hold real property in its own name.

*The tax status ...*

A Council qualifies as a tax-exempt non-profit organization (NPO) under the Canadian Income Tax Act. See paragraph 149(1)(l) of the Act. That means that it is exempt from taxes for all or part of its income, provided that no portion of the Council's income is payable to or available for the personal benefit of a Council member.

Although a *Knights of Columbus / Chevaliers de Colomb* Council is a fraternal organization and is oriented toward performing charitable works, it is not a "fraternal benefit society," a "charity," or "charitable at law" for purposes of the Income Tax Act; rather, a Council is a non-profit organization, which is a particular type of entity under the Act.

As a tax-exempt non-profit organization, a Council has certain advantages and responsibilities:

- It is generally exempt from paying tax on income.
- It is not required to register as charity with the Canada Revenue Agency for income tax purposes.
- It is not required to obtain a charitable registration number.
- It may not issue charitable donation receipts to donors.
- It does not have minimum charitable spending requirements.
- It may be required to file an NPO information return (CRA Form 1044).

Councils should consult a tax attorney or accountant about specific questions relating to non-profit organizations and the Council's tax exemption. Additionally, guidance concerning the treatment of non-profit organizations under the Income Tax Act is available at the Canada Revenue Agency website.

*A local Council may not form a registered charity...*

A local Council may be tempted to form a non-profit corporation that qualifies as a registered charity so that it may provide donors with a tax benefit. A local Council is not permitted to incorporate itself and may not create a separate registered charity. A Council exists for the purpose of conducting fraternal activities, including charitable works, as set forth in in the Charter of the Knights of Columbus.

A *State Council* may establish a separate non-profit corporation that is recognized by the Canada Revenue Agency as a registered charity. A corporation so recognized may provide donors with a charitable donation receipt, enabling the donor to receive a tax benefit for the donation. In Alberta the creation of the Alberta Charitable Foundation many years ago qualifies as our Registered Charity.

If a Council, as an unincorporated association, has claimed a tax exemption under paragraph 149(1)(l) of the Income Tax Act, but is subsequently found to be disqualified or

ineligible for the exemption, the individual members of the Council would be liable for tax due on the income received by the Council.

For additional information on this topic please refer to the Officer's desktop Reference on Supreme's web site [www.kofc.org](http://www.kofc.org) and the Canada Revenue Agency website <https://www.canada.ca/en/revenue-agency.html>

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## ***THE FORUM***

This section is designed to share information and feedback with Councils from comments or inquiries sent to the author.

### **Lock it Up – Secure Passwords**

We have all been told to change our passwords every 90 days, make them very complex, and even embed special characters into them in lieu of letters. None of this is wrong per se but it can result in passwords that are hard to remember and easy for sophisticate bots to guess. However, there is a simpler way to create strong passwords. Read on...

#### *Uniqueness*

Avoid using the same password on multiple sites. A security breach of one site can compromise your accounts on others.

#### *Length*

Complexity is important but the password length matters the most. The longer the password the harder it is to crack compared to short complex ones. Today's computers can cycle through as many as one billion password combinations per second taking just two hours to crack an 8-character alphanumeric password. By just increasing your password's length to at least 16 characters – and preferably 20 to 30 characters – you make it more difficult to break.

#### *Memorable*

It is no good if you cannot remember your password. While complexity is good there is a need to balance security with recall. Avoid using anything common or that can be found online – like children's names or pets. Instead use long phrases like, for example, "TangerineDeskIn2Woods" or "IRide3HorsesFromTheDark".

### *Password Management*

Many people reuse passwords to avoid having to remember too many – a practice that exposes them to security risks. Password Management software like RoboForm, DASHLANE, 1Password all help to keep track of the passwords you use for every different sites you access.

### *Two-Stage Authentication*

This is when two or more data point are required to gain access – it is a userid login and password plus a code sent to a cell phone. Whenever this extra layer of security is an option... enable it. Alternatively, security questions can expose vulnerability if your answers are easy to guess. Try bookending your answer with words only you know. If you use a mother's maiden name (such as Jones) you could bookend the name with additional words resulting as CoffeeJonesLuck.

Remember, your personal and financial information is important, and hackers would love to access it to steal your identity and money. Protect it at all times.

## **Home Security**

Here is a novel idea if you do not have a home security system...

Put your car keys beside your bed at night. If you hear a noise outside your home or someone trying to get in your house, just press the panic button for your car. The alarm will be set off, and the horn will continue to sound until either you turn it off or the car battery dies.

This tip came from a neighborhood watch coordinator. Next time you come home for the night and you start to put your keys away, think of this: *It is a security alarm system that you probably already have and requires no installation.* Test it. It will go off from most everywhere inside your house and will keep honking until your battery runs down or until you reset it with the button on the key fob chain. It works if you park in your driveway or garage.

If your car alarm goes off when someone is trying to break into your house, odds are the burglar will not stick around. After a few seconds, all the neighbors will be looking out their windows to see who is out there and sure enough the criminal will not want that. And remember to carry your keys while walking to your car in a parking lot or parkade. The alarm can work the same way there. This is something that should really be shared with everyone. Maybe it could save a life or a sexual abuse crime.

## *OTHER PUBLICATIONS*

Here are other newsletters I published over the years. I encourage those Council Executive members holding the respective position to access these newsletters to assist in performing their position's duties.

- "**Warden's Corner**", and
- "**The Advocate**"

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All newsletters are available on our State website [kofc.ab.ca](http://kofc.ab.ca) under... *Publications*.

Your feedback is invaluable. If anyone has any questions or comments on anything drop me a line. Also, if there is a topic you wish covered in future newsletters just send a note to [st2019@kofc.ab.ca](mailto:st2019@kofc.ab.ca)

Thank you for your attention...and God Bless.

*Vivat Jesus*  
*Sir Knight John Onyskiw*  
*State Treasurer*

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