**Use of Corporation Name**

The name of the Corporation is stated on the Certificate of Incorporation. Corporations may have both French and English names. The Act permits the Corporation to use and be legally designated by either its full form or its abbreviation.

The Corporation is required to set out its corporate name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

The new Corporation is a separate legal entity capable of contracting, suing and being sued and carrying on business as an entity distinct from its owners. The Corporation must maintain its own books and records and keep accounts entirely separate from the personal accounts of the directors, officers and shareholders.

**Capacity and Powers**

The Corporation has the power and capacity of a natural person of full capacity. There are no restrictions in the Articles of Incorporation on the business it may carry on.

**Authorized Capital**

The authorized capital of the Corporation is set out in its Articles of Incorporation. For additional information concerning this capital, consult the document entitled “Articles”.

The authorized capital may be changed from time to time by appropriate resolution of the shareholders of the Corporation.

**Restrictions on Transfer of Shares**

There are restrictions on the shareholders’ right to transfer their shares set out in Schedule B of the Articles which gives the directors the discretion to decline to register a transfer of shares.

**Registered Office**

The Corporation's registered office, which is where any legal process may be served on the Corporation, is designated in the Incorporation document entitled “Notice of Address or Change of Address”.

The records of the Corporation required by the Act to be kept must be kept at the registered office of the Corporation, unless otherwise designated from time to time by the directors.

Pursuant to the provisions of the act, the Corporation is required to have a registered office which:

1. is accessible to the public during normal business hours;
2. is readily identifiable from the address in the Notice of Address filed with Alberta Corporate Registry;
3. shall maintain corporate records containing:
4. the articles and by-laws, all amendments to the articles and by-laws, a copy of any unanimous shareholders agreement, if any;
5. minutes of meetings and resolutions of directors and shareholders;
6. copies of all notices of election and changes of directors; and
7. a register of all classes of outstanding securities of Crowchild.

Any person may examine at the Corporation’s registered office during ordinary business hours:

1. the notice of appointment of directors;
2. the notice of change of directors; and
3. a register of all classes of outstanding securities of the Corporation.

A director or shareholder of a corporation is also entitled to examine all of the above records during ordinary business hours of the Corporation’s registered office. If you are registered with Viceroy Business Service’s Virtual Minute Book services, all these documents are kept on a digital database, which is accessible 24/7 to anyone with the correct log-in information.

Under the provisions of the Act, the penalty for failing to comply with provisions of Act to maintain the records at the registered office of a corporation is a fine against a corporation not exceeding $5,000.00.

**Powers**

The Corporation has the capacity and the rights powers and privileges of a natural person. The Corporation has the capacity to carry on its business, conduct its affairs and execute its powers within the Province of Alberta to the extent permitted by the laws of the Province of Alberta and in any jurisdiction outside Alberta to the extent that the laws of such jurisdiction permit.

**Limited Liability of Shareholders**

Under principles of corporate law, a shareholder is not liable for the Corporation’s debts, however a shareholder may incur personal liability in the following circumstances:

1. if a shareholder personally guarantees the debts of the Corporation
2. if a dividend has been paid to a shareholder when the Corporation did not satisfy certain financial solvency tests specified under the Act;
3. if shares have been purchased or redeemed by when the Corporation did not satisfy the financial solvency tests specified under the Act;
4. if a shareholder receives a form of financial assistance that is prohibited by the Act, whether as a result of not satisfying the financial solvency tests or otherwise;
5. if, upon liquidation of the Corporation, money or other assets were received by a shareholder to the prejudice of a creditor; and
6. if there is a unanimous shareholders agreement that transfers powers from the directors to the shareholders, to the extent that the shareholders exercise the powers of the directors pursuant to such agreement, the shareholders shall have the debts and liabilities applicable to directors any may be liable as though they are directors.

Accordingly, if a court decides that a shareholder has received a benefit as a result of a corporation doing anything that is oppressive or that unfairly disregards the interest of any creditor, another shareholder, officer or director of a corporation, then the court has the powers to direct the shareholder to pay to the prejudiced party, an amount equal to such benefit.

**Directors and Officers**

The Articles of the Corporation establish a minimum and maximum number of directors.

Subject to the Corporation’s By-laws, the board may from time to time fix the quorum required for the transaction of business at a meeting of the board, and, if not so fixed, the quorum will be a majority of the number of or minimum number of directors required by the Articles. The notice required for such a meeting is 48 hours unless notice is waived.

No meeting need be held if all directors sign a resolution in writing to the business required to be transacted.

With the consent of all directors, a meeting may be held by a telephone conference call, electronic means or other communication facility that permits all participants to communicate adequately with each other during the meeting.

The Act requires that at least 25% of directors be ordinarily resident in Canada, except for a holding corporation of which nearly all the consolidated gross revenue has a foreign source.

**Duties and Liabilities of Directors**

Some of the duties and responsibilities, as well as the potential liabilities to a director for a breach of same are:

1. each director must act honestly and in good faith with a view to the best interests of the corporation;
2. each director must exercise the care, diligence and skill that a reasonable, prudent person would exercise in comparable circumstances;
3. a director is personally liable to employees of the corporation for up to six (6) months' wages if the corporation is unable to pay such employees;
4. a director may be personally liable to pay amounts that the corporation is required to withhold under the Tax Act and may also be liable for the GST liabilities of a corporation;
5. a director may become liable for any income tax evasions, errors or misstatements in any financial statements of a corporation in which he participated or acquiesced;
6. a director must comply with the Act, the articles, the by-laws and any unanimous shareholders agreement;
7. a director may be personally liable if he approves or consents to a resolution authorizing the repurchase, redemption or other acquisition of the corporation's own shares if the various financial solvency tests under the Act were not satisfied at such time;
8. a director may be liable if he approves or consents to a resolution authorizing the issuance of dividends if the various financial solvency tests under the Act for dividends were not satisfied at such time;
9. a director may be personally liable if he approves or consents to a resolution authorizing certain forms of financial assistance to shareholders or related companies which is contrary to the Act;
10. a director may be personally liable if he approves or consents to a resolution authorizing certain indemnity contracts for directors or officers; and
11. a director must disclose any conflict of interest he may have and may not vote on a matter in which he has a conflict.

The foregoing are some of the general duties and related potential liabilities of a director, other obligations in law of a director are imposed by the Act, the Tax Act, various other environmental and employment legislation and generally by the common law.

**Officers**

A Corporation is required to have at least a president and a secretary, although these offices may be held by a single individual.

**Financial Year End**

A financial year end for the Corporation should be set. This date helps to determine the appropriate date for the Corporation’s annual meetings as discussed below.

**Auditors**

**Fundamental Changes**

In certain cases involving a major change in the nature of the Corporation, the majority of shareholders cannot proceed without considering a right given to dissenting shareholders. In such cases known as fundamental changes, the dissenting shareholders have the right to demand that the Corporation purchase their shares, at a price to be determined by appraisal, the theory being that the shareholders agreed to invest in the Corporation of a certain nature and once the nature is substantially changed, they should be entitled to liquidate their investment.

Under the provisions of the Act, the changes that give the right to a dissenting shareholder to have his shares purchased include the following:

1. a sale, lease or exchange of all or substantially all of the property of a corporation out of the ordinary course of business;
2. if the shareholders had chosen at any previous time to restrict the business that the corporation may carry on, it is a fundamental change if this restriction is altered;
3. change in the nature of the shares owned by a dissenting shareholder;
4. change in the restrictions, if any, on the transfer of shares;
5. certain amalgamations of the Corporation with another; and
6. continuance of the Corporation in another jurisdiction.

**Transaction of Business**

Meetings of the directors may be held at any place provided that a quorum is present. The By-Laws provide that notice of every directors meeting be given to each director at least twenty four (24) hours before the meeting is to be held. Except in certain circumstances, a notice of a meeting of the directors need not specify the purpose of the business to be transacted at the meeting. A director may in any manner waive a notice of a meeting of the directors and attendance of a director at a meeting of the directors is a waiver of notice of such meeting. Pursuant to the By-Law, a director may participate in a directors meeting by telephone (or other communication facilities) which permit all persons participating in the meeting to hear each other and under such circumstances, the directors are deemed to be present at the meeting.

Meetings of the shareholders may be held at such place within Canada as the directors determine. A shareholders meeting may also be held at a place outside Canada if all the shareholders entitled to vote at the meeting so agree. A quorum for a meeting of the shareholders is irrespective of the number of persons actually present at the meeting, so long as a holder or holders of not less than seventy-five percent (75%) of the shares entitled to vote at the meeting are present in person or represented by proxy.

**Banking**

If the Corporation opens a bank account, copies of the Bank’s standard form of documentation should be forwarded to us for the preparation of a directors’ resolution adopting the forms. You will need the Proof of Registration and Certificate of Corporation to set up a bank account; for your convenience we have included extra copies with this letter. You can also find the Certificate and Proof of Filing at the front of your Minute Book.

Upon request, we will provide your bank with copies of the incorporation documents and any other documents as required.

**Seal**

A corporate seal is not mandatory under the Act and at this time. Please contact us if a corporate seal is required.

**Signing Authority**

Documents and instruments other than banking documents may be executed by any person or persons authorized by the directors. A resolution has been passed providing for such documents to be executed by any director or officer or any two directors or officers.

**Annual Return**

An annual return is due no later than the last day of the month following the anniversary month. For example, if the corporation was incorporated in June 2006, its annual return would be due no later than July 31, 2007 and all years ending July 31 thereafter.

**Annual Maintenance of Corporations**

The Act provides that the Corporation must hold its first annual general meeting not more than eighteen months after the date of incorporation and subsequent annual general meetings must be held not more than fifteen months after the last annual general meeting. The Corporation must present financial statements of the Corporation at each annual general meeting, such statements to be made up to a date not more than six months before the meeting. Therefore, the Corporation must hold its first annual meeting within six months of its fiscal year end. The directors are required by section 159 to send copies of the financial statements to each shareholder not less than 21 days prior to each annual meeting, unless a shareholder has informed the corporation in writing that he or she does not want a copy of these statements.

Alternatively, if all the shareholders pass a resolution in writing to all the business required to be transacted, a meeting need not be held. Until instructed otherwise, we will prepare and forward to you for execution the necessary consent resolutions in lieu of an annual meeting and the annual return at the appropriate dates.

**Corporate Records**

If your corporation is registered for Viceroy Business Service’s Virtual Minute Book services, we have set up a digital minute book, containing the corporate records that the Act requires a corporation to maintain and all issued share certificates.

**General Matters**

You should ensure that the Corporation applies for a business number with the Canada Revenue Agency for income tax, payment remittances and GST, if requiredUnless changed by you, institutions such as the Canada Revenue Agency, the Workers Compensation Board etc. will assume that the registered office is also the mailing address of the corporation. Thus we suggest you contact these agencies if you wish correspondence to be sent to a different mailing address.

We trust this general information will be of assistance to you in the conduct of your business. If you require legal advice regarding these matters, please contact us.