Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

Handbook for Directors, Officers and Members of Societies in the NWT

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Welcome

The *Societies Act* sets out the rules about how your Northwest Territories society is incorporated and registered.

Under this legislation, five or more people may incorporate as a society.

If you are a director, officer or member of an NWT society, this handbook will help you by providing basic information and tips for directors, officers and members of societies.

Including this handbook; all forms, documents, and instructions can be found online at: https://www.justice.gov.nt.ca/en/non-profit-societies/

PLEASE NOTE: This handbook is general information only and is not a substitute for the *Societies Act*. It may not be complete or address all situations that may arise, nor should it form the basis of legal, accounting, or other advice of any kind. You should read the legislation and seek professional advice before taking any major actions relating to societies.

CHAPTER 1

Incorporating a Society

Introduction

There are two main types of corporations: business corporations and societies.

- A business corporation is incorporated to make a profit and distribute that profit to its shareholders.
- A society is incorporated to carry on activities for purposes other than the financial gain of its members. It can earn a profit, but any profit must be used to further the goals of the group, and not be paid out to the members.

Sports groups, activity clubs, day cares and service groups are often societies. *Not all societies are incorporated.*

The information in this chapter relates only to societies incorporated under the *Societies Act* of the Northwest Territories.

In Chapter 1, you will learn about:

- Why you might want to incorporate your society
- Where and how to incorporate your society
- Constitution and bylaws

Why you might want to incorporate your society

Incorporating gives your organization legal status and creates a distinct legal entity. It is not essential that a society incorporate; the decision to incorporate depends on many things, including the organization's activities and the nature or type of organization.

Because corporations are separate legal entities, the law recognizes them as having legal rights and responsibilities. Here are some reasons to incorporate:

- Some federal, territorial or private funding agencies require that a society be incorporated in order to receive funding.
- As a general rule, the legal liability of the members is limited. For example, members are not personally responsible for the society's debt.
- The membership may change, but the society continues to exist as the same legal entity until it is formally dissolved.
- A society can own and sell property, borrow money, and have bank accounts in its own name.
- A society can take part in legal proceedings and enter into contracts in its own name.
- Funding opportunities may be greater because the organization may have increased stability.

An unincorporated society or association is an organization created by an agreement or understanding among a group of individuals. It has no legal status. Its members are personally responsible for any debts of the organization. If it gets into legal trouble, all of its members can be sued individually. Also, title to any property must be in the names of all individual members, which can make buying and selling property difficult.

Where and How to Incorporate a Society

Where should you incorporate your society?

An organization may incorporate under federal, provincial, or territorial laws. If your organization will carry on its activities in more than one province or territory, you may wish to incorporate under federal law. A local organization that will operate and remain in the community, province, or territory will usually incorporate under the local jurisdiction's laws. This chapter deals with incorporating an organization under the *Societies Act* of the Northwest Territories.

How to incorporate your society

Five or or more people can apply to incorporate a society for purposes other than carrying on business by submitting the following forms to the Registries office:

- A completed *Application for Incorporation*, consisting of the proposed constitution and bylaws
- A *Notice of Address of Society,* providing the society's registered office and/or mailing address

After the forms are completed and submitted to Corporate Registries with the required fee, a Certificate of Incorporation will be issued and your society will be created.

The *Application for Incorporation* (which includes a general template for bylaws and *Notice of Society Address* form) is available from Corporate Registries, or online at:

https://www.justice.gov.nt.ca/en/non-profit-societies/

Where can we be contacted?

Societies Registry
Govt. of the Northwest Territories, Dept. of Justice
1st Floor Stuart M. Hodgson Building
5009 49th Street, PO Box 1320
Yellowknife NT, X1A 2L9, Canada

Phone: 1(867) 767-9304
Toll Free: 1(877) 743-3302
Fax: 1(867) 873-0243
Email: corporateregistries@gov.nt.ca

Hours of Operation: 9:30 AM to 4:00 PM Monday to Friday

Society name

The name of a society will not be accepted if it is already in use, too similar to a name already in use, or if it is misleading or deceptive in any way. Although there is no formal name search and reservation procedure, it may be a good idea to call, email, write to or fax the Corporate Registries office, to see if the proposed name of your society is acceptable before submitting the incorporation forms.

Application for Incorporation

The Application for Incorporation, consisting of your society's constitution and bylaws, identifies your society's unique characteristics. The society's constitution includes three parts:

- Its name;
- Its objects/objectives;
- The main municipality in which it operates.

The society's bylaws include information about its operations. At a minimum, the bylaws must include:

- The terms of admission of members, their rights and their obligations;
- The withdrawal of members and the manner, if any, in which a member may be expelled;
- The time and the method by which general and special meetings of the society will be called, the quorum at any such meetings, and the voting rights of members at any such meetings. *Note: a quorum is the number of people required to be present before a meeting can proceed. It should be low enough to be practical. It is often a good idea to set the quorum as a percentage of the total number of members in order to ensure that it is always possible for the society to properly function, no matter how low or high the membership may be;*
- The way in which directors and other officers are appointed and removed, their duties, powers and remuneration. *Note: the incorporators of the society are deemed to be the first directors of the society;*
- The exercise of borrowing powers of the society;
- Whether or not a yearly audit of accounts is required;
- The preparation and custody of minutes of meetings of the society and of the directors, and other books and records of the society;
- The time and place, if any, at which the society's members can inspect the society's books and records; and
- The society's financial (fiscal) year end date. *Note: in order to provide sufficient time for the preparation of the financial statements,* ***the annual general meeting cannot be held within 30 days of the fiscal year-end.*** *It is a good idea to hold the annual general meeting within a reasonable period of time after this 30-day period.*

If all members are to have the same rights and privileges, the bylaws should allow for only one “class” of membership. If some members are to have different rights than others (for example, some members may be restricted in which issues or items they can vote on), the bylaws must name those members as a separate class.

There is more information about bylaws in chapter 6.

Charitable status

Some societies operate as licensed charities and must follow the rules and requirements of the Canada Revenue Agency. Corporate Registries is not involved in granting charitable status.

CHAPTER 2

Roles, Responsibilities and Liabilities of Directors

Introduction

When you accept a position on the board of directors of a society, it is important to understand the society's structure and organization as well as your role.

It is also important for you to know your legal duties and obligations.

- A director holds a position of trust and must act honestly and in good faith.
- A director must not let personal interests or the interests of a third party conflict with the interests of the society.
- A director has a duty to make corporate decisions and implement policies in the best interests of the society and all of its members.

In Chapter 2 you will learn about:

- The role of the board of directors
- General duties of a director
- Directors' liability
- Conflicts of interest

Role of the board of directors

A director of a society is not required to be a *member* of the society unless specified by the bylaws.

When you agree to accept a position on a board of directors, you are agreeing to be a member of a group of individuals who are together responsible for managing the society. You also agree that you will perform your duties to the best of your ability with the best interests of the society in mind.

The board of directors as a whole is responsible for managing the society and is accountable for the proper conduct of the society's affairs. The directors must:

- Report to the members.
- Take action to achieve the objectives of the society.
- Establish policies about how the society will be governed.
- Propose amendments to the constitution and bylaws of the society, as circumstances change, for the consideration of the members.
- Approve an annual budget and secure the needed financial resources.
- Elect or appoint officers who will ensure high-quality board leadership in accordance with the bylaws.

A board of directors must function together as a group to make informed decisions that they all support. It is critical that directors make decisions as a group in order to carry out the purpose and goals of the society.

Decisions are made in the form of resolutions passed by a majority of the directors.

Here are some tips to help you function effectively as part of a group:

- Recognize that different people play different roles in the society and may see things from a different point of view.
- Recognize that when members ask questions, they may not be trying to be difficult, but instead are just "doing their jobs."
- Listen with an open mind to all opinions, options, questions, and concerns on issues.
- Appreciate that different opinions and perspectives provide more information to help you make good decisions.

General duties of a director

A director of a society should attend all meetings of the board and meetings of members. Be on time, and be informed about the agenda items so you can contribute in a concise, clear and carefully thought-out way. Consider the positions of the other directors and work to come to a decision together. If you are appointed to a committee, attend committee meetings. Assume leadership when required or requested to do so.

Be informed about the society's programs, policies and services. You should also know about the members' needs and the community you serve. Remember that you may represent the society at community events and promote understanding of the society's purpose and programs.

Unless the bylaws give other powers to directors, the only authority you have as a result of your position as a director is to sit as a member of the board.

As a director, you cannot bind the society acting on your own, unless the board of directors or the bylaws have specifically authorized you to do so. Otherwise, directors can only exercise authority collectively as members of the society's board.

Directors' liability

When a society is incorporated, it becomes a separate and distinct legal entity, with many of the same powers as an individual. The society may own and control assets, enter into contracts, incur debts, sue and be sued.

Unlike individuals, a society can only act through its directors and officers. The members are the owners of the society, but they cannot act for the society.

A director, along with the other members of the board of directors, is responsible for the administration of the assets, activities and affairs of the society and must act in an honest, fair, diligent, and ethical manner. A director has a duty to make and implement

corporate decisions and policies in the best interests of the society and all of its members.

The basic principle of limited liability is that members and directors are not personally liable for the society's debts and obligations. The society is a separate legal entity and is responsible for its debts and obligations. However, directors and officers can become personally liable to third parties if they breach the duties and obligations imposed on them by law.

There are three general areas of duties and obligations imposed on directors of societies:

- The fiduciary duty
- The duty of care
- Statutory liability

Fiduciary duty

Fiduciary duty is a requirement that, when exercising the powers of a director, you will act honestly and in good faith in the best interests of the society.

As a director, you would be breaching your fiduciary duty if you agreed to use donated money for a different purpose than what it was donated for. For example, it would be a breach of fiduciary duty if the board voted to pay general operating expenses by using money which was actually donated for the purpose of contributing to a construction fund.

The duty of care

The duty of care is a requirement that the directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

This means that, as a director:

- You are not obligated to take all possible care, but you must use reasonable care.
- You may delegate appropriate responsibilities to committees, officers and managers and have the right to rely on auditors, lawyers and other experts when necessary.
- You must pay attention to the activities and affairs of the society.

Statutory liabilities

There are some instances where, as a director of a society, you can be held directly and personally responsible for failure of the society to perform a particular obligation.

The *Employment Standards Act* and the *Income Tax Act*

Under the *Employment Standards Act*, if the society does not pay the employees' wages, the directors and officers of the society are personally obligated to pay that amount.

Under the federal *Income Tax Act*, if the society does not pay income taxes deducted from employee wages to the Canada Customs and Revenue Agency, the directors of the society are personally obligated to make up that amount.

Criminal Code

Directors can be held criminally liable for any criminal offence that they commit in the course of their duties.

Societies can be held accountable for *Criminal Code* offences, such as when directors or officers commit an offence to benefit the society, direct employees to commit an offence, or fail to take all reasonable measures to stop an employee from committing an offence.

The court can impose conditions on a society that is found guilty of committing a criminal offence.

Insurance and indemnities

Your society can get insurance for its directors' liabilities except where the liability relates to a director's failure to act honestly and in good faith with a view to the best interests of the society. Directors should seek legal advice on these matters.

Conflict of interest

A director must give undivided loyalty to the society he or she serves. Do not put yourself in a position that would create a conflict between your duty to act in the best interests of the society and your own personal interest.

This means that a director should not have any personal interest in any proposed contracts with the society. Personal interest is when you could stand to earn money or gain some other advantage from what the society is doing. As a director, you should not take personal advantage of opportunities that arise because of your association with the society.

While a conflict of interest can result from many circumstances, there are two general ways as a director of a society you can find yourself in a conflict of interest:

- Personal conflict
- Conflict in duties owed to another

Personal conflict

There can be a personal conflict between your duty as a director to act in the best interest of the society and your own self-interest.

You have a personal conflict when you would gain financially from a proposed contract between yourself (or your company or firm) and the society.

For example, your society might want to build a new building and, as one of its directors, you might own a construction company that is interested in the contract. You would be in a conflict of interest if you did not declare that you own a construction company that is bidding on the contract and if you take part in any discussions about the contract.

Your company can still bid on the contract, and may even be given the contract if the board decided your company submitted the best bid, so long as you declared that your company was bidding and you did not take part in any discussions or votes about the contract.

Conflict in duties owed to another

There can also be a conflict where your duties to the society as a director conflict with the duties you owe to another person or society.

This can happen when you are a director of two corporations, or you are the director of one corporation and you serve another corporation in another capacity, and the two corporations are involved in one or more transactions. You have a conflict if you cannot honour your obligations to one without acting against the interests of the other.

For example, you might be the director of a society that provides housing for seniors and you are also a member of the staff of the organization that funds the society. If, as a member of the board, you tried to direct the use of the funding to low-income family housing, which your employer prefers, a conflict would exist.

When to declare a conflict of interest

You have a duty to declare your direct or indirect interest in a contract or proposed contract with the society at a meeting of the board of directors. As a director, you should declare a conflict of interest where:

- You have a personal interest in a proposed contract with the society.
- The society is contracting with another society, and you are a director or an employee of the other society.

In the case of a proposed contract, you must declare your interest at the meeting of directors where the question of entering into the contract is first considered.

If the contract has already been made, and you could earn money or some other advantage from it, you must declare your interest at the first meeting of directors held after you learn that you have an interest in it.

Conflicts of interest should be recorded in the minutes to ensure that there is a record of the conflict and also a record of how it was dealt with.

How to declare a conflict of interest

Your declaration of interest can take the form of a general notice to the directors of the society. The notice should say that you are a shareholder of or have some other interest in the other company or firm, or that you are a member of a specified firm, and you are to be regarded as “interested” in any contract made by the society with that company or firm.

A director who has declared a conflict should not vote on any contract that he or she has an interest in.

CHAPTER 3

Role of Officers of a Society

Introduction

The board of directors can appoint persons to the position of officer, such as president, vice-president, secretary or treasurer, in accordance with the bylaws.

It is important that you understand the role and responsibilities of the officer position.

Remember that as an officer of your society, you:

- hold a position of trust and must act honestly and in good faith;
- must not let personal interests or the interests of a third party conflict with the interests of the society; and
- have a duty to make decisions and implement policies that are in the best interests of the society and all of its members.

In Chapter 3 you will learn about:

- What are officers?
- Appointment of officers
- Duties and responsibilities of officers
- Officers' liabilities
- Officer positions and their duties

What are officers?

Officers are individuals appointed by the society's directors. They perform duties to effectively manage the society's corporate activities and affairs.

What is an officer's role?

As an officer of your society, you should fully understand its structure and organization, and your role in the society.

An officer of the society:

- should appreciate the nature and extent of his or her legal duties and obligations;
- holds a position of trust;
- must act honestly and in good faith;
- must not let personal interests, or the interests of a third party, conflict with the interests of the society; and

- must act to make and enact informed decisions and policies in the best interests of the society and all of its members.

Appointment of officers

Officers are appointed under the procedures outlined in the society's bylaws.

Duties and responsibilities of officers

Corporate officers are judged against the same standards of conduct as the directors of the society. However, since the delegation of certain powers to the officers of the society is prohibited, their potential liabilities may not be as broad as that of the directors.

When you accept an officer position, you are agreeing to be a member of a group of people who are responsible for the management of the society. You also agree that you will perform your duties to the best of your ability, with the best interests of the society in mind.

Officers are responsible for breaches of their fiduciary duty to the society. Fiduciary duty is a requirement to act honestly and in good faith in the best interests of the society.

They can also be held personally liable for breaking laws that impose responsibility on them as officers.

Officers are liable for their own wrongdoings, even if they are committed while executing their responsibilities as an officer.

Officers' liability

When a society is incorporated, it becomes a separate and distinct legal entity, possessing most of the same powers as an individual.

The society:

- acquires rights and obligations;
- may own and control assets;
- may enter into contracts;
- may incur debts; and
- may sue and be sued.

A society can only act through its directors and officers. Although the members are the owners of the society, they do not act for the society, nor are they its agents.

The basic principle of limited liability is that members, directors and officers are not liable for the defaults of the society. The society itself is a separate legal entity, and is responsible for its own debts and obligations. However, officers and directors can become personally liable to third parties if they breach their legal duties and obligations.

There are three general areas of obligation imposed on officers of societies:

1. The fiduciary duty
2. The duty of care
3. Corporate criminal liability

Fiduciary duty

As we learned in the previous chapter, fiduciary duty is a requirement that, when exercising the powers of a director or officer, you will act honestly and in good faith in the best interests of the society.

All of the conflict-of-interest requirements set out in Chapter 2 also apply to officers.

The duty of care

Just as with directors, the duty of care requires that officers exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

This means that, as an officer:

- You are not obligated to take all possible care, but you must use reasonable care.
- You may delegate appropriate responsibilities to committees, other officers and managers, and have the right to rely on auditors, lawyers and other experts when necessary.
- You must pay attention to the activities and affairs of the society.

The *Employment Standards Act*

Under the *Employment Standards Act*, if the society does not pay the employees' wages, the directors and officers of the society are personally obligated to pay that amount.

Corporate criminal liability

Officers could be held criminally liable for any criminal offence that they commit in the course of their duties.

Corporations can be held accountable for *Criminal Code* offences. They are accountable for criminal offences when senior officers:

- commit an offence to benefit the company;
- direct other employees to commit an offence; or
- fail to take all reasonable measures to stop an employee from committing an offence.

Officer positions and their duties

In most instances, officer positions will be held by directors of the society. However, this is not necessarily the case.

The officers' responsibilities should be outlined in the society's bylaws. The board of directors should provide a basic outline of each officer position, including the responsibilities and accountability of the position within the society.

The job description provides the officer, staff, board members, and others with a clear understanding of what is expected. It should include:

- position title
- responsibility – the duties the person in this position is expected to perform
- term of office
- orientation – a brief description of training provided
- authority – specific authority or power assigned to the position
- accountability – to whom the position reports

Typical officer positions are:

- President/chairperson
- Vice-president
- Secretary
- Treasurer

The president/chairperson's duties

The president takes the lead in running the society. He or she:

- Chairs (oversees) general and special meetings of members.
- Chairs (oversees) meetings of the board of directors
- Consults with other officers as required to prepare the agenda before the meeting and ensures that notice of the meeting has been sent according to the bylaws.
- Casts the deciding vote in the case of a tie (depending on the bylaws).
- Manages or conducts meetings.
- Represents the society when dealing with funding organizations.
- Acts as a signing officer for the society.
- Performs ceremonial duties at the society's social functions.

The president/chairperson should, in conducting meetings:

- review items of business with officers in advance of the meeting;
- start meetings on time and proceed in a business-like manner;
- have the board approve the agenda at the beginning of the meeting;
- be familiar with the rules of parliamentary procedure and any variations of the procedures that are in the society's bylaws; and
- conduct the meeting with tact, firmness and fairness.

Vice-president's duties

The duties of the vice-president usually include:

- learning the duties of the president;
- acting as chairperson when the president is absent or when called on by the president to do so;
- assisting the president whenever possible;
- assuming duties as assigned by the society, such as chairing a committee;
- filling in for the president at events as required;
- acting as signing officer for the society; and
- ongoing development of board members.

Secretary's duties

The duties of the secretary usually include:

- maintaining the files and records of the society, including the minutes, copies of letters, grant applications, annual reports, briefs and proposals, and keeping these records safe;
- distributing copies of minutes and agendas to board members before meetings;
- receiving and reading correspondence, and bringing it to the attention of the appropriate officer;
- recording motions and decisions of meetings (minutes);
- acting as chairperson, if both the president and vice-president are absent, and appointing an acting secretary for that meeting; and
- acting as a signing officer of the society.

Treasurer's duties

The treasurer is responsible for reporting to the board of directors to ensure the financial integrity of the society. He or she:

- keeps the corporation's funds in a safe place (a bank) as directed by the society;
- co-signs cheques with another signing officer, usually the president;
- ensures the society's financial books are up to date at all times by keeping accurate records of all receipts and expenditures;
- pays accounts approved by the board;
- submits financial statements at monthly meetings of the board of directors;
- ensures that all annual financial reports are prepared;
- oversees the development of the society's budget and its presentation to the board for approval;
- monitors the budget and advises the board of directors of problems and any other financial management issues; and
- ensures that funding sources, members, governments and their agencies receive timely and accurate financial reports, as required.

CHAPTER 4

Roles, Responsibilities and Liabilities of Members

Introduction

It is important that as a member of a society, you understand the responsibilities, rights and liability of a member.

A society can have more than one class of membership. If there is only one class of membership, all of the members have the same rights and privileges. If there are two or more classes of members, each class of members has different rights and privileges. For example, one class may have voting rights at meetings of members, and another class may not. **At least one class of members must have voting rights at meetings of members.**

The rights and privileges for each class of members must be set out in the bylaws.

In Chapter 4 you will learn about:

- Responsibilities of members
- Rights of members
- Liability of members
- Collective rights of members

Responsibilities of members

What is a member?

As a member of a society, you contribute your time and expertise to an organization that has been formed to provide a service for its members or the public.

As a member, you are usually a volunteer who is not paid for your time. You may be required to pay a membership fee.

A member of a society:

- Should fully understand the organization's purpose and objectives and be committed to furthering those objectives.
- Becomes familiar with who the directors and officers of the society are, and what they are responsible for;
- Attends and participates in meetings of members;
- Prepares, in advance, any questions or concerns to be discussed at meetings;
- Is aware of the basic rules of order and knows the process for putting a motion forward at a meeting; and
- Takes an appropriate part in discussions at meetings.

Participation in the society's business

A member participates in the society's business by:

- Voting to approve or reject bylaws;
- Proposing new bylaws;
- Electing board members;
- Voting to appoint or not to appoint an auditor or reviewer of the society's financial statements;
- Providing expertise in corporate matters if requested; and
- Becoming a member of a committee.

Rights of members

Access to records

As a member of a society formed under the *Societies Act*, you have the right to access the records of the society, such as:

- The constitution and any amendments;
- Bylaws of the society and any amendments;
- Minutes of annual meetings and special meetings of members;
- The basic list of members; and
- Financial statements approved by the directors.

The bylaws may specify a time and place for the members to review these records.

Election of directors

As a member of a society, you may:

- Be elected as a director;
- Elect directors; and
- Vote to remove a director from office.

By ordinary resolution at the first meeting of members, and at each meeting at which an election of directors is required, the members elect directors to hold office in accordance with the bylaws.

You may also vote by ordinary resolution at a special or general meeting to remove any director or directors from office.

Meetings

As a member of a society, you have the right to:

- Receive notice of annual and special meetings of members and of any special business to be transacted at a special meeting;
- Vote at members' meetings, unless you are within a class of non-voting members as set out in the bylaws;
- Submit a proposal for discussion at a meeting of members;
- Ask the directors to call a meeting of members;
- Receive and consider financial statements and auditors' reports; and
- Approve voluntary liquidation and dissolution of the society.

As a member, you also have the right to a fair hearing before your membership is terminated or suspended.

Liability of members

A society can act only through its directors and officers; they are the agents of the society. Members are not agents of the society. As a member, you do not have the right to act on behalf of the society.

Members are not liable for the legal obligations of the society. The society itself is a separate legal entity, and is responsible for its debts and obligations. However, members of a society can become personally liable to third parties if they breach their legal duties and obligations.

CHAPTER 5

Meetings

Introduction

Meetings are held in order to operate the society.

In Chapter 5 you will learn about:

- Types of meetings
- Notice of meetings and quorum
- Conducting effective meetings
- Conflict at meetings
- Documentation of meetings (minutes)
- Steps for presenting and voting on a motion

Types of meetings

Members meetings

Meetings of members of a society must be held within the Northwest Territories at a place determined by the directors of the society and in accordance with the bylaws.

Generally, unless the bylaws provide otherwise, the members of the society at the time that a vote is taken are entitled to vote. Members may, again subject to the bylaws of the society, take part in a meeting by telephone or other communication device that permits all persons taking part in the meeting to hear each other. A member who takes part this way is said to be present at the meeting.

Annual meeting of members

An annual general meeting (AGM) is held yearly in accordance with the society's bylaws. The AGM must also be held **at least 31 days after the fiscal year end of the society**, and the financial statements must be presented to the members at the meeting, as is required by the *Societies Act* of the Northwest Territories.

Other meetings of members

A general meeting of members may be held in accordance with the bylaws to discuss current or special business. When giving members notice of the meeting, the nature of any special business must be set out in detail. This gives members enough information to form a reasoned judgment on the matter. The notice of the meeting must include the text of any extraordinary resolution to be discussed.

Notice of meeting of members

Societies must prepare and keep a list of members who are entitled to receive notice of a meeting. Generally, the members who are entitled to receive notice of the meeting are the members of the society at the close of business on the day before giving notice, or the day of the meeting, if no notice was given.

Members must be given reasonable notice of meetings in accordance with the bylaws. However, a member can vote at a meeting, even if he or she does not receive notice.

Notice of the time and place of a meeting of members must be sent to:

- Each member entitled to vote at the meeting
- Each director of the society
- The auditor of the society (if there is an auditor)

A member can vote at a meeting, even if he or she does not receive notice.

Quorum at meeting of members

Quorum is set out in the bylaws as the minimum number or percentage of members who must be present for the valid transaction of society business. **It's often a good idea to set the quorum as a percentage of the total number of members, so that it is always possible for the society to function.**

Board of directors meetings

The board of directors meets to deal with the society's regular business. They may meet at any place and on notice given as required by the bylaws.

It is good practice to inform the directors in advance of the meeting of the agenda items so that each director can be prepared for discussion on each matter on the agenda.

Directors may, subject to the bylaws of the society, take part in this type of meeting by telephone or other communication device that permits all persons taking part in the meeting to hear each other. A director who takes part this way is said to be present at the meeting.

Quorum at board of directors meetings

Unless the bylaws state otherwise, a quorum at any meeting of directors is a majority of the number of directors or the minimum number of directors required by the bylaws.

Resolutions instead of a meeting

A written resolution, signed by everyone who would have been entitled to vote on the resolution at a meeting, is as valid as if it had been passed at a meeting.

Conducting effective meetings

Members meet to conduct business. They collect information, discuss issues and decide on how the issues will be handled.

At an annual general meeting, there will normally be a large number of members present in a large room. They will discuss performance during the past year.

At a board of directors, executive or committee meeting, there will be a small number of people present. They will discuss policies and operational issues.

Careful planning and preparation will help ensure the meetings are effective, regardless of the size or type of meeting. Physical location and surroundings are very important to a productive meeting.

The role of the chairperson

In order to conduct effective meetings, the chairperson:

- Plans ahead – thinks about the items of business that need to be addressed. The chairperson decides on the options available and then chooses the best option that will complete the task.
- Prepares for meetings – plans the agenda with the help of the secretary and other officers as required, and checks on all meeting arrangements.
- Presides at meetings – as the leader of the meeting, the chairperson:
    - Should be familiar with meeting procedures and set an example by consistently following those procedures;
    - Presents the rules of order for approval by the meeting;

      Follows the agenda;
    - Understands the bylaws of the society;

      Motivates the participants to contribute to the meeting;
    - Is responsible for maintaining control of the meeting;
    - Does not usually vote except in the event of a tie on a motion.
- Evaluates meetings – makes sure that the meeting's objectives have been met.

The agenda

The agenda is prepared by the president or chairperson. It is a list of the items of business to be covered in a meeting. It guides the meeting process and helps the group stay focused on the issues, and it reduces the possibility of business being overlooked or forgotten in the meeting.

Here is an example of an agenda outline:

- Call to order
- Approval of the agenda
- Reading and approval of the minutes of the last meeting
- Officers' reports (president, vice-president, secretary and treasurer)
- Committee reports
- Presentation of financial statements
- Unfinished or postponed business

- New business
- Adjournment

Those invited to a meeting should get a tentative agenda prior to the meeting. The notice period is often set out in the bylaws of the society.

Giving out the agenda ahead of time reminds participants of the date, time and location of the meeting. It ensures that all items of business have been included in the agenda, and it gives participants a chance to identify important items and prepare to discuss them.

Making decisions

Reaching decisions at meetings can be complex and challenging. **Each person present must be given the opportunity to speak.** It is important to proceed carefully, listen to concerns and opinions, and consider alternatives. Then, when a decision is made, it is more likely that the participants will accept and support it, because they have had a hand in making the decision.

This helpful process can be used when making decisions:

- Define the issue. State it clearly and in writing, if you must.
- Gather all information you can about the issue; all relevant facts and ideas need to be known. Separate facts from opinions, and be aware that decision may need to be put off so that more information can be gathered.
- List all possible solutions or actions. Active discussion can help generate new ideas and possible solutions.
- Choose the best solution. Do this by eliminating the least useful solutions from the list until there is only one solution left.
- Make the decision. Formulate a motion, which is a formal proposal for action or decision by a meeting, vote on it and record the results of the vote.
- Evaluate the outcome. Once a decision has been put into action, the outcome can be evaluated through general discussion or a written report.

Parliamentary procedure

Most meetings use some form of parliamentary procedure, such as *Robert's Rules of Order*, to guide them and to ensure that the principles of a democratic meeting are maintained. These principles should guide all types of meetings. The four principles of a democratic meeting are:

- Every participant has rights equal to every other participant;
- The will of the majority is carried out;
- The minority is heard, its rights protected; and
- Only one topic is covered at a time.

Presiding officer at meetings

Often, the president is designated in the bylaws to chair meetings. Some groups give the position of chairperson to the past president, a special moderator, or to a different member for each meeting on a rotating basis. This allows the president to join in discussion on policy.

No quorum present at start of meeting

A quorum is the minimum number of eligible voters that must be present at a specified meeting to conduct business as set out in the bylaws.

If a quorum is not present when the meeting starts:

- The presiding officer may dismiss the group;
- The group may agree to go ahead with the agenda, postponing formal approval of any decisions to a future meeting; or
- The group may discuss any items of interest but make no decisions.

Conflict at meetings

Conflict can arise in meetings. This can be positive when it leads to innovation, positive change or agreement on an issue. There is always some conflict involved in the process of group decision-making; however, the chairperson may have to step in and resolve conflict in a meeting.

These steps are useful in resolving conflict:

- Recognize the conflict and identify the issue causing it.
- Collect all information about the conflict, share it and assess it.
- Propose possible solutions, including the possible results of the proposals.
- Find a mutually acceptable resolution without coercion.
- Carry out the action and evaluate whether it was effective, with all parties sharing in the evaluation.

If a meeting gets out of hand, take a short break. When the meeting reconvenes, the chairperson can summarize the discussion up to the point of conflict. The chairperson can then try to lead the opposing sides to a solution that all can agree on.

Documentation of meetings

Minutes

Minutes are important and should be accurate. They are a record of previous decisions and specify future action. Board meeting minutes are the legal records of the society's decisions.

Minutes should be concise and easy to refer to. They should be a summary of the main comments, ideas and suggestions that were discussed at the meeting, and they should show where points of view were in conflict.

Minutes are a concise summary of all business conducted for each agenda item in order. They should highlight any implementation decision: what follow-up action is to be taken, when it is needed and who is responsible for it.

Minutes must record all motions, including the names of the mover and seconder, and whether the motion was carried or defeated. Individuals can ask that it be entered in the minutes that they voted or abstained.

Minutes should identify reports and documents presented under each agenda item. Copies of reports and documents presented should be attached to the official board minutes.

Here is a list of routine things that should also be included in the minutes:

- The complete registered name of the society
- type of meeting (annual general meeting, special meeting or board of directors meeting)
- date, time and place of the meeting
- names of those present, absent, and regrets
- names of any special guests;
- whether the minutes of previous meetings (identified by date) were approved or corrected
- all business transacted, including:
    - motions made
    - the name of the member who moved and seconded each motion
    - whether the motion was defeated or carried
    - committee reports and whether they were accepted, tabled, etc.;
    - any special features of the meeting, such as a guest speaker; and
- time of adjournment and the date, time and location of next meeting
- secretary's name

After approval at the next meeting, an official copy of the minutes should be signed by the president and kept in the society's minute book. The minute book helps auditors determine whether the activities of the society are in keeping with the decisions made.

Action lists

If decisions were approved in the meeting and actions are to be taken for them, a list of the actions should be drawn up when the minutes of the meeting are prepared. This will help ensure that the actions are carried out. The list should include:

- The date of the meeting;
- A brief description of each action to be taken;
- The name of the person or the committee responsible for each action;
- The date each action is to be completed; and
- Any requirements for reporting on the actions.

A copy of the action list should be an appendix to the official copy of the minutes and distributed to all board or committee members.

Policy decisions

Boards need to ensure that policy decisions made at meetings are recorded separately in a policy manual. The secretary should keep this record of policy motions and decisions. It can be checked if there is confusion about a decision.

The records should show the date each motion was passed, its content (including mover and seconder) and the resulting action. These items then form part of the society's policy and procedures manual.

Steps for Presenting and Voting on a Motion

A motion can go through nine possible steps from being moved to declared.

1. Moved

   The process starts with the words "I move that …" A motion limits discussion to something definite. The group can respond to the motion and act on it so there can be a final decision made.

2. Seconded

   A seconder agrees with the motion or thinks it is worth discussing and says, "I second the motion." If a motion is not seconded, it is not discussed because it does not have enough support to be considered.

3. Stated

   A motion may be stated by the chairperson or secretary to ensure that the wording is recorded properly and everyone understands the intent.

4. Discussed

   Anyone who speaks must address the chairperson in a courteous manner and must speak only to the motion. The chairperson may make a speaker's list to keep discussion orderly.

The person who introduced the motion (mover) has the right to speak first and should be invited to do so by the chairperson. The seconder can speak right after the mover.

Each person may speak only twice on the same motion. A person who has not yet spoken will be invited to speak before someone who wishes to speak for the second time.

5. Amended

An amendment is a suggested change to the wording or intent of the original motion by adding, deleting or replacing words. Each amendment is subject to the same nine steps that a motion is subject to.

6. Called

If there has been enough debate the chairperson may call a vote. This ends debate so the main motion can proceed to a vote.

Normally after a motion is made, it goes through discussion and is voted on. In this case there is no need for the vote to be called.

7. Restated

A restated motion is one that is read to the meeting to ensure that everyone understands what is being voted on.

8. Voted

A motion is voted when the chairperson calls for all those in favour, opposed and abstaining, and counts the votes for each.

9. Declared

A motion is declared when the chairperson announces the results of the vote and the secretary records the results in the minutes.

Tabling a motion

If the group is not ready to vote on a motion, a motion to table the matter until the next meeting may be a good idea. A motion to table allows the meeting to put aside the pending question so that more information can be gathered.

Putting the motion to a vote (or "calling the question")

At some point during debate, it will be time to put the motion to a vote. This can occur following a full debate, or, where debate is lengthy, someone might request a vote to end the debate. If the chairperson feels that the motion has had reasonable debate and most members are ready to vote, he or she should call for a vote. In calling for a vote, the chairperson would say, for example "All those in favour?" The chairperson may call for a vote on whether the question may be put before the meeting. In formal proceedings, this may be referred to as "calling the question" or "question" from the floor, but is just another way of saying "Let's vote."

Presenting an alternative motion

The mover and seconder of the alternative motion request permission from the chairperson to read the alternative motion. The chairperson can allow reading of the alternative motion if it is consistent with the objectives of the meeting and direction of discussion. Otherwise, the chairperson can deny permission for it to be read.

If the alternative motion is allowed, the chairperson asks the mover and seconder of the original motion if they will withdraw their motion; and

- If the original motion is withdrawn, the alternative motion is moved and seconded.
- If the original motion is not withdrawn, the mover and seconder of the alternative motion inform the meeting that their motion will be moved if the original is defeated and thus urge the members to vote against the original motion.

Withdrawing a motion

When a motion has been made, the mover can ask for it to be withdrawn at any time if no one objects.

If discussion has started and someone objects, a motion can be withdrawn only by a motion to withdraw. This motion must be seconded, cannot be debated or amended, and requires a majority vote.

Presenting a committee report

A motion to “receive” a report implies that the meeting has not committed to its conclusions or recommendations (for example, the monthly unaudited treasurer’s report).

A motion to “adopt” a report in whole or in part commits the meeting to some or all of the recommendations of the report, and often implies some action to be taken.

A motion to “accept” a report means that the meeting has accepted the report in its entirety.

Rules for small group meetings

Parliamentary procedure “by the book” provides clear process for large meetings discussing large amounts of business. These rules are very formal and rigid. Participants in a smaller meeting may agree to relax parliamentary procedure.

One approach to ensure that effective decision-making occurs in a small meeting is to develop motions, and thus decisions, through consensus. This occurs when there is general agreement by the group on the decision being made. This approach encourages maximum participation and also tends to eliminate the complicated amendment procedure that often takes place when formal parliamentary procedure is being used.

If a small meeting using “relaxed” rules of parliamentary procedure discovers that any of the four principles of a democratic meeting are not being maintained, then more formal processes should probably be used.

CHAPTER 6

Bylaws

Introduction

Societies are guided by bylaws, which are developed by the board of directors and approved by the members.

In Chapter 6 you will learn about:

- What are bylaws?
- Establishing bylaws
- What should bylaws contain?
- Sample bylaws

What are bylaws?

Societies are governed by bylaws, which must not contradict the *Societies Act* or the objects of your society. Bylaws provide your society with the structure it requires to carry out its activities, and to help prevent disagreements and conflicts. Every member should have a copy of the bylaws.

Your board must ensure that the bylaws are current and relevant to the needs of the society. The board should regularly review the bylaws and propose changes as needed.

The bylaws must always include all of the matters that are identified in Chapter 1 as being required by the *Societies Act* of the Northwest Territories. You are not limited by this list as other important issues may be included in the bylaws as needed.

Making and amending bylaws

Your organization should review the bylaws and basic procedures annually. The members may pass a resolution to make, amend or repeal bylaws that regulate the activities of your society. This can be done at the annual general meeting or by extraordinary resolution. If a bylaw that deals with one of the matters that must be included in the bylaws is repealed, it must be replaced by another bylaw that deals with the same subject. **Amendments to bylaws do not take effect until they are approved and registered by the Registrar of Societies.**

Distribute copies of the proposed bylaws to all members, along with the call to a meeting to discuss and approve the bylaws.

At the meeting, the following steps should be followed for discussing and approving bylaws:

- At the beginning of the discussion about adopting the proposed bylaws, a motion is made and seconded to review the bylaws as a whole.
- Under this motion, the members will then consider the bylaws, one item at a time.

- Allow enough time to discuss and amend each bylaw before proceeding to the next one.
- When the members have discussed and amended each bylaw fully, the chairman takes a vote on the bylaws as a whole.
- A majority vote is necessary to make, amend, or repeal a bylaw at the annual general meeting. At any other meeting of the members, an extraordinary resolution is required - which means that, given advance notice of the resolution, 75% of the members present at the meeting and entitled to vote (including those voting by proxy where proxies are allowed by the current bylaws) must approve the changes.

Membership

As identified in Chapter 1, your bylaws should outline:

- The types or classes of membership (if more than one), such as voting, non-voting, regular, associate or honorary members.
- Who can be a member of your society, and the terms of admission.
- Members' rights and obligations.
- The procedure for determining member fees and payment of fees.
- The procedures for resignation/withdrawal/removal of members, and the procedure for the reinstatement of membership.

Meetings of members

Your bylaws should set out:

- How notification of meetings will be given.
- The process for calling a meeting and notice of meetings for:
    - all members entitled to vote at the meeting
    - each director, and
    - the auditor of the society (if there is an auditor).
- When the annual general meeting of members will take place.
- The number of members or percentage of members required to make up a quorum at meetings. *Note:* ***it is critically important that the number of members needed for a quorum not be set too high.*** *If it should ever become impossible to attain the required quorum, a society can find itself in the position of never being able to hold a valid meeting, and so never being able to vote to lower the quorum.*
  For this reason, it is often a good idea to set the quorum as a percentage of the total number of members, rather than a specific number.

Board meetings

Your bylaws should specify:

- The number of regular board meetings to be held and the method of notification.
- Details regarding special board meetings and the method of notification.
- The quorum for regular and special board meetings.

Voting

In your bylaws, you should include information about:

- Voting eligibility and tie-breaking procedures.
- Whether voting is by show of hands or by ballot.
- Whether proxy voting will be allowed and the procedures for appointing a proxy holder and for proxy voting.
- Whether voting by mail will be allowed and the procedure for collecting, counting and reporting the results of any mail ballot.

Directors

Bylaws about directors should cover:

- The minimum and maximum number of directors (**a charitable society must have a minimum of three directors**).
- How directors are elected – nomination and election procedure.
- Length of terms for directors.
- Filling vacancies of directors.
- How a director can be removed.
- How often directors should meet.
- Qualifications for a director's position.
- Duties and powers of the board and of individual members of the board.
- Descriptions of officer positions and the duties each position entails.

Financial policy

Careful financial accounting and reporting is very important for societies.

Your bylaws should include these important points:

- The month and day on which the fiscal year ends.

- Payment deadline for fees (if there are fees).
- Whether an auditor is required and the appointment and removal of the auditor.
- Signing officers.
- Accounting and auditing policies.
- Financial reporting to the members. **At a minimum, financial statements must be presented to the members at every annual general meeting.**

Keeping records

It is important for your society to keep accurate records of meetings and decisions. In your bylaws, you should include:

- Procedures for recording and keeping minutes.
- Where the society's records will be kept, and the precautions to be taken for preventing loss or destruction of the society's records.
- Information about how and when members can inspect the society's financial records.

Liquidation and dissolution

You should ensure that there are bylaws in place to deal with the possibility that your society might dissolve or stop operating.

Issues to consider in your bylaws include:

- What would happen if the society should dissolve?
- Who has the power to make the decision to dissolve?
- How funds and other resources would be distributed and to whom.
- Charitable corporations must provide a specification that all of the society's assets, after all debts are paid, will be distributed to:
    - A charitable society;
    - A registered charity;
    - A municipality; and/or
    - The government of Canada or a government of any province or territory or an agency of those governments.

Bylaw Template

A general template for bylaws which satisfies all of the requirements of the *Societies Act* can be found on the Corporate Registries website at:

https://www.justice.gov.nt.ca/en/non-profit-societies/

CHAPTER 7

Corporate Records

Introduction

This chapter deals with the types of documents and records that a society must prepare, maintain and keep safe. It also deals with who is entitled to access to the corporate records.

In this chapter you will learn about:

- What are corporate records?
- Form of records
- Protecting corporate records
- Access to corporate records
- Right of auditor/reviewer to information in corporate records

What are corporate records?

A society must prepare and retain a number of records. The records must be kept in the Northwest Territories. The directors can decide to keep the records at the society's registered office or at some other place.

Corporate records include:

- The constitution, bylaws and all amendments made to them;
- Minutes of meetings and resolutions of members, directors and any committee;
- Copies of all notices of directors;
- A register of members;
- Accounting records; and
- Financial statements.

The register of members entitled to vote at meetings must contain the names of members listed alphabetically, the last known addresses of current members or people who were members during the previous year and the dates on which members became or ceased to be members.

Form of records

A society must be able to produce a copy of any of its records within a reasonable time. As long as the records can be read, and a copy can be produced, the records may be in almost any form, such as:

- A bound book or loose-leaf binder;

- Photographic film (for example, microfilm);
- Entered or recorded by any system of mechanical or electronic data processing (for example, stored on a computer); or
- Any other information-storage device (for example: USB flash drive, CD).

Protecting corporate records

A society and its agents must take reasonable measures to keep the registers and other records from being lost or destroyed. These items should be stored in a safe place.

A society must have a good system of financial controls to make sure the registers and records are accurate. A good system also helps to detect and correct wrong entries.

For more detail on financial controls, see chapter 8.

Access to corporate records

The society's directors are able to inspect the records at all reasonable times. Members are entitled to access the books and records only if provided by the bylaws.

Right of auditor/reviewer to information in records

The auditor of the society and the person appointed to provide a review must be given access to records. They may examine the financial records of the society, and they may ask for explanations if things are not clear. They can ask to see any records they believe are needed to prepare an auditor's report or review engagement report.

The present and former directors, officers, employees or agents of the society shall give them:

- Any information and explanations requested; and
- Access to the society's records, documents, books, accounts and vouchers.

CHAPTER 8

Financial Management and Financial Reporting

Introduction

The board of directors is legally accountable and responsible for overseeing the society's financial affairs. This can include:

- Finalizing the budget and financial reporting processes;
- Monitoring revenues;
- Approving spending;
- Overseeing fundraising; and
- Managing the society's assets.

In overseeing the society's financial affairs, the directors should exercise the judgment that a reasonably prudent person would use in handling his or her own money. In a society, it's important to have good financial controls in place.

Board members can make better decisions about the society's finances if they understand financial management.

The health of a society is shown in the state of its financial affairs. Sound financial management is the basis of a successful society and is critical if directors are to fulfill their responsibilities to the society and its members.

In this chapter you will learn about the main components of a financial management system, including:

- The budget
- Financial controls and procedures
- Financial record-keeping
- Financial reporting and financial statements
- Audits

Components of a financial management system

There are three main parts of a financial management system:

- The budget,
- Financial controls and procedures, and
- Financial record-keeping.

The budget

The budget is the detailed plan for the society's receipt of revenue and spending. It is very important to your society's planning process.

The budget summarizes how much money the society expects to receive as revenue during its financial year. It also plans for how the money will be spent during the year.

Typical budgets cover a one-year period, but the budget process is ongoing. The staff and the board of directors must monitor the revenues and expenses, adapt to unforeseen or changing needs or circumstances, and allocate or re-allocate resources properly.

There may be quite a few steps in the budget process:

1. List the society's activities. The society decides what it wants to achieve and what activities it will take on to reach those goals.

2. Determine the costs. The society then estimates and lists all the costs involved in doing the activities listed in the first step. A "contingency amount" can be added in case the costs are higher than expected.

3. Determine the revenues. In this step, the society estimates the amount of income it expects from all sources. A "contingency amount" can be included in case the income is lower than expected.

4. Compare the revenue to the costs. Now the society must see if the revenues are equal to the costs. To ensure a balanced budget, some items or activities may have to be removed or others may be added.

5. Set priorities. When the society compares revenues and costs, it might find that revenues do not cover costs. At this point, the society should set priorities for what it wants to achieve based on the revenue available. Changes may be required to the list compiled in the first step.

6. Balance the budget. In a balanced budget, the expected revenues for the upcoming year equal or exceed the expected costs or expenses. The budget may still need to be adjusted before it will balance. An adjustment to expenditure items might be required to balance the budget.

7. Get budget approval. The society's board of directors reviews the budget and may require changes to it. In the end, the board should be satisfied that the revenues and expenses are realistic.

8. Monitor the budget. The budget process continues all year. The society's officers, senior employees and the board of directors must continually review the budget and compare it to actual revenues and expenses. Any major differences should be addressed.

Financial Controls and Procedures

To properly monitor and manage its finances, a society needs well-defined controls and procedures for receiving and spending money. At a minimum, these safeguards should be in place:

- All cash and cheques should be deposited into a “current account.” It should be clear who is responsible for receipting (recording) all the money that is received.
- Cash should never be used to directly make a payment. Cash should be recorded and then deposited into the current account. A cheque can then be written on the current account to make the payment.
- At least two signing officers should have signing authority on the current account and at least two signatures should be required to validate a cheque.
- Policies can outline the extent and level of authority of individuals to commit certain amounts of funds, and for what purposes. Procedures can be used for approval of other expenses over a certain amount.
- The bank account should be reconciled monthly (i.e. the account balance in the corporate records compared with the balance shown on the bank’s records). The reconciliation should be approved by a senior employee, the treasurer or some other person with authority and responsibility.
- Smaller day-to-day expenditures can be paid out of an internal petty-cash account. This account should be funded by drawing cheques on the current account, made payable to “petty cash.”

Financial record-keeping

Financial record-keeping is the way the society’s financial information is organized. It forms the basis of financial reporting activities. There are two methods of financial record-keeping: the cash basis and the accrual basis.

The cash basis is the simplest. Using this method, financial transactions are recorded only when money changes hands. When funds are received and deposited, they are recorded as income. When money is withdrawn from an account to make a payment, it is recorded as an expense.

Using the accrual basis, revenues are recorded when they are earned and expenses are recorded when they are incurred. Using this method, the revenue could be earned and recorded, but not yet received. The expenses could be incurred and recorded, but not yet paid for.

At least some form of basic bookkeeping system is needed to track the society’s financial activity. There are three steps to maintaining a basic bookkeeping system:

1. Open a current account.

2. Open a set of books or journals to record all financial transactions. The three most common are:

    - A cash receipts journal to record cash or cheques received;
    - A cash disbursement journal to record money spent; and
    - A general journal to record non-cash transactions such as receivables and payables.

3. Reconcile the current account bank statement to the records in the journals at the end of the month to ensure they match.

The financial information recorded in these journals is transferred to a general ledger. In the end, general ledger entries are incorporated into the society's balance sheet and statement of receipts and disbursements.

Financial reporting and financial statements

Annual financial statements

Financial statements are used to report on the financial status and health of an organization at a point in time. A society must prepare financial statements at the end of each fiscal year and present these to the members at the annual general meeting. The financial statement must then be submitted to the Registries office, along with a notice of directors.

Financial statements are vital to corporations:

- They help managers and the board to plan;
- They report to the members on the organization's financial health;
- They are needed when a society seeks financing, support or other contributions from people or organizations (banks or government agencies).

The following two parts are required at minimum:

1. **Balance Sheet:** This is the indicator of the society's financial stability or health at a given time. It's a summary of the assets, liabilities and organization equity (sometimes referred to as surplus or members' equity), and **should not be confused with the society's bank statement/balance**. Assets are items owned by the society, if any (such as vehicles, equipment; can be a positive bank balance). Liabilities are monies owing or outstanding, if any (such as debt, a mortgage).
A balance sheet is a snapshot of what would be left over if all the assets were turned into cash and used to pay all of the society's debts. When added together, the total "liabilities" and the total "members' equity" gives you a sum which should always equal/match/balance with the total "assets" (even if these numbers are zeros).

2. **Income Statement**. An income statement compares revenues to expenses at the end of the fiscal year to determine whether there is a net income a or net loss for that period. Revenues and expenses should be itemized and summarized by the type of revenue or expense (for example: "donations"); each receipt or cheque does not need to be listed individually.

Audits

An audit is an examination of the society's books and records. It ensures that the financial statements show the facts fairly and accurately. The bylaws are required to contain provisions regarding the audit of accounts.

Proper and correct statements are vital for societies. They must meet high standards for record-keeping and financial reporting because they often receive their funds from public sources. In cases where the bylaws do not require an audit of financial statements, the financial statements must be signed by two of the society's directors.

See Chapter 9 for more information about a society's reporting and filing requirements.

CHAPTER 9

Reporting and filing requirements

Introduction

A society requires ongoing maintenance, care and attention. There are significant advantages to becoming a society but it is also a privilege. The directors and members must see to it that the society meets reporting and filing rules to stay current, up to date with required filings, and eligible to receive or keep funding. If a charitable society is not current with its filings, it can lose its charitable status.

The *Societies Act* (the Act) sets out what is required to register and maintain a society. Corporate Registries administers the reporting and filing requirements set out in the Act. The Registrar and Deputy Registrar of Societies are appointed under the Act, to carry out the duties and exercise any of the powers given to them by the Act.

This chapter briefly summarizes the reporting requirements under the Act to file notices and other documents with Corporate Registries. Any forms referred to in this chapter can be obtained from the Registries office, or found online at: https://www.justice.gov.nt.ca/en/non-profit-societies/

The requirements are set out in this chapter as follows:

- Reporting to members and to Corporate Registries
- Notice of directors and financial statements
- Reporting changes to Corporate Registries
- Voluntary dissolution, involuntary dissolution, and revival of a society

Reporting to members

The financial statements for the past fiscal year **must be presented to the members at every annual general meeting**. As explained in Chapter 8, the financial statements must include a balance sheet (statement of assets and liabilities) and an income statement. They must also meet the standards of generally accepted accounting principles. It is advisable to have a professional accountant prepare the financial statements to ensure they are done correctly.

Reporting to Corporate Registries

A notice of directors and a financial statement must be submitted each year within 14 days after the society's annual general meeting; regardless of whether or not any changes have occurred, and regardless of whether or not the society has had any financial activity.

Reporting changes to Corporate Registries

Change of the society’s address

A society incorporated under the Act must have an address within the Northwest Territories to which all communications and notices may be sent, and at which all processes may be served. **If at any time the society's address should change, a notice of society address form must be completed and submitted to the Registries office.**

Changes to the society's constitution

An extraordinary resolution is required in order for the members of a society to approve a change to any part of its constitution; which includes the name of the society, its objectives, and the community in which the society mainly operates. This means that, given advance notice of the resolution, 75% of the members present at the meeting and entitled to vote (including those voting by proxy where proxies are allowed by the bylaws) must approve the changes.
Either an Enactment of New Constitution form OR an Specific Constitutional Amendment form (or an appropriately worded fascimile of either) must be submitted to Corporate Registries, along with the prescribed fee. **Changes are not effective until they have been processed and filed by the Registries office.**

Changes to the society's bylaws

The members of a society may approve changes to its bylaws, as discussed in more detail in Chapter 6. As with amendments to the constitution, **changes are not effective until they have been processed and filed by the Registries office**. An Enactment of New Bylaws form OR a Specific Bylaw Amendment form (or an appropriately worded fascimile of either) must be submitted to Corporate Registries, along with the prescribed fee.

Filing articles of amalgamation

Occasionally, a society may wish to become a new entity by joining or amalgamating with another society. To do so it must file the amalgamation agreement with Corporate Registries along with certified true copies of the extraordinary resolution of each amalgamating society a Notice of Society Address Form, a Notice of Directors form, and the prescribed fee.

Voluntary dissolution, involuntary dissolution, and revival of a society

Voluntarily dissolving (winding up) a society

A voluntary dissolution is the process by which a society is formally and legally brought to an end. As with amendments to the constitution, such a major decision can only be made by an extraordinary resolution of the members. The Extraordinary Resolution of Dissolution form (or a reasonable fascimile) must be submitted to Corporate Registries, along with a statutory declaration in support of the dissolution; which declares that sufficient notice of the society's intention to dissolve has been given, and that the society's debts and liabilities are taken care of and the remaining assets or property are transferred or distributed in accordance with the bylaws. Both of these forms are available from the Corporate Registries office, as well as on the website.

Dissolution of a society by the Registrar (involuntary dissolution)

There are benefits to being an incorporated society, such as the society acting as a separate legal being or entity. It may also qualify to receive or keep funding, but to do so, **the society must remain up to date with all filings required by the *Societies Act.***

A society must meet all of the filing requirements to remain registered as an inocorporated society, and to be considered up to date with required filings under the Act. There are serious consequences to having a society dissolved if it is continuing to operate.

The Registrar of Societies may dissolve a society if:

- the Registrar believes the society is no longer operating;
- the society does not have an address in the Northwest Territories;
- the society does not file any notice, return, or other document that the Act requires to be filed;
- the society does not have any directors; or
- the society does not pay any required fee.

The most common reason why a society is dissolved is that the society has not filed its notice of directors or financial statements annually. A society can be dissolved if any required filing is not filed within two years of its due date.

Revival of a dissolved society

Revival of a society which has been dissolved, whether voluntarily or involuntarily, requires a court order from the Supreme Court of the Northwest Territories. If you want or need to revive a society that has been dissolved, it is recommended that you seek the assistance of a lawyer.

Where can we be contacted?

Societies Registry
Govt. of the Northwest Territories, Dept. of Justice
1st Floor Stuart M. Hodgson Building
5009 49th Street, PO Box 1320
Yellowknife NT, X1A 2L9, Canada

Phone: 1(867) 767-9304 Fax: 1(867) 873-0243
Toll Free: 1(877) 743-3302 Email: corporateregistries@gov.nt.ca

Hours of Operation: 9:30 AM to 4:00 PM Monday to Friday

Website: https://www.justice.gov.nt.ca/en/non-profit-societies/

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