

## **Information on the new *Societies Act***

**NOTE:** This document is not intended to be legal advice. For advice please refer to the new *Societies Act* or speak to a lawyer.

### **BACKGROUND:**

The new *Societies Act* will replace the current *Society Act*, which governs how societies (not-for-profit organizations) are created and run in BC. The new *Act* is designed to simplify rules for non-profits, allowing more flexibility in how societies operate and are accountable. It comes into force on November 28, 2016. Every society is required to “transition” to the new act sometime between November 28, 2016 and November 28, 2018.

### **TRANSITIONING TO THE NEW SOCIETIES ACT:**

The transition process involves re-filing, in electronic format, a society’s current constitution and bylaws with the Corporate Registry. There are some minor changes that will need to be made to the constitution and bylaws upon transition that essentially amount to moving any extra provisions from the constitution to the bylaws section. No special meeting is required to transition.

Before transitioning, the government recommends that your society:

- Prepares an electronic version of your current constitution, consisting of only your society’s name and purpose;
- Prepares an electronic version of your bylaws and amendments, including any provisions from the constitution;
- Ensures information about the Board of Directors and office contact information are up to date with the Corporate Registry
- Ensures annual report filings are up to date
- Decides if your society should become a “Member-Funded” society

### **MEMBER-FUNDED SOCIETIES**

The new *Societies Act* creates a new category of societies called “Member-Funded” societies. During the transition process each society is asked whether they would like to become a member-funded society. If a society does not select to become a member-funded society on transition, they can only convert to one later through a court order. Therefore, it is important to consider whether to become a member-funded society before transitioning.

A member-funded society is a society that is funded primarily by its members to carry on activities primarily for the benefit of its members. Examples might include sports clubs, golf courses and professional associations. Member-funded societies have slightly different accountability rules (usually less restrictive) than other societies, including that:

- They do not have restrictions of distributing assets upon winding up the society (other societies must distribute assets to charities);
- One director is sufficient (other societies must have three, one a resident of BC); and
- They can convert to a company (other societies cannot).

Some societies cannot be member-funded societies. Member-funded societies also face other restrictions, including that they are limited in the amount of public funding they can receive. Because being a member-funded society will impact the kinds of funding you are eligible for, read

more about the restrictions before deciding to become a member-funded society (most societies will *not* choose to be member-funded societies).

## **BYLAW CHANGES**

The new *Societies Act* does not require bylaw changes. If a society's bylaws were consistent with the current *Society Act* they will almost always be consistent with the new *Societies Act*. In the case that a society's bylaws conflict with the *Act*, the *Act* prevails to the extent of the conflict. Schedule B of the new *Act* is different than the current *Society Act*. If your society uses the Schedule B bylaws, it is recommended that you read the new Schedule B bylaws.

The new *Societies Act* has some changes that allow for greater flexibility, but which your society can modify should you wish. For example, where the current *Society Act* creates a 75% "default" threshold for passing special resolutions, the new *Societies Act* sets a less strict 66% "default" threshold. If your society prefers a stricter threshold, it can be spelled out in your society's bylaws.

Bylaw amendments can be made in your society's usual way up until the new *Act* comes into force on November 28, 2016. Bylaw changes *cannot* be made after the act comes into force but before your society transitions; your society must transition before bylaw changes are made. Bylaw amendments can be made at the time of transition, or after. If amendments are made at the time of transition or after, they will be made using the online filing system. See the "Preparing for B.C.'s New Societies Act: A Guide to the Transition Process" document for more information.

## **OTHER IMPACTS OF THE NEW SOCIETIES ACT**

The new *Societies Act* makes some other changes that your society should be aware of. Important ones are outlined in the document "*New Societies Act: Impact on Pre-existing Societies*".

## **RECOMMENDATIONS:**

1. Decide whether your society should be a member-funded organization.
2. Prepare for the electronic filing by getting electronic versions of your current constitution and bylaws, ensuring information about your current board members are up-to-date with the Corporate Registry, and ensure annual report filings are up to date.
3. Decide if there are bylaws that should be passed before or upon transition so that a meeting can be arranged if appropriate.

## **FURTHER INFORMATION:**

The following resources may be useful in learning more about the new *Societies Act* and its impact on your society:

- "Preparing for B.C.'s New Societies Act: A Guide to the Transition Process" available here: <http://ow.ly/8cAh30298ld>
- "New Societies Act: Impact on Pre-existing Societies" available here: <http://ow.ly/EXxZ30298tn>
- Pacific Legal Education and Outreach (PLEO), an organization that provides legal advice to nonprofits, has information about the new Act on their website: [www.lawfornonprofits.ca](http://www.lawfornonprofits.ca).