

**2018 RMLL AGM**  
**BODY CORPORATE -101**

**INTRO**

- ASSUME YOU ARE ALREADY FORMED UNDER THE *SOCIETIES ACT*
- REVIEW BY-LAWS TO DETERMINE
  - DEFINITION OF MEMBER
  - DIRECTORS
  - OFFICERS
  - YEAR END
  - AGM DETAILS
- HIGH LEVEL GENERAL SUMMARY, EACH SITUATION MAY BE SLIGHTLY DIFFERENT BASED UPON THE WORDING OF THE BY-LAWS
- NOT “LEGAL”, “TAX” OR “ACCOUNTING ADVICE”

**OVERVIEW OF OBLIGATIONS**

- HOLD MEETINGS OF THE DIRECTORS AND KEEP PROPER MINUTES
- KEEP ACCURATE FINANCIAL RECORDS
- PREPARE PROPER FINANCIAL STATEMENTS
- MAINTAIN A MEMBERS REGISTRY
- HOLD AN ANNUAL GENERAL MEETING
- FILE AN ANNUAL RETURN WITH ALBERTA CORPORATE REGISTRY
- FILE A CORPORATE TAX RETURN WITH CANADA REVENUE AGENCY
- FILINGS WITH RMLL
- FILINGS WITH ALA
- FILINGS WITH ALBERTA CORPORATE REGISTRY

**MEETINGS OF DIRECTORS**

- Directors are elected by the members.
- Directors are responsible for the overall direction and management of the legal entity.



- Directors have legal responsibility and liability for the reporting obligations of the legal entity or for its failure to fulfill its obligations.
- depending upon the By-laws of the Society either Members will elect Officers or the Directors will appoint the Officers, one can be both a Director and Officer but the two types of positions are not the same.
- Officers are responsible for the day to day operations of the legal entity subject to the policies adopted and direction set by the Directors.
- Directors should keep minutes of their meetings to ensure there is a clear record of the decisions that are made by the Directors at such meetings.
- Meetings should be held on a “regular” basis to stay on top of the operation of the legal entity.
- Meeting of the Directors should be held immediately after the Annual General Meeting to appoint Officers for the ensuing year.
- Meeting should be held after the Financial Statements have been prepared to approve same and to set a date for the Annual General Meeting, sometime between 30 and 45 days before the date of the Annual General Meeting.

#### **FINANCIAL RECORDS**

- Legal entities should keep accurate and complete records of all financial transactions, revenues and expenses.
- Because of the obligation to file financial statements it is important to keep timely records to make the preparation of those statements easier.
- Important to consider proper “checks and balances” should consider two signatures on each cheque, policies about requiring receipts as a condition of payment, limit where possible cash transactions, centralize financial records and reporting, have policies relating to regular distribution of financial statements/reports to avoid “surprises”.

#### **FINANCIAL STATEMENTS**

- Financial Statements are prepared and required for a variety of reasons:
  - Statutory Compliance – *Societies Act*
  - Maintaining good governance practices
  - Tracking of financial performance and state of the Society
  - Permits comparison to Budget
  - Provides transparency and accountability to Members and the Community at large



- Helps assess the performance of the Society and its Officers and Directors
- The Financial Statements must:
  - Include a Statement of the Society's Income, Disbursements, Assets and Liabilities
  - State that the Financial Statements have been audited/reviewed or approved, dated and signed.
  - Person's assigned the audit responsibility are identified in the Society's Bylaws
- Be signed by 2 Directors on behalf of the Society and the Auditor(s).
- In order to be in compliance a Society will require three different Statements (Reports):
  - Statement of Operations
  - Statement of Financial Position (a "Balance Sheet")
  - Statement of Net Changes
- Statement of Operations
  - Summarizes revenue and expense items for the whole financial report period (year)
  - Shows where money came from and how it got spend
- Statement of Financial Position (Balance Sheet)
  - Doesn't cover the whole financial reporting period, it's a "snapshot in time" speaks as at the last day of the financial reporting period.
  - Reflects the balances on the last day of the financial reporting period of assets, liabilities and net asset accounts.
  - Reflects at a point in time what the Society owns and what the Society owes.
- Statement of Changes in Net Assets
  - Doesn't cover the whole financial reporting period, it's a "snapshot in time" speaks as at the last day of the financial reporting period.
  - Reconciles the balance of the net asset account at the beginning of the financial reporting period with the balance at the end of the financial reporting period.
- For those who want a better understanding of the issues around Financial Statements, reporting and Officer and Director responsibilities relating to same attached to these materials is a short presentation from the Board Development Program, Voluntary Sector Services Branch, Alberta Culture and Community Spirit.



- Financial Statements must be “audited” but this does not mean Societies have to spend a fortune and hire large accounting firms.
- As long as the By-laws don’t require a professional audit and the Society does not pay a fee for the audit the Financial Statements may be “audited” by a Member of the Society or other third party.
- Good governance practice and common sense requires that the Financial Statements not be audited by parties involved in either preparing them or deeply involved in the operation of the Society.
- Not only must a “conflict of interest” be avoided but the appearance of a “conflict of interest” must also be avoided to ensure faith in the process and transparency with the Members. Best to have someone who did not prepare the financial statements and who is not an Officer or Director of the Society to “audit” the statements.
- There seems to be a myth out there that a Society which is “not for profit” has to spend all of its money each year so there is “no profit”, that is NOT TRUE, the concept of “not for profit” means monies cannot be distributed to members (like a dividend) and that all “profits” must be put back into the operation of the Society for use in accordance with its objectives.

#### **MAINTAIN A MEMBERS REGISTRY**

- Each Society must maintain at its Registered Office a Registry of Members.
- The definition of Member may be different for each Society and it will be determined in accordance with the Bylaws of each Society.
- The Registry must be in writing and must set out:
  - Name and full address of each Member
  - Date they became a Member
  - Date they ceased to be a Member
  - If the Society has more than 1 class of Members, the Class of membership held by the Member
- All Members listed on the Members Register should receive the proper Notice of Meetings of the Society, including any Notice of Annual General Meeting or Notice of Special Meeting.

#### **ANNUAL GENERAL MEETINGS**

- Must hold an Annual General Meeting of Members every year.
- Held in accordance with Bylaws of the Society.



- Generally speaking must be held no later than 120 days after the financial year end of the of the Society.
- Written Notice of the Meeting must be given to every member in accordance with the provisions of the By-laws, generally 21 days in advance of the Meeting, the Notice of Meeting should include an Agenda for the Meeting Setting out what will be discussed together with a copy of the Financial Statements (Sample Notice of AGM attached).
- Purpose of the Annual General Meeting is to:
  - Elect he Directors for the ensuing year
  - Present the Financial Statements to the Members
  - Appoint the Auditor for the next year
  - Report to the Members on the affairs and activities of the legal entity
  - Present information to the Members such as Budgets, future activities, special projects
  - Deal with “Special Business” such as amendments to the bylaws, name changes, approval of extraordinary items
- Attached is a sample Agenda for an AGM.

#### **ANNUAL RETURN**

- *Societies Act* requires each Society to file, on or before the last day of the month immediately following its anniversary date, an Annual Return.
- Example: The Certificate of Incorporation will have a date on it, if that date was October 15, 2017 then the anniversary date is October 15 and each year the Society would have to file its Annual Return no later than October 31.
- The Annual Return will be mailed each year to the address shown on the Notice of Address which was filed when the Society was formed, this is usually mailed about a month before the Anniversary Date, so those who registered last fall or early should already have received the form.
- A sample Annual Return form is attached to the materials and is very easy to complete.
- The Annual Return must be signed by a Director or authorized Officer of the Society and it must be an original signature, a photocopy or scan is not permitted.
- The Annual Return when filed must be accompanied by the following:
  - A list of all officers and directors



- A copy of the financial statements presented and approved at the Society's last Annual General Meeting
- List of Officers and Directors must include
  - The name of each Officer and Director of the Society (last name first, followed by given names)
  - Full address of the Officer or Director (including postal Code)
  - Title of the persons listed, Director for directors, and for Officers their specific title President, Vice President, Secretary, Treasurer, etc.
  - A person can be both a Director and an Officer or hold multiple Offices (Secretary-Treasurer), all positions held must be listed for each person
- Financial Statements
  - The Financial Statements approved at the last Annual General Meeting held.
  - Example: Society was formed October 15, 2017 with a year end of December 31, the Society would have had to prepare Financial Statements for the 2 ½ month period from October 15, 2017 to December 31, 2017. The Society would have had to have had an Annual General Meeting by April 30 (120 days following year end). The Financial Statements for the period ended December 31, 2017 approved in the Winter/Spring of 2018 are the Financial Statements that would be filed with the Annual Report due to be filed prior to October 31, 2018.
- Failure to file all required materials will result in the Annual Return being rejected and returned to the Society for proper completion and re-submission.
- There is no fee charged for the filing of a Society Annual Return.
- An Annual Return CANNOT be filed at an Alberta Business Registry, it can be dropped off at the Service Alberta – Corporate Registry office in Edmonton or mailed to Service Alberta, the addresses are on the back of Annual Return.
- When your filing is accepted by Alberta Registries as being complete you will receive written confirmation of acceptance of your Annual Return.
- Failure to file Annual Returns in a timely fashion or being in arrears for 2 years may result in the Society losing its status and being “struck”, which means it is no longer eligible for membership in the ALA and hence membership or playing privileges in the RMLL.

### **TAX RETURN**

- A Society, being a body corporate, must file a Tax Return on an annual basis with the Canada Revenue Agency (“CRA”), this DOES NOT mean that Societies have to pay tax.



- The filing form is a T2 Corporation Income Tax return and can be found on the CRA website at <https://www.canada.ca/en/revenue-agency/services/forms-publications.html/>
- Generally none of your Societies are likely “registered charities” so it is important you not file the wrong return, “registered charities” must file a T3010 which is a much more complicated form.
- If your Society had assets in excess of \$200,000 at the end of its previous financial year you will also have to file a Form T1044, Non-Profit Organization (NPO) Information Return, which can also be found at the same website above.
- To file a Tax Return your Society will need a CRA Business Identification Number (“BIN”) this is different then the Corporate Access which appears on the Certificate of Incorporation and the Annual Return.
- You can obtain a BIN in a couple of different ways:
  - Online using the CRA Business Registration Online Service
  - By phone 1-800-959-5525
  - Filing out an RC1, request for a Business Number form and mailing it or faxing it to the nearest tax service office or tax centre

#### **ALA FILINGS**

- Once you have been accepted for membership in the ALA the ALA wants to make sure that you are current with your filings, they have up to date information and copies of your Financial Statements.
- By-laws of the ALA set out the filing requirements:
  - By-law 2.01.5 Each Member (Society) must notify the ALA Director of Administration through the ALA Office of any amendment to its objectives, by-laws and regulations or any change its Officers
  - By-law 2.01.6 Each Member (Society) must submit on an annual basis proof of the Corporate filing and a copy of their financial statements
  - By-law 2.01.7 Each Member (Society) must notify the ALA Director of Administration through the ALA Office immediately of any suspension of the Members Alberta Society status.

#### **RMLL FILINGS**

- Even before the requirement to become a body corporate was introduced by the ALA teams had the obligation to file Franchise Certificates on an annual basis, this has not changed although there may be some modifications to the information to be filed.



- RMLL has not completed its review and revision of its current By-laws and Regulations but it is likely that the RMLL will require the following filings, which are similar to the ALA:
  - In the annual Franchise Certificate Information Form the names and addresses of all Officers and Directors of the Society which holds the Franchise Certificate
  - In the annual Franchise Certificate Information Form confirmation that the Society holding the Franchise Certificate is current in its filings under the *Societies Act*, including Annual Returns and Financial Statements
  - Prompt notification to the Executive Director of the RMLL of any changes in the Officers or Directors or other key contacts listed in the annual Franchise Certificate Information Form
  - Prompt notification to the Executive Director of the RMLL of the suspension or loss of Alberta *Societies Act* status
- Upon completion of the review and revision of the By-laws and Regulations the RMLL will send each Franchise a summary of its reporting obligations.

#### **FILINGS WITH ALBERTA CORPORATE REGISTRIES**

- In addition to the annual filing of the Annual Return, Societies must file with the Services Alberta – Corporate Registries:
  - Amendments to its objectives and Bylaws
  - Copies of any Special Resolutions passed
  - Any change in the Registered Address of the Society within 15 days of such change
  - Any change with the Officers or Directors of the Society within 30 days of such change

#### **QUESTIONS??????**

John Tyrrell

Chair, Discipline and Appeals Committee

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