 Board Basics for Non-Profits
Learning Event 2016


Bylaws

The other member of your Board – and – How to make them work for YOU

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What Will We Cover

1. What are Objects?
2. Good and Bad Objects
3. What are Bylaws?
4. What Bylaws Aren't
5. Why Have Bylaws
6. We Have Them – now what?
7. What has to be in bylaws?
8. Maybe we should look at ours – how do we do it?
9. Things that Can Cause Problems

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What are Objects?

- The objects of a society define what activities that society can pursue.
- These are the most fundamental goals and objectives of the organization and set the limits of what the society can do.
- The objects also include the reasons the organization has been formed and its long-term goals.



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Let's talk about Objects

- Good Object
 - To provide programs that meet the physical, emotional, moral and intellectual needs of the children attending the day care centre.
- Bad Object
 - To educate these children properly and to help and assist their parents.



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The objects set the overall limitations on what the organization can do.

Unlike a corporation under the *Business Corporations Act*, a society does not enjoy all of the rights and powers of a person.

In the eyes of the law, a society can only do the things which are within the limits of the objects stated in the application.

(Always get a ruling on your objects from the CRA if you are also a charity or want to become charitable)



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What are Bylaws?

- Bylaws are the fundamental governing rules and regulations of any society.
- The bylaws state how the society is to be governed and how the powers of the society are to be exercised.
- Must conform to Provincial and/or National legal requirements for the incorporation of an organization.



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What Bylaws Aren't

- Bylaws are not to be confused with:
 - operating plans,
 - strategic goals,
 - policies or procedures*
 - objectives or other management target oriented documents
 - Society objects

They don't tell you how to do everything.



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Bylaws/Policies -So What's the Difference?

Bylaws

- governance & operational foundation
- rules for overall structure and operations
- members approve and amend

Board Policies

- governance framework
- guidelines for decisions and actions
(*Conflict of Interest; Board Recruitment*)

Board approves and revises



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Why Have Bylaws?

- Ensure affairs are conducted in fair and democratic manner (*Board accountable to members*)
- Provide internal controls (*financial mgmt*) and tools for accountability (*AGM*)
- Clarify decision-making process (*voting*)
- Provide mechanism for removing members
- Enhance organizational credibility and profile
- You need them to become incorporated



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We have them so how often should we review Bylaws?

- Why should we review Bylaws?
- What about our Objects?
- How about our Mission and Vision statements?
- How can we control issues?
- Why can't we have debentures but might be able to have loans?
- Why can't we just change things that are obviously outdated and/or wrong?



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What Has to Be in the Bylaws

Membership Categories –

- Terms of admission of members
- Rights and Responsibilities of members
- Resignation or expulsion of members
- Voting rights



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Meetings

- Calling General Meetings
- Calling Special Meetings
- Quorum at Special Meetings

Directors & Officers

- Appointment and removal of Directors and Officers
- Duties of Directors and Officers
- Powers of the Directors and Officers
- Payment to Directors and Officers



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Financial Affairs

- Auditing the books
- Borrowing money

Minutes

- Preparing and keeping the minutes of the Society meetings and the Director meetings
- Other records
- Inspection of books and records



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Dissolution

What happens to assets if the society dissolves?

Other

Keeping and using the Society Seal
Changing the Bylaws



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How do we revise Bylaws?

- A Committee that reports back to the Board is a good place to start.
- Collect all legal documents that may have any bearing on your bylaws:
 - Copy of objects
 - Last stamped copy of the bylaws
 - A copy of the terms of reference for the committee
 - Time line to AGM or Special Meeting



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Just sit and brainstorm about the things you need to look at, adjust, add or get rid of.

Don't worry about language at this stage, that can be honed later.

Always check that what you are coming up with is within the boundaries of your Objects, the appropriate Act you are incorporated under and how it might affect your charitable pursuits (even if you aren't a registered charity, you must abide by charity legislation if you do charitable fundraising such as casinos).



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Make your Bylaws

- **Specific enough** to stay true to vision and mission; governing principles
- **General enough** to provide flexibility and change in priorities and activities



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If necessary have a lawyer who practices non-profit law, review your bylaws.

Take the suggestions back to the Board for further discussion.

When the Board is satisfied with the result, it is ready to go to the membership.

Make a motion to hold a Special Meeting or do it with your AGM, making sure the new Bylaws are posted/distributed at least 21 days prior to the meeting.



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These changes require 21 days' notice and 75% approval of members present:

- Amending the bylaws
- Changing the objects
- Dissolution

If they are passed at the AGM or Special Meeting, they are submitted with the appropriate forms through the Registry office and come into affect when returned with a dated stamp of acceptance **(and not until then)**.



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Things that can cause Problems

- Trying to put policies and procedures that really belong in a separate book, in your Bylaws.
- Being too specific e.g. listing Board committees and every little thing they do.
- Quorum at membership meetings too high
- Not defining majority vote.
- Members voting in Executives.
- No mechanism for expelling members or Directors.



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Questions ? ?



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Resources:

***Drafting and Revising Bylaws for Non-Profit Organizations
Board Development Guidebook***
www.culture.alberta.ca/bdp/workbooks.aspx

Charity Village ***Resources/Library*** www.charityvillage.com

Free Management Library www.managementhelp.org

Societies Act Queen's printer
www.qp.alberta.ca/documents/Acts/S14.pdf

Service Alberta: Societies www.servicealberta.ca/716.cfm

Society Bylaws Alberta
[www.servicealberta.gov.ab.ca/pdf/Forms/Society Bylaws](http://www.servicealberta.gov.ab.ca/pdf/Forms/Society_Bylaws)

Canadian Nonprofit InCorporation
<http://www.corporationcentre.ca/docen/home/faq.asp?id=incnp>



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