

MEMBER FUNDED SOCIETY

SOCIETIES ACT - 2016

The new *Societies Act* will come into force on November 28, 2016, and all societies are required to submit their constitution and bylaws to the Registrar of Companies in a specified format.

The new act has reduced what may be written in the constitution to (1) the name of the society, and (2) the purposes of the society. Any other former parts of the society's constitution must now be placed in the bylaws. Thus VISOA must move two statements in its current constitution into its bylaws, which does not require a vote of the membership.

However, some qualifying societies *may choose* to change the descriptor of their society to include a new designation – a “member-funded society”.

VISOA falls into this category because we meet such criteria as we are almost entirely supported by member fees, we do not receive government and other funding (e.g. donations) over \$20,000, and we are not a registered charity. There are certain distinctions of this type of society from other societies. For example, a member-funded society does not have to release financial statements to the public (just to its members), there is no restriction on how many board members may be employed under contract with the society, and it can distribute the assets to its members on wind up if it chooses.

That does not mean VISOA *must* identify ourselves as a “member-funded” society. Neither does it mean that we *have* to alter our bylaws in any way provided they do not conflict with the new act.

However, since VISOA is, by our nature, such a society because our prime aim is to render assistance to our members, the Board feels that we should identify ourselves as such.

Nevertheless, the act still requires us to “apply” to be recognized as such a society.

We must therefore insert into our constitution the statement specified by the act.

To do this, we must have a vote passed by special resolution (3/4 vote) at an SGM to include the statement when we make the transition.

Since the Board of Directors prefer not to wait until the AGM in February, 2017, and our seminar occurs on November 6, this SGM has been called to coincide with it to consider the attached Special Resolution.

WHEREAS Section 193 of the *Societies Act* states that a society may alter its constitution in order to become a **member-funded society**, by passing a special resolution at a general meeting,

BE IT RESOLVED BY SPECIAL RESOLUTION THAT, on the coming into effect of the *Societies Act*, the following clause be added to the constitution of the Vancouver Island Strata Owners Association, and the constitution as amended shall be as set out here:

This society is a member-funded society. It is funded primarily by its members to carry on activities for the benefit of its members. On its liquidation or dissolution, this society may distribute its money and other property to its members.

CONSTITUTION AND STATEMENT OF PURPOSE

1.0 The name of the Society is

VANCOUVER ISLAND STRATA OWNERS ASSOCIATION

2.0 The Purposes of the Society are:

2.1 To promote and encourage strata ownership as a desirable way of life.

2.2 To assist strata corporations and strata lot owners by providing education and training and, when requested, assistance to them in the discharge of their legal duties and obligations.

2.3 To represent the interests and concerns of strata corporations and strata owners to the government and its agencies and to the public at large.

3.0 This society is a member-funded society. It is funded primarily by its members to carry on activities for the benefit of its members. On its liquidation or dissolution, this society may distribute its money and other property to its members.

Additional information for members' interest:

Assuming the passage of this special resolution, the board must file a "constitution alteration application":

Altering constitution to become member-funded society

193 (1) Subject to subsection (2), a society may, by filing with the registrar a constitution alteration application, alter its constitution to include the statement referred to in section 191 (1) [*statement in constitution that member-funded society exists primarily for members*].

(2) A society must not, under subsection (1), submit a constitution alteration application to the registrar for filing unless

(a) the alteration proposed by the application has been authorized by special resolution, and

(b) the court, on the application of the society, has, by order, declared that the society is not prohibited under section 191 (2) from including in its constitution the statement referred to in section 191 (1).

(3) A society that files with the registrar a constitution alteration application referred to in subsection (1) must, concurrently with that filing, file with the registrar a copy of the entered court order referred to in subsection (2) (b).

(4) Section 15 (3) and (4) (a) [*alterations to constitution*] applies in respect of a constitution alteration under this section.

The significant point is that – because we must register our current constitution and bylaws anyway – by adding the "member-funded" wording to our constitution now, instead of deciding at another time, we save ourselves the hassle and expense of having to apply to the courts later as per Section 193(2)(b). Adding it after our altered constitution has been registered would require us to get that court order. But Section 242 modifies this requirement if we include the wording of the "member-funded society" when we first file our application:

Transition of pre-existing society wishing to become member-funded society

242 Despite section 240 (2) (a) [*pre-existing society must file transition application*], the constitution included in a pre-existing society's transition application filed under section 240 may include the statement referred to in section 191 (1) [*statement in constitution that member-funded society exists primarily for members*], **without the court order referred to in section 193 (2) (b) [*altering constitution to become member-funded society*]**, if

(a) the society wishes to become, on the filing of the application, a member-funded society as defined in section 190 [*definitions*],

(b) the society is not prohibited under section 191 (2) from including the statement in its constitution, and

(c) the inclusion of the statement has been authorized by special resolution.

Note: we do not *have* to amend our current bylaw 13.1 which requires distribution of assets to other non-profits rather than our members. The definition of a member-funded society is that it "may" rather than "must" distribute the assets to its members on wind up if it chooses.