

SHOULD OUR GROUP BE AN INCORPORATED SOCIETY?

Putting together a catchment group involves making a lot of choices including whether you should operate in a formal capacity and become a legal entity, such as an incorporated society, or a more relaxed approach and stay as an informal group.

While each has its own pros and cons, benefits and constraints, if you want to apply for funding, that alone definitely provides a good reason to look into becoming a legal entity, and an incorporated society can be a good option.

The administrative requirements of an unincorporated group are lighter and so might be better suited to new organisations or those with a limited scope for action. Although the investment into incorporated societies is higher they allow for greater opportunities than unincorporated societies such as limited liability ones.

Factors to consider before making a decision on the structure that is best for your group include:

- The purpose of the group and the size of its ambition.
- How many members the group has at inception (incorporated groups have a minimum amount of members).
- How much formalised structure and roles members can take on and maintain.
- Members willingness to exposure to personal liability for debts and torts.
- Whether a particular member or paid staff is willing and able to file yearly financial statements, apply for charitable status with the IRD, and maintain H&S, and workplace records.

After consideration of your groups requirements and capabilities you can also look into whether other structures may be better suited to you such as trusts, charitable trust boards, or companies. As with societies each of these has its own drawbacks and benefits, and in some instances may be better suited to a groups' particular circumstances.

The 'How To' of setting up an incorporated society:



STEP ONE

"THE NAME"

First of all, you have to have a name ready – what does your group want to be called. It is effective in communicating who you are and what you stand for. And for official reasons, it must end in 'incorporated'.

The People:

Decide who the board members will be and how to plan to operate the society. Who will lead you as chair? Who will be your secretary? The treasurer? And how will the group work – what rules will define your work practices – this is called a 'constitution'.

STEP TWO

Go to the Societies and Trusts Online website www.societies.govt.nz and check the following:

- Check your chosen name is available.
- Look at the constitutions and rules of like-minded groups and use to help draft yours or compare to what you have created.
- Set up an online account with the Companies Office.
- Download an application form.
- At any stage, it is ideal to seek legal advice to ensure everything is being done properly, and in the best interest of all involved.

STEP THREE

Gather up the troops, get the jug boiling for cuppas and bring everyone together for the first AGM.

- Here, you will approve the trust deed/constitution.
- Move a motion to apply for incorporation.
- Approve the application documents, including the registered office and declaration.
- Decide on the roles and officially put them into 'office' with a vote.
- Decide on signatories for the bank account – and ensure these are minuted.
- Get members to sign membership documents to ensure you have the minimum requirement.

STEP FOUR

Gather all the information from above, along with the application documents and file your application for incorporation. This can be done online (www.societies.govt.nz)

STEP FIVE

You have done it!

There are more items to follow, including considering a common seal stamp for all important decisions; as well as looking into tax exempt status if you are registered under the Charities Commission – but now you are well on your way! Remember, it is imperative that detailed records are kept of all members, meetings, details and financial transactions.

Some great places to find advice and help:

<https://www.cab.org.nz/article/KB00001910>

We want to start a community group. How do we go about it?

This Citizens Advice Bureau page is a handy place to start when looking to set up a Community Group. The site provides a list of easy to understand considerations and to-do items to kick-start the process and covers important details such as; pre-research tips, legal structure and what details you will need to provide along with suggestions to help you in outlining your goals in strategic, operational and project plans, important documents for helping to attract funding.

<https://community.net.nz/resources/community-resource-kit/contents-of-the-community-resource-kit/>

Contents of the Community Resource Kit

The Community Resource Kit site is a one stop shop covering in a clear, well laid out way, the steps and considerations for a community group which can or will apply throughout it's lifetime. The site contains information from how to start a group and legal formation details to group structure and planning, governance, policies and resources on financial management and record keeping.

<http://communitytoolkit.org.nz/>

Getting Started

This Community Toolkit page breaks down handy information including legal structure, when or if to seek charitable status, group management and governance in an easy to understand manner. It also gives you a simple breakdown of legal obligations for staffing and volunteers of community groups and links to some potential funding organisations which your group may approach.

<https://www.cab.org.nz/article/KB00001911>

Should we make our community group an incorporated society?

This Citizens Advice Bureau page raises points for consideration such as employing people and financial management and how these issues may relate to a community group and the benefits of incorporating a group across legal identity, liability and member numbers. The site links to other resources which may be of interest related to the rights of an individual and an organisation relative to volunteering work and the management of volunteers.

<https://is-register.companiesoffice.govt.nz/help-centre/starting-an-incorporated-society/things-to-do-before-you-apply/>

Things to do before you apply

Under the companies register, this site sets out steps to take such as choosing a name and links to two helpful tools for use when starting

your incorporated society and provides help and examples for drafting your society rules which need to be done before you go about drafting the societies constitution document. There is a link to a constitution building tool to help you in drafting your constitution document once you have completed drafting rules along with links to the application forms necessary and guides to legal obligations and processes.

<https://is-register.companiesoffice.govt.nz/help-centre/starting-an-incorporated-society/sample-rules-for-societies/>

Sample rules for a society

The Companies Register also provides an easy to follow, structured set of sample rules which may be of help when you are going about setting out your own incorporated society rules. The companies register does suggest seeking legal advice when developing your set of rules if your group is responsible for many members, holds large assets or income.

<https://nznavigator.org.nz/>

An online self-assessment tool for identifying strengths and weaknesses

NZ Navigator is a free online self-assessment tool which enables you to carry out a health check on your organisation across aspects such as: operations (direction, governance and leadership), administration, finances, evaluation and people and relationships. The site provides a report on completion of the self-assessment which can be used to demonstrate what work is being done to groups and parties such as funders, suppliers or for help as supporting documentation for setting up accounts with banks. The site also contains demonstration videos of the reports produced by stepping through the process.

<https://sportnz.org.nz/resources/new-governance-101-online-training-now-live/>

Free governance training for all not-for-profit organisations

Sport New Zealand has compiled a free online training package in introductory governance which is not sport specific and can be used across all sectors. The course contains six modules and finishes with a short assessment covering topics like: directorship, strategic roles, people management and understanding accountability, ethics and integrity of individuals and boards in a not-for-profit space.

<https://www.charities.govt.nz/ready-to-register/starting-a-new-charity/>

Where you can find resources to help you if you are considering starting a new charity or not-for-profit

Charities Services is great resource which provides detailed guidance on what is required to register your group. Resources cover charitable purpose, officers of the organisation, rules and a breakdown of benefits and obligations of registration. The site links to Community Resource Kit and CommunityNet Aotearoa. CommunityNet Aotearoa is a hub of information and links, many of which are listed here.

<https://wheelhouse.org.nz/help-sheets-downloads/>
Help Sheets, Templates & Downloads

The Wheelhouse provides a range of downloadable help sheets, templates and resources tailored to community groups and not-for-profits to help across a number of important aspects including: evaluation, leadership, administration and financial management amongst others. Several checklists and templates are available covering planning, funding and governance and useful self-check lists. The site also includes a set of guidelines as a resource for several types of community organisations.

<https://www.ird.govt.nz/roles/non-profits>
Not-for-profits - IRD

This IRD site provides links to information outlining setting up and ongoing requirements of a not-for-profit and includes information on the processes to obtaining an IRD number for an organisation and importantly, links to income tax and GST and ongoing reporting and management for tax purposes.

<https://isb.companiesoffice.govt.nz/constitutionbuilder/startscreen/>
Online drafting tool to help with writing an organisations constitution and revising a societies' rules

Every incorporated society needs a constitution document, or a set of binding rules. This online tool can be used to write a draft constitution document and provides a place to record information such as responsibilities and functions, membership conditions and details like how will the societies meetings be carried out? The site also recommends legal advice be sought before finalising your constitution document.

Starting a bank account as a non-incorporated society

If your community group doesn't want to become an incorporated society, but still wants to have a bank account, then this may be possible with some banks if you meet certain criteria:

- You will need to keep accurate and comprehensive minutes and attendance records of your meetings.
- Your minutes will need to record the appointment of officers and collect identification from each of them.
- Tax information and charitable status will need to be provided to the bank.

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