

Information session for Yukon societies

May 30-31, 2023

How to manage a board of directors for a non-profit



**Yukon**



Who's here?

- Please introduce yourself and let us know what societies you are representing.
- Sign up for our mailing list, if you haven't already:
<https://forms.office.com/r/JRBv8Aw4W2>



Beware of the transitional fiscal year!

- If you haven't completed your transitional fiscal year, you won't be able to file your annual report online.
- You might still need to file your annual report using our old paper forms, which [you can find here](#).
- If you're not sure how to file your annual report, contact me first!





On the agenda for today...

- Responsibilities of board members
- Who's qualified to be on your board
- How elect people to a board and fill vacancies
- How to leave a board
- How to disclose a conflict of interest



A note about language...

- Board members are called “directors” in the *Societies Act*
- “Officers” are board members with titles
- “Members” are members of the society
- Board members do not have to be members of the society unless your bylaws require them to be
- If we say “your bylaws may...” that means you should check your bylaws.
- If we say “must” that means it’s required by the Act.



Board member qualifications

To be on a board, you must be:

- ✓ Over 18
- ✓ Representing an individual person rather than an corporation or other entity
- ✓ Legally competent and in charge of your own legal and financial affairs

- ✓ Without a bankrupt status
- ✓ Without a fraud conviction, unless the court orders otherwise or 5 years have elapsed.

A society's bylaws might have other qualifications for members or board members.

Board member responsibilities

According to the Societies Act, board members must:

- Act honestly and in good faith, with a view of the best interests of the society;
- Exercise care and due diligence;
- Follow the Act and regulations; and
- Follow the society's bylaws.

Board members are accountable for their actions and are liable for any negligence or breaches of trust.



How many people need to be on a board?



- You need to have at least 3 people on your board
- Your bylaws might specify a different number – either a minimum or a maximum; or a fixed number.
- If you have an odd number of board members, it makes it easy to vote!



How should board members be elected?

Board members are elected each year at the AGM unless your bylaws have different rules

Board members can be elected with a simple majority of votes

You can't go more than 4 years without being elected

Unless your bylaws have different rules, a board member could be re-elected indefinitely.

Note that our best-practices bylaws have an 8-year limit. This is not required by the Act.



How does a board member officially join the board?

- A person needs to consent to being on a board. They do that by:
 - ✓ Not refusing to take the position while in a meeting; or
 - ✓ Consenting in writing (if they couldn't be at the meeting or if they were appointed).
- If the board member needs to consent in writing, you need to keep a copy as a record.

What happens if we don't have enough board members?



Did you elect a quorum?

You need to elect at least a quorum to proceed.

If you have a minimum number defined in your bylaws, quorum is half plus one.

If you don't have a minimum number, quorum is 2.

What happens if we don't have enough board members?



If you have quorum:

- The board can appoint people to fill the remaining vacancies; OR
- They can call a general meeting to elect people to the missing seats; OR
- They can leave the seats empty until the next general meeting




What happens if we don't have enough board members?



If you didn't elect a quorum:

- You must call a general meeting as soon as possible to fill the vacancies
- A member can also call a general meeting in this situation.



How to add more people to your board

If your bylaws allow board members to add people to the board

- The board can appoint more people to the board. They can serve until the next AGM, and then they need to be elected.
- If you add more board members, you can't add more than 1/3 of the amount that was elected at the last AGM

If your bylaws require members to vote in their board

- You'd need to call a general meeting to elect more people to the board
- You can only do this if you don't have a maximum number defined
- If you have a maximum number of people defined in your bylaws and you have no vacancies, you need to change the maximum number in your bylaws by special resolution
- You can also elect new board members at the same general meeting



Basic bylaws

4.4 Election or appointment of Directors

- Option 1** (*Directors are elected by Ordinary Resolution of the Members*)

The first Directors are the individuals who are designated as the Society's Directors on the first statement of directors filed in respect of the Society. The first Directors hold office until the close

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of the first annual General Meeting. At the first annual General meeting and at each succeeding annual General meeting at which an election of Directors is required, Directors are elected by Ordinary Resolution of the Members.

- Option 2** (*Directors may appoint additional Directors*)

4.4 Election or appointment of Directors

The first Directors are the individuals who are designated as the Society's Directors on the first statement of directors filed in respect of the Society. The first Directors hold office until the close of the first annual General Meeting. At the first annual General meeting and at each succeeding annual General meeting at which an election of Directors is required, Directors are elected by Ordinary Resolution of the Members. The Directors may appoint one or more additional Directors to hold office for a term expiring not later than the close of the next annual general meeting, but the total number of Directors so appointed must not exceed one-third of the number of Directors elected at the previous annual General Meeting.

Find our basic bylaws

- [Sample bylaws for the new Societies Act](#)

How to leave a board

A board member stops being on the board if:

- Their term ends and they are not re-elected
- They resign
- They die
- They stop being qualified
- They are removed from office by special resolution





What happens if someone resigns before the AGM?



If someone leaves the board before the AGM, the board can appoint someone to fill their seat until the next AGM



The person who is filling a vacancy on the board must be elected through due process at the AGM if they want to remain on the board



The board could also choose to leave that seat empty until the next AGM, or they could call a general meeting for the members to elect someone



You also need to file a change of directors form within 30 days.

How to remove a board member

- You can remove a board member by passing a special resolution
- Special resolutions are passed with 2/3 of the voting members' approval.
- A member can request a general meeting to pass a special resolution.
- They can do that by writing a letter to the board asking them to hold a general meeting. The letter needs to include:
 - The names and signatures of 10 per cent of voting members
 - The details of the special resolution they wish to pass
- If the board receives this request, they have to call a general meeting within 60 days.
- Or, the board can call a general meeting with the purpose to vote on the removal of a board member.



Appointing a treasurer, secretary, or president

- The board can appoint one or more executive titles to people on the board at a board meeting
- These are called “officers” and might have titles like:
 - Co-chair
 - President
 - Vice-president
 - Treasurer
 - Secretary
- You don’t need to elect officers at the AGM, but you can
- Your bylaws might have specific rules about what the officer positions are and how to fill them.



Board meetings

- Unlike general meetings, you can hold as many or as few board meetings as you like
- You don't need to give notice or hold board meetings at a particular time, according to the Act.
- You can hold board meetings electronically or by phone.
- Quorum for board meetings is half your number of board members plus 1.
- You can't proxy vote at board meetings





Passing motions without a board meeting

The board can pass motions without a meeting if:

- Everyone consents to the motion in writing; or
- If your bylaws allow for a majority vote to pass a board motion without a meeting

You would need to send out a copy of the resolution to everyone on the board with a 2-week deadline to respond.

If someone doesn't respond, their silence is considered a vote in favour.

Can we pay board members?

You can pay your board members if:

- Your bylaws allow for an honoraria or compensation for their time spent as board members
- You are reimbursing your board members for reasonable expenses incurred as board members and there are no restrictions in your bylaws
- Your bylaws allow you to employ board members or pay them for contract work, **BUT**
- the majority of board members can't be employed by society



What is a conflict of interest?

- A board member could stand to gain from one of the society's contracts or transactions;
- A board member has a significant stake in a contract or transaction
- A board member's personal interests might clash with their responsibilities as a board member





There is no conflict of interest if...

- A board member has been paid for reasonable expenses or for their work on the board
- A board member has been compensated if the society indemnifies a board member against loss
- You're purchasing insurance for the board member or for the society



How to deal with a conflict of interest

If you're a board member with a conflict of interest, you must:

- Tell the rest of the board about the conflict and describe why there's a conflict
- Abstain from voting on matters related to the conflict
- Leave any board meeting where the conflict is discussed
- Refrain from influencing other board members on their votes

Then the society must:

- Pass either a directors' resolution or a special resolution to approve the contract where there is a conflict
- Keep a record of the disclosure of the conflict of interest. This could be
 - Minutes
 - A consent resolution
 - A written notice of a conflict.

If a board member doesn't disclose a conflict of interest, they must pay the society any profit they made as a result of the conflict.

Board member liability

Board member liability is a big topic that might require a separate session.

Board members are jointly and severally liable for many things, including wages.



Consider purchasing liability insurance for your board members.



Resources for you:

- [Sign up for our mailing list](#)
- [Information sessions and resources](#) – where you will find slides and recordings from these sessions.
- [Volunteer Benevoles Yukon – Tools and best practices](#)
- Our [societies page](#) is on the homepage of Yukon.ca
- Contact me at 332-7950 or societies@yukon.ca



Next information session

- There will be another information session in June
- No information sessions in July
- Possible topic: Starting a new society
- What do you want to learn about? [Fill out this survey](#) to let me know!