**INCORPORATED SOCIETY CONSTITUTION EXAMPLE (FOR A NATIONAL SPORT ORGANISATION)**

**Disclaimer**:   
This sample document is provided as a good practice starting point. Before its application in any specific setting you should seek specialist legal advice to ensure it is appropriate to your needs.

**Preface**

1. This is a sample constitution (sometimes called Rules) suitable for a national sport organisation that is an incorporated society. A national sport organisation can be structured in a number of ways including as a traditional, federal or unitary structure. This sample constitution has been drafted to address all three structures (i.e. members include regional bodies, clubs and individuals) so it will need to be amended to fit the structure of your organisation. The rules for a regional body, sports organisation or a local club might follow a similar structure but will differ in respect of membership and other areas to suit the requirements of those organisations.
2. This sample constitution also includes sample rules which will be necessary if the organisation is registered, or is seeking registration, as a charity (the sample rules for charities have been included in red). It is important for sports organisations to ensure their constitutions specify their charitable purposes appropriately, and that their activities, programmes and promotional materials align with those rules in practice.
3. The constitution should set out the principles, objects and rules by which the organisation will operate. Details for the day-to-day management of an organisation or the procedures by which the principles or objects are to be implemented can be included in bylaws, regulations or policies.
4. In addition to the constitution, an organisation will need to develop appropriate policies and regulations. These are procedural or policy matters and should not be included in the constitution. They include:
   * Disciplinary procedures and rules;
   * Governance policies;
   * HR policies;
   * Anti-doping policy or rules; and
   * Selection policies.
5. This sample constitution is a starting point. There is always a danger in applying a general example to situations where circumstances may require different rules. You should always seek legal advice to ensure your rules are suitable for your particular requirements.

DEFINITIONS

**AGM** means Annual General Meeting.

**Appointed Board Member** means a Board Member appointed under Rule 20.

**Chief Executive** means the Chief Executive Officer of [name of organisation].

**Club** means a club described in Rule 7.

**Competitive Member** means the class of member described in Rule 8.

**Constitution** means this constitution.

**Board** means the Board of Directors of [name of organisation].

**Board Member** means a member of the Board including Elected Board Members and Appointed Board Members.

**Elected Board Member** means a Board Member elected under Rule 20.

**General Meeting** means an AGM or SGM.

**Individual Member** means an individual described in Rule 8.

**Member** means and includes all classes of members of [name of organisation] described under Rule 5.

**Objects** means the objects of [name of organisation] described under Rule 3.1.

**Ordinary Resolution** means a resolution passed by a majority of votes cast.

**Patron** means the person appointed as the patron of [name of organisation].

**President** means the President of [name of organisation].

**Regional Body** means a regional body described in Rule 6.

**Register** means the register of Members specified in Rule 13.

**Rules** means these rules and ‘Rule’ shall have a corresponding meaning.

**SGM** means Special General Meeting.

**Special Resolution** means a resolution passed by two-thirds of votes cast.

**[Short name of organisation]** means [full legal name of organisation] Incorporated.

***Commentary:***

Additional definitions will need to be added to clarify the meaning of additional rules.

NAME

* 1. The name of the incorporated society is [full legal name of organisation] Incorporated ([short name of organisation]).
  2. The registered office of [short name of organisation] shall be at the place as determined by the Board.

***Commentary:***

Rule 2.1 is required by law and the name must end with the word ‘Incorporated’ – section 6(1)(a) of the Incorporated Societies Act 1908. Select whichever name best fits your organisation.

Rule 2.2 – all incorporated societies must have a registered office to which all communications may be addressed – required by section 18(1) of the Incorporated Societies Act 1908. However, it is recommended you leave out reference to a specific place for the registered office and leave this to the board to determine as it may change from time to time. This means that changing the registered office would not require a general meeting of the members.

The organisation must notify the Incorporated Societies Office of its address. If the organisation is a registered charity the organisation is also required to update certain contact details with Charities Services (a business unit of the Department of Internal Affairs).

OBJECTS

* 1. As a charity, the objects of [short name of organisation] are:
     1. [Option 1] To be the national body in New Zealand to promote, develop and foster the sport of [name of sport related to organisation] as an amateur sport in New Zealand for the health, wellbeing and benefit of the general public in New Zealand; [or]

[Option 2] To be the national body in New Zealand to promote, develop, foster the sport of [name of sport related to organisation] as an amateur sport for the recreation and entertainment of the general public in New Zealand;

* + 1. To support and assist its Members to deliver [name of sport related to organisation] in New Zealand;
    2. Encourage, educate and promote [name of sport related to organisation] as an activity that promotes and maintains the health and wellbeing of all participants in [name of sport related to organisation];
    3. To promote opportunities and facilities to enable, assist and enhance the participation, enjoyment and performance in [name of sport related to organisation] in [short name of organisation]’s activities;
    4. To promote, develop and coordinate competitions for all sport-related activities of [short name of organisation];
    5. To affiliate and cooperate with kindred and other organisations, including the [name of international body, Oceania body (or any higher body) related to organisation].

**Commentary:**

Section 6(1)(b) of the Incorporated Societies Act 1908 requires organisations to include the objects for which they have been established in their constitution. The objects set out what the organisation has been established to do (i.e. the purpose for its existence). The objects are not the vision, mission or goals of the organisation; therefore the objects must be expressed sufficiently widely to cover the purposes for which the organisation is established.

An incorporated society can only undertake activities in pursuit of its stated objects or in pursuit of activities which are reasonably incidental to those objects.

Object (a) is required if the organisation wishes to have or retain its tax exempt status as a body promoting amateur sport under the Income Tax Act 2004.

If the organisation wants to become a charity (including income tax exemption as a charity) then the objects in the organisation’s constitution need to reflect a charitable purpose, for example the advancement of education or for any matter beneficial to the community. Objects along the lines of those in red will be required to achieve charitable status; however, the organisation must also ensure the activities it undertakes reflect these objects.

POWERS

* 1. [Short name of organisation] has the power, subject to this Constitution to:
     1. Purchase, lease, hire or otherwise acquire, hold, manage, maintain, insure, sell or otherwise deal with property and other rights, privileges and licences;
     2. Control and raise money including borrow, invest, loan or advance monies and secure the payment of such money by way of mortgage or change over all or part of any of its property and enter into guarantees;
     3. Sell, lease, mortgage, charge or otherwise dispose of any property of [short name of organisation] and grant such rights and privileges over such property as it considers appropriate;
     4. Determine, raise and receive money by subscriptions, donations, fees, levies, entry or usage charges, sponsorship, government funding, community funding or otherwise;
     5. Produce, develop, create, license and otherwise exploit, use and protect the intellectual property of [short name of organisation];
     6. Make, alter, rescind, enforce this Constitution, and any rules, bylaws, regulations, policies and procedures for the governance, management and operation of [short name of organisation];
     7. Determine, implement and enforce disciplinary, disputes and appeal procedures, including rules, regulations and policies for such and, conduct hearings and impose sanctions and penalties including for anti-doping;
     8. Consider and settle disputes between Members;
     9. Determine who are its Members and withdraw, suspend or terminate membership;
     10. Enter into, manage and terminate contracts or other arrangements with employees, sponsors, Members and other persons and organisations;
     11. Make, alter, rescind and enforce rules of competition;
     12. Organise and control competitions, events and programmes;
     13. Select national and other representative teams and squads;
     14. Assign functions to and/or enter into agreements with organisations such as Sport New Zealand, the Sports Tribunal of New Zealand and Drug Free Sport New Zealand;
     15. Delegate powers of [short name of organisation] to any person, Board, committee or sub-committee;
     16. Purchase or otherwise acquire all or any part of the property, assets and liabilities of any one or more companies, institutions, incorporated societies, or organisations whose activities or objects are similar to those of the [short name of organisation], or with which the [short name of organisation] is authorised to amalgamate or generally for any purpose designed to benefit the [short name of organisation];
     17. Do any other acts or things which are incidental or conducive to the attainment of the objects of [short name of organisation].
  2. The powers listed in Rule 4.1 must only be used to further the charitable purposes of [short name of organisation].

**Commentary:**

The Incorporated Societies Act 1908 does not require organisations to set out their powers, but organisations need to specify powers because they cannot engage in activities which are outside the powers of the organisation. For this reason, the powers of the organisation must be comprehensive. If the powers are not sufficiently comprehensive then an action of the organisation, or the board on its behalf, can be challenged as being ‘ultra vires’ (outside its powers). Even if you do not think your organisation might need some of the powers set out above, it is usually better to include them just in case circumstances change or situations arise that require such powers. There is no problem if the powers are not used, but, there is a major problem if the organisation does not have the power to do something that its members might, reasonably, want it to do.

MEMBERSHIP

* 1. The Members of [short name of organisation] shall be:
     1. Regional Bodies as detailed in Rule 6;
     2. Clubs as detailed in Rule 7;
     3. Individuals as detailed in Rule 8;
     4. Life Members as detailed in Rule 9.

**Commentary:**

Section 6(1)(c) of the Incorporated Societies Act 1908 requires organisations to specify the modes in which persons become members of the organisation. The above structure is suitable for a national sport organisation with regional bodies, clubs and individuals as members but it should be amended to reflect the particular membership structure of the organisation. Each organisation must consider carefully its membership structure and ensure that its rules meet the particular requirements of the organisation. It is likely that each organisation will require its own unique membership categories and rules and the above should be regarded as a guide and example only. Before determining the membership structure you wish to put in place, it would be prudent to take some professional legal advice to ensure that your organisation is structured in the most appropriate and effective manner.

REGIONAL BODIES

* 1. Any Regional Body which is incorporated and wishes to be a Member of [short name of organisation] shall apply to the Board. Such application shall be made and determined by the Board.
  2. In addition to the obligations as a Member under Rule 10, each Regional Body that is a Member shall:
     1. Administer, promote and develop [name of sport related to organisation] in the region in accordance with the Objects of [name of sport related to organisation] this Constitution and any regulations;
     2. Be, and maintain registration as, an incorporated society under the Incorporated Societies Act 1908;
     3. Have, as its members, Clubs and other members it considers appropriate;
     4. Adopt the Objects of [short name of organisation] and adopt a constitution which is not inconsistent with the Constitution;
     5. Apply its property and capacity in pursuit of the Objects of [short name of organisation] and the objects of the Regional Body;
     6. Do all that is reasonably necessary to enable the Objects of [short name of organisation] and the objects of the Regional Body to be achieved;
     7. Act in good faith with loyalty to [short name of organisation] to ensure the maintenance and enhancement of [short name of organisation] and [name of sport related to organisation], and its reputation, and to do so for the collective and mutual benefit of the Members and [name of sport related to organisation];
     8. Operate with, and promote, mutual trust and confidence between [short name of organisation] and the Members; and
     9. At all times act in the interests of the Members and [name of sport related to organisation].
  3. Each Regional Body shall, on request, provide to [short name of organisation] a copy of its constitution and any proposed amendments to it. The Board may require a Regional Body to amend its constitution if it, or any proposed rule within it, is inconsistent or in conflict with, the Constitution or regulations, bylaws or policies of [short name of organisation].
  4. Each Regional Body shall maintain a register of its members in the format determined by the Board. Each Regional Body shall provide its register of members, and all details contained within it, to [short name of organisation] as requested from time to time.

***Commentary:***

*Additional rules will be required if the regional body (however it is described) has set geographical boundaries, specific objects, responsibilities and powers which align with the national body. If the regional body is an advisory body and not separately incorporated then they may not be members but part of the governance structure which may or may not need to be specified in the constitution.*

CLUBS

* 1. Any Club which is incorporated and wishes to be a Member of [short name of organisation] shall apply to the Board. Such application shall be made and determined by the Board.
  2. In addition to the obligations as a Member under Rule 10, each Club that is a Member shall:
     1. Administer, promote and develop [name of sport related to organisation] in the Club in accordance with the Objects of [name of sport related to organisation], this Constitution and any regulations;
     2. Be, and maintain registration as, an incorporated society under the Incorporated Societies Act 1908;
     3. Have, as its members, individuals and other members it considers appropriate;
     4. Adopt the Objects of [short name of organisation] and adopt a constitution which is not inconsistent with the Constitution;
     5. Apply its property and capacity in pursuit of the Objects of [short name of organisation] and the objects of the Club;
     6. Do all that is reasonably necessary to enable the Objects of [short name of organisation] and the objects of the Regional Body and the Club to be achieved;
     7. Act in good faith with loyalty to [short name of organisation] to ensure the maintenance and enhancement of [short name of organisation] and [name of sport related to organisation], and its reputation, and to do so for the collective and mutual benefit of the Members and [name of sport related to organisation];
     8. Operate with, and promote, mutual trust and confidence between [short name of organisation] and the Members; and
     9. At all times act in the interests of the Members and [name of sport related to organisation].
  3. Each Club shall, on request, provide to [short name of organisation] a copy of its constitution and any proposed amendments to it. The Board may require a Club to amend its constitution if it, or any proposed rule within it, is inconsistent or in conflict with the Constitution or regulations, bylaws or policies of [short name of organisation] or the constitution of the Regional Body.
  4. Each Club shall maintain a register of its members in the format determined by the Board. Each Club shall provide its register of members, and all details contained within it, to [short name of organisation] as requested from time to time.

INDIVIDUAL MEMBERS

* 1. There are [number of categories] categories of Individual Members:

*[List categories and associated rule numbers – see examples below]*

* + 1. [Competitive Member as set out in Rule 8.2]
    2. [Recreational Member as set out in Rule [insert rule number]]
    3. [Administrative Member as set out in Rule [insert rule number]].
  1. A Competitive Member is a New Zealand Citizen who wishes to compete in [short name of organisation] competitive events. An individual shall become a Competitive Member as follows:
     1. By becoming a member of a Club by completing the membership requirement of the Club (as determined by the Club) and by doing so shall become a Member of [short name of organisation]; or
     2. By becoming a member of [short name of organisation] directly by completing the membership requirements of [short name of organisation].

**Commentary:**

This is just an example of the types of individual membership an organisation can have and the process for becoming a member. Each organisation is different so it is prudent to get legal advice to ensure that your organisation is structured in the most appropriate and effective manner.

LIFE MEMBER

* 1. Life membership may be granted in recognition and appreciation of outstanding service by a person for the benefit of [short name of organisation]. Any person may be nominated for life membership of [short name of organisation] but must be nominated by a Regional Body. Such nomination must be made to the Board in writing, setting out the grounds for the nomination 60 days before the AGM. The Board must then determine, in its discretion whether the nomination should be forwarded to a General Meeting for determination by the Members. Life membership of such nominee is only obtained by Special Resolution passed at the General Meeting.

**Commentary:**

Nomination for life member can be undertaken in a number of ways including through a life member committee or regional body. The organisation will need to change this rule to reflect the process for nomination.

MEMBERSHIP RIGHTS AND OBLIGATIONS

* 1. Members acknowledge and agree that:
     1. An application for membership must be in writing and in such format as may be required by the Board from time to time. All applications for membership will be determined by the Board.
     2. Members are bound by this Constitution and by the regulations, bylaws, policies and procedures of [short name of organisation].
     3. In order to receive or continue to receive membership entitlements, Members must meet all requirements of membership set out in this Constitution or as otherwise set by the Board, including payment of any membership or other fees within a required time period.
     4. The failure by a Member to comply with Rule 10.1(c) may result in withdrawal of membership entitlements but shall not excuse such Member from being bound by this Constitution.
     5. They are entitled to all rights, entitlements, and privileges of membership conferred by this Constitution.
  2. Membership of [short name of organisation] is annual, and expires on [expiry date] in each year. The membership requirements as set out in this Constitution and any regulations, must be complete by each Member by [completion date] in each year in order to have their membership of [short name of organisation] renewed.

**Commentary:**

Once you have defined the different categories of membership, it is important to set out the general rights and obligations of the categories of membership and the process for persons and organisations to become members. Rule 10.1(a) above refers to applications for membership being “in writing”. Depending on how the process for membership occurs, this wording may need to be amended. For example where applications for membership are made by electronic means via a website or other database mechanism, this wording may need to refer to that electronic process. Similarly the process for approval of membership (set out in Rule 10.1(a)) may also need amending. Sometimes approval for membership is done by the board or delegated to a membership committee, an officer or the chief executive. Sometimes it is processed at club level if a person seeks membership of both the club and the NSO at the same time. Other times there is no formal approval process and the membership is accepted by default by completing the form and submitting it (for example, online). If this is the case there should always be a mechanism to decline membership if, for example, the person is not eligible or has past convictions, etc. The wording above should be amended to reflect the membership approval process.

RESIGNATION AND TERMINATION OF MEMBERSHIP

* 1. A Member may resign by notice in writing to the Board.
  2. Membership may also be withdrawn, suspended or terminated by the Board if a Member fails to comply with this Constitution including any codes of conduct or requirements set out in regulations, bylaws, policies or procedures of [short name of organisation] or if a member acts in a manner which is considered by the Board to be harmful to [short name of organisation] or inconsistent with the standards of behaviours expected of a Member.
  3. A Member whose membership is withdrawn, suspended or terminated by the Board may apply for the matter to be reviewed by such process as may be specified in any regulations, bylaws, policies or procedures of [short name of organisation] or in the absence of any relevant provisions then by a General Meeting of [short name of organisation]. If the issue goes to a General Meeting then the decision of the Board shall stand except to the extent it is varied by or overturned by a Special Resolution passed at such a General Meeting.

**Commentary:**

It is always important to have a clear record of when a person becomes a member and when they cease to be one. This impacts on their rights such as entering competitions, representing the NSO and the right to vote. Usually (if the rules provide so) membership automatically ends if fees are not paid but a person may also wish to resign for other reasons. It is the right of any member of an incorporated society to resign in accordance with the rules. It is therefore important to have a clear mechanism for this.

Consideration should also be given to whether or not there is a right of appeal to a general meeting on termination or suspension of membership. This right may be afforded to clubs or organisation members but not individual members as this could become cumbersome. The above contemplates a separate regulation or bylaw should be developed to provide an appeal process for members suspended or terminated under the above rule. This would form part of the general disciplinary and judicial regulations. If termination and suspension are done by the members at the AGM, this can be time consuming and have the effect of elevating the termination/suspension to a level which is not desirable.

MEMBERSHIP FEES

* 1. The Board shall annually determine:
     1. Any membership or other fees payable by each Member;
     2. The due date for such fees; and
     3. The manner for payment of such fees.
  2. The Board may determine different levels of membership fees and other fees for different types of Members.

**Commentary:**

Depending on the structure of the organisation, fees for individuals may be set by regional bodies or clubs or by the national organisation. Again, this will be dependent on the structure that is most suitable.

REGISTER OF MEMBERS

* 1. The Chief Executive shall keep and maintain a Register in which shall be entered the full name, address, class of membership the date of entry of each Member and any other details about each Member as agreed by that Member.
  2. All Regional Bodies and Clubs shall provide written notice of any change to its details in Rule 13.1, and of changes to the details of its individual members, to [short name of organisation] within thirty (30) days of the change taking place. All other Members shall provide written notice directly to [short name of organisation] of any change to the details in Rule 13.1.
  3. [Short name of organisation], the Regional Bodies and the Clubs shall, in collecting personal information from individuals for the Register, seek the consent of the individual concerned and at all times comply with the Privacy Act 1993.

OFFICERS OF THE ORGANISATION

* 1. The officers of [short name of organisation] shall be:
     1. The Patron;
     2. The President.
  2. The Patron shall be invited by the Board to be the Patron. The Patron shall be entitled to attend and speak at General Meetings but shall have no right to vote.
  3. The President shall be elected annually at the AGM. The President shall hold office for one (1) year until the conclusion of each AGM. The President may be re-elected for further subsequent and consecutive terms of office.
  4. Nominations for the President shall be made in the same manner and at the same time as nominations for Elected Board Members under Rule 15.19.
  5. The President may attend Board meetings if requested by the Board and shall be entitled to speak at such meetings, but shall have no right to vote. The President shall be entitled to attend, speak and vote at General Meetings.

**Commentary:**

Section 6(1)(g) of the Incorporated Societies Act 1908 requires the organisation to have in its constitution rules that set out how the officers (in this rule the President and Patron) of the organisation are appointed. The role of the President and the Patron of your organisation can be set out in more detail. You will see in this example the President may be invited to attend board meetings but does not have a role on the board or the right to vote. The organisation can decide whether they want a President at all and, if so, the extent of the President’s role.

It is common for NSOs to have a President and a Chairperson. The President is the titular head or figurehead person and in this capacity engages in the ceremonial side of the organisation but is not a decision maker. They do not have any voting power and are not usually a member of the board but act as an independent check for the members.

However there is no legal requirement to have a President and it is increasingly common not to have one at all. Instead the Chairperson is the head of the organisation and the board.

In some sports the title ‘President’ has a specific meaning and understanding, especially at international level, with associated rights. In these cases the rules could state that the Chairperson may “also be known as the President” for such purposes.

It is not necessary legally for the Patron to be approved by the membership at a general meeting, although traditionally this has been the practice amongst many NSOs. However a Patron must accept this position and therefore for practical reasons it is preferable for the board to be empowered to invite a person to fill this role, after consultation with the membership.

GENERAL MEETINGS

* 1. [Short name of organisation] must hold an AGM once every year at such time, date and place as the Board determines but not more than 15 months after the last AGM.
  2. Any other General Meetings shall be SGMs.
  3. The Board must give Members at least 90 days’ written notice of the AGM. The notice can be given by such methods as the Board may determine.
  4. Not less than 30 days before the date set for the AGM, proposed motions (including alterations to the Constitution) and other items of business must be received in writing by the Chief Executive from the Members and/or the Board. Applications for Appointed Board Members and Elected Board Members must be received not less than 60 days before the date set for the AGM.
  5. The following business shall be discussed at the AGM:
     1. The receipt from the Board of an audited annual financial report for the preceding financial year;
     2. The election of any vacancies arising in the positions of Elected Board Members;
     3. The election of any vacancy arising in the position of the President;
     4. The appointment of scrutineers for the meeting;
     5. Any motion(s) proposing to alter the Constitution; and
     6. Any other items of business that have been properly submitted for consideration at the AGM.
  6. An agenda containing the business to be discussed at an AGM (as set out in Rule 15.5) shall be sent by the Chief Executive to the Board and the Members by no later than 21 days before the date of the AGM. No additional items of business not listed on the agenda can be voted on but may be discussed by unanimous agreement of the meeting.

**Special General Meetings**

* 1. The Board must call an SGM upon a written request from:
     1. The Board itself; or
     2. Such Members as are entitled to exercise [insert percentage] or more of the voting rights of [short name of organisation].
  2. The written request for an SGM must state the purpose for which the SGM is requested.
  3. The SGM must only deal with the business for which the SGM is requested.
  4. The notice requirements for the SGM are 30 days unless the Board in its discretion determines that the nature of the SGM business is of such urgency that a shorter period of notice is to be given to Members.

**Commentary:**

You should consider carefully who may call and how many members are required to call an SGM. It is useful to use a percentage rather than a specific number of members so that if the membership numbers change significantly the percentage is still proportionate to the overall membership.

**Minutes**

* 1. Full minutes shall be kept of all General Meetings and made available upon request by Members.
  2. Any irregularity, error or omission in notices, agendas and relevant papers of General Meetings or the omission to give notice within the required time frame or the omission to give notice to all Members and any other error in the organisation of the meeting shall not invalidate the meeting nor prevent the meeting from considering the business of the meeting provided that:
     1. The Chairperson in his or her discretion determines that it is still appropriate for the meeting to proceed despite the irregularity, error or omission;
     2. A motion to proceed is put to the meeting and a majority, of two-thirds of votes cast, is obtained in favour of the motion to proceed.

**Quorum**

* 1. No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting is due to commence. The quorum for a General Meeting shall be [percentage] of the Members who are entitled to vote. The quorum must be present at all times during the meeting.
  2. If a quorum is not obtained within half an hour of the intended commencement time of the General Meeting, then the General Meeting shall be adjourned to such other day, time and place as determined by the Board and if no quorum is obtained at the stage of such further General Meeting, then the Members present at that further General Meeting are deemed to constitute a valid quorum.

**Commentary:**

The quorum is the minimum number of people who must attend a general meeting of the organisation. The organisation should take into account the number of members who are likely to attend the general meetings of the organisation, and the need for the support of the members for decisions of the organisation when filling in the spaces in this rule.

**Control of General Meetings and Voting**

* 1. The Chairperson of [short name of organisation] shall preside at the General Meeting. If the Chairperson is unavailable then another member of the Board (appointed by the Board) shall preside and in the absence of both of those persons, then the Members present shall elect a person to be the Chairperson of the General Meeting.

**Commentary:**

As the Chairperson leads the organisation, it is recommended that the Chairperson, rather than the President, preside at general meetings. However, there are some times where it may be appropriate for the President (if there is one) to chair general meetings or parts of them. Sometimes if there is controversy or unrest, members may have searching questions of the board and, in such cases, a President who is not a board member may be in a better position to ensure good control of the meeting. If the Chairperson is standing for re-election then it is appropriate for another person to assume the chair for that part of the meeting, and the President may be appropriate at these times. It also depends entirely upon the extent of the role of the President or Chairperson and the competency of the President in handling such meetings.

* 1. The following persons are eligible to be present and vote at a General Meeting in accordance with this Constitution:
     1. Delegates of each [ownership body]; and
     2. Individual Members.
  2. The voting entitlement for each Member eligible to vote shall be as follows:
     1. [see commentary].

**Commentary:**

The members who should be granted the right to vote should be the persons or organisations (e.g. clubs, regions) which are the legal owners of the NSO. There are many different ways in which voting entitlement can be structured including one vote per each ownership body, votes for individual members, or proportional voting depending on the number of individual members per club, etc. Another way is to allocate portions of the total voting strength to different types of members (and then divide that portion amongst the members in that type). Each organisation will be different so you should receive legal advice before considering voting rights and drafting this section.

**Method of Voting**

* 1. Voting shall generally be conducted by voices or by show of hands as determined by the Chairperson of the meeting unless a secret ballot is called for and approved by Ordinary Resolution.
  2. Elections of the President and Elected Board Members at an AGM must be undertaken by secret ballot.
  3. If there are: (a) the same number of nominations as positions available; or
     1. (b) insufficient nominations for the positions, the position shall be left vacant and filled as if it is a vacancy in accordance with Rule 16.6.
  4. Those applicants for the vacant Elected Board Member positions which have the highest number of votes in their favour will be declared elected.
  5. An Ordinary Resolution at a General Meeting shall be sufficient to pass a resolution except as specified in this Constitution.
  6. Proxy votes and postal votes are not permitted.
  7. In the event of inequality of votes at a General Meeting, the Chairperson shall have an additional or casting vote.
  8. In the event that a secret ballot is called, two scrutineers must be appointed at the General Meeting to count the votes.

**Commentary:**

It is not recommended that nominations for board positions be received from the floor in the event there are the same or fewer people than positions available. This can result in political appointments rather than ones done on merit.

Proxy or postal voting should be considered, especially with individual members as they may not all be able to attend a meeting.

BOARD

**Role of the Board**

* 1. The governance of [short name of organisation] shall be vested in the Board, which may exercise all the powers of [short name of organisation] and do all things which are not expressly required to be undertaken by [short name of organisation] at a General Meeting.

**Membership of the Board**

* 1. The Board shall comprise:
     1. [number] of persons elected by the AGM under Rule 20 (**Elected Board Members**); and
     2. [number] of persons appointed in accordance with Rule 20 (**Appointed Board Members**).

**Ineligibility**

* 1. A person seeking appointment, election, or to remain in office as a Board Member shall be eligible to do so whether or not they are a Member of [short name of organisation], but the following persons shall not be eligible for appointment, election, or to remain in office as a Board Member:
     1. A person who is an employee of, or contractor to [short name of organisation].
     2. A person who holds office with a Member, where that Member is a Regional Body or Club;
     3. A person who is an undischarged bankrupt or is subject to a condition not yet fulfilled or any order under the Insolvency Act 1967, or any equivalent provisions under any previous or replacement legislation.
     4. A person who has been convicted of any offence punishable by a term of imprisonment of two (2) or more years (whether or not a term of imprisonment is imposed) unless that person has obtained a pardon or has served the sentence imposed on them.
     5. A person who is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under the Companies Act 1993 or the Charities Act 2005.
     6. A person who is subject to a property order made that the person is lacking in competence to manage their own affairs under the Protection of Personal and Property Rights Act 1988.
  2. If any of the circumstances listed in Rules 16.3(a) to 16.3(f) occur to a Board Member, that the Board Member shall be deemed to have vacated his/her office upon the relevant authority making an order or finding against the Board Member of any of those circumstances. If a Board Member becomes or holds any position in Rule 16.3(a) then upon appointment to such a position, that Board Member shall be deemed to have vacated his/her office as a Board Member.

**Terms of Office of Board Members**

* 1. The term of office for all Board Members shall be three years, expiring on conclusion of the relevant AGM. A Board Member may be re-elected to the Board for a maximum of two subsequent and consecutive terms of office. Prior to each AGM, the Board shall advise the Chief Executive of the schedule of rotation and the vacancies arising in Board Member positions at the AGM.

**Vacancies on the Board**

* 1. In the event there is a vacancy on the Board, the remaining Board Members may appoint a person of their choice to fill the vacancy or the Board may leave the vacancy unfilled until the next AGM. If the vacancy is for six months or longer the Board must refer the appointment to the Board Appointments Panel which should shall seek to fill the vacancy in accordance with Rule 19, with such modifications as to timing as it considers appropriate to fill the vacancy as soon as reasonably practicable.
  2. The term of office for a person appointed as a Board Member to fill a vacancy under Rule 16.6 shall expire at the conclusion of the AGM following their appointment. Thereafter the vacancy shall be determined in accordance with this Constitution.

**Commentary:**

It is preferable that where a person holds office with a member organisation, such as a club or regional body, they are not eligible to be a board member, unless they resign from that role. The downside to this limitation is that in some sports it cuts out otherwise valuable potential board members who have a real interest in the sport. Some organisations only require this limitation on appointed board members so as to provide some independence on the board without limiting them completely. The level of independence (including what ‘independence’ means) and to which positions this applies are up to each organisation to decide.

Organisations may amend the process for nomination to the board but **must** make sure the constitution does provide for how board members are appointed – section 6(1)(g) of the Incorporated Societies Act 1908.

It will be necessary to include provisions in the constitution that deal with the initial make-up of the board or for transition from one board structure to another upon adoption of the constitution.

There are also different processes for filling a vacancy on the board, including calling an SGM. Other rules in the constitution would need to be amended to allow for this, so legal advice should be sought if this change is made.

It is recommended that the term of office for board members be two or three years, with up to a total maximum of six years in office (three two-year terms or two three-year terms).

**Removal of Board Member**

* 1. The Members in an SGM called for this purpose may, by Special Resolution, remove any Board Member before the expiration of their term of office if the Members consider the Board Member has breached his or her duties as specified in Rule 17.
  2. Where the removed Board Member in Rule 16.8 was an Appointed Board Member, the Board shall appoint another person in their place to hold office until the expiration of the term of the Board Member which he or she is replacing. Where the removed Board Member was an Elected Board Member the vacancy shall be filled in accordance with Rule 16.6.
  3. Upon the Chief Executive Officer receiving a request for an SGM for the purpose of removing a Board Member, the Chief Executive shall send the notice to the Board Member concerned in addition to the Members in accordance with Rule 15.10.
  4. Following the notification under Rule 15.10 and before voting on the resolution to remove a Board Member, the Board Member affected by the proposed resolution shall be given the opportunity prior to and at the SGM to make submissions in writing and/or verbally to the Board and the Members about the proposed resolution.
  5. The Board may, with the approval of a motion by no less than two-thirds of the Board, remove any Board Member from the Board, before the expiry of their term of office if the Board considers the Board Member concerned has seriously breached their duties as specified in Rule 17 such that immediate removal is considered appropriate. Before considering such a motion the following procedures shall apply:
     1. The Board Member concerned shall be notified that a Board meeting is to be held to discuss the proposal to remove the Board Member from office; and
     2. The Board Member concerned shall be given an opportunity to make submissions about the proposed motion to the Board in writing prior to the Board meeting and/or by submission in person at the Board meeting.

Duties and Powers of the Board

**Duties of the Board**

* 1. The duties of each Board Member are to:
     1. Regularly attend Board meetings and General Meetings of [short name of organisation];
     2. Provide good governance for [short name of organisation];
     3. Exercise the powers of the Board for proper purpose;
     4. Regularly monitor and review the performance of [short name of organisation];
     5. Act in good faith and the best interests of [short name of organisation] at all times;
     6. Act, and ensure [short name of organisation] acts, in accordance with this Constitution;
     7. Formulate such bylaws, regulations, policies and procedures as are appropriate for [short name of organisation];
     8. Where appropriate, engage in activities to promote, market, represent and fundraise for [short name of organisation];
     9. Disclose to the Board the nature and extent of any interest in a transaction or proposed transaction as soon as the Board Member becomes aware of the fact that s/he has such interest;
     10. Take such other steps as determined by the Board in respect of any interest specified in Rule 17.1(i), which may include, without limitation, abstaining from deliberations and/or vote regarding such interest;
     11. Not disclose information that the Board Member would not otherwise have available other than in his or her capacity as a Board Member, to any person, or make use of or act on the information except:
         1. As agreed by the Board for the purposes of [short name of organisation];
         2. As required by law; or
         3. To persons, or for reasons identical to those specified in sections 145(2) and 145(3) of the Companies Act 1993;
     12. Do such other things within these rules as the Board agrees to promote the objects of [short name of organisation].

**Powers of the Board**

* 1. The Board shall have the power to:
     1. Appoint the Chief Executive;
     2. Define delegations of authority from the Board to the Chief Executive;
     3. Adopt and review the strategic plan for all [name of sport related to organisation];
     4. Adopt and review the annual plan and budget for [short name of organisation];
     5. Determine applications from individuals, clubs and regional bodies wishing to be Members of [short name of organisation];
     6. Hold national meetings and forums for the Members, including General Meetings;
     7. Sanction competitions and events as [name of sport related to organisation] events;
     8. Approve rules and regulations for any [short name of organisation] competitions or events including conditions of entry;
     9. Establish sub-committees, commissions, or other groups to carry out any work of the Board by its delegated authority;
     10. Employ, engage or otherwise appoint coaches, managers, selectors, officials, judges, and other support personnel for [short name of organisation] national representative teams and to determine the terms and conditions of such appointments and, if necessary, terminate such appointments;
     11. Delegate to selectors the power to select athletes and teams to be national representatives;
     12. Determine the yearly calendar for international, national, and other [name of sport related to organisation] competitions;
     13. Subject to this Constitution, fill vacancies on the Board, and any commissions, committees or other groups which are established by it;
     14. Control expenditure and raise funds to fulfil the Objects of [short name of organisation];
     15. Open and operate in the name of [short name of organisation] such bank accounts as deemed necessary;
     16. Make, repeal or amend any regulations, policies and procedures as it thinks appropriate, provided that such policies and procedures are not inconsistent with this Constitution;
     17. Engage, contract or otherwise agree to obtain the assistance or advice of any person or organisation for the Board;
     18. Establish such corporate and other entities to carry on and conduct all or any part of the affairs of [short name of organisation];
     19. Resolve and determine any disputes or matters not provided for in this Constitution; and
     20. Do all other acts and things which are within the powers and Objects of [short name of organisation] and which the Board considers are appropriate.
  2. If any situation arises that, in the opinion of the Board, is not provided for in the Constitution, any regulations, or the policies or procedures of [short name of organisation], the matter will be determined by the Board.

Board Meetings and Procedure

* 1. At its first meeting following the AGM, the Board must elect a Chairperson.
  2. Except to the extent specified in this Constitution, the Board shall regulate its own procedure.
  3. The role of a Chairperson is to chair meetings of the Board and to represent the Board. In the event of the unavailability of a Chairperson for any reason, then another Board Member appointed by the Board shall undertake the Chairperson’s role during the period of unavailability.
  4. Board meetings may be called at any time by the Chairperson or two Board Members but generally the Board shall meet at regular intervals agreed by the Board.
  5. The quorum for a Board meeting shall be [insert number] Board Members of the Board.
  6. Each Board Member shall have one vote. The Chairperson shall have no right to an additional casting vote. Voting shall be by voices or upon request of any Board Member by a show of hands or by a ballot. Proxy and postal voting are not permitted.
  7. A resolution in writing, signed or consented to by email, facsimile or other forms of visible or other electronic communication by a majority of the Board shall be valid as if it had been passed at a meeting of the Board. Any such resolution may consist of several documents in the same form each signed by one or more Members of the Board.
  8. Any Board Member may participate in any meeting of the Board and vote on any proposed resolution at a meeting of the Board without being physically present. This may only occur at meetings by telephone, through video conferencing facilities or by other means of electronic communication provided that prior notice of the meeting is given to all Board Members and all persons participating in the meeting are able to hear each other effectively and simultaneously. Participation by a Board Member in this manner at a meeting shall constitute the presence of that Board Member at that meeting.

**Commentary:**

These clauses allow a board to deal with urgent business by written resolution and allow people who cannot physically be at the meeting to still participate.

* 1. The Board may, by majority vote, pay an honoraria and/or reimburse its Board Members for their actual and reasonable expenses incurred in the conduct of [short name of organisation]’s business. Prior to doing so the Board must establish a policy to be applied to any question of reimbursement and the payment of the honoraria.

**Commentary:**

Where an organisation is a charity, the payment of an honorarium to board members should not affect the organisation’s status as a charitable entity as long as the payment is made for services that advance the charitable purpose of the organisation, and the payment is reasonable and relative to payments that would be made between unrelated parties. If the organisation is unsure whether an honorarium would meet these criteria they should seek legal advice and/or contact the Charities Services business unit of the Department of Internal Affairs.

BOARD APPOINTMENTS PANEL

* 1. There shall be a Board Appointments Panel comprising the following three (3) people:
     1. One person being the Chairperson of the Board (or his/her nominee), or if s/he is seeking re-appointment or re-election to the Board, then another Board Member not seeking re-appointment or re-election to the Board as determined by the Board;
     2. One nominee who is an independent professional who is experienced in governance and the functions and appointment process of directors and/or trustees in New Zealand, as determined by the Board; and
     3. One nominee who is independent of the Board and who has an interest and understanding of [name of sport related to the organisation] in New Zealand, as determined by the Board.
  2. No person will be eligible to be a member of the Board Appointments Panel, or to remain on the Board Appointments Panel, if any of the circumstances listed in Rule 16.3(a) to Rule 16.3(f) inclusive have occurred, or occur to that person, as if every reference to a Board Member in that Rule is to an appointee to, or a member of, the Board Appointments Panel.
  3. If the Board as a whole has been removed, resigns en masse or does not have a quorum and is therefore unable to appoint the Board Appointments Panel, it shall be appointed by Sport New Zealand.
  4. The convenor of the Board Appointments Panel shall be the Chairperson or his/her nominee, as specified in Rule 19.1(a).
  5. The members of the Board Appointments Panel shall remain in office for the period necessary to fulfil their responsibilities in relation to each vacancy of a Board Member for which the Board Appointments Panel was established. There is no limited to the number of occasions a person can be appointed to the Board Appointments Panel.
  6. The Board Appointments Panel shall be independent of the Board and shall be responsible for:
     1. Identifying and inviting suitable candidates to apply for appointment as an Appointed Board Member;
     2. Advertising and inviting members of the public to apply for appointment as an Appointed Board Member;
     3. Receiving and assessing applications from candidates for appointment as Appointed Board Members (including, undertaking such enquiries and holding interviews and meetings as it sees fit);
     4. Deciding the candidates to be appointed as Appointed Board Members;
     5. Receiving and assessing applications from candidates for election as Elected Board Members at a General Meeting (including, undertaking such enquiries and holding interviews and meetings as it sees fit);
     6. Recommending to the General Meeting at which any vacancy in the position(s) of Elected Board Member arises, the applicant(s) whom the Board Appointments Panel considers would best suit the position(s), for consideration and vote by those present and entitled to vote at a General Meeting; and
     7. Such other related matters as set out in any applicable regulations.
  7. In determining the Appointed Board Members, and recommending persons to be Elected Board Members, the Board Appointments Panel shall do so based on merit and shall take into account the following factors about the applicant and the Board as a whole:
     1. Their prior experience as a director, trustee, or experience in any other governance role;
     2. Their knowledge of, and experience in [name of sport related to organisation] generally, at international, national, and/or local level;
     3. Their occupational skills, abilities and experience;
     4. Their knowledge of, and experience in, community, sports and/or not for profit organisations generally;
     5. The desire for conflicts of interest on the Board to be minimised;
     6. The desire for a wide range of skills and experience on the Board including skills in commerce, finance, marketing, law or business generally; and
     7. The desire for gender balance on the Board.
  8. No member of the Board Appointments Panel may seek appointment as a Board Member whilst a member of the Board Appointments Panel.
  9. The Board Appointments Panel shall meet as and when required and in such manner as it thinks fit, including by teleconference.
  10. The quorum for a meeting of the Board Appointments Panel shall be 3 members.
  11. Any decision of the Board Appointments Panel regarding the appointment of Appointed Board Members and the persons to be recommended as Elected Board Members must be unanimous.
  12. All information received by the Board Appointments Panel, and its deliberations, shall be kept confidential except to the extent required by law. Any member of the Board Appointments Panel who considers s/he may have a potential conflict of interest in considering the appointment or otherwise of any applicant, shall declare that potential conflict to the convenor and if the convenor considers it appropriate to do so, s/he may require that member to vacate their position on the Board Appointments Panel. If the convenor considers s/he may have a potential conflict of interest, he or she shall notify the Board and if the Board considers it appropriate to do so, it may require that member to vacate their position on the Board Appointments Panel.
  13. Any vacancy that arises in the membership of the Board Appointments Panel shall be filled with a replacement member to be appointed by the person or organisation that appointed the Board Appointments Panel member for which the vacancy arises (as specified in Rule 19.1.
  14. The Board may remove any member of the Board Appointments Panel if the Board considers, in its sole discretion, that:
      1. The member has a conflict of interest which has not be satisfactorily resolved to the Board’s satisfaction by the convenor;
      2. There are circumstances which may give rise to a question of actual or apparent bias in the Board Appointments Panel’s composition and/or process; or
      3. Any of the circumstances listed in Rule 16.3(a) to Rule 16.3(f) have occurred to the member.
  15. Before removing any member from the Board Appointments Panel, the Board must notify the member of its proposal to remove them and give the member and the other members of the Board Appointments Panel the opportunity to make submissions on the proposed removal.

APPOINTMENT AND ELECTION OF BOARD MEMBERS

* 1. The Board Members shall be appointed and elected as follows:
     1. The Board Appointments Panel shall call for applications for any Board Member positions that are to be vacated due to the expiry of their term of office at an AGM at least 90 days prior to the AGM.
     2. Applications for Board Member positions shall be made by applicants in the approved form as determined by the Board (indicating whether they seek to be Appointed Board Members or Elected Board Members or either) and received at the registered office of [short name of organisation] not less than 60 days before the date set for the AGM.
     3. Upon receipt of any applications for vacancies for Board Member(s) positions, the Chief Executive shall refer all the applications to the Board Appointments Panel.
     4. The Board Appointments Panel shall undertake its responsibilities as set out in Rule 19.6 and notify the Chief Executive of the Appointed Board Member(s) who are to assume office and any recommended applicant or applicants whom it considers would best suit the vacant positions of Elected Board Members, for consideration at the AGM no later than 30 days’ prior to the AGM.
     5. Upon receipt of the notification from the Board Appointments Panel in Rule 20.1(d) the Chief Executive shall no later than 21 days before the date of the AGM (in the AGM Agenda), notify the Members of the decision of the Board Appointments Panel regarding any Appointed Board Members it has appointed together with any recommendations of applicants it considers would best suit the vacant positions of Elected Board Members, at the AGM.
  2. **Other Positions:** Applicants for positions as Board Members may not hold or continue to hold, a position as an employee of [short name of organisation] if they are appointed or elected as a Board Member.

**Commentary:**

If a vacancy is filled through an SGM then this clause will need to be changed and advice should be sought.

Under the rules above, the election of the Elected Board Member positions still proceeds through a general meeting including any nominations or candidates who are not recommended by the Board Appointments Panel. This allows for a level of democracy which keeps the board accountable to its members/owners.

CHIEF EXECUTIVE

* 1. There shall be a Chief Executive of [short name of organisation] who shall be employed for such term and on such conditions as the Board may determine.
  2. The Chief Executive shall be under the direction of the Board and shall be responsible for the day-to-day management of the affairs of [short name of organisation] in accordance with the Rules, regulations, bylaws, policies and procedures of [short name of organisation] and within such delegated authority as may be imposed by the Board.
  3. The Chief Executive may attend Board meetings on and when required by the Board but will have no voting rights.

**Commentary:**

If you do not have a CEO, or do not wish to be required to always have a CEO, then amend this clause as appropriate.

FINANCES

* 1. Unless otherwise determined by the Board, the financial year of [short name of organisation] shall end on the [day] day of [month] each year.
  2. Statements of financial position and financial performance shall be audited each year and the audited accounts shall be submitted to the AGM. The auditors shall be appointed at each AGM.

**Commentary:**

While it is not compulsory to get the accounts audited, it is strongly recommended that organisations obtain annual audits to protect themselves and demonstrate to funders that they have independent checks and balances. Many funders require copies of audited accounts before accepting applications.

COMMON SEAL

* 1. The common seal of [short name of organisation] shall be kept in the control of the Board and may be affixed to any document only by resolution of the Board and in the presence of and with the accompanying signatures of the Chairperson and another Board Member.

**Commentary:**

The constitution must include this rule – section 6(1)(h) of the Incorporated Societies Act 1908. The common seal is only required by the Incorporated Societies Act to be affixed to a deed. Deeds are generally legal documents which confer a benefit on a party to the deed without requiring payment from the other party. The common seal is not required in respect of agreements as they can be properly signed by authorised representatives of the organisation.

ALTERATIONS OF RULES

* 1. The Constitution may only be altered, added to or rescinded by Special Resolution passed at a General Meeting.
  2. No alteration, addition to or revision of this Constitution shall be approved if it affects the not-for-profit objects, personal benefit prohibition or the winding-up rules of [short name of organisation]. This Rule 24.2 must not be removed from the Constitution and must be included in any alteration of, addition to or revision of the Constitution.

**Commentary:**

The organisation should not amend the above rule without obtaining legal advice.

APPLICATION OF INCOME

* 1. The income and property of the organisation shall be applied solely towards the promotion of the Objects of [short name of organisation]. No Member of [short name of organisation], or anyone associated with a Member, is allowed to take part in, or influence any decision made by [short name of organisation] in respect of payments to, or on behalf of, the Member or associated person of any income, benefit, or advantage.
  2. Except as provided in this Constitution:
     1. No portion of the income or property of [short name of organisation] shall be paid or transferred, directly or indirectly, by way of dividend, bonus, or otherwise to any Member or Board Member; and
     2. No remuneration or other benefit in money or money’s worth shall be paid, or given, by the organisation to any Member or Board Member except under Rule 18.9.
  3. Any payments made to a Member of [short name of organisation], or person associated with a Member, must be for goods or services that advance the charitable purpose of [short name of organisation], and must be reasonable and relative to payments that would be made between unrelated parties. This provision and its effect must not be removed from the Constitution and must be included in any alteration of, addition to, or revision of, the Constitution.

**Commentary:**

The constitution must specify the control and investment of any fund of the organisation – section 6(1)(i) of the Incorporated Societies Act 1908. Organisations cannot engage in operations involving pecuniary gain – section 20 of the Incorporated Societies Act 1908. Any amendment to this rule may affect the legal status of the organisation as an incorporated society and as a charity (if the organisation is a registered charity) so legal advice should be sought.

LIQUIDATION

* 1. [Short name of organisation] must be liquidated up if [short name of organisation], at a General Meeting of its Members, passes a Special Resolution appointing a liquidator and requiring [short name of organisation] to be liquidated and this resolution is confirmed by further Special Resolution at a subsequent General Meeting called for that purpose and held not earlier than thirty (30) days after the date on which the resolution so to be confirmed is passed.

**Commentary:**

A resolution passed by the members to put the organisation into liquidation must be confirmed at a second SGM which is to be held no earlier than 30 days before the first SGM – section 24(1) of the Incorporated Societies Act.

* 1. If upon the winding-up or dissolution of [short name of organisation] there remains after the satisfaction of all its debts and liabilities any property whatsoever, the property shall not be paid to or distributed among the Members of [short name of organisation] but shall be given or transferred to some other [Option 1] association, organisation or body having objects similar to the objects of [short name of organisation], or to some other charitable organisation or purpose within New Zealand / [Option 2] charitable organisation, or charitable body have objects similar to the objects of [short name of organisation].

**Commentary:**

The constitution must specify how any property of the organisation is to be disposed of if the organisation is put into liquidation – section 6(1)(k) of the Incorporated Societies Act 1908. In order to be charitable this rule must provide for the disposition of assets to a charitable organisation – see red option above. Legal advice should be sought before any amendment is made to this rule.

The previous rules are required by IRD as a pre-condition to approving any organisation for exemption from income tax. The income of any organisation established mainly to promote any amateur game or sport for the recreation or entertainment of the general public is exempt from income tax. This is a valuable status for an organisation to achieve and accordingly your rules should cover the required aspects from the start because if they do not then IRD will not give a letter of confirmation of tax exempt status until the rules have changed. To avoid the burden of holding a general meeting to change the rules, it is important to include these rules from the outset.

INDEMNITY

* 1. [Short name of organisation] shall indemnify every member of the Board, the Chief Executive and other officers and employees of [short name of organisation] in respect of all liability arising from the proper performance of their functions connected with [short name of organisation].

**Commentary:**

The board may wish to consider the use of specific indemnity insurance for its members. Specialist advice on the suitability and extent of particular forms of cover is advised. Any form of insurance can be breached by behaviour that is contrary to prevailing legislation. The legal obligations of board members should be made clear in the induction process and through subsequent training for inexperienced trustees.