



# Disclosures Under the British Columbia Societies Act

The new *British Columbia Societies Act* (the “BC Societies Act”) came into effect on November 28, 2016 and applies to all societies as at this date with a two-year transition period, which ends on November 28, 2018. The new Act requires a number of disclosures, which were included to promote transparency and accountability. The disclosures relate to director, employee and contractor compensation as well as certain loans or guarantees made by the society. Note that these disclosure requirements do not apply to member-funded societies. The following provides an overview of these disclosure requirements:

## Directors

The financial statements must include a note listing all the directors that the society has paid during the period covered by the financial statements along with their position or title, the amount of remuneration, and if remunerated for acting in a capacity other than director, a description of the capacity in which each director acted.

*(BC Societies Act s.36)*

## Employees and contractors

The note must also include the remuneration paid by the society to all employees and contractors whose remuneration was at least \$75,000, unless there are more than ten employees and contractors remunerated at over \$75,000, in which case only the ten most highly remunerated persons must be included. There are two options for this disclosure: inclusion of a list of total remuneration by title or position or the total number of people earning over \$75,000 and total amount of remuneration paid to them during the period.

*(BC Societies Act s.36)*

## Loans or guarantees

Disclosure is also required setting out the details of any financial assistance (loans or guarantees) given outside the ordinary course of business.

*(BC Societies Act s.37)*

See our [Clear-Cut: Reporting on Organizations Incorporated under the British Columbia Societies Act](#) for further discussion and example of the reporting requirements related to the consistency in the application of accounting policies.

## Disclosures under the British Columbia Societies Act

Below we have provided a number of published examples of the required disclosures.

### Examples of disclosures for remuneration of directors, employees and contractors

*During the year the Organization paid \$1,275,000 to the ten highest paid individuals whose salaries were greater than \$75,000. In accordance with the bylaws of the Organization no compensation was paid to any Directors to the Organization during the year.*

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*On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually. During the year the Society paid \$27,856 to a consulting firm of which a Society Board director is a principal. In addition, the Society paid \$1,136,858 in remuneration to ten people who are employees, whose remuneration, during the applicable period, was at least \$75,000.*

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*For the fiscal year, the Foundation paid total remuneration, inclusive of salaries and benefits, of \$2,383,964 to the ten highest remunerated employees and contractors for services, each of whom received total remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board of Directors/Trustees. This disclosure is provided in accordance with the requirements of the Societies Act (BC).*

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*As required by the Societies Act of British Columbia, the three highest paid individuals and persons under a contract for services that each exceeded \$75,000 of annual remuneration were paid a total sum of \$369,539.*

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You will note that rather than providing total compensation for a list of individual positions, the most common disclosures are electing to present total compensation for the top 10 highest paid. This highlights the concern that while the note in the financial statements does not have to include the name of the employees and contractors whose remuneration is being disclosed, it may be easy to determine who in the society is receiving the compensation disclosed in the financial statements. This is particularly the case for smaller societies with only a handful of employees.

When there are no relevant disclosures to provide disclosure has been noted which provides this confirmation.

*In accordance with the recent changes to the BC Societies Act, no amount was paid to directors during the year and there were no employees or subcontractors paid in excess of \$75,000 during the year.*

There is no requirement to provide these positive confirmation disclosures and this is not an approach that we would recommend. Documentation in your audit or review engagement file reaching this conclusion would be sufficient.