

What are the differences between incorporated societies and charitable trusts?

	Incorporated society	Charitable trust
Suited to...	Not for profit organisations where members have a common interest (eg sport, hobby and community interest)	Not for profit organisations with a charitable purpose (e.g. education, religion, relief of poverty and other purposes that benefit the community)
Charitable purpose	Can have a charitable purpose	Must have a charitable purpose
Size	Minimum of 15 members	Minimum of two trustees
Decision making	By members at general meetings and by the committee in accordance with the rules	By the trustees in accordance with the trust deed
Members	Who can be a member is determined by the rules	No members – the trustees run the trust to benefit the beneficiaries
Accountability	Committee accountable to the members	Trustees are accountable to the beneficiaries and must comply with the trust deed and the Trustee Act 1956
Liability	Limited liability - unless members run the society for their own profit (pecuniary gain)	Trustees not liable unless they fail to comply with requirements of trust deed or the Trustee Act 1956
Audit	No – unless required by the rules*	No – unless required by the trust deed*
Profits	Must be used to run the society to achieve its purpose. Profits cannot be distributed to members	Must be used to run the charitable trust to achieve its purpose.
How to incorporate	Send applications to the Registrar: <ul style="list-style-type: none"> • an application form with • two copies of the rules • rules certification • NZ\$100 	Send applications to the Registrar: <ul style="list-style-type: none"> • application form • a copy of the trust deed or rules • statutory declaration
Maintaining registration after incorporation	Send this information to the Registrar: <ul style="list-style-type: none"> • annual financial statements • rule changes (including names) • change of contact details 	Send this information to the Registrar: <ul style="list-style-type: none"> • rule changes (including names) • change of contact details
Winding up	According to the rules – surplus assets can be distributed amongst members	According to the trust deed – surplus assets must be distributed to other charitable organisations