



Restrictions on money-making activities

An incorporated society is a non-profit organisation. The Incorporated Societies Act 1908 specifies that a society must not undertake activities for financial gain (referred to in the Act as 'pecuniary gain'). In this sense, financial gain is the making of a profit with the intention of passing that profit on to some or all of the society's members.

A society may, however, make money e.g. through entry fees or other fundraising, and retain that money and use it to further its objects. The Act specifically provides for several situations that may otherwise be considered financial gain:

- The property of a society can be divided amongst its members when the society is dissolved
- If the society is established to protect or regulate a trade, industry or similar undertaking that the members are involved in. The society itself cannot take part in the trade, industry or similar undertaking
- Members of a society can receive a salary as an employee or officer of the society
- If the member would have been entitled to the financial gain whether or not they were a member of the society
- Members of the society can compete with each other at members' only society events for trophies or prizes, other than money prizes.

If the society is found to be engaging in operations involving financial gain, both the society and the members are liable to be prosecuted and fined. In addition, all members involved can be personally liable for any debts and obligations incurred by the society.