GUIDE ON COMPLYING WITH THE PART F OF CAMA
This work is a product of extensive research based on the experience of staff of the Nigeria Network of NGOs. The findings, interpretations and conclusions expressed in this work do not necessarily reflect the views of our donors - Commonwealth Foundation.

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**About us**

The Network is charged with the objective of identifying, registering, coordinating, building capacity and mobilizing civil society organizations to promote interconnectivity and bring equity, justice, peace, and development to grassroots communities throughout Nigeria, including the implementation of the Sustainable Development Goals (SDGs).

The Nigeria Network of NGOs (NNNGO) is the first generic membership body for civil society organizations in Nigeria that facilitates effective advocacy on issues of poverty and other developmental issues. Established in 1992, NNNGO represents over 2,400 organizations ranging from small groups working at the local level, to larger networks working at the national level.

Our membership includes over 20 national organizations and over 250 membership organizations focusing on different thematic areas of development, all of whom work to support a diverse range of membership communities across the nation. In total our outreach to the third sector in Nigeria is estimated to be in the excess of 5000 which includes both members and affiliates at national and global levels.

NNNGO champions a sector that is accountable, independent and truly representative of giving a voice to the common man.

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This document was prepared by the Nigeria Network of NGOs as a service and a reference tool to its members and the wider civil society community and is not intended to provide any legal advice. Nonprofits should consult their own lawyers for advice on any legal issue or other relevant professional on a specific problem or matter that may arise in the nonprofit governance process.
Nonprofit governance has been in the spotlight in the last few years with increased interest in regulatory compliance. The Part F of the Companies and Allied Matters Act (CAMA) is the law guiding the formation and governance of nonprofits in Nigeria. This document is our attempt to provide a framework for improving nonprofit compliance with the Part F of CAMA. Our theory of change is centered on the assumption that good nonprofit governance serves as a strong foundation for an efficient nonprofit sector. In this document we have placed strong emphasis on how nonprofits can achieve each clause in the law, rationale for meeting them and key outcomes for the nonprofit sector.

This document is an important piece of guidance that nonprofit trustees and managers need to be familiar with. It draws on the legal requirements, established best practices and principles designed to challenge nonprofits to improve their governance and to ensure necessary systems and processes are in place in their various organisations to comply with regulations guiding the operations of nonprofits in the country, thereby helping them keep a focus on their purpose (objects).

We have developed this document as a tool to support continuous improvement in line with each organisations size, activities and circumstances. This is our first attempt at creating a tool that can help nonprofits in complying with regulatory requirements, we welcome your comments and suggestions in making the document better.

We encourage all nonprofits in the country to apply the recommended ways of achieving each of the clauses.
CHAPTER 1- INCORPORATED TRUSTEES

Clause 824:
Incorporation of Trustees of Certain Communities, Bodies and Associations.

1. Where two or more trustees are appointed by any community of persons bound together by custom, religion, kinship or nationality or by anybody or association of persons established for any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, they may, if so authorized by the community, body or association (in this Act referred to as “the association”) apply to the Commission in the manner hereafter provided for registration under this Bill as a corporate body.

2. Upon being so registered by the Commission, the trustees shall become a corporate body in accordance with the provisions of section 831 of this Part of this Bill.

NNNGO’s RATIONALE

Nonprofits are set up to fulfil charitable purposes and objectives. In setting up, trustees have the legal role to lead the organisation in fulfilling this purpose within legal bounds. Clause 824 therefore gives the legal oversight for nonprofits to its board. The Board (Incorporated trustees) of a nonprofit are a group of individuals who together are ultimately responsible for overseeing the operations of the organisation and making sure it is working towards its objectives (charitable purpose). Trustees therefore are the “owner” of the nonprofit in trust for the general public/beneficiaries/stakeholders. Hence under the law they are the ones that ultimately bear the legal responsibility for the organisation.

KEY OUTCOMES FOR NONPROFIT

Board members or trustees have a deep understanding and commitment to the organisation's objectives and are willing to bear legal responsibility.

How to achieve this:

1.2 Clearly articulate the objects (charitable purpose) of the organisation through your organisation's constitution.

1.2.1 Set out clearly the role of your board in the organisation’s constitution.

1.2.2 Ensure prospective Board (Trustees) have read the constitution and accepts responsibility (through a signed document) for leading the governance of the organisation and ensuring its effectiveness.

1.2.3 Before applying formally to the Corporate Affairs Commission (CAC); ensure the board meets either physically or online to discuss the constitution and agree to its adoption. Minutes of this meeting has to be documented.
1.2.4 The following minimum requirements will be helpful when setting up your trustees (board):

- There is no specific number of trustees stated by law, we recommend at least 7.

- Your nonprofit board must have officers including a board chair/president and secretary and be different persons.

- Ensure members of your board have the necessary skills to lead the organisation. Avoid the mistake of selecting your board members for the sake of their status in the society; your board members must be well informed and attend board meetings regularly.

1.2.5 If the organisation will have an executive director, the board must make sure that:

- The office of the executive director is separate from that of the founder and that there are proper arrangements for their appointment, supervision, support, appraisal and remuneration.

- The role of the founder should be clearly articulated in the organisation’s constitution or other governance documents. The founder may sit on the board or serve as the interim executive director; whatever is decided, his/her role should be well defined and agreed through a documented board resolution.

Clause 825: Classification of Associations.

The Commission shall determine the classification of associations to be registered under this Part in accordance with the aims and objects of the associations.

NNNGO’s RATIONALE

To be registered as a nonprofit, your organisation must have an aim and objective defining what it has been set up to achieve. It can also be referred to as your organisation’s mission or purpose. When you apply to register your organisation with CAC you need to demonstrate through your aims and objectives that you are a nonprofit organisation. Generally, CAC will decide what your aims/objectives are by looking at your constitution as this usually sets out your objectives (purpose). Other types of evidence used to determine your objectives (purpose) are your organisation’s activities, annual reports, financial statements and other corporate documents such as policies. The law empowers CAC to register your organisation under a classification (subtype) of association, which reflects your purpose or purposes (for example either as NGO, association, trade union, church, mosque, social enterprise) etc.

KEY OUTCOMES FOR NONPROFIT

2.1 Nonprofit objects are clearly articulated.
2.1.2 Ensure your organisation’s objects are clearly thought through and spelt out in your constitution.

**How to achieve this:**

2.1.3 Work with your board and other critical stakeholder(s) to develop an aim/object (purpose) that is specific, measurable, achievable, realistic and time bound.

**Clause 826: Method of Application**

1. Application under section 824 of this Bill shall be in the form prescribed by the Commission and shall state-
   
   (a) the name of the proposed corporate body which must contain the words “Incorporated Trustees of”;
   
   (b) the aims and objects of the association which must be for the advancement of any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, and must be lawful;
   
   (c) the names, addresses and occupations of the secretary of the association, if any.

2. There shall be attached to the application-
   
   (a) two printed copies of the constitution of the association; Trustees of”;
   
   (b) duly signed copies of the minutes of the meeting appointing the trustees and authorising the application, showing the people present and the votes scored;
   
   (c) the impression or drawing of the proposed common seal, if there is one.

3. The application shall be signed by the person making it.

4. The Commission may require such declaration or other evidence in verification of the statements and particulars in the application, and such other, information, and evidence, if any, as it may think fit.

5. If any person knowingly makes any false statement or gives any false information for the purpose of incorporating trustees under this Part of this Bill, he shall be guilty of an offence and liable on conviction to imprisonment for one year or to a fine as the court deems fit.

**NNNGO’s RATIONALE**

Your organisation has to decide whether it wants to register with the CAC. Given the guarantees of freedom of association and assembly; in the Nigerian constitution, registration with CAC is not mandatory, however, to enjoy tax exemption and other benefits such as access to grants; it must register with CAC.

**KEY OUTCOMES FOR NONPROFIT**

3.1 The nonprofit becomes a legal entity
3.2.1 Online application steps to incorporating a trustee

1. Connect to CAC’s registration portal at services.cac.gov.ng or cac.gov.ng to register.

2. Click on create account on the home page of the portal

3. Complete the forms displayed
   
   → Note: Accredited users should select “ARE YOU AN ACCREDITED CUSTOMER?” and enter their accreditation number in this format for individual NBA/IND/12345 or ICAN/IND/12345 or ICSAN/IND/12345, and for firm NBA/FM/12345, OR ICAN/FM/12345, or ICSAN/F/12345.
   
   → Accredited users must ensure that they enter the email address that was used during their accreditation.
   
   → Enter the catcher as displayed in the box
   
   → Click on submit: for general users the system will display the pre-entered “USERNAME” and the auto generated “PASSWORD” immediately while accredited users will be mailed their “USERNAME” and “PASSWORD” after approval at the back office.

4. Reserve name

5. Log in with your profile

6. Select “REGISTRATION”

7. Select the classification i.e. “BUSINESS NAME, or COMPANY or INCORPORATED TRUSTEE”

8. Enter the availability serial code

9. Click on continue

10. Enter the details of the “TRUSTEES”

11. Click on “ADD AN OBJECT” or “ADD OBJECTS” and type in the nature of objects for which the incorporated trustee is registered, and then click on “ADD” to continue to add the object until all the objects have been added.

12. Select the “DROP OFF and PICK UP STATE”.

13. Click on continue until payment is made

14. Select “GET STAMP” to stamp the document electronically

15. Make payment for electronic stamping.

16. The system will automatically affix the electronic stamp duties on the documents (Form CAC1.1, and Memorandum and Article of Association).
The already printed documents must be signed by the directors.

Visit www.cac.gov.ng at the middle of the age extreme right select “DOCUMENT UPLOAD”.

Enter the incorporated trustee “AVAILABILITY CODE”.

Select the “ORIGINATING OFFICE” (This is where you will pick up the certificate).

Select “I AM NOT A ROBOT” then follow the instruction

Click on “BEGIN”.

Select the type of document to be attached one after the other and attach each one after properly identifying same.

After attaching all the documents, click on submit.

The commission would rely on the uploaded documents to treat your application. The certificate will be generated by the commission and all relevant documents will be certified.

To know the status of application; check the column that reads “STATUS” on your profile, this will show “NOT SUBMITTED”, or SUBMITTED, or PENDING APPROVAL, or APPROVED depending on the stage the application is.

When the status reads “APPROVED” and registration number is displayed, then you can approach the office where you had selected as the DROP OFF/PICK UP OFFICE or “ORIGINATING OFFICE” with the original copy of the documents earlier uploaded, the original should be submitted in exchange for the certificate/certify true copy (CTC).

Automatic Tax Identification Number (TIN): Immediately a certificate of incorporation is generated in the registration portal, a TIN will be issued and sent to the customer’s email address from the FIRS (Federal Inland Revenue Service)/JTB (Joint Tax Force) through the Integrated Stamp Duty System (ISDS) portal. Please visit http://new.cac.gov.ng/home/online-registrations/ to register.

3.2.2 Note that the use of common seal is voluntary and no longer mandatory

3.2.3 Ensure all statements made in the application are truthful and honest.

Clause 827: Qualification of Trustees

1. A person shall not be qualified to be appointed or act as a trustee if:

   (a) he is an infant; or

   (b) he is a person of unsound mind having been so found by a court;

   (c) he is an undischarged bankrupt; or
he has been convicted of an offence involving fraud or dishonesty within five years of his proposed appointment.

2. If a person disqualified under paragraph (c) or (d) of subsection (1) of this section acts as a trustee, he shall be liable to a penalty for every day during which he so acts. The penalty shall be determined in accordance with regulations made by the commission from time to time.

**NNNGO’s RATIONALE**

Since trustees are charged with the mandate of leading a nonprofit and serving as owners in trust, they are vital to the governance, health and sustainability of nonprofits, hence they play an important role by voluntarily donating their time and talents to the growth of the nonprofit sector, shaping a brighter future for communities their organisations serve.

Given this unique role, careful attention has to be paid to the selection of nonprofit trustees via leadership and integrity. Even though board members are volunteers, they have legal duties that they must meet to ensure the charity is well governed.

**KEY OUTCOMES FOR NONPROFIT**

4.1 Nonprofit has a functioning board that safeguards and acts in the best interests of the charity and its beneficiaries.

4.2 Nonprofit board ensures that the organisation is compliant with laws, voluntary rules and codes guiding the operation of nonprofits.

**How to achieve this:**

4.3.1 Ensure that individuals you are inviting to your board have integrity, sound judgement and demonstrated interest in your objective (purpose). Do a thorough background check and findings.

4.3.2 Ensure that individuals proposed as members of the board can make firm time commitment to attend all board meetings and other board functions.

4.3.3 Set clear expectations on what the board will do for the organisation. Using your constitution and insights to develop a job description that describes exactly the role your board members will play including number of meetings, length of term, meeting attendance, level of involvement and fundraising activities. Please visit https://bit.ly/2MMjhoN for a sample.

4.3.4 Develop a formal process for recruiting your board. Please visit https://bit.ly/2GVu9ga for a sample.
**Clause 828: Constitution**

The constitution of the association shall in addition to any other matter:

(a) state the name or title of the association;

(b) the aims and objects of the association; and

(c) make provisions, in respect of the following-

   (i) appointment, powers, duties, tenure of office and replacement of the trustees;

   (ii) the use and custody of the common seal;

   (iii) the meetings of the association;

   (iv) the number of members of the governing body, if any, the procedure for their appointment and removal, and their powers, and where subscriptions and other contributions are to be collected, the procedure for disbursement of the funds of the association, the keeping of accounts and the auditing of such accounts.

**KEY OUTCOMES FOR NONPROFIT**

Constitutions help set the rules guiding the operation of nonprofits. They are important because they give some certainty about how the organisation is run and establish the procedures that everyone involved can rely on. The rules and processes provided in the constitution binds the board, the organisation and its members. Your organisation’s constitution is what CAC would use in most cases to determine your object and to decide whether you are a nonprofit.

**NNNGO’s RATIONALE**

5.1 The organisation have in place a constitution that governs its operations and that safeguards its objects.

**How to achieve this:**

- Ensure that your constitution generally sets out the following:

- Clauses that prevent the organisation from providing any private benefit to its members.

- The powers of the board

- How to become a member, rights and obligations of members.

- How members of the board and any office bearer such as president or treasurer are elected or appointed.
How members of the board and any office bearer such as president or treasurer are elected or appointed.

- How meetings of members and meetings of the Board are called and held

- How authority is delegated to the board, staff or volunteers and

- What will happen if it needs to be wound up.

- Do not do copy and paste for your constitution.

- Ensure your constitution and governance documents accurately reflect how your organisation operates or will operate. You must be able to follow your own rules as set out in your constitution or governance documents.

Clause 829: Advertisement and Objections.

1. If the Commission is satisfied that the application has complied with the provisions of sections 826, 827 and 828 of this Bill, it shall cause the application to be published in a prescribed form in two daily newspapers circulating in the area where the corporation is to be situated and at least one of the newspaper shall be a national newspaper.

2. The advertisement shall invite objections, if any, to the registration of the body.

3. The objection shall state the grounds on which it is made and shall be forwarded to reach the Commission within 28 days of the date of the last of the publications in the newspapers.

4. If any objections are made, the Commission shall consider them and may require the objections and applicants to furnish further information or explanation, and may uphold or reject the objections as it considers fit and inform the applicant accordingly.

NNNGO’s RATIONALE

Nonprofits generally are set up for public benefit, while being formed it is important for the public to be alerted to its formation and to encourage the public to object where they find the activities or anyone on the board of the organisation not suitable. It also helps to ascertain if the activities of the organisation being formed or persons on the board are unlawful or working against public policy. This process also helps the organisation to do further background check on its trustees.

KEY OUTCOMES FOR NONPROFIT

6.2 Organisation’s registration and proposed activities becoming public knowledge.
6.3 How to achieve this

6.3.1 If steps in this guide is followed there should not be any objection, however nonprofits should ensure they have mechanisms in place for responding quickly to any objection raised.

Clause 830: Registration and Certificate.

1. If, after the advertisement, no objection is received within the period specified in section 829 of this Bill or, where any objection is received, and the same is rejected, the Commission, having regard to all the circumstances, may assent to the application or withhold its assent.

2. If the Commission assents to the application, it shall register the trustees and issue a certificate in the prescribed form.

NNNGO’s RATIONALE

Registration certificate issued by CAC confers legal identity for a nonprofit and a result of successful application. With this certificate, the organisation is recognized as a legal entity that can now operate based on its objects (purpose) as stated in its constitution; from time to time the certificate serve as a proof of registration with the federal government.

KEY OUTCOMES FOR NONPROFIT

7.1 Organisation becomes registered with regulatory authorities.

7.2 How to achieve this:

7.2.1 Ensure your organisations registration number is used on all branding materials like letterhead and business cards, website and emails in correspondence with CAC.

7.2.2 Ensure the names of your trustees are properly listed on the certificate and that there are no wrong spelling errors.

7.2.3 You can also use the following statement on your public documents (letterhead, emails and website) (nonprofit name) (Registration no) is registered with the Corporate Affairs Commission.

7.2.4 Keep your certificate of registration secured and hold both electronic and hard copies in secured files.

7.2.5 Ensure to maintain your organisations eligibility to be registered by remaining a nonprofit pursuing charitable purposes and complying with the Part F of CAMA.
Clause 831:
Effect of Registration and Certificate.

1. From the date of registration, the trustees shall become a body corporate by the name described in the certificate, and shall have:
   
   (a) perpetual succession;
   
   (b) a common seal if they so wish;
   
   (c) power to sue and be sued in its corporate name as such trustees; and
   
   (d) Subject to section 837 of this Part of this Bill to hold and acquire, and transfer, assign or otherwise dispose of any property, or interests therein belonging to, or held for the benefit of such association, in such manner and subject to such restrictions and provisions as the trustees might without incorporation, hold or acquire, transfer, assign or otherwise dispose of the same for the purposes of such community, body or association of persons.

2. The certificate of incorporation shall vest in the body corporate all property and interests of whatever nature or tenure belonging to or held by any person in trust for such community, body or association of persons.

3. A certificate of incorporation when granted shall be prima facie evidence that all the preliminary requisitions herein contained and required in respect of such incorporation have been complied with, and the date of incorporation mentioned in such certificate shall be deemed to be the date on which incorporation has taken place.

NNNGO’s RATIONALE

The registration certificate issued by CAC will carry the date on which the incorporation took place i.e. the date on which it meets the requirement to be registered as a nonprofit. The use of common seal is no longer mandatory however you may want to have a common seal for the purpose of branding.

KEY OUTCOMES FOR NONPROFIT

8.1 Nonprofit trustees conferred legal entity with powers to sue or be sued

8.2 How to achieve this:

8.2.1 Ensure that minimum governance standards for running nonprofits are adhered to.

8.2.2 Ensure your organisation’s records (operations and finance) are kept up to date and accurate.

8.2.3 Ensure you submit an annual returns-information about your organisation’s activities and audited financial statements every year to CAC.

8.2.4 Notify CAC of any changes to your details, contacts, board, amendment to constitution.
Clause 832: Related Associations.

Without prejudice to the provisions of section 850 of this Bill, the Commission may direct that for all or any of the purposes of this Bill—

(a) an association be treated as forming part of an already registered association; and

(b) any two or more association having the same trustees be treated as a single association.

NNNGO’s RATIONALE

Nonprofit organisations need to guard against duplication of efforts and competition for same resources and funding. Setting up multiple organisations for the same purpose or having same board of trustees for different organisations reduces efficiency and effectiveness. This however does not preclude organisations that fall under a larger parent body/association with multiple separately registered entities.

The board of a nonprofit should always consider the best way to fulfill its objectives(purpose) without establishing or registering multiple entities. It may be more effective to merge or wind other nonprofits up and transfer the funds and assets to one for effectiveness.

KEY OUTCOMES FOR NONPROFIT

9.1 Reduce duplication of effort and competition for resources.

9.2 How to achieve this:

9.2.1 Before starting and reporting a new nonprofit, ensure you check the CAC portal to see which nonprofits are already operating for similar purpose.

9.2.2 Ensure your board weighs the option of registering multiple entities.
CHAPTER 2 - CHANGES IN REGISTERED PARTICULARS OF INCORPORATED TRUSTEES

Clause 833:
Changes of Names or Objects.

1. Where the association is desirous of changing or altering its name or objects or any of them, the trustees shall apply to the Commission in the prescribed form setting out the alterations desired and attaching a copy of the resolution approving the change and duly certified by the trustees.

2. The Commission on receipt of the application shall consider it and, if satisfied that the change or alteration is prima facie lawful shall -
   (a) cause the application to be published in two daily newspapers in the manner specified in subsection.

   (1) of section 829 of this Bill; and

   (b) direct the corporation to display for at least 28 days a notice of the proposed change or alteration conspicuously mounted at the corporation headquarters, or at any branch offices, or any such places where a majority of the members are likely to see it, as the Commission may require.

3. The publication and notices shall call for objections which, if any, shall state the grounds of objection and be forwarded to reach the Commission not later than 28 days after the last of the publications in the newspapers.

4. The provisions of section 828 and of subsection (1) of section 826 of this Part of this Bill shall apply to this section as they apply to an application for registration.

5. If the Commission assents to the application, the alterations shall be made and in the case of a change of name,

Clause 834:
Alteration of Provisions of the Constitution.

Subject to sections 828 and 829 of this Part of this Bill, an association whose trustees are incorporated under this Part of this Bill may alter its constitution by a resolution passed by a simple majority of its members and approved by the Commission.
Clause 835:  
Replacement and Appointment of Additional Trustees.

1. Where a body or association intends to replace some or all its trustees or to appoint additional trustees, it may by resolution at a general meeting do so and apply in the prescribed form for the approval of the Commission.

2. Upon such application the provision of subsections (2) to (4) of section 833 of this Bill shall apply to this section as they apply to the change of name or object.

3. If the Commission assents to the application, it shall signify its assent in writing to the corporation and the appointment shall become valid as from the date of the resolution appointing the trustees.

Clause 836:  
Changes in Contravention of Certain Provisions of this Part of this Bill.

Any change or alterations purported to be made in contravention of section 833, 834 or 835 of this Part of this Bill shall be void.

NNNGO’s RATIONALE

Nonprofit have a duty to notify CAC of any changes to their details including trustees (board), constitution, name of the nonprofit or objects (purpose). Once the nonprofit has made a decision on the changes, it must notify CAC as soon as it reasonably can.

KEY OUTCOMES FOR NONPROFIT

13.1 Nonprofit’s contacts and details are up to date with CAC.
13.2 How to achieve this:

13.2.1 Notify CAC within a reasonable period of time as soon as any changes are made to your name, constitution or board. We recommend doing this within 28-60 days (for medium, small and large organisation) taking such decision.

13.2.2 Ensure minutes of meeting of the board where such decision is taken is attached including copies of constitution etc.

13.2.3 Ensure your organisation complies with CAC’s requirements for changing your governance documents. Constitutions can be changed through a resolution passed by a simple majority of the organisation’s members and this has to be approved by the Commission before it becomes valid.

13.2.4 When the term of a board member expires and he/she is being replaced or a new member is added to the board. CAC must be notified through an application, the process would require an advert in 2 daily newspapers publicly displayed for 28 days based on clause 835 and clause 833(2) to (4).

13.2.5 Ensure all changes follow the prescribed process by CAC; failure to do so makes the alteration void.
CHAPTER 3 - COUNCIL, POWERS, INCOME AND PROPERTY

Clause 837:
Council or Governing Body

The association may appoint a council, or governing body, which shall include the trustees and may, subject to the provisions of this Part of this Act, assign to it such administrative and management functions as it deems expedient.

NNNGO’s RATIONALE

Nonprofits are an integral part of the Nigerian society reaching every community across the federation and neighbouring countries. They enrich our culture, protect our environment, enable us practice our faith, promote our health and wellbeing, strengthen our democracy, contribute to better public policy and advocate on behalf of the vulnerable and communities. Nonprofits cannot do all these good works without their board members. Their members have ultimate responsibility for running the organisation, managing its finances, its operations and managing of staff and volunteers.

While clause 837 mentions the formation of council or governing body, the practice in the nonprofit sector is that governing body, council, governors or trustees all refer to the board or governing body of a nonprofit. Nonprofits are free to choose a name they feel appropriate. We define a board or governing body as group of individuals who together are ultimately responsible for overseeing the operations and working towards achieving the purpose (objects) of a nonprofit.

KEY OUTCOMES FOR NONPROFIT

14.1 Nonprofits are clear about the right nomenclature for their board

14.2 How to achieve this:

14.2.1 Ensure the board is clear and consistent from the outset what name it will bear: council, trustees, board, governing board, committee, governors and board of directors or board of trustees.

14.2.2 Create a rule/policy on how to establish sub committees. It can be hard to organize full board members to meet on specific issues requiring expertise, ensure board committees are set up by the board for such functions they can either be called sub-committee, standing committees or ad-hoc. Note that committees make recommendations to the full board but they generally do not make decisions for the board.
Clause 838:
Exercise of Powers of Trustee.

The powers vested in the trustees by or under this Bill shall be exercised subject to the directions of the association, or of the council or governing body appointed under section 835 of this Part of this Bill, as the case may be.

NNNGO’s RATIONALE

Board members help nonprofits stay focused on its objects (purpose) manage its finances effectively and comply with the legal, operational and ethical requirements of the organisation. However, these roles are subject to the rules/policies set by the board itself.

KEY OUTCOMES FOR NONPROFIT

15.1.2 Non-profits have well-articulated board/governance policy.

15.1.3 The board is clear about its primary role and reflects this in the exercise of its duties.

15.1.4 How to achieve this:

15.2.5 Ensure the board develops a policy on its way of working including what matters are reserved for the board and which can be delegated.

15.1.6 Ensure the board understands and collectively exercises the powers of delegation to senior managers. These should be described in a document which gives enough detail and clear boundaries.

Clause 839:
Application of Income and Property.

1. The income and property of a body or association whose trustees are incorporated under this Part of this Bill shall be applied solely towards the promotion of the objects of the body as set forth in its constitution and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, bonus, or otherwise by way of profit to any of the members of the association.

2. Nothing in subsection (1) of this section shall prevent the payment, in good faith, of reasonable and proper remuneration to an officer or servant of the body in return for any service actually rendered to the body or association: Provided that
(a) with the exception of ex-officio members of the governing council, no member of a council of management or governing body shall be appointed to any salaried office of the body, or any office of the body paid by fees; and

(b) no remuneration or other benefit in money or money’s worth shall be given by the body to any member of such council or governing body, except repayment of out-of-pocket expenses or reasonable and proper rent for premises demised, or let to the body or reasonable fee for services rendered.

3. If any person knowingly acts or joins in acting in contravention of this section, he shall be liable to refund such income or property so misapplied to the association

**NNNGO’s RATIONALE**

Organisations can continue to enjoy their nonprofit status only if they can keep to their charitable object which requires that they do not pay or transfer income, profit or properties of the organisation to any of its members. The board have the ultimate responsibility for the income and properties of nonprofits and assets including its reputation.

**16.2 How to achieve this:**

16.2.5 Ensure trustees maintain their independence and inform the board if they feel beholden to any interest. Board must have a conflict of interest policy.

16.2.6 Ensure operational plans and budgets are in line with the organisation’s objects (purpose) and agreed strategic goals.

16.2.7 Ensure the board regularly monitors performance using consistent framework, checks operational performance against delivery of the organisation’s objects, strategic goals, budgets and risks.

16.2.8 Ensure board agrees to a reasonable remuneration for the organisation’s staff taking into account prevailing economic indices. Board must enforce a no pay policy for members of the board and has a clear policy on board reimbursements on travels and meeting attendance costs.

16.2.9 Ensure the board agrees and overseas an effective process for appointing and reviewing independent external auditors. Board should have an audit committee with a chair that has recent and relevant financial expertise and should meet with auditors without the staff of the organisation at least once a year.

16.2.10 Ensure board audit committee can consider concerns raised by staff or volunteer about improprieties including arrangement for proportionate and independent investigation and follow-up.
CHAPTER 4 - SUSPENSION OF TRUSTEES, APPOINTMENT OF INTERIM MANAGERS

Clause 840: Suspension of Trustees, etc., Appointment of Interim Manager, etc.

1. The Commission may by order suspend the trustees of an association and appoint an interim manager or managers to manage the affairs of an association if it reasonably believes that-

   (a) there is or has been any misconduct or mismanagement in the administration of the association;

   (b) it is necessary or desirable for the purpose of

      (i) protecting the property of the association.

      (ii) securing a proper application for the properties of the association of the towards achieving the objects of the association, the purposes of the association of that property or of property or of property coming to the association,

      (iii) public interest; or

   (c) the affairs of the association are being run fraudulently.

2. The trustees shall be suspended by an order of court upon the petition of the Commission or members consisting one-fifth of the association, The petitioners shall present all reasonable evidence or such evidence as requested by the court in respect of the petition.

3. Upon the hearing of the petition and the appointment of the interim manager, the court with the assistance of the Commission may make provision with respect to the functions to be discharged by the interim manager or managers appointed by the order:

   (a) the powers and duties of the interim manager or managers which may include the powers and duties of the trustees of the association concerned.

   (b) any powers or duties specified by virtue of paragraph (a) to be exercisable or performed by the interim manager or managers to the exclusion of the trustees.

4. The functions shall be discharged by the interim manager or managers under the supervision of the commission.

5. The reference in subsection (1) to misconduct or mismanagement extends to the employment.
or the remuneration or reward of persons acting in the affairs of the association, or

for other administrative purposes, of sums which are excessive in relation to the property which is or is likely to be applied or applicable for the purposes of the association.

6. A court of competent jurisdiction may also do one or more of the following upon the petition of the commission or members of the association.

(a) by order suspend any person, officer, agent or employee of the association from office or employment, provided that such suspension shall not exceed 12 months from the date thereof;

(b) by order appoint such number of additional trustees as it considers necessary for the proper administration of the association;

(c) By order-

(i) vest any property held by or in trust for the association in the official custodian, whoshall be a person so designated by the court from time to time.

(ii) require the persons in whom any such property is vested to transfer it to the official custodian who be an individual as the court may, from time to time designate, or

(iii) appoint any person to transfer any such property to the official custodian;

(d) order any person who holds any property on behalf of the association, or of any trustee for it, not to part with the property without the approval of the court.

(e) order any debtor of the association not to make any payment in or towards the discharge of the debtor’s directly liability to the association but to make such payment into an interest yielding account held by the Commission for the benefit of the association;

(f) by order restrict (regardless of anything in the trusts of the association) the transactions which may be entered into, or the nature or amount of the payments which may be made, in the administration of the association without the approval of the court;

(g) by order appoint an interim manager to act as receiver and manager in respect of the property and affairs of the association.

7. Where, at any time after the commission has made an enquiry into the affairs of the association, it is satisfied as to the matters mentioned in subsection (1) of this section it may do either or both of the following-

(i) who has been responsible for or privy to the misconduct or mismanagement, or

(ii) whose conduct contributed to or facilitated it;

(iii) by order of the court establish a scheme for the administration of the association.

8. The court may by order replace a trustee removed under subsection (7) of this section.
9. A person who contravenes an order under subsection (5), (d), (e) and (f) of this section shall be guilty of an offence and liable on conviction to fine as the court deems fit or imprisonment for a term of 6 months or to both. The Commission may make regulations in respect of -

(a) the functions, powers and remuneration of the interim manager and manner in which the interim manager shall make reports to the Commission.

(b) making reports to the Commission; and such other things as may be necessary for the effective administration of the association during the period of its interim administration.

10. The Commission shall only exercise its power under this section in respect of any Association with the approval of the Minister.

NNNGO’s RATIONALE

The public’s trust that nonprofits are delivering public benefits is fundamental to the success of the sector. Avoiding disputes and issues that could bring disrepute to the organisation and the wider nonprofit community is important. Making transparency and accountability real through open two way communications, internal controls, rigorous monitoring, audit reviews, executive and board performance reviews. Nonprofits should avoid situations that would lead to the suspension of its board and appointment of interim managers.

KEY OUTCOMES FOR NONPROFIT

17.1 Nonprofit organisations ensures the operations and financial management activities is guided by the values of ethics and culture of transparency and accountability.

17.2 How to achieve this:

17.2.1 Ensure strong internal controls are in place to prevent misconduct or mismanagement of the Organisation’s resources. Develop a financial management policy


17.2.3 Have a whistle blower policy and encourage staff members to report concerns and improprieties.

17.2.4 Board ensures that all stakeholders have the opportunity to hold the board to account.

17.2.5 Ensure the process for setting staff remuneration is clearly documented including allowances and reimbursements.
17.2.6 Ensure that board has a transparent process for making and handling complaints and that any complaints either internally or externally received are handled constructively, impartially and effectively.

17.2.7 The organisation must have a dispute resolution mechanism capable of transparently protecting and safeguarding the organisation’s object.

17.2.8 For organisations whose board are appointed by its members, a clear policy on who is eligible for membership should be developed.

17.2.9 The organisation must have clear, accurate and up-to-date membership record.

17.2.10 Keep members informed about the organisation’s work.

17.2.11 Seek, value and take into account members’ view on key issues.

17.2.12 Be clear and open about the ways that members can participate in the organisation’s governance.
CHAPTER 5 - COMMON SEAL AND CONTRACT

Clause 841: Common Seal.

The common seal of the body corporate (if there is one) shall have such device as may be specified in the constitution; and any instrument to which the common seal of the corporate body has been affixed in apparent compliance with the regulations for the use of the common seal shall be binding on the corporate body, notwithstanding any defect or circumstance affecting the execution of such instrument.

NNNGO’s RATIONALE

Common seals serve as the signature of the organisation on its documents binding it to all obligations undertaken in the document. With most countries now digitalizing documents and branding, the use of common seals is no longer fashionable. The act has now made the use of seals voluntary.

KEY OUTCOMES FOR NONPROFIT

18.1 Organisations may either have a seal or not.

18.2 How to achieve this:

18.2.1 Since seals are meant to bind the organisation to obligations undertaken in documents, nonprofits not making use of seals must ensure that contracts and other binding documents are signed by senior management, usually the Executive Director or a designated staff.

18.2.2 Develop a clear delegation or authority to sign or approve organisational obligations both internally and externally.

Clause 842: Contract of Corporate Body.

Subject to the provisions of this Part of this Act and of the constitution of the association, the corporate body may contract in the same form and manner as an individual.
NNNGO’s RATIONALE

In the course of carrying out its activities, nonprofits can enter into contractual agreements with 3rd parties in areas such as grants, partnership, service/vendor agreements, consultancy etc. Registration with CAC confers the organisation as a legal entity that can sue and be sued including the ability to contract in the same form and manner as an individual.

KEY OUTCOMES FOR NONPROFIT

19.1 Nonprofit ensures that relationships and agreements with 3rd parties including staff, board and service providers, donors etc. are properly contracted.

19.2 How to achieve this:

19.2.1 Ensure that the organisation's agreements with the staff, board, donors, service providers etc. are properly documented, contracted and properly assented including termination and expiration clauses.

19.2.2 Ensure all contractual obligations are properly filled and key milestones and deliverables achieved within the set deadlines.

19.2.3 Ensure organisation has sufficient capacity to merge grants, finances and reporting.

Clause 843: Accounts of Dissolved Incorporated Trustees.

1. Where a bank holds one or more accounts in the name of or on behalf of the incorporated trustees of a particular association, and the account, or, if it so holds two or more accounts, each of the accounts is dormant, the bank shall without delay notify the Commission of these facts.

2. Where the Commission receives a notice under subsection (1) of this section, the Commission may request that the association provide evidence of its activities, and where the association fails to respond satisfactorily within 15 days of the request, the Commission may dissolve the association in accordance with section 851. Where an association is so dissolved, the Commission may give a direction to the bank concerned to transfer:

   (a) the amount, or, as the case may be, the aggregate amount, standing to the credit of the relevant association in the account or accounts in question to such other association as is specified in the direction in accordance with subsection

   (b) of this section to the bank or;

   (c) to each of two or more associations so specified in the direction, such part of that amount or aggregate amount as is there specified in relation to that association.
3. The provisions of subsection (2) of this section shall also apply where the Commission is unable, after making reasonable inquiries to locate an association registered under this Bill or any of its trustees.

4. The Commission may specify in a direction under subsection (2) of this section such other association or charities as it considers appropriate having regard to the purposes of that association or charity. Provided that before any association may be so specified by the Commission, the trustees of such an association shall, by a written memorandum to the Commission, indicate its willingness to accept such amount to be transferred to

5. Any amount received by an association by virtue of this section is to be received by the association on terms that

   (a) it is to be held and applied by association for the purposes of the association; and

   (b) as property of the association, it is nevertheless subject to any restrictions on expenditure to which it was subject as property of the relevant association.

   (c) the receipt of a trustee for an association in respect of any amount received from a relevant bank by virtue of this section is a complete discharge of the bank in respect of that amount.

6. The Commission shall only exercise its power under this section in respect of any Association with the approval of the Minister.
Clause 844: Accounts which Cease to be Dormant before Transfer.

(a) Where any bank has given notice to the Commission under section 843(1) of this Bill, it shall, subject to any contrary provision under the relevant banking enactment, not reactivate the dormant account(s), without first notifying the Commission.

   (i) If before any transfer is made by the bank in pursuance of a direction under section 843(2) of this Act, the bank has cause to believe that the account or accounts held by it in the name of or on behalf of an association is no longer dormant, the bank shall without delay notify the Commission that the account or accounts have ceased to be dormant.

   (ii) If it appears to the Commission that the account or accounts in question is or are no longer dormant, or where the Commission receives satisfactory account of the activities of the association pursuant to section 843(2), it shall revoke any direction made to the bank under section 843(2) of this Bill with respect to any such account.

Clause 845: Dormant Bank Accounts: Supplementary.

1. No obligation as to secrecy or other restriction on disclosure, however imposed, shall preclude a relevant bank from disclosing any information on the status of dormant bank accounts to the Commission for the purpose of enabling the Commission to discharge its functions under sections 843 and 844 of this Bill.

2. For the purposes of sections 843 and 844 of this Bill and this section, an account is dormant if no transaction, other than:

   (a) a transaction consisting of a payment into the account, or

   (b) a transaction which the bank holding the account has itself caused to be effected, has been effected in relation to the account within the period of 5 years immediately preceding the date when the Commission is informed as mentioned in section 84(1)(a) of this Bill.

3. For the purposes of sections 843 and 845 of this Bill, the term, a “bank” and this section, a “relevant bank” means:
(a) any Central Bank of Nigeria designated money deposit institution; or

(b) such other person or organisation who may lawfully accept deposits as may be prescribed by the Minister.

4. For the purposes of section 841 and 842 of this Bill, references to the transfer of any amount to an association are deemed to be references to any its transfer made to:

(a) the association trustees of the Association, or any trustee for the association, as the association trustees may determine, and any reference to any amount received by an association is to be read accordingly.

NNNGO’s RATIONALE

Having a bank account is essential for any organisation. Nonprofits as part of their accountability processes must have a bank account. Managing a bank account in a nonprofit can be simple or complex depending on the size of the organization and amount of money and assets it possesses. Dormant accounts are evidence of no activity for a long period of time.

The length of time before a bank goes inactive in Nigeria is 12 months for a current account and is classified dormant if it remains inactive for another 12 months. Before accounts are reclassified, your Banking institution will notify you 3 months before your account is reclassified as dormant. In safe guarding the funds in this account, in the case where the organization has not responded and the money is just sitting with the bank, the law provides for the money to be declared/or brought to the attention of CAC who then sets up processes of transferring the money to other nonprofits with similar purpose upon the approval of the minister. A dormant bank account signals to regulators and the public that the organization is no longer in existence. Nonprofits not operating their bank account for up to 5 years at a stretch may send a signal to CAC the need for revocation of registration.

KEY OUTCOMES FOR NONPROFIT

22.1 Nonprofit remains active and maintains ongoing activities and financial transactions through the financial institutions.

22.2.1 Ensure all financial transactions of the organisation goes through a bank account.

22.2.2 Where the organization is having financial difficulties, ensure that donations as small as they are; go through your organisational bank account.

22.2.3 To prevent the organisation from going into a period of inactivity, the Board may put in place a policy for operating reserve funds and investments.

22.2.4 Ensure your banking details are up to date and that the finance team have a chart of accounts in order not to lose sight of any of the organization’s bank accounts.
Clause 846: Bi-annual Statement of Affairs

1. The trustees of an association shall submit to the Commission a bi-annual statement of affairs of the association.

2. If the trustees fail to comply with subsection (1) of this section, every trustee shall be liable to a penalty for every day during which the default continues in such amount as the Commission shall specify in its regulations.

NNNGO’s RATIONALE

Statement of affairs shows your organization's total assets minus total liabilities or simply put, what you own minus what you owe (net worth). It compares transactions at the beginning of a period to transactions at the end of a period to calculate profit and loss.

When done, if your assets exceed your liabilities this shows your organization has a positive capital position (profit). Your organization is not financially viable if your liabilities is greater than your assets i.e. what you owe is greater than what you own.

This report is required by CAC twice a year (June & December). This report helps to ascertain a nonprofits sustainability. It provides smaller nonprofits with the simplicity of managing their finances without having to understand principles of book keeping and it is less expensive to implement than a double-entry book keeping system.

KEY OUTCOMES FOR NONPROFIT

23.1 Nonprofits net worth per time available for sustainability planning and regulatory compliance.

How to achieve this:

23.2.1 Ensure the organization has a paid staff or volunteer staff with basic knowledge in accounting principles and has interest in playing with numbers. Encourage Board and staff to develop financial literacy.

23.2.2 Ensure the organisation has an organizational budget which must include program costs and overhead. Budgets help provide financial information to support all planning.


23.2.3 Ensure the organization keeps proper records of money received and spent. Keep the records in any format you choose; what is important is that it must be easy to find. We recommend keeping it in both electronic and hard copies.
Ensure organisation has in place and implements a financial management policy and that the organisation's annual accounts are inspected and audited by an audit firm. Smaller organizations may keep and submit a profit and loss account to CAC. Larger non-profits are encouraged to have proper audits by an audit firm. Please visit https://bit.ly/30oSWa8 for a sample.

Ensure Board regularly reviews the organization’s income statement, balance sheet (asset and liabilities) and budget quarterly or bi-annually and the annual financial report and audit once a year.

Ensure statement of affairs is accurately prepared and sent to CAC. Note that no one size fits all financial report exists hence you must design your report in a way that communicates information specific to your organization’s current circumstances in a format that matches knowledge level and board members' roles.

Clause 847:
Accounting Records and Statement of Accounts.

1. The trustees of an association shall ensure that accounting records are kept in respect of the association and such accounting records shall be sufficient to show and explain the transactions of the association and shall explain all the association's transactions and:

   (a) disclose at any time, with reasonable accuracy, at any time, the financial position of the association at that time; and

   (b) enable the trustees to ensure that statements of accounts prepared by them comply with subsection (3) of this section.

2. The accounting records shall, in particular contain:

   (a) entries showing from day to day all sums of money received and expended by the association, and the matters in respect of which the receipt and expenditure takes place; and

   (b) a record of the assets and liabilities of the association.

3. The Commission may make regulations generally for the purpose of this Part of this Bill and, in particular, without prejudice to the generality of the foregoing provisions, make regulations:

   (a) prescribing the forms and returns and other information required under this Part of this Bill;

   (b) prescribing the procedure for obtaining any information required under this Part of this Bill;
(c) requiring returns to be made within the period specified therein by anybody corporate to which this Part of this Bill applies; and

(d) prescribing relevant accounting principles/standards to be adopted by the association.

4. Regulations under subsection (3) of this section may in particular make provision:

(a) for any such statement to be prepared in accordance with such methods and principles as are specified or referred to in the regulations; and

(b) as to any information to be provided by way of notes to the accounts.

5. The financial year of an association shall be determined by the Commission through Regulations issued in pursuance of subsection (3) of this section. The Commission may also make provision for determining the financial years of an association for the purpose of this Bill and any regulations made under it.

Clause 848: Preservation of Accounting Records.

The accounting records of an association shall be preserved by it for a period of six years from the date on which they were made.

NNNGO’s RATIONALE

Whether reporting to CAC or not, nonprofits must keep records of their finances and operations as this aids their transparency and accountability. Under this law nonprofit have an obligation to CAC to keep records on how it receives and spends money. When nonprofits show records of how its run, it helps the organization:

- Demonstrate to regulators that it is continuing to be run as a nonprofit and working towards its objectives hence should remain eligible as a registered nonprofit.

- Shows whether or not your organization is in good financial health and is being run efficiently.

- Communicate and prepare reports of your activities to meet your reporting obligations to CAC, other government regulators, stakeholders, donors, funder and the public.

- Though the process might be delegated, it is the responsibility of the Board to ensure account records are kept and that they are prepared according to relevant accounting principles adopted by the organization. The law requires this records be kept for 6 years.

KEY OUTCOMES FOR NONPROFIT

25.1 Nonprofits financial and accounting records properly kept and reported to critical stakeholders.
25.2.1 Ensure your financial records are properly documented and explains how the organization spends and receives its money or other assets (transactions).

25.2.2 Ensure your organisation correctly record and explains your organization's financial position and performance.

25.2.3 Allow for true and fair statements be prepared and audited by an auditor firm. Smaller nonprofits can prepare a profit or loss account (Statement of Affairs).

25.2.4 Ensure operational records are kept in ways that shows your organization is operating as a nonprofit and is meeting its obligations under the part F of CAMA and other regulations such as FIRS act, AML/CFT act.

25.2.5 Records are to be kept for 6 years following which it can be destroyed. We encourage you to check that your organization has no record keeping obligations to donors/founders beyond 6 years before records are destroyed.

Clause 849: Annual Returns.

1. The trustees of the corporation shall not earlier than 30 June or later than 31 December each year (other than the year in which it is incorporated), submit to the Commission a return showing, among other things, the name of the corporation, the names, addresses and occupations of the trustees, and members of the council or governing body, particulars of any land held by the corporate body during the year, and of any changes which have taken place in the constitution of the association during the preceding year.

2. The return referred to in subsection (1) of this section shall be accompanied by the audited statement of accounts the corporate for the year of return.

3. If default is made in complying with this section, the corporate body shall be liable to a penalty as may be prescribed by regulation from time to time.

NNNGO’s RATIONALE

Nonprofits have an ongoing obligation to report to CAC by submitting their annual returns and annual financial report (audited) by 30th June or later than 31st December every year. i.e. the report is due within six months to the end of your reporting period if your organisation operates on a January-December financial year. The submission of annual returns helps the CAC to ascertain that you are still in operations and that your activities are still in line with your object.
KEY OUTCOMES
FOR NONPROFIT

26.1 The nonprofit makes sure its activities are reported to CAC and that it stays registered as a nonprofit.

26.2 How to achieve this:

26.2.1 Ensure the organization has systems and processes in place for reporting and filling its annual returns or information with CAC.

CHAPTER 7 - MERGER AND DISSOLUTION

Clause 850:
Merger of Associations.

1. Two or more associations with similar aims and objects may merge under such terms and conditions as may be prescribed by the Commission from time to time.

NNNGO’s RATIONALE

Nonprofit mergers are becoming a common trend in developed countries and are now a topic of discussion among nonprofit leaders, boards and funders. Mergers provide an avenue to preserve and strengthen needed services provided by nonprofits to communities. The part F of CAMA recognizes mergers, paving the way for nonprofits with similar objects and aims to merge under terms and conditions prescribed by CAC.

Lessons from studies/research have shown that mergers improve the image, reputation and public support for nonprofits, increases financial stability and efficiency of operations. Mergers might also help address issues of duplication of efforts and avoiding solvency.

With the difficult economic climate, the funding terrain for nonprofits is adversely affected, we anticipate an increase in the consideration for mergers by nonprofits to develop greater organizational efficiencies relating to programming, administrative capacity and financial sustainability.

KEY OUTCOMES
FOR NONPROFIT

27.1 Nonprofits considering merger now have a legal framework for merging.

27.2 How to achieve this:

27.2.1 Ensure mergers are championed by the founder with buy-in from both the executive leadership and board of both organizations.

27.2.2 Ensure organizations considering merger have shared similar vision and mission.

27.2.3 Identify potential mutual gains that could be realized in the merger.

27.2.4 Make use of experts in the merger process as they bring specialized knowledge on what the structure or the emerging organization, function and legal aspect of the merger might look.

27.2.5 Ensure your funders are involved throughout the merger process, giving them the opportunity to give input into the plan and process of merger.
Clause 851:
Dissolution of a Corporate Body Formed under this Bill.

1. A body corporate formed under this Part of this Bill may be dissolved by the court on a petition brought for that purpose by:
   (a) the governing body or council; or
   (b) one or more trustees; or
   (c) members of the association constituting not less than 50 per cent of the total membership; or
   (d) the Commission.

2. The grounds on which the body corporate may be dissolved are:
   (a) that the aims and objects for which it was established have been fully realised and no useful purpose would be served by keeping the corporation alive;
   (b) that the body corporate is formed to exist for a specified period and that period has expired and it is not necessary for it to continue to exist;
   (c) that all the aims and objects of the association have become illegal or otherwise contrary to public policy;
   (d) that it is just and equitable in all the circumstances that the body corporate dissolved; and
   (e) that the certificate of registration of the association has been withdrawn or cancelled or revoked by the Commission.

3. At the hearing of the petition, all persons whose interest or rights may, in the opinion of the court, be affected by the dissolution shall be put on notice.

4. If in the event of a winding up or dissolution of the corporate body there remains after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the association, but shall be given or transferred to some other institutions having objects similar to the objects of the association, such institutions to be determined by the members of the association at or before the time of dissolution.
NNNGO’s RATIONALE

The law provides information on how nonprofits can be dissolved, helping to guard against abusive or excessive use of laws on nonprofits thereby ensuring the sectors right to freedom of association and assembly. The law further provides ground on which nonprofits can be dissolved. These aspect of the law safeguards the nonprofit sector and especially nonprofits working on rights related issues who are to susceptible possible donors.

KEY OUTCOMES FOR NONPROFIT

28.1 Nonprofits can only be dissolved by the court through a petition by its Board, members of association (50%) or the CAC.

28.2 How to achieve this:

28.2.1 In cases of unlawful shut down by government be sure each Board members and staff understands the process and grounds for dissolving a nonprofit.

28.2.2 In case the organization wants to wind down, because it has met its objectives, the board must take lead in winding the organization down.