

Why should you change the structure of your charity?

Unincorporated charities may decide to change to a CIO or charitable company structure if, for example, the charity changes in size, needs to employ staff, plans to enter into contracts, or changes how it operates.

Converting a charitable Company to a CIO

1. Choose the correct model constitution

- Choose the model that reflects your current structure:
 - Use the association model if in your charitable company there is a separate voting membership
 - Use the foundation model if in your charitable company the directors are the only members
- The persons who were members of the company immediately before the conversion to CIO will become the first members of the CIO.

2. Consider the purposes of your charity

- The CIO will 'replace' your company, so its purposes must be the same as your charity's purposes
- If you are using this process to review and change your charity's purpose: do this before setting up the company. You will need Charity Commission authority to change your charity's purposes. If the Commission does not provide authority, and you set up the charitable company first, you risk the company having different purposes to your charity's purposes.

3. Check!

- Before submitting your application to change to a CIO, use the checklist to ensure that you have addressed all of the necessary components of the application.

4. Decision making

- The trustees of the charitable company make the decision to convert to CIO and to adopt the proposed CIO constitution.
- Then, members of the charitable company must pass two resolutions:
 - 1. The decision to convert to a CIO
- This resolution must be:**
 - Passed in line with the rules of your articles or
 - Passed with at least 75% of your company's members present and voting at a general meeting passed in line with company law
- 2. The decision to adopt the proposed constitution of the CIO
- Member resolutions must include your company number and charity number**

5. Apply to the Charity Commission

- Include the following information in your application:**
 - Copies of the members' resolutions mentioned above.
 - A copy of the proposed CIO constitution. Show what changes you have made, if any, to the clauses in the model constitution about how the new CIO's could be changed in the future.
 - A completed Trustee Declaration Form
 - If your charity is a private registered provider of social housing, you must include a statement confirming that you have notified the Reeregulator of Social Housing of the proposed conversion.
- Apply for conversion**

6. Charity Commission Decision

- The Charity Commission will check:**
 - Whether the CIO meets the legal requirement to be registered
 - Your declaration that trustees are eligible to serve (they aren't disqualified)
 - That the main and working name of the CIO cannot be confused with that of another charity and is not misleading or offensive
 - Any changes made to the model constitution
 - That your company is up to date with all filing requirements with Companies House and the Commission
 - If your application is refused, explanation will be provided along with the process for requesting a review of the decision.

7. If the application is accepted

- Once the application is accepted:**
 - Your CIO will be registered (this converts the charitable company to the CIO)
 - Companies House will be informed, so that it can remove the charitable company from the register of companies
 - The Commission's registration is provisional until the charitable company is removed from the register of companies
 - You will be told when the conversion of your charity to a CIO is complete

Next Steps...

After your charity is converted to a CIO, you should:

- Tell HRMC about the conversion (if your charity is registered with HMRC)
- Apply to Land Registry to change your charity's details, if your charity owns land or property
- Take any other practical steps in relation to your charity's assets

Change your unincorporated charity to a CIO

1. Before setting up the CIO

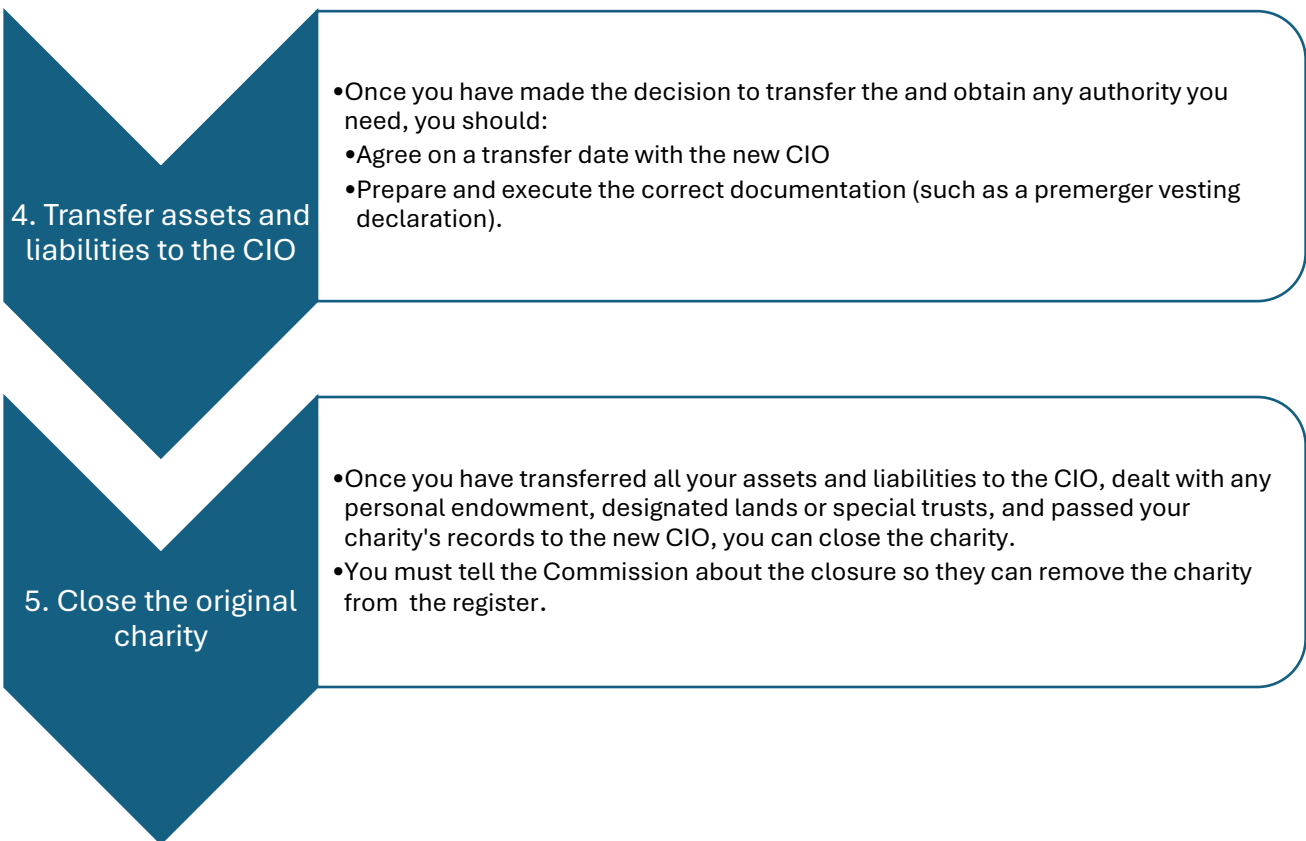
- **Check your purposes** - your CIO's purposes must match that of your charity so that you have the legal power to transfer your charity's assets to the CIO.
- **Governing document rules:** Check whether your charity's governing document has particular rules
- **Membership:** If your charity has members, tell them about your plan to change structure.
- **Name of the new CIO:** Check the rules about charity names and the extra requirements about the names of CIOs.

2. Set up and register the CIO

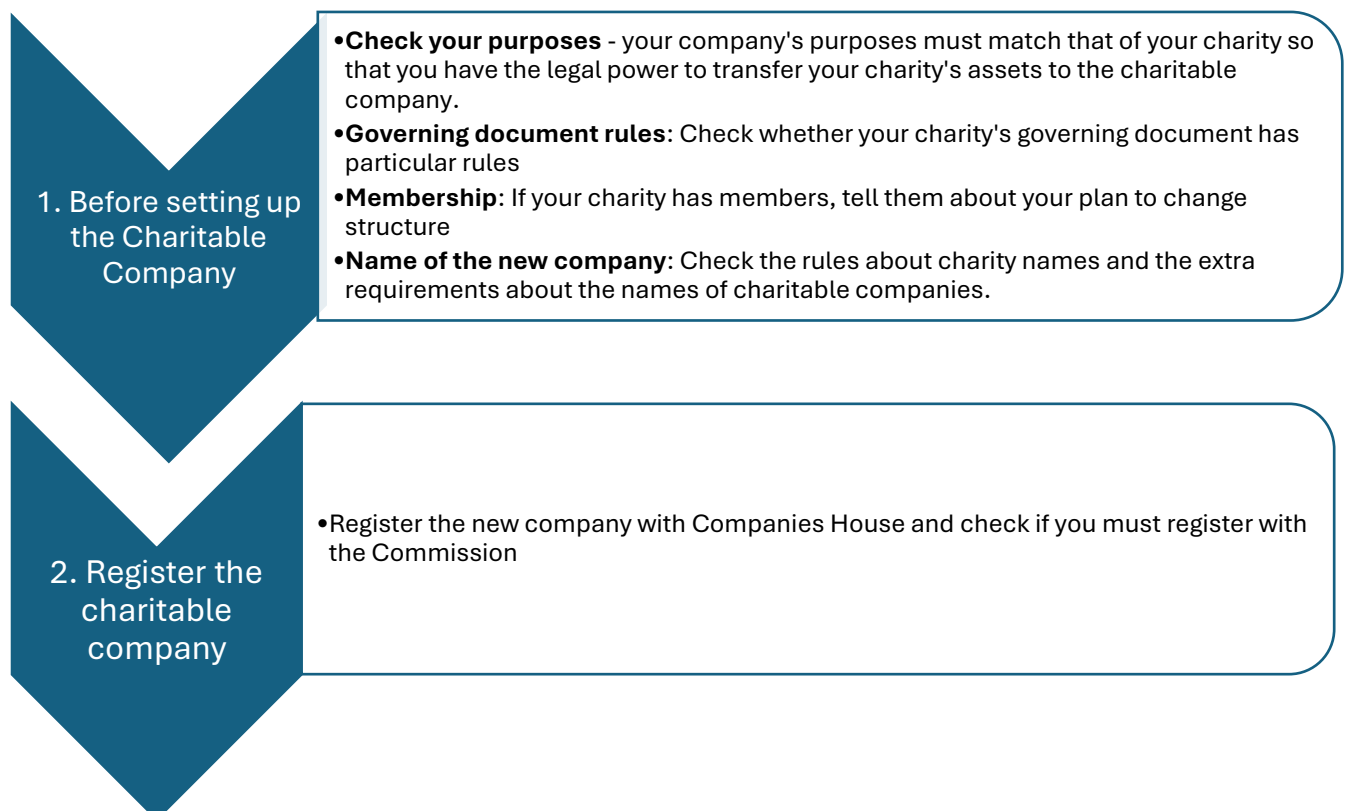
- You must use one of the model constitutions for the CIO. When you apply to register the CIO you will need to show what (if any) changes you make to the model.
- Choose a model constitution based on whether your charity is an unincorporated association or a trust
- Then, register the charity

3. Obtain charity commission authority

- Understand if you will need Charity Commission authority
- **You may need authority if:**
 - the CIO will grant you indemnity for liabilities you incurred as trustees of the unincorporated charity
 - The trustees of your charity cannot manage conflicts of interest when deciding to go ahead with the transfer.
- Apply to the Commission



Change your unincorporated charity to a charitable company



3. Obtain any Charity Commission authority you may need

- Check if your charity needs Commission authority
- Check requirements and apply

4. Transfer assets and liabilities to the charitable company

- Once you have made the decisions to transfer the and obtain any authority you need, you should:
 - Agree on a transfer date with the company
 - Prepare and execute the correct documentation (such as a premerger vesting declaration).

5. Close the original charity

- Once you have transferred all your assets and liabilities to the company, dealt with any personal endowment, designated lands or special trusts, and passed your charity's records to the new company, you can close the charity.
- You must tell the Commission about the closure so they can remove the charity from the register.