Cambridgeshire Community Foundation

Guidance for CICs, Social Enterprises & Companies Limited by Guarantee

Governance

To be eligible for grants, your organisation must meet all **CCF's standard criteria**, which includes the requirement for there to be three independent/unconnected management committee members, trustees.

For CICs, we may be able to accept a management steering group (consisting of volunteers, beneficiaries, etc) as a third governance method alongside two independent/unconnected directors. However, the management (induction, meeting frequency, communication methods) of this steering group must be fully documented.

To guard against any undue influence/control resting with one person, organisations must not have one person or more with significant control who:

- holds more than 50% of the shares
- holds more than 50% of the voting rights
- have the power to appoint or remove directors

We recognise there are different types of social enterprise but expect your company to be Limited by Guarantee. We wouldn't normally support a company Limited by Shares unless the share distribution is to the wider community. Your governance documents should demonstrate:

- clear social purpose
- the company is non-profit distributing
- the required minimum of three directors and complies with the criteria above
- there is an 'asset lock' or similar clause to ensure that on dissolution funds or assets can only be transferred to another asset locked body with similarly aligned objects

We will investigate these aspects of your organisation during assessment.

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Trading

CICs, Social Enterprises & Companies Limited by Guarantee must have been established and running for at least one year before applying.

We expect social enterprises to have a plan or working towards a model for generating income which could include trading and contracts. We will request supporting information which explains your services/activities, the market in which your company operates and trading opportunities – this could be a business plan. Grants will not usually be awarded for core activity; the expectation is that social enterprises have an identified income stream for delivering core services/activities, prior to applying for a grant.

Accounts

You will be required to provide annual accounts when applying. These must:

- show where income comes from to include traded income, grants and donations. If your accounts do not currently provide the detail, you will need to provide additional information.
- provide defined expenditure for the last 12 months
- are in a format capable of acknowledging any funding from CCF as a restricted grant

On receiving an application and carrying out assessment, we may ask the following:

- how many of the company's directors are paid employees of the company
- the salary levels of any paid directors
- the percentage of the company's income generated from trading as opposed to grants (if not clearly shown in your annual accounts or if you have yet to produce annual accounts)