



**Funding to Social
Enterprises
and CIC's**

The Foundation recognises that a Social Enterprise (SE) and Community Interest Companies (CIC) are increasingly part of the wider Third Sector and as such they are often in a good position to tackle social issues by generating income as part of their normal operation. Therefore, when a SE or CIC makes a grant application it is important for the applicant to demonstrate a sound business model or strong financial track record.

If you are a Social Enterprise (including CIC, in addition to meeting our general criteria you will need to demonstrate:

- the public benefit and clear protection against private benefit (CICs should provide CIC 36/37 Public Benefit Statement)
- that you are independent
- that you have social and/or environmental objectives and evidence that these are being achieved
- you earn 50% or more of income from trading
- evidence that more than 50% of profit is being put back into the social and/or environmental purposes
- that all residual assets would go to social and/or environmental purposes on dissolution
- a track record or sound business model through the provision of a business plan
- that you have a minimum of three directors, the majority of whom are not paid employees
- that the salaries and benefits of any paid directors are approved by a majority of non-executive directors and are reasonable and proportionate to the work they do and the financial position of the organisation
- have three or more unrelated directors who do not live at the same address
- have an 'asset lock clause' to ensure that funds or assets can only be transferred to a named organisation or cause with charitable objects aligned to the applicant
- are CLG's (Companies Limited by Guarantee, as opposed to Companies Limited by Shares)

Your CIC must be set up and registered as such with Companies House, and able to provide a registration number. A copy of the Memorandum and Articles of Association must be supplied with applications.

The Foundation would prefer that a SE or CIC will have been registered with the appropriate Regulatory Body for twelve months prior to the date of the grant application. The Foundation would normally expect a SE or CIC to have become self-sustaining within four years from incorporation but will consider applications from those which have been established for a longer period than this, providing the

application is for capacity building or a new initiative that will develop services for the ultimate benefit of the user group.

If a CIC is limited by shares rather than guarantee the company may be eligible providing they meet other criteria which will include open share distribution from the wider community. We will not fund an organisation where the shares are limited to the Directors or people who are involved/employed with the CIC only.