

NEOTROPICAL BIRD CLUB
PROPOSED CONVERSION TO A CIO
QUESTIONS & ANSWERS

1. Why is Council proposing that the NBC converts to a CIO?

CIOs are the modern structure for charities with members. They have at least three features which unincorporated associations (such as the NBC) lack. These are:

- corporate status (but they are not companies) and thus they can enter into contracts and other obligations in their own name (the NBC cannot do this in law);
- as a corporate body they are liable for the debts & liabilities of the organisation (the trustees of the NBC are personally liable for the debts & liabilities of the NBC-this seems unfair and inhibits recruitment of new trustees); and
- they are specifically designed for charities in the 21st century (a topical example of this is that during the pandemic the Government passed legislation allowing CIOs the ability to hold members meetings online and use online voting but unincorporated associations were not included).

Council concluded that all of these features would be advantageous to the NBC and as it could, as a CIO, continue very much as it is today then in all the circumstances it would be beneficial to convert.

2. What actually is a CIO?

CIO stands for a 'charitable incorporated organisation'. Thus:

- it is a **charity** exclusively regulated by the Charity Commission of England & Wales (Charity Commission);
- it is a **corporate body** (but not a company); and
- it is an **organisation**-in our case an organisation of members (the so called 'members model').

In more detail, a CIO of the members model type has:

- charitable purposes (such as, education and conservation);
- a constitution prescribed by the Charity Commission (see also 3 & 8 below);
- members (e.g. paying subscriptions);
- trustees (ultimately elected by the membership);
- an annual general meeting of members;
- annual return & accounts; and
- registration details published by the Charity Commission in its database of charities (e.g. registration number, list of trustees and latest return & accounts).

More information can be found at the Charity Commission's website at

<https://www.gov.uk/guidance/change-your-charity-structure>.

3. How does a conversion happen?

As this is a legal process it is complex. But in a nutshell, it has the following sequential key stages:

- members of the 'old' charity at a special general meeting approve the old charity's conversion to a CIO;
- application is made solely to the Charity Commission for establishment and registration of a new CIO with one of the model constitutions prescribed by the Charity Commission-the 'new' charity;

- the members of the 'old' charity at a second special general meeting approve the transfer of the assets and liabilities of the 'old' charity to the 'new' charity;
- the trustees of the 'old' charity transfer the assets & liabilities of the 'old charity' to the 'new' charity: and
- the 'old' charity is wound up in due course.

4. When would the NBC convert?

Council proposes to convert from 1 January 2022. This is convenient because it ties in with the NBC's financial and membership year. However, timing is dependent upon the date the Charity Commission establishes and registers the CIO (see 3 above).

5. How much will this cost?

In financial terms the cost of conversion is minimal. Minor sums will be incurred in holding the two Special General Meetings (see 3 above). Some notepaper with the registered number of 'old' NBC will be redundant.

Many unincorporated associations have chosen not to convert because of the legal costs incurred (measured in thousands) but the NBC will not be incurring any legal costs.

6. Will the NBC lose its charitable and tax status?

To be a CIO you must be a charity (see 2 above). So, the NBC will not lose its charitable status. Technically, HMRC must be asked to recognise each new CIO as a charity. Thus, on formation we would for example write to HMRC to seek confirmation that Gift Aid continues to apply. No problems are anticipated. This is merely an administrative process.

7. What happens to my membership?

Assuming we convert from 1 January 2022, if your membership expires on 31 December 2021, you will be invited to apply for membership of the CIO from 1 January 2022. If your membership continues through 31 December 2021 (e.g. if you have multiple year membership, Life membership or have renewed for 2022) your membership will automatically transfer to the CIO.

8. Will I notice any changes?

The NBC as a CIO will seem to be very much the same as now.

Looking below the surface you will see:

- a new registered number in official correspondence and documents and a reference to 'CIO' (the number is issued by the Charity Commission on registration);
- a new constitution-this is prescribed by the Charity Commission but we will be working with the Commission to secure a text as similar to the NBC's current constitution as possible; and
- we are proposing to change the legal name of the charity from 'Neotropical Bird Club' to 'Neotropical Birding and Conservation' (subject to approval by the Charity Commission and the members at the proposed second Special General Meeting (see 3 above)). We would still be known as 'NBC'. However, by substituting 'Conservation' for 'Club' we feel this gives more prominence to our bird conservation remit.

9. Will the trustees change?

The current trustees are expected to become trustees of the CIO. They will be subject to re-election at the first Annual General Meeting (AGM) of the CIO. This is expected to be in August 2022- hopefully at a physical Birdwatching Fair!

10. Will there be a change to publishing Neotropical Birding & Cotinga?

No. The journals will include the new registered number and refer to the NBC as a CIO (see 8 above).

11. What happens to the assets of the existing charity?

They are transferred to the CIO. On current plans this would be around midnight on 31 December 2021.

12. What happens to the existing charity?

Once the assets have been transferred to the CIO (see 11 above) the 'old' NBC will be a shell. We will work with the Charity Commission to wind it up. There is a procedure for doing this. If the conversion happens on 1 January 2022, we would anticipate the winding up to occur during 2022.