

## Appendix D Additional Criteria for Community Benefit Societies (CBS) (2026)

In addition to meeting our general criteria, as a CBS you will need to demonstrate the following if your application for funding is to be considered:

Criteria	Checks
That the organisation has charitable objectives and benefits a community within the objectives of the Foundation	Governing Document.
The CBS has a charitable dissolution clause or asset lock.	Governing document - this must be a charity, doesn't have to be named, but the organisation must itself be asset locked. (note – any unspent grant monies must be returned to Two Ridings, not passed to another organisation / group / charity / CIC)
The Society should have at least three unrelated Officers	Governing Document; Management committee list
Under the 2014 Act, a CBS must “carry on a business, industry or trade” that is conducted for the benefit of the community.	Aim to be financially sustainable through trading, while using grants strategically. The ideal target income from trading activities is >50% (e.g. selling goods/services, renting space, membership fees) to demonstrate sustainability and community engagement. <ul style="list-style-type: none"> <li>- Start-up phase (up to 2 years): 0–20%</li> <li>- Growth phase (2-5 years): 20–50%</li> <li>- Mature phase (5+ years): 50–80%</li> </ul> The distinction between grant income and trading income should be clearly defined in their profit and loss account.

Community Shares	Checks/Conditions
Does the organisation follow good practice for receiving community investment?	We require information covering the previous three years: accounts & auditors report, copy of their annual return or financial summary, list of officers, the Society's Rules, a copy of any community share offer in the last 5 years plus a business plan associated with it; and any registered changes in their assets over the previous five years. We expect to see some transparency around this information e.g. published on the organisations website.
Is there an intention to issue interest on shares?	Some CBSs have it written into their governing document that there will be no issuing interest on shares. They will be eligible without additional conditions.
If there is the possibility to issue interest on shares	Governing Document. Additional Conditions if so: The CBS must not use grant funds as interest on shares, nor must the CBS use grant funding in order to be able to offer interest.

Items will be checked as part of our due diligence process. We may request further information.