**Registering your Club as a Charity or Registering a Separate Charity**

Dear Fellow Lions,

Recently we as the MD Treasurer and MD Legal Counsel were asked to advise on whether Lions Clubs could register the Club itself as a charity (the one entity model) rather than registering a separate charity as a distinct legal entity (two entity model).

We set out the background to this issue and our recommendations for moving forward for any Clubs that have already registered their club as a Charity (as distinct from registering a separate Charitable Trust to sit alongside the Club).

There are clubs which have actually registered their club as a Charity withy Charities Services. However, to do so they have amended their standard constitutions to comply with Charities Services requirements. There is a mix of recent attempts to register and registrations that occurred some years ago.

Recent attempts to register was done without reference to the MD office or officers and it is apparent that the clubs concerned did not know that a modification of the constitution required Lions Clubs International approval, which has not been given.

**Advice from Lions Clubs International Legal Division**

The MD Office at our request wrote to LCI Legal for a ruling on clubs changing their constitution to register as Charities. LCI Legal’s response was that these changes (copies were supplied with club names and identifying details deleted) were in breach of the International Constitution and would not be approved by LCI. They specifically referred to Article II of the International Constitution which sets out the purposes of Lions Clubs International. These same purposes are set out in the Standard Form Club Constitution. Their position is that a separate charitable trust should be established by each Lions Club that wishes to register an entity with Charities Services.

This response from LCI Legal is in line with the advice that the MD Treasurer (including previously Stuart Patterson) and Legal Counsel have been giving clubs and the MD and Districts since the Charities Act was amended many years ago.

**Recent Developments with the Charities Service**

A recent application by a club for the one entity model has been rejected by the Charities regulator and they recommended that the club adopt the two entity model that most Lions Clubs have used.

**Council of Governors**

The question of an alternate single entity model has been considered by the Council of Governors as part of the review of this issue, but LCI has advised any changes to the Standard Club Constitution to make a club charitable will be in breach of the LCI International Constitution and will not be approved by LCI. The Council therefore has accepted the advice from LCI and instructed us as the MD Legal Counsel and MD Treasurer to advise clubs of the recommendations below.

**Recommendations**

1.         That any Lion responsible for advising clubs to register a Lions Club as a Charity (as distinct from a separate Charitable Trust), immediately cease giving this advice, as it is in breach of the LCI constitution and could cause a club to have its charter revoked.

2.         Lions Clubs that have already registered themselves as a Charity (which will have involved changes to the Standard Form Club Constitution in breach of the LCI Constitution) recently or in the past are advised to register a separate charitable entity and then amend their club constitutions back to the Standard Form Club Constitution (with additional common seal and winding up clauses consistent with NZ law- see below) and deregister the club as a charity. This will make the club compliant with the International Constitution. They will be able to continue doing their good work in the community via their newly established separate charitable trust.

We as the MD Treasurer and Legal Counsel will remain, as previously, available to assist District Treasurers and Legal Counsel and clubs to achieve these steps and to then operate as appropriate their club and charitable entity to meet the various constitutional and legal requirements.

Alan Knowsley                                    Steve Bennett

MD Legal Counsel                              MD Treasurer

Additional Information to assist with the recommended process:

**Guidance on Establishing a Charitable Trust**

The Lions New Zealand website contains a Draft Trust Deed (in word format) for clubs to use. This can be found in the Members Area, Resources, Summary of Legal Issues, Charity Commission and Tax on Project Funds.

Step by step instructions for establishing a Charitable Trust are set out there as well.

**Standard Form Club Constitution**

This is available on the Lions Clubs International website.

The following additional clauses need to be added to the Standard Form Club Constitution to comply with New Zealand law (LCI has no issue with these additions):

**Common Seal**

The Common Seal shall be under the control of the Board of Directors and shall be held in the custody of the Secretary, or such other officer of the Board as the Board shall from time to time direct, and shall not be affixed to any document except by order of the Board of Directors and then only in the presence of two (2) members of the Board of Directors and the Secretary. In the unavailability of the Secretary, the Board shall appoint the President or Treasurer instead.

**Winding Up**

This club may be put into liquidation if the club, at a general meeting of the Club passes a resolution appointing a liquidator, and the resolution is confirmed at a Special General Meeting called for that purpose and held not earlier than 30 days after the date on which the resolution to be confirmed was passed.

A resolution and confirmation must be carried by a majority of votes cast by members voting in person at each meeting.

In the event of this resolution being passed at such special meeting, any funds standing to the credit of the Lions Club, after full and due obligations have been met, shall be donated or disposed of to recognised charitable or welfare organisations, as decided by the majority of members present at the meeting held for the purposes of winding up the Lions Club.