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Winding up means closing down the charity. Some charities wind up because they have achieved their mission or because they merge their operations with another charity. In other cases, they wind up because they can no longer pay their debts or cannot find volunteers.

Charities must follow their governing documents, for example, their constitution, rules, or trust deed, and all legal requirements during the process of winding up. To satisfy the ACNC requirements, all charities must give any remaining assets to another charity when they wind up. The vast majority of registered charities satisfy this requirement by having a distribution clause in their governing document.

'In the event of the organisation being dissolved, all assets that remain after such dissolution and the satisfaction of all debts and liabilities shall be transferred to another organisation with similar purposes, which is charitable at law and which has rules prohibiting the distribution of its assets and income to its members.'

The governing document may also set out a procedure for choosing the charity where the remaining assets go to.