

FLEURIEU COMMUNITY FOUNDATION LTD

Donor Relations Guidelines

Date of Adoption	27 April 2012
Dates Reviewed:	28 July 2017
Date of Next Review:	30 June 2019

1. PURPOSE:

To identify the process of fostering and maintaining good relations with donors who make substantial donations to the Fleurieu Community Foundation (FCF).

2. BACKGROUND:

The Fleurieu Community Foundation is incorporated as a Public Company Limited by Guarantee under the Corporations Act and is required to report to the Australian Securities and Investment Commission (ASIC) and the public about its activities.

Aims of the FCF include:

- To maintain a sustainable Community Foundation in the Fleurieu (Fleurieu Community Foundation Ltd)
- To build substantial funds from donations and
- To use the income generated from the Open and Public funds to provide grants for charitable purposes and public benefit.

Providing donations to the FCF is a simple, cost effective way for people to invest in the future of local communities and towns of the Fleurieu.

The Board believes that the ability to make small donations provides opportunities for people to become involved in philanthropy on a more regular basis, but also recognises that the growth and development of the Fleurieu Community Foundation Ltd and the FCF Public and Open Fund is very much reliant on the contribution of large donations and the establishment of sub-funds.

Additional benefits and recognition is also given to donors that establish sub-funds within the Public and Open Funds – see *FCF Donations Policy* and *Named and Themed Funds Policy* for more detail.

3. PRINCIPLES:

FCF donation policies are based on the belief that people who provide substantial amounts of money toward a the Fleurieu Community Foundation Ltd organisational account and/or to the perpetual Public or Open Funds should receive some form of recognition and benefit for their generosity.

The Board also believes that the spirit of philanthropy will be sustained for the longer term if good relations are proactively fostered with donors.

4. DEFINITIONS:

- *Fleurieu Community Foundation Ltd* – the fund that provides financial support that enables the administration and infrastructure of the organisation.
- *Open Fund* - Gifts not requiring a tax deductible receipt can be invested in the Open Fund and allows FCF to make grants to a broad range of charitable projects and can be given to a wider number of organisations, not just those with deductible gift recipient (DGR) status.
- *Public Fund* – A public fund is a grant-making fund established by will or by trust. It must be managed and administered by a majority of people who meet the ATO's 'community responsibility' check. The fund must invite and receive donations from the public. Public

funds, if endorsed by the ATO as a DGR (Deductible Gift Recipient - see below), are able to receive tax-deductible gifts. Depending on the type of public fund, there are restrictions on grant making, which must be applied.

- *DGR – Deductible Gift Recipient (DGR)* is an organisation's status under the *Income Tax Assessment Act, 1997* that allows donations to be tax deductible for the donor.
- *Charitable Purposes* - A charitable purpose is one, which the law regards as charitable. The term 'charitable' has a technical legal meaning that is different from its everyday meaning. Charitable purposes are any of the following purposes:
 - the relief of poverty or sickness or the needs of the aged
 - the advancement of education
 - the advancement of religion
 - other purposes beneficial to the community, and
 - the provision of child care services on a non-profit basis.
- *Tax Concession Charity (TCC)* – a TCC is a charity that is exempt from paying income tax on income derived during the period of endorsement (ATO definition).
- *Sub-funds* – Sub-funds are management accounts established in the FCF Public or FCF Open Fund, depending on whether a tax deduction is being claimed. The accounts operate as internal records for the purpose of tracking donations and grants attributed to them. However, the funds are not separate from other money in these accounts because donations are pooled to get the best possible investment outcomes. The pooling of funds is also a requirement for tax deductibility status, because the consequence of sub-funds being treated as a separate fund within the FCF Trust is that the ATO will not allow tax deductibility to be available.
- *Named Fund* - A named fund is a special sub-fund that carries a name for the purpose of honouring someone (or some thing) and preserving their memory. The sub-fund can carry the name of the donor, the donor's family, a family member, a friend, a local pioneer, outstanding citizen or an organisation.
- *Themed Fund* – A Theme Fund is a special sub-fund established for the purpose of directing grants into a specific area of community need or cause as preferred by the donor. *Sponsors* - when the donor receives something tangible or of commercial value in return, or insists on or is promised or acts on an undertaking that a benefit, advantage, right or privilege be returned to him or her as a result of making the donation, then the contribution is not a gift for taxation purposes. In these cases, contributions may be classified as sponsorship and may be claimable as a general business expense (*donors should seek their own professional advice*).

5. DETAILS:

The Board of Directors is responsible for developing and maintaining good relations with major donors, including named and themed sub fund donors and sponsors. On receipt of a major donation, the Board under the leadership of the Chairperson will contact the donor for the purpose of holding a meeting to:

- Establish a personal relationship between the donor and the Board,
- Discuss the aims of the FCF,
- Confirm the donor benefits available,
- Clarify the nature of donor recognition and public acknowledgement,
- Discuss the ethical constraints and restrictions on the Trustee – as detailed in the *FCF Ethical Investments Policy* and *Governance Policy*, and
- (In the case of donors who establish sub-funds) discuss the role of sub-fund advisory committees and the responsibilities of the FCF as Trustee.

Board representation at the meeting can be comprised of the Chairperson or Deputy Chairperson (or the Chairperson's representative) and the EO, or a delegation comprising several Board members and the Executive Officer.

The desire or need for further or regular meetings shall be determined between the donor and the Board representatives.

The Role of the Trustee and Sub-Fund Advisory Committees

Where donors establish sub-funds it is extremely important that the role of sub-fund advisory committees and the legal responsibilities of the Trustee are clarified at the outset. Donors may establish advisory committees for theme and named funds - which may be comprised of the donor alone or several persons appointed by the donor.

Advisory committees can have a number of roles. The main role is to provide advice to the Trustee about the sub-fund and this may include making suggestions and requests regarding the distribution of grants from the sub-fund. An advisory committee might also wish to be involved in:

- Sub-fund investment management in liaison with the FCF Legal and Finance sub-committee,
- Fundraising to encourage the growth of the sub-fund, and
- Discussion of grant-making opportunities and guidelines.

However, it is essential at the outset that the donor is advised about the legislative restrictions that apply to charitable trusts – i.e. that grant-making decisions must always remain within the discretion of the Trustee. The Trustee cannot agree to be bound by any direction from a donor as to grants or give assurances that a request be followed, as a Trustee cannot fetter its discretion under common law relating to trusts.

Nevertheless, it is extremely important for fostering good relations with major donors that the Board indicates a willingness to listen to and receive donor ideas and to act on positive suggestions where they clearly benefit the Fleurieu community, the sub-fund and the FCF.

6. RESPONSIBILITY:

The FCF Board of Directors is responsible for fostering and maintaining good relations with all major donors and sponsors – which includes those major donors to the Fleurieu Community Foundation Ltd organisational account, those who have established sponsorship agreements, or who have established Named or Themed sub-funds, and in particular those that have established sub fund advisory committees.