

Profit for Purpose

Financial Sustainability, DGR, GST



YEARS



Profit for Purpose

Session outcomes

1. Financial Sustainability
2. Deductible Gift Recipient
3. Goods and Services Tax

Financial Sustainability

- What is it?
- Why is it important?
- How do we get there?

An organisation is financially sustainable if its core work will not collapse, even if external donor funding is withdrawn.

WHAT IS FINANCIAL SUSTAINABILITY

The Why

- To be able to prepare for rainy days, member downturn, increased costs, improved member activities
- Clearing myths?
 - Can a Not For Profit make a profit?
 - Can a Not For Profit have too much cash in reserve?

Check this out

ACNC provides the following guide on reserves

https://www.acnc.gov.au/ACNC/FTS/Charity_reserves.aspx#Appropriate

The Journey...

- Plan and Budget

- Know your costs
- Consider the what ifs?
- Plan for the future

Strategise:

1. Where are we now?
2. Where are we going?
3. How are we going to get there?

Deductible Gift Recipient Status

1. Also known as DGR
2. Allows people or corporations that makes a donation to your shed to claim a tax deduction (if over \$2)
3. Becoming a requirement for many community funding grants

Steps:

- Be recognised as a Charity through the ACNC
- Be recognised as a Health Promotion Charity by the ACNC
- Apply to ATO for DGR status

The Problems

Health Promotion Charity Status

The Shed must:-

- Established and operated only for a charitable purpose
- Be 'an institution'.

The Problems cont.

- Have a principal activity that promotes the prevention or control of diseases in human beings.
 - *THIS IS THE BIGGEST CHALLENGE*
 - Disease is broad and can include depression or other mental illnesses but does not include general health and wellbeing

Constitution

- Change will be required in the objects of the Constitution to reflect that the Shed has a principal activity of preventing “*x disease*” through the activities of the Mens Shed

Constitution

- While your at it you need to add some DGR revocation clauses that states: Any surplus funds can only be transferred to another DGR that has a similar charitable purpose where:
 - Shed is dissolved or wound up
 - Endorsement is revoked or cancelled



Goods and Services Tax

Is it worth registering, really?

How Does GST Work?

Compare?

With GST?

- 10% on all income, aside from donations, goes to the govt.
- Need to provide a tax invoice
- Report and remit yearly or quarterly
- Reduces expenditure costs by 10% on materials purchased from a GST registered supplier

Without GST?

- Keep the full income
- Can just provide receipts or generic invoices
- No reporting to the ATO
- Full price on expenditure

Consider....

1. Will you generally get a refund?
2. Is the refund worth the time in recording GST separately in the accounting system?
3. Is the refund worth the additional reporting to the ATO through the Business Activity Statement?
4. Is the refund worth changing your invoice template?



Questions?

Disclaimer

The information contained in this presentation is general in nature and does not take into account your individual situation. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice.

Taxation, legal and other matters referred to in this presentation are general nature only and are based on interpretation of the laws existing at the time and should not be relied upon in place of appropriate professional advice. Those laws may change from time to time.

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Handy Links

<http://mensshed.org/acnc-mens-sheds/>

[http://www.acnc.gov.au/ACNC/FTS/Fact DGR.aspx](http://www.acnc.gov.au/ACNC/FTS/Fact_DGR.aspx)

<https://www.mango.org.uk/guide/financialsustainability>