



GUIDELINES FOR SCHOOL PRINCIPALS

SETTING UP SCHOOL LIBRARY AND BUILDING FUNDS FOR GOVERNMENT SCHOOLS

January 2017

Introduction

The Department of Education and Training of the Victoria State Government commissioned Ardoch Youth Foundation to undertake the School/Community Partnership Pilot to support a pilot group of four Government Schools in disadvantaged communities in setting up tax deductible School Library and/or Building Funds and using these to engage philanthropic, community and corporate support. The aim of the project is to develop clear guidelines for Victorian Government Schools on how to set up School Library and/or Building Funds, secure tax deductible status and use them to fundraise and engage community support.

This project reflects the increasing recognition of the potential impact of philanthropic sectors partnering with Government schools due to the “enhancement and expansion of philanthropic and corporate responsibility and the increasing recognition of the importance of education in meeting social and economic goals” (Department of Education and Training, Victoria State Government, 2016). This potential was highlighted in the ACER Leading Learning in Education and Philanthropy survey in 2013, the 2011 Review of Funding for Schooling report by David Gonski and the Bracks Government Schools Funding Review in 2015.

About Ardoch

Ardoch Youth Foundation is a charity based in Victoria that provides education support for children and young people in disadvantaged communities in partnership with schools and early years services.

Ardoch has provided education support to children and young people in disadvantaged communities for almost 30 years. The work began in Melbourne in 1988 with founder Kathy Hilton OAM's determination to see a 17-year-old girl experiencing homelessness stay at school and complete her education. Since then, Ardoch has helped thousands of children and young people to stay at school, receive a helping hand with their education and have access to more choices and opportunities in life.

Ardoch's primary objective is to build the capacity of schools, early years services and communities to deliver targeted programs that will improve learning and wellbeing outcomes for children and young people in areas of high need and enable them to access learning, stay in school and reach their full potential.

Vision

Every child's and young person's potential is realised through full participation in education

Mission

As outlined in Ardoch's theory of change, our mission is to:

- form long-term partnerships with schools and early years services in disadvantaged communities
- develop and deliver innovative learning and wellbeing programs based on data and evidence
- mobilise volunteers to support children's learning
- partner with organisations to build a network of support for schools and early years services
- advocate for policy change and funding to reduce inequity in education

School Building Fund

A School Building Fund is a public fund which can be endorsed by the Australian Taxation Office (ATO) as a deductible gift recipient (DGR).

The ATO lists the characteristics of a School Building Fund as:

- There must be a school.
- There must be a building.
- The building must be used as a school by a qualifying body is a government, a public authority or a non-profit society or association.
- The use of the fund must be for an acquisition, construction or maintenance of a building.

School Library

A School Library can be endorsed by the Australian Taxation Office (ATO) as a deductible gift recipient (DGR) if it meets the criteria of a public library. The school can use the name of 'Library Fund' but it is the library itself that is eligible for DGR status if considered to be a public library.

The criteria are:

- The library is a place set apart to contain books and other literary material for reading, study or reference.
- The affairs of the library are separate from the general affairs of the school and the accounts are separate from those of the rest of the organisation.
- The library is operated by an Australian government agency or is a registered charity. A government school is an Australian government agency.

Any gifts made to the School Library Fund will be used only for library purposes - books, literacy resources, training and learning activities that take place within the library space

Tax Deductibility

Individuals who make gifts or donations to an organisation that has deductible gift recipient (DGR) status are able to 'deduct' those gifts from their own income for tax purposes. Schools and other organisations in Australia have found that people are more likely to donate if organisations have DGR status because of the tax deductibility for donations over \$2.

Organisations with DGR status are also eligible to receive funds from certain grant makers and philanthropic bodies that can only fund DGRs, opening up new potential sources of funding for specific needs and projects. DGR status for School Libraries and Building Funds are beneficial for government schools that aim to start fundraising and receiving gifts from the public for buildings and/or library purposes, or want to attract funds from the grant makers and philanthropic bodies that can only give funds to DGRs.

How to set up a School Building Fund for DGR endorsement

The first step is to develop the School Building Fund Rules - you can use the example below (Appendix A) and adapt for your school.

You then need to establish a committee to manage the fund, with a majority of individuals who are 'Responsible Persons'. This is an individual who:

- performs a significant public function (e.g. principal, long-term teacher);
- is a member of a professional body with a code of ethics or rule of conduct;
- is officially charged with spiritual functions by a religious institution;
- is a director of a company with Australian Stock Exchange listed shares;
- has received formal recognition from government for services to the community; or
- approved Responsible Person by Commonwealth Commissioner of Taxation.

Examples include school principals, judges, clergymen, solicitors, doctors and other professions, mayors, councillors, town clerks, members of parliament.

How to set up a School Library for DGR endorsement

The key to a School Library endorsement (and the way that it differs from a School Building Fund) is that the endorsement is for the operation of a library as an 'institution' - it is not a fund endorsement.

The example of School Library Rules below (Appendix B) can be adapted for your school. This example rules document outlines how the library operates, establishment and operation of the gift fund, issuing of receipts, record keeping, responsible persons for the committee etc.

As with the School Building Fund, you need to establish a committee to manage the library with a majority of individuals who are 'Responsible Persons' as defined in the Rules document.

How to apply for DGR status

Download the ATO's 'Application for endorsement as a deductible gift recipient' form, which is available at: www.ato.gov.au/Forms/Application-for-endorsement-as-a-deductible-gift-recipient

Complete the form(s) and submit to the ATO along with the Building Fund and/or Library Rules as the schedule. For best practice, you can also send the details of the committee for each application.

The relevant DGR item numbers are:

2.1.10 - School Building Fund

12.1.2 - Public Library

The ATO will appoint a Case Manager to assess the application, work with you on any issues that need to be resolved and process the DGR endorsement if it meets the criteria.

Schools Plus

Schools with an Index of Community Socio-Educational Advantage (ICSEA) value of under 1,000 are also able to access tax deductible donations through Schools Plus (www.schoolsplus.org.au). The charity was established in 2003 to increase schools' access to philanthropy following reports that highlighted the potential benefits of increasing philanthropic support for the education system.

Schools Plus has created an online fundraising platform - 'Fundraise Yourself'. This platform enables schools and parent associations to run crowdfunding and fundraising drives and receive tax deductible donations for projects expected to lead to improved, measurable outcomes for students in schools facing disadvantage.

Donors pay a 5% contribution fee for all donations to school projects made via Schools Plus, in addition to standard credit card fees for donations made online.

Guidelines and registration details at: www.schoolsplus.org.au/register-school

Partnership with Ardoch

Ardoch partners with schools and early years services in communities experiencing high levels of socio-economic and other forms of disadvantage. Ardoch's place based work focuses on systemic change within disadvantaged communities through collective impact and partnership working. Our strategy is to increase our reach, impact and influence in order to improve opportunities and outcomes for vulnerable children and young people, and reduce the impact that disadvantage has on children's education from early years through to secondary schooling. Through our place-based approach, Ardoch works in partnership with clusters of schools and early years services with specialist Education Partnership Coordinators based in the following areas:

- Geelong
- Melbourne's West
- Frankston
- Dandenong

Ardoch also works in partnership with schools in disadvantaged communities throughout Victoria through our programs team in Melbourne, delivering programs such as Literacy Buddies®, Numeracy Buddies, Learning through Lunch and Broadening Horizons, training and placing community volunteers to work in schools and engaging corporate, community and philanthropic supporters.

Ardoch Youth Foundation uses community data to identify areas with the highest need for educational support, such as Socio-Economic Indexes for Areas (SEIFA) from ABS data. Our school partners have an Index of Community Socio-educational Advantage (ICSEA) value of under 1,000 (the average), or are slightly higher but have over a third of their students in the bottom quartile. We use the Australian Early Development Census (AEDC) data to identify target areas for our early years work where young children are particularly vulnerable when they start school, together with community data about socio-economic disadvantage.

If you would like further information about developing a school partnership with Ardoch, please contact Adele Stowe-Lindner, Programs Manager, on 03 9537 2414 or Adele.Stowe-Lindner@ardoch.org.au

Contact details for place based areas can be found at: www.ardoch.org.au/contact

Appendix A - School Building Fund Rules example

EXAMPLE SCHOOL BUILDING FUND - RULES

The name of the fund is Example School Building Fund

- The object of the Example School Building Fund is to provide money solely for the purpose of acquisition, construction or maintenance of school buildings
- The public is invited to contribute to the fund
- The fund must be managed by members of a Committee that includes the Principal of Example School (Department of Education and Training Victoria), a majority of whom have a degree of responsibility to the general community
- The fund operates on a non-profit basis
- Gifts and deductible contributions to this fund are kept separate from any other funds
- Receipts must be issued in the name of the Example School Building Fund
- If Example School Building Fund is wound up, or its endowment as a Deductible Gift Recipient is revoked (whichever occurs first), any surplus of the following assets shall be transferred to another organisation to which income tax deductible gifts can be made:
 - Gifts of money or property for the principal purpose of the Example School Building Fund;
 - Contributions made in relation to an eligible fundraising event held for the principal purpose of the Example School Building Fund;
 - Money received by the Example School Building Fund because of gifts and contributions.
- The Australian Taxation Office is to be notified in writing of any changes to these governing rules

(set out on school letterhead and signed by the Example School Principal and Business Manager)

Appendix B - School Library Rules example

EXAMPLE SCHOOL LIBRARY RULES

Address: ...

ABN: ...

Website: ...

Background

A. The School Council is a body corporate established by order of the Minister of Education under Part 2.3 of the *Education and Training Reform Act 2006 (Vic)* (**Education Act**) as amended from time to time.

B. The School Council wishes to establish, or has established, a library (Library) at the School specified in the Schedule to these rules for the following purposes (Purposes):

- (a) To establish and/or maintain a Library at the School for the use of the School;
- (b) To preserve and maintain the collection of books and other materials for reading, study or reference to be housed in the Library at the School for the use of the School;
- (c) To acquire by purchase books and other materials for reading, study or reference to be housed in the Library at the School for the use of the School;
- (d) To accept gifts (by will or otherwise) of suitable books, equipment and other materials for reading, study or reference to be housed in the Library at the School for the use of the School;
- (e) To accept gifts (by will or otherwise) of money or property to be used for the Purposes of the Library;
- (f) To open the Library to the students of the School during School hours for purposes of reading, research and borrowing; and
- (g) To maintain a catalogue of books and other materials for reading, study or reference housed in the Library.

C. The Library is housed in a separate room or building which is used exclusively as a Library.

D. The Library collection is marked as belonging to the Library and catalogued and maintained by Library staff.

E. The School Council wishes to establish and maintain in accordance with these rules a school library fund to be applied to the above Purposes.

1. Definitions

In these rules unless the context otherwise requires:

Deductible Contribution means a contribution that is deductible under Items 7 or 8 of the table in subsection 30-15(2) of the ITAA 1997;

Gift Fund means all money or property received by the School Council for the Purposes and maintained under clause 3 of these rules;

ITAA 1997 means *Income Tax Assessment Act 1997 (Cth)* as amended from time to time; and

Responsible Person means an individual who:

- (a) performs a significant public function;
- (b) is a member of a professional body having a code of ethics or rule of conduct;
- (c) is officially charged with spiritual functions by a religious institution;
- (d) is a director of a company whose shares are listed on the Australian Stock Exchange;
- (e) has received formal recognition from government for services to the community; and

(f) is approved as a Responsible Person by the Commonwealth Commissioner of Taxation.

2. Objects

The School Council shall establish and maintain in accordance with these rules the Gift Fund. The Gift Fund will solely be applied to the Purposes and to which the School Council will invite the public to make contributions.

3. Establishment and operation of Gift Fund

3.1 Maintaining a Gift Fund

The School Council must maintain a Gift Fund for the Purposes to which all gifts of money and property, or Deductible Contributions, and any money received by the School Council because of those gifts or Deductible Contributions including, without limitation, any money received because of investment of those gifts or Deductible Contributions shall be credited and applied solely for the Purposes.

3.2 Limits on use of the Gift Fund

The School Council must use the following only for the Purposes:

- (a) gifts, or Deductible Contributions, made to the Gift Fund; and
- (b) any money received because of those gifts or Deductible Contributions including, without limitation, any money received because of investment of those gifts or Deductible Contributions.

4. Issuing of receipts for gifts and Deductible Contributions

4.1 Receipts for gifts

Receipts for gifts to the Gift Fund must state:

- (a) the name of the Library as stated in the Schedule to these rules;
- (b) the Australian Business Number of the School; and
- (c) the fact that the receipt is for a gift.

4.2 Receipts for Deductible Contributions

Receipts for Deductible Contributions to the Gift Fund must state:

- (a) the name of the Library as stated in the Schedule to these rules;
- (b) the Australian Business Number of the School;
- (c) the fact that the Deductible Contribution was made in return for either or both:
 - (i) a right to attend or participate in a specific fund-raising event;
 - (ii) the purchase of goods and services at an auction held at a fund-raising event;
- (d) the amount of the Deductible Contribution if the Deductible Contribution is money; and
- (e) the Goods and Services Tax inclusive market value of the minor benefit provided in return for the Deductible Contribution.

5. Receipts other than of gifts or Deductible Contributions

For the avoidance of doubt, receipts of money or property that are received by the School Council for the Purposes other than as a gift or Deductible Contribution, including any money received because of investment of such receipts, shall not form part of the Gift Fund but shall form part of the Fund and the School Council shall maintain records for any such receipts to distinguish them from receipts of gifts and Deductible Contributions in the Gift Fund.

6. Records

The School Council shall keep or cause to be kept records that explain all transactions and other acts that the School Council engages in that are relevant to the Purposes that also explain how gifts of money or property, or Deductible Contributions, and any money received because of such funds or Deductible Contributions, including without limitation, any money received because of investment of those gifts or Deductible Contributions, received for the Purposes are applied towards the Purposes. The School Council must retain such records for at least five years after the completion of the transactions or acts to which they relate.

7. Non-profit

The assets and income of the Gift Fund shall be applied solely to further the Purposes and no portion shall be distributed directly or indirectly to any individual except as bona fide compensation for services rendered or expenses incurred on behalf of the Gift Fund.

8. Revocation of deductible gift recipient status

If the School Council ceases to be endorsed as a deductible gift recipient under Division 30 of the ITAA 1997 in respect of its operation of the Library, the School Council must transfer any surplus assets of the Gift Fund to another entity that is endorsed as a deductible gift recipient under Division 30 of the ITAA 1997, such entity to be determined at the discretion of the School Council, and the transfer of the assets of the Gift Fund must satisfy any conditions relating to such a recipient entry's deductible gift recipient endorsement as set out in the relevant table item in subsection 30-B of the ITAA 1997.

9. Winding up of the Fund

At the winding up of the Gift Fund, any surplus assets of the Gift Fund remaining after the payment of liabilities attributable to the Gift Fund shall be given or transferred to another entity that is endorsed as a deductible gift recipient under Division 30 of the ITAA 1997, such entity to be determined at the discretion of the School Council, and the transfer of the surplus assets of the Fund must satisfy any conditions relating to such a recipient entity's deductible gift recipient endorsement as set out in the relevant table item in subsection 30-B of the ITAA 1997.

10. Separate Accounts

The School Council must maintain separate accounts for the Library, as determined by the School Council from time to time, to which only money received for the Purposes may be credited.

11. Responsible Persons

The School Council shall ensure that the Fund shall be controlled by an executive committee consisting of a majority of Responsible Persons who may be comprised of members of the School Council.

12. Notice to ATO

The Australian Taxation Office must be notified of any alterations made to these rules.

Ardoch Youth Foundation
Level 4, 85 Queen Street
MELBOURNE
Victoria 3000

Tel. 03 9537 2414

www.ardoch.org.au