

Fundraising foundations

Legal information for community organisations

This fact sheet covers:

- ▶ what is a foundation?
 - ▶ are there alternatives to setting up a foundation, and
 - ▶ where can I find an existing foundation
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If you want to start a fundraising entity or grant making foundation to support a particular cause or charity, you may consider setting up a charitable trust or a Public or Private Ancillary Fund (PAF).



Caution

When setting up a foundation which will conduct fundraising activities – note that you will have to meet legal requirements which differ between state, territory and local governments.



Note

This fact sheet provides information on fundraising foundations. This information is intended as a guide only, and is not legal advice. If you or your organisation has a specific legal issue, you should seek legal advice before making a decision about what to do.

What is a foundation?



What is a foundation?

There is no legal definition for the term 'foundation', but it's generally understood to be **a type of charitable trust that distributes funds for charitable purposes**. Those purposes should be charitable, in accordance with section 12 of the *Charities Act 2013* (Cth).



The foundation will be not-for-profit and generally managed by trustees. The laws that apply to trusts in Australia are complex, so we suggest you speak with a lawyer to understand the risks and obligations before setting up a trust.

What is a Public or Private Ancillary Fund (PAF)?

PAFs are *types of foundations that are endorsed as deductible gift recipients (DGRs)*. This means that donations made to these funds may be tax deductible.



Note on DGR

Your organisation will have to:

- meet various requirements to be endorsed (officially recognised) by the Australian Tax Office (ATO) as a deductible gift recipient (DGR) (a 'special tax status'), and
- once endorsed, comply with ATO reporting requirements

For more information see our [DGR webpage and guide](#).

Are there alternatives to setting up a foundation?

A simpler alternative to setting up your own structure is to find an existing foundation that you could contribute to in support of your cause.

Some existing foundations will allow you to establish named sub-funds or special accounts and will manage the administration for you. Through an existing foundation you can set up a fund in memory of a loved one, or in support of a particular charity or cause, without the cost and administrative difficulty of setting up your own PAF.

Where can I find an existing foundation?

Most trustee companies have Public Ancillary Funds.

There are also independent, community-owned foundations in Australia. You can search the [Australian Community Philanthropy website](#) for foundations.

Local foundations can respond to donors of all backgrounds. Two of the larger foundations, the [Australian Communities Foundation](#) and [Lord Mayor's Charitable Foundation](#), have a variety of giving options, including setting up named sub-funds. There can be minimum requirements for setting up a named sub-fund (for example, the Australian Communities Foundation requires a minimum contribution of \$20,000). There may also be other local community foundations near you that offer the same possibilities.



Note

Not-for-profit Law generally can't assist individuals or organisations looking to establish a PAF or other form of charitable trust. If you think this might be a good option for you, you should seek independent legal advice.

Resources

Philanthropy Australia

▶ [A guide to giving for Australians](#)

This freely downloadable guide provides useful information on how to locate or establish a charitable trust or foundation.

▶ [Public Ancillary Funds Trustee Handbook](#)

A plain English introductory guide to the role and duties of the trustee and trustee directors of public ancillary funds.

▶ [Private Ancillary Funds Trustee Handbook](#)

A plain English introductory guide to the role and duties of the trustee and trustee directors of private ancillary funds.

Australian Taxation Office

▶ [Private ancillary funds](#)

Information from the ATO on the tax treatment of private ancillary funds.

▶ [Private ancillary fund model trust deed](#)

This model trust deed can be used to establish an acceptable form of trust for private ancillary funds.

▶ [Public ancillary funds](#)

Information from the ATO on the tax treatment of public ancillary funds.

▶ [Public ancillary fund model trust deed](#)

This model trust deed can be used to establish an acceptable form of trust for public ancillary fund.

▶ [State, territory and local government requirements](#)

This sets out the regulations in place for fundraising activities in Australia.

Victorian Department of Families, Fairness and Housing (DFFH)

▶ [Community foundations](#)

DFFH has produced a number of videos on community foundations, including an introduction, fundraising, grant recipients, grant making, structure and funds development.