

**Deductible Gift Recipient Status – Wanneroo Library and Cultural Centre**

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**Policy Owner:** Community Development  
**Contact Person:** Manager, Community Capacity Building  
**Date of Approval:** 23 August 2011 (CD01-08/11)

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**POLICY OBJECTIVE**

The purpose of this policy is to endorse the establishment and maintenance of the Wanneroo Library and Cultural Centre (WLCC) as a **Deductible Gift Recipient (DGR)**, enabling donors to make tax-free donations for charitable activities.

**POLICY STATEMENT**

The City is committed to the endorsement and maintenance of Deductible Gift Recipient Status that will enable donors to make tax-free donations and gifts to the Wanneroo Library, Regional Museum and/or Gallery, and will enable Council to be proactive in seeking philanthropic funding to support these aspects of its operations.

**SCOPE**

This policy applies to the Wanneroo Library and Cultural Centre, to council employees seeking donations to support the Wanneroo Library, Museum and/or Art Gallery, as well as to donors and potential donors to the WLCC **Gift Fund**.

The policy does not apply to sponsors or potential sponsors whose sponsorship is tax deductible regardless of the Deductible Gift Recipient status of the organisation being sponsored.

**BACKGROUND**

The Library, Museum and Art Gallery located within the Wanneroo Library and Cultural Centre are essential public assets which have the potential to attract significant philanthropic support in the form of monetary donations, grants and donations of physical items.

The City is therefore committed to the endorsement and maintenance of Deductible Gift Recipient Status that will enable donors to make tax-free donations to the Wanneroo Library, Museum and/or Art Gallery, and will enable Council to seek philanthropic funding to support these aspects of its operations.

All donations, gifts, bequests or property received by the City of Wanneroo for the WLCC will be received into the WLCC Gift Fund and payments made from such donations recorded against that fund.

It is important to note that DGR status has been granted to the WLCC and not to Council as a whole. Funds gifted to the WLCC Gift Fund can only be spent on the WLCC for charitable services and activities not on any other Council operation. The fund will not be used to reduce the annual commitment of City of Wanneroo Council towards ongoing operation of the WLCC.

Upon winding up, dissolution or revocation of Deductible Gift Recipient entitlement for the Wanneroo Library and Cultural Centre, any remaining funds or donated items within the fund, after satisfaction of all debts and liabilities, will be transferred to another deductible gift recipient approved under the Income Tax Assessment Act 1997.

### **CONSULTATION WITH STAKEHOLDERS**

This policy has been created through consultation between the Community Capacity Building service unit.

### **IMPLICATIONS (Financial, Human Resources)**

The creation of a Gift Fund and identifying and attracting grants and other donations to the City's Libraries, Regional Museum and Gallery are consistent with the objectives of the Community Capacity Building service unit. In addition, the sourcing of funding from philanthropic organisations is consistent with the objectives of the City's Grants Officer, enabling the sourcing of new opportunities to fund projects and programmes for the WLCC.

Consideration has been given to the additional administrative work required to receive and account for tax deductible donations and the Community Capacity Building service unit has the resources necessary to meet these requirements.

There are no costs expected in the steps required to obtain Deductible Gift Recipient status, however, some expenditure could be required should the City of Wanneroo seek to advertise the endorsement of the WLCC Gift Fund as having Deductible Gift Recipient status.

### **IMPLEMENTATION**

The WLCC Gift Fund will have the following characteristics:

- It will be used only in the furtherance of the objectives of the Wanneroo Library, Wanneroo Regional Museum or Wanneroo Art Gallery;
- All grants, gifts, bequests and other deductible contributions, whether of money or property, for the above purpose are made to Gift Fund;
- Any money received by the organisation, because of such gifts, or deductible contributions, is credited to the Gift Fund;
- The fund is used solely for the principal purpose of the fund; and
- Upon winding up, dissolution or revocation of Deductible Gift recipient entitlement for the WLCC Gift Fund, the City of Wanneroo is required by this policy and by the *Income Tax Assessment Act 1997* to transfer any remaining funds or donated items within the fund, after satisfaction of all debts and liabilities, to another Deductible Gift Fund, authority or institution.

All gifts and contributions to the fund will be recorded through the City's financial management system for grants and cash gifts. A register will be maintained for property, art and cultural gifts.

In addition, the City will record all transfers from the gift fund and investment returns on money or property that has been transferred out of the fund. Contributions to the fund will be clearly recorded separately from the rest of the organisation.

### **ROLES AND RESPONSIBILITIES**

The City's Manager Community Capacity Building is responsible for monitoring compliance with this policy and will provide interpretations in the event of need for clarification.

### **DISPUTE RESOLUTION**

All disputes in regard to this policy will be referred to the Director Community Development in the first instance. In the event that an agreement cannot be reached, the matter will be submitted to Council for a ruling.

### **WHO NEEDS TO KNOW ABOUT THIS POLICY?**

Mayor, Elected Members, CEO, Directors, Managers, Council staff and the community.

### **EVALUATION AND REVIEW PROVISIONS**

Donations received into the WLCC Gift Fund will be the primary means of evaluating the effectiveness of this policy. Separate accounting of transactions made to and from the Gift Fund will enable the City to determine:

- The effectiveness of the City's donation seeking program;
- The success of applications to philanthropic trusts; and
- Whether the administrative work required in the maintenance of a Gift Fund is offset by donations received into the fund.

Organisations and funds that are endorsed as DGRs are expected to be audited annually.

Deductible Gift Recipient endorsement comes with a number of obligations. Accurate and regular financial reporting and self-review for the ongoing eligibility of DGR are fundamental. If these obligations are not met, DGR status may be revoked.

Endorsement by the Australian Taxation Office as a Deductible Gift Recipient is important to the WLCC in its fund raising activities. As an endorsed DGR, the WLCC is required to regularly review its purposes, activities and transactions to ensure that it is still entitled to endorsement. In the event that it is no longer entitled, the Australian Taxation Office must be notified of this fact.

**DEFINITIONS**

DEFINITIONS: Any definitions listed in the following table apply to this document only.	
<b>Deductible Gift Recipient (DGR)</b>	A DGR is a fund or organisation that has been endorsed by the Australian Taxation Office as a Deductible Gift Recipient, meaning that donors can claim a tax deduction for donating to that organisation.
<b>Gift Fund</b>	A budget line to which any money or the deductible contributions received by the Deductible Gift Recipient is credited. This budget line can be used solely for the principal purpose of the fund.

**RELEVANT POLICIES/MANAGEMENT PROCEDURES/DOCUMENTS OR DELEGATIONS**

Deductible Gift Recipient Status Management Procedure

**REFERENCES**

Nil

**RESPONSIBILITY FOR IMPLEMENTATION**

Manager Community Capacity Building

<b>Version</b>	<b>Next Review</b>	<b>Record No:</b>
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