



Sub funds

The structure of Stand Like Stone allows organisations, individuals or families to support community projects and educational scholarships by establishing a Sub Fund within the Stand Like Stone Foundation. An initial donation creates a Sub Fund making it easy for people to make further donations that will benefit your community or area of interest. It's simple to set up and there is no establishment cost.

The Sub Fund is established within one of the trust funds; Open Fund, Public Ancillary Fund or Educational Scholarship Fund. Donations to the Public Ancillary Fund and Educational Scholarship Fund are tax deductible. Grants and scholarships given from the Sub Fund are acknowledged as being made from the Sub Fund.

Donors may indicate a preference that a particular group or type of eligible projects or educational areas benefit from its donation.

The Sub Fund can be added to over time and it is recommended that a Sub Fund continues to be built over time.

Donations made to a Sub Fund within the Open Fund and Educational Scholarship Fund are perpetual which means that the capital donated to the fund is preserved and only the income generated is used to give grants or scholarships. Over time with further contributions a Sub Fund can build to become a substantial community funding tool.

The goal is to attain capital growth over time, so that the income from the donation increases in line with inflation.

As the ATO requires the Public Ancillary Fund during each financial year to distribute at least 4 per cent of the market value of the fund's net assets only part of the capital donated to the fund is able to be preserved in perpetuity.

By establishing a Sub Fund you are ensuring that your local community or area of interest will receive grants or scholarships in long into the future, rather than a once off donation.



How to establish a Sub Fund with the Stand like Stone Foundation

It is very easy to establish a Sub Fund with the Stand like Stone Foundation. You can establish a Sub Fund immediately with \$5,000 and an understanding you will seek to build the Sub Fund to a minimum of \$15,000 within 3 years and to continue to grow the Sub Fund over time. There is no upper limit. Stand Like stone welcomes donations of all sizes – every donation makes a difference. Smaller donations are pooled with others to have a greater impact in meeting local needs.

Once your Sub Fund reaches \$15,000 you can start your giving program.

To ensure the Stand Like Stone Foundation is meeting its requirements as a Deductible Gift Recipient and Income Tax Exempt Charity with the Australian Taxation Office, Sub Funds form part of the whole trust fund. Sub Funds are not separately accounted for in the statutory financial statements of Stand Like Stone but are able to be separately identified by Stand Like Stone. The public are invited to contribute to the Public Ancillary Fund.

Features and benefits of a Sub Fund

- Can be established immediately with \$5,000 and an understanding you will seek to build the Sub Fund to a minimum of \$15,000 within 3 years and to continue to grow the Sub Fund over time.
- Can be established in the Open Fund, Public Ancillary Fund or Educational Scholarship Fund.
- Donations to the Public Ancillary Fund and Educational Scholarship Fund are tax deductible and the trust funds are income tax exempt
- No ongoing administrative or reporting requirements for the donor
- Low cost, Stand Like Stone's service fee is a maximum of 2% per annum of average capital of each trust fund. At the end of each quarter a maximum of .5% of the service fee is charged to the Sub Fund.
- While Sub Funds are separately identified for investment purposes the Sub Funds benefit from forming part of a pooled investment
- Donors may indicate a preference that a particular group or type of eligible projects or educational areas benefit from its donation.
- Sub Funds can be added to over time and it is recommended that Sub Funds continue to be built over time.
- Donations made to a Sub Fund within the Open Fund and Educational Scholarship Fund are perpetual which means that the capital donated to the fund is preserved and only the income generated is used to give grants or scholarships.



Additional features and benefits for Not for Profits

- Donations to the Sub Fund need not form part of the NFPs balance sheet, but can be accounted for separately
- The endowment carries the extra protection against any misuse by an NFP as Stand Like Stone is the Trustee of the Sub Fund
- Development of greater independence from external funding sources in the long term
- A Stand Like Stone Sub Fund has the potential to expand and grow the NFPs supporter and donor base
 - as an independent and secure option for donors gifts,
 - as an additional mechanism to attract funds which complements and supports the organisations overall fund raising strategy

Naming of Sub Funds

Donors may request a particular name for a Sub Fund but due to Australian Tax Office rules it cannot incorporate the words “Foundation” or “Trust”. The word “Fund” may be used providing it is clear that the Sub Fund is part of the trust fund of the Stand Like Stone Foundation.

Identifying an Area of Interest

When establishing a Sub Fund, donors can identify their areas of funding interest and work with Stand Like Stone to identify organisations and charitable projects that they would like to support, to address those areas of interest.

If a donor expresses a preference about the areas of interest which could benefit from the Sub Fund, a Donation and Request Form is signed.

Advisory Committees

Donors establishing a Sub Fund may be invited to form an advisory committee which can work on all aspects of its Sub Fund from being involved in grant making or giving scholarships and encouraging donations.

The advisory committee may express a preference to the Board on how grants and scholarships could be made.

Whilst the Board encourages input from donors regarding their intentions, under Australian Taxation Office ruling governing the operation of community foundations, the trustee's are unable to delegate any decision-making in relation to funds distribution, therefore the final decision remains the responsibility of the Board.



However, given Stand Like Stone's commitment to meeting a diverse range of community needs, we aim to work with our donors to help you fulfil your charitable and philanthropic objectives and ensure the most mutually satisfactory outcomes.

Stand Like Stone will provide support to the Advisory Committee for fund development activities and making recommendations on giving grants and scholarships.

If a donor forms an advisory committee a Donation and Request Form is signed.

The role of the Advisory Committee is to:

- represent the community or interests relevant to the Sub Fund;
- when called upon by the Trustee, reviews grant or scholarship applications that relate to the Sub Fund
- with the support of Stand Like Stone promote the Sub Fund and help to build local fundraising, partnerships and corporate relationships
- identify local needs
- identify local marketing and media opportunities

The Advisory Committee is not required to be incorporated, have a trust deed or act as a formal board.

It is important that the composition of the Advisory Committee be representative of the community, for example, if the Sub Fund is for a particular region, a diverse group of people that represent the community should be on the Advisory Committee. Where the Sub Fund relates to a cause or interest, the Advisory Committee should be comprised of key stakeholders that actively participate or benefit from activities of that cause/interest group.

Once you have established an Advisory Committee, Stand Like Stone will review its membership and ask you to nominate a person to liaise between the Advisory Committee and Stand Like Stone.

Giving grants or scholarships from a Sub Fund

Stand Like Stone calls for grant applications from the community twice a year and once a year for educational scholarship applications. The applications relevant to a particular Sub Fund are then distributed to the Advisory Committee which make recommendations to the Stand Like Stone Board on the projects or scholarship applicants they would like to support and reasons why they have been recommended.

All grants and scholarships given from Sub Funds will be distributed in line with the Stand Like Stone Foundation's Grant Making Guidelines and Educational Scholarship Guidelines.



Recipients of both grants and scholarships are required to sign an agreement and to report on the outcomes.

Sub Funds can make requests to the Stand Like Stone Foundation Board on the distribution of grants and scholarships from Sub Funds. The Board will seriously consider preferences from the committee / donor; however the final decision about grant making and giving scholarships will be made by the Board as the trustee of the Public Ancillary Fund, Open Fund and Educational Scholarship Fund. Donors may make distribution and grant making requests to the Board being mindful of all legal restrictions which apply.

Donations

As Stand Like Stone is legally the trustee of all Sub Funds all donations must be made to the Stand Like Stone Foundation, not to the Sub Funds, with a written request or a Donation Form in the name of the Stand Like Stone Foundation. Suggested wording of the written request are:

"I request this donation to the stand Like Stone Foundation be attributed to the Sub Fund of the Stand Like Stone Foundation."

Receipts will be issued in the name of the Stand Like Stone Foundation.

Where a Sub Fund has received cash from a number of donations, the Sub Fund may provide a single cheque payable to the Sand Like Stone Foundation. If donors require a receipt, a list of the donations with names and addresses should be enclosed.

Types of donations

- General donations - at any time you can make a donation of cash or property such as land, art work or shares to Stand Like Stone. Donations can be made by individuals, families, community and service groups, businesses and government organisations.
- Memorial donations - family and friends often give donations rather than flowers, in memory of their loved ones who have died. These gifts not only honour the life of the person who has died, but offer practical support to the community.
- Leaving a Gift in Your Will (Bequests) - a bequest is a gift made from your Estate to the Stand Like Stone through a mention in your Will. If you are considering making a bequest we recommend you seek professional legal advice.
- In Lieu of Gifts - gifts to celebrate a special occasion such as a birthday, anniversary or wedding will also help the community.



Marketing your Sub Fund

Holders of Sub Funds can produce their own marketing material in consultation with Stand Like Stone and need to consider the following:

- Ensure that it has the approval of the Stand Like Stone Foundation in advance of publishing written or electronic publications
- It must be clear that the Sub Fund is part of the Stand Like stone Foundation
- Ensure that the Stand Like Stone logo is used on all material published by the Sub Fund
- Published material must not have any reference to Sub Funds directing the application of the Sub Funds or suggesting the Sub Funds belongs to the donor or is controlled by the Sub Funds

Donors also have the option to remain completely anonymous and Stand Like Stone will ensure complete privacy and discretion.

Fundraising

Sub Funds can undertake fundraising for Stand Like Stone and request that any money raised be attributed to a particular Sub Fund, but it must do so under the Stand Like Stone's banner and subject to the Stand like Stone's approval.

Service fee

It is incredibly efficient and cost effective to have a Sub Fund with Stand Like Stone. As a community not-for-profit organisation, we try very hard to keep the costs as low as possible in order to maximise the value of the endowment and the funds available for grant making.

Stand Like Stone charges an annual service fee of a maximum of 2% per annum of average capital of each Trust Fund. At the end of each quarter a maximum of .5% of the service fee is charged to the Sub Fund.

There are no start-up costs, and all the donor services are included in this single fee. In order to achieve these low costs, Stand Like Stone receives sponsorship and pro-bono support from a range of partners.

The Service Fee includes:

- Administration of the whole grant making and scholarships distribution process, from calling for applications, advising applicants of the outcome of their application, ensuring that grant and scholarship agreements are signed and returned, paying grants and scholarships and ensuring that final reports are received
- Accepting donations, issuing receipts and sending letter of thanks



- Issuing an annual Sub Fund statement
- Funds management and investment management costs
- Audit, compliance and risk management
- Some marketing of the Sub Fund including a listing on the Stand Like Stone's website
- Newsletters
- Annual Reports

Distribution and Grant Making

It is a requirement of the ATO that a minimum of 80% of the total income from the Open Fund and Educational Scholarship Fund, in each financial year, is distributed in grants and scholarships.

It is a requirement of the ATO that during each financial year, the Public Ancillary Fund distributes at least 4% of the market value of the fund's net assets, as at the end of the previous financial year.

The Trustee can therefore decide in relation to the Sub Funds to attribute an accumulation of income, a distribution of the income or a distribution of both income and capital. The donor can make a request to the Trustees in relation to this, but the Trustee must balance its obligations to carry out the purposes of the Trust Funds and comply with the ATO's requirements in making its decision.

How do you know what's happening with a Sub Fund

Stand Like Stone communicates with all our donors. There are bi-monthly newsletters, the annual report and grant making and / or scholarship opportunities. Once a year you will receive a statement for your Sub Fund identifying donations to and grants from the Sub Fund.

Corporate Governance

One of the key benefits of giving to the Stand Like Stone Foundation are:

- The assurance through Stand Like Stone's structure as an independent trustee, that your gift will be responsibly managed in perpetuity where possible – and continue doing good for the community as the community's needs change
- Strong governance & operational efficiency through a carefully selected Board of Directors who meet the Australian Tax Office's (ATO) definition of having 'community responsibility'.
- As Stand Like Stone is incorporated as a Public Company Limited by Guarantee under the Corporations Act it is required to report to the Australian Securities and Investment Commission (ASIC) and the public. A copy of the Constitution including financial statements is available at www.standlikestone.com.au or by contacting the Executive Officer.



- The public company, the Stand Like Stone Foundation, is the trustee of the Public Ancillary Fund, the Open Fund and the Educational Scholarship Fund where gifts to the Stand Like Stone Foundation are held. Each fund is established by a separate Trust Deed.
- The trustees are responsible for investment decisions and for ensuring that income is distributed in line with the stated purposes in the trust deeds. Copies of the Trust Deeds are available at www.standlikestone.com.au or by contacting the Executive Officer.

Information in this document was provided by Melbourne Community Foundation Philanthropic Advisory Service for the Office for the Community Sector, "Setting up a sub fund within a community foundation: issues to consider", August 2009