DGR Process – The sticking points when Applying for DGR

Fun Fact: All applications for DGR status are submitted to the ACNC. The ACNC investigates your application and makes a recommendation to the ATO. The ATO then approves your organisation or not on the ACNC’s advice.

**Get to know the ACNC website – it has so much information on applying for DGR and PBI.**

Changing Your Organisations Purpose

The first step is the biggest. Your organisation’s Committee needs to make the decision to change your organisation’s Purpose.

In short, your new purpose has to state that the reason for your existence is to ‘help disadvantaged (‘poor and destitute’-their words) people’. This doesn’t mean that you can’t do anything else, but it has to be the **main** thing you do and your programs and classes have to reflect that. Also, the majority of the earnings you make from other programs need to be directly spent on supporting the running of programs for disadvantaged people. This needs to be clear. These programs also have to be ***only*** for disadvantaged people (**exclusively**). These programs have to state that they are *not* **‘everyone’s welcome’** programs.

If your organisation **does** run a significant number of programs for disadvantaged people, ie the community you serve is in a disadvantaged neighbourhood or you work on public housing estates or with people with a disability etc, then this should not be a problem. If however, your organisation does not do significant work with disadvantaged groups then it’s a decision your committee needs to make about focusing on this as a priority. Remember your organisation is asking to be classed by the ATO as a DGR organisation, and **ethically and legally you cannot raise money that is tax deductible for people that are not disadvantaged.**

Once your Committee gets their head around that…… it’s time to get to work!

1. **Choose your Charity Subtype**

There are 12 Charity subtypes. Neighbourhood Houses could class themselves most likely under 2 subtypes; **Subtype 2**. **Advancing Education** or **Subtype 3. Advancing social or public welfare**.For the purposes of this session we are going to focus on **Subtype 2 Advancing social or public welfare** as it is what we have done and what we know.

*For a full list of charity subtypes please see ACNC website. Go to Publications then Factsheets, guides and tips.*

1. **Changing your Constitution**

Your Constitution will need to change so it reflects the subtype of charity. An Advancing social or public welfare subtype charity’s purpose should be **Relieving the poverty, distress or disadvantage of individuals or families.** Being successfully classed as this subtype also automatically gives you the status of Public Benevolent Institution.(PBI)

The wording of your organisation constitution’s purpose needs to be specific.

Below are some examples of other organisations Charity’s Purpose’s that have been approved to be DGR and PBI by the ACNC and the ATO. **There are many other examples of ‘purpose statements’ on the ACNC website.**

**Macedon Ranges Shared Table Inc**

2 Purposes The Association is established to be a Charity whose purposes are to be a Public Benevolent Institution for those people and families who are experiencing severe hardship and disadvantage in the Macedon Ranges community (the Community), and to advance the social and public welfare of that same Community, by:

 (a) raising money within the Community;

(b) providing financial and other support to those members of the Community who are experiencing severe hardship and who require assistance; and

(c) doing all other things incidental to achieving and carrying out the purposes.

**Jika Jika Community Centre:**

The Association is established to be a Charity whose purposes are to be a Public Benevolent Institution for those people and families who are experiencing poverty, disadvantage or distress within the Northcote community and surrounding areas, and to advance the social and public welfare of the same community by;

1. Providing educational support, skills, training and volunteering opportunities to increase independence
2. Deliver programs that address food security issues
3. Provide programs that reduce social isolation and enhance wellbeing
4. Develop activities that prevent sickness and distress
5. Provide Support Services for people experiencing hardship
6. Partner with organisations, community groups, government departments and philanthropic bodies to share and activate resources in order to grow, replicate, or introduce programs for the community.
7. Doing all other things incidental to achieving and carrying out the purposes

**Reservoir Neighbourhood House**

Overarching purpose statement: The Reservoir Neighbourhood House is established to be a charity whose purpose is to advance social and public welfare by providing direct relief to those experiencing poverty, sickness, homelessness, family violence, mental health issues, distress or misfortune in the community.

As a means of achieving this, the Reservoir Neighbourhood House will:

 • Provide emergency financial and material aid such as food and clothing relief to people in necessitous circumstances such as those who are homeless and others who cannot afford to buy clothing for themselves. This includes providing toy hampers to people living in poverty in the local area at Christmas time.

 • Operate and run free lunches for people who are experiencing hardship through poverty, homelessness, sickness or isolation, particularly in the area of East Reservoir.

 • Provide shower facilities and hygiene packs to homeless people, asylum seekers, Indigenous young people and other people in housing crisis in our community.

 • Provide activities for people experiencing hardship, disability, family violence and/or asylum seekers to promote their physical and mental health so as to have the same opportunity to life experiences as people who are not experiencing these hardships.

• Provide respite care to young people with autism and/or a physical or mental disability who generally are cared for continuously by a family member

The Association may only exercise its powers and use its income and assets (including any surplus) for its purposes. 2.2

In addition to these basic purposes, the purposes of the Association consist of the doing of any lawful thing incidental or conducive to the attainment of the basic purposes.

There are 3 other clauses that are less controversial that need to be in your new constitution.

**The not for profit clause**; 'The assets and income of the organisation shall be applied solely to further its objects and no portion shall be distributed directly or indirectly to the members of the organisation except as genuine compensation for services rendered or expenses incurred on behalf of the organisation.'

 **The dissolution clause:** 'In the event of the organisation being dissolved, all assets that remain after such dissolution and the satisfaction of all debts and liabilities shall be transferred to another organisation with similar purposes, which is charitable at law and which has rules prohibiting the distribution of its assets and income to its members.'

**The DGR revocation clause**; ‘If the organisation is wound up or its endorsement as a deductible gift recipient is revoked (whichever occurs first), any surplus of the following assets shall be transferred to another organisation with similar objects, which is charitable at law, to which income tax deductible gifts can be made:a. gifts of money or property for the principal purpose of the organisationb. contributions made in relation to an eligible fundraising event held for the principal purpose of the organisationc. money received by the organisation because of such gifts and contributions.’

**For information about the process of changing the rules and lodging a changed constitution please see Consumer Affairs Vic.**

1. **Re -do your website and other publications**

**All information must match up in all publications**; eg cooking group in Annual report not the same info as community cooking group on your website.

As part of the approval process the ACNC will look at your website and other publications to make sure you are the delivering discreet social welfare programs that you say you are. This can mean a tab on your website that says ‘Community Support’ or ‘ Services’ and lists all the programs you run for disadvantaged people only. You can see some examples of websites that have this tab if you go to the websites of Jika Jika Community Centre, Reservoir Neighbourhood House or Morwell Neighbourhood House.

1. **Fill out the Charitable Services Institution – schedule for DGR applicants.**

See form (**attached**). As a Subtype 2 with PBI – you will need to fill out Section E. This is where you describe the activities your organisation does that directly relieves poverty, sickness, distress, destitute, misfortune, disability or helplessness (Yeah good times!) Here is where you need to be specific. An example would be: We deliver free lunch twice a week to homeless people, then fill out how many hours it takes to deliver each week and an estimate of how much of your budget you spend on on it.

You also need to explain the other programs you run that do not fit into Subtype 2. Remember you are allowed to make money on programs but the money you make should be spent supporting disadvantaged people. So again you need to explain how much time you spend running them and how much of your budget do you spend on them.

And that’s the sticking points when applying for DGR and PBI. It’s a little bit of effort but surprisingly not as painful as we thought. And if your submission fails, you will receive a caseworker to help you with your application from the ACNC. So if you think your House should be a DGR charity – go for it!!!