

Establishment of an Ancillary Fund (multiple DGR use)

Item Class AA-A-AA, ITAA Item 2 of table in section 30-15

The Ancillary Fund which acts as an umbrella fund allowing the donor or members to give to a Foundation or Trust fund which in turn then distributes the money to other tax deductible funds that the organisation may prefer to use. (such as Building Funds, Welfare Funds, etc.)

There are several advantages in setting this up which include

- Discretionary giving is directed to a centralised fund, thereby reducing administration costs.
- Develops a culture of giving that is not focused on a specific need. (e.g. Buildings or Welfare), ensuring the longevity of additional giving
- Allows flexibility by Leadership to distribute the funds more widely over a longer period of time to multiple projects.
- the Board of Director's determine where these funds actually go in a discretionary manner.

The conditions are briefly

- Payments must be made to another approved DGR fund, or
- used in the genuine administration and audit of the fund, or
- Fundraising costs of the fund
- Must have a separate set of rules for governance that meet the requirements of TR95/27
- Can be the same Board as the organisation but must have representation of "responsible persons" (refer Section 10 of TR 95/27)
- Separate Bank Account
- Receipts each year in name of Fund.

As an extension of the Ancillary Fund it also allows some areas of mission giving to become tax deductible, providing the money is passed onto another DGR fund. (for example: AOG World Relief -Tsunami Appeal was processed through AOG World Relief, Teen Challenge, Mercy Ministries Inc, Youth Alive)

If I can be of any further assistance please do not hesitate to contact the writer

Yours in Christ

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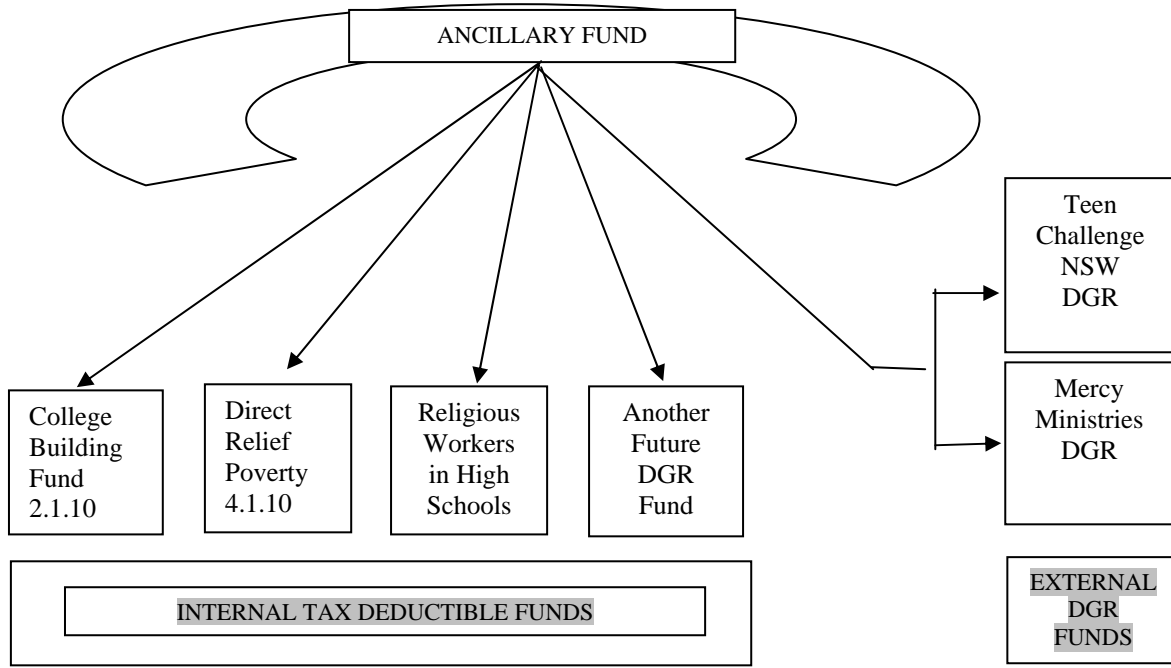
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**LOCAL CHURCH OVERVIEW
ANCILLARY TRUST / FOUNDATIONS
Appendix1**



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