



Australian Government



Australian
Charities and
Not-for-profits
Commission

Gifts and honorariums: What your charity should know

Presented by:

Heath Eldridge and Chris Riches

February 2019

acnc.gov.au/webinars



What we'll cover today

- What gifts and honorariums are
- Why some charities provide them
- ACNC expectations
- Legal implications
- Questions to ask and things to think about



Just before we start ...

Some charities refer to payments like this as '[allowances](#)' or '[ex-gratia payments](#)'.

No matter the difference in names, the considerations for charities still apply.



What are gifts and honorariums?

For charities, a gift is:

something given to a person without obligation and may be in the form of money, goods or other property.

For charities, an honorarium is:

an honorary payment made to someone without obligation in recognition of their service.



Why are they made?

Gifts and honorariums are similar - and both are made to people without any obligation.

If there is any significant difference between the two, it is that:

Gifts are usually smaller, and given as a thankyou - maybe to a volunteer who helped during a fundraiser or activity.

Honorariums are given in recognition of longer service - perhaps on a board or committee.



THANK
YOU

ACNC expectations

The ACNC generally expects that gifts or honorariums will be of a token nature.

Gifts or honorariums should not provide any individual with a sizeable or significant personal benefit.

Gifts or honorariums of significant value might put the charity at risk of 'not complying with its purpose and character as a not-for-profit entity'



However

It is up to a charity's Responsible Persons to figure out what is an 'acceptable value' for any gift or honorarium.

In doing so, Responsible Persons should consider the charity's financial position, as well as its ability to carry out its charitable purposes.



Legal considerations

Organisations must ensure any decision to provide a gift or honorarium does not run counter to the requirements for it to remain registered as a charity with the ACNC.



Legal considerations

To remain registered, a charity must:

- remain a not-for-profit and comply with its purposes
- be accountable to its members

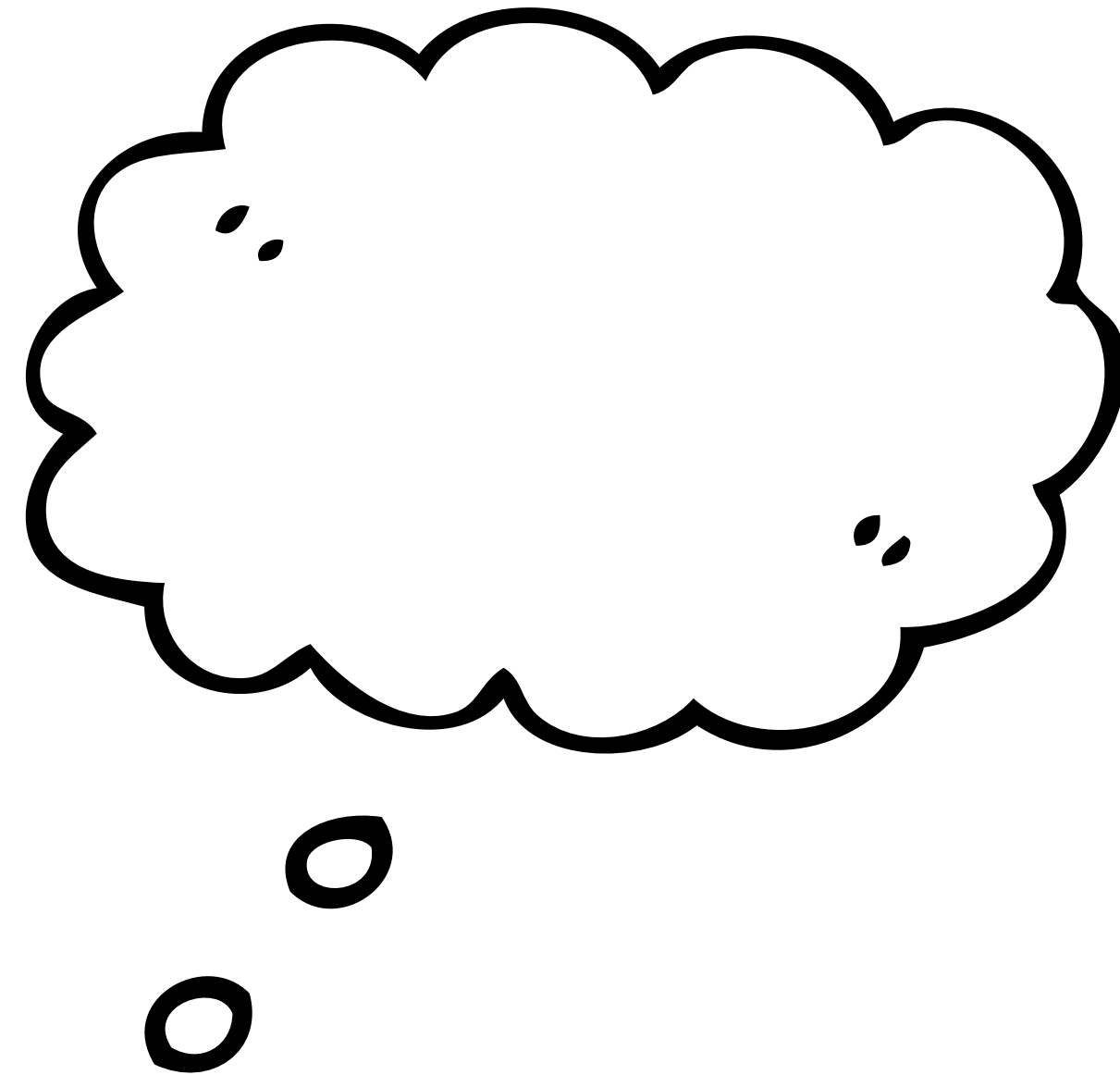
A charity's Responsible Persons must:

- act in good faith in the charity's best interests, and to further its purposes.
- disclose perceived or actual conflicts of interest.
- properly manage the charity's financial affairs.



Think about ...

- Private benefit
- Lack of transparency and accountability
- Failing to act in the charity's best interests
- Conflicts of interest
- Poor financial management
- Employment and taxation law



Questions you should ask

- Do your charity's governing rules allow gifts and honorariums?
- How will you determine the value of the gift or honorarium?
- Will the payment affect any funding arrangements?
- What will charity supporters and members think? Will you consult with them?
- Is it a one-off? Or is it really a wage or pay packet?
- Should you be offering remuneration or re-imbusement rather than a gift or honorarium?



Questions you should ask

Does your charity have a formal policy on the issue?

Develop a policy which outlines:

- when a gift or honorarium can be provided,
- the circumstances surrounding its provision,
- who has decision-making authority on providing a gift or honorarium
- the 'checks and balances' you will work through to decide the provision of a gift or honorarium is appropriate
- how your charity will inform supporters, volunteers, members and donors about their provision.

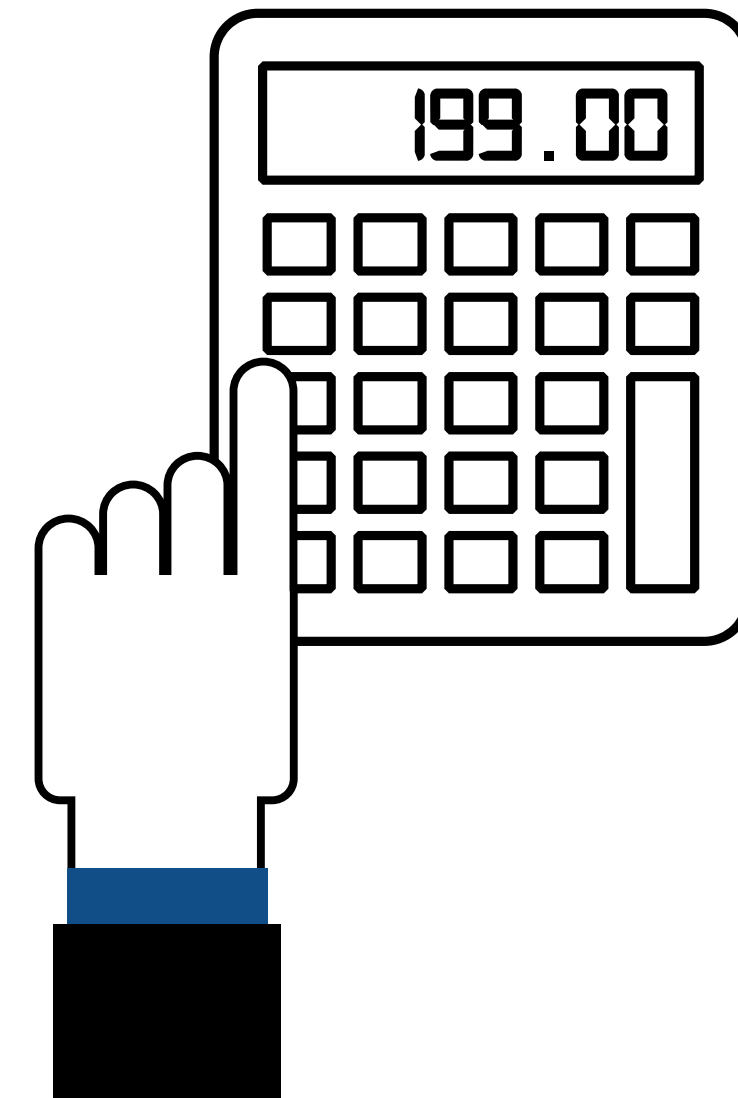


Financial reporting

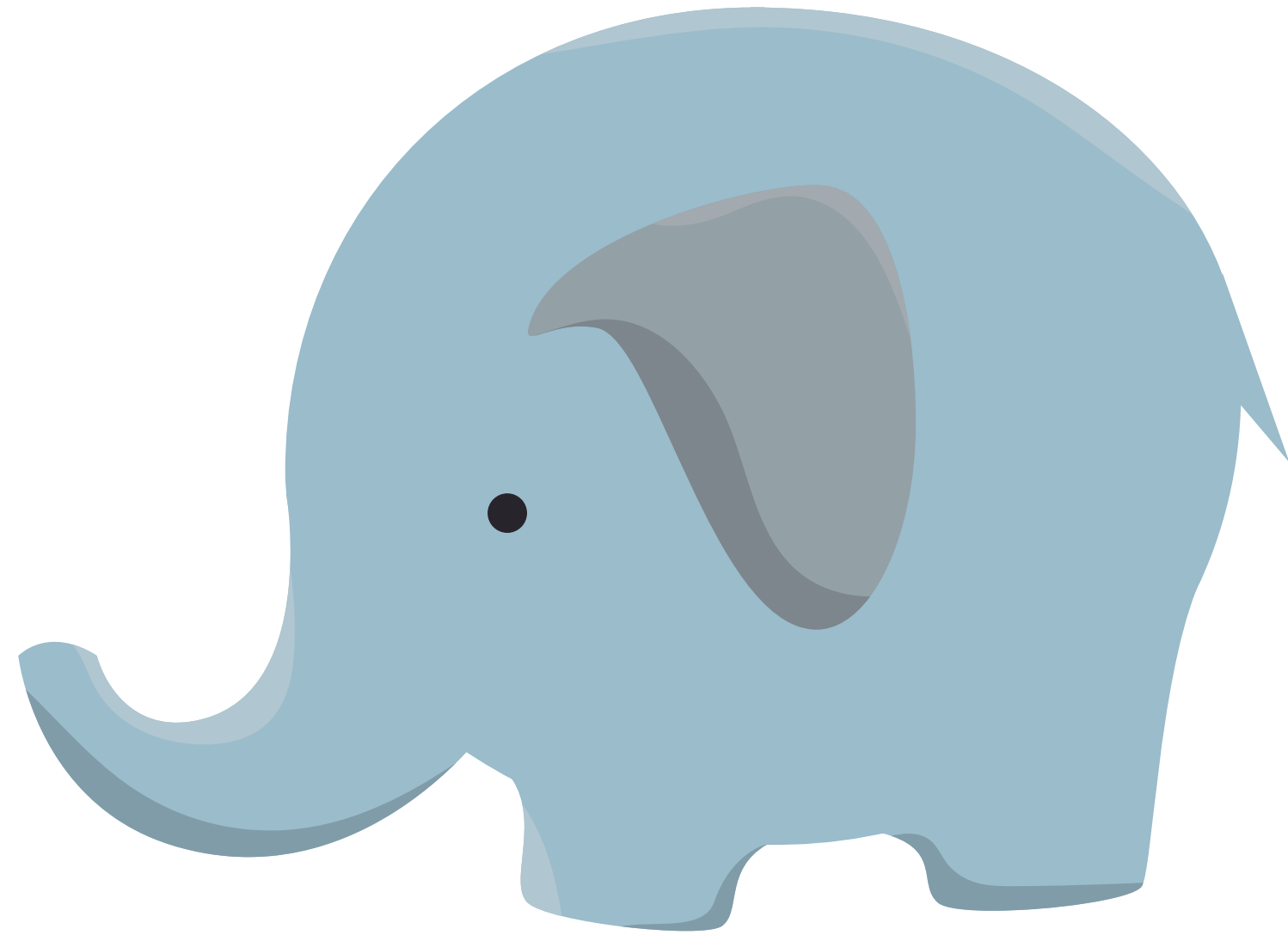
If your charity provides a gift or honorarium, you may have to disclose it in your financial reporting.

Gifts or honorariums to related parties must be disclosed in financial reports.

These disclosures occur under Australian Accounting Standards, and as part of medium and large charities' reporting to the ACNC.



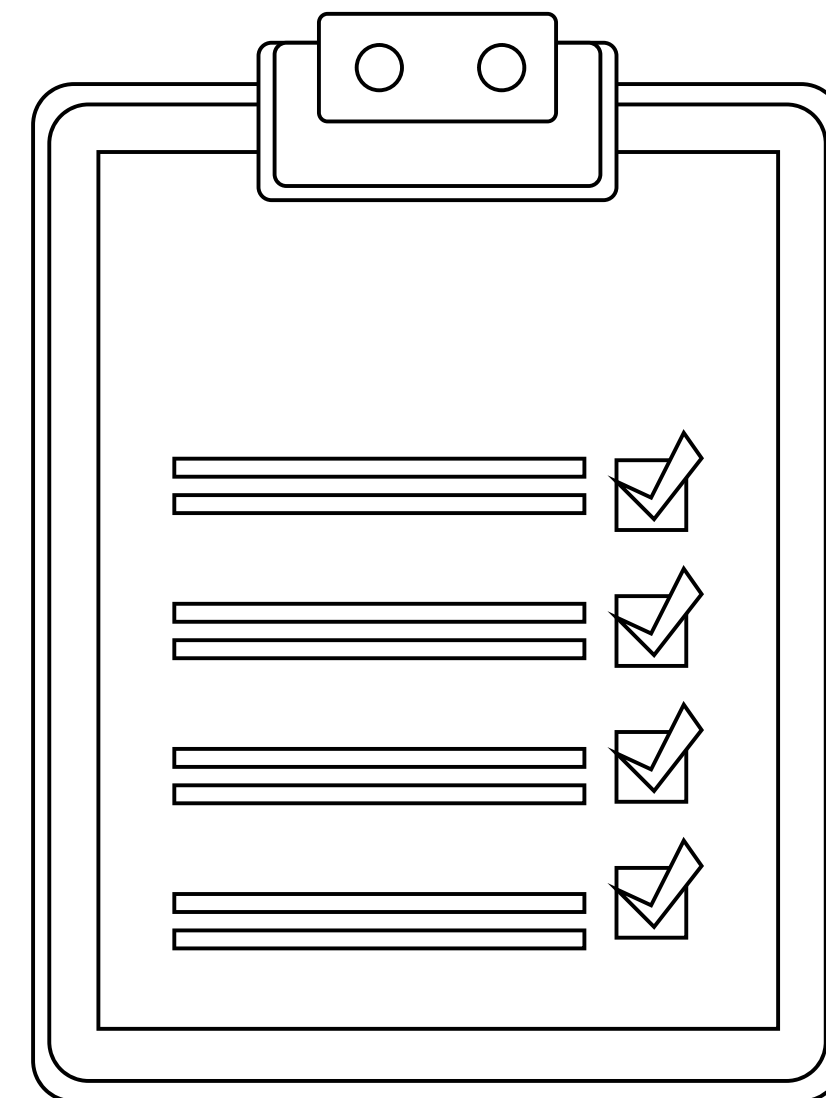
Key points to remember



Key points to remember

1 – Gifts and honorariums should be of a token nature, and should not provide anyone with a significant personal benefit.

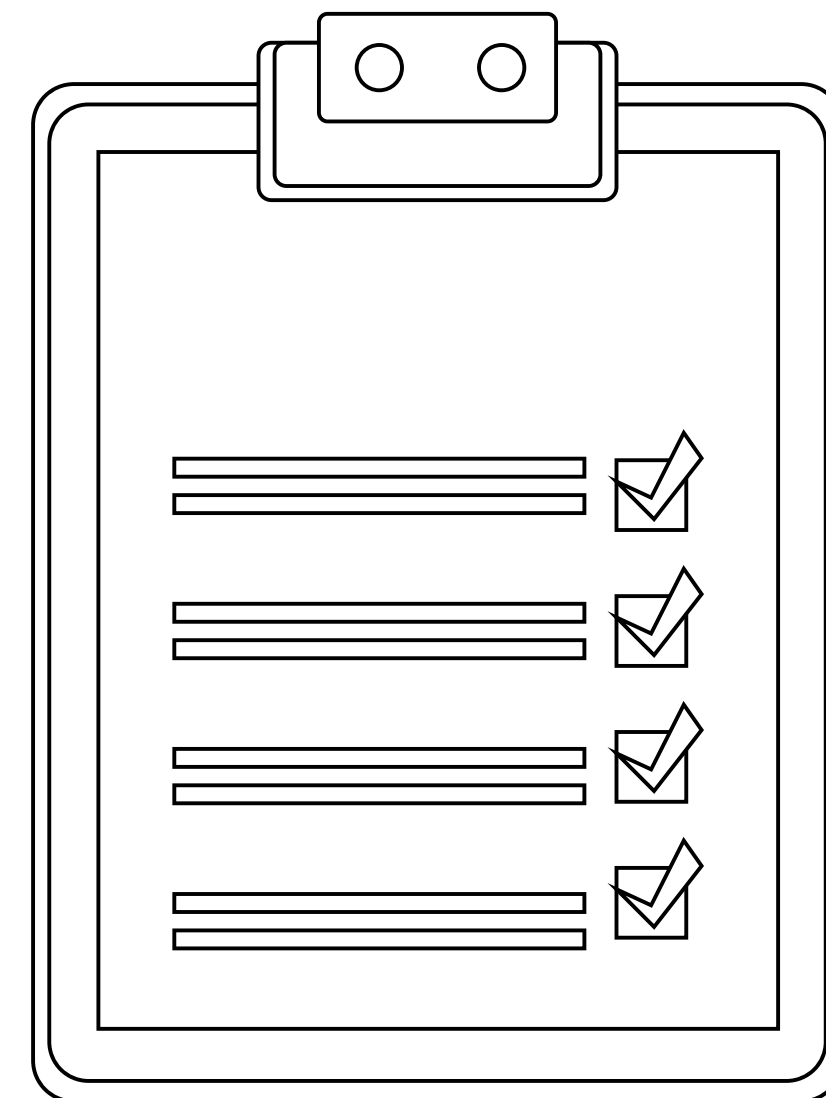
2 – It is up to a charity's Responsible Persons to ensure the size of any gift or honorarium given is appropriate, and doesn't jeopardise the charity's work, purposes or charity status.



Key points to remember

3 – Charities need to ensure any gifts or honorariums offered do not breach the charity’s legal obligations, or its obligations to the ACNC.

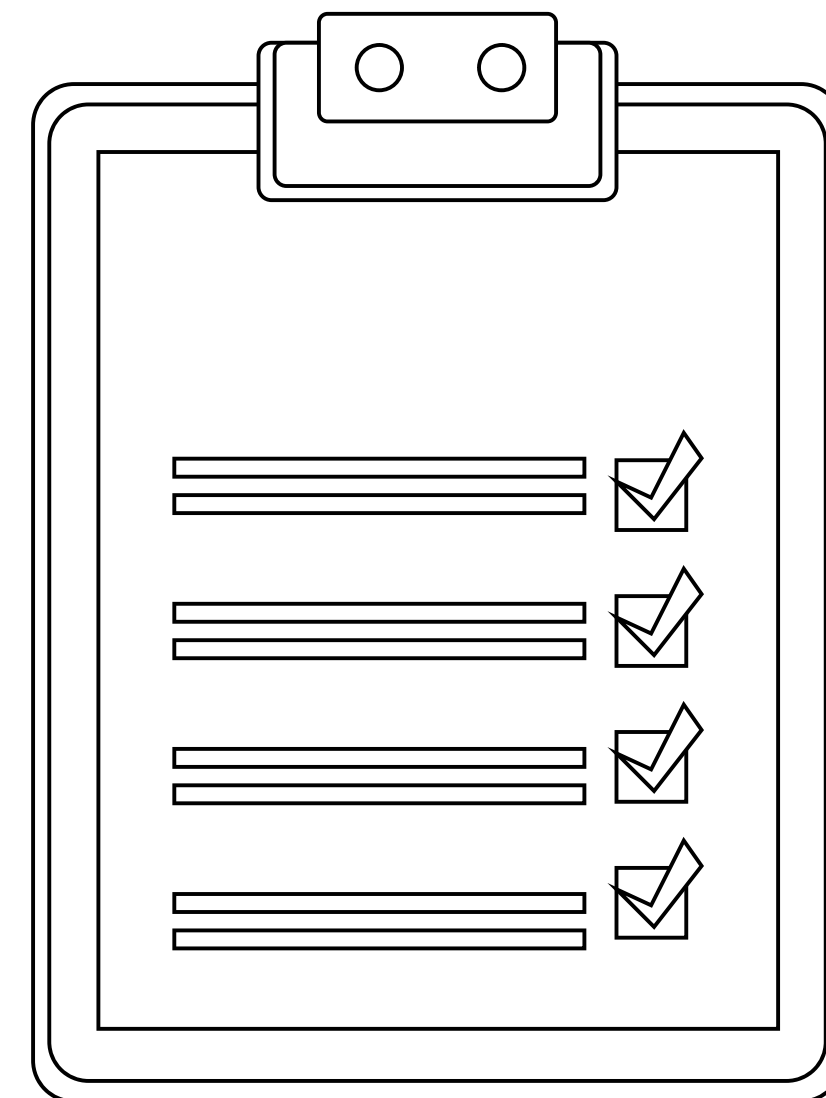
4 – Consider issues like conflicts of interest and, private benefit, as well as your charity’s accountability to members and whether it is in the best interests of the charity.



Key points to remember

5 – Think about whether any provision of a gift or honorarium might affect current funding arrangements.

6 – Think about whether your charity should provide a gift or honorarium or whether it would be more appropriate to instead reimburse people for out-of-pocket expenses ... or even pay them as a contractor or employee.



Questions



Associated resources

- acnc.gov.au/gifts - ACNC guide on gifts and honorariums
- acnc.gov.au/governancestandards - ACNC Governance Standards
- ato.gov.au/Non-profit/Your-workers/Your-volunteers/Paying-volunteers/Honorariums - ATO guidance on honorariums



Stay in touch

- Commissioners Column and email updates
- Web guidance, video content, podcasts
- Webinars - acnc.gov.au/webinars
- ACNC Advice Services: advice@acnc.gov.au

 facebook.com/acnc.gov.au

 [@acnc_gov_au](https://twitter.com/acnc_gov_au)

 youtube.com/ACNCvideos



Thank you for attending

View this webinar, check the topics of upcoming webinars,
and register at acnc.gov.au/webinars

Questions, comments, feedback:
education@acnc.gov.au

