# Managing Alumni and Parents and Friends Associations

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# Agenda

1 Key features of your association

2 Duties and reporting obligations

3 Relationship with the school

4 Managing risks

5 An alternative model

6 Checklist – key considerations

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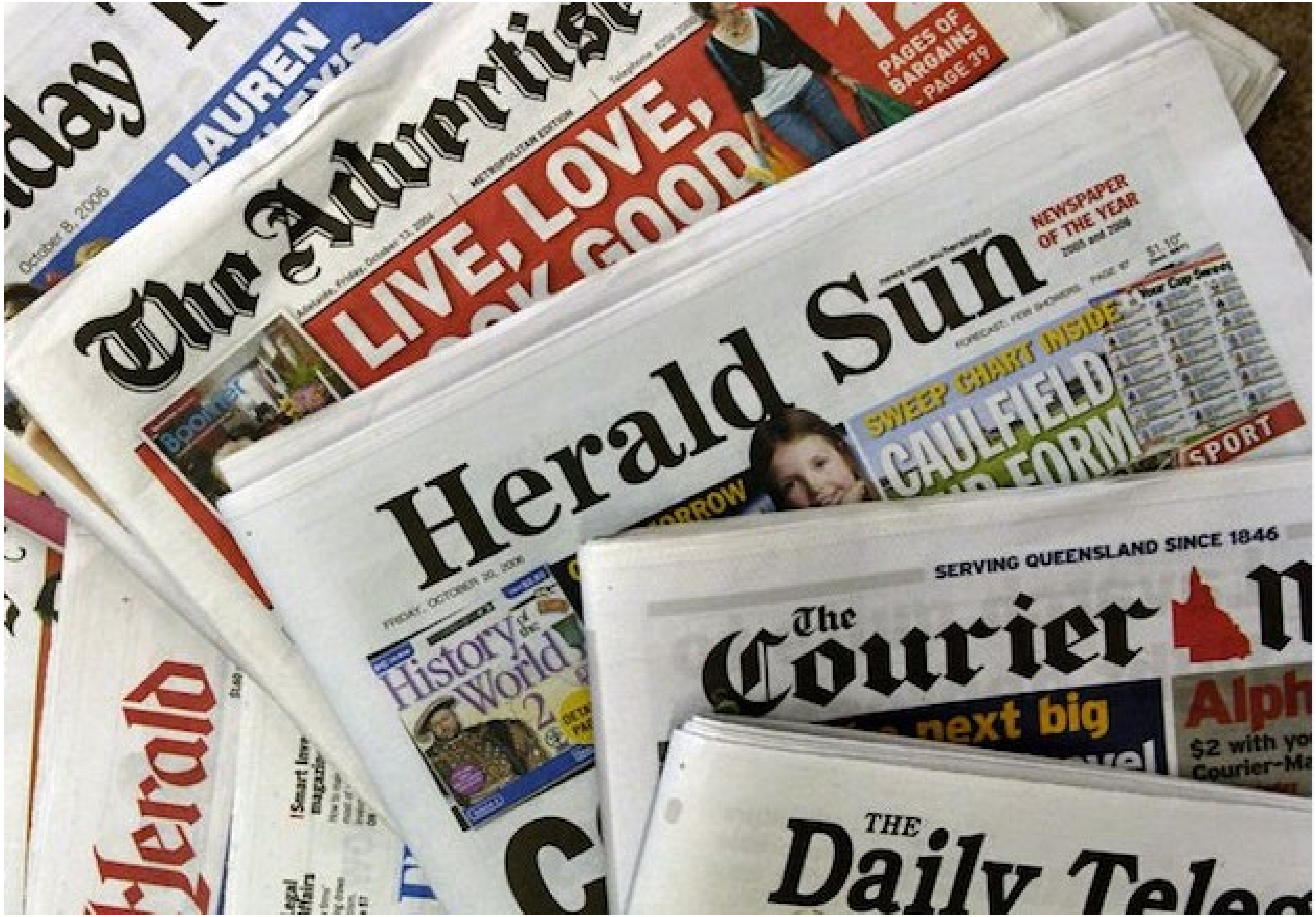
# School Associations in the news…

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# Key features of your association

| Unincorporated | Incorporated |
|---|---|
| - A group of people | - Separate legal identity (corporate veil) and limited liability for members |
| - No separate legal identity | - *Associations Incorporation Reform Act* 2012 (Vic) |
| - Members exposed to personal liability | - *Corporations Act 2001* (Cth) - (less common) |
| - School may be exposed to liabilities of the association | - Legislative duties and regulatory oversight |
| - May operate informally with less regulation | |

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# Self-assessing as income tax exempt

Changes to NFPs self-assessing as income tax exempt.

- NFPs that can be a charity, must be a charity to be income tax exempt.
- NFPs that are charitable but do not register as a charity with the ACNC, must pay income tax.
- All non-charitable NFPs that are seeking to self-assess must lodge an annual self-review form.

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# Governing document

- An association's governing document should set out:
  - its purpose(s);
  - how it operates;
  - key governance roles, powers and responsibilities; and
  - how decisions are made.
- An incorporated association's governing document must comply with relevant legislation.
- Key compliance questions
  - Is there a properly appointed governing body?
  - Are election processes being followed?
  - Are members being properly admitted and recorded in a register of members?
  - Are meetings being properly convened and decisions properly made?

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# Duties

Duties that apply to as a registered charity, an incorporated association under the AIR Act and a company limited by guarantee under the Corporations can be summarised as follows

**Reasonable care, skill and diligence**

**Proper use of information and position**

**Good faith and proper purpose**

**Disclose (and manage) conflicts of interest**

**Avoid insolvent trading**

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# Reporting and record keeping obligations

## Notification

- Change of name
- Change of address
- Change to ‘responsible persons’
- Change of governing document
- Not meeting obligations

## Record keeping

- Written financial records
  e.g. how the charity spends or receives money
- Operational records
- Retain 7 years

## Reporting

- Annual Information Statement (for all charities)
- Audited annual financial reports (for medium and large charities)

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# Relationship with the school

- Does the school provide services to the association?
- Does the school provide personal information to the association?
- Does the association use school facilities?
- Is the association subject to the school's policies and procedures, including child safety policies?
- Does the association appoint individuals to the school's board and vice versa?
- Who manages the money?
- Who controls the communications database?
- Who engages employees?

## Privacy

# Risks of deemed membership

- Membership is a contract and ordinarily requires consent.
- Some associations must maintain a members register with names and address.
- The register *must* be provided to a member that makes a valid request for access to the register.
- Arguably a breach of privacy if an individual did not “opt in”.
- Schools must consider whether its privacy policy allows for provision of contact details to the association.

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# Managing risks

- It is prudent for the school to ensure it has appropriate control and oversight over the association, for example, to ensure activities are suitable and funds are managed responsibly.
- The school's reputation may be at risk if the association is not properly governed.
- The school should:
  - clearly document its relationship with the association;
  - ensure the association is aware of key school policies, including in relation to child protection; and
  - ensure appropriate insurance policies are in place.

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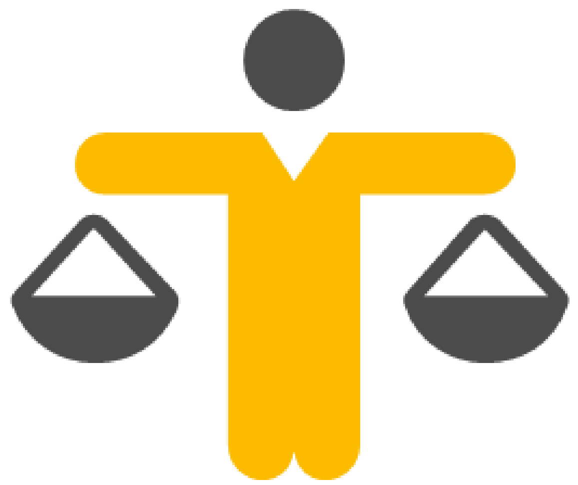
# An Alternative model

**Key features:**



- Single incorporated entity
- School is the sole member
- Committees for each key activity
- Committees do not have governance duties
- A board comprised of representatives from each committee
- “Communities” for alumni, parents and friends and interest groups
- School is protected by separate incorporation
- Alumni are not legal members (privacy protected)
- Consolidated reporting and compliance

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# Assessment checklist

- [ ] Is the association unincorporated or incorporated?
- [ ] Is the association a registered charity?
- [ ] Should the association apply to be a registered charity?
- [ ] Is the association subject to duties under the AIR Act or the Corporations Act?
- [ ] Does the association have a suitable governing document?
- [ ] Does the association comply with its governing document?
- [ ] Is the association complying with its notification and reporting obligations?
- [ ] Is the school appropriately managing risks?
- [ ] Is the school and association complying with privacy obligations?
- [ ] Does the school have appropriate control or oversight of the association?
- [ ] Does the school have appropriate insurance?

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# Questions?


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