



— 5 Top tips for Charities



WARLOWSLEGAL

Wisdom, Understanding and Knowledge

Setting up a charity can be a daunting process! Be confident you have ticked all the boxes to establish a successful charity by following our 5 top tips:

Content

1 Have a Properly Drafted Constitution and Charitable Purpose

2 Understand the Difference between Members and Board Members

3 Have an Effective Board

4 Maintain your Accounts and Financial Records

5 Ensure you Know How to Submit an Annual Information Statement



WARLOWSLEGAL

Wisdom, Understanding and Knowledge

1. Have a Properly Drafted Constitutions and Charitable Purpose

The legal definition of charity is a not-for-profit organisation that has a charitable purpose and operates for the public benefit. 'Charitable purpose' also has its own legal meaning that includes advancing religion, advancing education, helping the destitute and impoverished, or advancing one of these categories by analogy.

Your charity's governing document (usually a constitution) should define its charitable purpose or objects. The governing document should also state that the charity is not-for-profit, define the board's powers and obligations, and contain a winding up clause. A properly drafted constitution provides clear and established rules that bind the charity, its board, and its members.



2. Understand the Difference between Members and Board Members



A member of a charity is a legal person who has satisfied the formal requirements set out in the charity's constitution or other governing document, to become a member. Understanding the legal meaning of 'member' in relation to your charity is important because it determines who must be registered on the up-to-date members register (if required) and who must be notified of Annual General Meetings and Special Resolutions. In comparison, a board member is a person who is elected by the charity's members, or is appointed by nomination, to be a member of the charity's governing body, the board.

3. Have an Effective Board

Charity board members are responsible for the overall running of the charity. This includes overseeing the charity's operations, managing its finances, and directing its staff and volunteers. Not only is the board responsible for ensuring the charity's activities enhance its charitable purpose, the board also bears ultimate legal responsibility. Therefore, it is important for the charity's board members to understand their obligations under the Australian Charities and Not-for-profit Commission Act 2012 (Cth) and Corporations Act 2001 (Cth), as applicable.



4. Maintain your Accounts and Financial Records



The Australian Charities and Not-for-profit Commission's Governance Standards require board members to ensure the charity's financial affairs are responsibly managed and the charity does not become insolvent. These standards can only be achieved through the proper management and maintenance of the charity's accounts and financial records.

5. Ensure you Know How to Submit an Annual Information Statement

All registered charities must submit an online Annual Information Statement every reporting period, via the ACNC Charity Portal. The Statement requires charities to provide information about their financial and operational activities over the previous 12-month period. Be prepared to answer questions about your charity's programs and projects; funder, donor, and grant acquittal reports; and Responsible People (otherwise known as board members).



We hope you have found these 5 top tips useful in establishing your charity. Please do not hesitate to contact [Warlows Legal](#) for further assistance!

ABOUT US

Warlows Legal is an innovative law firm established in March 2021 with a growing team of expert lawyers based in Melbourne, Victoria and in Israel.

We specialise in commercial litigation, construction law (both commercial and litigation), board governance and charity law, corporate and commercial law, employment, property and intellectual property for all businesses, with a special focus on start-ups.

Warlows Legal embraces technology and artificial intelligence in developing our legal work, and we encourage diversity of thinking and innovation in our practitioners. We believe that talented lawyers create brilliant results for clients.

Warlows Legal is committed to legal excellence, balanced with access to justice for all. Whilst achieving fantastic commercial results for clients, the firm aims to assist the community via its soon to be established pro bono legal clinic. It is a proud member of the '1% pledge' (see here for more information).

Phone: +61 3 9212 0238

Email: christine@warlowslegal.com.au

[Enquire Now](#)