

Charity Fact Sheet

Is the Gumala Foundation a registered charity?

Yes. The Gumala Foundation is recognised as a Public Benevolent Institution (PBI), often referred to as a not-for-profit (NFP) organisation. A PBI is a charity whose main purpose is to relieve poverty, sickness, suffering or disability.

What are the benefits of being a charity?

A charity is not taxed on the income it generates or on its investments – which means that there is more money available for the Gumala Foundation to provide to the Beneficiaries.

Given that the Gumala Foundation is able to use this helpful tax concession, the Trust Deed must be observed and upheld, or the Foundation may lose this benefit.

In order to remain eligible for this tax concession, all charities must remain NFP and continue to pursue their charitable purpose/s.

What does not-for-profit mean?

As a NFP, the Gumala Foundation does not operate to make money nor for any personal gain. This means that any profit that the Foundation generates from any of its investment activities is put back into the Foundation.

The Gumala Foundation is able to keep any profit that it makes, as long as there is a genuine reason for this and this reason aligns with its purpose. An example would be accumulating a reserve so that the Gumala Foundation continues to be sustainable in the future.

Why can't the Gumala Foundation give Beneficiaries cash payments?

In order for the Gumala Foundation to remain a NFP, it needs to ensure that the profits are put back into the organisation and continue to pay for its activities and functions.

As mentioned above, the Trust Deed must be strictly applied in order for the Gumala Foundation to maintain its tax concession. The Trust Deed specifically states that it is not the intention that significant amounts of cash be distributed to the Gumala Beneficiaries.

Further, the Australian Charities and Not-For-Profit Commission requires that the "assets and income can only be used to further the objects and no portion shall be distributed to any Members of the organisation, except as genuine compensation for services or expenses of the organisation".

If the Gumala Foundation is dissolved, can the money go to the Beneficiaries directly?

No, if the Gumala Foundation no longer exists it cannot make payments to the Beneficiaries in any form. The Australian Charities and Not-For-Profit Commission requires that NFP organisations have strict rules in place to ensure that "all assets shall be transferred to another organisation with similar purposes, who is charitable at law and has rules prohibiting distribution of its assets and income to the Beneficiaries". This is also provided for in the Trust Deed under clause 32.

Simply put, where the Gumala Foundation ceases to exist, the assets of the Foundation must be vested into another eligible entity with similar charitable purpose, which is agreed to by the Beneficiaries.

* Notes taken from the Australia Government's Australian Charities and Not-for-profits Commission

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