



## Chapter 1 Defining a charity and charity event

## Chapter 1 – Defining a charity and a charity event

### What is a charity?

Before organising a charity event, it's important to familiarise yourself with the rules and legislation that govern charities and non-profit organisations as different tax concessions and legislations apply to charities and non-profit organisations. For example, charity donations of over \$2 are usually tax deductible.

According to the Australian Tax Office (ATO), a charity is defined as:

- An entity that is also a trust fund or an institution. An entity can include a corporation, unincorporated association, trust or partnership. A branch, account, division or anything that is part of an entity, is not treated as a charity.

Furthermore, a charity must:

- Exist for the public benefit or the relief of poverty. These can include aged care community services, animal welfare groups, unemployment support organisations and children's charities. Of course, not all entities that provide charitable services to the public are recognised as charities (for example, hospitals or public libraries).
- Be non-profit. An entity is not a charity if it is operating for the indirect or direct profit of its members, owners or any other person. Non-profit organisations are prevented from providing profits, gains or dividends to members or a particular person.
- Be charitable in its purpose, within the legal sense of the term. Under legislation, the sole purpose of the entity must be charitable and for public benefit.

On the other hand, an entity would not be a charity if its main purposes were:

- Sporting, recreational or social
- Political, lobbying or promotional
- Illegal
- Governmental

- For commercial gains and profits such as businesses

While charities can carry out business-like events, such as organising fundraisers and operating retail stores, these activities must advance charitable purposes. For example, The Smith Family, a registered Income Tax Exempt Charity, sells quality donated goods at its retail stores to generate funds for the purpose of providing educational assistance for disadvantaged children in Australia.

### **Did you know?**

- According to the ATO, there are approximately 700,000 non-profit organisations currently operating in Australia.
- Around 190,000 are registered with the ATO and the rest are either non-taxable or their turnover is below the minimum threshold.
- GiveWell reports that Australian charities generate approximately 19 per cent of their revenue through fundraising initiatives.

### **What is a charity event?**

A charity event is an event that raises funds and increases awareness for a particular cause that is supported by a charity organisation. Causes range from poverty relief, environmental awareness, health or medical issues, gender inequality or disadvantage issues in Australia or overseas.

They can be small and local (like a bake sale or a trivia night) or they can attract tens of thousands of participants such as the City2Surf or The Smith Family's 'Around the Bay in a Day'.

Popular types of charity events include:

- Fun runs or marathons like the City2Surf
- Movie, bowling or trivia nights
- Dinner parties, auctions or gala balls
- Sausage sizzles or cake stalls
- Bike rides, kayak adventures, hiking or mountain climbing trips

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The type of event you choose to organise will depend on your organisation's objectives, goals and resources. We'll discuss brainstorming event ideas in the next chapter.

## **What can successful charity events achieve?**

With the current economic climate, charity research group, GiveWell found that in the 2009 financial year, almost two-thirds of charities experienced significant increases in the demand for their services and are struggling to cope. In fact, a report by the Australian Council of Social Services found that in 2008, nearly 280,000 people (or 1 in 12) who needed urgent assistance, were turned away by community services because they couldn't meet the increase in demand.

Given these statistics, it is increasingly important for charities to develop new ways to fundraise, market and raise awareness for the services they provide. This is why charity events can be so effective.

Charity events can help an organisation:

- ✓ Raise much needed funds for services.
- ✓ Foster a sense of community (For example, on National Tree Day, families, businesses and schools are encouraged to plant trees in their local community).
- ✓ Strengthen their organisation with team building exercises such as company charity bike rides.
- ✓ Bring attention to specific issues like health issues or social inequality.
- ✓ Raise the profile of a charity.

They can also be a lot of fun to organise and attend if you plan for it appropriately. A charity event that is planned, marketed and executed properly can effectively communicate an organisation's values and promote its services, while providing a fun and interesting way to engage the wider community about the issue at hand.

## **Case Study: The Smith Family's 'Around the Bay in a Day'**

For the past 17 years, The Smith Family has partnered with the Melbourne Cycling Festival to host the charity event, 'Around the Bay in a Day' – Australia's largest single day bike ride, and one of the most popular cycling events in the world. This charity bike ride around Port Phillip Bay is one of Melbourne's most anticipated events of the year.

In 2009, the event raised over \$700,000 for the organisation up from \$400,000 in 2008. They'll be once again aiming for the \$1 million mark next year which could provide 3000 disadvantaged children in Australia with educational and learning assistance through its *Learning for Life* program.

'Around the Bay in a Day' demonstrates that with the right planning, partnerships, marketing and logistical organisation, a simple idea can turn into a large scale annual charity event that:

- ✓ Effectively engages the wider community and encourages active participation in a community cause
- ✓ Raises vital funds to support disadvantaged children and families in Australia
- ✓ Draws attention and increases awareness of the issue at hand. At present, 680,000 Australian children do not have access to the same educational, health and life opportunities that their peers do
- ✓ Helps gather support for the future. Events raise the profile of the charity and builds a database of potential donors

In the next chapter, we will explore how to come up with a good charity event idea, tips and mistakes to avoid.

### Resources:

<http://aroundthebayfundraising.com.au/>

<http://www.ato.gov.au/nonprofit/content.aspx?doc=/content/34267.htm&page=2&H2>

<http://www.ato.gov.au/nonprofit/content.aspx?doc=/content/34263.htm&page=2&H2>

<http://www.ato.gov.au/nonprofit/content.aspx?doc=/content/59564.htm>

[http://www.ato.gov.au/content/downloads/COR\\_0015516\\_CP0809.pdf](http://www.ato.gov.au/content/downloads/COR_0015516_CP0809.pdf) - pp. 61

<http://www.bv.com.au/greatrides/20005/>

<http://www.childfund.org.au/act/event>

<http://www.fia.org.au/AM/Template.cfm?Section=Research&Template=/CM/ContentDisplay.cfm&ContentID=5460>

[http://www.fia.org.au/Content/NavigationMenu/EventFlyers/Fundraising\\_Toolkit\\_New\\_South\\_Wales\\_2009.pdf](http://www.fia.org.au/Content/NavigationMenu/EventFlyers/Fundraising_Toolkit_New_South_Wales_2009.pdf)

<http://www.thesmithfamily.com.au/site/page.cfm?u=334>