**How to Run a Foundation Privately**

\*Foundations are all about charity and not for profit.

An unincorporated association

is protected under international law just like a corporation sole “commonwealth government”. This concession was fomented under the Bretton Woods agreement and is protected by the Geneva convention to protect people who decidedly wanted to remain private and not be compelled to contract with a hostile state. “more on this soon!” Unincorporated associations are left alone for the simple fact that they are not incorporated into a government franchise model. This little knowledge will help you comprehend how or why an unincorporated association works, It’s a bit like forming your own society and a simple edict like “two or more people forming a compact agreement are equal in rights”… with the opposite being true also.

The big secret UCc law

Signatory nations follow UCc law for trade and commerce and its basic doctrine of contract. An Unincorporated Association is protected in this nature, its actually really quite simple. Most people get into difficulty because they signed an agreement with a third party, and now they are being compelled to perform and do a thing.  The association you form is private, and upon creating your articles of association, the participants are equal in their shared responsibilities and or rights as agreed upon. If you do not include a third party like the state of Queensland, then no rights are lost or shared and you cannot be compelled.

Everything you do is humanitarian

And should be well defined as such, the tax department does not have a monopoly on how society function’s, it does however have an agreement with most people to accept a business model under international model law. The tax office does not want people in their natural state forming their own associations especially for daily operations. Under international law people of the host nation are not to be interfered with, this is one reason why the police cannot enter your private property. Your rights are protected internationally when the nation your living in is under US military occupation (Pine Gap), unless you agree to give up these rights for privileges.

Unincorporated

How you decide to form your association is decided completely by you and while a general purpose is reflected in the “articles paperwork” supplied it is advised that everyone tailors their purpose and learns how to articulate their purpose, Most people only need to comprehend that they are already in their chosen vocation of service to others & meet the requirements as a community service provider. The tax office does not require you to send them paperwork, all is self assessed and can be setup with proper guidance.

The Bank

A privately administered foundation is setup with a not for profit account with your bank, Some people have been told that only Westpac does these type of accounts, but under international law while you are using the local money under a state of emergency and out of necessity, they must provide alternatives or are guilty of peonage and slavery, which is a war crime.

Profit

The foundation simply defined is to benefit peoples needs. What is commonly referred to as profit is money actually used to sustain members in their day to day needs, if you close your foundation & any money left over “actual profit” (money considered left over & not needed for daily operations) and should be gifted to another foundation or charity so as not to appear “profitable”.

Foundation Legally

A Private Foundation is a legal entity set up by an individual, a family or a group of individuals, for philanthropic means. Unlike a charitable foundation that’s sole purpose is to collect donations, a private foundation provides a philanthropic service to the wider community. A private foundation exists to sustain the participants & who ever the participants choose, [people that participate]. A foundation is categorized with the ATO as a not for profit and has a wide diversity of structures and purposes. A foundation sustains its participants by paying for food, clothing, lodging, petrol, phone and any other living expenses required to sustain its participants in a philanthropic manner. Your Private Foundation will engage in benevolent activities to make the world a better place and help humanity.

Principals of operating your Private Foundation

The articles of association set out the general purpose & activities of the foundation. The most normal method is for the Participants, Volunteers and Contractors to provide the service to the wider community that they would love to offer. This may be done by way providing community services or holding workshops and similar beneficial like activities. A private foundation is a non-government-organization and its name is not registered or trademarked, the name is best created to express the true intent and purpose of the foundation.

Meeting minutes

are at the discretion of the participants of the private foundation, if & when you choose. There is no mandatory requirement’s, all record keeping is conducted at the discretion of the principal participant’s of the Private Foundation. If you are in already under a PAYG scheme, you can transfer to your private foundation, it is necessary that the business you work for is willing to start receiving invoices from a private foundation on a contractual basis. There may be superannuation and insurances issues to consider when operating your private foundation by contractual arrangement.

Businesses

understand the advantages of a contractual service and reducing their payroll tax, superannuation, holiday and sick pay similar to that of a casual employee. You can still volunteer to pay income tax, just volunteer your income up till the point that your private foundation is created and is engaged by contract with the business.

BAS forms are not required for your foundation as your not registered to collect GST or maintain and submit these business records. Your bank will usually provide access to full internet banking facilities & the principal participants receive debit card‘s with the usual internet access.

Accounting

Basic Bookkeeping is required - Most accountants have very little knowledge of Foundations and their operation is not common knowledge. The government is here to promote taxation under their business guidelines to extract wealth by way of alternate agreements. A Private Foundation cannot accept GST. Not being a registered ATO collector you are not able to collect GST on behalf of the taxation office. A Private Foundation only pays GST when buying from GST registered entities. Tax deductible donations can only occur for registered entities with an ABN and/or deductible Gift Recipient (DGR) Status.

Contributions are what your foundation will receive, the legal definitions in the tax charter define income and profit when running a business a particular way.No accountant is required for your Foundation and caution is advised as they work for the taxation office. The majority of people operating Private Foundations use basic book keeping for maintaining their own personal records. Inviting People to Participate and join your Private Foundation is at the discretion of the principal participant’s while they also has the authority to retire & invite people to participate.

This may all be done in writing and participation may be amended at any time by the principal participants[account holders]. Generally it is not appropriate to offer widely differing services from the one Foundation. It is best to establish a separate foundation for differing services. The Private Foundation can start operating as soon as it is established and invoices created when the private foundation trades.

Any pre-existing registered business or entity is separate and can continue or cease operating at the discretion of its creators. You may have to complete the current financial reporting obligation before you have it deregistered. All banking and Merchant facilities should run like a business account, websites like a .com.au website may require an ABN to register, it is strongly advised that you use a non commercial domain like .org. Foundations are not used for asset protection, Private trusts should be explored. A Private Foundation is not a trust but fulfills on community projects to contribute to the greater community, there are no individual beneficiaries.

Tax Implications.

Do not contract with the ATO - A quote from the ATO (Australian Taxation Office) Organisations that are not charities can self‐assess their entitlement to income tax exemption. They do not need to be endorsed by us to be exempt from income tax. Most have additional tests and rules that must be met before the organisation can be exempt. If you work out that your organisation meets all the requirements for income tax exemption, all of the following applies:  your organisation will not need to pay income tax, capital gains tax or lodge income tax returns, unless specifically asked to do so you do not need to get confirmation of this exemption from us.  You should carry out a yearly review to check if your organisation is still exempt – you should also do this when there are major changes to your organisation’s structure or activities”.

A Private foundation complies with the ATO guide as a not for profit organization with tax exempt & self assessing status, and your not required to submit returns to the ATO. It is your sole choice to contract with any government bodies regarding discretionary obligation of payments as you wish. The principals and participants donate their time and resources to the foundation and the foundation contracts out these services and invoices clients. Purchasing products & services through the foundation currently incur GST, the foundation is really exempt from paying GST although this can sometimes be a challenge in the world of business.

The Foundation self-regulates & keeps accounting records without the involvement of the taxation office. ABN / Registration. Registration or an Australian Business Number is not required for The Foundation, invoice’s are exempt from charging GST and meet the requirements setout by the Australian tax office. The foundation is run privately while unincorporated as a non-government agency, it is also not required to register with the ACNC and does not receive donations (DGR status).

The purpose of The Foundation as simply defined is to benefit peoples needs as a community based “service” organization while providing a service to the general community or nation and to sustain its members and further its purpose.

The Foundation complies with the Australian Tax office guide as a not for profit organization while tax exempt is not required to be assessed by the Australian Tax office, and is not required to file returns. The foundation invoices the community for services while providing ATO form NAT 3346 “statement by supplier” which shows tax exemption status. This form is required to setup a foundation at the nominated bank.

One of The Foundation’s principal participants will also comply with the ATO form NAT 74141 “tax review work sheet for non profits” yearly as approved by the board or committee. What is commonly referred to as profit or surplus money, is used to sustain members in their day to day needs, if the foundation is not involved in humanitarian projects or causes and if the foundation is closed any money left over “actual profit” (money considered left over & not needed for daily operations) will be gifted to another foundation or charity so as to comply with the ATO tax guide.  The Foundation is not qualified to accept GST or gifts as a deductible Gift Recipient (DGR).

A quote from the ACNC (Australian Charities & NFP Commission) -

“Your not-for-profit’s charitable purpose must be for the public benefit. There are many ways it can benefit the public – it can provide goods, services, education, counseling or spiritual guidance, or improve the environment. Some types of purposes (for example, advancing education, relieving poverty, advancing religion) are also presumed to be for the public benefit, unless there is evidence otherwise.

Charities may aim to benefit the public generally, or a particular group of people (for example, a local community, refugees or young people). Charities do not have to benefit everyone in a community, but any restrictions must be consistent with their charitable purpose. For example, a food bank could restrict its beneficiaries to people who cannot afford their own food, but it could not restrict it to people based on their appearance. Your organisation may not be a charity if it is too restrictive in who can receive benefits. For example, an organisation set up to provide scholarships to employees of a particular employer is unlikely to be a charity. It can still be a not-for-profit if it simply provides a benefit to a member while genuinely carrying out its charitable purpose”.

ACNC also gives samples of Non-profit clause: 'The assets and income of the organisation shall be applied solely in furtherance of its above-mentioned objects and no portion shall be distributed directly or indirectly to the members of the organisation except as bona fide compensation for services rendered or expenses incurred on behalf of the organisation.' Dissolution clause – 'In the event of the organisation being dissolved, the amount that remains after such dissolution and the satisfaction of all debts and liabilities shall be transferred to another organisation with similar purposes which is not carried on for the profit or gain of its individual members’.