

NOT FOR PROFIT INFORMATION

The Grace Gawler Institute for Integrated Cancer Solutions **Full registered name.**

Composed for the purpose of a facilitated meeting 23 September 2016 with GGI – Lynn and Tony Ottobre – Frank Yarsley – from Empower change.

The following aims to clarify the charitable organisation aspects that must be adhered to as seen differently to a managed business. These are the rules in place to avoid undue influence of donors in the day to day operations of a NFP organisation.

Grace Gawler is the former cofounder of the Gawler Foundation, Melbourne Cancer Support Group and the Yarra Valley Living Centre at Yarra Junction, Victoria. She left the Charity in 1996 due the organisation's change in direction that diverted from the original founding principles.

STRUCTURE

The GGI is a registered not for profit Health Promotion Charity with DGR Status. Registered with ASIC & bound by the rules of the Australian National Charities Commission, to whom we are responsible for accurate financial reporting/submissions.

BACKGROUND

The Charity was gifted to Grace Gawler in 2010 by a breast cancer survivor who had registered and formed the NFP – but did not wish to continue with the work involved.

The NFP name change to GGI was approved by official government bodies. Grace, Pip are directors and Pip has the extra responsibility of Public Officer who reports to ACNC and ATO/ASIC. Third GGI director, Jeff Hutner, USA born ex Wall Street experienced trader; now resident in Queensland also has the role of independent 3rd party advisor – not connected with day to running of the GGI.

Due to short notice of today's meeting, Jeff Hutner is unable to take part this morning.

FINANCES:

The GGI outsources bookkeeping and has a CPA – Rob Morrison as Accountant. The financial records are audited by an independent auditor.

LEGAL - PHILANTHROPIC LAW ADVISOR

The GGI also has open access to the Pro Bono services of Australia's most qualified **Philanthropic Lawyer, Dr Robert Kelley, B.A., J.D., LL.M., Dip. FP** Centre for Philanthropy, Perth Western Australia. Robert advises GGI as necessary on issues that arise as a result of being a NFP organisation.

A former Washington-based Lawyer, Robert moved to Perth, Western Australia in 1998, after being hired by Merrill Lynch as its first Financial Planner in Australia.

While working as an investment adviser, Rob established the **Centre for Philanthropy** in 2001. Rob took his outside the box thinking and experience as a former tax lawyer and investment adviser to develop the Centre to being the leader in the not-for-profit and deductible gift recipient sector. He is an advisor to the ATO and works with Australian government agencies and a large number of charitable bodies.

ADVISOR FOR BUSINESS AND DAY TO DAY ETHICAL ISSUES THAT ARISE

Prof. Julie Crews – Edith Cowan University – advises and is proactive in the ethical issues that arise both in the business running within the GGI as well as the ethics of involved with patients who are misled by fraudulent cancer entrepreneurs. Julie is also gives her time on a Pro Bono basis.

MEDICAL ADVISORS

Where necessary, GGI has access to a number of specialist oncologists and other experts in medical and scientific research should opinions be required re medical and patient ethics.

CORPORATE ADVISORS FOR SPECIAL PROJECTS – DONOR DEPENDENT:

Empower Change is a strategic consulting and coaching firm based on the Gold Coast that helps non-profit, government, business and individual clients develop goal-driven strategies. Frank Yarsley & Marlie van Doorn assist with logistics and strategies, social media and advice. They provide excellent services and invaluable advice to GGI at a reduced fee

VOLUNTEERS:

When required – The GGI can call on a group of volunteers for assistance with events or day to day work. We aim to keep overheads including staff overheads to a minimum – so that we function as a Charity whose sole purpose exists FOR CANCER PATIENTS.

DIRECTORS WAGES:

Grace and Pip take minimal wages for service – Jeff Hutner takes no fee as the independent Director. The financials are updated regularly and transparency is priority – As should be in all not for profits – Financials can be viewed by members and open for public scrutiny on request.

This document will be submitted as Minutes associated with today's meeting.

Not for profit rules in terms of donations:

Donor Direction: How Much Is Too Much?

Sourced from - Advancing Philanthropy.

'Undue influence by donors' is the number-one issue in fundraising today, says Jon Dellandrea, PhD, vice president and chief development officer, University of Toronto. With donors increasingly seeking philanthropic control, fundraisers are more likely to encounter directions that push ethical boundaries.

The new venture philanthropists 'often don't have a good understanding of the boundaries between philanthropy and self-interest,' says Peter Hero, MA, MBA, president, Community Foundation Silicon Valley, and past AFP Fundraiser of the Year.

Venture philanthropists -- successful as scientists and engineers but novices at charitable giving -- think of philanthropy as investing. They don't want to give up the hands-on management style that has worked for them.

Yet, too much donor control is hazardous to a non-profit organization's integrity. **When the terms of a proposed gift would redirect an institution's core mission, that gift usurps control that rightfully belongs to the non-profit, for which image and branding are not negotiable.**

Who benefits?

'The public is the stakeholder,' explains Colette Murray, JD, CFRE, incoming AFP chair-elect and past chair of AFP's Ethics Committee. *She warns that even minimally diverting a gift's benefit from public to private purposes jeopardizes an organization's tax-exempt status.*

Preferred treatment for donors is suspect unless carried out at arm's length.

Who pays in the long run?

Fundraisers must exercise due diligence even when gifts are legal, conflict-free, and consistent with organizational objectives. Program improvements can cost the recipient money and heartache if they can't be sustained after the gift is expended.

INTRODUCTION – Sourced from a Charity Newsletter

- Many donors have specific ideas about how their gift should benefit a charity. However, a donor may also have expectations of control he or she can exert over the gift that could imperil the tax benefits created by the gift.

In this issue, we look at what degree of control a charity can offer its donors, and how much control is too much. Understanding these limits can help you advise your clients and avoid potentially adverse tax consequences.

EARMARKED GIFTS

A donor can earmark a charitable contribution for a particular purpose and claim a deduction if the restrictions are consistent with the charity's tax exempt purpose, and the restrictions do not prevent the charity from freely utilizing the transferred assets.

Charities are required to report the value of goods and services – such as donated for auctions or raffles.

CONDITIONS PRECEDENT AND SUBSEQUENT

- If a charitable gift depends upon the performance of some act or the occurrence of an event in order to make it effective, no deduction is allowed.

PARTIAL INTEREST RULE

- Generally, in order to take a deduction, the donor must transfer the entire interest in a gift to a qualified registered charity.
- A donor cannot continue to enjoy control over donated funds or property contributed; the gift must be irrevocable to qualify for the charitable gift deduction. Thus, a gift of a partial interest generally does not qualify for a deduction.

CONTROL OVER INVESTMENT OF A GIFT

A donor may not select a financial advisor to direct investment of the funds once gifted to a charity, regardless of whether or not the advisor would take commissions on any transactions.

As noted above, a donor is not permitted dominion or control over gifted funds once given to a charity (and cannot transfer any interest to a third party).

Meeting with Dr Robert Kelley – 22 September 2016

The meeting endorses the above – Robert sent a 48 Page gift rules from the ATO via his Centre for Philanthropy.

1. The donor has no derestriction over funds donated for a gift. If earmarked for an special event or purpose – The Charity can listen to reasonable requests from the donor(s) – but provided the funds go to the purpose ascribed to the donation – the charity has complete control over the funds as must not yield to requests that imply personal benefit to the donor from the donation which should be given unencumbered and without interference.
2. It is particularly important that the viability and reputation of the charity is unimpeded and that delivery of services is not jeopardised or compromised in any way.

3. SOLUTION REGARDING DISPUTE: RE BCWB

- Important to explain to the donor – the laws governing charities and gifts- donations and how they can and can't be used/influenced. This is the law – and is not moveable or negotiable.
- BCWB is a subsidiary of the Grace Gawler Institute – and shares the ABN – according to law.
- The website BCWB is owned by GGI and is the intellectual property of the Grace Gawler Institute as is the content of the website currently being constructed.
- The event to launch the website in combination with a memorial to Jenni ottobre and to be held at Seaworld, Gold Coast November 12 needs to be reassessed.

OPTIONS FOR GGI

At this stage GG I has tried to be respectful and responsive to changes requested by the donor the Ottobre family.

This is caused serious delays in invitations logistics and special invitations to celebrities. If the night is to be a success GG I has now lost its window of opportunity for proceeding on the date November 12, 2016.

- ✚ One option which seems to be a *lose-lose* for both parties and inappropriate/ a loss to both the cause, the legacy and ongoing viability of the project is to cancel.

This would appease Tony's ultimatum to "pull out" as written a few days ago. This would mean that the funds would be totally lost as according to the contract SeaWorld will retain 70% of the total cost.

- ✚ The sensible option as I propose is to postpone the event and that the ottobre family host Jenny's memorial dinner in Melbourne on 12 November.

That the event booked at SeaWorld be transferred to a booking in February or March 2017.

This is able to be achieved and certainly gives a cooling off period based on recent issues that have arisen over control of event content of promotional material, content of websites methods of payment and so on.

According to charitable law donated funds that have been used for the purpose that was intended cannot be retrieved or returned to the donor.

This paper forms the basis for resolving recent issues concerning the proposed event Brain Cancer without Borders - and the ongoing legacy for Jenni.

Grace on behalf of the team working with and for the Grace Gawler Institute.
September 23 2016.