

REPORT 5
28 Aug 2009

Charitable Purposes and Tax Compliance Systems Programme

FOMANA Charities Compliance Model©

A Training Toolkit for Māori Charities

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Purpose of Report

The purpose of this Case Study report is to fulfil the requirements of Output 9 of the Investment Agreement ("Agreement") dated 1 May 2008 between Te Puni Kokiri and FOMANA Capital Ltd. Schedule C of that Agreement sets out the reporting requirements for this Report:

Short Term Outcome	Output 9	Due Date
Increased knowledge by Māori pilot entities and their beneficiaries of the policy, processes and requirements of the Charities Act 2005 and tax regime.	Training developed and provided to Māori entity team on application of compliance/audit model.	28 August 2009

Form of Report

This Report takes the form of "A Training Toolkit for Māori Charities" which will be piloted in the training workshops with the eight pilot Māori charities to be held in September – October 2009. Based on the feedback from participants and evaluation of the training, the toolkit will be refined and adapted as required to enable delivery to other Māori entities on a regional or national basis.

The purpose of the training is to provide participants from those eight organisations with training in the application of the FOMANA Charities Compliance Model. The Model itself comprises seven interlinked elements and has been developed to assist Māori charities:

- increase their capability and understanding of the new charities and tax compliance regime;
- protect their tax exemption status; and
- provide quality assurance systems to their organisation, beneficiaries and stakeholders.

FOMANA anticipates that each workshop will comprise 10-12 participants with a mix of Governance, Management, affiliated Marae beneficiaries (for iwi groups), GPs and Health practitioners (for health charities), and members of the Māori Entity team¹.

¹ See section 1.2 Profile of Maori entities for members of the Maori Entity team.

Disclaimer

This report presents the Training Toolkit for use in the training workshops for each of the eight Māori Charitable entities participating in this pilot programme. It is prepared for Te Puni Kokiri only. It does not purport to provide specific legal advice for any entity on their legal obligations under or relating to the Charities Act 2005, the Income Tax Act 2007 and or any other relevant legislation and or case law. It should not be relied upon by any entity accordingly.

Limitation

This report is limited to providing Te Puni Kokiri with a report on the training material to be used for training the participating pilot Māori charitable entities in the application of the FOMANA Charities Compliance Model. This report should be seen as one of a series of reports that are being developed over the two year term of the Agreement and should be read in conjunction with those prepared to date.

Acknowledgements

FOMANA acknowledges the ongoing support provided by Te Puni Kokiri for the Charitable Purposes and Tax Compliance Systems Pilot Programme.

We would particularly like to thank the members of the Maori Entity team and leadership of the eight Māori Charitable entities for their continued commitment to the pilot programme and for their practical assistance in bringing together members and beneficiaries of their organisation to take advantage of this training.

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Section 10: References

10.1 FOMANA Pilot Programme Reports

FOMANA Report One – Preliminary Research, 31 May 2009

FOMANA Report Two – Research Report, 30 September 2008

FOMANA Report Three – Risk & Audit Report, 31 March 2009

FOMANA Report Four – Case Studies Report, 31 July 2009

10.2 Case Studies of eight Māori charitable entities, 30 June 2009

Ngāti Rārua Atiawa Iwi Trust Case Study

Taranaki Iwi Trust Case Study

Taranaki PHO Ltd Case Study

Te Aroha Medcare Ltd Case Study

Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust Case Study

Te Kaahui o Rauru Case Study

Te Rau Pani Māori Mental Health Trust Case Study

Tui Ora Ltd Case Study

10.3 Charities Commission Information Sheets

A Guide to the *Charities Act 2005*, updated February 2009

Charitable Purpose, updated February 2008

Iwi / Māori Organisations and the Charities Act, updated December 2007

Tax- How the Charities Act affects charitable tax status, March 2009

Annual Return Checklist, April 2009

Form 4 Annual Return for a charitable entity, F4 April 09

Form 2 Officer Certification form, F2 June 08

Hot Topic - The Charities Act, fundraising costs, and charitable purposes, August 2009

10.4 Inland Revenue Guides

IR 255 Charitable organisations – A tax guide for charities, donee organisations and other groups

IR 256 Tax information for charities registered under the Charities Act 2005

Section 1	Introduction
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1.1 Background and overview of the FOMANA Pilot Programme for Māori charities

In August 2007, FOMANA Capital Limited recognised that an estimated 2,500² Māori charitable organisations would be affected by the Charities Act 2005, with a potential loss of tax exemption if those charities did not apply for registration with the Charities Commission by 1 July 2008.

FOMANA put together a proposal for a pilot programme with up to eight committed Māori charitable entities. The aim of the Charitable Purposes and Tax Compliance Systems programme is to assist the eight participating Māori charitable entities to:

- (a) increase their capability and understanding of the new charities and tax compliance regime;
- (b) protect their tax exemption status; and
- (c) provide quality assurance systems to their organisation, beneficiaries and stakeholders.

FOMANA approached key charitable sector agencies including IRD, Charities Commission, Office for the Voluntary and Community Sector and Te Puni Kōkiri to seek support for conducting the programme. The proposed programme was received positively by all the agencies, in particular by the Relationships and Information Directorate at Te Puni Kōkiri, who agreed to fund the programme over two years across three phases:

- Phase 1: Research on Charities & Tax Compliance
- Phase 2: Risk Profiling and Systems Applications Models
- Phase 3: Training & Systems Adoption (for the eight Māori charitable entities)

The Training Toolkit will be piloted in the training workshops in Phase 3 and refined and adapted as required to enable delivery to other Māori charities on a regional or national basis.

² See table showing potential scale of Māori charities in FOMANA Report One, 31 May 2008, page 22

FOMANA has produced four comprehensive reports to date and these are appended in Section 10 of this Toolkit for Māori charities.

Report One:	Preliminary Research	31 May 2008
Report Two:	Research Report	30 September 2008
Report Three:	Risk & Audit Report	31 March 2009
Report Four:	Case Studies Report	31 July 2009

FOMANA strongly encourages all participants who are planning to attend the Training workshops to read and familiarise themselves with the content of all four reports, ideally as pre-reading materials before the training. As a minimum, the eight Case Studies are recommended and will provide a snapshot of the key issues to be covered in the training.

1.2 Pilot Programme participants (8 Māori charitable entities)

FOMANA acknowledges and thanks the leadership of the eight Māori charitable entities for agreeing to participate in this pilot programme and for sharing their own knowledge and information for the benefit of others. This is particularly evident in the Case Studies, which are intended to convey a broad range of experiences and challenges faced by Māori charities and also to highlight policies and practices that may assist other charities to benchmark their own practices and to maintain compliance with their charitable purpose.

Profile of the eight Māori charitable entities³

<i>Legal Name of Entity</i>	<i>Māori Entity Team Key contacts for pilot</i>	<i>Charities Commission Register No. Registration date</i>	<i>Type of entity - Nature of activities</i>	<i>Size based on Income levels⁴</i>
4 Iwi entities				
Ngati Rarua Atiawa Iwi Trust Board (NRAIT)	John Charleton	CC 20248 13 Dec 2007	Statutory entity - Tribal lands management	Medium
Taranaki Iwi Trust	Tokatumoana Walden, Kerry Walsh	CC 39750 30 June 2008	Mandated Iwi Organisation (MIO) - Fisheries management	Medium
Te Atiawa Ki Te Upoko o Te Ika A Maui Potiki Trust	Morrie Love, Peter Reweti	CC 38312 30 June 2008	Mandated Iwi Organisation (MIO) - Fisheries management	Small
Te Kaahui o Rauru	Darryn Ratana, Hayden Potaka, Pania Winterburn	CC 34302 30 June 2008	Representative entity for Ngaa Rauru Kiiitahi Iwi - Iwi development and tribal asset management	Large
4 Health entities				
Taranaki PHO Ltd (Hauora Taranaki PHO)	Pauline Cruikshank	CC 21526 4 March 2008	Primary Healthcare Organisation (PHO)	Large
Te Aroha Medicare Ltd	Hayden Wano	CC 32243 30 June 2008	General Practitioner Service	Medium
Te Rau Pani Māori Mental Health Trust	Hinemoerangi Ngatai Tangirua	CC 10717 30 July 2007	Specialist Māori Mental Health Service Provider	Medium
Tui Ora Ltd	Hayden Wano	CC20369 7 January 2008	Māori Development Organisation - Health	Large

³ Table updated August 2009 – see FOMANA Report 2 Research Report, 30 September 2008, page for earlier version.

⁴ Small (Income under \$100,000); Medium (Income between \$100k - \$2.5m), Large (Income over \$2.5m) as per the descriptions outlined in The Review of the Financial Reporting Act Discussion Document Part II

1.3 Training Objectives

Purpose of Training:

To provide participants from eight Māori charitable entities with training in the application of the FOMANA Capital Charities Compliance Model©. The Model comprises seven interlinked elements and has been especially designed to assist Māori charitable organisations:

- to understand their charitable purpose and general legal obligations;
- to assess their organisational risks in relation to these obligations; and
- to put in place management systems to ensure compliance with their Constitution and legal obligations.

Training Outcomes:

Participants will increase their knowledge and understanding of the seven elements of the Model, in particular:

1. **Constitution and NZ Law:** the core charitable purposes in their own Constitution and their general legal obligations;
2. **Charitable Purposes:** “charitable purposes” and the four heads of charity;
3. **Stakeholders:** their accountability duties to their stakeholders;
4. **Charities Commission and Registration:** their legal obligations under Charities Act to maintain registration;
5. **IRD and Tax Exemption:** their taxation obligations to maintain income tax exemption;
6. **Policies-Processes-People:** the policies, procedures and people needed to maintain charitable purposes compliance;
7. **Risks:** the key risks and consequences and risk mitigation strategies.

Training Methodology:

FOMANA will deliver the Training by way of an interactive workshop and each participant will be given a copy of this Training Toolkit for their personal reference and use in the workshop. Trainers will use various presentation methods and tailor the workshop to meet the needs of the participants with emphasis on the particular needs of their Māori charitable entity.

Who should attend the Training workshops?

To maximise participation, FOMANA anticipates a group of 10 – 12 at each workshop comprising a mix of:

- at least 3 members of the Governance team;
- 1 - 3 Managers or staff with charitable purpose compliance responsibilities;
- at least 3 members of the affiliated Marae (for the iwi organisations);
- individuals from the organisation's beneficiaries and/or stakeholder group;
- members of the Māori Entity team (see Training Schedule below).

Trainers:

The training will be delivered by Kim Skelton and either Rangimahora Reddy or Wayne Mulligan. The trainers are Māori professionals with business, governance, management, legal and accounting qualifications. All three trainers have many years experience working in, and for, Māori businesses and Māori charitable entities. In addition, the trainers have personal involvement in the pilot programme as researchers, report writers and as developers of the FOMANA Capital Charities Compliance Model.

Trainers' Profiles

Insert Photo

Wayne Mulligan

Insert Photo

Kim Skelton

Insert Photo

Rangimahora Reddy