



## Donation Acceptance Policy

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<b>Responsible body:</b>	Board
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### Purpose

Foundation SA inspires and encourages accessible philanthropy and enables donors to establish sub-funds to support positive social change through fundraising and granting of funds to community organisations.

The purpose of this policy is:

- To clarify who Foundation SA will accept donations from for their community granting.
- To make it clear when Board approval is required for donation acceptance.
- To make it clear to sub-fund holders the basis on which the Foundation accepts donations into sub-funds.
- To clarify the difference between sponsorship and donations.
- To differentiate from the **Gifts & Benefits Policy** that covers the disclosure of gifts and benefits to staff and Board members

### Policy statement

This policy covers donations to Foundation SA, donations to establish, grow or contribute to donor advised sub-funds and sponsorship of Foundation SA.

Donors generally make contributions:

- To establish a new sub-fund
- To contribute to an existing fund
- To Foundation SA.

If a donor gives an unallocated donation to Foundation SA, the donor may express wishes to contribute to either:

- The Foundation SA Main Fund
- The Foundation SA Extension Fund



- Foundation SA Themed Funds (E.g. SA Disaster Recovery Fund) for funds to be granted out in a ‘flow through’ model rather than endowed.

## 1. Donations to Foundation SA

Foundation SA is permitted to accept donations from individuals and organisations for the direct benefit of the community foundation and the community.

A donation made to Foundation SA may be accepted if it is consistent with the Donation Acceptance principles.

The Gift Acceptance principles require that in its purpose, source and nature, a donation should:

- Be aligned to the purpose and guiding principles of Foundation SA, as defined in its strategic and governance documents
- Assist Foundation SA to reach its strategic objectives
- Enhance the reputation of Foundation SA and not cause any reputational risk
- Be consistent with State and Federal legislation in Australia and any other relevant country, in particular the *Income Tax Assessment Act 1997* (Cth)
- Be consistent with all other Foundation SA policies.

This is the decision matrix used to assess donations to Foundation SA:

- Is the donation aligned with Foundation SA purpose and guiding principles?
- Does the donation help Foundation SA achieve its strategic objectives?
- Is there any reputational risk in accepting this donation?

If the CEO has a concern about a donation not meeting one of the above criteria the decision should be escalated to the Board.

A donation will not be permitted if a majority of the Board of Directors forms the view that:

- The donation may expose Foundation SA to reputational or financial harm
- The donation may result in a perceived or real conflict of interest
- The intended purpose of the donation cannot foreseeably be met
- The purpose of the donation is not achievable with the funds provided and Foundation SA does not agree to secure the additional funds required.

A donation will not be permitted if it is conditional on the donor retaining ultimate control over the allocation of funds, nor if the donor requires the donation to be returned.

From time to time Foundation SA receives anonymous donations and, in this instance, the due diligence process is limited.



### **Acceptable purpose**

A donor may wish to designate a specific purpose for a donation. Foundation SA will act in good faith in respect of the purposes of the donation and intent of the donor. If the donation is to be held in the long-term corpus as an endowment, that purpose should be defined broadly to ensure Foundation SA can continue to fulfil the purpose should circumstances change.

The CEO should consider any long-term financial risks or commitments required to maintain, administer or comply with the purpose and intended use of the donation.

## **2. Donations to Sub-funds**

Foundation SA encourages donors to make donations to support charitable activities in South Australia and beyond.

Donations to sub-funds will be accepted from living donors and as planned gifts that take effect on a donor's death.

Assets donated to establish, grow or contribute to sub-funds at Foundation SA are irrevocable. They become the property of Foundation SA Ltd. and its Board carries the legal responsibility for ensuring that donations are used for charitable purposes.

Foundation SA welcomes the following types of outright donations.

- Cash of any amount (a minimum level is required to establish either a Gumnut Account or named sub-fund)
- Publicly traded shares at fair market values. The board will have full discretion over the sale of any donated shares
- Closely held securities (generally held by one or small group of shareholders and not generally traded publicly), subject to review by the Investment committee and approval by the Board
- Land and buildings, are at the Foundation's discretion and they may be sold and/or generate revenue for charitable purposes surplus to any costs
- Personal property, as long as the items are saleable, and at a value which will offset any costs the Foundation incurs in selling
- For any non-cash donations, any costs incurred selling the assets will not be borne by the Foundation.

## **3. Planned Gifts**

Foundation SA may also be named as the beneficiary of planned gifts, including:

- Residuary legacies – a gift made of some or all of the remainder of an estate after all other gifts have been handed out and debts paid off
- A pecuniary legacy – a gift made of a fixed sum of money



- A specific legacy – a particular named item left as a gift in a will, for example, shares, property, jewellery, furniture or a painting.

Foundation SA reserves the right not to accept a gift if the Board determines that for any reason the gift will not generate a net benefit when received by Foundation SA or if we don't have the capacity.

Prior to acceptance of any real estate an initial environmental review will be required to ensure that there is no environmental contamination of the property and if there is a problem identified, a full environmental audit may be required. The cost of the review and audit will be at the expense of the donor.

Following acceptance of any Property (i.e. non-cash) gift, Foundation SA will issue a receipt to the donor recognising the donation of any Property. At the time of issue, the receipt will not attach any monetary value to the Property. It will be the donor's responsibility to understand the amount eligible to be claimed as a tax deduction in their personal income tax returns.

At Foundation SA's discretion, the value of the gift that is credited to a donor's sub-fund will be the lesser of:

- In the event the asset is retained, the market value of the Property on receipt;  
or
- The value of the Property upon any subsequent sale

In the event that a valuation is required, this will be undertaken at the donor's expense. Foundation SA may otherwise rely on a valuation certificate issued by the ATO (if applicable).

#### **Taxation considerations**

Gifts over \$2 to the Foundation SA Main Fund are tax deductible. Depending on a donor's individual circumstances, donations will likely result in tax implications..

Gifts to the Extension fund are not tax deductible.

Donors should be directed to the following ATO publication for further information.

<https://www.ato.gov.au/Non-profit/Gifts-and-fundraising/>

If still unsure, donors should seek advice from a licenced financial and/or tax adviser. Foundation SA does not provide financial advice.

#### **4. Sponsorship of Foundation SA**

A sponsorship differs from a gift/donation, as the sponsor expects to receive a 'material benefit' in return for the sponsorship provided.



Foundation SA can accept sponsorship funding for its own activities, or act as a receipting body for broader sector initiatives in which it is involved (e.g. SA Giving Week).

A sponsor is considered to receive a 'material benefit' where it is provided/promised:

- Logo acknowledgement
- Advertising or promotion
- Participation in promotional activities or events
- Items of value.

Sponsorships of Foundation SA will be considered using the Gift Acceptance principles in section 1 of this policy.

**Policy review**

This policy will be reviewed two years, to ensure its currency and relevance to Foundation SA's ongoing operations.