



resolve news

summer 2010 | issue 22

Welcome!

Well 2010 is nearly finished and we have decided to go out with a bang and launch a new format for Resolve News – we hope you like the fresh new look!

As part of the launch of the new look we also launch how we describe the areas that we work in along with our new playing cubes to represent these areas:

Community Governance

Strategic Leadership

Engaged Communities

Financial Management

We trust that as you wrap up your year that it has been a successful one for you and thank you for the opportunities we have had to work alongside you in your various organisations.

We pray that you and your family have a wonderful Christmas and we look forward to seeing you again in the New Year!

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Inter-generation Wealth Transfer

A recent survey commissioned by Allianz in the US has found that it is expected that more than \$US25 trillion is set to be transferred to Baby Boomers from their parents over the next few years.

The study also found that only 25% of parents and their Baby Boomer children had talked about legacy and inheritance transfer.

Five main themes emerged from the study that should be of interest to anyone involved in donor relations anywhere around the world:

1. Values, nor valuables – people were uncomfortable in talking about inheritance in purely financial terms, but preferred to include non financial items such as ethics, morals and faith.
2. The Legacy Gap – There are significant gaps about what is understood as legacy between the generations and there is a lack of proper discussions on the issue
3. The Alpha Child – one child in each family was identified as the one parents turn to first to help with financial matters and it is this Alpha Child who typically guides legacy planning
4. Performance based inheritance – 86% of elderly parents said that their inheritance would be equally distributed among their children, however, many felt that children who have helped their parents should receive more than those who have caused problems
5. Ideal legacy advisor – Both parents and their children look for the qualities of honesty, trustworthiness, compassion, a good listener and a clear communicator in their legacy advisor

You can read the Allianz report in full at <http://tinyurl.com/o98ovw>



Resolve enters a war zone

Resolve Consulting staff recently provided five sessions at the Association of Christian Schools International ICEC Conference in Suwon, South Korea as well as running a stand in the Exhibitors Tent (yes it was cold!)

We have attended the last few ICEC conferences in Asia as part of our development in the region and on each occasion have found them inspiring and encouraging as we meet with over 700 people from around the world committed to International Christian education.

This conference was a little different though!

As we drove through Seoul on our arrival we commented about how quiet the streets were for early evening in such a large city. We only found out when we got to our hotel that only a few hours before our arrival the North Koreans had shelled the South Korean island of Yeonpyeong which accounted for the lack of traffic!

We all had a great conference but needless to say everyone kept an eye on the news!



Service Profile: Charter Program

Charter – “hired for a particular purpose or journey.”

Resolve’s Charter Program is aimed at organisations who we journey with over time. It often involves organisations who need medium to longer term assistance with their financial management at a strategic level or to work with Board and CEO/Principal to provide independent specialist high level Governance and decision making advice.

Organisations obtain the ongoing benefit of a breadth of industry specific expertise and networks that our firm has obtained over many years in the sector.

Some organisations have used the Charter Program over a number of years or even just for a season while changes take place.

Tax Basics for Not For Profits

The New Tax System and the GST turned 10 years old this year (yes hard to believe).

As time has gone by we have all got more used to the system, however, simple and similar issues do recur for many organisations.

If you have questions such as:

- What types of tax exemptions is my organisation entitled to?
- What registrations or endorsements am I meant to have?

Or even more technical issues such as:

- Are we meant to include gifts or donations on our BAS?
- What do we do with franking credits?
- How should our school treat the canteen for GST?
- What do we do with second hand sales?

A handy guide for you to have a look at over the Christmas holidays is the Australian Tax Office publication “Tax Basics for Non Profit Organisations”

The guide is available for download from the ATO website. Just go to <http://tinyurl.com/39jcsqg> to find out more

Financial Reporting Reforms

In Resolve News Summer 2009 (Issue 18) edition, we reported on proposed reforms to the Financial Reporting Framework for organisations that come under the Corporations Act.

This process has continued on since then with the following major things occurring:

- The Corporations Amendment (Corporate Reporting Reform) Act received Royal Assent in June 2010
- The Corporations regulations were also made in June 2010
- The Australian Accounting Standards Board released AASB 1053 Application of Tiers of Australian Accounting Standards and AASB2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The Corporations Act changes came into effect from 30 June 2010 while the Accounting Standard changes are mandatory from 1 July 2013, but can voluntarily be complied with before then.

Therefore the changes will or can have application for financial statements being prepared for this December year end's audited accounts.

Corporations Act amendments

The following is a summary of the main changes relevant for NFPs effective 30 June 2010:

- Parent entity information – Where you are preparing Consolidated Financial Statements there is no longer a requirement to show

Parent Entity column information. Parent Entity details can be shown as a note to the accounts.

- IFRS declaration – A new IFRS declaration is required in the Directors' Statement where the accounts are fully compliant with the International Standards
- Early Adoption of Reduced Disclosure Regime – there is potential for organisations to adopt this earlier than 2013
- Companies Limited by Guarantee – a new 3 tier differential reporting framework has been introduced including changes to audit requirements.

New Framework for Companies Limited by Guarantee

To try and ease the compliance burden on smaller not for profit organisations the following 3 tier reporting framework has been introduced:

Tier 1 – Annual Revenue <\$250K and does not have DGR status

Exempt from preparing financial reports unless directed by ASIC or by at least 5 % of members

Tier 2 – Annual Revenue <\$250K and has DGR status OR Annual Revenue between \$250K and \$1m with or without DGR status

Must prepare a financial report. Must prepare a Directors Report (though less detailed). Need not have the financial report audited, can choose a review instead. Must give the financial report to any member who elects to receive it.

Tier 3 – Annual Revenue >\$1m with or without DGR status

Must prepare a financial report. Must prepare a Director's Report (though less detailed). Must have the financial report audited and must give to any member who elects to receive it.

For those who wish to read more on these changes and especially the Accounting Standards changes, Deloitte have a good overview available on their website <http://tinyurl.com/38dss83>



Good to Great: The Flywheel

Continuing our series drawn from the book *Good To Great* by Jim Collins.

The seventh attribute of Good to Great companies is that they employed the concept of the flywheel.

The concept of the flywheel is that initially it takes significant effort to get a new program, activity or even organisation started. The effort is significantly greater than the initial progress.

However, momentum slowly builds and eventually an organisation will hit a breakthrough and the organisation gets a momentum of its own and starts powering away and the effort to keep it going becomes less and less compared to progress as more opportunities arise, more people know about the organisation, etc.

We have seen this in action over the last 20 years with the start up of low fee schools in Australia (in particular Christian Schools). At their start up there is huge amount of work initially for apparently small return, the schools then slowly but surely build momentum and then seemingly start growing and developing on their own with enrolments, opportunities and new developments coming from all directions.



Book Review: NonProfit Board Answer Book

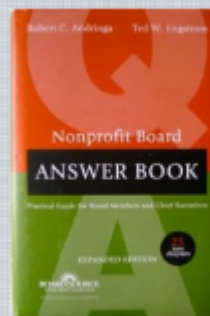
This book is one of those classics that most people in governance or leadership of not for profit organisations have either read or have as a part of their professional library.

The authors Ted Engstrom and Robert Andringa in many respects are legends of the governance world and have contributed greatly to the thinking and practice of good governance of not for profits around the world.

The book is very practical and easy to read with each chapter addressing a different issue that may arise in the governance and management of organisations.

The format of the book makes it a good quick ready reference guide and provides a starting point to address most issues Boards will face.

The Non Profit Board Answer Book is available from the Resolve Shop for a special price of \$53.90 + P&H (normally \$77)



Management Tips:

#2 Connect with your team

Continuing our series of Management Tips.

Sounds obvious, but it is critical for management to connect with its team, in not only being a supervisor but also balance that with personal and even pastoral connections. This should not come just from being a “good management technique” as staff will see through this, instead it should come from a genuine desire to build a positive team that connects well together for the good of the organisation.

One way we have seen many excellent teams being built up is through the praising of performance and celebrating success. It is easy in the busyness of a non profit organisation to forget to thank and praise staff for good work or even take time out to celebrate as a team. Organisations who also acknowledge and celebrate their volunteers not surprisingly see increased support from volunteers as well as longevity with their volunteers.

Have a think how you can increase your connections with your staff and volunteer teams.

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About Resolve Consulting Group

Resolve’s mission is to *Equip, Develop* and *Sustain* Healthy Schools, Churches and Not for Profit Organisations through the provision of high quality, cost effective solutions in the areas of:

Community Governance

Strategic Leadership

Engaged Communities

Financial Management

Over recent years Resolve has provided one-off assignments, multi-project assignments over extended timeframes, as well as on-going assistance and resources to over 450 organisations across Australia and in more than 21 countries.

Resolve also operates the highly acclaimed The Bursars Forum—an online community of over 1,000 Bursars and Business Managers in schools across Australia and overseas.

