

Inviting Investment in Social Enterprises

A Prospectus Framework for the Social Sector



AN INITIATIVE OF THE R.E. ROSS TRUST



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TRUST

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Authors' Note

Every effort has been made to ensure this publication is free from errors or omissions and that all of the information is current at the time of publishing. This publication is intended as a guide only. When preparing a prospectus for a particular social enterprise, expert advice should be sought from legal, accounting and other relevant advisors. The material in this publication is made available in good faith, but no responsibility will be taken for any loss or injury caused by reliance on the information provided.

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Preface

The Trustees of the Ross Trust want the income of the Trust to have a positive impact on people's lives. We aim to direct our charitable grants to areas of high priority need where evidence suggests the Trust's funds can be used to best advantage.

As the amount of income with which to make grants is limited, the Trust cannot meet all of the requests it receives. From our vantage point as Trustees, we are well aware that the organisations to which we make grants could increase their capacity and effectiveness in meeting social needs if they were able to increase and diversify the sources of their income.

This Prospectus Framework has been developed to assist enterprises in the nonprofit sector to reach an expanded range of potential investors in their important work. The Framework has been designed as a guide for these enterprises to communicate to experienced business investors the social needs the enterprises are meeting, the work they are doing to meet those needs, their uniqueness, their capacity, their systems and their results.

The Trustees of The R E Ross Trust commend this Framework as a useful tool for social enterprises who are ready to take this step as part of their overall planned communication and operational activities.

Ian Renard, Chairman

Acknowledgements

The content of this guide is richer for the insights gained from the resources listed at the conclusion to this guide and from the feedback and ideas received from the individuals named there who contributed their time, experience and wisdom.

In particular, representatives of the following social enterprises have generously and patiently piloted this initiative and The R. E. Ross Trust is pleased to have supported them in developing an initial offer document for each of their organisations.

- Asylum Seekers' Resource Centre
- Education Foundation
- Ganbina
- Marie Stopes International Australia
- Somebody's Daughter Theatre Company

Introduction

The organisations with which the Ross Trust relates most frequently form the majority of organisations located within what has been called the “third sector”. The term was developed to distinguish the organisations it comprises from those within the government and business sectors and to convey a sense of the important part they play in the economy and society.

This majority group within the third sector are generally referred to as nonprofits. However, the term nonprofit is a flawed one. Not only must these organisations generate a surplus of income over expenditure or they will not continue in operation but they also generate significant social capital. Unlike commercial business enterprises, which generate their revenue primarily from the sale of goods and services, most nonprofits must source their revenue from a diverse range of government and philanthropic grants, commercial business sponsorships and donations from businesses and the public – a relentless, often complex process. It is hard and often unrewarding work and the conditions placed on the funding which nonprofits receive often make it difficult for them to chart a clear strategy based on the work they do or to plan over the long or even medium term. This creates a paradox because generating demonstrable social returns usually requires a consistent approach over an extended period.

One of the aims of the Ross Trust is to help nonprofits improve their capacity to source the funds they need to meet high priority community needs. Another difference between businesses and nonprofits is one that suggested a way the Ross Trust could provide this help. Commercial business enterprises are able to raise additional funds, albeit usually capital, through offering to sell shares in their company or to sell an interest in a particular initiative. To make these offers, companies usually issue an offer document or prospectus which sets out all the information a potential buyer or investor would want to know about

the company making the offer and the likely financial return on an investment in order to make an informed investment decision.

By their legal nature, nonprofit social sector organisations do not have the same scope for raising funds as business enterprises. However, they can adapt the method used by those enterprises to communicate the value of the social rather than financial return they are able to offer investors in their social enterprises. *Inviting Investment in Social Enterprises* is an initiative of The R. E. Ross Trust, intended to provide guidance for social sector enterprises in communicating the case for investment in their organisations and their work. It sets out a framework for nonprofits to prepare a prospectus which shows the positive impact of financing their vital work.

Inviting Investment in Social Enterprises begins with the purpose of the Prospectus Framework, explaining in some detail what a prospectus is, why social sector organisations should use it and how it can be used with attention to factors such as clarity, consistency, accountability and accuracy. The sections which follow show a model prospectus structure and explain how each part of that structure can best be used to describe and argue the case for investment in the organisation.

Inviting Investment in Social Enterprises concludes with our acknowledgement of those who have contributed to its development, some useful references and notes to references made in the text.

We hope that social enterprises find this guide a useful addition to their existing set of communication tools. We and The R E Ross Trust would be happy to receive any suggestions for improvement which could be included in future on-line editions.

Rosemary Addis

Sylvia J Geddes

Purpose of the Prospectus Framework

The purpose is to provide a step by step introduction for social enterprises to inform experienced business investors as to why there is value in making a financial contribution to their enterprise.

The aim is not for the social sector to be or act more like business. It is about adapting a format familiar to the investing (target) audience. It is a disciplined approach already used and understood by those who invest financially in businesses. The framework is intended as a tool which is useful for social sector enterprises to reach a different audience of potential supporters. The hope is that by using this tool, social sector organisations can build confidence with that new audience in their capacity to make a positive impact together.

For these purposes **investment** refers to an opportunity to make a difference to society generally or to a particular community or area of social need by supporting the vision and work of the social enterprise featured in its prospectus.

Well intentioned people who want to make a difference often find it difficult to navigate the social sector. George Soros, international businessman and philanthropist, commented that it is often more difficult for people to make good decisions about giving their money than it is to keep making more. The criteria for success are not financial and the time frames are longer. This is often very different from the financial “exchange” which investors are used to in their commercial dealings.

Similarly, it is often difficult for organisations with a social mission to secure strong funding commitments which enable them to build a successful social enterprise. It is difficult to communicate the nature of the challenges and of the social return, which may defy quantification.

The approach proposed in this framework adapts a commercial tool, the “prospectus”, to become a social investment tool. As a tool, this framework is necessarily generic. The colour and dynamism will come as the framework is used by individual social organisations to reflect their “story” of challenges, opportunities and positive impact.

This approach will not be appropriate for all organisations in the social sector. Taking this approach requires a serious commitment of time, resources and thought from senior management. *Organisations that have systems for organisational and strategic planning and are clear about their social mission and purpose are likely to derive the most benefit from the framework.*

A completed prospectus is only one communication tool to assist a fundraising and communication strategy that includes targeting skilled investors with discretionary budgets for investment in the social sector. As with any communication, this type of tool will be more successful if it is developed with a clear purpose and audience in mind.

Developing a prospectus takes time and resources. However, any organisation ready to commit to the process should not be starting from a blank page. They should be drawing upon existing communications material such as business plans and annual reports. This should be done with a critical eye to presenting the essential elements set out in this framework: the presentation should be direct, clear and concise.

What is a prospectus?

A commercial prospectus is an “offer” document. Its target audience is investors from whom the organisation issuing the prospectus is seeking to raise funds. Essentially, it is a document for communicating to potential investors information about the organisation and the particular investment opportunity. It also plays a significant role in setting investor expectations about the investment exchange and the likely returns on the investment.¹

The emphasis is on disclosure. The guiding legal principle is that the document must contain “all the information that investors and their professional advisors would reasonably require to make an informed assessment” of certain matters (prescribed in the law).² The focus is on ensuring that investors have adequate information to make an informed decision. That will usually include information about the rights, obligations and risks attaching to the offer and about the assets, liabilities, financial position and performance of the organisation making the offer.

Most commonly in commercial usage, the investment opportunity outlined in a prospectus will take one of two forms:

- an offer of shares in the company, representing an investment in the business of that company;
- an offer to buy an interest in a particular initiative, for example, a property trust or specific investment scheme.

A commercial prospectus is required by law in most cases where a commercial offer of shares or other securities is extended to the public.³

The trend in recent years has been toward simplification. There are few specific content requirements. However, conventions have been arrived at through practice. Most commercial prospectuses will include similar material and follow a similar format for arranging that material. Investors are used to the framework and understand where to look for the information of interest or significance to them.

Why would social sector organisations use a prospectus?

Prospectus style documents are not usual in the social sector. However, as relationships with major supporters become more sophisticated, as do marketing and fundraising functions, the need for some form of “leave behind” material is increasingly recognised. The challenge in attracting resources to the social sector is not only to build the understanding of what the organisation does, but also to build confidence in its capacity to deliver.

A prospectus provides a tool for the social sector to speak to skilled investors within a framework those investors are used to. This has potential to build up front greater confidence in the systems and discipline of the social enterprise seeking funds. It may enable these enterprises to target a new audience. In particular, it can be a useful tool to help the organisation’s Board members and supporters to inform their networks.

A social enterprise prospectus provides an opportunity to pick up the paradigms and language of *investment* rather than of general charitable giving. It can be a vehicle to educate potential financial contributors about the nature of the “exchange” or return on investment in the particular social context. That is, an exchange in which the investor’s return is their participation in or contribution to realising outcomes of social benefit, not monetary return.

For these purposes, **investment** refers to creating capacity to make a positive impact on a particular social need. That is, a financial contribution which enables a positive social outcome by supporting the work of the organisation or initiative featured in the prospectus.

It will be unusual for a social enterprise to have to start preparing the material for a prospectus style document from scratch. Much of the framework is focused on “pulling together” or “reframing” existing information about the organisation, its work and achievements. Some of the material used may be the same as or very similar to the organisation’s other planning material and communications such as annual reports. Some of that material may be suitable to be used as part of the prospectus exercise. What is likely to be different is the frame used by the enterprise for the information and the audience.

There will be a particular relationship between a prospectus and the annual or other reporting done by the organisation and this needs to be thought through in the planning. *The prospectus is a statement of purpose and objectives inviting investment; the annual report or other reporting is a statement of activity, measurement and outcomes.*

Developing a prospectus can also be a useful “gap analysis”. If developing the material for a social organisation is too hard, that may indicate there is more foundational strategic work to be done first.

That is not to say that a “perfect” offering is needed to develop a prospectus. Experienced investors are used to dealing with organisations at different stages of growth and with different risk profiles. The essence is to communicate clearly where the organisation is in its development and the purposes for which the contributions sought will be used.

How to use this framework.

What comprises most of this publication is a guide to using a particular framework for inviting investment. It is specifically focussed on investment in the work of social sector organisations. The target audience is investors more familiar with investing in the corporate and financial sectors. The framework follows what investors are used to seeing in offer documents for shares and financial instruments.

It is recommended that organisations using this guide consider whether and where a “prospectus” fits in their communications strategy.⁴ Specifically, organisations need to be very clear about the target audience and objective for raising funds.

It is highly recommended that the organisation has distinct objectives for what contributions are being sought through the mechanism of the “prospectus”. These need to be communicated clearly in the prospectus document. The main alternatives will be:

- Raising money for the organisation generally;
- Fundraising for a particular initiative (for example, a capital fund or growth fund) or program (for example, a new program initiative or one of the organisation’s streams of programs).

Also they need to consider how the organisation will communicate with investors or potential investors after providing a prospectus. How will the organisation follow up? What tools will be used to report to investors and supporters? It is a good idea to communicate in the prospectus what form the follow up will take as this will assist in managing expectations and resources.

The framework is designed for organisations that have developed organisational and strategic planning and are clear about their mission and purpose. This approach will be most effective for organisations that have also developed systems for measuring and reporting performance relative to their program objectives and/or broader social mission.

Like any tool, this framework is not a substitute for doing the focused, concentrated thinking required for sound strategy and planning. It is intended to provide an accessible framework for communicating that strategy and planning. If an organisation starts the process and find gaps, they should put the framework aside, address the gaps and then come back to it.

To make this guide to using the framework easier to follow, it is organised into sections. The section headings reflect the type of material that would be found in a conventional commercial prospectus although the structure is not prescriptive.

Each section starts with an “AIM” which outlines the purpose the section has in the prospectus and includes guidance on the type of content which it should include, adapted specifically with social sector organisations in mind. The suggested content is intended to prompt consideration of the type of material that may be relevant and/or appropriate. Each circumstance will have its own requirements and each organisation will be unique. The most important thing is that the finished prospectus be an accurate reflection of the particular organisation.

TIP:

If an organisation is ready to do this, it should not be starting from scratch. It needs to look to business plans, annual reports and other material already prepared but which can be adapted.

General Style Guidance

The following are some general tips for effective communication. They should provide a good common sense check when preparing a prospectus.

- Keep language clear and concrete, not passive or vague, technical, ambiguous.
- Use pictures, examples, testimonials and stories where relevant and appropriate.
- Maintain clarity of focus – who is the audience and has the information they need to make an informed decision been communicated?
- Keep style consistent with the organisation's branding and values.
- Ensure the layout is clear and, together with the font and colour scheme, makes the document easy to read.
- Presentation is important. Make the document easy to navigate. Consider using margin comments, diagrams, charts, tables and other tools that communicate information succinctly and with impact.
- Use examples and data to support the material. Data used should be verifiable and, where relevant, supported by independent sources.
- Be consistent, both within this document and with other planning and reporting documents.
- Err on the side of brevity, encourage follow up and make it easy for interested investors to contact an appropriate representative.

Accountability

This material does *not* provide comprehensive advice on applicable legal or other obligations that may apply to fundraising or to representations. Fundraising by community organisations does not usually attract the disclosure regime under the Corporations Act 2001 (Cth); however, other regulatory considerations may apply.⁵

As with any communication, even if it is not legally required, once it is made responsibilities attach with respect to the material included. In particular, liability can attach to representations that are false or misleading. Particular rules can apply to forecasts or projections of future results or circumstances.⁶

We recommend that any organisation developing a prospectus obtain legal and other professional advice.

Importantly, information must be true and not misleading. While it may sound trite, clarity is important to avoid ambiguity and misunderstandings. It will also be important to anchor certain information in its context, for example, the date at which any financial information is current should be made very clear, as should assumptions attaching to any projections.

A prospectus, even with limited circulation, is likely to be considered a public document. This means it is important to consider whether to include and how to present sensitive information such as business planning and client stories. In particular, material included in a public document will lose any protection of confidentiality and privacy regulation should be considered before publishing any personal information. If in doubt, getting written consent before including material is a good rule of thumb.

Bear in mind that these considerations are important for building reputation as well as avoiding liability.

Preparing a Prospectus Index

AIM:

Prime the reader for what they will find and where they will find it.

Guidance Notes

The headings included in the model index are for guidance only. They highlight the structure of a prospectus and the purpose of each of the sections included in it. They give a sense to the reader as to what is the minimum amount that must be read in order to decide whether to read or pursue the investment opportunity further.

Not all of the sections listed in the model index need to be included in a prospectus. As with any other significant strategic communication, decisions and judgements about what is appropriate to include are based on the intended audience and objectives, and on a rational use of the available resources of the social enterprise preparing the prospectus.

Overview

1. **Invitation: Chairman's Letter** – *Does the social organisation's Board support the initiative?*
2. **Investment Proposal at a Glance** – *"Why invest?"*
3. **Organisational Directory** – *Who am I dealing with?*
4. **Important Information** – *A disclaimer and explanation of conditions.*
5. **Map of operations/reach/impact** – *"Where is the organisation active?" and/or "What is the organisation's reach?"*

Value Proposition

6. **Our Organisation** – *"Who and what is the organisation?"*
7. **Our Work** – *"What does the organisation do?" and "How does it do it?"*
8. **Our Resource Base** – *Demonstrate the organisation's capacity and ability to attract support and commitment.*
9. **Our Impact** – *"What is the difference this organisation makes?"*
10. **Investment Proposal** – *What is the investment opportunity and what can investors expect?*
11. **Financial Information** – *What is the organisation's financial position?*
12. **Risks & Risk Management** – *"What could go really wrong" and "What controls are in place?"*

Additional Information

13. **Additional Information** – *Space for other relevant information which does not fit logically elsewhere.*
14. **Glossary** – *To define technical terms and acronyms used.*
15. **Support Us** – *To provide a straightforward, easy way to contribute or follow up.*

APPENDICES – *Documents that anticipate questions or provide third party verification.*

The Prospectus Overview

AIM:

Prime the audience.

Guidance Notes

The introductory or “overview” sections are very important. *While they may seem repetitive or perfunctory, seasoned investors are used to seeing them and to looking at them first. They serve a similar function to an Executive Summary in a report. The impression gained from these sections may determine whether people read further.*

The sections in an overview provide a snapshot of key information: they often use diagrams, tables or other tools which communicate key contextual information succinctly and powerfully.

TIP:

Consider finalising these sections last. They serve the purpose of an Executive Summary. This will enable you to check that the information in the Overview communicates the core messages clearly and accurately.

Overview

- 1. Invitation: Chairman’s Letter –**
Does the organisation’s Board support the initiative?
- 2. Investment Proposal at a Glance -**
“Why invest?”
- 3. Organisational Directory –**
Who am I dealing with?
- 4. Important Information –**
A disclaimer and explanation of conditions.
- 5. Map of operations/reach/impact –**
*“Where is the organisation active?” and/or
“What is the organisation’s reach?”*

1. Invitation: Chairman's Letter

AIM:

Demonstrate support from the Board for the investment.

Guidance Notes

This is a letter, usually signed by the Chairman, commending the investment opportunity to anyone reading the document. It should be clearly directed at the target audience for the prospectus. In addition to lending weight to the “ask” it also provides reassurance that proper governance has been observed in the sense that the organisation’s offer is endorsed by its Board.

A typical letter is short and to the point. It should highlight in very brief and general terms the identity of the organisation making the offer, what it is about and why the Board or letter writer(s) support/commend it. This letter of invitation or endorsement sometimes comes from senior management.

TIP:

The style of the letter is not dissimilar from the style of the Chairman’s or CEO’s report which typically fronts an organisation’s annual report. However, the focus of the letter in the prospectus is on inviting participation in the “investment” opportunity.

An outline of an invitation to invest could look like this:

[date]

Dear Investor

At [organisation] we understand the desire to make a difference. We are delighted to invite you to invest in our capacity to do that by supporting [organisation/program/initiative].

Through the work of [organisation], there is a unique opportunity to contribute to [social issue/outcomes/mission...].

[Organisation] [is a new initiative/has a long established track record] for [objectives/outcomes]. [Organisation] has a dedicated team of experienced professionals to manage its programs. [Organisation] also benefits from...

Our objectives are clear, to [complete]. Our target is to raise the capital which will enable us to [reach/achieve]...

We invite you to invest [alongside - consider including significant investors/supporters such as philanthropic trusts] in what we believe is a unique opportunity to make a positive impact on...[complete with reference to area of need addressed by organisation’s work]...

[Chairman/title]

2. Investment Proposal at a Glance

AIM:

Should answer the investor's question: "Why invest?"

Guidance Notes

This is a critical section which gets succinctly to the purpose of the communication. It should summarise "at a glance" *what the opportunity is and what the organisation wants or needs.*

This corresponds to the more detailed proposal in section 10. It primes the reader for what the prospectus is really about.

Two main points need to be communicated in this section in brief terms.

- A clear summary statement of how a contribution will make a positive difference.
- A clear statement of the "ask" - what is the organisation seeking? In particular, are contributions being sought for general revenue of the organisation or for a particular activity (eg expansion or starting a new program) or a specific initiative (eg a capital fund)?

It may be helpful to include here a succinct statement setting the investor's expectations for the "exchange" or "return" on the investment, which is unlikely to be monetary. The key is to set the scene for the organisation's work as the vehicle for making a positive difference to a particular social need.

TIP:

One approach would be to outline the area and extent of need or change which is targeted by the organisation; the objective of the organisation or particular initiative; and how that objective impacts the area of need or change.

What does the organisation do and why does it do it? How will this support contribute? Consider setting expectations in terms of both qualitative and quantitative outcomes. **A note of caution: do not over promise or overstate the case. Not everything, particularly in the social sphere, can be quantified.** Also, some outcomes may be achievable only in the longer term. Clarity can still be achieved in terms of objectives and success factors.

If reliable, relevant econometrics are available in the organisation's field of work, this can be very powerful as experienced investors will relate these data to their expectations of return in the commercial context. For example, in the context of quality early childhood learning interventions, the follow up data on the Perry Preschool program in the USA, showed the long term economic and social return on investment for participants of the program.⁷

Figures used should be directly relevant to the organisation's work. If they are not, it may actually detract from the case for support.

This section should include an indication of the nature and scale of investment sought by the organisation. Also, where will that investment fit in terms of the organisation's stage of development? For example, is the funding sought as seed capital to enable a new initiative or as growth capital to enable the organisation to take the next step in its growth?

2. Investment Proposal at a Glance CONT'D

Also, is it investment in the organisation's work generally that is sought or in a particular initiative, for example a capital fund or new program.

While this section provides an overview only, it will still be helpful to provide an indication of the scale of the contributions being sought from investors.

If the "ask" is for general contributions to the organisation's, it may be helpful to relate particular levels of investment to the capacity that each level will provide for the organisation to achieve its goals. For example, the ask could be expressed as "each \$x enables us to reach Y more [target clients]/ make a tangible difference to the quality of life of Y more people like...".

If the ask is specific in the sense of a fund or initiative, this may also be the place to set the scene for the conditions necessary for the organisation to proceed or sensitivity factors, for example, this offer is limited for x period during which we need to achieve a minimum subscription of \$X for this fund to proceed.

3. Organisational Directory

AIM:

**Should answer the investor's question:
Who am I dealing with?**

Guidance Notes

People like to know who they are dealing with - who they are being asked to trust with their money. The information can be presented briefly so the reader can see straight away who the leaders of the organisation are and whether the reader knows any people involved. It should be presented so that the reader can identify those who they might want to meet or speak to before they make an investment decision.

This section should be easy to scan and occupy no more than one page: it is often set out in some form of table. The information contained in the section is factual and to the point and should include:

- Organisation's formal name,
- Trading name, if different,
- Address of head office,
- Name and title (only) of Board members and Senior Management,
- Key advisors, most likely to include the organisation's accountants or auditors and, where applicable, legal advisors, and
- The names of any professional advisers such as lawyers or fund managers who have assisted in setting up the fund should be included also if the prospectus relates to establishment of a particular fund.

An outline of this section might look like this:

ORGANISATIONAL DIRECTORY

Organisation <i>Legal name Limited</i> ACN XXXXXX	Trading Name <i>Business</i>
Directors <i>Name</i> <i>Name</i> <i>Name</i> <i>Name</i> <i>Name</i>	Senior Management <i>Name</i> <i>Name</i> <i>Name</i> <i>Name</i>
Principal Office <i>Address</i>	Company Secretary <i>Name</i>
Legal Advisers <i>Name of firm</i>	Auditors <i>Name of firm</i>

TIP:

Consent should be sought from any third parties to be named, eg professional advisers.

4. Important Information

AIM:

You provide the information; the investor makes the decision.

Guidance Notes

This section is essentially a “disclaimer” and includes relatively standard elements established by legal convention. The theme is that the investors should make their own decision to invest and seek advice where appropriate.

While it is accepted practice to include a legal limitation of liability, a limitation will not protect reputation if investors do not have a positive experience dealing with the organisation. Investors are far more likely to tell their negative story to other potential supporters and not give in future than they are to make a formal complaint or litigate a dispute with a social sector organisation.⁸

TIP:

Legal advice on the content and wording of this section of any prospectus type document is strongly recommended.

This underscores the legal and ethical obligations to avoid misrepresentation.⁹ The best approach is not only to be accurate in the information provided but also to be very clear in communication so as to avoid ambiguity and misunderstandings. It is also important to anchor information in its context, for example, the date at which any financial information was current should be made very clear, as should assumptions attaching to any projections. Additional legal considerations may apply to forecasts or projections of future results or circumstances.¹⁰

If there are limits or conditions on the scope being offered to the investor to contribute that should be made clear. In particular, make clear whether there is a minimum amount that needs to be raised for the organisation to proceed with the initiative to which the prospectus relates, the timing of the initiative and what will happen to funds received if the initiative does not proceed.

For example: We need to raise a minimum of \$x to proceed with this initiative. The opportunity to contribute will be open until [date] and funds received up to that time will be held [in escrow] until that date. If we do not reach the target amount, we will then speak with donors and return their funds or apply them to another purpose within the organisation as agreed with the individual donor.

An outline of a disclaimer may include the following.

This document is dated [date].

[Organisation legal name and ACN/ABN] is the entity making the invitation to invest set out in this document. This is a fundraising document and not a prospectus for the purposes of the Corporations Act 2001. [Organisation] is registered/licensed to raise funds under [complete with reference to relevant fundraising regime in the states where organisation operates].

You are invited to read this document and make an independent decision about investing in the work of [organisation]. You should consider seeking professional advice in relation to the investment before making any decision. This document has been prepared in good faith, but has not been tailored for the circumstances of any individual investor.

No person is authorised to provide information or make any representation in connection with this offer document which is not contained in this document and any information or representation made may not be relied upon for the purposes of making a decision to invest in the work of [organisation]. Neither [organisation] nor any other person guarantees any specific return or outcome as a result of the work of [organisation].

Information contained in this document may change over time. Financial accounts are current as at the date stated in those accounts and are stated in Australian dollars unless otherwise specified. Defined terms and abbreviations used in this document are explained in the Glossary.

5. Map of operations/reach/impact

AIM:

Should answer at a glance: “Where is the organisation active?” and/or “What is the organisation’s reach?”

Guidance Notes

This section provides an overview or snapshot of the organisation’s reach and/or impact. It should communicate, at a glance, a picture of the extent, and, if relevant, the growth, of the organisation’s work.

This section often includes or takes the form of a map illustrating where the organisation or initiative has a presence. The section provides key information, often using diagrams, tables, bar and pie charts or other tools which communicate key contextual information succinctly. This supplements the picture of “who we are” with “where we are”. In some cases it may add “how established we are” or “track record”.

TIP:

A map or timeline may be useful devices for communicating the history or the organisation’s development and/or the extent of its work.

If it is practical to graphically represent the organisation’s reach or work relative to the extent or concentration of social need that can be a powerful way of communicating the organisation’s impact.

Putting the Value Proposition

AIM:

Provide more detailed background to and information about the investment being offered.

Guidance Notes

The following sections should go into more depth about the substance of the organisation and its work and capacity to deliver results. The information should be presented in a form which is easy to scan and demonstrates an appreciation of the criteria by which an investor will assess the opportunity.

It is important to be true to the organisation's stage of development. If additional funding is required to take the organisation's development to the next stage or address particular gaps, that should be explained.

These sections are intended to be more detailed than the overview but they should still be concise. Avoid overwhelming the central messages with extraneous detail. Judicious and targeted use of examples, stories and testimonials will assist to make the opportunity tangible and illustrate the qualitative aspects of the investment being offered.

Sections 6, 7, 8 and 9 are designed to work together to communicate:

- the organisation's purpose or mission,
- the organisation's stage of development,
- the organisation's capacity to perform,
- what gaps (if any) need to be filled to improve or grow the organisation's performance, and
- track record.

Section 10 gets to the detail of:

- the investment or contribution being invited, and
- what that contribution can be expected to achieve or enable the organisation to do.

TIP:

Pictures or charts may communicate some concepts or key messages more briefly and/or more powerfully than words. In addition to stories of clients also consider testimonials from other investors and partners as to why they are attracted to the organisation and its work and their experience of dealing with the organisation.

Value Proposition

6. **Our Organisation** – *“Who and what is the organisation?”*
7. **Our Work** – *“What does the organisation do?” and “How does it do it?”*
8. **Our Resource Base** – *Demonstrate the organisation's capacity and ability to attract support and commitment.*
9. **Our Impact** – *“What is the difference this organisation makes?”*
10. **Investment Proposal** – *What is the investment opportunity and what can investors expect?*
11. **Financial Information** – *What is the organisation's financial position?*
12. **Risks & Risk Management** – *“What could go really wrong” and “What controls are in place?”*

6. Our Organisation

AIM:

**To answer the questions:
“Who and what is this organisation?”**

Guidance Notes

The focus of this section is to help the reader understand who they are dealing with. In particular, what type of organisation this is, how it is structured, how it operates and where it is in its development. Potential contributors want and need to know to whom they are being asked to give resources.

History and Context

This provides an overview of the stage of development of the organisation and where it fits in the “bigger picture”.

- When was the organisation established?
- If it is significant, name the founder?
- Give a very brief description of what the organisation is, does or stands for – to give context.
- Explain at what stage of development the organisation is, for example, start up stage, building capacity, expanding or growing?
- What is the culture of the organisation?

Structure

This section should explain to readers who they are dealing with. It is important information to give potential contributors confidence in the formal structure of the organisation. ***It is critical that they understand to whom they are being asked to give their money or resources.*** It may also affect the nature of their contribution and assessment of how much to give.

This includes information on the formal character of the organisation:

- What is the legal structure of the organisation? For example, is it incorporated and if so, what type of company is it.¹¹ When was it incorporated or formed and does it trade under a separate name?
- What is the tax status of the organisation? For example, does it have charitable status and or DGR (*gift deductibility*) status?¹²
- Infrastructure and key requirements, for example how many offices in how many locations, built up over what period?

Management & Governance

This should cover the competencies and experience within the organisation and the governance systems of the organisation.

- Outline the structure of the senior management team, including their functional responsibilities.
- Where appropriate, include an organisational chart that relates senior management accountability to areas of operation.
- Provide an overview of the Board and how often it meets, including the names and a brief biography of each Board member, highlighting the particular expertise each brings to the Board and how long they have served on the Board.
- Show the Board committee structure and membership, if relevant.
- Outline any other reference or advisory groups or regular external expertise.
- If there is an overarching decision-making or management philosophy that can be articulated, outline it very briefly.

TIP:

While some of this may appear more “administrative” than substantive, the governance and systems of the organisation may be a critical factor. They demonstrate that the organisation either has the capacity to deliver or understands the gaps it needs to bridge to have that capacity. This can help to build confidence in the organisation’s systems and capacity. This is particularly important for organisations whose work is more difficult to measure in quantitative terms.

7. Our Work

AIM:

To answer the questions: “What does the organisation do?” and “How does it do it?”

Guidance Notes

This section is the window into what the organisation does and how it does it. It should clearly paint a picture of the substance and reach of the organisation’s work and delineate significant points of difference.

TIP: It may be helpful for the content of this section to anticipate questions about whether the organisation’s work is duplicative or competitive with the work of other organisations tackling similar or related issues.

Value Proposition

- Articulation of the organisation’s core purpose – why the organisation exists. Consider including the vision and mission of the organisation.
- What social issue or need does this purpose seek to address?
- What are the organisation’s key strategies and priorities?
- What are its points of difference and distinction from other social enterprises?
- What policy, research or econometrics underpins the organisation’s approach?

TIP: Aim to provide an insight into how management decides what programs to provide.

Business Model

- Show the program structure including core programs or activity streams and any programs in development.
- Indicate what research base or research focus there is for the organisation’s work.
- Highlight key points of distinction from alternative models or other unique aspects of the organisation’s work or approach.
- Give a profile of clients or target groups.
- Give examples which demonstrate the organisation’s capacity to fine tune programs and create new programs. If relevant, describe a quality control methodology which is in place.
- List the short and long term goals and show how they relate to strategy and vision?

Environment

This relates to the context for the organisation’s work.

- Are programs affected by or based around particular cycles, such as the school year?
- How does the organisation interact with and enter and exit client communities?
- What role, if any, do governments play in the organisation’s work?
- What role do innovation and competition play in the organisation’s work?
- What is the size of the target “market”? Can the reach of the organisation’s programs be quantified?

TIP: This is another section where the aim is not only to provide information but also insights into the organisation’s internal governance and systems, in particular project and program based decisions.

8. Our Resource Base

AIM:

To demonstrate the organisation's capacity and ability to attract support and commitment.

Guidance Notes

This section should communicate critical aspects of the organisation's capacity. This includes its people, collective experience, and the efficiency and effectiveness of funding its work.

Remember; be true to the organisation's stage of development. If additional funding is required to take the organisation's development to the next stage or to address particular gaps, explain that.

Human Resources¹³

The aim is to communicate the collective experience of the organisation's team and relevant expertise and capability within the organisation.

- Give an overview of "team" including functional responsibilities of senior management and brief biographies.
- Include an organisational chart.
- Identify any material gaps in the current team and how they will be addressed.
- Give an overview of number and key skill areas of employees.
- Give an overview of the volunteer base of the organisation and its systems for volunteer management.

Key Relationships¹⁴

Other key relationships which the organisation has may be a relevant factor for an investor in making a decision. For example, a key corporate partner of the organisation may be a supplier or customer of the reader of the prospectus, or it may be a brand whose decision-making the reader trusts. On the other hand, the organisation may have an existing relationship with a competitor of the investor, which may prompt a discussion about how their involvement might work together (or not) at an early stage.

Consider whether it is appropriate to introduce patrons or high profile supporters of the organisation and its work. In some cases, the community and/or client base of the organisation may also provide resources or linkages, which should be included and explained. The aim in each case is to provide context and illustrate linkages, not to put detail of the terms of any existing key relationships into the public arena or up for scrutiny.

Funding

This section should **not** provide a detailed financial analysis.¹⁵ It should give an indication of the organisation's funding sources, mix and prudential planning. Investors will also look for evidence of sound financial systems and practice and maximisation of resource use. The information in this section should answer the following questions.

- How are the needs of the organisation projected and planned for, including significant capital requirements?
- What is the financial planning process and how is performance monitored?
- Are existing costs secure at least 12 months forward?
- How is attraction and utilisation of resources measured?
- How can the organisation demonstrate its awareness of the costs of fundraising, that it has targeted and meaningful financial measures in place, and that it has strong systems which are used effectively?

TIP:

This is another opportunity to build confidence in the organisation's internal governance and systems, in particular to highlight sound processes for decision-making and financial management.

9. Our Impact

AIM:

To answer the question: “What is the difference this organisation makes?”

Guidance Notes

This section addresses the critical issue of results. How effective is the organisation? What is the “return on the investment”?¹⁶

This section should demonstrate the organisation’s commitment to evaluation of whether its program and organisational outcomes are being met. It should set the scene for qualitative as well as quantitative outcomes from the organisation’s work. Aim to create a context for whether impact is straightforward and concrete or more complex and intangible, short term or longer term.

This section also helps to set investor expectations. Many investors will need a reason to invest in the organisation as opposed to other optional uses of their resources. The expectation setting is really important if the organisation is seeking to encourage contributors to support it to build its capacity and/or to help it to build social capital, and challenge some more conventional models of “charity”.¹⁷

This is another opportunity to capture points of difference. For example, how does the organisation or program provide unique solutions or serve communities or areas of need not being addressed by others.

Credibility

It may be useful to articulate how the work of the organisation has gained traction and been recognised in relevant arenas.

- What impact has the organisation had beyond individuals and how is that demonstrated?
- How has the organisation established credibility in itself, its programs and impact?
- What recognition has been achieved, including awards, involvement of community leaders, advocacy and influence?
- What are the relevant trends and milestones?

Results

An important element here is what outcomes and successes the organisation has had toward achieving its mission. As well as highlighting the “top line” successes, investors will expect to gain some understanding of how the organisation measures success.

- How do you measure impact and success – qualitatively as well as quantitatively?
- How is the success of “soft” interventions measured?
- What have you achieved: track record and unexpected outcomes?
- Reference your available reports and benchmarks.
- What is the relationship of your results to future planning?

TIP:

Consider providing a “window” into how the organisation itself measures/evaluates the success of its work rather than trying to forecast quantitative outcomes/estimates. Explain the measures the organisation will apply, for example, indicators of reach, service uptake, engagement of the target community.

10. Investment Proposal

AIM:

To clearly present the investment opportunity your organisation is providing and what investors can expect.

Guidance Notes

This is the heart of the prospectus communication to potential investors. It is where the opportunity for them to contribute is articulated. What do you want them to do?

Clarity and consistency with the other messages in the document and with the actual circumstances of the organisation are critical.

TIP: This section should make it easy for the prospectus reader to contribute directly to the organisation or to follow up. The section should refer the reader to the "Support Us" section.¹⁸

The "Ask"

This section needs to reinforce the purposes for which the contributions are being sought. In particular, is the organisation seeking:

- Contributions for its work generally;
- Funds to grow or to build the capacity of the organisation;
- Contributions to a specific fund or program.

The section needs to make clear whether the opportunity to contribute under the prospectus is:

- Limited to a specific time period;
- Subject to other conditions such as a minimum aggregate amount of contributions before it can go ahead.

TIP: What can they expect the resources they contribute to achieve? For example: We are seeking growth capital: \$X will enable us to reach Y more [target group]; or we need \$A to fund programs for every 10/100 [target group] and our goal is to reach another 100/1000 within 3 years; or \$Y will allow us to develop capacity in house to [xxx].¹⁹ This approach can be clear and helpful. Consider including options which assist with organisational capacity.

Even where the contributions sought are for support of the organisation's work in a general sense, consider providing investors with a choice of level and/or type of investment.

However, take care not to confuse the message in either of the following two ways. First, avoid reinforcing an approach to the "exchange" which implies a prescribed allocation of funds to particular program costs if that is not what you intend. Second, consider the benchmark levels of investment you are seeking from the target audience for which a "prospectus" style document was selected as an appropriate communication. Put simply, the

10. Investment Proposal CONT'D

prospectus will usually be designed to attract significant contributions and the examples or options for making a contribution should reflect that by being pitched at an appropriate level of substance. Other fundraising initiatives will be more appropriate for attracting smaller contributions.

In this section you should distinguish the investment objective from the organisation's performance objective. For example, the "investment objective" of raising \$x of capital is distinct from the "performance objective" of reaching x more clients or further reducing need in the organisation's area of work.

Exchange

In commercial terms this is the section where this particular investment opportunity is distinguished from other opportunities and where expectations are set for the social return on investment. This may be achieved by relating how the contribution will contribute to the impacts of the organisation set out in the previous section. Explain how this opportunity to invest in the organisation or initiative provides this investor with an opportunity to make a difference.²⁰ What is the time horizon to see results?

This should crystallise the opportunity to participate in or contribute to making the impact which you have communicated in the previous section.

TIP: In some cases, the "ask" may include options to contribute to a range of resources beyond financial contributions.

TIP: Avoid highly specific input/output quantification:

- Which has not been sufficiently analysed for reliability;
- May be marginal relative to the context of what is really proposed; and
- Can create later issues for accountability and credibility.

Focus on consistency with the story provided in earlier sections about how the organisation's work impacts on the relevant area of social need and how it will be evaluated.

TIP: Aim for a balance between specificity in terms of what the area of impact is (relating to the organisation's purpose and demonstrated results) and flexibility in terms of engagement with particular investors.²¹

II. Financial Information

AIM:

To present a clear picture of the organisation's financial position.

Guidance Notes

Information included here should relate to the financial position of the organisation. This is information potential investors will expect to see and should anticipate investor questions about the viability, efficiency and requirements of the organisation.

Ideally, the financials provided will demonstrate strong financial management and prudential planning. We recommend that you seek appropriate specialist advice in writing this section.

This section quantifies the information which you will have included earlier in the overview section of the prospectus. If you are using this guide, chances are that your target audience is familiar with financial and quantitative data, so be clear about what you are communicating. This section can provide evidence of the financial feasibility of the strategies you have already outlined. It could also provide tangible indication of need. However, take heed of the cautions set out in sections 9 and 10.

TIP:

In many cases the organisation will be able to use existing financial statements, for example, the most recent set of audited accounts. Consider what notes or assumptions should be included. This may vary with the nature of the opportunity for contribution you have outlined, for example if funding is sought for a new initiative or program it may be significant to distinguish start up costs from ongoing operating costs.

It is prudent to consult the organisation's accountants and, if appropriate, auditors about the form of financial statements that is appropriate for a public document of this nature.

TIP:

It is important to be clear and precise about the currency of financial information included. Investors will look for information that is sufficiently current to represent a fair indication of the organisation's financial position. It is still prudent for you to get advice. The organisation's accountants and auditors may be prepared to provide a supporting statement. Consent should be obtained from them for the publication of any statement.

In some cases, it may be appropriate to include financial projections, for example, if a significant grant is expected, especially if it is material to the investment opportunity you are offering. If funding is being sought for a specific program initiative, it may be appropriate to include a budget for the initiative. It is important to include the assumptions on which any projections are based and to highlight where figures are particularly uncertain or sensitive to variation.²²

12. Risks & Risk Management

AIM:

To answer the questions: “What could go really wrong” and “What controls are in place?”

Guidance Notes

As the heading suggests, the purpose of this section is to inform investors of significant risks to achieving the organisation’s investment and performance objectives and how the organisation is addressing those risks.

All business and investment opportunities involve risks. Experienced investors are used to that and will expect some disclosure of risk. In general investors are not looking for a risk free environment but for an appropriate balance of risk and return and to see that the risks are acknowledged and managed. A thoughtful and structured approach can demonstrate prudence and foresight. Appropriate control strategies and review processes can demonstrate planning and pragmatism.

TIP:

If this is new territory for the organisation, see whether there are existing supporters who can assist. One fallback may be to demonstrate an appreciation of the sensitivities affecting program success for the organisation’s work and the governance processes and outline practical checks and balances the organisation has in place to address these.

One approach, used commonly in business practice, is to use a framework that considers risks in terms of both severity of consequences and likelihood of occurrence. In this type of document it will not be necessary to consider every risk. However, risks which are significant in the context of the investment opportunity would usually be included. Likewise, not every risk management activity would be detailed but significant controls, such as insurance, and controls for significant risks may be included.

The following are some categories of risk to consider.

- Industry or sector risks,
- Financial risks or risks to core funding,
- Risks to your business model,
- Staffing risks, including finding and retaining key staff and significant OH&S risks,
- Risks to or arising from the organisation’s rate of growth,
- Regulatory and political risks, and
- Risks to the organisation’s sustainability.

In some cases, such as risks arising from changes to law or government policy, it may be legitimate to show that the organisation is aware of the risks but they are beyond its influence.

Including Additional Information

AIM:

To provide additional information and expansion.

Guidance Notes

The following sections have in common that they include information which is relevant and expands on or assists in interpreting the investment opportunity.

Separating these sections from the previous sections of the prospectus document helps to keep those other sections brief and to avoid digressions. For example, investors are used to looking to the Glossary for the definition of a term or explanation of an acronym that is unfamiliar.

These sections also provide space to include information that may anticipate questions or simplify an investor's due diligence. For example, the appendices may include copies of the certificate of incorporation or other documents by which the offering organisation was constituted or of tax office documents confirming tax status or exemptions.²³

TIP:

Where the prospectus relates to setting up a capital or other fund, it may be necessary to include documentation relating to how the fund is set up and relevant tax status. For example, it may be necessary to explain whether the fund comes under the "umbrella" of the tax status of the organisation or has separate registration as a charitable body and/or separate deductible gift recipient (DGR) status.

Additional Information

- 13. Additional Information** – *Space for other relevant information which does not fit logically elsewhere.*
- 14. Glossary** – *To define technical terms and acronyms used.*
- 15. Support Us** – *To provide a straightforward, easy way to contribute or follow up.*

APPENDICES – *Documents that anticipate questions or provide third party verification.*

13. Additional Information

AIM:

Space for other relevant information which does not fit logically elsewhere.

Guidance Notes

As the name suggests, this section is a “catch all”. It is common for a commercial prospectus to include such a section and skilled investors are used to this structure.

In commercial and finance contexts, this section will often include a summary of significant agreements or relationships. For example, in a prospectus offering investment in a property trust, the “Additional Information” may include a summary of the agreements relevant to developing and managing the properties covered by the trust. In the social sector, an arrangement under which an organisation provides services under an initiative of the Commonwealth or State Government may require further explanation.

TIP:

Including an “Additional Information” section allows for other sections of the prospectus to be kept focused and for important information which is not a logical fit in other sections to be spelled out in this section under its own heading.

14. Glossary

AIM:

To define technical terms and acronyms used.

Guidance Notes

A glossary assists with clarity and brevity. It will typically take the form of a “dictionary” or a definitions section.

The reader knows where to look to find an explanation of unfamiliar terms. Know the audience and anticipate which terms or acronyms may need definition or context, for example, government programs or professional associations. For example, in this framework **investment** has been used to refer to an opportunity to make a difference to society or a particular community or area of social need by supporting the vision and work of the organisation featured in the prospectus with a contribution of financial and/or other resources.

This section can also serve as a tool for educating the reader about relevant concepts and organisations relevant to the sector, the work of the organisation and its area of impact.

TIP:

It is helpful for the document to “stand alone”, that is, to make it easy for the reader to consider the proposal without needing to consult other sources. For example, if a term used is defined in regulations, it is helpful to refer to the regulations where the term is found and reproduce the definition in the Glossary for the reader. The easier to read and understand the document is, the more likely it is that it will be read.

15. Support Us

AIM:

To provide a straightforward, easy way to contribute or follow up.

Guidance Notes

This is intended to be a straight forward mechanism for the investor to make a contribution or to follow up with the organisation.

In some commercial contexts, the form of application is prescribed by regulations governing the offer of shares or other instruments. Where that is not the case, there is relative freedom in designing this section, although some regulatory considerations may still be relevant, for example, privacy.²⁴ As a practical matter, the information sought and provided should make it easy for the investor and for the organisation to take the next steps.

Consider including a form that can be completed. On the form include options for contribution amounts. Clearly invite more personal follow up with the organisation and include details of who to contact and how to reach them. How this section of the prospectus is presented will depend on the target audience and the organisation's objectives.

TIP:

Clear cross referencing between this section and sections 2 and/or 10 which set out the investment opportunities may be helpful. Also, consider setting out options for making a contribution which correspond to any options provided in section 10.

Appendices

AIM:

Documents that anticipate questions or provide third party verification.

Guidance Notes

This section usually contains documents which have been referred to or which substantiate information in the body of the prospectus document, rather than new information.

TIP:

Within reason, it is prudent to include material which will obviate the need for investors to carry out other investigations to satisfy basic due diligence about the organisation.

Examples of the type of material that would typically be found in Appendices include:

- Flow chart of history or development of the organisation.
- Certificate of Incorporation, Trust Instrument or other evidence of incorporation or establishment of the organisation.²⁵
- Business Name registration if trading name differs from the name of the legal entity.²⁶
- Tax Office documents verifying charitable status and DGR status.²⁷
- Fundraising registration in relevant jurisdictions.
- Relevant provisions of the organisation's constitution.
- Other licences to operate.
- Accountant or auditor's statement relating to the accounts included in the prospectus.
- Quality certifications, if applicable.
- Other communication tools such as pamphlets.
- Awards and recognition.

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Resources

In addition to this guide you may also find the following useful. The authors have drawn from these both as general background and reference points for specific content (as acknowledged).

- ***Achieving Measurable Performance Improvement in a Changing World:*** The Search for New Insights 2001 KPMG USA Assurance and Advisory Centre
- ***Conversations with Disbelievers: Persuading Companies to Address Social Challenges,*** John Weiser and Simon Zadek, November 2000 www.conversations-with-disbelievers.net
- ***FSG Social Impact Advisors*** www.fsg-impact.org
- ***Funding Success: NPC's Approach to Analysing Charities,*** Tris Lumley, Cathy Langerman, Martin Brookes, New Philanthropy Capital, December 2005
- ***Going from Worthy to Worthwhile in Six Steps,*** Media Team Australia www.mediateam.com.au
- ***Good to Great and the Social Sectors: Why Business Thinking is not the Answer,*** Jim Collins, 2006, Random House Business Books
- ***Guide to Reading a Prospectus FIDO: Financial Tips and Safety Checks section of the Australian Securities and Investments Commission (ASIC)*** website: www.asic.gov.au/fido/fido.nsf/byheadline/Guide+to+reading+a+prospectus?openDocument
- ***Hidden in Plain Sight: Understanding Nonprofit Capital Structure,*** Clara Miller, The Nonprofit Quarterly Spring 2003; Gift Horse or Trojan Horse? A Thorough Physical is Critical, Clara Miller, The Nonprofit Quarterly, Spring 2004, and other articles by Clara Miller available at www.nonprofitfinancefund.org
- ***Leader to Leader Institute: To Strengthen the Leadership of the Social Sector*** www.leadertoleader.org
- ***Measuring What Matters in Nonprofits,*** Sawhill J and Williamson D, McKinsey Quarterly 2001 Number 2
- ***Pocket Guide to Business Planning,*** Brody Weiser Burns www.brodyweiser.com
- ***Social Return Toolset, Social Ventures Australia*** www.socialventures.com.au/resources.htm
- ***The Grantmaking Tango: Issues for Funders,*** Julia Unwin, 2004, The Baring Foundation, www.baringfoundation.org.uk

Endnotes

- 1 See *Guide to Reading a Prospectus* on the FIDO: Financial Tips and Safety Checks section of the Australian Securities and Investments Commission (ASIC) website at www.asic.gov.au/fido/fido.nsf/byheadline/Guide+to+reading+a+prospectus?openDocument.
- 2 *Corporations Act 2001* (Cth) ss 710 ff.
- 3 The requirement for a prospectus in commercial contexts comes from the *Corporations Act 2001* (Cth) and corresponding State legislation; see Part 6D.2 "Disclosure to Investors about Securities". What constitutes an "offer to the public" is defined in the law for those purposes.
- 4 For guidance on developing a communications strategy, see ***Going from Worthy to Worthwhile in Six Steps***, Media Team Australia; www.mediateam.com.au
- 5 The fundraising regulations apply State by State in Australia and are generally administered by the Consumer Affairs, Fair Trading or equivalent department within the State Government. The Australian Taxation Office website includes an overview of fundraising regulation for non-profit organisations on a State by State basis, see www.ato.gov.au/nonprofit/content.asp?doc=/content/56555.htm&page=1&H1. General guidance is also available from relevant resource websites including The Fundraising Institute of Australia www.fia.org.au and Our Community www.ourcommunity.com.au.
- 6 Representations are regulated under the *Trade Practices Act 1974* (Cth) and State *Fair Trading Acts* as well as at common law.
- 7 See Perry Preschool follow up data at www.evidencebasedprograms.org/Default.aspx?tabid=32
- 8 Clara Miller explores the phenomenon that "A happy giver and a content receiver...are happy for similar reasons, while unhappy givers and receivers are each uniquely unhappy" in ***Gift Horse or Trojan Horse? A Thorough Physical is Critical***.
- 9 See "Accountability" in the "Purpose".
- 10 See "Accountability" in the "Purpose".
- 11 It is prudent to double check the details. In addition to checking organisational records, consider seeking advice from professionals involved in setting up the organisation. A check of any company registration is available through the Australian Securities & Investments Commission (ASIC) website at www.asic.gov.au under the "Search" tab. If the organisation trades under a name different from its company or trust name, you may also need to check details of the Business Name registrations in each of the jurisdictions where the organisation carries on business. Business names are administered on a State by State basis, generally by the office of Fair Trading or Consumer Affairs, and most relevant information is available online through their respective websites.
- 12 See the Australian Taxation Office website at www.ato.gov.au which includes information for non-profits at <http://www.ato.gov.au/nonprofit/> and a search facility to check Australian Business Number Registration details.
- 13 This may include a brief reprise on some parts of the management and culture sections of "Our Organisation". Ultimately what information goes where will be a matter of judgement.
- 14 Note that there may be reasons (at least as a matter of courtesy, but sometimes more formal) requiring the consent of other parties to use their brand or details of the arrangements with them.

- 15 For detailed financial statements, see Section 11.
- 16 Measures of how successful the organisation is at making progress toward its mission and the return for dollars and other resources invested are key strategic considerations for any organisation, particularly those in the social sector where the output usually cannot be measured readily in dollars. Detailed consideration of these issues is well beyond the scope of this guide. For assistance, see the Social Return Toolset, available through Social Ventures Australia and introduced on their website at www.socialventurers.com.au; ***Achieving Measurable Performance Improvement in a Changing World: The Search for New Insights*** 2001 KPMG USA Assurance and Advisory Centre; ***Measuring What Matters in Nonprofits***, Sawhill J and Williamson D, ***McKinsey Quarterly*** 2001 Number 2.
- 17 Jim Collins refers to a “highly dysfunctional” assumption of fair exchange in philanthropic contexts: “if we give you money, we are entitled to tell you how to use that money”, missing “a fundamental point: to make a great impact on society requires first and foremost a great organisation, not a single great program.” See ***Good to Great and the Social Sectors*** pp 24 - 25.
- 18 See section 15 Support Us in the Additional Information section.
- 19 Organisations such as Care, Oxfam and Tear Australia take a particular approach to this in “gift” catalogues” where a quantified contribution is identified as enabling a specified outcome, for example, clean water for a village or purchase of a goat.
- 20 If the audience includes business, review of the social responsibility, community engagement and/or sustainability reports of leading companies may provide an insight into the areas in which and how they are seeking to make a difference.
- 21 It is useful to be clear, at least within the organisation, about the areas where the transactions with investors need to be consistent for economy of resources, for example reporting, and the areas where there is flexibility to transact with investors on an individual basis, for example, contribution of skills and other resources in kind.
- 22 As noted in other sections including the “Accountability” section of the Introduction, particular legal considerations can apply to projections or forecasts.
- 23 See notes 11 and 12 above which provide references for the Australian Securities & Investments Commission (ASIC) and the Australian Taxation Office.
- 24 Where a form is designed to collect personal information, privacy regulations will become relevant. One option is to refer to the organisation’s privacy policy and include a copy of the policy in the Appendices.
- 25 See note 11 on information available through the Australian Securities & Investments Commission (ASIC) website.
- 26 See note 11 as it pertains to Business Names.
- 27 See note 12 on information available through the Australian Taxation Office website.

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