

# Not for Profit Policy

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## Introduction

A not for profit organisation is a type of organisation that does not earn profits for its owners. All of the money earned by or donated to a not for profit organization is used in pursuing the organisation's objectives. Typically not for profit organisations are charities or other types of public service organisations. Generally, not for profit organisations can apply for a tax exempt status so that the organisation is not subject to most forms of taxation. Donations made to a tax exempt not for profit organisation may also be tax-deductible for the donor.

**The Finance Academy Handbook September 2013 states:**

**“there are no payment(s) to any trustee by the trust unless such payment(s) is/are permitted by the Articles and (where applicable) comply with the terms of any relevant agreement entered into with the Secretary of State. Academy trusts will in particular need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest”**

## Statement

The trusts must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

Trustees of The Education Fellowship have specific responsibilities. These include:

-  being responsible for directing the affairs of The Education Fellowship
-  ensuring it is solvent and well-run
-  ensuring it delivers the educational outcomes for the benefit of the children in The Education Fellowship schools
-  ensuring The Education Fellowship complies with charity law, its own articles of association and other relevant legislations
-  ensuring that the funds and assets are used only to further the objects (or purpose) of the charity
-  to avoid undertaking activities that might place The Education Fellowship funds, assets, endowments or reputation at risk
-  to use reasonable skill and care in their work as trustees

-  to consider getting external professional advice when appropriate e.g. if there is a material risk to The Education Fellowship
-  to act with integrity and avoid any personal conflicts of interest or misuse of funds or assets

Trustees must act in the best interests of The Education Fellowship and its schools. They must avoid situations where their personal or other interests conflict with the interests of the trust and must not profit from their role. In carrying out their duties, trustees have a duty of care to act reasonably and prudently and a higher duty in areas of their own expertise.

The trustee board takes decisions collectively and they must meet as often as they need to in order to carry out their responsibilities.

Trustees can only take decisions independently in their role as trustee if the governing document or statutory provisions, and a decision of the trustee board, gives them the authority to do so. An individual trustee cannot bind the other trustees to a course of action unless it has been authorised by the trustees as a whole.

Trustees are not expected to be experts in every field, but they have a duty to take advice when they are not confident about taking a decision.

Trustees need to remember that duties such as that to avoid conflicts of interest, act with integrity and not obtain personal benefit are triggered not only by their own interests but also those of individuals or organisations connected to them by personal financial linking or duties.

For example, family, business partners or other trusteeships. Such people are referred to as “connected persons” or persons “sharing a common purse”.