

# Procedure: Gift fund governance

## Purpose

To outline the procedures by which the University manages special purpose funds within the ANU Foundation.

## Definitions

**The ANU Foundation** is the governance framework for all gifts made to the University, established under section 6 of *The Australian National University (ANU Foundation) Statute 2018*. The ANU Foundation ensures that the University maintains the highest standards in relation to its fundraising activities and that gifts made to the University are properly used and appropriately accounted for.

**D and E ledgers** are accounting ledgers within the University's finance system used to identify term and perpetual gift funds managed under the ANU Foundation framework.

**Perpetual funds** are special purpose funds established by a gift to the University to support an activity or activities in perpetuity.

**Term funds** are special purpose funds established by a gift to the University and disestablished once all monies are expended or conversion to a perpetual fund occurs.

A **gift deed** summarises the mutual understanding between a donor and the University as to the purpose of the gift, a schedule for payments and any recognition associated with the gift.

## Procedure

### Establishment

1. Upon receipt of a monetary gift accepted by the University, a fund is established under a D or E fund code in the University's ledger. This assigns or establishes the funds within the ANU Foundation.
  - a. a newly established Perpetual Fund (Endowment), or Perpetual Fund (Growth) is designated as an E Fund.
  - b. a newly established Term Fund (Spend Down), or Term Fund (Growth) is designated as a D Fund.
2. Perpetual Funds:

- a. have a minimum establishment threshold determined by the asset level required to fund the supported activity in perpetuity;
  - b. are invested in units in the Long Term Investment Pool;
  - c. are subject to the University's Deemed Return Rate and Annual Distributable Amount; and
  - d. are established either to support an activity or activities in perpetuity (Endowment), or to receive further gifts (Growth) with the aim of increasing the scope of activities, as defined in the Gift Deed.
3. Term Funds:
- a. are not held in the Long Term Investment Pool;
  - b. are either fully expended within a specified timeframe (Spend Down), or receive further gifts (Growth) with the aim of converting to a Perpetual Fund;
  - c. are disestablished once monies are expended or conversion to a Perpetual Fund (Endowment) occurs.
4. Both Perpetual (Growth) and Term (Growth) funds must be accompanied by a time-bounded fundraising plan that includes disbursement/refund of monies if the fundraising goal is not met within the specified time.
5. Upon establishment of the gift fund, the University records the administrative terms of acceptance of the gift/s in the current, approved pro forma Fund Purpose Statement and drafts and approves the Conditions of Award for Scholarship and Prize funds.

### **Matching agreements**

6. The University may only contribute to a gift fund under the conditions of an approved gift matching agreement.
7. Matching agreements:
- a. may be proposed only during the period of solicitation of a gift;
  - b. are not entered into retrospectively;
  - c. do not compromise the University's operating cash reserves, the discretionary investment income on those cash reserves, or University financial performance targets; and
  - d. are established on a dollar for dollar (1:1) basis. In exceptional circumstances, an alternative ratio of University to donor monies may be considered, following provision of a compelling business case, endorsed by the Vice-President (Advancement) and approved by the Chief Operating Officer.

8. College Deans or Service Division Directors endorse and submit matching agreements on the approved pro forma Gift Matching Proposal to [philanthropy@anu.edu.au](mailto:philanthropy@anu.edu.au). Matching agreement proposals are endorsed by the Vice-President (Advancement) and approved by the Chief Operating Officer.
9. The University contributes monies under a matching agreement only after receipt of the associated gift or bequest.

### **Financial management**

10. Additional gifts (or monies contributed by the University under the terms of a matching agreement):
  - a. are assigned to an existing fund;
  - b. are managed in accordance with the terms outlined in the Fund Purpose Statement;
  - c. may be directed to convert a Term Fund to a Perpetual Fund, on the basis of an agreed, actionable fundraising plan and timeframe within which to meet the minimum establishment threshold.
11. The designated College Dean or Service Division Director holds authorisation for expending monies from a fund under the ANU Foundation framework. The designated Deputy Vice-Chancellor holds authorisation over all University-wide funds. The Vice-Chancellor holds authorisation over all unrestricted gifts to the University and The ANU Fund.
12. The University does not apply merchant fees to any gifts or Fringe Benefit Tax expenses to funds within the ANU Foundation.
13. All income and expenditure relating to a specific gift must be accounted for in the assigned D or E ledger gift fund.

### **Review and adjustment mechanisms**

14. ANU Advancement oversees management of the ANU Foundation and conducts a review of all funds as part of the annual budgeting process.
15. College Deans and Service Division Directors provide an annual report to ANU Advancement on the activities of each philanthropic fund as part of the annual budget and review process.
16. ANU Advancement reports on the financial position of the ANU Foundation to the ANU Foundation Board, and externally via the Report to Donors.
17. College Deans, Service Division Directors or the Vice-President (Advancement), can initiate review of a gift fund if:
  - a. the fund has not been utilised for two years or more;

- b. the University can no longer fulfil the intended purpose either financially and/or academically;
- c. there is conflict between the University and the donor; or
- d. the gift or donor brings the University into disrepute.

18. If future unforeseen circumstances cause the University to be unable to fulfil the fund purpose as outlined in the Fund Purpose Statement (e.g. the subject area is altered or removed from the ANU academic plan), the principal and income of the fund is directed to an activity in the relevant area deemed most consistent with the wishes of the donor. Any changes to purpose are discussed with donors or their representatives, where possible, endorsed by College Deans or Service Division Directors, and approved by the Vice-Chancellor.

19. The Deemed Return Rate is reviewed and set on an annual basis by the Investment Office. Perpetual Funds (Endowment) that can no longer support their purpose following any adjustment to this rate are reviewed and an expenditure plan is approved for the following budget cycle by the Vice-President (Advancement).

## Document information

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