

## Policy – Sub-Fund and Gumnut Account Closure

Policy Owner	Donor Services and Development	Policy Number & Version	D4
Approved by the Board	Dec 2015	Scheduled review	Sept 2017

### Purpose

As per its mission, ACF is committed to supporting donors to realise their philanthropic goals. However, from time to time, sub-funds or Gumnut accounts may be closed for a number of reasons, including: at donor request, sub-fund inactivity over a 2 year period, sub-fund below minimum level of \$20,000 for more than a six month period or annual required contribution to a Gumnut account not being made.

The purpose of this policy is to ensure that there is clarity for donors about sub-fund and Gumnut account closure and consistency in the way this occurs.

### Policy

#### Sub-fund and Gumnut account closure

A review of every sub-fund and Gumnut account will be conducted at least once each financial year to determine fund activity and compliance with requirements. Recommendations for sub-fund and Gumnut account closures will be considered by the Finance Committee and presented to the Board for approval. Where the proposed closure relates to 'granting out' the Grants Committee will be advised as a matter of course.

Sub-funds or Gumnut accounts may be closed at the board's discretion, for the following reasons:

1. Donor request to close sub-fund or Gumnut account and grant out the balance.
2. Sub-fund inactivity, over a 2 year period.
3. Sub-fund balance below minimum level of \$20,000 for more than six months, without donor commitment to increase level within specified time.
4. Annual contribution to Gumnut account of at least \$2,000 per year via direct debit not being made.

1. In situations where a donor requests sub-fund or Gumnut account closure:

The donor may request that the remaining funds be distributed to eligible charitable organisations or to another ACF sub-fund. If the donor makes no such request, the Board may determine that the remaining funds be transferred to the ACF Forward Fund. The donor will be advised that there may be a small balance remaining after the final grant is made and that this will be transferred to the Forward Fund.

2. When sub-funds are closed due to inactivity:

The Board may decide to transfer the remaining funds to the ACF Forward Fund or distribute them to a charitable organisation in line with the sub-fund's area of interest.

3. When sub-funds are closed due to insufficient funds:

This is unlikely to occur as a grant request will not be approved if it takes the sub-fund balance below \$20,000. If it has occurred, the donor must be contacted to seek agreement on a plan of action to bring the fund back above \$20,000 within six months or to have it become a Gumnut account. If the donor does not agree, the Board may determine that the remaining funds be transferred to the ACF Forward Fund.

4. Annual contribution to a Gumnut account of at least \$2,000 per year via direct debit not being made:

The Board may decide to transfer the remaining funds to the ACF Forward Fund. If a donor is contacted, but advises that they are not currently able to meet the requirements relating to minimum annual contribution, then agreement can be reached to allow a period of abeyance. This may be due to extenuating factors such as living overseas, serious ill-health, a period of reduced income such as unpaid maternity leave, or reorganising their legal and financial affairs. The period of abeyance is to be approved by the CEO (as per the Delegations Policy) and is not expected to exceed 6-12 months.

In all cases where sub-funds have been inactive or the minimum annual contribution to a Gumnut account is not being made, attempts will be made to contact the donor to ascertain their intentions and seek agreement on a plan of action. (See attached "Procedure – Contacting Donors re Inactive Sub-Funds or Non-Compliant Gumnut Accounts").

Funds in the closed sub-fund or Gumnut account cannot be returned to the donor under any circumstance. For Sub Fund Transfer request refer to Sub Fund Transfer/Portability Policy.

A closure fee may be retained by ACF to cover administrative expenses involved with closure.