

Policy –Sub-Fund and Gumnut Account Closure

Policy Owner	Donor Services and Development	Policy Number & Version	D4
Approved by the Board	Dec 2018	Scheduled review	Dec 2020

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:

- Donor request to close sub-fund or Gumnut account and grant out the balance.
- Sub-fund inactivity over a 2 year period.
- Sub-fund balance below minimum level of \$20,000 for more than six months, without donor commitment to increase level within specified time.
- Annual contribution to Gumnut account of at least \$2,000 per year via direct debit 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 the 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.

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

The donor may request that the remaining funds be distributed to:

- an eligible charitable organisation
- another ACF sub-fund.
- Be ported to a PAF (Private Ancillary Fund) or PuAF (Public Ancillary Fund) (see Sub-Fund Portability Policy)

If the donor makes no such request, the Board may determine that the remaining funds be transferred to the ACF Impact Fund. Under any of the above options if there is a small balance remaining after the final grant is made this will be transferred to the Impact Fund And the donor will be advised.

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

After all attempts have been made to contact the Donor (see Procedure – Sub-Fund Reviews and Closure) the Board may decide to transfer the remaining funds to the ACF Impact 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 Impact 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 Impact 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.

Related Documents:

Policy – Sub-Fund Portability

Procedure – Sub Fund reviews and Closure.

Procedure – Contacting Donors re Inactive Sub-Funds or Non-Compliant Gumnut Accounts