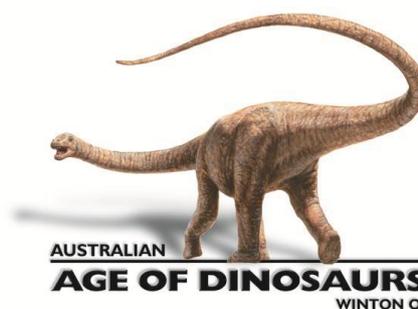


# AAOD Legacy Fund Ltd

## Policies and Procedures



### 1. Background

AAOD Legacy Fund (the Trust) is a Public Ancillary Fund settled on behalf of Australian Age of Dinosaurs Limited (AAOD), a not-for-profit public company limited by guarantee. The Trust is intended to operate as a public fund and members of the public are invited to contribute to the fund.

The Trustee of the Trust is AAOD Legacy Fund Ltd (the Trustee), a not-for-profit public company limited by guarantee. The Trustee must maintain a fund for the Trust, referred to in the Trust Deed as the Gift Fund, (the Trust Fund) with a separate bank account. The Trustee holds the Trust Fund on the Trust's behalf.

AAOD and the Trustee both hold Australian Taxation Office endorsements for charitable tax concessions and as deductible gift recipients.

The Trustee has an honorary Board (the Board), the members (Directors) of which bring expertise in a range of fields including business and financial management. Directors volunteer their time to oversee the functions of the Trust.

### 2. Policies

#### 2.1 Trustee Policy

To encourage and request donations and bequests from members of the public for the Trust Fund with the intention of building and providing an investment portfolio which will provide ongoing and permanent income for the general operations of AAOD and to support new capital projects and replacement of capital assets.

#### 2.2 Trustee Policy statements

The Board will:

- (i) keep apprised of AAOD's strategic direction, capital development plans, significant new operational plans and likely income aspirations from the Trust Fund
- (ii) prepare a promotion plan by 30 November each year for promoting the Trust Fund to the public in the following financial year, and monitor performance against the plan
- (iii) distribute the Trust Fund income, and capital when deemed appropriate, so as to ensure it is used most effectively and efficiently for the long-term benefit of AAOD
- (iv) limit the annual distribution to the minimum required by the Guidelines unless it is satisfied that exceptional circumstances warrant a higher distribution
- (v) realise non-cash donations or bequests made to the Trust on a case-by-case basis and in the most efficient and effective way for the long-term benefit of AAOD bearing in mind, but not limited to:
  - a. current market conditions and possible future market conditions relevant to the particular asset
  - b. the risks perceived as pertinent to holding the particular asset in the short, medium and long-term
  - c. the possible costs, one-off and on-going, of holding the particular asset
  - d. the value of the asset in relation to the overall value of the Trust Fund investment portfolio at the time
  - e. any conditions attached to the donation or bequest
  - f. the ability of the Trust Fund to meet the minimum annual distribution requirements of the Guidelines if the asset is held

- g. whether it would be appropriate to distribute the asset to AAOD as part of an annual distribution
- (vi) ensure that proceeds from realised non-cash donations are added to the Trust Fund investment portfolio as soon as possible.

### **2.3 Investment Policy**

To provide for the conservative and prudent investment of the Trust Fund so as to support the longevity and success of AAOD.

### **2.4 Investment Policy statements**

The Board will:

- (i) maintain an Investment Strategy, in accordance with the requirements of the Public Ancillary Fund Guidelines 2011 and monitor compliance
- (ii) set an income target by 30 November each year in respect of the next financial year and monitor progress towards achieving the income target at least every three months
- (iii) establish a process to monitor investment performance and ensure adherence
- (iv) ensure compliance with the relevant Government guidelines and legislation.

### **2.5 Professional Investment Advisor Policy**

Once the Trust Fund balance reaches \$200,000 cash, or earlier if deemed appropriate, the Board will take steps to retain a Professional Investment Advisor, who is responsible for overseeing the fixed interest and equities portfolio on a daily basis and making recommendations to the Board on existing and new investments. This position will be put out for tender by the Board every three years and is a non-exclusive relationship.

### **2.6 Sub-funds Policy**

The Public Ancillary Fund Guidelines 2011 state: *A public ancillary fund may establish sub-funds in relation to contributions from particular donors. However, the fund must be under no obligation to comply with any requests from a donor.*

The Board's preference is that a sub-fund, if requested by a donor, only be established for donations of \$250,000 or more, in which case:

- (i) the donor and Board will agree on the name of the fund and the donor may make subsequent donations to the fund of any amount
- (ii) the donor may request that a specific investment strategy be adopted for the sub-fund however the Trustee is under no obligation to comply with any such initial or subsequent request.

The Board has discretion to establish a sub-fund for a donation of less than \$250,000.

### **2.7 Tagged funds Policy**

It is the Board's preference that the donation of tagged funds to the Trust Fund be discouraged unless they are:

- (i) for \$100,000 cash or more and
- (ii) for an ongoing purpose, eg for adding to a specific part of the collection, for operating the education program or supporting laboratory staff costs.

It is the Board's view that smaller donations of tagged funds and tagged funds for one-off projects do not meet the intention of a legacy fund and can be managed more easily if donated directly to AAOD.

The Board has discretion to accept a tagged donation or bequest for less than \$100,000 cash or for a short-term purpose or one-off project.

## 2.8 Policy application

The policies apply at all times to the AAOD Legacy Fund Board and individual Directors, any Professional Investment Advisor engaged by the Board, any Australian Age of Dinosaurs Ltd staff with delegated authority in respect of all and any assets held, funds available for investment, invested or being removed from investment.

## 2.9 Definitions

**Bequest** – the gift of any asset or right given by a donor in the donor's will including a legacy, residuary bequest, pecuniary interest, contingent bequest or specific bequest

**Capital** – includes receipts or accumulations of movements in asset prices, redemptions of asset values and realised capital gains (or losses)

**Cash funds** - funds received by the Trust as cash or by cheque, credit card or internet banking

**Donation** - a voluntary contribution by a donor of cash, real property, goods or services

**Guidelines** - The Public Ancillary Fund Guidelines 2011, as amended or superseded

**Income** – includes receipts or accumulations of dividends, interest, trust distributions, rents and similar cash flows

**Trust Fund** – the total endowment or legacy fund operated by the Trustee, including pooled donations through sub-funds but operated and invested as one fund in order to generate annual income for distribution to AAOD; it is added to by bequests, other donations and income

**Sub-fund** – a fund, within the Trust Fund, holding a donation or donations from one specific donor (or group of donors or corporate entity) which may have its own name

**Tagged funds** – cash funds which are bequested or donated with a specified constraint on their use and accepted by the Trustee on that basis

## 3. AAOD Legacy Fund Ltd Procedures

### 3.1 Conflict of Interest

On appointment, Directors are required to advise the Trustee of all other directorships, potential and present, related party transactions and affiliations with professional and community associations.

On a continuous disclosure basis, all Directors are required to advise the Trustee of any changes.

The Secretary will arrange for all Directors to complete an annual, formal disclosure statement which is noted and recorded by the Board. Directors are required to declare any interest which arises and which presents a potential conflict of interest at the earliest opportunity, either to the Board or to the Chair. Subsequent involvement in the matter concerned is at the discretion of the Chair.

### 3.2 Board responsibilities including reviews

The Board sets the Investment Strategy and keeps this under review. To this end, the full Board acts as a Finance and Investment Committee and is responsible for:

- (i) the financial and business affairs of the Trust
- (ii) the design and execution of an asset allocation strategy
- (iii) the investment policy, process and performance of the Trust
- (iv) considering any strategic directions in the area of finance and investment and identifying their financial, legal, physical and human resource implications
- (v) the financial and investment performance of the Trust and for ensuring the Investment Strategy and objectives are met.

In addition to complying with the Policy Statements, the Board is specifically responsible for:

- (vi) three-monthly review of the management accounts and Trust Fund Performance
- (vii) three-monthly review of the investment percentages set out in the Investment Statement and any investment redemptions or purchases

If a Professional Investment Advisor has been appointed, these reviews will be based on a full report from the Professional Investment Advisor.

- (viii) ensure the proper supervision of any special investigation it requests
- (ix) monitor the performance of any Professional Investment Advisor on an ongoing basis
- (x) annual review of full portfolio, including performance, and asset allocation
- (xi) annual consideration of future direction, strategy and performance objectives, including risks and cash flow
- (xii) annual review of Board performance and any support roles
- (xiii) annual review of the Professional Investment Advisor
- (xiv) annual review of this Policy and Procedures, and the Investment Strategy; this review will include consideration of any changes, actual or potential, to the risk environment
- (xv) provide a donor statement annually at the end of each financial year detailing the investment and transaction activity attributed to each sub-fund and the investment performance attributed to the sub-fund
- (xvi) review the Professional Investment Advisor position after three years
- (xvii) appoint or reappoint an investment Advisor every three years
- (xviii) in each year following the "no distribution required" period, prepare an annual distribution plan as set out in Clause 4 hereof.

The AAOD Finance Manager will attend Board meetings as requested.

The Secretary of AAOD will act as Board Secretary.

The Professional Investment Advisor will attend Board meetings as requested.

In addition to the audited accounts, the Board Chair will provide the Chair of AAOD with an annual summary of promotional activity undertaken during the year and new bequests and donations received during the year including details of constraints for any tagged funds.

The Board delegates day-to-day administration to the AAOD Finance Manager.

The Board, collectively and individually, and the AAOD Finance Manager must not offer investment advice to donors.

### **3.3 AAOD Finance Manager's responsibilities**

The AAOD Finance Manager is responsible for:

- (i) preparing a three-monthly report for the Board
- (ii) maintaining a register of all bequests and donations added to the Trust Fund
- (iii) communicating with the Professional Investment Advisor, if appropriate, regarding existing and new investments or, in the absence of a Professional Investment Advisor, investing, changing or redeeming investments as directed by the Board
- (iv) day-to-day administration of the investment portfolio
- (v) preparing argued recommendations for the Board, based upon advice from the Professional Investment Advisor, regarding the purchase and redemption of non-cash investments and actioning purchases and redemptions authorised by the Board
- (vi) recording all investments, income earned on the investments, and redemptions of investments in an investments register
- (vii) ensuring that donations received as cash, cheque or credit card are banked within seven days, less if possible and transferred to an interest earning bank account as soon as possible thereafter unless otherwise directed by the Board
- (viii) monitoring bank account/s online for new donations via internet banking
- (ix) advising the Company Secretary immediately of each donation received
- (x) providing the Company Secretary with a list of donations at the end of each month so that receipts and thank you letters can be arranged and they can be reported to the next board meeting
- (xi) reconciling the bank statement/s and bank account/s within seven days of the end of each month and providing the reconciliation to the Company Secretary for reporting to the next board meeting
- (xii) ensuring that donors are acknowledged on the AAOD website at the end of each financial year, except those who have indicated that they wish to remain anonymous.

If the Finance Manager becomes aware of a non-cash donation, the Board Chair (or another Director if the Board Chair cannot be contacted) is to be advised of the donation as soon as possible.

### **3.4 Company Secretary responsibilities**

The Company Secretary is responsible for issuing each donor with a receipt and thank you letter within seven days of receipt of the donation. If the donation is for \$5,000 or more, the Company Secretary will arrange for the letter to be signed by the Board Chair.

### **3.5 Receiving a money or cheque donation**

If anyone involved with AAOD, eg a staff member or Director, is handed money or cheque donation intended for the AAOD Legacy Fund they must:

- (i) if possible, ask another AAOD staff member or Director nearby to witness the donation
- (ii) ensure the donation reaches the AAOD Finance Manager at the earliest possible opportunity together with the donor's name, postal address, telephone number, email address and date it was received, specifying that it is intended for the Trust Fund.

### **3.6 Receiving a non-cash donation or bequest**

When the Board Chair becomes aware that a non-cash donation or bequest has been offered or received, contact will be made with all other Directors as soon as appropriate and practical to discuss how the asset will be handled and how the donor or bequest will be received and acknowledged.

## **4. Minimum annual distribution**

The Public Ancillary Fund Guidelines 2011 state that no distribution is required during the financial year in which the fund is established or during the next four years.

Thereafter, the Guidelines require that:

- (i) during each financial year the fund must distribute at least 4% of the market value of the fund's net assets (as at the end of the previous financial year). [Note: while net assets are used to determine the fund's minimum distribution, the amount of the distribution itself is not net of any amount (for example expenses of the fund).]
- (ii) the fund must distribute at least \$8,800 (or the remainder of the fund if that is worth less than \$8,800) during that financial year if:
  - a. the 4% is less than \$8,800 and
  - b. any of the expenses of the fund in relation to that financial year are paid directly or indirectly from the fund's assets or income.

In each year following the "no distribution required" period, and as soon as practicable after the audited financial statements have been adopted at the Annual General Meeting, the Board will:

- (i) gather all the information it requires to determine the appropriate annual distribution, including obtaining any necessary market valuations
- (ii) meet to decide on the appropriate distribution amount
- (iii) agree a distribution plan, including which investments or held assets will be used to make the distribution, when the distribution will be made and who is responsible
- (iv) monitor the implementation of the annual distribution plan.

*Policies adopted by the Board 19 February 2015  
Procedures adopted by the Board 19 February 2015*