



# AUT FOUNDATION

## Policy

May 2023

The AUT Foundation is dedicated to generating extra resources for AUT through the generosity of other trusts, the corporate sector and private individuals, and was set up as a separate entity linked to AUT but operating independently. This independence gives the Foundation the freedom to pursue ways and means of acquiring significant additional resources for the purpose of enhancing the quality of AUT's future development.

AUT Foundation's overall aim is to increase educational and training opportunities available to both students and staff.

***This Policy Document contains guidelines to assist and guide the Trustees and those entrusted with management of the Foundation. Such guidelines are subject always to the fiduciary duties of the Trustees to act independently in the governance and operations of the Foundation in respect of the trust property under their control and the AUT Foundation Trust Deed.***

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## Definitions

<b>Board and Board of Trustees</b>	means the Auckland University of Technology Foundation Board of Trustees
<b>Cash</b>	includes money, cheques, foreign currency or gifts made by credit card
<b>Chairperson</b>	means the chairman of the Foundation as set out in section 2.A.5 of this document
<b>Donation</b>	means any gift, grant, or bequest made or pledged to the Foundation including all dispositions of property, whether goods, real estate, rights or monies, where there is no consideration made or paid to the donor for that disposition
<b>Endowment and Endowment Fund</b>	a gift provided for investment with AUT, with the interest used and the capital to last in perpetuity
<b>Foundation and AUT Foundation</b>	means the Auckland University of Technology Foundation, being the Trust created by the <b>Deed of Trust</b> consolidated version to 17 December 2007
<b>Gifts-in-Kind</b>	are generally non-financial gifts of materials or long-lived assets, for example real estate, artwork, equipment, software, printed materials or food
<b>Pledge</b>	is a promise or commitment to make a gift in the future, that can be paid in single or multiple instalments
<b>Sponsorship</b>	means and includes all dispositions of property, whether goods, real estate, rights or monies, where there is a consideration made to the sponsor for that disposition
<b>Trustees ex Officio Trustees</b>	those set out in section 2.A.3
	means the current Trustees of the Foundation from time to time, together the Board
<b>University and AUT</b>	means Auckland University of Technology

## 1. AUT Foundation Mandate

The Foundation shall have responsibility of solicitation, negotiation, receipt, and administration of a gift or donation if:

- a. the Donation is from a private individual, corporation, trust, foundation or a non-governmental not-for-profit source;
- b. it is to AUT, except those gifted by donors based in the USA which are processed by Friends of AUT Inc.;
- c. the donor gives the Donation without expectation of direct economic benefit or other tangible benefit commensurate with the worth of the Donation<sup>1</sup>;
- d. the donor intends the Donation to be irrevocable and, therefore, relinquishes the right to reclaim the Donation or any unused remainder<sup>2</sup>; and
- e. the Donation does not constitute a conditional grant, contract, or other sponsored agreement but do direct the funds to support general AUT mission and functions.

## 2. Board Management Policy

### A. Board of Trustees

1. There are to be no less than three and no more than eight Trustees.
2. Except for the Trustees ex Officio, the power of appointment of any new trustee sits with the Trustees.
3. Trustees ex Officio are to be:
  - a. the Chancellor of the University;
  - b. the Vice Chancellor of the University; and
  - c. the Pro-Chancellor of the University.
4. On appointment or re-appointment, Trustees will be requested to serve for three years unless such shorter time is specified on appointment.
5. The Chairperson of the Trustees shall be the Chancellor or such other person as the Trustees shall appoint from time to time.
6. The secretary of the Foundation shall be the Assistant Vice Chancellor (Corporate and General Counsel) or such other person as the Trustees shall appoint from time to time.

### B. Voting

1. The voting members of the Foundation shall be the Board of Trustees.
2. A majority of the Trustees shall constitute a quorum at meetings of the Trustees.
3. The Chairperson has the casting vote in the case of an equality of votes.

### C. Board meetings

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<sup>1</sup> Indirect benefits such as tax advantages, business or personal goodwill derived from close association with the Foundation, including website "thank you" messages, and miscellaneous benefits derived from acknowledgement of donor status are not sufficient to negate gift intent.

<sup>2</sup> There can be certain "challenge grant" situations, whereby not securing the appropriate level of funding negates the/part of the gift.

1. There shall be four Board of Trustee meetings every financial year.
2. A meeting can be called by the Chairperson at any time provided that at least seven days' notice is given together with the business to be transacted at the meeting. Only business specified in the notice can be transacted at a meeting.
3. A Chairperson must call a meeting if requested to do so in writing by two Trustees.
4. In the event of any Trustee being unable to be present at a meeting, such Trustee may in writing appoint as his proxy either the Chairperson of such meeting or any other Trustee entitled to vote at such meeting.

**D. Action without Meeting**

Any action of the Board of Trustees may be taken without a meeting if a quorum of the board, individually or collectively, consents in writing to this action. Such written consent, or consents, shall be filed with the minutes of the proceedings of the board.

### 3. Trustee Responsibilities

**A. Board meetings**

1. Attend a minimum of 3 of the 4 annual board meetings and respond in a timely manner to circular resolutions.

**B. Ambassador**

1. Trustees to serve as an Ambassador of the AUT Foundation by attending AUT Campus and Foundation events as available, creating linkages in the community to benefit AUT's priorities, and by providing access to resources to further the mission.

**C. Stewardship of Donations**

1. It is expected that Trustees partake in fundraising activities and are actively looking for opportunities to secure donations. The Advancement Office will assist with training and preparation to assist each Trustee from fulfilling the organisations mission.
2. Members of the Board may also be asked to serve on special projects.

**D. Stewardship of new Trustees**

1. The Trustees shall, when requested by the Board of Trustees, Chairperson or Advancement Office, consider and introduce prospective trustees for appointment consideration by the Board of Trustees.
2. Prospective Trustees should have a minimum of five (5) years' experience of business or community development. Board experience is preferred. The board member's business experience should be at the level of senior management or self-employed and entrepreneurship, and should include leadership qualities.

**E. Financial Reports**

1. The Foundation's financial year runs from 1 January to 31 December.
2. The Trustees must as soon as possible after the end of every financial year cause the accounts of the Foundation to be balanced, together with an account of income and expenditure showing the financial transactions for that year.
3. The accounts shall be audited by a member of the NZ Society of Accountants and if

required by the Auditor-General, and presented to the Foundation. The Foundation will forward a copy of the financial accounts to the Council for information.

#### **F. Duties and responsibilities of the Chairperson, Secretary and Finance Manager**

The **Chairperson** shall conduct all meetings of the Board of Trustees.

The **Secretary** will be responsible for:

- a. Maintaining records of meetings and actions of the Board of Trustees; and
- b. Notifying committee members of scheduled meetings and circulating the agenda.

The **Finance Manager** will be responsible for:

- a. Maintaining quarterly written financial accounting of all receipts, disbursements, investments, and holdings of the Foundation.
- b. Acts as a liaison for financial transactions through the AUT Foundation and AUT accounting systems.

## **4. Gift Acceptance Policy**

*All gifts and donations to AUT shall be processed and managed by AUT Foundation, except those gifted by donors based in the USA which are processed by Friends of AUT Inc.*

#### **A. Gift or Donation Documentation**

1. Any requests made by a donor must be documented clearly in writing. Documentation can be in the form of a proposal, Will, Expression of Interest, formal letter, email or letter and must include the following:
  - a. Donor contact details (name and address);
  - b. donation details – amount and frequency; and
  - c. correspondence from the Donor indicating Donor intent and intended recipient of the gift. Where correspondence is via email, the email must come from the Donor;
  - d. in the case of student scholarships, awards or prizes, regulations approved by the donor.
2. A Deed of Gift is not required by the Foundation; however one may be requested where a) Donations are above NZD75,000; b) when the donation is reoccurring; or c) where the prospective donor requests an agreement. The Assistant Vice-Chancellor Corporate and General Counsel and Director of Development will prepare all Donation draft agreements in consultation with the prospective donor and the likely or intended beneficiaries.
3. All pledges must be raised in RE NXT and, following required approvals, sent to the Donor.
4. If a Pledge is not received within one month of the pledge due date, a friendly reminder, asking if any further information is required from AUT in order for the Pledge to be made.

## **B. Acceptance of a Gift of Donation**

1. In accepting Donations, the Trustees will, without compromising their independence, have regard to the policies and procedures of the University or any other beneficiary from time to time and the priorities of the University or any other beneficiary as to its mission, including, but not restricted to, its academic pursuits, research, teaching and learning and the construction of facilities.
2. Only Donations that are consistent with the charitable purposes set out in Clause 3 of the Trust Deed will be accepted. Before accepting a gift, the Board of Trustees or relevant delegate must consider:
  - a. the purpose for which the gift is being solicited and alignment with University priorities;
  - b. the feasibility of carrying out the purpose;
  - c. whether or not University funds are required;
  - d. the source of the gift as it relates to the values and purposes of the University;
  - e. any restrictions that determine whether it can be accepted as a gift;
  - f. in relation to Gifts-in-Kind the ability to use them or convert them to cash.
3. Grants and contracts, including grants and contracts in support of specific sponsored programs and projects which require periodic reporting, exclusivity to the donor, IP rights, funder control, or other forms of financial benefit to the grantor or contractor are not gifts and are processed in a different manner through the University.
4. Funds that are not the Foundation's operating funds are to be designated as belonging to an Endowment Fund, Gift Invested Fund or Gift Non-Invested Fund according to the terms of the gift agreement or other acceptable evidence of the donor's intention.
  - a) Gift Non-Invested Funds shall be held in the AUT Foundation Bank Account.
  - b) Endowment Funds are to be invested in line with the Investment Policy.
  - c) Gift Invested Funds are to be invested in line with the Investment Policy or held in a term deposit in the AUT Foundation Bank Account, as determined as appropriate by the Board.
5. In some cases donors make a gift of a lump sum and request that it be paid out at a specific rate until the lump sum is exhausted (e.g. a gift of NZD10,000 to be paid out at NZD1,000 p.a.). In these cases, the sum is to be invested in a savings or term deposit account in the AUT Foundation Bank Account, unless the Trustees or donors direct otherwise.

## **C. Declining a Gift**

1. The Foundation reserves the right to decline any Gift that may morally, ethically or legally expose the Foundation or the University, result in adverse publicity, require commitment or expenditure beyond the University's resources, involve responsibilities that may not be able to be undertaken or have restricted conditions or purposes.
2. If a Gift is declined, an email or letter of regret to the donor must be written and sent

outlining the reasons for declining the gift. A copy of the email or letter must be retained on Raiser's Edge.

#### **D. Processing Donations**

1. All Donations will be entered into RE NXT within 2 working days of receiving.
2. On the first day of the following month, a file of all donations for the month is downloaded from RE NXT and to be used as a source document for recording in the AUT Foundation accounting system.
3. Receipts for gifts of cash must contain the following information:
  - a. Donor's full name;
  - b. amount donated;
  - c. date of donation;
  - d. the name of the fund to which the gift is allocated and statement that it was a donation;
  - e. AUT Foundation, Charities Services registration number and IRD number;
  - f. be on AUT Foundation letter head;
  - g. the full name, designation, and signature of an authorised person from AUT Foundation; and
  - h. a receipt number.
4. All donor's receive a thank you email or letter and, other than Gifts-in-Kind, a receipt. The receipt is to be from the Foundation adhering with Inland Revenue Department and Charities Commission guidelines and applicable laws.
5. Where appropriate, given the size of the Donation, the Advancement Office will:
  - a. provide draft letter with appropriate level of detail to the most senior and relevant AUT Executive possible, preferably the Vice Chancellor, acknowledging and thanking the donor for their gift. To be personally signed and sent within three weeks of receiving the gift; and/or
  - b. Provide draft letter with appropriate level of detail to either the relevant Dean, Pro Vice Chancellor, Professor or the Chancellor, acknowledging and thanking the donor for their gift. To be personally signed and sent within three weeks of receiving the gift.
6. A copy of the receipt to be retained by the Foundation.

#### **DI. Delegated Authority for Receiving and Distributing Gifts**

1. The Board of Trustees have delegated the ability to solicit, bank, acknowledge, receipt and distribute any donation or gift less than NZD75,000 to the Advancement Office provided the gift aligns with the objects and purposes of the Foundation, this Policy and the Deed of Trust.
2. The Advancement Office will provide a quarterly report to the Board of Trustees detailing any donation or gift less than \$75,000.



## **F. Accounting**

*All gifts and donations shall be recognised at the fair value of the gift or donation received or receivable.*

### Donations

1. Donations that are not subject to restrictions or conditions are recognised as revenue when the gift or donation is received, or entitlement to receive the gift or donation is established.
2. Gifts and donations that are subject to restrictions, but which are not required to be returned to the donor are recognised as income when the gift or donation is received, or entitlement to receive the gift or donation is established.
3. Gifts and donations that are subject to conditions (that are subject to binding terms imposed by an external party, such as funding for a particular activity) are recognised as income when it is likely that AUT Foundation will comply with the terms of the gift or donation. If otherwise, the gifts and donations shall be recognised as deferred income until certainty exists that the conditions imposed can be met.
4. If the AUT Foundation is unable to comply with the terms of the gift or donation and this is a condition of keeping the gift or donation, the gift or donation is recognised as a short-term liability until it is returned to the donor or the conditions are fulfilled.
5. Monies donated for special purposes are invested separately.
6. Income relating to appeal donations is recognised only when Cash is received in AUT Foundation's bank account.

### Gifts-in-Kind

7. Gifts-in-Kind donations are valued and recognised as income at their estimated fair values at the time the goods or services are received by AUT Foundation. A possible proxy on the fair value of the Gifts-in-Kind donations received will be the consideration that would have to be paid by AUT Foundation if it had purchased the goods or services.
8. In line with IRD guidance, acknowledgments are sent for Gifts-in-Kind donations but not receipts.

### Endowment Funds

9. To minimize administrative costs, AUT Foundation's Board of Trustees may set a minimum gift or donation amount required to establish an endowed fund. The most common amount required to endow is \$100,000 however, lesser amounts can be accepted provided they are no less than \$30,000 and with the understanding that it will grow within a reasonable period.

### Bequests

10. Bequests are recognised as income when probate of the will has been granted, receipt of the bequest is probable, and the amount of the bequest can be measured reliably.
11. Non-current bequests are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are regularly reviewed for impairment.

### Interest Income

12. Interest revenue is recognised on a time-proportion basis (monthly in arrears) using the effective interest method.

### **G. Distribution of Funds**

1. AUT Foundation has the responsibility to ensure that all gifts and donations are disbursed appropriately and in line with donor's intent.
2. The Director of Development, under direction of the Board, shall be responsible for administering the disbursement of all gifts and donations made to AUT and to ensure that funds are used in a responsible, prudent, and appropriate manner.
3. Unless otherwise approved by the Board, AUT Foundation will not issue payments to payees other than the AUT, with the exception to student prizes/awards.
4. Bank business involving signatures requires approvals from any two Trustees, or by one Trustee and an officer of the Foundation appointed by the Trustees for that purpose, or in the case of online approvals, approval from two Trustees or by one Trustee and an officer of the Foundation appointed by the Trustees for that purpose or signatories approved by the Trustees.

### Unrestricted Funds

5. For unrestricted funds, where the fund may be used for general purposes of AUT, the Board of Trustees are able to approve disbursement of the fund to areas of greatest need at their discretion.
6. A funding request for disbursement from an unrestricted fund can be made any time of the year.

### Restricted Funds

7. For restricted funds, where the fund may only be used in a specific way or for a specific purpose such as scholarships in a specific department or programme, distribution must be authorised by the Board of Trustees to ensure that the funds are used for the specific purpose or activity specified by the terms and conditions restricted by the donor. The Trustees shall not use those moneys for any other purpose except with the consent of the donor or transferor.

### Endowment Funds

8. Gifts and donations received as endowed funds cannot be disbursed by AUT Foundation. The principal of Endowment Funds must remain intact in perpetuity and only the income generated by investing the principal amount may be disbursed. For an endowed fund, only 75% of the annual return earned from the endowed funds will be allowed to be disbursed in accordance with the restrictions prescribed by the donor at the time the Endowment was established, while the remainder of the Endowment income is set aside in an interest bearing Endowment to build a base for future funding support.
9. Each year, the AUT contact for each endowed fund will be advised by the Advancement Office under direction from the Board, as to the level of the fund available for distribution and invited to make a specific request for disbursement.

### Bequests

10. From time to time, bequests may be accepted that are not large enough to generate

sufficient capital to support their stated purposes. In such cases the Trustees may, subject to being entitled to under the terms of the bequest, elect to:

- a. create a new Endowment Fund to receive the bequest and let it accumulate income until it is large enough to generate sufficient capital or interest to support its purpose;
- b. use the capital from this fund to support a purpose that is consistent with the bequest (e.g. partial support of an existing chair);
- c. add the bequest to another existing Endowment Fund that will carry out the purposes of the bequest.

## 5. Transfers and Refunds Policy

### A. Inter-Fund transfers

Requests for inter-Fund transfers where no removal of restriction is involved may be considered and approved or denied by the Foundation Secretary or Director of Development provided that action is reported to the Foundation Trustees. NOTE: This requested change would usually be due to a simple error of attribution or the desire of the beneficiary (or occasionally the original donor) to move the donation from a less restrictive fund to a more restrictive fund (e.g. a gift for the University in general being reclassified as a gift for the Library in particular).

### B. Removal of restriction (Change of Purpose)

1. A donation may be either unrestricted or restricted to a specific use. If the restriction(s) placed on the use of any funds contributed to the Foundation have been rendered illegal or unable to be fulfilled the Foundation will approach the donor(s) to alter the restriction(s). If the donor(s), or their executors in the case of deceased donors, are unavailable the Foundation will seek court approval to remove or modify such restriction(s).
2. If an application to the court is required, the Foundation will seek to use such funds for a purpose that reflects as near as possible the intent of the donor(s).
3. Restriction(s) will be considered unable to be fulfilled due to circumstances, including, but not limited to: the termination of the supported activity by the potential beneficiaries; a surplus of funds available from other sources to fulfil the designated purpose; the insufficiency of the restricted funds to fulfil the designated purpose where no funds from other sources are available to supplement the restricted funds; and the designated purpose is no longer consistent with the mission(s) of the potential beneficiaries.
4. Requests to change restriction(s) will be considered by the Foundation Trustees at a full Board meeting. If the change is approved by the Trustees, the donor(s) will then be approached for their agreement. If the donor(s), or their executors in the case of deceased donors, are unavailable, the approval of the court will be sought.

### **C. Refunds to donors or transfers to another charitable organisation**

1. The Foundation only makes a refund of a donation to the original donor(s) or a transfer to another charitable organisation in exceptional circumstances. All requests for a refund or transfer must be considered by a full Board meeting of the Trustees. A majority of the Trustees may choose to make a refund or transfer, at all times exercising their absolute discretion, provided that (all or part) of the following conditions have been met:
  - a. the original donor has requested the refund or transfer in writing; and
  - b. the Foundation cannot meet the objects of the gift;
  - c. When there is a beneficiary, the beneficiary has confirmed in writing that the activity that the donation was meant to support has permanently ceased and no claim has been or will be received from the beneficiary for that activity that would draw upon the donation
  - d. if the money is in sub-trust then a suitable charity or Trust with similar objects must exist to transfer the money into (money will not be paid from a sub trust to an individual)
2. If the original donor is a non-zero-rated taxpayer in New Zealand and is requesting a refund (as opposed to a transfer), he or she agrees in writing either to return the tax receipt provided by the Foundation and make no claim to the IRD for a charitable donation rebate; or if the original donor has already used the tax receipt to make a claim to the IRD for a charitable donation rebate, he or she agrees in writing to declare the refund as income to the IRD and does not object to the Foundation informing the IRD of the refund.
3. If the original donor is requesting a transfer to another New Zealand charitable organisation (which must be registered with the New Zealand Charities Commission) including conditions as to the use of the monies, that organisation must agree in writing to accept the transferred sum and the conditions attached to its use and to indemnify the Foundation against any claim the original donor may bring against the Foundation in relation to the transfer or the subsequent use of the monies by that organisation.

## **6. Fraud Policy**

1. Fraud is defined an act of dishonesty or deception to gain an advantage (“**Fraud**”).
2. This policy is to ensure the assets and reputation of AUT Foundation is protected from Fraud.
3. AUT Foundation accepts its responsibility to be a good steward of AUT Foundation assets and has adopted practices and procedures to prevent and detect Fraud. However, the Director of Development has responsibility for ensuring the day to day implementation of those controls.
4. If fraud is suspected the Director of Development must take necessary steps to mitigate loss and prevent repetition of the activity.

5. AUT employees are to report suspected Fraud to the Foundation Secretary, Director of Development or the Group Director Audit, Risk and Assurance who shall take prompt action in line with AUT's Fraud Policy. The University will treat all reports of suspected Fraud in confidence under the Protected Disclosures Policy.
6. AUT's Fraud Policy applies for AUT employees.
7. If the Fraud is carried out by an external party, AUT Foundation will report the Fraud to the police or relevant authority and take action to recover lost money and property.

#### Legal Compliance

8. Fraud is a crime against rights of property as defined in Part 10 of the Crimes Act 1961, and amendments.
9. The Protected Disclosures Act 2000 provides for disclosure and investigation of serious wrongdoing and protects the individual who report allegations of serious wrongdoing. Persons who make disclosure under the Act are protected for dismissal or punishment, legal action, or disclosure of their own private information.

## 7. Investment Policy

The Trustees will review and agree the Statement of Investment Policy and Objectives (SIPO) and meet with the investment manager annually.

#### **Investment of donations and payments**

1. Donations and payments may be used to cashflow disbursements to scholarships and grants. Donations and grants surplus to these requirements are to be invested with the Foundation's Investment Managers if appropriate or otherwise in a term deposit at least once a month or sooner if practicable unless the donor instructs otherwise.
2. The Trust Board's Statement of Policy and Financial Objectives (SIPO) is the governing document for guiding investment decisions

#### **Review of Fund Manager**

The Foundation requires its fund manager to supply monthly reports as well as review of performance (benchmarked against peers).

## 8. Bank Accounts

1. The Foundation currently banks with ANZ.
2. All donations are paid into the ANZ bank account in the first instance.