

Massey University Foundation Policy

2nd Aug 2016

This Policy Document contains guidelines to assist and guide the Trustees and 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.

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Definitions

“Available Income”

Means income made available for distribution to the beneficiary of an Endowment or Endowment Like Fund

“Consumer Price Index” (CPI)

The Consumer Price Index as supplied by the Reserve Bank of NZ

“Capital Value”

Means the Nominal Value adjusted for inflation, usually measured by CPI

“Chairman”

Means the Chairman of the Foundation

“Current Use Investment Pool” (CUIP)

Means an Investment Pool designed to maintain its Nominal Value and provide liquidity for distributions while returning incidental interest and other investment income

“Current Use Fund”

Means a Named Fund that is invested into, and granted its share of, the CUIP; it may be distributed in its entirety

“Donation”

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

“Endowment Fund”

Means a Named Fund that is invested into, and granted its share of, the EIP, which usually has a minimum requirement to preserve Nominal Value and sometimes, in addition, a requirement to preserve Capital Value

“Endowment Investment Pool” (EIP)

Means an Investment Pool designed to maintain its Capital Value while also generating Available Income that maintains its purchasing power over the long term

“Endowment Like Fund”

Means a Named Fund that is invested into, and granted its share of, the EIP, which allows for distributions that may, from time to time, reduce its value to below Nominal Value but not usually so as to distribute it in its entirety

“Foundation”

The Massey University Foundation

“Goods & Services Tax” (GST)

Means any supply of services or goods by the Foundation, or any related party, whether in substance or form where the Foundation, or the related party, would be bound to charge and account for Goods and Services Tax

“Investment Pool”

Means a collection of assets (including, but not limited to, goods, real estate, rights or monies) that are, in combination, to provide the financial resources to carry out the objectives of the Named Funds invested into the pool

“Named Fund”

Means a fund in the Foundation that is separately named and accounted for that holds: donations or sponsorships given for a specific, general, or discretionary purpose; or any unallocated or residual monies that may be used at the Trustees’ discretion

“Nominal Value”

Means the original dollar value of the Donation or Sponsorship

“Retained Income”

Means income retained to add to the Nominal Value of the Endowment or Endowment Like Fund

“Sponsorship”

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

“Statement of Investment Policies & Objectives” (SIPO)

Means a statement of investment policies and objectives that govern the operation of a given Investment Pool

“Trustees”

Means the Trustees of the Foundation

“University”

Massey University

1 Donations and Sponsorships

1.1. Accepting Donations and Sponsorships in regards to their investment

This policy seeks to provide procedures, a framework and guidelines under which the Trustees may properly and legally accept Donations and Sponsorships and account for them and to ensure consistent and equitable relationships with Donors and Sponsors.

Policy Statements

- 1.1.1. All funds of the Foundation, that are not its own operating funds, are to be designated as belonging to an Endowment Fund or Current Use Fund according to the terms of the gift agreement or other acceptable evidence of the donor's intention.
- 1.1.2. The Trustees may accept donations and sponsorships that are appropriate to the charitable purposes, which are set out in the Trust Deed establishing the Foundation.
- 1.1.3. In accepting Donations and Sponsorships 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.
- 1.1.4. In the case of a conflict between this policy and any terms laid out in a deed or agreement governing a particular Donation or Sponsorship, the latter terms will be observed.

1.2. Procedures for processing of Donations and Sponsorships

- 1.2.1. All donations will be entered into Raisers Edge within 2 working days of receiving.
- 1.2.2. All donors receive a thank you letter and are receipted.
- 1.2.3. Gift Agreements (see appendix), or an acceptable equivalent, are required for Donations or Sponsorships of \$10,000 or more.
- 1.2.4. Donations or Sponsorships of less than \$2,500 and Endowment Donations or Sponsorships of less than \$30,000 can only be considered for acceptance if an appropriate Named Fund already exists (or could reasonably be created) to accept those smaller donations or sponsorships; conversely, new Named Funds will only be created Endowment Donations or Sponsorships of \$30,000 or more.
- 1.2.5. The Director will ensure that the Foundation's Statement of Investment Policies and Objectives is respected.
- 1.2.6. The Foundation Director will prepare all Donation and Sponsorship proposals and draft agreements in consultation with the likely or intended beneficiaries.
- 1.2.7. The processing of all Donations and Sponsorships will be overseen by the Foundation Director and the risks associated with accepting Donation or Sponsorship types shall be assessed as follows:
 - Cash, cheques, EFT, and credit card payment – minimal risk; valued at face value;

- Publicly traded securities – minimal risk; liquidated at earliest convenience; valued at average of high and low published values on the day it passes to the control of the Foundation. If the publicly valued securities are valued at more than \$1,000,000, they will be liquidated only after approval from the Chairman;
- Restricted securities – moderate to material risk; appropriate professional advice as to valuation and liquidation procedure. If the restricted securities are valued at more than \$1,000,000, they will be liquidated only after approval from the Chairman;
- Real estate – moderate to material risk; appropriate professional advice as to: valuation procedure; security of title; freedom from environmental risks, limitations and encumbrances; cost & benefits of non-liquidation; liquidation procedure. If the real estate is valued at more than \$1,000,000, it will be liquidated only after approval from the Chairman;
- In kind property (other than real estate) – moderate to material risk; appropriate professional advice as to how to liquidate unless the Chairman approves accepting, using and/or caring for the in kind property
- Foreign Currency donations – moderate risk; will be repatriated immediately at the current exchange rate

1.2.8 When a Named Fund has been set up with a specific target, such that once that target is reached it will become an Endowment, the following procedure is followed:

The initial Named Fund is invested in the Endowment Investment Pool; Unless otherwise specified, the Named Fund has five complete calendar years to attain the target (e.g. a fund set up 30 June 2010, will have until 31 December 2015 to attain its target).

If the Fund does not reach its target the Trustees will consult with donors and combine those funds with the unrestricted fund or a fund with a purpose that is consistent with the original purpose.

1.3. Requests that are given as endowments but are insufficient to generate Available Income to support their purpose

1.3.1. From time to time, bequests may be accepted that are not large enough to generate sufficient Available Income to support their stated purposes. In such cases the Trustees may, subject to being entitled to under the terms of the bequest, elect to:

- Create a new Endowment Fund to receive the bequest and let it accumulate income until it is large enough to generate sufficient Available Income to support its purpose;
- Use the Available Income from this fund to support a purpose that is consistent with the bequest (e.g. partial support of an existing chair);
- Add the bequest to another existing Endowment Fund that will carry out the purposes of the bequest.

1.4. Investment of donations and payments

1.4.1. Donations and payments may be used to cashflow disbursements to scholarships and grants. Donations and grants surplus to these requirements are to be invested in the

appropriate EIP or CUIP at least once a month or sooner if practicable unless the donor instructs otherwise.

- 1.4.2. The Trust Board's Statement of Policy and Financial Objectives (SIPO) is the governing document for guiding investment decisions

1.5 Bank Accounts

- 1.5.1 The Foundation currently banks with both BNZ and Westpac.
- 1.5.2 The BNZ bank account is used as a clearing account into which all donations are paid before being banked into either the CUIP or Endowment Fund.
- 1.5.3 Payments to endowment funds (like scholarships) and endowment like funds (like research funds) and GST payments are made from the BNZ account
- 1.5.4 The Westpac accounts are currently the home of the Foundation's CUIP fund (on various term deposits)

1.6 Donations of lump sums requested to be distributed at a specific rate

- 1.6.1 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 \$10,000 to be paid out at \$1,000 p.a.). In these cases, the sum is to be invested in the CUIP, unless the Trustees or the donors direct otherwise.

1.7 Naming Rights

- 1.7.1 Donations over \$30,000 have the option of naming the Fund and associated Distributions.

2. Distributions

2.1 Fund Distributions

This policy seeks to provide rules for the Trustees to make decisions about which income shall be distributed (as Available Income) to a beneficiary; or retained (as Retained Income) to build up the reserve of the Endowment Fund preserving its Capital Value in the long term.

Policy statements

Distribution of income to Endowment and Endowment like Funds

- 2.1.1 The Foundation Director, under direction from the Board, will determine and inform the beneficiary(ies) of the endowment fund of the previous calendar year's funds available for distribution for each Endowment Fund (i.e. the Fund's Available Income).
- 2.1.2 If the beneficiary requests a lower amount of distribution, the Board, exercising its sole discretion to decide what is distributed, will accord priority to building towards reinvesting that money in the Endowment Fund as retained earnings. If the beneficiary requests an additional amount of distribution, the Board, exercising its sole discretion to decide what is distributed from each Endowment Fund, will consider that request taking into account: investment returns; the Capital Value of the fund; the rules or gift agreement; and the actual amount of expenditure undertaken or planned.
- 2.1.3 It is the Foundation's policy to capitalise unspent Available Income at the end of each financial year, however the Foundation Board will consider submissions made in writing from individual funds to carry unspent Available Income into the following financial year on a case-by-case basis taking into account investment returns; the Capital Value of the fund; the rules or gift agreement and the actual amount of expenditure undertaken or planned.
- 2.1.4 The Trustees may review and alter the Distribution Policies from time to time, with respect to the Foundation Trust Deed
- 2.1.5 In the case of a conflict between these policies and any terms laid out in a deed or agreement governing a particular gift, the latter will be observed.

3. Capitalisation of CUIP funds

3.1 The capital of a fund or sub trust that's purpose is to fund a capital project (for a building or for equipment), and that has been invested in the CUIP may be drawn down from the CUIP in its entirety and paid to the beneficiary by the Trustees.

The Foundation director is delegated to draw down amounts up to \$200,000 – amounts over this will require the approval of the trustees.

4. Transfers and Refunds

3.1 Inter-Fund transfers

3.1.1 Requests for inter-Fund transfers where no removal of restriction is involved may be considered and approved or denied by the Foundation Director 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).

3.2 Removal of restriction (Change of Purpose)

- 3.2.1 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).
- 3.2.2 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).
- 3.2.3 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.
- 3.2.4 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.

3.3 Refunds to donors or transfers to another charitable organisation

3.3.1 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:

- the original donor has requested the refund or transfer in writing;
- and the Foundation cannot meet the objects of the gift
- When there is a beneficiary, the beneficiary must confirm 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
- 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)
- EITHER 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;
OR 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.

3.4 Committees which may advise the Trustees as to distributions

3.4.1.1 On behalf of the trustees the Director will solicit, or receive a report on expenditure and activity from the following (sub) Trust committees as to distributions from specific Foundation Funds annually. Specific Sub-Trusts that will report to the Trustees are: The Equine Sub Trust; Roger Morris Sub Trust, Wildbase Sub Trust, Ag Life Science Sub Trust, Allister Betts Sub Trust, EXMSS, Venture. These reports will be included in board papers in November (or nearest board meeting to that date).

4 Foundation Trustee Delegated Authorities

4.1 Limits of distribution delegations

- 4.1.1 Single payments of over \$200,000 will require approval from the Trustees before payment may be made.
- 4.1.2 Signatories and Delegated Authorities must be confirmed at the first Trustee Board meeting of each year.

4.2 Beneficiary Request for Payment or Grant

- 4.2.1 Each Endowment Fund, Endowment Type Fund or current use Fund will have a budget for expenditure set and agreed at the beginning of each year by the board. The Foundation Director may approve expenditure in line with agreed budgets and for purposes that meet the funds purpose and in line with delegations.

4.3 Bank Accounts

- 4.3.1 The Trustees are the owners of the Foundation's bank accounts. The Foundation currently has accounts with BNZ and Westpac.
- 4.3.2 The Foundation Director has delegated authority to:
 - Establish bank accounts with the banks approved by the Trustees
 - Delegate Dealing Authority
 - Authorise Fax and telephone indemnity (which allows the bank to take instruction by fax or telephone from a Dealing Authority)
 - Authorise Direct Debit Authority (whereby the bank can direct debit a nominated account to transfer funds to their investment account)

4.4 Bank Signatories

- 4.4.1 Bank business involving signatures requires two signatures – any two trustees

4.5 Internet Banking

- 4.5.1 The Foundation's Financial Administrator is appointed as administrator of the Foundation's Internet account with the BNZ.

Authority for Internet banking described as payments and transactions between Foundation accountants and to beneficiaries (normally the University).

Delegated Authority: Any two of; The Foundation Director, The Treasurer, The Vice Chancellor, the Chair of the Foundation

4.6 Bank term deposits

- 4.6.1 Authority to negotiate, invest and terminate term deposits with the banks approved by the Trustees.

Delegated Authority: The Foundation Director has been delegated term deposit Dealing Authority with approved banks.

4.7 Deposit and withdraw funds

- 4.7.1 Authority to approve the withdrawal or deposit of funds from the investment managers.

Delegated Authority: Any two of The Chair of the Foundation, the Vice Chancellor, the Treasurer, the Foundation Director

4.8 Communicating with Investment Managers

- 4.8.1 Authority to communicate with the investment managers, authorise transfers, investment changes, and withdrawals by requesting and evidencing approvals from the relevant delegated authorities.

Delegated Authority: Foundation Director

4.9 Donation and sponsorship proposals

- 4.9.1 The Foundation Director will prepare all Donation and Sponsorship proposals and draft agreements in consultation with the likely or intended beneficiaries with signatures delegated as follows:

- Up to \$100,000: Foundation Director (or nominee);
- Over \$100,000 and under \$1,000,000: any Trustee (or nominee);
- \$1,000,000 and over: Chairman (or another nominated Trustee) and another Trustee.

5 Investment Policies

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

6 Fraud Policy

6.1 Purpose

- 6.1.1 To ensure that the assets, staff and reputation of the Massey University Foundation are protected from fraudulent misconduct.

6.2 Scope of Policy

- 6.2.1 The policy applies to:
- Trustees of the Foundation
 - Employees of the University who work for the Foundation under a service level agreement
 - Vice Chancellor External Relations and Development

- Any student, staff or contractor working for the Foundation or delivering a service to the Foundation

6.3 Definition of Fraud

- 6.3.1 Fraud is defined as wilful theft, embezzlement, violation of Massey University Foundation policies relating to employment, finance, equipment and other assets, or any other action in relation to those matters likely to bring the Foundation into disrepute.

This includes, but is not limited to:

- Forgery of any type,
- Misappropriation of funds, financial securities, supplies and other assets including Intellectual Property,
- Irregularity in recording and reporting financial transactions,
- Seeking and accepting anything of material value (i.e. greater than \$200) from contractors, without proper disclosure,
- Unauthorised use of property, equipment, material and records
- Unauthorised disclosure of confidential information,
- Failure of board or staff to disclose any Conflict of Commitment or Interest.

6.4 Policy

- 6.4.1 Massey University Foundation:

- Is committed to the development and maintenance of best practice processes and procedures to prevent and detect fraud, and that demonstrate appropriate stewardship of Massey University Foundation assets.
- The Foundation Board has accountability for ensuring that adequate controls are in place to prevent and detect fraud. However, the Director of Massey University Foundation has responsibility for ensuring the day to day implementation of those controls.
- Massey University Foundation has a zero tolerance to fraud and will investigate all reported incidents of alleged fraud, and prosecute as appropriate.
- Staff who may suspects or is aware of fraudulent activity or corruption must act and report that promptly to the Chairman of the Foundation Board, or the Director of the Foundation, or AVC People ERD or the University Risk Manager, or Internal Auditors, or may make disclosure under the Protected Disclosures Act 2000, using the Procedure for the Disclosure of Serious Wrongdoing available on <http://policyguide.massey.ac.nz>.
- Within the constraints of Protected Disclosure, the Vice-Chancellor will appoint under delegation an appropriate person to lead the enquiry.
- All disclosures of dishonest or fraudulent practices must be treated seriously. All proven incidents of fraud will be pursued through every means available and appropriate disciplinary action taken.

6.5 Legal Compliance

- 6.5.1 Protected Disclosures Act 2000 provides for the facilitation of disclosure and investigation of serious wrongdoing in or by the organisation, and protects the individual who reports allegations of serious wrongdoing. Persons who make a disclosure under the Act are protected for dismissal or punishment, legal action, or disclosure of their own private information.

6.5.2 Fraud is a crime against rights of property as defined in Part 10 of the Crimes Act 1961, and amendments.

7 Management Policy

7.1 Meetings of the Trustees

Board meetings will be held at least three times a year (c. January, June and November) and more if necessary.

- Standard agenda items at each board meeting will be
 - the Directors Report
 - the Treasurer's Report
 - a review of the Risk Register
 - declaration of any conflict of interest.
- The January meeting should include:
 - a resolution to agree available expenditure and budgets for that year for all CUIP and EIP fund.
 - a review of the SIPO and performance of the fund manager
- Board membership should be reviewed and renewed as appropriate
- The June meeting should include:
 - Presentation of the audited annual report
- November meeting should include:
 - Presentation of strategic and tactical plan and budget for following year
 - reports of activity from sub trusts

7.2 Communications to Trustees between board meetings

The Director of the Foundation will provide a written report on progress and will raise any issues or concerns at each board meeting. Between meetings the director will communicate in the following ways:

- The Director will use his or her discretion to raise urgent issues firstly with the chairperson of the board who will then use his or her discretion to decide if the rest of the board require notification or if an extraordinary meeting of the board is required
- The Director will ensure that between board meetings all trustees will receive:
 - a monthly report from the fund manager
 - notifications of significant donations (over \$100,000)

7.3 Communications to Massey University Council

The Foundation will report to the Massey Council once a year (usually in October) and will report on any issues arising as well as performance and plans for the following year.

7.4 Review of Fund Manager

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

