



New Fund Establishment Policy

Policy name: New Fund Establishment Policy

Policy number:

Responsible body: Board

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Policy purpose

This policy sets out the framework for establishing and managing sub-funds at Foundation SA, including the criteria for approval, the obligations of Fund Advisors, and the operational requirements for different fund types.

It ensures that all sub-funds are established in a manner consistent with Foundation SA purpose and strategy, and that donors understand the legal nature of the fund they are creating, the ethical parameters that apply to their donations, and the ongoing requirements for maintaining their fund.

Policy statement

Foundation SA is a non-profit organisation that supports and enables accessible structured giving options for donors. One of the ways we do this is by supporting donors to establish and build sub-funds to structure their giving.

In approving new sub-funds, the Foundation SA Board requires potential donors to understand:

- the legal status of the sub-fund they are establishing
- that the purpose of the sub-fund is within Foundation SA's vision, mission and value parameters
- that the donations being placed in the sub-fund do not contravene Foundation SA's ethical investment guidelines (Investment Policy available upon request), and
- that the source of donations will not damage Foundation SA's reputation.

New Fund establishment

1. Definitions

Sub-fund (often referred to as a donor-advised fund) – A management account created for Fund Advisors who can make recommendations on granting and other administrative aspects of the Fund. The Foundation SA Trustee or its delegates



make final decisions. Requires a balance of \$20,000 to be established and must always maintain a balance of at least \$20,000.

Gumnut Account – A Fund type that can build up to \$20,000 over a period of years. Requires a minimum donation into the account of \$2,000 a year. A Gumnut Account cannot grant or process expenses. Once it reaches a \$20,000 balance, the Fund converts to a standard sub-fund.

Pass-Through / Collective Giving Funds – A Fund may be able to forgo the \$20,000 minimum balance requirement if an agreement is made with Foundation SA management. This will involve a non-standard fee structure. Individual rules and guidelines will be laid out in a Memorandum of Understanding.

Fund Advisors – The individuals responsible for establishing a sub-fund at Foundation SA. They may be individuals, members of an organisation, company, etc. Fund Advisors advise Foundation SA on grants and other aspects of Fund administration. Fund Advisors may also be appointed by existing Fund Advisors following the establishment of the Fund.

Establishment – The process of setting up a sub-fund at Foundation SA. Involves a prospective Fund Advisor to provide required information to Foundation SA, for Foundation SA to approve the Fund's establishment, the establishment of the sub-fund within Foundation SA's systems, and the initial donation from the Fund Advisors.

Investment Options – As per the Investment Policy, Fund Advisors can advise which investment option the fund will utilise at the time of establishment. Refer to the Investment Policy for further details on investment options.

2. Sub-fund Establishment Procedure

Prospective Fund Advisors must provide Foundation SA with information to establish a sub-fund. Fund Advisors are provided with a New Fund Establishment Form which requests all the information required. Fund Advisors must be honest and accurate when completing the form.

Foundation SA will review the Fund Establishment Form and conduct the internal processes to create the sub-fund within Foundation SA's systems.

This includes assessing all new funds against the Donor Risk Assessment tool (see below).

Foundation SA maintains the right not to establish a Fund if the Fund Advisors, the Fund's stated mission and/or values do not match with Foundation SA's vision, mission and values.

Fund Advisors must be made aware that the sub-fund is not a separate legal entity but is a management account within the Foundation SA Ltd Community Charity,



and the rights and obligations of this impose on the Advisor and Foundation SA Board.

Donations made into a Fund cannot be sourced in a way that contravenes the Foundation's values and ethical investment guidelines.

A Foundation SA staff member must have a conversation with a prospective Fund Advisor prior to the establishment of a Fund.

The use of 'Foundation' in the Fund's title will be approved on a case-by-case basis. The Fund Advisors must review public information to ensure there are no other entities using that name.

For Funds approved to use the word Foundation, they must state on public sites, "XXX Foundation is a sub-fund of Foundation SA."

Once the sub-fund has been approved by Foundation SA and established, Foundation SA will inform the Fund Advisors that it is complete, and their initial donation can be made.

3. Sub-fund Operations Procedure

A minimum donation of \$20,000 is required to establish a sub-fund with Foundation SA.

The initial donation must be received within three months of the Fund's establishment.

If a Fund has not received its minimum donation of \$20,000 within one year of the Fund being established, the Fund will be closed. Any money within the Fund will be transferred to the Foundation SA General Fund or donated to eligible charities, as per discussions with the Fund Advisor.

A sub-fund balance must always stay above \$20,000. Grant requests lowering a Fund balance below \$20,000 will not be approved, unless under extreme circumstances. If a Fund balance drops below \$20,000 due to fees or negative investment returns, the Fund will be unable to grant or process expenses until the balance is above \$20,000.

4. Gumnut Accounts Operations Procedure

If a sub-fund is identified as a Gumnut Account, it must receive at least \$2,000 in donations per annum. If Fund Advisors are unable to continue contributing to the Gumnut Account, Foundation SA may agree to a period of abeyance for no longer than a year.

If a Gumnut Account does not receive its \$2,000 annual donations, it may be subject to a Fund Closure. Any money within the Fund will be transferred to the



Foundation SA general Fund or donated to eligible charities, as per discussions with the Fund Advisor.

When a Gumnut Account reaches \$20,000 in balance, it converts to a sub-fund. It will be charged standard sub-fund fees and can make grants and request expenses. A Gumnut Account cannot request expenses or reimbursement from the Fund.

5. Pass-Through / Collective Giving Funds Operations Procedure

Pass-Through and Collective Giving Funds may have different requirements and operate under different circumstances. A Memorandum of Understanding will be provided on a case-by-case basis which will outline these rules.

Conditions

Foundation SA reserves the right to reject any Fund establishment request.

Fund Advisors must abide by the rules within this policy and other Foundation SA policies. Failure to abide by policies or if Fund Advisors act in a way that is counter to Foundation SA's vision, mission or values may lead to a closure of the sub-fund.

Policy review

This policy will be reviewed at least once every two years, to ensure its currency and relevance to Foundation SA's ongoing operations.