



Australian  
**Philanthropic  
Services**

Simple. Strategic. Rewarding.

## **Australian Philanthropic Services Foundation**

A simple, strategic, rewarding approach to giving



## Charitable giving

Sharing your wealth to make a difference can be enormously rewarding. But many Australians take an ad-hoc approach to their giving, making it difficult to see the impact of their generosity.

There are several ways to give. You could consider:

- Volunteering your time and skills
- Donating money directly to a charity
- Setting up your own private ancillary fund
- Joining a public ancillary fund; and/or
- Leaving a bequest in your will.

Ancillary funds are a simple and effective way to help you make the most of your giving. Public ancillary funds and private ancillary funds are the two types of foundations in Australia that facilitate immediate income tax deductions for individuals while supporting the charities of their choice over many years.

Australian Philanthropic Services Foundation is a public ancillary fund, the trustee for which is Australian Philanthropic Services Foundation Pty Limited, a wholly owned subsidiary of Australian Philanthropic Services Limited.

Australian Philanthropic Services Limited is an Australian-based non-profit organisation that helps you make the most of your giving. We inspire and support philanthropy, and provide education for individuals and advisers.

## Key features

<b>Name of Fund</b>	Australian Philanthropic Services Foundation (ABN 38 981 887 768)
<b>Name of Trustee</b>	Australian Philanthropic Services Foundation Pty Limited (ACN 158 036 349), a wholly owned subsidiary of Australian Philanthropic Services Limited
<b>Directors of Trustee</b>	Christopher Cuffe, David Ward and Antonia Ruffell
<b>ATO status of Fund</b>	Deductible Gift Recipient; Item 2 - Public Ancillary Fund; Income Tax Exempt Fund
<b>Governance</b>	APSF is subject to the 2011 Public Ancillary Funds Guidelines and NSW Trusts Law. The Financial Statements and compliance with Guidelines are audited each year by an independent auditor.
<b>Minimum amount</b>	A minimum amount of \$50,000 is required to establish a sub-fund.
<b>Minimum additional amount</b>	A minimum amount of \$5,000 is required for any additional donations.
<b>Donations to APSF</b>	All amounts contributed to APSF are tax deductible, and you can elect to spread that deduction over a period of up to five years. <sup>1</sup> Donations are irrevocable, meaning they cannot be returned. You can add to your sub-fund whenever you wish, including via your Will.
<b>Naming</b>	Each donor may have a named sub-fund and grants to charities from the sub-fund will refer to this name. Anonymous grants are also possible.
<b>Total fees</b>	1% per annum of funds under management, calculated and accrued on a monthly basis. This fee covers all aspects of administration, compliance, investment management and audit costs of APSF.
<b>Investment objective</b>	To achieve a return after fees at least equal to CPI inflation + 5% per annum, measured over rolling 7 year periods.
<b>Grants to charities from APSF</b>	APSF is required to donate to charities at least 4% of its 30 June funds under management during each following financial year. As such, donors will be requested to do the same. The minimum donation is \$1,000 per charity.
<b>Eligible recipients of grants</b>	Any exempt DGR Item 1 organisation – this includes charities, public hospitals, libraries, museums and other organisations.
<b>Advisory committees</b>	Each sub-fund may nominate a person or persons to make recommendations to the Trustee on the grants to charities relating to that sub-fund.
<b>Establishment timeframe</b>	Immediately, upon receipt of a completed Application Form (attached) and cleared funds to the APSF bank account.

<sup>1</sup> We recommend potential donors obtain independent tax advice

## What is a public ancillary fund?

A public ancillary fund is a communal philanthropic structure that helps you take a planned approach to your giving. While a private ancillary fund (often referred to as 'PAF') is a 'DIY' philanthropic structure, a public ancillary fund has the administration, investment and governance activities as the responsibility of the trustee, leaving donors solely to think about the charities they would like to support.

Using a public or private ancillary fund to facilitate your charitable giving is very tax effective. You receive a full tax deduction up front for the amount you contribute to a public ancillary fund. Grants from the fund are then directed over many years to the charitable sector.



## Public ancillary funds:

### Key advantages

- Public ancillary funds are arguably a more simple and less time consuming structure to participate in than a PAF, as a trustee already exists that handles the administration, investment and compliance with the laws - freeing up donors to solely focus on grantmaking;
- Public ancillary funds operate as aggregators in much the same way as managed investment funds do, to give access to a deductible charitable foundation vehicle to those with less money than is required for a PAF;
- There is no requirement to establish a new trust or trustee company or arrange for separate auditing with each new donor. A donor simply opens a new 'sub-fund'. There is no cost to do this;
- A sub-fund can be established immediately. In contrast, PAFs take at least 1 - 2 months to establish because of the necessary approvals required from the Australian Taxation Office (ATO);

- You can open a 'sub-fund' in a public ancillary fund and later request the trustee and ATO Commissioner to transfer the balance into your own PAF; and
- You can give your sub-fund a specific name (such as your family name) and grants to charities from the sub-fund will refer to this name. Anonymous grants are also possible.

## Public fund v private fund:

### What's the difference?

There is a significant amount of consistency between a public ancillary fund and a private ancillary fund:

- Contributions to the funds are tax deductible for individuals;
- Investment earnings within the funds are income tax exempt and franking credits can be reclaimed;
- Grants from the funds can only go to DGR Item 1 Tax Concession Charities (or a wider range of DGR Item 1 organisations if the fund becomes an Income Tax Exempt Fund);
- The fund's financial statements and compliance with Legislated Guidelines needs to be audited and reported to the ATO annually;
- Administrative penalties apply for non-compliance with Legislated Guidelines; and
- New funds must have a corporate trustee.

But there are also some key differences:

- The minimum per annum amount to be granted to charities from a PAF is 5% of opening fund value each year, while for public ancillary funds it is 4%;
- A PAF is restricted in accepting money from non-associates of the founder (no more than 20% of the fund value in any one year);
- Public ancillary funds must be controlled by a board with a majority of Responsible Persons whereas a PAF trustee can be controlled by family members but is required to have one Responsible Person who is independent of the founder and his/her family; and
- A public ancillary fund can and must solicit funds from the public while a PAF must not.

## Is the Australian Philanthropic Services Foundation right for me?

Australian Philanthropic Services Foundation ('APSF') is a public ancillary fund. It may be a useful alternative for philanthropically-minded individuals who:

- Have insufficient funds currently available to make a PAF a viable option. We believe PAFs require a minimum of around \$500,000 to be efficient whereas the minimum amount required to establish a 'sub-fund' in APSF is \$50,000;
- Have an interest solely in grantmaking and would like to leave the administration, investment and statutory aspects of running a foundation to others; and/or
- Would like their philanthropic fund to continue on past their lifetime but have no relatives to get involved in the administration and investment aspects that go with a PAF.

### Fees

APSF charges a single, all-inclusive fee of 1% per annum on the amount held in each sub-fund. This fee is calculated on a monthly basis (based on the previous month end value of your sub-fund) and deducted directly from APSF. It covers all aspects of administration, compliance, investment management and audit costs of APSF. Should we ever need to alter this fee we will advise you in advance.

### Online access

Once you have established a sub-fund you will be given online access to a variety of information to help you keep track of your activities. This will include the monthly value of your sub-fund, listing of donations/grants, six monthly investment report, annual audited accounts and various other useful reference material.

### Portability

The Public Ancillary Fund Guidelines 2011 allow, in certain circumstances and with the approval of the Trustee and the Australian Tax Office:

- The transfer of assets between public ancillary funds; and
- The transfer of the balance of a public ancillary fund 'sub-fund' into your own PAF.

The APSF trust deed provides for this flexibility.

## An alternative solution

Australian Philanthropic Services can assist and support organisations to set up and administer their own public ancillary fund in a cost effective manner. Organisations that may be interested include financial advisory firms (to provide a philanthropic option for their clients), specific geographic-based communities (to benefit their own community organisations), companies in general (to engage with staff and clients) or groups with a common interest (such as sporting groups or giving circles).



## Investment objective and strategy

The Trustee of APSF has complete control over all aspects of the investment objective, strategy and investments held.

The Trustee's decision in relation to such matters has taken into account the following: the need to donate a minimum of 4% per annum to eligible charities; the likelihood of inflation affecting the value of the investments and income generated; the risk of capital or income loss; the liquidity of the investments; the costs of investment alternatives and transactions; and the benefits of diversification of trust investments.

Furthermore, public ancillary funds are prohibited from: making investments that are not on an 'arms-length' basis; investing in collectables; trading or operating a business; and, borrowing money (except in limited short term 'bridging' circumstances); or providing security over any of its assets.

Taking into account the above, the investment objective set for APSF is to achieve a return after fees at least equal to CPI inflation + 5% per annum, measured over rolling 7 year periods.

The Trustee believes that the best way to achieve the investment objective is to invest a significant portion of the assets in growth-oriented investments (such as shares) with a bias at most times to Australian listed shares (because of the additional benefits from franking credits attaching to dividends). The Trustee also believes it would be prudent to have some exposure to income-oriented investments (such as cash and/or fixed income securities), with an increased emphasis on such investments when sharemarket valuations appear stretched or where there appears to be a better risk/return trade-off in the immediate future from holding such securities.

Based on the investment strategy outlined above, the Trustee has decided that the broad investment ranges for APSF should be as follows:

- 25% – Growth-oriented investments
- 75% (e.g. shares and/or property)
- 25% – Income-oriented investments
- 75% (e.g. cash and/or fixed interest securities)

The full investment strategy document pertaining to APSF is available upon request.

## Making grants

Soon after the audit of the financial statements of APSF is completed each year (around September), the Trustee will write to you and advise you of the value of your sub-fund at 30 June, together with the minimum 4% that must be granted to eligible charities (or other eligible organisations) during that financial year.

You will then be requested to recommend to the Trustee of the eligible organisations your 4% proportionate share should be donated to. The minimum donation is \$1,000 per charity. You can ask the Trustee to grant more than the 4% minimum in any year if you wish. As an example, if your sub-account balance was \$60,000 at 30 June, then you would need to recommend to the Trustee \$2,400 of grants before the following 30 June. Given the minimum grant to any one organisation is \$1,000 this means you could ask the Trustee to make grants to no more than 2 eligible charities.

The Trustee of APSF welcomes and actively encourages donor involvement in identifying causes and organisations to be supported by grants. Expert assistance and specialist grantmaking advice is also available (at moderate extra cost). However, donors should note that under trust and tax law the final grant decisions ultimately rest with the Trustee.



## Background of the Directors of the Trust

### Chris Cuffe



Chris has more than 25 years' experience in building successful wealth management practices, most notably at Colonial First State which he joined in 1988 and was instrumental in taking the company from a start-up operation to become Australia's largest investment manager during his 14 year tenure.

Chris is now involved in a portfolio of activities including a number of directorships, managing public and private investments and in various roles assisting the non-profit sector. In particular, he is Chairman of UniSuper (the \$28 billion superannuation scheme servicing the staff of universities and related institutions across Australia) as well as Chairman of Australian Philanthropic Services. He is also founding director and portfolio manager of Third Link Growth Fund, a managed investment scheme investing in Australian shares where the management fees received are donated to charity.

Chris holds a Bachelor of Commerce from the University of NSW and a Diploma from the Securities Institute of Australia (now the Financial Services Institute of Australasia). He is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Company Directors and an Associate of the Financial Services Institute of Australasia.

### David Ward



David worked in banking for nearly 20 years before moving into the philanthropic sector. In that time he held senior positions at ANZ, including Chief Economist (New Zealand) and General Manager, Investor Relations. Notably, he spent 4 years as Managing Director of ANZ Trustees, which administers over 200 charitable trusts.

David is considered a leading authority on ancillary funds. He sits on the Council of Philanthropy Australia and has written three trustee handbooks for Philanthropy Australia, including the Public Ancillary Fund Handbook (to be published in 2012). He also conducts Governance seminars for Philanthropy Australia as well as lecturing at Swinburne University as part of their Asia Pacific Centre for Social Investment and Philanthropy. In addition to being a director of Australian Philanthropic Services, David is also a director of ShareGift Australia, another public ancillary fund.

In 2008 David and his wife Jeanette established TeAnau Consulting, a professional consulting firm specialising in the non-profit sector, specifically in philanthropic structures, governance, and risk management.

David holds a Bachelor of Science (Hons) First Class from the University of Canterbury. He is also a past Member of The International Panel on Code of Conduct for Endowed Foundations for the CFA Institute (2010).



## Antonia Ruffell



Antonia Ruffell joined Australian Philanthropic Services as CEO in 2012. She has over 15 years' experience in leadership, fundraising, business development, marketing and philanthropy across the corporate and not-for-profit sectors. Prior to joining Australian Philanthropic Services, Antonia held senior roles with Perpetual, the Royal Agricultural Society Foundation, Mission Australia, ING Australia, and The Prince's Trust in the UK.

Antonia sits on the board of The Social Outfit, a Sydney-based social enterprise that works with young refugees. She holds a BA (Hons) from the University of Sussex in the UK, is a graduate of Social Leadership Australia, and is a Member of the Australian Institute of Company Directors.



# Application form

Your name:

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Your address for correspondence:

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Your phone number:

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Your email address:

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Amount you wish to donate to establish your sub-fund  
(minimum \$50,000):

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Name you would like your sub-fund recorded as:  
(Please note that sub-funds cannot include the word  
"Foundation" or "Fund". However, the words  
"Bequest", "Gift", or "Endowment" are all acceptable.)

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Do you wish grants from your sub-fund to remain  
anonymous?

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## Payment methods

### Cheque

If you are paying by cheque, please forward this completed application and your cheque, made payable to Australian Philanthropic Services Foundation, to the address shown below.

### Electronic Funds Transfer

If you are directly depositing funds, payment details are as follows:

Account name: Australian Philanthropic Services Foundation

BSB: 124 001

Account number: 998782753

Reference: Sub-fund name (as nominated above)

You should mail, email, fax or deliver this application form to us immediately so that we can match the details with your deposit.

A tax deductible receipt will be sent to you upon receipt of your payment. If the receipt should be in a different name to your name stated above, please advise us.

## Where to send your application

Australian Philanthropic Services  
Level 6, 6 – 10 O'Connell Street, Sydney NSW 2000  
hello@australianphilanthropicservices.com.au

Phone: 02 8004 6755

Fax: 02 8004 6701

## Processing applications

When we receive your money, whether to initially establish a sub-fund or to add to an existing sub-fund, no investment earnings (whether positive or negative) will accrue to the sub-fund until the commencement of the following month.