



# COMMUNITY IMPACT FOUNDATION



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ACHIEVING MAXIMUM ENVIRONMENTAL & SOCIAL IMPACT

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The idea of a charitable foundation is to set aside a tax-deductible corpus of money, have it invested wisely, and make donations to eligible recipients each year. Setting up a *sub-fund* with the Community Impact Foundation is a little like having your own charitable foundation.

## Making Giving Easy

The Community Impact Foundation is a public ancillary fund, a communal philanthropic structure that helps you take a planned, tax effective approach to your giving.

Every member (or donor) establishes a *sub-fund* of the Community Impact Foundation – with the minimum initial tax-deductible gift of \$50,000. This sub-fund can be built up over time through additional donations (subject to a minimum of \$5,000) and any accumulated investment returns.

The administration, investment management and governance activities are all overseen by the trustee of the Community Impact Foundation.

The Community Impact Foundation donates 4% (or more) of the closing fund value each financial year to charities (all of which must have tax deductible gift recipient status, DGR Item 1). Each sub-fund is able to make recommendations to the trustee about which charities should receive their share of the giving pool.

Sub-funds can be started by individuals, couples or families, and provisions can be made as to who will be responsible for looking after the sub-fund beyond the lifetime of the original donors.

The trustee for Community Impact Fund is Australian Impact Investments Pty Ltd (ABN 81 165 905 582) – Corporate Authorised Representative (No. 464365) of Ethinvest Pty Ltd (AFSL No. 223718).

## Key advantages of a public ancillary fund

As a public ancillary fund, the Community Impact Foundation delivers the advantages of alternative philanthropic structures while reducing associated administrative and cost burdens. The key advantages of a sub-fund with the Community Impact Foundation include:

- The minimum of \$50,000 to establish a sub-fund is substantially less than required to establish other philanthropic structures.
- You can name your sub-fund and be identified with it as your vehicle for your charitable giving.
- You and your family can be involved in the grant making decisions of your sub-fund.
- Your sub-fund, and its legacy, can continue long after you have passed away.
- Your sub-fund is often simpler, less time consuming and more cost effective to establish and participate in than other philanthropic structures. The trustee handles the administration, investment and compliance with the laws - freeing up donors to solely focus on grant making.
- The corpus of your sub-fund is invested using ethical and impact investment strategies, to complement and extend the good work of your giving.

## Key Features of the Community Impact Foundation

Name of Fund	Community Impact Foundation (ABN 43 260 612 561)
Name of Trustee	Australian Impact Investments (ABN 81 165 905 582) – Corporate Authorised Representative (No. 464365) of Ethinvest Pty Ltd (AFSL No. 223718)
Directors of Trustee	Trevor Thomas, Ross Knowles, Andrew McKenzie and Phil Webb
ATO status of Fund	Deductible Gift Recipient (DGR) Item 2 - Public Ancillary Fund; Income Tax Exempt.
Governance	The Community Impact Foundation 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.
Minimum amount	A minimum amount of \$50,000 is required to establish a sub-fund.
Minimum additional amount	A minimum amount of \$5,000 is required for any additional donations.
Donations to the Community Impact Foundation	All amounts contributed to the Community Impact Foundation are tax deductible, and you can elect to spread that deduction over a period of up to five years. Donations are irrevocable, meaning they cannot be returned. You can add to your sub-fund whenever you wish, including via your Will.
Naming	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.
Fees	1.025% per annum (including GST) of funds under management. This is calculated and accrued on a monthly basis, and payable quarterly. This fee covers all aspects of administration, compliance, investment management and audit costs of the Community Impact Foundation.  Note some investments selected by the Trustee may carry their own internal fees.
Investment objective	To achieve a return after fees at least equal to CPI inflation + 4% per annum, measured over rolling 10 year periods.
Grants to eligible recipients from the Community Impact Foundation	The Community Impact Foundation is required to grant to eligible recipients 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 grant is \$1,000 per charity.
Eligible recipients of grants	Organisations with DGR Item1 status – this includes charities, public hospitals, libraries, museums and other organisations.
Successor arrangements	You can nominate a successor to make grant nominations after your death, or leave a statement of your wishes with the Trustee.

## Making grants

Soon after the audit of the financial statements of the Community Impact Foundation is completed each year (around November), 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.

Each year you will be requested to recommend to the Trustee 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-fund balance was \$60,000 at 30 June, then you would need to recommend at least \$2,400 of grants to one or two charities before the following 30 June.

The Trustee of the Community Impact Foundation welcomes and actively encourages donor involvement in identifying causes and organisations to be supported by grants. Expert assistance and specialist grant making advice is also available. However, donors should note that under trust and tax law the final grant decisions ultimately rest with the Trustee.

## 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 and grants, six monthly investment report, annual audited accounts and various other useful reference materials.

## 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
- The transfer of the balance of a public ancillary fund sub-fund into your own PAF.
- The transfer of a PAF into your own public ancillary fund sub-fund.

The Community Impact Foundation trust deed provides for this flexibility.

## Estate planning

A sub-fund can continue on past your lifetime. You can nominate a successor to take over grant nominations after your death. Alternatively if you do not want to pass this responsibility to family or friends, you can leave a statement of wishes with the Trustee, Australian Impact Investments Pty Ltd, to continue your granting program.

You can also use your will to direct additional money to your sub-fund. A correctly constructed will clause will ensure that leaving a gift to your sub-fund is a smooth process. It is important that the will clause is worded carefully to help avoid unintended tax implications. Please contact us if you would like more information.

# Investment objective and strategy

The Trustee of the Community Impact Foundation is responsible for all aspects of its investment objective, strategy and investments held.

The Trustee has taken into account the following: the need to donate a minimum of 4% per annum of the corpus of the Community Impact Foundation 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 transactions; and the benefits of diversification of investments.

Furthermore, public ancillary funds are prohibited from: making investments that are not on an 'arm's-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 the Community Impact Foundation is to achieve a return after fees at least equal to CPI inflation + 4% 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 and property).

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.

The Trustee has also committed to including a diversified range of impact investments in the portfolio. Impact investments target competitive financial returns while generating intentional positive social and environmental impacts.

Based on the investment strategy outlined above, the Trustee has decided that the broad investment ranges for the Community Impact Foundation is as follows:

40% – 70% Benchmark 60%	Growth-oriented investments (e.g. shares and/or property)
60% – 30% Benchmark 40%	Income-oriented investments (e.g. cash and/or fixed interest securities)

The full investment strategy document pertaining to the Community Impact Foundation is available upon request.

## Investment Criteria

All money is invested fossil fuel free, with no armaments, old growth logging, nuclear, child labour or animal testing. Instead the portfolio includes investments in positive activities such as renewable energy, healthcare, recycling, social infrastructure and social benefit bonds.

## Is the Community Impact Foundation right for me?

The Community Impact Foundation is a public ancillary fund which may be a useful alternative for philanthropically-minded individuals who:

- Have \$50,000 or more that they would like to invest to support charitable causes over the long-term.
- Have an interest solely in grant making and would like to leave the administration, investment and statutory aspects of running a foundation to others.
- Would like their philanthropic fund to continue on past their lifetime. You can nominate a successor to make grants nominations after your death, or leave a statement of your wishes with the Trustee.
- Would like to ensure that their money is invested ethically using a blend of ethical and impact investments.
- Have a private ancillary fund that they would like to hand over the administrative burden while focusing purely on grant making.

## How do I set up a sub-fund with the Community Impact Foundation?

Simply complete the form found [here](#).

## Contact us

If you have any questions, would like more information, or you would like to arrange an introductory conversation, call us at Australian Impact Investments on 02 9413 4404.

**Email:** info@communityimpactfoundation.com.au

**Phone:** 02 9413 4404

**Website:** www.communityimpactfoundation.com.au

**Address:** Suite 2, Level 21, 25 Bligh St, Sydney NSW 2000.

## Australian Impact Investments - Trustee



Australian Impact Investments is the trustee of the Community Impact Foundation. It is a financial advisory group specialised in designing, implementing and managing impact investment portfolios for wholesale investors. It provides clients - individuals, family offices and charitable foundations - the opportunity to align their investment strategies with their values and generate competitive financial, social and environmental returns. Australian Impact Investments is a wholly owned subsidiary of Ethinvest launched in 2014.

## Ethinvest - Investment Manager



Established in 1989, Ethinvest is the investment manager for the Community Impact Foundation. It provides comprehensive financial planning and investment advice to individuals, trustees of Self Managed Super Funds and a wide range of not-for-profits, Non Government Organisations and charitable foundations. Ethinvest specialises in the design and management of cost-effective investment portfolios, with an emphasis on personal service.

## Australian Philanthropic Services - Administrator



Australian Philanthropic Services is the administrator for the Community Impact Foundation. It is a not-for-profit organisation that inspires and supports effective philanthropy. It sets up and administers private ancillary funds for individuals and families, and works with wealth advisers to help them help their clients do the same. It offers a public ancillary fund, the APS Foundation, and works with others to do the same. It provides grant making support and advice.

This publication is intended as a guide only.

*The Community Impact Foundation is registered as a Public Ancillary Fund by the Australian Tax Office and endorsed by the Australian Charities and Not-for-profits Commission as a charitable institution.*

*Australian Impact Investments Pty Ltd (ABN 81 165 905 582) is a Corporate Authorised Representative (No.464365) of Ethinvest Pty Ltd.*

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