



What is Nelson Bays Community Foundation?

NBCF is a registered charitable trust set up to inspire generosity in the top of the South Island, and provide ongoing support for the charities and community groups that operate here.

How does it work?

People (the "Donors") are encouraged to set up a "Fund" which is held and managed as an endowment fund by NBCF. They may also contribute to other funds that have been already set up by NBCF.

The Donor can contribute in whichever way best suits their personal situation.

Gifts may be made during the Donor's lifetime (in which case there are income tax benefits to the Donor) or upon the Donor's death, i.e. under their Will, or both.

All money received is pooled and invested by NBCF, and each year the investment income is used to make distributions to the local community, in accordance with the Donor's wishes (or the purpose of the fund they are donating to), so the capital remains intact.

Which charities receive payments from the Fund?

This is entirely up to the Donor who sets up the Fund.

The Donor may specify particular charities or charitable purposes that are to receive annual distributions; or the Donor may leave the gift "unrestricted" in which case NBCF allocates it where the need is greatest each year.

Many Donors choose both; they specify a certain percentage of the distribution to go to particular charities or causes and leave the rest unrestricted.

What does NBCF do?

a. Manages each Fund

While each Fund is separately monitored and accounted for, the capital of each Fund is combined with all other Funds to achieve economies of scale.

NBCF's Investment Advisory Committee (volunteers) oversee the NBCF funds and all investment recommendations.

That Committee has appointed Forsyth Barr as the investment manager.

b. Distributes income to the local community

A minimum 4% distribution from each Fund is made annually.

NBCF makes these distributions in accordance with the

instructions which have been given by the Donor at the time that the Fund was created.

Where the Fund is wholly or partially unrestricted, NBCF invites applications from local charities and community groups, and allocates those funds based on identified priorities.

NBCF's Board receives applications, investigates and considers the applications.

c. Promotes generosity

You don't have to be wealthy to make a difference. Creating a compassionate, caring community just needs thoughtful, committed people. NBCF aims to make the process as easy and rewarding as possible so that everyone can contribute in a way that works best for them, whether that be giving in their lifetime, or in their Will, or both.

What are the benefits to the Donor?

a. Personal satisfaction

Donors giving during their lifetime derive real pleasure from seeing their money making a difference in the community now.

People who choose to give in their Will love knowing that what they have worked and saved for will provide lasting benefit across the region, for generations to come.

People giving in their Will usually choose to leave a certain percent of their estate for NBCF to administer. A popular choice is to give 90% of their estate to their children, and leave 10% to the community, through NBCF.

Others who don't have any immediate family often leave a significantly higher proportion to NBCF.

b. Avoids problems of personal charitable trust

Some people like the idea of setting up their own charitable trust, to continue making donations on their behalf when they are gone. Some of the issues to bear in mind with this option include:

i. Ongoing trusteeship

Who will continue to manage the Trust after the Donor and the Donor's advisers have passed on?



ii. Economies of scale

The compliance requirements and the costs associated with properly managing a Trust mean that the annual administration costs can reduce the effectiveness of the gift.

Establishing a Fund through NBCF has much the same effect as establishing a personal charitable trust, but without those problems.

Some of our Donors who have an active charitable trust but have provided that when they die, it will become a Fund that then becomes managed by NBCF, which overcomes the challenges outlined above.

What are the benefits to the charities?

a. Regular future income

Most charities desperately need an ongoing passive source of income.

Where a Donor nominates a particular charity, that charity knows it will continue to receive that income forever without having to go through the cost and uncertainty of making applications for grants.

That charity can rely on that income and budget accordingly.

b. Asset not recorded in financial accounts

If a charity is holding investment funds to maintain an income flow, this sometimes renders the charity ineligible for other funding.

If the investments are owned by NBCF, the charity receives the annual donation, but the invested capital is not listed in its financial accounts.

c. Expert investment advice

The charity itself does not have to worry about making investment decisions, and can focus on serving its community.

NBCF has a very favourable arrangement with Forsyth Barr and the benefits of this arrangement are indirectly passed on to the charity.

In addition, there is the expert oversight by NBCF's Investment Committee.

d. Extra source of funding

Even if a charity has not been specified by a Donor, the charity can apply to NBCF for part of the income from the unspecified funds. This is particularly valuable for new or emerging charities.

e. Increased charitable giving

NBCF is helping to change attitudes towards philanthropy generally, and in particular gifting to local organisations to support our community. The establishment of a Special Purpose Endowment for a community organisation gives potential donors a special and attractive way to provide long term financial support for their favourite cause.

How is NBCF funded?

All NBCF Trustees and committee members are volunteers. There are, however administrative costs and the Board is very conscious of keeping these costs at a minimum while providing a professional service.

In order to cover these operating costs, NBCF Donors who create a named endowment fund are asked to make an initial donation of \$5,000 payable when the Fund is established, or \$1,000 annually for five years, or upon the Donor's death, whichever the Donor prefers. In addition, 1% of the capital of the Fund is donated to NBCF each year for its administration.

NBCF is also supported by local businesses and some of our donors, who are choosing to provide administration funding support until such time as NBCF is self-sustaining.

Who runs NBCF?

NBCF has a robust governance model with seven Trustees. A minimum of one Trustee must be a current member of the NZ Law Society. And at least one Trustee must be a current member of the Chartered Accountants Australia and New Zealand.



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