

1. RSNSW Future Fund Policy

The Royal Society of New South Wales **Future Fund Policy** (or the **Policy**) will enable members, Council and Branch Committee Members, Council-appointed Roles and employees of the Society to secure and protect the financial future of the Society.

2. Purpose of the RSNSW Future Fund

The Future Fund will guard against future uncertainties in expected revenue and cover any future shortfall in the Society's ongoing operating expenses (including to cover the cost of an employee in the future).

The Future Fund will be built up to an aggregate of income-generating assets of at least \$5 M (**Future Fund Capital**) that will provide significant, predictable contributions to the Society's operating expenses and make it less susceptible to variable member-based and other revenues.

3. Governance and Management of the Future Fund

The Future Fund will be held by the Society in its own capacity with internal controls established consistent with and pursuant to the Society's Act of Incorporation and Rules (**Rules or Rules of the Society**) and this Future Fund Policy, which is also taken to be a policy of the Council.

Any reference to a 'Rule' in this Policy is a reference to the Rules of the Society and any capitalised term takes its meaning from the Rules of the Society unless otherwise defined in this Policy.

Management of the Future Fund inasmuch as it conforms with the governing documents will vest with Council (Rule 30), but referred to the Executive Committee, subject to Rule 17(c).

Council, in managing the Future Fund, must ensure that:

- a. Future Fund assets will be segregated, by being held in a separate bank account and reported in the Financial Report on a standalone basis, and subject to audit;
- b. It adopts and uses bookkeeping policies that document the use of money in the Future Fund specifically;
- c. The Future Fund Capital will be preserved. No funds (including any income derived on the Future Fund Capital (**Income or Future Fund Income**)) will be withdrawn from the Fund until the Reserved Amount (as defined at subparagraph (d) below) is exceeded
- d. Once the corpus of the Future Fund exceeds \$5 million (the **Reserved Amount**), the balance of the Future Fund should not fall below the Reserved Amount at any time (other than as a result of a natural decrease in the value of investments as a result of their performance, as the case may be, or to the extent the Future Fund Capital is drawn down in a manner consistent with subparagraph (e) below);
- e. The Future Fund Capital is not drawn down below the Reserved Amount, and that no moneys are withdrawn from the Fund prior to the corpus of the Fund exceeding the Reserved Amount, unless approved by more than 75% of the membership of the Society by special resolution in advance (under Rule 6). The Council should not seek to compel or initiate such a special resolution unless it considers there to be special circumstances justifying such a drawdown;
- f. It maintains a prudent investment strategy consistent with the balance of this Policy (including specifically as set out at section 7 of this Policy), and keeps a full record of reasons for financial decisions (Rule 30(j)) and of the amount and use of the Future Fund Income;
- g. It does not make any investment where potential losses might exceed the amount invested or enter into any loan agreement or mortgage where the amount borrowed is greater than 50% of the value of the security provided (Rule 30(k));

- h. Once the Reserved amount is reached the net income from the Future Fund should be recognised as revenue in the Statement of the Profit or Loss for the Society (**P&L Statement**) in the period in which it is generated and made available as needed to pay operating expenses;
- i. Only Future Fund Income is used for the Society's operating expenses unless approved under exceptional circumstances by more than 75% of the membership by special resolution under Rule 6 of the Society's Rules.

The Executive Committee will also provide a report on the performance and status of the Fund to every Council meeting. This report must be given in writing, and that it must set out, as a minimum:

- a. the 'current' value of the corpus of the fund and total moneys in the Fund;
- b. the increase / decrease in the value of the Fund since the last report was given;
- c. a breakdown of how investments of the Fund are distributed across key asset classes, and how each asset class has performed since the last report was given;
- d. how much money was withdrawn from the Fund (this will only be relevant once the Reserved Amount has been reached); and
- e. how money withdrawn from the Fund was used (again, only relevant once the Reserved Amount has been reached).]

4. Contributions to the Future Fund

Contributions to the Future Fund are to be made directly by the following sources:

- a. Appropriations based on membership joining fees;
- b. Appropriations of surpluses in the current period as determined by Council;
- c. Sponsorships and philanthropic donations;
- d. Bequests; and
- e. Other sources.

5. Endorsement of the Society as a Tax Concession Charity

The Society is endorsed as a tax concession charity and has access to an income tax exemption, the fringe benefit tax rebate, and charitable GST concessions. The Society is not currently endorsed as a deductible gift recipient (DGR).

6. Investments

- a. Investments can be made of amounts held by the Future Fund for the purpose of generating income and capital growth;
- b. These should be capital stable (i.e., low risk) across a defined economic cycle, diversified, and socially responsible;
- c. The Executive Committee can make decisions to invest in Australian Government Bonds and interest-bearing financial assets (up to 2 years to maturity) issued by Australian licensed Banks;
- d. Investments in all other types of assets must be approved by Council and align with its investment strategy in Rule 30(j), and Rule 30 more generally;
- e. Investment decisions should be explicitly identified, and the associated risks recorded in the minutes of the Council; and
- f. The net income from the Future Fund should be recognised as revenue in the P&L Statement in the period in which it is generated.

Key Dates

Date Originated	21 August 2024 (Council Approval)
Date of Next Planned Review	January 2026
Designated Owner	President