

## **Donation Categorisation and Management Policy**

Thanks to the generosity of our supporters the Mater Foundation receives many forms of donations. This document outlines how these donations are categorised and managed.

Donations given to the Mater Foundation are most commonly in the form of money but can also include property and assets of any sort. The funds provided to the Mater Foundation will usually fall into one of the following two categories:

1. Restricted funds
2. Unrestricted funds

### **Restricted Funds**

Restricted funds can be split into the following two categories:

A) Restricted Income Funds: are funds which are often created by charitable trusts, companies, or individuals whereby the purposes are specified by the donor. The purpose will either be specified by the donor in a specific letter or terms of agreement with the charity. Restricted income funds can only be used for the specific purposes for which they are given. If restricted income funds are used by a charity for any other purposes than those which were originally specified, then this could amount to fraud or deception. Revenue guidelines direct that restricted funds should be used for the purpose for which they were intended within two years of the date of the donation. To comply with these guidelines, if for some reason the funds have not been drawn down or a project matching the donor's intent has not been progressed in the period of two years from the date of donation the Board of the Mater Foundation reserves the right, in agreement with the donor, to direct funds to projects which most closely match the donor's intent. If a suitable project cannot be identified the funds may be returned to the donor.

B) Endowment funds can be split into the two following categories:

1. Permanent Endowment Funds: are funds which are given to a charity to be held as capital. In this case the donor has given no power to Board of the Mater Foundation to convert them to income. The capital must therefore be retained for the charity; however, this does not stop the investment income derived from it – for example, the dividends from the shares – being available for the general purposes of the charity. However, in some cases this will not be possible as this will be expressly forbidden in the terms of the trust.

2. Expendable Endowment Funds: are funds which are given to a charity as capital but there is no restriction on them being converted into spendable income. The discretionary power of whether to do this or not will rest with the Board of the Mater Foundation. The funds will remain as capital in nature until they are converted into income.

## **Unrestricted Funds**

Unrestricted funds can be split into the two following categories:

1. Non-designated or General Funds: are funds which are available for the general purposes of that charity. These funds will be spent in whichever way that the Board of the Mater Foundation sees fit in accordance with the stated objectives of the charity. These funds are not earmarked in any way or for any specific purpose meaning that the Board of the Mater Foundation can set the priorities for the funds and how and when they are spent. When a general donation is received or a fundraising event, campaign or appeal takes place, which does not have a specific purpose but simply to generate funds for the Mater Foundation all funds raised will be regarded as non-designated or general.
2. Designated Funds are also funds which are available for the general purposes of the charity however, they have been chosen by the Board of the Mater Foundation to be used for a specific purpose. A decision to designate certain funds for a specific purpose will be made at meetings by the Board of Trustees of the charity. The Board of the Mater Foundation will have the power to change decisions regarding funds designated for specific purposes and designate them to other purposes or simply leave them as non-designated or general funds.