



Background Paper

The Hutchins Foundation Limited

General Meeting – 10 December 2019

1. The Hutchins Foundation Limited (the 'Foundation') was incorporated as a company limited by guarantee. As such it does not have shares, and therefore no shareholders.
2. At the time the Foundation was incorporated, it was a relatively common practice for a separate entity to hold funds, and raise funds, for schools. One reason for this was the income tax benefits for gifts to these organisations. That reason is no longer compelling because schools themselves have since become able to apply to operate deductible gift funds.
3. It is, some 40 years later, now not common for there to be a separation of fundraising, and fund holding, from the operation of the school itself. It is now seen that both are integral to, and necessary for, the operation of the school. Inquiries and visits to leading schools on the mainland have confirmed this. St Michael's Collegiate School in 2016 incorporated their 'Foundation' body and all its functions into the operations of their school.
4. The Foundation Board commissioned an independent investigation and report into the present governance structure. In line with common practice adopted in the independent school sector, it was recommended that the current structure of the Foundation be wound up and the business of the Foundation operate directly through the School.
5. There are a number of reasons why it is preferable now for the Foundation to cease its operation. These include:
 - Increased efficiency in co-ordination and operation between the School and the Advancement Office through reduced duplication of services and improved communication.
 - An improved focus on fundraising and philanthropy.
 - The objects of the Foundation, as set out in the constitution, include to provide financial assistance for the development and maintenance of the standards, status and facilities of the School. It is a matter for the School Board to determine the content and timing of its program for that development and maintenance. Having a separate body making decisions (about the level of financial assistance) could impede or even frustrate the School in achieving that program.
 - The duplication of investment advisors between the School and the Foundation for precisely the same activity is inefficient, and likely to be incurring more in fees than would be the case with one advisor for a larger portfolio.
 - The Foundation as a limited company, is required to undertake administrative actions every year, including keeping and maintaining accurate records of members' details, lodging documents with ASIC, preparing financial statements for audit, at not insignificant expense. Having the operations of the Foundation combined with the operations of the School would avoid this.

- The Foundation was a good idea having regard to contemporary practice at the time it was incorporated. Contemporary practice, and the law, has changed over the ensuing 40 plus years. It is not now best, or even common, practice. Contemporary practice contemplates that fundraising for schools, and the investment and utilisation of those funds, is properly managed by the entity that operates the school.
6. It is, however, necessary that proper focus be given to these activities. It is proposed that The Hutchins School Board appoint a 'Foundation Committee' as a committee of the School. This Foundation Committee will be responsible for the oversight of the School's philanthropic and fundraising activities. It will also be responsible for advising the School Board about the proper application of bequests, gifts and other assets that are currently held by the Foundation. This includes putting appropriate systems in place so that donor funds are recognised, acquitted, recorded, and disbursed appropriately in a transparent manner.
 7. The Foundation Committee will, for the purposes of exercising its responsibilities, recommend that the School Board make policies for each DGR Fund, and all endowed assets and tied bequests based on any existing policies for the equivalent funds administered by the Foundation.
 8. The Foundation Committee will ensure that all funds received from the Foundation are managed and applied in accordance with the specific terms of their gift. All endowment assets and reserves received are to be held in a custodial role by the School and are to be applied in accordance with the purpose of their endowment, in the same general manner that they were applied by The Hutchins Foundation Limited.
 9. The Foundation Committee will replace, and assume the operations of, the current '175 Year Committee', the focus of which is fundraising for that important anniversary.
 10. Importantly, this Committee will include at least two (2) members of the School community who are not members of the School Board.
 11. The Foundation Board and the School Board unanimously recommend to members the approval of the attached Resolutions.
 12. The Resolutions facilitate the transfer of assets and deregistration of the Foundation entity. To facilitate this deregistration, in accordance with the Corporations Act 2001, the membership of the Foundation will be amended so that the Board of directors of the Foundation are the only members, which will allow the Board to deal with the deregistration, rather than it being necessary to re-engage with members at a second General Meeting after the transfer of assets to resolve to proceed with deregistration.



Ian T Johnston
President
The Hutchins Foundation Limited



Gene Phair
Chairman
The Hutchins School Board