



Spending Policy

The Board of Directors will attempt to balance the Foundation's shorter-term grant making obligations with its goal to provide grants into perpetuity, and therefore design a spending policy which is flexible. Since expected investment returns from "riskier" portfolios are not consistent and predictable, the Board of Directors feels that shorter-term spending in dollar terms must be flexible enough to endure periods of underperformance without excessive deterioration of real principal. Therefore, this Foundation may tend toward a more "aggressive" investment strategy seeking higher long-term investment returns than would be the case if grant making from year to year were less flexible. The Investment Committee has recommended and the Board of Directors has adopted an allowable spending rate of 4.5% for endowed funds. The spending rate is based on the assumption of an average investment return of 8%, average administrative fees of .5% and CPI of 3% and will be reviewed periodically by the Investment Committee.

The spending budget amount for each fund for the subsequent year shall be calculated based on the average general ledger balances in the pooled investment accounts on September 30th times the spending rate. The averaging period shall be sixteen (16) quarters or the maximum number of quarters available in the FIMS database up to sixteen (16) quarters.

The spending budget amount is the amount available to grant from each fund in the year subsequent to the calculation.

Funds that have been in existence less than four (4) quarters on September 30th will have their spending budget prorated over the number of months that the fund has been open. New funds will be given the option of setting aside a portion of their initial gift for current spending.

The Foundation will notify fund advisors or designated recipients by December 1 of each year of the amount available for distribution during the following year. The fund advisor(s) or designated recipients may recommend:

- Adding the distribution back to principal.
- Making grants.
- Retaining all or a portion of the amount for distribution in future years.

Amounts available for distribution will remain available until the following December 31. If the fund advisor(s) have not communicated a recommendation for the spending budget amount by November 1, staff will contact the advisor(s) to seek their recommendation. If the fund advisor(s) are unreachable, or do not make a recommendation, the spending budget will be retained for distribution in future years.

Donor designated and agency funds may choose to have an automatic annual distribution made without submitting further requests.

Unless the fund is established as a "seed fund" it is desirable that grant distributions be made periodically to benefit the community. Staff will monitor fund distributions and work with fund advisors to help them identify appropriate granting opportunities.

Distributions may not reduce the fund balance below the historic dollar value of gifts to a fund.

This spending policy does not apply to non-endowed, special project or fiscal sponsorship funds.

Approved 8/7/08

