

## Spending Policy of the Community Foundation Alliance

**Purpose:** The members of the Board of Directors of the Community Foundation Alliance, Inc., taking seriously their stewardship of endowed gifts, sets forth this spending policy in order to balance their desire to distribute grants each year to promote good in the community with their long-term responsibility to insure that the endowment stays strong, as reflected in the Alliance tagline, “For Good, Forever.”

**Process:** No later than the June board meeting each year, the Board will receive a recommendation of a grant percentage for the following fiscal year from a combined committee comprised of the Investment Committee and the Audit/Finance Committee or of selected members from each committee.

The recommendation from the combined committee will be based on both a formula and considerations of other factors as defined in the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Any grant dollars remaining at the end of the fiscal year shall be available to grant the following fiscal year.

Standard Policy:

If the Fund is over the Historic Gift Value (HGV), the Standard Grant Policy will remain in force.

The Standard Policy will grant 4.5% of the average value of the Fund for the previous 12 quarters. The Fund will be allowed to go below the HGV as a result of the grant.

Alternate Spending Policy:

**Formula:** The alternative spending of grants from eligible funds that are below the HGV at the end of the fiscal year shall be subject to the alternate spending policy:

Grants for the following fiscal year will be up to one-half of the total net investment return, stated as a **percent**, on investments for the prior 12 months for period ending March 31. The actual **dollar** amount to be distributed will be that **percent** applied to the rolling average market value of endowed assets for the previous 12 calendar **quarters**, but limited to no less than 1% and no more than 4.5%.

### Factors

1. Duration and preservation of the endowment fund
2. Purposes of the Alliance and the endowment fund
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation from investments
6. Other resources of the Alliance
7. The Alliance investment policy

## Definitions

1. **Total Net Investment Return:** Change in investment account value over prior 12 months for period ending March 31 including dividends and interest *plus* realized gains/losses *plus* unrealized gains/losses *minus* fees and stated as a percent.
2. **Rolling Average Market Value:** The sum of ending market values for the prior 12 calendar quarters divided by 12 for the period ending March 31.
3. **Eligible Funds:** Endowment funds that have existed for at least four calendar quarters after reaching the \$10,000 minimum. (Note: Eligible funds existing for less than 12 quarters will be averaged over their actual number of quarters.)