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Spending Policy for 2017 Maximum Allowed Grantable Amounts

The Endowment Funds, subject to specific donor recommendations as to use, are designed to achieve the following goals with approval of the Community Foundation’s Board:

* to maintain the value of the Foundation’s assets
* to steadily increase the assets to account for inflation
* to provide reliable administrative fee revenue
* to preserve resources for regular grant making in perpetuity

Spendable income is that portion of current total return, as well as portions of unspent total return of prior years, as allocated by the Board for spending in any fiscal year.

The Board will approve annually a percentage to be available for spending for grant making from endowed funds.

**The 2017 Spending Policy percentage has been set by the Board at 4%.**

In general, the target range for endowment spending will likely be 3- 5% of a 20 quarter rolling average market value of each endowment fund, net of all fees. It is the responsibility of the Board and the Investment Advisor to oversee management of the Fund in ways commensurate with this spending policy.

Distribution of spending income will be made according to the following:

1. Provisions must be made with the Investment Advisor for timely and regular distributions as needed by the Community Foundation.

2. Total return results that exceed actual distribution of allocated spendable income normally shall be reinvested and considered principle for all future computations and distributions.

3. When total return is less than allocated spendable income, distributions will be made from Fund assets that are unencumbered for such purposes, such as unspent total return of prior years. Unless otherwise restricted by an endowment gift instrument or a specific donor notice, New York State law provides that the Community Foundation may expend so much of an endowment fund – including its historic dollar value - as it deems prudent and shall consider, if relevant, the following factors: the duration and preservation of the specific endowment fund; the purposes of the Community Foundation and the specific endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Community Foundation; where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the specific endowment fund, giving due consideration to the effect that such alternatives may have on the Community Foundation; and this IPS. For each determination to appropriate for expenditure, the Community Foundation shall keep a contemporaneous record describing the consideration that was given to each of the factors enumerated above.

4. Note that under NYPMIFA, an appropriation of an amount greater than seven percent of the fair market value of a specific endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than five years immediately preceding the year in which the appropriation for expenditure is made, creates a rebuttable presumption of imprudence. For a specific endowment fund in existence for fewer than five years, the fair market value of the specific endowment fund must be calculated for the period the specific endowment fund has been in existence.

Implementation of Spending Policy

Endowed Funds – subject to spending policy

Agency/Organizational Funds will have their first annual grant payout following the end of the first complete calendar year after the initial minimum contribution has been achieved. Agencies/organizations may elect not to receive any annual grant payout by notifying the Community Foundation of their desire.

May nominate grants following the end of the first complete calendar year after the initial minimum contribution has been achieved. The initial contribution may be scheduled over a maximum of two years with the first partial contribution required to be at least half of the initial minimum contribution.

Initial minimum contribution Two Year Option

Unrestricted, donor advised, scholarship

and field of interest $10,000 $5,000

Agency endowment $20,000 $10,000

May annually nominate grants up to the amount designated as available to grant by the application of the spending policy

**2016 Philanthropic Services Assessment:**

* + **1.75% on balances under $50,000**
  + **1.25% on balances of $50,000 and above**
  + **2% on all scholarship fund balances**

**Investment Fee: .20% on balance**

Non-endowed Funds– not subject to spending policy

May nominate grants following the initial minimum contribution of $20,000

Minimum balance to maintain grant nominating privilege is $10,000

These funds shall be deposited in a savings instrument with attention to high possible interest earning potential. In lieu of fees, any interest earnings shall be designated to the unrestricted operations of the Community Foundation. They shall not participate in the investment pool.

If grants in any calendar year exceed 20% of the Fund’s market value (as of December 31 of the previous year) the Foundation shall take 5% of the total amount granted to be added to the Tompkins Today and Tomorrow Fund

If a grant causes the fund balance to fall to or below $5,000, then the grant will be considered a fund retiring grant. In that case, $5,000 will be transferred to the Tompkins Today and Tomorrow Fund. The grant nomination will be considered for the remaining balance even if it is less than the nominated amount.