



Spending Policy for 2023 Maximum Allowed Grantable Amounts

Overview

This Spending Policy applies to each of the Foundation's **endowed funds** separately, and determines the spendable amount available each year for grant making. This Policy also specifies the fees applicable to both endowed and non-endowed invested funds.

Definitions

The *spendable amount* is the maximum amount that can be spent on grant making in the current year.

The *payout percentage* is the percentage set by the Board that determines the spendable amount (as described below). For 2023, the Financial Administration Committee has recommended the payout percentage to 4%.

The *fund balance* is the market value of the fund, net of all fees.

The *fund principal* is the dollar amount of the initial contribution plus all subsequent additional contributions and gifts to the fund (but excluding return on investments).

The *total return* is the difference between the fund balance and the fund principal (or zero if the fund balance is less than the fund principal).

Spendable amount

Early in the calendar year, the Board sets the payout percentage (consistent with the Investment Policy Statement) and the spendable amount is determined based in part on the total return at the end of the previous year. The payout percentage is generally in the range of 3% to 5%. The spendable amount is specified to be the lesser of:

- The total return, and
- The payout percentage of the fund balance averaged over the previous 20 quarters (or as many quarters as the fund has existed, if less than 20).

The spendable amount is the maximum that can be granted, but there is no obligation to grant the whole amount. Any unspent amount remains in the fund as part of the total return. There is no carry-over of an unspent amount as a spendable amount in subsequent years.

Initial payout

Agency/Designated 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. Organizations may elect not to receive any annual grant payout by notifying the Community Foundation of their desire.

Other endowed funds 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.

<u>Initial minimum contribution</u>		<u>Two Year Option</u>
Unrestricted, donor advised endowed	\$10,000	\$5,000
Agency/Designated endowment and donor advised expendable	\$20,000	\$10,000

Assessments and Fees

All invested funds (endowed and non-endowed) are subject to a philanthropic services assessment levied by the Foundation and also an investment management fee levied by the Investment Manager.

For 2022, these assessments and fees are:

Philanthropic Services Assessment:

- 1.75% on balances under \$50,000, \$150 annual minimum
- 1.25% on balances of \$50,000 and above

Investment Management fees:

- Non-SRI/ESG (Vanguard) portfolios: 0.42%
- SRI/ESG portfolio (Brown Advisory) portfolio: 0.35%