



Community Foundation of Switzerland County, Inc.

Spending Policy

Approved: September 20, 2016

The purpose of this Spending Policy is to establish a clear understanding of the spending objectives for the Community Foundation. In implementing this policy the Foundation understands and accepts its role in the community as a vehicle for citizens (past and present) and organizations that serve Switzerland County to fulfill their charitable objectives.

At the same time, the Foundation is committed to maintaining a focus on the perpetuity of its funds, and our responsibility for providing a stable source of funding to projects, programs and organizations that support and serve Switzerland County.

The Community Foundation's spending policy model is:

7% (long-term net investment returns) = 1.5% (long-term rate of inflation) + 5.5% (Grants 4% and Administrative Spending 1.5%). This recommendation is based on a careful consideration of Indiana's UPMIFA regulations (§§ 30-2-12-1 to 30-2-12-18), and includes such factors as preservation of the fund, general economic conditions, inflation or deflation, the expected total return from income, and the appreciation of investments.

1. The primary objective is to provide a suitable level of funding to meet donor and constituent needs, while preserving the real value of permanently restricted assets. The rate of growth on endowment funds, as a result of investment performance, should maintain or increase its purchasing power over time (as adjusted for inflation).
2. Implementation of the policy will be based on a fund-by-fund basis.
3. For endowed funds, calculation of available funding dollars for any given calendar year will be determined as of September 30th of the previous year.
 - a. Individual funds will not make awards until they have been held by the Foundation for 12 consecutive months, unless donors have made other arrangements with the Foundation to provide immediate awards. This allows individual funds to accumulate earnings (provided positive market returns) in order to provide disbursements during the second year of the fund's existence.
 - b. The spending rate will be 5.5% and includes grants of up to 4% and an administrative fee of 1.5%. Grants will be up to 4% of the market value of those funds at or above their historic gift level, calculated on the average of the previous 20 quarters ending September 30. For funds on record less than 20 full quarters, but at least four, this Policy will use the average of the quarters it has been in existence.
 - c. The historic gift level is defined as the dollar value of the original gift plus the dollar value of any additional gifts into the fund.

- d. The Board may elect to reduce the 5.5% spending rate in instances when such a rate would take a fund below its historic gift value, to a level not less than described in section 3.c above.
4. As allowed for under current Indiana law, the Foundation, at its sole discretion and with or without prior notice, may elect to spend any portion of accumulated endowment fund earnings (market appreciation and investment income) with or without a donor's consent. Decisions to spend above and beyond the 5.5% spending policy will only be taken under special circumstances as may be duly warranted from time-to-time as determined by the Foundation Board.
5. Endowed funds will not be allowed to make distributions until they have accumulated at least \$10,000 for scholarship funds and \$5000 for community funds, designated funds, field of interest funds, agency funds, and donor advised funds in total assets. In the event that a fund does not reach the threshold within five years, the Foundation reserves the right to roll the assets into a closely related or general purpose fund that approximates the donor's original intent. Effective for endowments established from this date forward.
6. Donors will be given the opportunity to make additional spendable gifts to income at any time in order to allow their fund to make immediate and/or additional disbursements above and beyond what the spending policy allows.
7. This policy to be reviewed by the Board of Directors annually.