



Area: Finance
Subject: **Spending Policy**

Effective Date: 02/ 1994
Revision Date: 11/2021

Page 1 of 2

BACKGROUND:

The Findlay-Hancock County Community Foundation's annual payout, also known as grants, to charitable beneficiaries of endowment funds is determined by a board-approved payout rate known as the Spending Policy. The Spending Policy for each fund is calculated by applying the payout rate to average ending market value of the twelve-trailing quarters of a fund as of June 30 of the prior fiscal year. Quarters with a zero-dollar value are excluded from the 12-quarter average for funds less than three (3) years old.

Newly created endowed funds as of January 1, 2022 are eligible to award grants no less than 12 months from the time the minimum endowment value is met. A pass-through gift is allowed when the fund is created to enable granting the following fiscal year.

The use of the Spending Policy provides for a disciplined stream of income to charitable beneficiaries. It restrains spending in years when total return on funds (growth and income) exceeds the charitable payout, providing for growth of principal and it enables spending in lean years, even if total returns are less than the payout rate.

The intent of the Spending Policy is to provide reasonably stable grants while preserving the inflation-adjusted value of funds. The Spending Policy considers the Foundation's dual responsibility to pay out charitable distributions and to perpetuate endowments entrusted to it by donors.

POLICY:

The Spending Policy of the Foundation shall apply to all funds of the Foundation unless stated otherwise in the Instrument of Transfer creating the fund. The Board of Trustees of the Foundation shall consider, if relevant, the following factors identified in Ohio Revised Code Section 1715.53 in establishing appropriate future spending policies:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the institution and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the institution; and
- (7) The investment policy of the institution.

The terms of the current Spending Policy, as approved by the Board of Trustees, is as follows.



Area: Finance
Subject: **Spending Policy**

Effective Date: 02/ 1994
Revision Date: 11/2021

Page 2 of 2

The Findlay-Hancock County Community Foundation's spending policy for endowed funds is 4.5 percent of the average ending market value of the twelve-trailing quarters of a fund as of June 30 of the prior fiscal year. Quarters with a zero-dollar value are excluded from the 12-quarter average for funds less than three (3) years old.

For endowed donor advised funds the spending policy is 4.5 percent, or 6 percent for funds previously established at this rate, of the average ending market value of the twelve- trailing quarters of a fund as of June 30 of the prior fiscal year.

Newly created endowed funds as of January 1, 2022 are eligible to award grants no less than 12 months from the time the minimum endowment value is met. A pass-through gift is allowed when the fund is created to enable granting the following fiscal year.

As Approved by the Board of Trustees:

Board Chair

Date