



Area: Finance

Subject: **Spending Policy**

Effective Date: 02/ 1994

Revision Date: 01/15/09

Page 1 of 1

BACKGROUND:

The Findlay-Hancock County Community Foundation's annual payout 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 the average market value as of June 30 of each endowment fund over the 12 preceding quarters (or less in the case of newer funds).

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 developed considers the Foundation's dual responsibility to pay out charitable distributions and to perpetuate endowments entrusted to it by donors.

POLICY:

The Foundation initially adopted a spending policy in 1994. The terms of the current Spending Policy as approved by the Board of Directors follows.

The Findlay-Hancock County Community Foundation's spending policy for endowed funds is 4.5 percent of the average market value as of June 30 over the 12 preceding rolling quarters (or less in the case of newer funds).

Spending policies for donor advised funds are based on the fund agreement. The standard agreement provides for a spending policy of 6 percent of the December 31st market value.

As Approved by the Board of Directors:

David S. Healy

Date